

Letter of Engagement

July 2, 2021

Successful Bidder:

The State of New Jersey, Department of the Treasury hereby issues this Letter of Engagement to Cohn Reznick pursuant to the Engagement Query issued on May 21, 2021 and Cohn Reznick's proposal dated June 18, 2021.

All terms and conditions of the Engagement Query, including but not limited to the Scope of Work, milestones, timelines, standards, deliverables and liquidated damages are incorporated into this Letter of Engagement and made a part hereof by reference.

The total cost of this Engagement shall not exceed \$139,900.00

The Integrity Monitor is instructed not to proceed until a purchase order is issued.

Thank you for your participation in the Integrity Monitor program.

Sincerely,

Mona Cartwright
IM State Contract Manager

INTEGRITY MONITOR ENGAGEMENT QUERY

Contract G4018 – Integrity Oversight Monitoring: Program and Performance Monitoring, Financial Monitoring and Grant Management and Anti-Fraud Monitoring for COVID-19 Recovery Funds and Programs

Department of the Treasury – Office of Management and Budget (OMB)

I. GENERAL INFORMATION:

On March 9, 2020, Governor Murphy issued Executive Order 103 declaring both a Public Health Emergency and State of Emergency in light of the dangers of the Coronavirus disease 2019 (“COVID-19”). On March 13, 2020, the President of the United States declared a national emergency and determined that the COVID-19 pandemic was of sufficient severity and magnitude to warrant a nation-wide emergency declaration under Section 501 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. § 5121-5207, (“Stafford Act”) and that declaration was extended to the State of New Jersey on March 25, 2020 pursuant to Section 401 of the Stafford Act. Since then, Congress has enacted legislation to stimulate economic recovery and assist State, Local and Tribal governments navigate the impact of the COVID-19 outbreak and cover necessary expenditures related to the public health emergency.

On July 17, 2020, Governor Murphy signed Executive Order 166 (“E.O. 166”), which established the COVID-19 Compliance and Oversight Task Force (the “Taskforce”) and the Governor’s Disaster Recovery Office (GDRO).

Pursuant to E.O. 166, the Taskforce has issued guidelines regarding the appointment and responsibilities of COVID-19 Oversight Integrity Monitors (“Integrity Monitors”). Integrity Monitors are intended to serve as an important part of the State’s accountability infrastructure while working with Using Agencies in developing measures to prevent, detect, and remediate inefficiency and malfeasance in the expenditure of COVID-19 Recovery Funds and provide expertise in Program and Process Management Monitoring; Financial Auditing and Grant Management; and Integrity Monitoring/Anti-fraud services.

The New Jersey Department of the Treasury (Treasury) has established a pool of qualified Integrity Monitors for oversight of COVID-19 Recovery Funds and Programs pursuant to the Request for Quotation for Integrity Oversight Monitoring: Program and Performance Monitoring, Financial Monitoring and Grant Management and Anti-Fraud Monitoring for COVID-19 Recovery Funds and Programs (IOM RFQ) that Using Agencies may now use to discharge their responsibilities under E.O. 166. The Integrity Monitor’s executed State of NJ Standard Terms and Conditions (SSTC) will apply to all Integrity Monitoring Engagements executed via this Engagement Query.

This Engagement Query is issued by the Department of the Treasury on behalf of **Department of Treasury – Office of Management and Budget**.

The purpose of this Engagement Query is to have an integrity monitor review the use of Coronavirus Relief Funds for substantially dedicated payroll for various agencies as referenced in the Scope of Work (SOW).

The capitalized terms in this Engagement Query shall have the same meanings as set forth in the IOM RFQ.

A. Background

Substantially dedicated payroll was reimbursed using Coronavirus Relief Funds, as defined in Section 5001 of the Coronavirus Aid, Relief and Economic Security Act, Pub. L. 116-136 (CRF). The time frame for expenditure of CRF was extended to December 31, 2021 pursuant to Section 1001 of Division N of the Consolidated Appropriations Act, 2021, P.L. 116-260. MOU's were signed by all agencies reimbursed with Coronavirus Relief Funds and by the State Treasurer. All documentation for payroll reimbursements is kept by the Agency.

II. SCOPE OF WORK (SOW) REQUIREMENTS

A. Project Description

Below is a schedule of the substantially dedicated payroll expenses by department.

Department	Salary	Fringe	Total
Corrections	\$ 236,031,000	\$ 55,856,000	\$ 291,887,000
Military and Veterans Affairs	\$ 13,888,000	\$ 6,409,000	\$ 20,297,000
Law and Public Safety - St Pol	\$ 50,516,000	\$ 35,074,000	\$ 85,590,000
Law and Public Safety - JJC	\$ 8,033,000	\$ 3,707,000	\$ 11,740,000
Health	\$ 50,456,000	\$ 23,286,000	\$ 73,742,000
Total	\$ 358,924,000	\$ 124,332,000	\$ 483,256,000

PROCESS

- A. The Integrity Monitor must be available to conduct both onsite and virtual desk monitoring of the above listed executive branch departments/commissions to obtain and review timekeeping and payroll documents and records.

- B. The Integrity Monitor must have the organizational capacity to support integrity monitoring activities among the following executive branch departments/commissions: Department of Corrections, New Jersey State Police, Juvenile Justice Commission, Department of Military and Veteran Affairs, and Department of Health.
- C. Prior to finalizing any Engagement, the Accountability Officer, along with the State Contract Manager, will determine whether the intended vendor has any conflict with regard to the specified services.

COMPONENTS

The Integrity Monitor will coordinate activities with the Accountability Officer but shall be independent as the Integrity Monitor performs its tasks. All reviews must be conducted as an outside auditor/reviewer.

The Integrity Monitor will be provided a listing of the substantially dedicated payroll expenditures, to include job titles, that OMB charged or intends to charge to the CRF.

The Integrity Monitor shall perform a risk assessment concerning the State's payroll expenditures classified as substantially dedicated based on the applicable federal rules and guidance promulgated by the United States Department of Treasury and Treasury's Office of the Inspector General. See United States Treasury CRF Guidance, Fed. Reg. Vol. 86, No. 10, p. 4184 (Jan. 15, 2021) and OIG-CA-20-028R, Frequently Asked Question Nos. 80-82 (Sept. 21, 2020). The Integrity Monitor shall use the Risk Assessment Template at Attachment 1.

Informed by the risk assessment, the Integrity Monitor shall develop and execute sampling and monitoring procedures to identify potentially ineligible payroll expenditures or job titles. The Integrity Monitor shall also develop and execute sampling and monitoring procedures to ensure the adequacy of timekeeping and payroll records that conform to the guidance set forth by the United States Treasury's Office of the Inspector General.

When performing its duties, the Integrity Monitor will likely need to consult with OMB staff, staff in other state agencies, law enforcement officers, other Integrity Monitors, private entities, and/or the staff of monitored entities.

The Integrity Monitor's role is to ensure that COVID-19 Recovery Program Participants are adhering to the applicable federal and state regulations and guidelines pertaining to the use of substantially dedicated payroll expenditures charged to CRF through the following tasks:

1. Perform initial risk assessment of substantially dedicated payroll expenditures and associated documents and records (e.g., timekeeping);

- a. Follow up with COVID-19 Recovery Program Participants that have “high risk” factors in the risk assessment to identify potentially ineligible payroll expenditures and/or job titles improperly classified as substantially dedicated;
2. Evaluate internal controls of selected COVID-19 Recovery Program Participants: payroll and timekeeping records and records management capabilities;
3. Review written documents, such as financial, performance, timekeeping reports, recent audit results, documented communications with the OMB, prior monitoring reports, and other documents or reports, as needed;
4. Validate compliance with Memorandum of Understanding and use of CRF for substantially dedicated payroll;
5. Ensure that COVID-19 Recovery Program Participants are retaining appropriate documentation, based on federal and state regulations and guidance, to support payroll expenditures;
6. Follow up with questions regarding specific decisions and approvals as it relates to determining substantially dedicated payroll expenditures and job titles;
7. Conduct onsite monitoring as needed (see below); and
8. Report any issues of fraud or criminal conduct immediately to the Accountability Officer.

Generally, the Integrity Monitor should perform desk reviews to assess the need for onsite monitoring visits. Depending upon results from the desk review, in combination with the risk assessments, the Integrity Monitor should evaluate whether an onsite monitoring visit is appropriate. All decisions, including the steps taken regarding an onsite monitoring visit, must be documented to show how the decision was made to perform an onsite visit. The Integrity Monitor may choose to conduct an onsite monitoring visit as a result of the following:

- Non-compliance with reporting requirements;
- Problems identified in reports;
- History of unsatisfactory performance;
- Unresponsiveness to requests for information;
- High-Risk designation;
- Follow-up on prior audits or monitoring findings; and
- Allegations of misuse of funds or receipt of complaints.

B. Specific Performance Milestones/Timelines/Standards/Deliverables

The initial risk assessment must be completed by 20 days from the award of the Engagement.

