



# Federally-Based Contracts 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

Event	Date	Time
Questions Regarding Request for Quote Due Date	October 28, 2020	2:00 PM
Request for Quote Submission Due Date	December 18, 2020	2:00 PM

Dates are subject to change. All times contained in the Request for Quote refer to Eastern Time. All changes will be reflected in Bid Amendments to the Request for Quote posted on Using Agency website.

Request For Quote Issued By:

State of New Jersey  
Department of the Treasury, Division of Administration  
50 West State Street, Trenton, NJ 08625

Date: April 12, 2021

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Attachment 1: Integrity Oversight Monitor Guidelines

Attachment 2: Report Template

## **1.0 INFORMATION FOR BIDDERS**

**NOTICE: *The Bidder is advised to thoroughly read all sections and follow all instructions contained in this Request for Quote (RFQ) before preparing and submitting its Quote. See Section 2.0 for Definitions***

The Contract will be awarded in the State of New Jersey's eProcurement system, [NJSTART \(www.njstart.gov\)](http://www.njstart.gov). The Bidder is advised to read through all Quick Reference Guides (QRGs) located on the [NJSTART Vendor Support Page](#) for information.

Please be advised that in accordance with P.L. 2018, c. 9, also known as the Diane B. Allen Equal Pay Act, which was signed into law by Governor Phil Murphy on April 24, 2018, a contractor performing "qualifying services" or "public work" to the State or any agency or instrumentality of the State shall provide the Commissioner of Labor and Workforce Development a report regarding the compensation and hours worked by employees categorized by gender, race, ethnicity, and job category. For more information and report templates see <https://nj.gov/labor/equalpay/equalpay.html>.

### **1.1 PURPOSE AND INTENT**

This RFQ is issued by the Department of the Treasury. The purpose of this RFQ is to solicit Quotes from interested qualified firms who can provide Program and Process Management Monitoring, Financial Auditing and Grant Management and Integrity Monitoring/Anti-Fraud support services for the disbursement of COVID-19 Recovery Funds. For the purposes of this RFQ, COVID-19 Recovery Funds shall not include funds awarded to the State pursuant to Section 5001 of the Coronavirus Aid, Relief and Economic Security Act. Pub. L. 116-136.

The intent of this RFQ is to award a Contract to those responsible Bidders whose Quotes, conforming to this RFQ are most advantageous to the State, price and other factors considered in the following three areas of expertise: (1) Program and Process Management Monitoring; (2) Financial Auditing and Grant Management; and (3) Integrity Monitoring/Anti-fraud service from which each principal department and agency of this State, as well as each independent State authority may select a qualified Contractor selected through this RFQ pursuant to an Engagement Process as defined in Section 1.3 below. The State may award contracts for all or some of the services. The State, however, reserves the right to separately procure individual requirements that are the subject of the Contract during the Contract term, when deemed by the Director of the Division of Purchase and Property (Director) to be in the State's best interest.

Award of the Contracts will be to those qualified Bidders whose Quotes, conforming to the RFQ, are most advantageous to the State, price and other factors considered. Bidders may be qualified in more than one area of expertise. Quotes will only be accepted from Bidders with an active GSA contract under SINs 541611, 541211, or Ancillary SINs as defined by GSA eBuy.

The State of NJ Standard Terms and Conditions (SSTC) accompanying this RFQ will apply to all Contracts made with the State of New Jersey. These terms are in addition to the terms and conditions set forth in this RFQ and should be read in conjunction with them unless the RFQ specifically indicates otherwise.

### **1.2 BACKGROUND**

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. On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act, H.R. 748, (“CARES Act”) was enacted to provide economic stimulus in response to the global pandemic caused by COVID-19, (COVID-19 Recovery Funds). The CARES Act, among other things, was enacted to assist State, Local and Tribal governments navigate the impact of the COVID-19 outbreak and cover necessary expenditures related to the public health emergency incurred between March 1, 2020 and December 30, 2020.

On July 17, 2020, Governor Murphy signed Executive Order 166 (“EO 166”), which, among other things, established the COVID-19 Compliance and Oversight Task Force (the “Taskforce”) and the Governor’s Disaster Recovery Office (GDRO). The purpose of the Taskforce is to advise each principal department and agency of this State, as well as each independent State authority COVID-19 Recovery Program Participants, referred to in this RFQ as “Using Agencies,” that receive or administer COVID-19 Recovery Funds regarding compliance with federal and State law and how to mitigate the risks of waste, fraud, and abuse.

Pursuant to EO 166, the Taskforce has issued guidelines regarding the appointment and responsibilities of COVID-19 Oversight Integrity Monitors (“Integrity Monitors”). Using Agencies may retain and appoint Integrity Monitors to oversee the disbursement of COVID-19 Recovery Funds and the administration of a COVID-19 Recovery Program. See Integrity Oversight Monitor Guidelines at Attachment 1. 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.

EO 166 requires Using Agencies to identify an Accountability Officer to serve as central point of contact for tracking COVID-19 funds within each agency or authority and is responsible for working with and serving as a direct point of contact for the GDRO and the Taskforce.

The creation of a pool of qualified Integrity Monitors through the issuance of this RFQ will support monitoring and oversight and ensure that Using Agencies 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.

### 1.2.1 ENGAGEMENT PROCESS

The retention of a Contractor(s) by a Using Agency from the pool established pursuant to this RFQ will follow the below process:

- A Using Agency will designate an agency employee to act as the contract manager for a Contractor Engagement (Agency Contract Manager), which may be the Accountability Officer. The Agency Contract Manager will notify the State Contract Manager, on a form prescribed by Treasury, along with any required supporting documentation, of its request for a Contractor. The Agency Contract Manager will indicate which Contractor 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 and liquidated damages for failure to meet any required milestones, timelines or standards or 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 will 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 Contractors within the pool.
- Interested and eligible Contractors shall 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. Contractors shall identify any potential conflicts of interest that would prevent them from accepting an Engagement.
- 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 Contractor 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 Contractor has any potential conflicts with the engagement.
- The State Contract Manager, on behalf of the Using Agency, will then issue a Letter of Engagement with a "Not to Exceed" clause to the engaged Contractor and work with the Agency Contract Manager to begin the issuance of Letter of Engagement.

### **1.3 QUESTION AND ANSWER PERIOD**

The State will electronically accept questions and inquiries from all potential Bidders.

- A. Questions should be directly tied to the RFQ and asked in consecutive order, from beginning to end, following the organization of the RFQ; and
- B. Each question should begin by referencing the RFQ page number and section number to which it relates.

A Bidder shall submit questions only to the State designee [REDACTED] in writing. The State will not accept any question in person or by telephone concerning this RFQ.