C. Reporting Requirements

1. Quarterly Integrity Monitor Reports

- a. Pursuant to E.O. 166, the Integrity Monitor shall submit a draft quarterly report to the Using Agency on the last day of every calendar quarter detailing the specific services rendered during the quarter and any findings of waste, fraud, or abuse. If the Integrity Monitor report contains findings of waste, fraud or abuse, the Using Agency has an opportunity to respond within 15 days after receipt.
- b. Fifteen business days after each quarter-end, the Integrity Monitor shall deliver its final quarterly report, including any comments from the Using Agency, to the State Treasurer, who shall share the reports with the GDRO, the Senate President, the Speaker of the General Assembly, the Attorney General, and the State Comptroller. The Integrity Monitor quarterly reports will be posted on the COVID-19 transparency website pursuant to E.O. 166.

2. Additional Reports

- a. E.O. 166 directs the Office of the State Comptroller, (OSC) to oversee the work of Integrity Monitors. Therefore, in accordance with E.O. 166 and the IOM Guidelines, OSC may request that the Integrity Monitor issue additional reports or prepare memoranda that will assist OSC in evaluating whether there is waste, fraud, or abuse in COVID-19 Recovery Programs administered by the Using Agencies. OSC may also request that the Integrity Monitor share any corrective action plan(s) prepared by the Using Agencies to evaluate whether those corrective plan(s) have been successfully implemented.

3. Reports of Waste, Fraud, Abuse, or Potential Criminal Conduct

- a. The Integrity Monitor shall report issues of waste, fraud, abuse and misuse of COVID-19 Recovery Funds immediately to the GDRO, OSC, the State Treasurer, the State Contract Manager, and the Accountability Officer. The Integrity Monitor shall report issues of potential criminal conduct immediately to the Office of the Attorney General.

III. Proposal Content:

At minimum, the Integrity Monitor's proposal shall include the following:

- 1) A detailed proposal, including a person/hour and staff classification mix to meet the scope of work, describing how the Integrity Monitor intends to accomplish each component of the scope of work.

- 2) A detailed budget to perform the scope of work reflecting the Price Schedule submitted by the Integrity Monitor in response to the IOM RFQ.
- 3) A schedule identifying the deliverables to be submitted under this Engagement Query.
- 4) Identification of any potential conflicts of interest regarding the delivery of services for the scope of work under this Engagement Query.

IV. Submission of Proposals:

Detailed proposals in response to this Engagement Query shall be submitted electronically by 3:00 p.m. on **Friday, June 18, 2021**. Proposals must be submitted via email as set forth below:

TO: State Contract Manager
Mona Cartwright, Fiscal Manager, Department of the Treasury
[REDACTED]

With a copy to the Agency Contract Manager: **Carisa Marone, Carisa.marone@treas.nj.gov**

V. Duration of the Engagement:

The Engagement will commence upon the issuance of a Letter of Engagement and expire on **10/30/2021**. At the option of the Using Agency, this Letter of Engagement may be extended. Any extension to this Letter of Engagement, however, may not to exceed the Contract Term, and any extensions thereto, as set forth in Section 5.2 of the IOM RFQ,

VI. CONTRACT TERMINATION

The IOM's failure to comply with the requirements of the Engagement, including but not limited to E.O. 166, the IOM RFQ, the IOM Guidelines and this Engagement Query may constitute a breach of contract and may result in termination of the contract by the Using Agency or imposition of such other remedy as the Using Agency deems appropriate in accordance with Section 9.0 of the RFQ.

VII. LIQUIDATED DAMAGES

At the Using Agency's option, liquidated damages may be assessed each time any of the below events occur, due to an act or omission of the IOM. The Using Agency and the IOM agree that it would be extremely difficult to determine actual damages that the Using Agency will sustain as the result of the IOM's failure to meet its contractual requirements. Any breach by the IOM could prevent the Using Agency from complying with E.O. 166, the IOM Guidelines, and laws applicable to the use and expenditure of COVID-19 Recovery Funds and other public funds; will adversely impact the Using Agency's ability to ensure identification and mitigation of risks; and may lead to damages suffered by the Using Agency and the State as a whole. If the IOM fails to meet its contractual obligations, the Using Agency may assess liquidated damages against IOM as follows:

Failure to deliver a draft quarterly report to the Using Agency on the last calendar day of every calendar quarter	\$500/day
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Failure to deliver a final quarterly report, including any comments from the Using Agency, to the State Treasurer within fifteen (15) calendar days of the quarter-end	\$500/day
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VIII. Questions regarding this Engagement Query:

Any questions related to the Scope of Work must be submitted electronically by 3:00 p.m. on **Friday, June 4, 2021**. They must be submitted via email to **Carisa Marone**, [REDACTED] with a copy to the State Contract Manager; Mona Cartwright,

IX. Selection Process

The Agency Contract Manager will review the proposal(s) received and select the Integrity Monitor whose proposal is most advantageous, price and other factors considered. The State Contract Manager will then issue a Letter of Engagement with a “not to exceed” clause to the selected proposer

Prior to issuing a Letter of Engagement, the Agency Contract Manager in consultation with the Accountability Officer, will independently determine whether the proposed Integrity Monitor has any potential conflicts with the Engagement.

ATTACHMENTS

Attachment 1: Risk Assessment Template
Attachment 2: Quarterly Report Template

Notice of Executive Order 166 Requirement for Posting of Winning Proposal and Contract Documents

Pursuant to Executive Order No. 166, signed by Governor Murphy on July 17, 2020, the Office of the State Comptroller ("OSC") is required to make all approved State contracts for the allocation and expenditure of COVID-19 Recovery Funds available to the public by posting such contracts on an appropriate State website. Such contracts will be posted on the New Jersey transparency website developed by the Governor's Disaster Recovery Office (GDRO Transparency Website). The Letter of Engagement resulting from this Engagement Query is subject to the requirements of Executive Order No. 166. Accordingly, the OSC will post a copy of the Letter of Engagement, including the Engagement Query, the winning proposer's proposal and other related contract documents for the above contract on the GDRO Transparency website.

In submitting its proposal, a proposer may designate specific information as not subject to disclosure. However, such proposer must have a good faith legal or factual basis to assert that such designated portions of its proposal: (i) are proprietary and confidential financial or commercial information or trade secrets; or (ii) must not be disclosed to protect the personal privacy of an identified individual. The location in the proposal of any such designation should be clearly stated in a cover letter, and a redacted copy of the proposal should be provided. A Proposer's failure to designate such information as confidential in submitting a proposal shall result in waiver of such claim.

The State reserves the right to make the determination regarding what is proprietary or confidential and will advise the winning proposer accordingly. The State will not honor any attempt by a winning proposer to designate its entire proposal as proprietary or confidential and will not honor a claim of copyright protection for an entire proposal. In the event of any challenge to the winning proposer's assertion of confidentiality with which the State does not concur, proposer shall be solely responsible for defending its designation.



Integrity Oversight Monitor Guidelines

August 2020

**STATE OF NEW JERSEY
COVID-19 COMPLIANCE AND
OVERSIGHT TASKFORCE**

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The State of New Jersey COVID-19 Compliance and Oversight Taskforce is composed of the following members or their designees:

- **Kevin D. Walsh, Acting State Comptroller, Taskforce Chair**
- **Gurbir S. Grewal, Attorney General**
- **Elizabeth Maher Muoio, State Treasurer**
- **Daniel Kelly, Executive Director, Governor's Disaster Recovery Office**
- **William Viqueira, Accountability Officer, NJ Transit**
- **Amanda Schultz, Accountability Officer, Department of Education**
- **Catherine Schafer, Accountability Officer, Department of Children and Families**

INTRODUCTION

On July 17, 2020, Governor Murphy signed Executive Order 166 (“EO 166”), which, among other things, established the COVID-19 Compliance and Oversight Taskforce (the “Taskforce”). The purpose of the Taskforce is to advise State departments, agencies, and independent authorities that receive or administer COVID-19 recovery funds (“Recovery Program Participants”) regarding compliance with federal and State law and how to mitigate the risks of waste, fraud, and abuse. As defined in EO 166, “COVID-19 Recovery Funds” are funds provided through the CARES Act, to state and local governments, and non-government sources to support New Jersey’s residents, businesses, non-profit organizations, government agencies, and other entities responding to or recovering from the COVID-19 pandemic.

Pursuant to EO 166, the Taskforce is responsible for issuing guidelines regarding the appointment and responsibilities of COVID-19 Oversight Integrity Monitors (“Integrity Monitors”). Recovery Program Participants may retain and appoint Integrity Monitors to oversee the disbursement of COVID-19 Recovery Funds and the administration of a COVID-19 Recovery Program. They are intended to serve as an important part of the state’s accountability infrastructure while working with Recovery Program Participants in developing measures to prevent, detect, and remediate inefficiency and malfeasance in the expenditure of COVID-19 Recovery Funds.

EO 166 requires Recovery Program Participants to identify a central point of contact (an “Accountability Officer”) for tracking COVID-19 funds within each agency or authority. The Accountability Officer is responsible for working with and serving as a direct point of contact for the Governor’s Disaster Recovery Office (GDRO) and the Taskforce. Accountability Officers should also ensure appropriate reviews are performed to assess risks and evaluate whether an Integrity Monitor can assist in reducing or eliminating risk to ensure the public that state and federal funds were used efficiently, fairly, and prudently.