The cut-off date for electronic questions relating to this RFQ is indicated on the RFQ cover sheet. In the event that questions are posed by Bidders, answers to such questions will be issued by Addendum. Any Addendum to this RFQ will become part of this RFQ and part of any Contract awarded as a result of this RFQ. Addenda to this RFQ, if any, will be posted to the State's website.

### 1.3.1 SUBMISSION OF QUOTES

In order to be considered for award, the Quote must be received by the State at the designated time and place.

A Quote must be submitted electronically by email to the following email address by 2:00 PM on the date listed on the cover sheet of this RFQ or electronically through GSA eBuy:

**QUOTES NOT RECEIVED PRIOR TO THE QUOTE OPENING DEADLINE SHALL BE REJECTED. THE DATE AND TIME OF THE QUOTE OPENING IS INDICATED ON THE RFQ COVER SHEET.**

**IF THE QUOTE OPENING DEADLINE HAS BEEN REVISED, THE NEW QUOTE OPENING DEADLINE SHALL BE SHOWN ON THE POSTED ADDENDUM.**

### 1.4 ADDITIONAL INFORMATION

#### 1.4.1 BIDDER RESPONSIBILITY

The Bidder assumes sole responsibility for the complete effort required in submitting a Quote in response to this RFQ. No special consideration will be given after Quotes are opened because of a Bidder's failure to be knowledgeable as to all of the requirements of this RFQ.

#### 1.4.2 COST LIABILITY

The State assumes no responsibility and bears no liability for costs incurred by a Bidder in the preparation and submittal of a Quote in response to this RFQ.

#### 1.4.3 CONTENTS OF QUOTE

Quotes can be released to the public pursuant to N.J.A.C. 17:12-1.2(b) and (c), or under the New Jersey Open Public Records Act (OPRA), N.J.S.A. 47:1A-1.1 et seq., or the common law right to know.

After the opening of sealed Quotes, including Quotes submitted electronically, all information submitted by a Bidder in response to a RFQ is considered public information notwithstanding any disclaimers to the contrary submitted by a Bidder. Proprietary, financial, security and confidential information may be exempt from public disclosure by OPRA and/or the common law when the Bidder has a good faith legal/factual basis for such assertion.

When the RFQ contains a negotiation component, the Quote will not be subject to public disclosure until a notice of intent to award a Contract is announced.

As part of its Quote, a Bidder may designate any data or materials it asserts are exempt from public disclosure under OPRA and/or the common law, explaining the basis for such assertion. The location in the Quote of any such designation should be clearly stated in a cover letter.

The State reserves the right to make the determination as to what is proprietary or confidential, and will advise the Bidder accordingly. Any proprietary and/or confidential information in a Quote will be redacted by the State. **The State will not honor any attempt by a Bidder to designate its entire Quote and/or prices as proprietary, confidential and/or to claim copyright protection for its entire Quote.** Copyright law does not prohibit access to a record which is otherwise available under OPRA. In the event of any challenge to the Bidder's assertion of confidentiality with which the State does not concur, the Bidder shall be solely responsible for defending its designation,

but in doing so, all costs and expenses associated therewith shall be the responsibility of the Bidder. The State assumes no such responsibility or liability.

A Bidder shall not designate any price lists and/or catalogs submitted as exempt from public disclosure as the same must be accessible to State Using Agencies and Cooperative Purchasing Program participants (if the RFQ has been extended to these participants) and thus must be made public to allow all eligible purchasing entities access to the pricing information.

#### **1.4.4 ELECTRONIC SIGNATURES**

Bidders submitting Quotes electronically may sign the forms required with the Quote, or required before Contract award, by electronically by typing the name of the authorized signatory in the "Signature" block as an alternative to downloading, physically signing the form, scanning the form, and uploading the form.

## **2.0 DEFINITIONS**

### **2.1 CROSSWALK**

The following definitions will be part of any Contract awarded or order placed as a result of this RFQ.

When this Contract is awarded in the State of New Jersey's eProcurement system, **NJSTART**, the **NJSTART** terminology listed below will be used

<b>NJSTART Term</b>	<b>Equivalent Existing New Jersey Term</b>
Bid/Bid Solicitation	RFQ/Solicitation
Bid Amendment	Addendum
Change Order	Contract Amendment
Master Blanket Purchase Order (Blanket P.O.)	Contract
Offer and Acceptance Page	Signatory Page
Vendor	Bidder/Contractor

### **2.2 GENERAL DEFINITIONS**

**Addendum** – Written clarification or revision to this RFQ issued by the Using Agency. Bid Amendments, if any, will be issued prior to Quote opening due date.

**Bidder** – An entity offering a Quote in response to the Using Agency's RFQ.

**Business Day** - Any weekday, excluding Saturdays, Sundays, State legal holidays, and State-mandated closings unless otherwise indicated.

**Calendar Day** – Any day, including Saturdays, Sundays, State legal holidays, and State-mandated closings unless otherwise indicated.

**Change Order** – An amendment, alteration or modification of the terms of a Contract between the State and the Contractor(s). A Change Order is not effective until it is signed and approved in writing by the Director or Deputy Director, Division of Purchase and Property.

**Cooperative Purchasing Program** – The Division's intrastate program that provides procurement-related assistance to New Jersey local governmental entities and boards of education, State and county colleges and other public entities having statutory authority to utilize select State Blanket P.O.s issued by the Division pursuant to the provisions of N.J.S.A. 52:25-16 et seq.

**Contract** – The Contract consists of the State of NJ Standard Terms and Conditions (SSTC), the RFQ, the responsive Quote submitted by a responsible Bidder as accepted by the State, the notice of award, any subsequent written document memorializing the agreement, any modifications to any of these documents approved by the State and any attachments, Bid Amendment or other supporting documents, or post-award documents including Change Orders agreed to by the State and the Contractor, in writing.

**Contractor** – The Bidder awarded a Contract resulting from this RFQ.

**Days After Receipt of Order (ARO)** - The number of calendar days 'After Receipt of Order' in which the Using Agency will receive the ordered materials and/or services.

**Director** – Director, Division of Purchase and Property, Department of the Treasury, who by statutory authority is the Chief Contracting Officer for the State of New Jersey.

**Discount** - The standard price reduction applied by the Bidder / Contractor to all items.

**Division** – The Division of Purchase and Property.

**Evaluation Committee** – A committee established or Using Agency staff member assigned by the Director to review and evaluate Quotes submitted in response to this RFQ and recommend a Contract award to the Director.

**Firm Fixed Price** – A price that is all-inclusive of direct cost and indirect costs, including, but not limited to, direct labor costs, overhead, fee or profit, clerical support, equipment, materials, supplies, managerial (administrative) support, all documents, reports, forms, travel, reproduction and any other costs.