Recovery Program Participants and Integrity Monitors should be focused on the common goal of maximizing the value of COVID-19 Recovery Funding by ensuring that every dollar is spent efficiently and properly. Integrity Monitors can add value to a program by assisting in implementing the fiscal controls necessary to maintain proper documentation, flagging potential issues in real time, maximizing reimbursements, sharing information with and responding to inquiries from the GDRO and Office of State Comptroller (OSC), and reporting to those offices, the Treasurer, the Attorney General, and legislative leadership.

Recovery Program Participants, Accountability Officers and Integrity Monitors should work together to fulfill the goals of EO 166 and these guidelines. The retention of Integrity Monitors will support monitoring and oversight that will ensure that Recovery Program Participants administer COVID-19 recovery funds in compliance with program, financial, and administrative requirements set forth in the federal-state grant agreement, the state-Recovery

Program Participant sub-grant agreement, and applicable federal and state laws, regulations, and guidelines. Additionally, these guidelines will assist the State in fulfilling its monitoring responsibilities as set forth in 2 CFR 200 Subpart D. This may involve routine desk reviews and, when appropriate, on-site reviews by an Integrity Monitor. Recovery Program Participants that do not retain an Integrity Monitor will comply with these requirements, in coordination with the GDRO, as addressed in the Compliance Plan adopted by the Taskforce.

CONDITIONS FOR OVERSIGHT MONITORS

A Recovery Program Participant should evaluate whether it should retain an Integrity Monitor in accordance with these guidelines using the following standards.

For Recovery Program Participants that have received or will administer a total of up to \$20 million in COVID-19 Recovery Funds: The Recovery Program Participant's Accountability Officer shall conduct a risk assessment taking into account both the likelihood and severity of risk in the participant's program(s) and consult with the GDRO regarding whether an Integrity Monitor is necessary to reduce or eliminate risk in view of the agency's or authority's existing resources, staffing, expertise or capacity. The availability of federal funds should be considered in evaluating whether to retain an Integrity Monitor. In an appropriate circumstance, a Recovery Program Participant may request or may be directed by the GDRO to retain an Integrity Monitor using non-federal funds.

For Recovery Program Participants that have received or will administer a total of \$20 million or more in COVID-19 Recovery Funds: A Recovery Program Participant that has received this amount of funding should retain at least one Integrity Monitor, subject to federal funding being available. Multiple Integrity Monitors should be retained if one monitor is not adequate to oversee multiple programs being implemented by the agency or authority as determined in consultation with the GDRO.

In an appropriate circumstance, a Recovery Program Participant may request or may be directed by the GDRO to retain an Integrity Monitor using non-federal funds.

RISK ASSESSMENT

As noted above, not all Recovery Program Participants within the up to \$20 million range should retain an Integrity Monitor. A Recovery Program Participant's Accountability Officer, in consultation with the GDRO, should assess the risk to public funds, the availability of federal funds to pay for the Integrity Monitor, the entity's current operations and whether internal controls alone are adequate to mitigate or eliminate risk in determining whether the use of an Integrity Monitor is necessary.

An Accountability Officer will conduct an initial review of the Recovery Program Participant's programs, procedures and processes, and assess the organizational risk and the entity's risk tolerance. The risk assessment should include a review of the agency's ability to comply with CARES Act or other federal statutory and regulatory requirements as well as applicable state laws and regulations, including with regard to reporting, monitoring, and oversight, and a review of the agency's susceptibility to waste, fraud, and abuse.

An Accountability Officer conducting a risk assessment should complete and memorialize the assessment using the matrix attached to this document. The risk assessment should be shared with the GDRO and OSC. Some of the specific factors an Accountability Officer should consider when assessing risk for a Recovery Program Participant within the up to \$20 million range include:

- Organizational leadership, capacity, expertise, and experience managing and accounting for federal grant funds in general, and disaster recovery funds in particular;
- Input from the individuals/units that will be disbursing funds or administering the program;
- Review of existing internal controls and any identified weaknesses;
- Prior audits and audit findings from state or federal oversight entities;
- Lessons learned from prior disasters;
- Sub-recipient internal control weaknesses, if applicable;
- Adequacy of financial, acquisition, and grants management policies and procedures, including technological capacity and potentially outdated financial management systems;
- Barriers to reporting;
- Experience with state and federal procurement processes, value of anticipated procurements, and reliance on contractors to meet program goals and objectives;
- Potential conflicts of interests and ethics compliance;
- Amount of funds being disbursed to a particular category of sub-recipient and the complexity of its project(s); and
- Whether federal or state guidelines provide guidance regarding the uses of funds (i.e., discretionary vs. restrictive).

The Accountability Officer should determine the organization's risk tolerance as to all recovery programs jointly and as to individual

programs, recognizing that Integrity Monitors may be appropriate for some programs and not others within an agency or authority. If the risk exceeds an acceptable level of risk tolerance, the Accountability Officer should engage an Integrity Monitor.

An important element in the risk assessment is documentation of the process and results. This is critical to ensuring the extent of monitoring and oversight. The overall level of risk should dictate the frequency and depth of monitoring practices, including how to mitigate identified risks by, for example, providing training and technical assistance or increasing the frequency of on-site reviews. In some cases, monitoring efforts may lead an Accountability Officer or the GDRO to impose additional special conditions on the Recovery Program Participant. Depending on the kind of work the sub-recipient performs, it may be appropriate to reevaluate frequently, including quarterly, to account for changes in the organization or the nature of its activities. See 2 CFR Section 200.207 in the uniform guidance for examples; [GAO Report: A Framework for Managing Fraud Risk in Federal Programs \(2015\)](#).

If the Accountability Officer or the GDRO determines that an Integrity Monitor should be retained for a Recovery Program Participant that is receiving or administering federal funds up to \$20 million, the Accountability Officer and GDRO should assess whether federal or other funding exists to pay the costs associated with the Integrity Monitor's services. Some federal programs have caps on the amount of funding that can be used for oversight and administrative expenses.

ESTABLISHING THE POOL OF INTEGRITY MONITORS

The New Jersey Department of the Treasury, Division of Administration (Treasury) will designate a department employee to act as the State Contract Manager for purposes of administering the overarching state contract for Integrity Monitoring Services. The State Contract Manager will establish one pool of qualified integrity monitors for engagement by eligible Recovery Program Participants. Treasury will issue a bid solicitation for technical and price quotations from interested qualified firms that can provide the following services: (1) Program and Process Management Auditing; (2) Financial Auditing and Grant Management; and (3) Integrity Monitoring/Anti-Fraud services.

The specific services Integrity Monitors provide vary and will depend on the nature of the programs administered by the Recovery Program Participant. The pool of Integrity Monitors should include professionals available to perform one or more of the following services:

Program and Performance Monitoring	Financial Monitoring / Grant Management	Integrity Monitoring / Anti-Fraud
Development of processes, controls and technologies to support the execution of CARES Act funded programs and other federal programs, e.g. FEMA.	Comprehensive understanding of the relevant grant programs and criteria.	Forensic accounting and other specialty accounting services.
Review and improvement of procedures addressing financial management.	Streamlining of grant management and fiscal management processes to ensure accountability of funds and compliance with program regulations.	Continuing risk assessments and loss prevention strategies.
Workload analysis; skills gap analysis, organizational effectiveness and workforce recruiting strategies.	Monitoring all grant management, accounting, budget management, and other business office functions.	Performance and program monitoring and promotion of best practices.
Consulting services to support account reconciliations.	Providing training for staff in the area of detection and prevention of waste, fraud, and abuse.	Prevention, detection and investigation of fraud and misconduct

Quality assurance reviews and assessments associated with the payments process to ensure compliance with federal and state regulations.	Ensuring compliance with all applicable federal and state accounting and financial reporting requirements.	Implement and manage appropriate compliance systems and controls, as required by federal, state and local law.
Risk analysis and identifications of options for risk management.		Provide data management systems/programs for the purpose of collecting, conducting and reporting required compliance and anti-fraud analytics.
Subject Matter Expert knowledge of required standards for related monitoring and financial standards.		

PROCEDURES FOR REQUESTING AND PROCURING AN INTEGRITY MONITOR

To retain an Integrity Monitor, a Recovery Program Participant should proceed as follows:

- A Recovery Program Participant shall designate an agency employee to act as the contract manager for an Integrity Monitor engagement (Agency Contract Manager), which may be the Accountability Officer. The Agency Contract Manager should notify the State Contract Manager, on a form prescribed by Treasury, along with any required supporting documentation, of its request for an Integrity Monitor. The Agency Contract Manager should indicate which Integrity Monitoring services are required.
- The Agency Contract Manager will develop an Engagement Query on an individual basis.
- The Engagement Query will include a detailed scope of work; specific performance milestones, timelines, and standards and deliverables.
- The Agency Contract Manager, in consultation with the Office of the Attorney General, Division of Law, will structure a liquidated damages provision for the failure to meet any required milestones, timelines, or standards or deliverables, as appropriate.
- The Agency Contract Manager will submit its Engagement Query to the State Contract Manager. Upon approval by the State Contract Manager, but prior to the solicitation of any services, the Engagement Query shall be sent to OSC for approval pursuant to EO 166. After receiving approval from OSC, the State Contract Manager will send the Engagement Query to all eligible Integrity Monitors within the pool in order to provide a level playing field.
- Interested, eligible Integrity Monitors will respond to the Engagement Query within the timeframe designated by the State Contract Manager, with a detailed proposal that includes a detailed budget, timelines, and plan to perform the scope of work and other requirements of the Engagement Query. Integrity Monitors shall also identify any potential conflicts of interest.
- The State Contract Manager will forward to the Agency Contract Manager all proposals received in response to the Engagement Query. The Agency Contract Manager will review the proposals and select the Integrity Monitor whose proposal represents the best value, price and other factors considered. The Agency Contract Manager will memorialize in writing the justification for selecting an Integrity Monitor(s).
- Prior to finalizing any engagement under this contract, the Agency Contract Manager, in consultation with the Accountability Officer, will independently determine whether the intended Integrity Monitor has any potential conflicts with the engagement.
- The State Contract Manager, on behalf of the Recovery Program Participant, will then issue a Letter of Engagement with a “Not to Exceed” clause to the engaged Integrity Monitor and work with the Agency Contract Manager to begin the issuance of Task Orders.

INTEGRITY MONITOR REQUIREMENTS

A. Independence

The process by which Integrity Monitors are retained and the manner in which they perform their tasks in accordance with these guidelines are intended to provide independence as they monitor and report on the disbursement of COVID-19 Recovery Funds and the administration of a COVID-19 Recovery Program by a Recovery Program Participant. Although the Integrity Monitor and the Recovery Program Participant should share common goals, the Integrity Monitor should function as an independent party and should conduct its review as an outside auditor/reviewer would.

An Integrity Monitor for a particular agency should have no individual or company affiliation with the agency that would prevent it from performing its oversight as an independent third party. Integrity Monitors and Recovery Program Participants must be mindful of applicable conflicts of interest laws, including but not limited to, N.J.S.A. 52:13D-12 to -28, Executive Order 189 (Kean, 1988) and requirements set forth in the Uniform Grant Guidance, among others.

B. Communication

Integrity Monitors should maintain open and frequent communication with the Recovery Program Participant that has retained its services. The purpose of communicating in this manner is to make the Recovery Program Participant aware of issues that can be addressed during

the administration of a program and prior to future disbursement of funds by the Participant. Therefore, Integrity Monitors should not wait until reports are issued to notify a Participant's Accountability Officer of deficiencies. This will enable the Recovery Program Participant to take action to correct any deficiencies before additional funds are expended. Substantial deficiencies should also be reported in real time to the GDRO, the State Comptroller, and the State Treasurer.

Prior to the posting of an Integrity Monitor report that contains findings of waste, fraud, or abuse, the Recovery Program Participant should be permitted to respond to the findings and have that response included in the publicly posted report. This will allow the Recovery Program Participant to highlight any course corrections as a result of the finding or to contest any finding that it feels is inappropriate. A Recovery Program Participant's response is due within 15 business days after receipt of an Integrity Monitor report.

Integrity Monitors must respond promptly to any inquiries posed by the GDRO, State Comptroller, State Treasurer, and Agency Contract Manager pursuant to EO 166.

C. General Tasks of Integrity Monitors

The tasks of an Integrity Monitor may vary based on the agency/program the Monitor is overseeing. Generally, the role of Integrity Monitors is to ensure that Recovery Program Participants are performing according to the sub-award agreement and applicable federal and State regulations and guidelines with the intent to safeguard

COVID-19 Recovery Funds through the following tasks:

- Perform initial and ongoing risk assessments;
- Evaluate project performance;
- Evaluate internal controls associated with the Recovery Program Participant's financial management, cash management, acquisition management, property management, and records management capabilities;
- Validate compliance with sub-grant award and general term and special conditions;
- Review written documents, such as quarterly financial and performance reports, recent audit results, documented communications with the State, prior monitoring reports, pertinent performance data, and other documents or reports, as appropriate;
- Conduct interviews of Recovery Program Participant staff, as well as the constituents they serve, to determine whether program objectives are being met in an efficient, effective, and economical manner;
- Sample eligibility determinations and denials of applications for funding;
- Review specific files to become familiar with the progression of the disbursement of funds in a particular program, i.e., are actual expenditures consistent with planned expenditure and is the full scope of services listed in the project work plan being accomplished at the same rate of actual and planned expenditures;
- Ensure that the agency is retaining appropriate documentation, based on federal and state regulations and guidance, to support fund disbursement;
- Follow up with questions regarding specific funding decisions, and review decisions related to emergency situations;
- Facilitate the exchange of ideas and promote operational efficiency;
- Identify present and future needs; and
- Promote cooperation and communication among Integrity Monitors engaged by other Recovery Program Participants (e.g., to guard against duplication of benefits).

Integrity Monitors should generally perform desk reviews to evaluate the need for on-site visits or monitoring. Depending on the results of the desk review, coupled with the conclusions reached during any risk assessments that may have been conducted of the sub-recipient's capabilities, the Monitor should evaluate whether an on-site monitoring visit is appropriate. If the Monitor is satisfied that essential project goals, objectives, timelines, budgets, and other related program and financial criteria are being met, then the Monitor should document the steps taken to reach this conclusion and dispense with an on-site monitoring visit. However, the Integrity Monitor may choose to perform on-site monitoring visits as a result of any of the following:

- Non-compliance with reporting requirements;
- Problems identified in quarterly progress or

financial reports;

- History of unsatisfactory performance;
- Unresponsiveness to requests for information;
- High-risk designation;
- Follow-up on prior audits or monitoring findings; and
- Allegations of misuse of funds or receipt of complaints.

D. Reporting Requirements

1. Reports

Pursuant to EO 166, Integrity Monitors shall submit draft quarterly reports to the Recovery Program Participant on the last day of the quarter detailing the specific services rendered during that quarter and any findings of waste, fraud, or abuse. Prior to the posting of an Integrity Monitor report that contains findings of waste, fraud, or abuse, the Recovery Program Participant should be permitted to respond to the findings and have that response included in the publicly posted report. This will allow the Recovery Program Participant to highlight any course corrections as a result of the finding or to contest any finding that it contends is inappropriate. A Recovery Program Participant's response is due within 15 business days after receipt of an Integrity Monitor report.

Fifteen business days after quarter-end, Integrity Monitors will deliver their final quarterly

reports, inclusive of any comments from the Recovery Program Participant, to the State Treasurer, who shall share the reports with the GDRO, the Senate President, the Speaker of the General Assembly, the Attorney General, and the State Comptroller. The Integrity Monitor quarterly reports will be posted on the GDRO transparency website pursuant to the Executive Order.

The specific areas covered by a report will vary based on the program being reviewed, the manner and use of the funds, procurement of goods and services, type of disbursements to be issued, and specific COVID-19 Recovery Fund requirements. The topics covered by the report should include the information included in the Uniform Template. See attached Uniform Template to be used by all Integrity Monitors for reports.

2. Additional Reports

EO 166 directs OSC to oversee the work of Integrity Monitors and to submit inquiries to them to which Integrity Monitors must reply promptly. OSC may request Integrity Monitors to issue reports or prepare memoranda that will assist OSC in evaluating whether there is waste, fraud, or abuse in recovery programs administered by Recovery Plan Participants.

The State Comptroller may also request Integrity Monitors to share corrective action plans prepared by Recovery Plan Participants to address reported deficiencies and to evaluate whether those corrective plans have been successfully implemented.

GDRO and the State Treasurer may also

request reports from Integrity Monitors to which Integrity Monitors must reply promptly.

3. Reports of Waste, Fraud, Abuse or Potential Criminal Conduct

Issues of waste, fraud, abuse, and misuse of COVID-19 Recovery Funds are to be immediately reported simultaneously to the GDRO, OSC, State Treasurer, and the Agency Contract Manager and Accountability Officer of a Recovery Program Participant.

Potential criminal conduct is to be reported immediately to the Office of the Attorney General.

INTEGRITY MONITOR MANAGEMENT AND OVERSIGHT

Agency Contract Managers have a duty to ensure that Integrity Monitors perform the necessary work, and do so while remaining on task, and on budget. Agency Contract Managers shall adhere to the requirements of Treasury Circular 14-08-DPP in their management and administration of the contract. The Agency Contract Manager will be responsible for monitoring contract deliverables and performing the contract management tasks identified in the circular, which include but are not limited to:

- Developing a budget and a plan to manage the contract. In developing a budget, the Agency Contract Manager should consider any caps on the amount of federal funding that can be used for oversight and administrative expenses and ensure that the total costs for Integrity Monitoring services are reasonable in relation to the total amount of program funds being administered by the Recovery Program Participant;
- Daily management of the contract, including monitoring and administering the contract for the Recovery Program Participant;
- Communicating with the Integrity Monitor and responding to requests for meetings, information or documents on a timely basis;
- Resolving issues with the Integrity Monitor in accordance with contract terms;
- Ensuring that all tasks, services, products,

quality of deliverables and timeliness of services and deliverables are satisfied within contract requirements;

- Reviewing Integrity Monitor billing and ensuring that Integrity Monitors are paid only for services rendered;
- Attempting to recover any and all over-billings from the Integrity Monitor; and
- Coordinating with the State Contract Manager regarding any scope changes, compensation changes, the imposition of liquidated damages, or use of formal dispute processes.