**May** – Denotes that which is permissible or recommended, not mandatory.

**Must** – Denotes that which is a mandatory requirement.

**No Bid** – The Bidder is not submitting a price Quote for an item on a price line.

**No Charge** – The Bidder will supply an item on a price line free of charge.

**Project** – The undertakings or services that are the subject of this RFQ.

**QRGs** – Quick Reference Guides.

**Quote** – Bidder's timely response to the RFQ including, but not limited to, technical Quote, price Quote, and any licenses, forms, certifications, or other documentation required by the RFQ.

**Request For Quotes (RFQ)** – This series of documents, which establish the bidding and contract requirements and solicits Quotes to meet the needs of the Using Agencies as identified herein, and includes the RFQ, State of NJ Standard Terms and Conditions (SSTC), price schedule, attachments, and Bid Amendments.

**Shall** – Denotes that which is a mandatory requirement.

**Should** – Denotes that which is permissible or recommended, not mandatory.

**Small Business** – Pursuant to N.J.A.C. 17:13-1.2, "small business" means a business that meets the requirements and definitions of "small business" and has applied for and been approved by the New Jersey Division of Revenue and Enterprise Services, Small Business Registration and M/WBE Certification Services Unit as (i) independently owned and operated, (ii) incorporated or registered in and has its principal place of business in the State of New Jersey; (iii) has 100 or fewer full-time employees; and has gross revenues falling in one (1) of the three (3) following categories: For goods and services - (A) 0 to \$500,000 (Category I); (B) \$500,001 to \$5,000,000 (Category II); and (C) \$5,000,001 to \$12,000,000, or the applicable federal revenue standards established at 13 CFR 121.201, whichever is higher (Category III); For construction services: (A) 0 to \$3,000,000 (Category IV); (B) gross revenues that do not exceed 50 percent of the applicable annual revenue standards established at 13 CFR 121.201 (Category V); and (C) gross revenues that do not exceed the applicable annual revenue standards established at CFR 121.201, (Category VI).

**State** – The State of New Jersey.

**State Contract Manager (SCM)** – The State employee responsible for overall management of the contract as set forth in Section 8.0. The SCM cannot direct or approve a Change Order.



**State-Supplied Price Sheet** – the bidding document created by the State and attached to this RFQ on which the Bidder submits its Quote pricing as is referenced and described in RFQ Section 4.1.4.

**Subtasks** – Detailed activities that comprise the actual performance of a task.

**Subcontractor** – An entity having an arrangement with a Contractor, whereby the Contractor uses the products and/or services of that entity to fulfill some of its obligations under its State Contract, while retaining full responsibility for the performance of all the Contractor's obligations under the Contract, including payment to the Subcontractor. The Subcontractor has no legal relationship with the State, only with the Contractor.

**Task** – A discrete unit of work to be performed.

**Unit Cost** – All-inclusive, firm fixed price charged by the Bidder for a single unit identified on a price line.

**Using Agency[ies]** – A principal department and agency of this State, as well as each independent State authority, authorized to purchase products and/or services under a Blanket P.O. procured by the Division.

### **2.3 CONTRACT SPECIFIC DEFINITIONS/ACRONYMS**

**Accountability Officer** - a senior level official designated by a Using Agency who shall serve as its primary liaison to the GDRO and OSC, and who shall oversee the disbursement of COVID-19 Recovery Funds and the administration of COVID-19 Recovery Programs.

**Agency Contract Manager** – The State employee responsible for managing the Contractor for the Using Agency. The Agency Contract Manager's responsibilities are set forth in Section 1.3.

**Coronavirus Relief Funds (CRF)** – funds awarded to the State pursuant to Section 5001 of the Coronavirus Aid, Relief and Economic Security Act. Pub. L. 116-136 incurred during the period that begins on March 1, 2020 and ends on December 30, 2020 to assist the State with economic recovery from the COVID-19 pandemic.

**COVID-19 Recovery Funds** – funds, except for CRF, awarded to the State pursuant to the Coronavirus Aid, Relief and Economic Security Act, Pub. L. 116-136 or subsequent federal legislation to assist the State with economic recovery from the COVID-19 pandemic.

**COVID-19 Recovery Programs** - eligible and planned uses of any funds disbursed by the federal or State government, except for CRF, to help New Jersey residents, businesses, non-profit organizations, government agencies, and other entities respond to or recover from the COVID-19 pandemic.

**COVID-19 Recovery Program Participants (Using Agencies)** – Using Agencies that receive or administer COVID-19 Recovery Funds or administers a COVID-19 Recovery Program.

**Engagement** - The retention of a Contractor(s) by a Using Agency from the pool established pursuant to this RFQ.

**Engagement Process** – The process for selecting a Contractor to provide integrity monitoring services described in Section 1.3.

**Engagement Query** – A detailed scope of work that includes specific performance milestones, timelines, and standards and deliverables and liquidated damages for failure to meet any required milestones, timelines or standards or deliverables that the Agency Contract Manager will submit 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 and request for competitive price quotes for all or some of the services listed under this RFQ.

**GDRO** – The Governor's Disaster Recovery Office

**GSA** – United States General Services Administration

**Letter of Engagement** - A letter sent from the State to begin a specific integrity monitoring project. The Letter of Engagement will include: (1) a detailed scope of work with specific performance milestones, timelines, standards and deliverables appropriate to the specific COVID-19 Recovery Program or expenditure of COVID-19 Funds; (2) a 'not to exceed" clause; and (3) a liquidated damages provision for failure to meet any required milestones, timelines or standards or deliverables.

**OMB** – State of New Jersey Office of Management and Budget.

**OSC** – The Office of the State Comptroller

**SME** – Subject Matter Expert.

### **3.0 SCOPE OF WORK – REQUIREMENTS OF THE CONTRACTOR**

Engagements will be assigned by written Letter of Engagement containing a specific and detailed scope of work, with pricing based on a not to exceed clause pursuant to the selection of a qualified Contractor who through the Engagement Process and whose response to the Engagement Query is most advantageous to the State, price and other factors considered.

#### **3.1 GENERAL TASKS**

For each Engagement, the Tasks will generally include the following:

- Initial and ongoing risk assessments;
- Evaluation of project performance;
- Evaluation of internal controls associated with the Using Agency's financial management, cash management, acquisition management, property management, and records management capabilities;
- Validation of compliance with sub-grant award and general terms and special conditions;
- Review of 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;
- Interviews of Using Agency 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 of 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;
- Ensuring that the Using Agency is retaining appropriate documentation, based on federal and state regulations and guidance, to support fund disbursement;
- Following up with questions regarding specific funding decisions, and review decisions related to emergency situations;
- Facilitating the exchange of ideas and promote operational efficiency;
- Identifying present and future needs; and
- Promoting cooperation and communication among Integrity Monitors engaged by other Using Agencies (e.g., to guard against duplication of benefits).

In addition, the Contractor shall conduct on-site monitoring visits if it finds:

- Non-compliance with reporting requirements;
- Problems identified in quarterly progress or financial reports;
- A history of unsatisfactory performance;
- Unresponsiveness to requests for information;
- High-risk designation;
- A failure by the Using Agency to follow up on prior monitoring findings;
- Allegations of misuse of funds; and
- Receipt of complaints.