In addition to these oversight and administration functions, the Agency Contract Manager must ensure open communication with the Accountability Officer, the Recovery Program Participant leadership, the GDRO, and OSC. The Agency Contract Manager should respond to inquiries and requests for documents from the GDRO and OSC as requested.

INTEGRITY MONITOR REPORT TEMPLATE

Name:

Engagement:

No.	Recipient Data Elements	Response	Comments
A.	General Information		
1	Recovery Program Participant		
2	Federal Funding Agency (e.g. CARES, HUD, FEMA)		
3	State Funding (if applicable)		
4	Award Type		
5	Award Amount		
6	Accountability Officer		
7	Brief Description, Purpose and Rationale of Integrity Monitor Project/Program		
8	Contract/Program Location (if applicable)		
9	Amount Expended by Recovery Program Participant to Date		
10	Amount Provided to Other State or Local Entities		
11	Completion Status of Contract or Program		
12	Expected Contract End Date/Time Period		
B.	Monitoring Activities		
13	If FEMA funded, brief description of the status of the project work-sheet and its support.		

14	Quarterly Activities/Project Description (include with specificity activities conducted, such as meetings, document review, staff training, etc)		
15	Brief description to confirm appropriate data/information has been provided by recipient and what activities have been taken to review in relation to the project/contract/program.		
16	Description of quarterly auditing activities that have been conducted to ensure procurement compliance with terms and conditions of the contracts and agreements.		
17	Has payment documentation in connection with the contract/program been reviewed? Please describe.		
18	Description of quarterly activity to prevent and detect waste, fraud, and abuse.		
19	Provide details of any integrity issues/findings		
20	Provide details on any other items of note that have occurred in the past quarter.		
21	Provide details of any actions taken to remediate waste, fraud and abuse noted in past quarters.		
C.	Miscellaneous		
22	Attach a list of hours (by employee) and expenses incurred to perform your quarterly integrity monitoring review.		

23	Add any item, issue or comment not covered in previous sections but deemed pertinent to monitoring program.		
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Name of Integrity Monitor:

Signature:

Date:

Name of Report Preparer:

RISK MATRIX

Agency/Authority:

Program:

Funding Source:

Recipient or Subrecipient:

Completed by:

Date:

Risk Inquiry Areas	Rating Element	Summary Assessment/Description of Risks Identified	Risk Level (Low, Medium, High)
Inquiry 1			
Organizational leadership, capacity, expertise, and experience managing and accounting for federal grant funds in general, and disaster recovery funds in particular.	Assess your agency's experience and staffing capacity to manage and account for federal grant funds and/or disaster recovery funds. Considerations include: your agency's organizational structure, supervisory roles, delegation of authority, line level staffing capacities, experience at all levels, and responsibilities and relations within and between different divisions or offices within your agency. Does your agency have a monitoring and oversight plan to assess your continued performance and compliance with the CARES fund requirements, federal and state laws and regulations? Does that plan include an assessment of internal controls, review of risks, threats and prevention and detection of fraud, waste, and abuse? How will your agency address risk areas and the need for corrective action?		

Inquiry 2			
Input from the individuals/units that will be disbursing funds or administering the program	How will your agency plan for the use of the CARES funds? Does your plan include considerations for federal and state requirements and eligible uses of the funds? Does your plan establish adequate funding and staffing requirements for administering the funds? Is your plan consistent with your statutory mission and the CARES fund objectives? Does your plan include or contemplate the inclusion of input from line staff that are administering the program?		
Inquiry 3			
Review of existing internal controls and any identified weaknesses.	Has your agency reviewed its internal controls to ensure that policies and procedures are in place to satisfy the CARES fund requirements, federal and state laws and regulations? Are your agency policies and procedures adequate? Are they updated for all relevant processes required for the administration of the CARES funds? Does your agency have a monitoring and oversight plan to assess your continued performance and compliance with the CARES fund requirements, federal and state laws and regulations? Does that plan include an assessment of internal controls, review of risks, threats and prevention and detection of fraud, waste, and abuse? How will your agency address risk areas and the need for corrective action?		
Inquiry 4			
Prior audits and audit findings.	Has your agency been audited in the past? Have you considered and addressed any prior audit findings and recommendations that may be applicable to your success in overseeing COVID stimulus funding?		
Inquiry 5			
Lessons learned from prior disasters	Has your agency been audited after a previous disaster? Have you considered and addressed any findings and recommendations from such audit(s)?		

Inquiry 6			
Sub-recipient internal control weaknesses, if applicable.	If your agency is overseeing sub-recipients, have the sub-recipients been the subject of prior negative audit findings and recommendations that could impact oversight? How will your agency ensure that sub-recipients adhere to all requirements relating to their receipt of funds, including their use of funds and the reports they will be required to submit documenting their use of such funds?		
Inquiry 7			
Adequacy of financial, acquisition, and grants management policies and procedures, including technological capacity and potentially outdated financial management systems.	When is the last time there was an assessment of financial, acquisition, and grants management policies and procedures? Is technological capacity an issue? Are the financial management systems adequate or outdated? Have the systems been updated or can they be updated to function adequately for the administration of the CARES funds?		
Inquiry 8			
Barriers to reporting.	Does your agency have, or intend to develop, templates/forms or other documentation to report the results of the funding awards, including how your agency will respond to oversight bodies seeking to ascertain who received funds, the amount of funds, and the date funds were distributed?		
Inquiry 9			
Experience with state and federal procurement processes, value of anticipated procurements, and reliance on contractors to meet program goals and objectives.	Assess and evaluate your agency's procurement processes and experience with state and federal procurement requirements. Do you have a trained and qualified contract manager assigned to the contract? Do your contracts contain provisions to ensure that contracted vendors provide all necessary reports in the form/manner prescribed by contract? Have your contract templates been reviewed and checked for necessary state and federal contract language? If emergency contracts have been entered into, how do you plan to transition after the urgent need has ended? Do you have plans to conduct a cost analysis?		

Inquiry 10			
Potential conflicts of interests and ethics compliance.	Evaluate the means used to ensure that there is adequate separation of duties surrounding program funding requests and determinations. Does your agency have a code of conduct or policy describing measures to guard against potential conflicts of interest?		
Inquiry 11			
Amount of funds being disbursed to a particular category of sub-recipient and the complexity of its project(s).	Evaluate the guidance, policies and procedures, or other documents that are being used to ensure that your agency properly oversees the sub-recipients' use of funds, including those relating to internal recordkeeping, monitoring, and sub-recipient reporting. Does your agency have a plan to monitor sub-recipients' compliance with program requirements and those outlined in Uniform Grant Guidance 2 C.F.R. 200.331 (Requirements for pass through entities)? Does that plan assess risk of sub-recipients? Does that plan include training and training documents? Have you prepared templates or other reporting forms that you will be providing to sub-recipients? Has your agency developed a plan to address sub-recipient noncompliance?		
Inquiry 12			
Whether federal or state guidelines provide guidance regarding the uses of funds (i.e., discretionary vs. restrictive).	Evaluate how eligibility determinations will be made? Does your agency have written guidance or policies and procedures that provide direction in making and documenting eligibility determinations? Is the completeness and accuracy of information used in eligibility determinations verified? If so, how? By whom? Is there supervisory review and approval in this process?		

Note: This risk assessment tool may not include all relevant risk factors for your particular agency. Each agency should undertake a review to determine whether any additional risk areas should be reviewed, should identify those areas here, and should analyze them in accordance with the format of this tool.



State of New Jersey, COVID-19 Compliance and Oversight Taskforce

Risk Matrix

Agency/ Authority:	
Program:	
Funding Source:	
Recipient or Subrecipient:	
Completed By:	
Date:	

Risk Inquiry Areas	Rating Element	Summary Assessment/Description of Risks Identified	Risk Level (Low, Medium, High)
Inquiry 1			
Organizational leadership, capacity, expertise, and experience managing and accounting for federal grant funds in general, and disaster recovery funds in particular.	Assess your agency's experience and staffing capacity to manage and account for federal grant funds and/or disaster recovery funds. Considerations include: your agency's organizational structure, supervisory roles, delegation of authority, line level staffing capacities, experience at all levels, and responsibilities and relations within and between different divisions or offices within your agency. Does your agency have a monitoring and oversight plan to assess your continued performance and compliance with the CARES fund requirements, federal and state laws and regulations? Does that plan include an assessment of internal controls, review of risks, threats and prevention and detection of fraud, waste, and abuse? How will your agency address risk areas and the need for corrective action?		
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Input from the individuals/units that will be disbursing funds or administering the program.	How will your agency plan for the use of the CARES funds? Does your plan include considerations for federal and state requirements and eligible uses of the funds? Does your plan establish adequate funding and staffing requirements for administering the funds? Is your plan consistent with your statutory mission and the CARES fund objectives? Does your plan include or contemplate the inclusion of input from line staff that are administering the program?		
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Inquiry 4			
Prior audits and audit findings.	Has your agency been audited in the past? Have you considered and addressed any prior audit findings and recommendations that may be applicable to your success in overseeing COVID stimulus funding?		
Inquiry 5			
Lessons learned from prior disasters.	Has your agency been audited after a previous disaster? Have you considered and addressed any findings and recommendations from such audit(s)?		
Inquiry 6			

Sub-recipient internal control weaknesses, if applicable.	If your agency is overseeing sub-recipients, have the sub-recipients been the subject of prior negative audit findings and recommendations that could impact oversight? How will your agency ensure that sub-recipients adhere to all requirements relating to their receipt of funds, including their use of funds and the reports they will be required to submit documenting their use of such funds?		
Inquiry 7			
Adequacy of financial, acquisition, and grants management policies and procedures, including technological capacity and potentially outdated financial management systems.	When is the last time there was an assessment of financial, acquisition, and grants management policies and procedures? Is technological capacity an issue? Are the financial management systems adequate or outdated? Have the systems been updated or can they be updated to function adequately for the administration of the CARES funds?		
Inquiry 8			
Barriers to reporting.	Does your agency have, or intend to develop, templates/forms or other documentation to report the results of the funding awards, including how your agency will respond to oversight bodies seeking to ascertain who received funds, the amount of funds, and the date funds were distributed?		
Inquiry 9			
Experience with state and federal procurement processes, value of anticipated procurements, and reliance on contractors to meet program goals and objectives.	Assess and evaluate your agency's procurement processes and experience with state and federal procurement requirements. Do you have a trained and qualified contract manager assigned to the contract? Do your contracts contain provisions to ensure that contracted vendors provide all necessary reports in the form/manner proscribed by contract? Have your contract templates been reviewed and checked for necessary state and federal contract language? If emergency contracts have been entered into, how do you plan to transition after the urgent need has ended? Do you have plans to conduct a cost analysis?		
Inquiry 10			
Potential conflicts of interests and ethics compliance.	Evaluate the means used to ensure that there is adequate separation of duties surrounding program funding requests and determinations. Does your agency have a code of conduct or policy describing measures to guard against potential conflicts of interest?		
Inquiry 11			
Amount of funds being disbursed to a particular category of sub-recipient and the complexity of its project(s).	Evaluate the guidance, policies and procedures, or other documents that are being used to ensure that your agency properly oversees the sub-recipients' use of funds, including those relating to internal recordkeeping, monitoring, and sub-recipient reporting. Does your agency have a plan to monitor sub-recipients' compliance with program requirements and those outlined in Uniform Grant Guidance 2 C.F.R. 200.331 (Requirements for pass through entities)? Does that plan assess risk of sub-recipients? Does that plan include training and training documents? Have you prepared templates or other reporting forms that you will be providing to sub-recipients? Has your agency developed a plan to address sub-recipient noncompliance?		
Inquiry 12			
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Note: This risk assessment tool may not include all relevant risk factors for your particular agency. Each agency should undertake a review to determine whether any additional risk areas should be reviewed, should identify those areas here, and should analyze them in accordance with the format of this tool.

Integrity Monitor Firm Name: _____

Engagement: _____

Quarter Ending: _____

No.	Recipient Data Elements	Response	Comments
A. General Info			
1.	Recovery Program Participant		
2.	Federal Funding Agency (e.g. Section 5001 of CARES Act)		
3.	State Funding (if applicable)		
4.	Award Type		
5.	Award Amount		
6.	Accountability Officer		
7.	Brief Description Purpose and Rationale of Integrity Monitor Project/Program		
8.	Contract/Program Location (if applicable)		
9.	Amount Expended by Recovery Program Participant to Date		
10.	Amount Provided to other State or Local Entities		
11.	Completion Status of Contract or Program		
12.	Expected Contract End Date/Time Period		
B. Monitoring Activities			
13.	If FEMA funded brief description of the status of the project worksheet and its support.		
No. Recipient Data Elements Response Comments			
14.	Quarterly Activities/Project Description (include with specificity activities conducted such as meetings document review staff training etc)		
15.	Brief description to confirm appropriate data/information has been provided by recipient and what activities have been taken to review in relation to the project/contract/program.		
16.	Description of quarterly auditing activities that have been conducted to ensure procurement compliance with terms and conditions of the contracts and agreements.		
17.	Has payment documentation in connection with the contract/program been reviewed? Please describe		
18.	Description of quarterly activity to prevent and detect waste fraud and abuse.		
19.	Provide details of any integrity issues/findings		
20.	Provide details on any other items of note that have occurred in the past quarter		
21.	Provide details of any actions taken to remediate waste fraud and abuse noted in past quarters		
No. Recipient Data Elements Response Comments			
C. Miscellaneous			
22.	Attach a list of hours (by employee) and expenses incurred to perform your quarterly integrity monitoring review		
23.	Add any item issue or comment not covered in previous sections but deemed pertinent to monitoring program.		

Name of Integrity Monitor:
Signature:
Date:

Name of Report Preparer:



Engagement Query Response

Contract G4018 – Integrity Oversight Monitoring

*Program and Performance Monitoring, Financial Monitoring and Grant Management and
Anti-Fraud Monitoring for COVID-19 Recovery Funds and Programs*

New Jersey Department of the Treasury – Office of Management & Budget

June 18, 2021 3:00 PM



Submitted by: CohnReznick LLP

101 Crawfords Corner Road
Suite 2316
Holmdel, NJ 07733
732-578-0700
www.CohnReznick.com

Frank Banda, CPA, CFE, CGMA, PMP
Managing Partner – Public Sector



CohnReznick is an independent
member of Nexia International

CohnReznick LLP | 101 Crawfords Corner Road | Suite 2316 | Holmdel, NJ 07733-1980
Main: 732.578.0700 | Fax: 732.578.1711 | cohnreznick.com

June 17, 2021


State Contract Manager
Mona Cartwright, Fiscal Manager, Department of the Treasury
Via email: mona.cartwright@treas.nj.gov


RE: New Jersey Department of the Treasury – Office of Management & Budget – Contract G4018 – Integrity Oversight Monitoring: Program and Performance Monitoring, Financial Monitoring and Grants Management and Anti-Fraud Monitoring for COVID-19 Recovery Funds and Programs


Dear Ms. Cartwright,

On behalf of CohnReznick LLP we are pleased to present our proposal to provide the New Jersey Department of the Treasury (Treasury) – Office of Management & Budget (OMB) with Integrity Oversight Monitor (IOM) Services in response to Executive Order 166 (E.O. 166).

We are confident our monitoring and compliance team represents the best value to Treasury OMB. The CohnReznick team offers the following advantages:

- 

• **Subject Matter Experience.** Our team has prior CARES Act experience under New Jersey's IOM and E.O. 166 guidelines serving as monitor for NJ Department of Education, NJ Department of Health, and NJ Department of Community Affairs and their uses of Coronavirus relief funding. Our experience providing compliance and oversight monitoring services for programs of similar size, scope and complexity to that required here by the Treasury OMB ensures our team will not waste time with the need to ramp up or gain familiarity as we can deploy immediately and provide deep grant and disaster recovery fund experts with experience from similar programs in the state. Our team will ensure the work completed under this contract will be fully compliant with all relevant CARES Act and E.O. 166 regulations, policies, and procedures.
- 

• **New Jersey Presence and Rapid Deployment.** Founded in 1919, our firm has the staffing capability to meet Treasury OMB's needs. Our broad New Jersey presence, over 450 professionals, located in our Parsippany and Holmdel offices, allows us to effectively and rapidly coordinate qualified staff to respond to the Department's turnaround times and reporting deadlines.
- 

• **Excellent Record of Supporting New Jersey IOM Programs.** Our team has provided compliance and Integrity Oversight Monitor services for the State of New Jersey's Department of Community Affairs, Sandy Recovery Division (NJ DCA-SRD) for its Superstorm Sandy recovery programs. In addition, we provide ongoing integrity oversight monitoring to NJ Transit and the Port Authority of New York and New Jersey. As such we are familiar with the State's commitment to compliance and monitoring as outlined by E.O. 166 and the earlier Integrity Monitor Oversight Act (the Act). Our efforts on NJ-DCA resulted in the creation and implementation of 19 programs—the largest of which was valued at \$1 billion—built on “real-time” mechanisms to track, quantify, and evaluate performance and mitigate risk at the contractor and program levels. We bring that experience to the State's goals for CRF monitoring under E.O. 166.



- **Integration and Coordination with Treasury OMB Personnel.** Our team, upon contract award, can quickly engage with the Department to determine the level of involvement desired by Treasury OMB staff. We will suggest options for integrating Treasury OMB personnel into our approach to save costs and create efficiencies to meet deadlines. Furthermore, we are more than happy to turn over tools and the knowledge base built throughout the engagement for use by Treasury OMB staff.