### **3.1.1 SPECIFIC TASKS BY CATEGORY**

#### **3.1.1.1 CATEGORY 1 - PROGRAM AND PROCESS MANAGEMENT AUDITING**

The Contractor shall provide all of the following services, as applicable:

- a) Development of processes, controls and technologies to support the execution of CARES Act federally funded programs in compliance with Federal and State guidance, including OMB Circulars;
- b) Review and improve procedures addressing financial management;
- c) Workload analysis; skills gap analysis, organizational effectiveness and workforce recruiting strategies;
- d) Consulting services to support account reconciliations;
- e) Quality assurance reviews and assessments associated with the payments process to ensure that they are in compliance with Federal and State regulations;
- f) Risk analysis and identification of options for risk management for the Federal and State grant payment process;
- g) Consulting services to reduce the reconciliation backlog for the Request for Reimbursements process; and
- h) Consulting services providing Subject Matter Expert (SME) knowledge of required standards for related monitoring and financial standards under the CARES Act and other federal funding, as applicable.

#### **3.1.1.2 CATEGORY 2 – FINANCIAL AUDITING AND GRANT MANAGEMENT**

The Contractor shall provide all the following services, as applicable:

- a) Plan, implement, administer, coordinate, monitor and evaluate the specific activities of all assigned financial and administrative functions. Develop and modify policies/procedures/systems in accordance with organizational needs and objectives, as well as applicable government regulations;
- b) Provide technical knowledge and expertise to review and make recommendations to streamline grant management and fiscal management processes to ensure accountability of funds and compliance with program regulations;
- c) Provide tools to be used by Using Agencies for the assessment of the performance of the financial transaction processes;
- d) Monitor all grant management, accounting, budget management, and other business office functions regularly;
- e) Provide and/or identify training for staff in the area of detection and prevention of fraud, waste and abuse; and
- f) Ensure compliance with all applicable Federal and State accounting and financial reporting requirements.

#### **3.1.1.3 CATEGORY 3 - INTEGRITY MONITORING/ANTI-FRAUD**

Contractors selected from this pool must be able to provide all the following services, as applicable:

- a) Forensic accounting and all specialty accounting services;
- b) Continuing risk assessments and loss prevention strategies;
- c) Performance and program monitoring and promotion of best practices as applicable to each Letter of Engagement issued under this Contract;
- d) Prevention, detection and investigation of fraud and misconduct;
- e) Implementation and management of appropriate compliance systems and controls required by State and Federal governing guidelines, regulations and law;
- f) Provide data management systems/programs for the purpose of collecting, conducting and reporting required compliance and anti-fraud analytics.

The Contractor shall have the ability to provide integrity monitoring services for professional specialties such as engineering and structural integrity services, etc. either directly or through a subcontractor relationship.

### **3.1.2 DELIVERABLES AND DUE DATES**

#### **3.1.3 DELIVERABLES**

Using the Integrity Monitor Report Template attached at Attachment 2, for each Engagement, the Contractor shall provide the following to the Using Agency:

- 1) Draft quarterly reports, which shall be due on the last day of the quarter detailing the specific services rendered during that quarter and any findings of waste, fraud or abuse;
- 2) Final quarterly reports to the State Treasurer, including any comments from the Using Agency, which shall be shared with the GDRO, the Senate President, Speaker of the General Assembly, the Attorney General and the State Comptroller; and
- 3) Any additional reporting requirements included in the Letter of Engagement.

#### **3.1.4 DELIVERABLE DUE DATES**

The Contractor shall comply with the deliverable schedule as set forth in the Letter of Engagement by each Using Agency.

#### **3.1.5 REPORTING AND DOCUMENTATION**

The Contractor shall provide and submit to the Using Agency and the State Contract Manager all reports and documents as may be necessary to document any services provided including, but not limited to, auditing, compliance, integrity monitoring, oversight and fraud detection and prevention, in accordance with applicable Federal CARES Act, and State requirements.

The Contractor shall retain all records, documents, and communications of any kind (including electronic in disk or print form) that relate in any manner to the award and performance of this contract as required by State and Federal regulations.

The Contractor shall maintain all records related to products, transactions or services under this contract for a minimum period of five (5) years from the date of final payment. Such records shall be made available to the New Jersey Office of the Comptroller, for audit and review, upon request

pursuant to N.J.A.C. 17:44-2.2 and disclose to other parties for audit and review. Record retention beyond the five (5) year mark may be necessary and will be directed by the State.

The Contractor shall be responsible for providing protective storage of daily or disaster-related documents and reports used during the provision of services under this RFQ, including but not limited to, audit, compliance, integrity monitoring, oversight and fraud detection and prevention and shall make any documents held available to the State upon request.

### **3.2 LITIGATION SERVICES**

The Contractor shall, at its own cost, fully cooperate with the State and provide all documentation and/or working papers necessary to represent and defend the State and any of its political sub-divisions at its own cost, in any matter before any federal, state or local regulatory agency if any agency files a proceeding against the State or any of its political sub-divisions resulting from the implementation of the contractor(s) recommendations.

Litigation Services shall include a full range of litigation support services applicable to the nature of the Contract, including without limitation, expert witness testimony, strategy development, document discovery, deposition assistance, arbitration consulting, computation of damages, and preparation of trial exhibits.

### **3.3 TRAVEL EXPENSES AND REIMBURSEMENTS**

Travel expenses and reimbursements shall be paid to the Contractor in accordance with [Circular 20-04-OMB](#) as follows:

The Contractor agrees to adhere to the General Services Administration (GSA) published travel rules and rates including disaster specific amendments in accordance with the Federal Travel Regulations. Reimbursable expenses shall be limited to the following:

- a) Coach class air fare purchased at the lowest reasonably available rate and baggage fees, to include consultant deployment and demobilization travel;
- b) Meals limited to the maximum current GSA per diem rate (receipts not required but will be supplied funding agencies require same)
- c) Lodging limited to the maximum current GSA per diem rate to include GSA approved lodging waivers;
- d) Rotation airfare for Contractor employees or approved sub-consultants/subcontractors will be reimbursed based on travel regulations in the above referenced circular policy which limits each individual to a maximum of one (1) extended weekend trip every two (2) weeks, with up to one (1) trip up every quarter being a trip that can extend up to a week in duration; coach class air fare purchased at the lowest reasonably available rate plus baggage fees. Additional rotations or extensions of rotation duration may also be allowed outside of this rotation policy if deemed cost-effective or for client-recognized holidays, as long as they are approved by the State; and
- e) Mileage for Contractor's privately owned vehicles at the current New Jersey rate of 35 cents per mile.