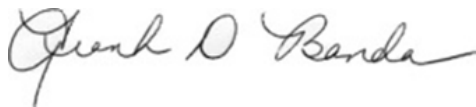
- **Our Ability to Withstand Public Scrutiny.** Our integrity monitoring, disaster recovery, and grant management programs and deliverables have been inspected by public officials, political appointees, state Attorneys General, Inspectors General, and the general public. Without fail our programs and deliverables have repeatedly withstood this intense scrutiny.

CohnReznick is a nationally recognized industry-leading advisory, assurance, and tax firm. In the wake of Superstorm Sandy's destruction, our firm's leadership made the staffing of disaster recovery projects in the Northeast the firm's top priority, and CohnReznick remains resolute in that commitment today with the same resolve being applied to the State's efforts to rapidly deploy Coronavirus Relief Funds. Nationwide we have overseen billions of dollars in disaster recovery funding.

In the tristate area, CohnReznick served as the State of New Jersey's Integrity Monitor responsible for the oversight of its federal grant Disaster Recovery programs in the wake of Superstorm Sandy. We are proud of the work we have previously performed for NJ DCA and are certain we can apply those lessons learned to this Engagement. We are confident our team represents the most efficient and economical solution in helping Treasury OMB continue to achieve its oversight requirements.

Thank you for this opportunity to present our qualifications for the Treasury OMB Engagement Query for Integrity Oversight Monitor.

Sincerely,



Frank Banda, CPA, CFE, CGMA, PMP
Managing Partner – Public Sector





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Proposal Plan





PLAN TO PERFORM SCOPE OF WORK

Standard Reporting and Key Deliverable Schedule

CohnReznick will fully meet the reporting and deliverable needs identified by Treasury OMB for successful completion of the task order. We understand these deliverables to be, though standard and routine for oversight monitoring, critical for ensuring performance and compliance of the COVID-19 Recovery Program's work. Below is a summary table of the reports and deliverables anticipated to be provided based on the Engagement Query submission date:

Report / Deliverable	Frequency / Timing
Project Status Report	Daily
Project Kick-Off Meeting Agenda and Meeting Minutes	Day 1
Entrance Conference Agenda and Meeting Minutes	Day 3
Work Session Meeting Minutes	Days 1-120
Process Matrix (noting any identified gaps, inefficiencies, or redundancies)	Draft – Day 15 Final – Conclusion of task order
Working Papers (containing test plans and results)	Conclusion of task order
Risk Assessment	Draft – Day 30 or 8/1, whichever later Final – Day 45 or 8/15, whichever later
Monitoring	Days 30-120
Quarterly Report	Draft – 7/25 and 10/25 Final – 7/31 and 10/30
Exit Conference Agenda and Meeting Minutes	Conclusion of task order

Personnel

We have structured our team based upon the requirements of this Engagement Query and our direct experience providing compliance and oversight monitoring services for recovery projects of similar size, scope, and turnaround time. The CohnReznick personnel selected for this team collectively have expertise in Internal Audit, Compliance, and Oversight Monitoring.

Our selected Program Managers will be Ron Frazier as Engagement Lead and Amanda Campen as Subject Matter Expert (SME). Together they have all the direct experience that Treasury OMB would require, from years of integrity monitoring experience and COVID-19 experience.

Mr. Frazier, JD, PMP has more than 15 years of experience, and specializes in providing integrity oversight monitoring services for state and regulatory agencies. He has worked for New Jersey on various engagements including NJ DCA in monitoring Coronavirus Relief Funds in the State's response to COVID-19. **Ms. Campen, JD** has several years of experience in compliance, project management and auditing, and direct experience working with states' COVID-19 responses. She most recently served as the Bureau Chief of Recovery for the Florida Division of Emergency Management, managing a \$12 billion portfolio. Prior to that, as Operations Chief and Deputy State Coordinator she coordinated Florida's long-term response and recovery needs throughout all phases of emergency management.



The Key Personnel Table presented below has been included to familiarize Treasury OMB with our engagement team and to show their relevant IOM and compliance experience. Our team is fully-staffed with professionals experienced in performing the work outlined in this Engagement Query. Our team structure is designed to be flexible and efficient to adhere to the turnaround times and completion deadline requirements of Treasury OMB.

Key Personnel	Years of Experience	Estimated Hours on the Project	Relevant Experience
Program Manager			
Ron Frazier, JD, PMP	15+	100	<ul style="list-style-type: none"> • More than 15 years of accounting experience, specializing in providing compliance and integrity oversight monitoring services for state agencies and private entities. • As a licensed attorney and lead for compliance monitoring, performed as the contract and performance manager for the NJ IOM Coronavirus Relief Fund projects including NJ DOE, DOH, and DCA.
Amanda Campen, JD	7+		<ul style="list-style-type: none"> • 7+ years' experience in compliance, project management and auditing • Activated for over 10 all-hazards events in various roles with the Florida Division of Emergency Management, including: COVID-19; Hurricane Irma; The Pulse Nightclub Shooting; Hurricane Michael; The Pensacola Naval Air Station Shooting; and Virgin Islands and Puerto Rico Host Mission • Currently serves as a Project Manager for the Massachusetts Emergency Management Agency, performing financial and programmatic compliance, grant coordination, technical assistance and administration work to plan, organize and monitor federally funded disaster grants for COVID-19
Lisa Chiappa, CPA	17+		<ul style="list-style-type: none"> • 17+ years extensive experience providing audit and attest services to clients in various industries. Ms. Chiappa is a member of the Firm's fiscal and integrity monitoring group, which focus on reconstructing the financial activities associated with government-funded projects in an effort to identify and prevent fraud, waste, and abuse.



Project Managers			
Anna Fomina, CPA, CGMA	13	250	<ul style="list-style-type: none">Over 13 years of consulting, integrity monitoring, and fraud investigation experience in the construction industry and public sector for clients including the Port Authority of New York and New Jersey, New Jersey Transit, and the New Jersey Department of Community Affairs
Katrell Starks	10		Over 10 years of experience in federally-funded disaster recovery programs, specializing in Hazard Mitigation Grant Program (HMGP) administration, project management, consulting service, and compliance with FEMA and CDBG-DR programs. Expertise includes monitoring; disaster recovery; policy and procedure development and documentation; and FEMA-Hazard Mitigation grant management.
Consultants			
Sarah Cowan, CPA	3	350	<ul style="list-style-type: none">3 years of public accounting experience; analyzing financial statements; and preparing and reviewing individual, partnership, and corporate tax returns
Brandi Saunders, CPA	6		<ul style="list-style-type: none">3+ years of public accounting experience; analyzing financial statements; compliance and monitoring for Coronavirus Relief Funds; and conducted annual financial statement audits
Elsie Guevara, CFE	3		<ul style="list-style-type: none">Several years of experience providing audit and attest services to clients in various industries, including integrity monitoring of the Port Authority of New York and New Jersey
Emily McCracken	2		<ul style="list-style-type: none">Experience conducting payment application reviews, construction closeout audits, and supporting audit staff in collecting documents and workpapers related to internal audit projects
Elliot Hall	13		<ul style="list-style-type: none">13+ years of monitoring and evaluating the administration of disaster recovery funds to ensure accountability with state and federal regulations.
Malissa Jackson	10		<ul style="list-style-type: none">10+ years of compliance monitoring and consulting experience, specializing in Federal Regulations, disaster recovery, and grant management.



Work Plan

The scope of services to be provided includes the following:

Work Plan Steps

Days 1- 30: Planning

The IOM will conduct interviews and reviews of policy regarding grantee expenditures under the Substantially Dedicated Payroll based on the risk assessment to validate compliance with the grant award and federal regulation, including but not limited to the following tasks:

- Compliance with state and federal procurement law;
- Evaluation of program performance;
- Review of disbursements;
- Evaluation of internal controls;
- Staff interviews;
- Review of documents retention policies and procedures; and
- Other tasks listed in the RFQ and IOM Guidelines or as deemed appropriate by Treasury OMB.

Engagement Kickoff:

- 1) Conduct engagement kickoff meeting with Treasury OMB;
- 2) Confirm engagement scope and objectives;
- 3) Confirm level of coordination between CohnReznick and Treasury OMB personnel;
- 4) Confirm Department management and agree on protocol for contacting Program staff;
- 5) Coordinate with Treasury OMB to draft entrance conference agendas and schedule meetings with required Department personnel;
- 6) Agree on and document protocol and timelines for providing key deliverables: planning, fieldwork, wrap-up, and other related deliverables;
- 7) Agree on meeting schedule and attendees for periodic updates;
- 8) Confirm required working papers format and organizational structure for submission to Treasury OMB at the end of the engagement; and
- 9) Create structure for maintaining working papers and key deliverables and for sharing information between CohnReznick and Treasury OMB.

Entrance Conferences:

- 1) Conduct entrance conferences with Treasury OMB and Program management.



- 2) Request organization charts and confirm points of contact for monitoring area(s);
- 3) Provide copy of required sections of quarterly report for completion by Department management, confirm response date, and schedule follow-up meeting(s) to discuss responses;
- 4) Request copies of policies, procedures, and operational workflows;
- 5) Establish protocol for contacting staff to request required documents and for requesting interviews and process walkthroughs; and
- 6) Confirm the system of record for each process area and the existence of any external systems/databases used to maintain Program data.

30-120: Fieldwork/Monitoring

- 1) Review responses received from Program management and document follow-up questions;
- 2) Review Treasury OMB risk assessment to identify potential areas of high risk;
- 3) Document any gaps and conduct follow-up meeting to discuss;
- 4) Coordinate with Program personnel to complete remaining sections of quarterly report; and
- 5) Document any potential areas of fraud, waste and abuse for communication to Treasury OMB.

The IOM engaged will be responsible for monitoring Treasury OMB's compliance with applicable agreements, federal and State regulations and guidelines with the intent to safeguard COVID-19 Recovery Funds.

- 1) Draft proposed plan for compliance reviews and schedule for conducting staff interviews and process walkthroughs/observations;
- 2) Coordinate with Treasury OMB regarding work plan;
- 3) Initiate activities to evaluate General Election 2020 Grant program performance;
- 4) Evaluate internal controls of selected Grantee financial management, cash management, acquisition management and records management capabilities;
- 5) Interview staff;
- 6) Review document retention policies and processes;
- 7) Coordinate with Program staff to schedule process walkthroughs;



- 8) Conduct virtual walkthroughs and compare actual processes to documented procedures, workflows, regulatory requirements, and best practices;
- 9) Validate compliance with applicable Memoranda of Understanding and sub-grant awards regarding use and reporting requirements for CRF Funds;
- 10) Review financial and performance reports, audit results and prior monitoring reports;
- 11) Sample test specific files for appropriate documentation including reimbursement requests and related support and final reports;
- 12) Document results and note any process variances, gaps, and/or areas of improvement for follow-up discussion;
- 13) Document any potential areas of fraud, waste and abuse for communication to Treasury OMB;
- 14) Follow up with staff to discuss any noted variances and confirm preliminary results; and
- 15) Conduct other tasks listed in the IOM Guidelines or deemed appropriate as directed by Treasury OMB.

Days 1-120: Reporting

Pursuant to E.O. 166, the Integrity Monitor shall submit a draft risk assessment within 30 days of the start of the engagement or August 1, 2021, whichever is later. A draft quarterly report shall be submitted to the Treasury OMB on or before 15 days prior to the end of each quarter detailing the specific services rendered during the quarter and any findings of waste, fraud, or abuse. A final quarterly report shall be due on or before the end of each quarter.

- 1) Prepare draft risk assessment and quarterly report for submission to Treasury OMB;
- 2) Submit draft document to Treasury OMB for feedback;
- 3) Coordinate with Treasury OMB to start finalizing risk assessment and quarterly report;
- 4) Update risk assessment based on feedback from Treasury OMB;
- 5) Update quarterly report based on feedback and/or response to findings received by Treasury OMB;
- 6) Finalize risk assessment and quarterly report; and
- 7) Submit final documents to Treasury OMB.



Key Deliverables

CohnReznick will provide the following key deliverables to Treasury OMB based on the agreed-upon schedule.

- 1) Draft Risk Assessment
 - 30 days from engagement start or August 1, 2021
- 2) Final Risk Assessment
 - 45 days from engagement start or August 15, 2021
- 3) Draft Quarterly Report
 - 15 days prior to each quarter end
- 4) Final Quarterly Report
 - On or before each quarter end

Budget and Price Schedule



BUDGET TO PERFORM SCOPE OF WORK AND TIMELINE

Our budget and timeline to perform the scope of work reflects the explicit 10/30/21 contract expiration deadline detailed in the Engagement Query. Our team will complete all fieldwork and monitoring pursuant to the 8/1 Draft and 8/15 Final Risk Assessments; as well as the Draft and Final Report deadlines. The project deliverable Risk Assessment and Quarterly Report will be completed and submitted based on the requirements from the Engagement Query.

Name	Role	Rate	Total Hours	Total Cost
Ron Frazier	Program Manager	\$ 266.75	100	\$ 26,675.00
Amanda Campen				
Lisa Chiappa				
Anna Fomina	Project Manager	\$ 245.00	250	\$ 61,250.00
Katrell Starks				
Sarah Cowan	Consultant	\$ 148.50	350	\$ 51,975.00
Brandi Saunders				
Elsie Guevara				
Emily McCracken				
Elliott Hall				
Malissa Jackson				
TOTAL			700	\$ 139,900.00

[REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]

Deliverables



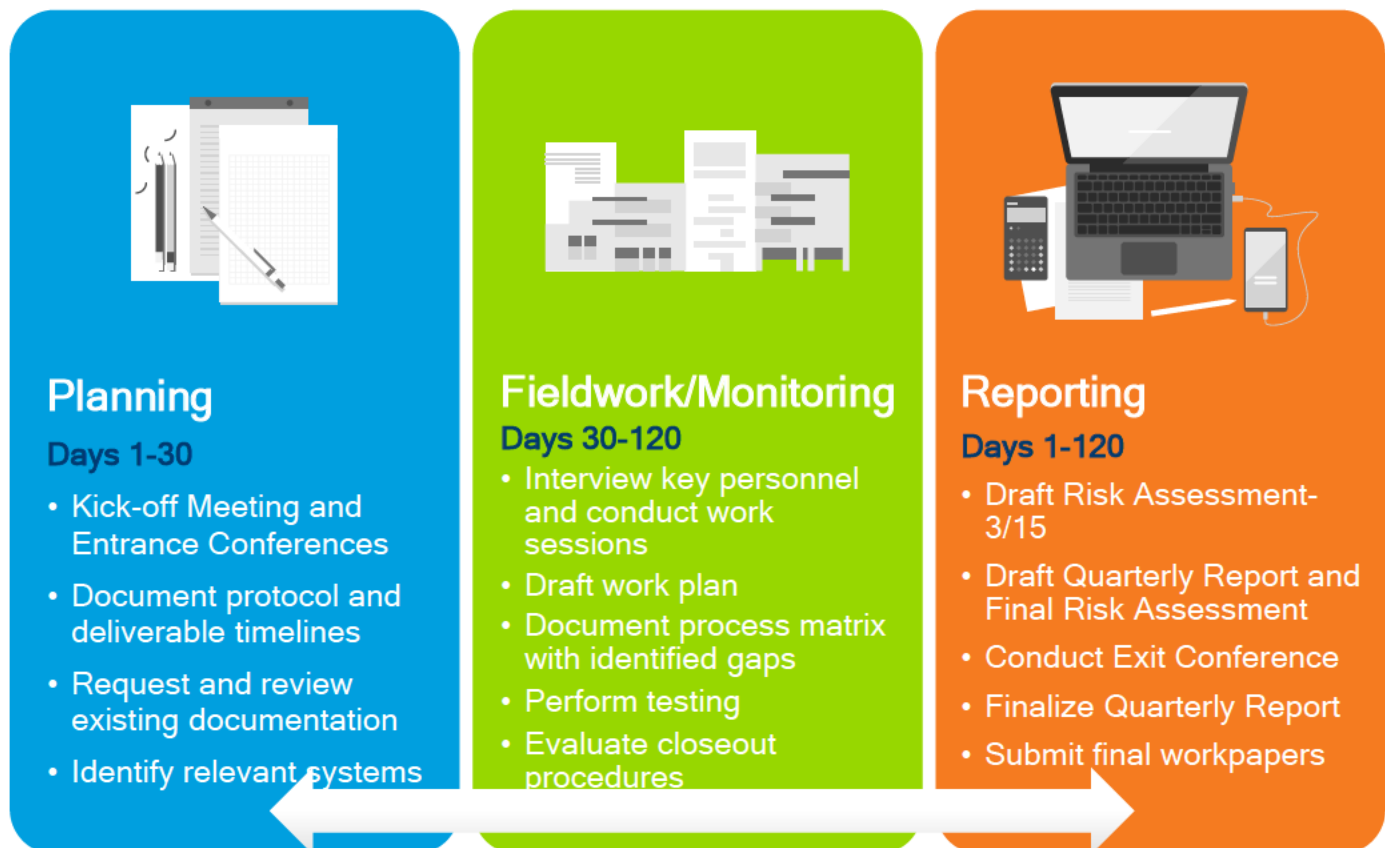
SCHEDULE OF DELIVERABLES

CohnReznick is committed to providing quality services within the Treasury OMB's desired timeframe. Cognizant of the condensed timeline, our work plan is organized into 3 phases consisting of:

- 1) Planning
- 2) Fieldwork/Monitoring
- 3) Reporting

The table below outlines the timeline and actions we will be performing during these 3 phases of the work plan.

Treasury OMB Phases and Timeline



Conflicts of Interest





IDENTIFICATION OF ANY POTENTIAL CONFLICTS OF INTEREST

In accordance with Treasury OMB's Engagement Query for Integrity Monitor, we are notifying Treasury OMB that we have conducted an internal conflicts check and it produced no known conflicts at this time. If selected, CohnReznick will monitor for potential conflicts of interest that may arise throughout contract performance, disclose any conflicts that may arise to Treasury OMB, and work with Treasury OMB to effectively mitigate such conflicts.