### **3.4 SECURITY PLAN**

The Contractor shall submit a detailed Security Plan that addresses the Contractor's approach to meeting each applicable security requirement outlined below, to the State, no later than 30 days after the award of the Contract. The State approval of the Security Plan shall be set forth in writing.

In the event that the State reasonably rejects the Security Plan after providing the Contractor an opportunity to cure, the Director may terminate the Contract pursuant to the SSTC.

#### **3.4.1 INFORMATION SECURITY PROGRAM MANAGEMENT**

The Contractor shall establish and maintain a framework to provide assurance that information security strategies are aligned with and support the State's business objectives, are consistent with applicable laws and regulations through adherence to policies and internal controls, and provide assignment of responsibility, in an effort to manage risk. Information security program management shall include, at a minimum, the following:

- A. Establishment of a management structure with clear reporting paths and explicit responsibility for information security;
- B. Creation, maintenance, and communication of information security policies, standards, procedures, and guidelines to include the control areas listed in sections below;
- C. Development and maintenance of relationships with external organizations to stay abreast of current and emerging security issues and for assistance, when applicable; and
- D. Independent review of the effectiveness of the Contractor's information security program.

#### **3.4.2 COMPLIANCE**

The Contractor shall develop and implement processes to ensure its compliance with all statutory, regulatory, contractual, and internal policy obligations applicable to this Contract. Examples include but are not limited to General Data Protection Regulation (GDPR), Payment Card Industry Data Security Standard (PCI DSS), Health Insurance Portability and Accountability Act of 1996 (HIPAA), IRS-1075. Contractor shall timely update its processes as applicable standards evolve.

- A. Within ten (10) days after award, the Contractor shall provide the State with contact information for the individual or individuals responsible for maintaining a control framework that captures statutory, regulatory, contractual, and policy requirements relevant to the organization's programs of work and information systems;
- B. Throughout the solution development process, Contractor shall implement processes to ensure security assessments of information systems are conducted for all significant development and/or acquisitions, prior to information systems being placed into production; and
- C. The Contractor shall also conduct periodic reviews of its information systems on a defined frequency for compliance with statutory, regulatory, and contractual requirements. The Contractor shall document the results of any such reviews.

#### **3.4.3 PERSONNEL SECURITY**

The Contractor shall implement processes to ensure all personnel having access to relevant State information have the appropriate background, skills, and training to perform their job responsibilities in a competent, professional, and secure manner. Workforce security controls shall include, at a minimum:

- A. Position descriptions that include appropriate language regarding each role's security requirements;
- B. To the extent permitted by law, employment screening checks are conducted and successfully passed for all personnel prior to beginning work or being granted access to information assets;
- C. Rules of behavior are established and procedures are implemented to ensure personnel are aware of and understand usage policies applicable to information and information systems;
- D. Access reviews are conducted upon personnel transfers and promotions to ensure access levels are appropriate;

- E. Contractor disables system access for terminated personnel and collects all organization owned assets prior to the individual's departure; and
- F. Procedures are implemented that ensure all personnel are aware of their duty to protect information assets and their responsibility to immediately report any suspected information security incidents.

#### **3.4.4 SECURITY AWARENESS AND TRAINING**

The Contractor shall provide periodic and on-going information security awareness and training to ensure personnel are aware of information security risks and threats, understand their responsibilities, and are aware of the statutory, regulatory, contractual, and policy requirements that are intended to protect information systems and State Confidential Information from a loss of confidentiality, integrity, availability and privacy. Security awareness and training shall include, at a minimum:

- Personnel are provided with security awareness training upon hire and at least annually, thereafter;
- Security awareness training records are maintained as part of the personnel record;
- Role-based security training is provided to personnel with respect to their duties or responsibilities (e.g. network and systems administrators require specific security training in accordance with their job functions); and
- Individuals are provided with timely information regarding emerging threats, best practices, and new policies, laws, and regulations related to information security.

#### **3.4.5 RISK MANAGEMENT**

The Contractor shall establish requirements for the identification, assessment, and treatment of information security risks to operations, information, and/or information systems. Risk management requirements shall include, at a minimum:

- A. An approach that categorizes systems and information based on their criticality and sensitivity;
- B. An approach that ensures risks are identified, documented and assigned to appropriate personnel for assessment and treatment;
- C. Risk assessments shall be conducted throughout the lifecycles of information systems to identify, quantify, and prioritize risks against operational and control objectives and to design, implement, and exercise controls that provide reasonable assurance that security objectives will be met; and
- D. A plan under which risks are mitigated to an acceptable level and remediation actions are prioritized based on risk criteria and timelines for remediation are established. Risk treatment may also include the acceptance or transfer of risk.

#### **3.4.6 PRIVACY**

- Data Ownership. The State is the data owner. Contractor shall not obtain any right, title, or interest in any of the data furnished by the State, or information derived from or based on State data.
- Data usage, storage, and protection of PII and State Confidential Information, as defined in Section 5.8 are subject to all applicable international, federal and state statutory and regulatory requirements, as amended from time to time, including, without limitation, those for HIPAA, Tax Information Security Guidelines for Federal, State, and Local Agencies (IRS Publication 1075), New Jersey State tax confidentiality statute, the New Jersey Privacy Notice found at NJ.gov, N.J.S.A. § 54:50-8, New Jersey Identity Theft Prevention Act, N.J.S.A. § 56:11-44 et. seq., the federal Drivers' Privacy Protection Act of 1994, Pub.L.103-322, and the confidentiality



requirements of N.J.S.A. § 39:2-3.4. Contractor shall also conform to PCI DSS, where applicable.

- **Security:** Contractor agrees to take appropriate administrative, technical and physical safeguards reasonably designed to protect the security, privacy, confidentiality, and integrity of user information. Contractor shall ensure that PII and other State Confidential Information is secured and encrypted during transmission or at rest.
- **Data Transmission:** The Contractor shall only transmit or exchange State of New Jersey data with other parties when expressly requested in writing and permitted by and in accordance with requirements of the Contract or the State of New Jersey. The Contractor shall only transmit or exchange data with the State of New Jersey or other parties through secure means supported by current technologies. The Contractor shall encrypt all PII and other State Confidential Information as defined by the State of New Jersey or applicable law, regulation or standard during any transmission or exchange of that data.
- **Data Storage:** All data provided by the State of New Jersey or State data obtained by the Contractor in the performance of the Contract must be stored, processed, and maintained solely in accordance with a project plan and system topology approved by the State Contract Manager. No State data shall be processed on or transferred to any device or storage medium including portable media, smart devices and/or USB devices, unless that device or storage medium has been approved in advance in writing by the State Contract Manager. The Contractor must not store or transfer State of New Jersey data outside of the United States.
- **Data Re-Use:** All State data shall be used expressly and solely for the purposes enumerated in the Contract. Data shall not be distributed, repurposed or shared across other applications, environments, or business units of the Contractor. No State data of any kind shall be transmitted, exchanged or otherwise passed to other contractors or interested parties except on a case-by-case basis as specifically agreed to in writing by the State Contract Manager.
- **Data Breach:** In the event of any actual, probable or reasonably suspected breach of security, or any unauthorized access to or acquisition, use, loss, destruction, compromise, alteration or disclosure of any PII (each, a security breach) that may concern any State Confidential Information or PII, Contractor shall: (a) notify the State immediately of such breach, but in no event later than 24 hours after such security breach; (b) designate a single individual employed by Contractor who shall be available to the State 24 hours per day, seven (7) days per week as a contact regarding Contractor's obligations under Section 3.4.33 (Incident Response); (c) not provide any other notification or provide any disclosure to the public regarding such security breach without the prior written consent of the State, unless required to provide such notification or to make such disclosure pursuant to any applicable law, regulation, rule, order, court order, judgment, decree, ordinance, mandate or other request or requirement now or hereafter in effect, of any applicable governmental authority or law enforcement agency in any jurisdiction worldwide (in which case Contractor shall consult with the State and reasonably cooperate with the State to prevent any notification or disclosure concerning any PII, security breach, or other State Confidential Information); (d) assist the State in investigating, remedying and taking any other action the State deems necessary regarding any security breach and any dispute, inquiry, or claim that concerns the security breach; (e) follow all instructions provided by the State relating to the State Confidential Information affected or potentially affected by the security breach; (f) take such actions as necessary to prevent future security breaches; and (g) unless prohibited by an applicable statute or court order, notify the State of any third party legal process relating to any security breach including, at a minimum, any legal process initiated by any governmental entity (foreign or domestic).
- **Minimum Necessary.** Contractor shall ensure that PII and other State Confidential Information requested represents the minimum necessary information for the services as described in this RFQ and, unless otherwise agreed to in writing by the State, that only

necessary individuals or entities who are familiar with and bound by the Contract will have access to the State Confidential Information in order to perform the work.

- End of Contract Data Handling: Upon termination/expiration of this Contract the Contractor shall first return all State data to the State in a usable format as defined in the Contract, or in an open standards machine-readable format if not. The Contractor shall then erase, destroy, and render unreadable all Contractor back up copies of State data according to the standards enumerated in accordance with the State's most recent Media Protection policy, [https://www.nj.gov/it/docs/ps/NJ\\_Statewide\\_Information\\_Security\\_Manual.pdf](https://www.nj.gov/it/docs/ps/NJ_Statewide_Information_Security_Manual.pdf), and certify in writing that these actions have been completed within 30 days after the termination/expiration of the Contract or within seven (7) days of the request of an agent of the State whichever should come first.
- In the event of loss of any State data or records where such loss is due to the intentional act, omission, or negligence of the Contractor or any of its subcontractors or agents, the Contractor shall be responsible for recreating such lost data in the manner and on the schedule set by the State Contract Manager. The Contractor shall ensure that all data is backed up and is recoverable by the Contractor. In accordance with prevailing federal or state law or regulations, the Contractor shall report the loss of non-public data.

#### **3.4.7 ASSET MANAGEMENT**

The Contractor shall implement administrative, technical, and physical controls necessary to safeguard information technology assets from threats to their confidentiality, integrity, or availability, whether internal or external, deliberate or accidental. Asset management controls shall include at a minimum:

- A. Information technology asset identification and inventory;
- B. Assigning custodianship of assets; and
- C. Restricting the use of non-authorized devices.

#### **3.4.8 SECURITY CATEGORIZATION**

The Contractor shall implement processes that classify information and categorize information systems throughout their lifecycles according to their sensitivity and criticality, along with the risks and impact in the event that there is a loss of confidentiality, integrity, availability, or breach of privacy. Information classification and system categorization includes labeling and handling requirements. Security categorization controls shall include the following, at a minimum:

- A. Implementing a data protection policy;
- B. Classifying data and information systems in accordance with their sensitivity and criticality;
- C. Masking sensitive data that is displayed or printed; and
- D. Implementing handling and labeling procedures.

#### **3.4.9 MEDIA PROTECTION**

The Contractor shall establish controls to ensure data and information, in all forms and mediums, are protected throughout their lifecycles based on their sensitivity, value, and criticality, and the impact that a loss of confidentiality, integrity, availability, and privacy would have on the Contractor, business partners, or individuals. Media protections shall include, at a minimum:

- A. Media storage/access/transportation;
- B. Maintenance of sensitive data inventories;
- C. Application of cryptographic protections;
- D. Restricting the use of portable storage devices;

- E. Establishing records retention requirements in accordance with business objectives and statutory and regulatory obligations; and
- F. Media disposal/sanitization.

#### **3.4.10 CRYPTOGRAPHIC PROTECTIONS**

The Contractor shall employ cryptographic safeguards to protect sensitive information in transmission, in use, and at rest, from a loss of confidentiality, unauthorized access, or disclosure. Cryptographic protections shall include at a minimum:

- A. Using industry standard encryption algorithms;
- B. Establishing requirements for encryption of data in transit;
- C. Establishing requirements for encryption of data at rest; and
- D. Implementing cryptographic key management processes and controls.

#### **3.4.11 ACCESS MANAGEMENT**

The Contractor shall establish security requirements and ensure appropriate mechanisms are provided for the control, administration, and tracking of access to, and the use of, the Contractor's information systems that contain or could be used to access State data. Access management plan shall include the following features:

- A. Ensure the principle of least privilege is applied for specific duties and information systems (including specific functions, ports, protocols, and services), so processes operate at privilege levels no higher than necessary to accomplish required organizational missions and/or functions;
- B. Implement account management processes for registration, updates, changes and de-provisioning of system access;
- C. Apply the principles of least privilege when provisioning access to organizational assets;
- D. Provision access according to an individual's role and business requirements for such access;
- E. Implement the concept of segregation of duties by disseminating tasks and associated privileges for specific sensitive duties among multiple people;
- F. Conduct periodic reviews of access authorizations and controls.

#### **3.4.12 IDENTITY AND AUTHENTICATION**

The Contractor shall establish procedures and implement identification, authorization, and authentication controls to ensure only authorized individuals, systems, and processes can access the State's information and Contractor's information and information systems. Identity and authentication provides a level of assurance that individuals who log into a system are who they say they are. Identity and authentication controls shall include, at a minimum:

- A. Establishing and managing unique identifiers (e.g. User-IDs) and secure authenticators (e.g. passwords, biometrics, personal identification numbers, etc.) to support nonrepudiation of activities by users or processes; and
- B. Implementing multi-factor authentication (MFA) requirements for access to sensitive and critical systems, and for remote access to the Contractor's systems.

#### **3.4.13 REMOTE ACCESS**

The Contractor shall strictly control remote access to the Contractor's internal networks, systems, applications, and services. Appropriate authorizations and technical security controls shall be implemented prior to remote access being established. Remote access controls shall include at a minimum:

- A. Establishing centralized management of the Contractor's remote access infrastructure;
- B. Implementing technical security controls (e.g. encryption, multi-factor authentication, IP whitelisting, geo-fencing); and
- C. Training users in regard to information security risks and best practices related remote access use.

#### **3.4.14 SECURITY ENGINEERING AND ARCHITECTURE**

The Contractor shall employ security engineering and architecture principles for all information technology assets, and such principles shall incorporate industry recognized leading security practices and sufficiently address applicable statutory and regulatory obligations. Applying security engineering and architecture principles shall include:

- A. Implementing configuration standards that are consistent with industry-accepted system hardening standards and address known security vulnerabilities for all system components;
- B. Establishing a defense in-depth security posture that includes layered technical, administrative, and physical controls;
- C. Incorporating security requirements into the systems throughout their life cycles;
- D. Delineating physical and logical security boundaries;
- E. Tailoring security controls to meet organizational and operational needs;
- F. Performing threat modeling to identify use cases, threat agents, attack vectors, and attack patterns as well as compensating controls and design patterns needed to mitigate risk;
- G. Implementing controls and procedures to ensure critical systems fail-secure and fail-safe in known states; and
- H. Ensuring information system clock synchronization.

#### **3.4.15 CONFIGURATION MANAGEMENT**

The Contractor shall ensure that baseline configuration settings are established and maintained in order to protect the confidentiality, integrity, and availability of all information technology assets. Secure configuration management shall include, at a minimum:

- A. Hardening systems through baseline configurations; and
- B. Configuring systems in accordance with the principle of least privilege to ensure processes operate at privilege levels no higher than necessary to accomplish required functions.

#### **3.4.16 ENDPOINT SECURITY**

The Contractor shall ensure that endpoint devices are properly configured, and measures are implemented to protect information and information systems from a loss of confidentiality, integrity, and availability. Endpoint security shall include, at a minimum:

- A. Maintaining an accurate and updated inventory of endpoint devices;
- B. Applying security categorizations and implementing appropriate and effective safeguards on endpoints;
- C. Maintaining currency with operating system and software updates and patches;
- D. Establishing physical and logical access controls;
- E. Applying data protection measures (e.g. cryptographic protections);
- F. Implementing anti-malware software, host-based firewalls, and port and device controls;
- G. Implementing host intrusion detection and prevention systems (HIDS/HIPS) where applicable;
- H. Restricting access and/or use of ports and I/O devices; and
- I. Ensuring audit logging is implemented and logs are reviewed on a continuous basis.

#### **3.4.17 ICS/SCADA/OT SECURITY**

The Contractor shall implement controls and processes to ensure risks, including risks to human safety, are accounted for and managed in the use of Industrial Control Systems (ICS), Supervisory Control and Data Acquisition (SCADA) systems and Operational Technologies (OT). ICS/SCADA/OT Security requires the application of all of the enumerated control areas in this RFQ, including, at a minimum:

- A. Conducting risk assessments prior to implementation and throughout the lifecycles of ICS/SCADA/OT assets;
- B. Developing policies and standards specific to ICS/SCADA/OT assets;
- C. Ensuring the secure configuration of ICS/SCADA/OT assets;
- D. Segmenting ICS/SCADA/OT networks from the rest of the Contractor's networks;
- E. Ensuring least privilege and strong authentication controls are implemented
- F. Implementing redundant designs or failover capabilities to prevent business disruption or physical damage; and
- G. Conducting regular maintenance on ICS/SCADA/OT systems.

#### **3.4.18 INTERNET OF THINGS SECURITY**

The Contractor shall implement controls and processes to ensure risks are accounted for and managed in the use of Internet of Things (IoT) devices including, but not limited to, physical devices, vehicles, appliances and other items embedded with electronics, software, sensors, actuators, and network connectivity which enables these devices to connect and exchange data. IoT security shall include, at a minimum, the following:

- A. Developing policies and standards specific to IoT assets;
- B. Ensuring the secure configuration of IoT assets;
- C. Conducting risk assessments prior to implementation and throughout the lifecycles of IoT assets;
- D. Segmenting IoT networks from the rest of the Contractor's networks; and
- E. Ensuring least privilege and strong authentication controls are implemented.

#### **3.4.19 MOBILE DEVICE SECURITY**

The Contractor shall establish administrative, technical, and physical security controls required to effectively manage the risks introduced by mobile devices used for organizational business purposes. Mobile device security shall include, at a minimum, the following:

- A. Establishing requirements for authorization to use mobile devices for organizational business purposes;
- B. Establishing Bring Your Own Device (BYOD) processes and restrictions;
- C. Establishing physical and logical access controls;
- D. Implementing network access restrictions for mobile devices;
- E. Implementing mobile device management solutions to provide centralized management of mobile devices and to ensure technical security controls (e.g. encryption, authentication, remote-wipe, etc.) are implemented and updated as necessary;
- F. Establishing approved application stores from which applications can be acquired;
- G. Establishing lists approved applications that can be used; and
- H. Training of mobile device users regarding security and safety.

#### **3.4.20 NETWORK SECURITY**

The Contractor shall implement defense-in-depth and least privilege strategies for securing the information technology networks that it operates. To ensure information technology resources are

available to authorized network clients and protected from unauthorized access, the Contractor shall:

- A. Include protection mechanisms for network communications and infrastructure (e.g. layered defenses, denial of service protection, encryption for data in transit, etc.);
- B. Include protection mechanisms for network boundaries (e.g. limit network access points, implement firewalls, use Internet proxies, restrict split tunneling, etc.);
- C. Control the flow of information (e.g. deny traffic by default/allow by exception, implement Access Control Lists, etc.); and
- D. Control access to the Contractor's information systems (e.g. network segmentation, network intrusion detection and prevention systems, wireless restrictions, etc.).

#### **3.4.21 CLOUD SECURITY**

The Contractor shall establish security requirements that govern the use of private, public, and hybrid cloud environments to ensure risks associated with a potential loss of confidentiality, integrity, availability, and privacy are managed. This shall ensure, at a minimum, the following:

- A. Security is accounted for in the acquisition and development of cloud services;
- B. The design, configuration, and implementation of cloud-based applications, infrastructure and system-system interfaces are conducted in accordance with mutually agreed-upon service, security, and capacity-level expectations;
- C. Security roles and responsibilities for the Contractor and the cloud provider are delineated and documented; and
- D. Controls necessary to protect sensitive data in public cloud environments are implemented.

#### **3.4.22 CHANGE MANAGEMENT**

The Contractor shall establish controls required to ensure change is managed effectively. Changes are appropriately tested, validated, and documented before implementing any change on a production network. Change management provides the Contractor with the ability to handle changes in a controlled, predictable, and repeatable manner, and to identify, assess, and minimize the risks to operations and security. Change management controls shall include, at a minimum, the following:

- A. Notifying all stakeholder of changes;
- B. Conducting a security impact analysis and testing for changes prior to rollout; and
- C. Verifying security functionality after the changes have been made.

#### **3.4.23 MAINTENANCE**

The Contractor shall implement processes and controls to ensure that information assets are properly maintained, thereby minimizing the risks from emerging information security threats and/or the potential loss of confidentiality, integrity, or availability due to system failures. Maintenance security shall include, at a minimum, the following:

- A. Conducting scheduled and timely maintenance;
- B. Ensuring individuals conducting maintenance operations are qualified and trustworthy; and
- C. Vetting, escorting and monitoring third-parties conducting maintenance operations on information technology assets.

#### **3.4.24 THREAT MANAGEMENT**

The Contractor shall establish effective communication protocols and processes to collect and disseminate actionable threat intelligence, thereby providing component units and individuals with the information necessary to effectively manage risk associated with new and emerging threats to

the organization's information technology assets and operations. Threat management includes, at a minimum:

- A. Developing, implementing, and governing processes and documentation to facilitate the implementation of a threat awareness policy, as well as associated standards, controls and procedures.
- B. Subscribing to and receiving relevant threat intelligence information from the US CERT, the organization's vendors, and other sources as appropriate.

#### **3.4.25 VULNERABILITY AND PATCH MANAGEMENT (VU)**

The Contractor shall implement proactive vulnerability identification, remediation, and patch management practices to minimize the risk of a loss of confidentiality, integrity, and availability of information system, networks, components, and applications. Vulnerability and patch management practices shall include, at a minimum, the following:

- A. Prioritizing vulnerability scanning and remediation activities based on the criticality and security categorization of systems and information, and the risks associated with a loss of confidentiality, integrity, availability, and/or privacy;
- B. Maintaining software and operating systems at the latest vendor-supported patch levels;
- C. Conducting penetration testing and red team exercises; and
- D. Employing qualified third-parties to periodically conduct Independent vulnerability scanning, penetration testing, and red-team exercises.

#### **3.4.26 CONTINUOUS MONITORING**

The Contractor shall implement continuous monitoring practices to establish and maintain situational awareness regarding potential threats to the confidentiality, integrity, availability, privacy and safety of information and information systems through timely collection and review of security-related event logs. Continuous monitoring practices shall include, at a minimum, the following:

- A. Centralizing the collection and monitoring of event logs;
- B. Ensuring the content of audit records includes all relevant security event information;
- C. Protecting of audit records from tampering; and
- D. Detecting, investigating, and responding to incidents discovered through monitoring.

#### **3.4.27 SYSTEM DEVELOPMENT AND ACQUISITION**

The Contractor shall establish security requirements necessary to ensure that systems and application software programs developed by the Contractor or third-parties (e.g. vendors, contractors, etc.) perform as intended to maintain information confidentiality, integrity, and availability, and the privacy and safety of individuals. System development and acquisition security practices shall include, at a minimum, the following:

- A. Secure coding;
- B. Separation of development, testing, and operational environments;
- C. Information input restrictions;
- D. Input data validation;
- E. Error handling;
- F. Security testing throughout development;
- G. Restrictions for access to program source code; and
- H. Security training of software developers and system implementers.

#### **3.4.28 PROJECT AND RESOURCE MANAGEMENT**

The Contractor shall ensure that controls necessary to appropriately manage risks are accounted for and implemented throughout the System Development Life Cycle (SDLC). Project and resource management security practices shall include, at a minimum:

5. Defining and implementing security requirements;
6. Allocating resources required to protect systems and information; and
7. Ensuring security requirements are accounted for throughout the SDLC.

#### **3.4.29 CAPACITY AND PERFORMANCE MANAGEMENT**

The Contractor shall implement processes and controls necessary to protect against avoidable impacts to operations by proactively managing the capacity and performance of its critical technologies and supporting infrastructure. Capacity and performance management practices shall include, at a minimum, the following:

- A. Ensuring the availability, quality, and adequate capacity of compute, storage, memory and network resources are planned, prepared, and measured to deliver the required system performance and future capacity requirements; and
- B. Implementing resource priority controls to prevent or limit Denial of Service (DoS) effectiveness.

#### **3.4.30 THIRD PARTY MANAGEMENT**

The Contractor shall implement processes and controls to ensure that risks associated with third-parties (e.g. vendors, contractors, business partners, etc.) providing information technology equipment, software, and/or services are minimized or avoided. Third party management processes and controls shall include, at a minimum:

- A. Tailored acquisition strategies, contracting tools, and procurement methods for the purchase of systems, system components, or system service from suppliers;
- B. Due diligence security reviews of suppliers and third parties with access to the Contractor's systems and sensitive information;
- C. Third party interconnection security; and
- D. Independent testing and security assessments of supplier technologies and supplier organizations.

#### **3.4.31 PHYSICAL AND ENVIRONMENTAL SECURITY**

The Contractor shall establish physical and environmental protection procedures that limit access to systems, equipment, and the respective operating environments, to only authorized individuals. The Contractor ensures appropriate environmental controls in facilities containing information systems and assets, to ensure sufficient environmental conditions exist to avoid preventable hardware failures and service interruptions. Physical and environmental controls shall include, at a minimum, the following:

- A. Physical access controls (e.g. locks, security gates and guards, etc.);
- B. Visitor controls;
- C. Security monitoring and auditing of physical access;
- D. Emergency shutoff;
- E. Emergency power;
- F. Emergency lighting;
- G. Fire protection;
- H. Temperature and humidity controls;
- I. Water damage protection; and
- J. Delivery and removal of information assets controls.



#### **3.4.32 CONTINGENCY PLANNING**

The Contractor shall develop, implement, test, and maintain a contingency plan to ensure continuity of operations for all information systems that deliver or support essential or critical business functions on behalf of the Contractor. The plan shall address the following:

- A. Backup and recovery strategies;
- B. Continuity of operations;
- C. Disaster recovery; and
- D. Crisis management.

#### **3.4.33 INCIDENT RESPONSE**

The Contractor shall maintain an information security incident response capability that includes adequate preparation, detection, analysis, containment, recovery, and reporting activities. Information security incident response activities shall include, at a minimum, the following:

- A. Information security incident reporting awareness;
- B. Incident response planning and handling;
- C. Establishment of an incident response team;
- D. Cybersecurity insurance;
- E. Contracts with external incident response services specialists; and
- F. Contacts with law enforcement cybersecurity units.

## **4.0 QUOTE PREPARATION AND SUBMISSION – REQUIREMENTS OF THE BIDDER**

Failure to submit information as indicated below may result in your Quote being deemed non-responsive.

### **4.1 GENERAL**

A Bidder may submit additional terms as part of its Quote and Quotes including Bidder proposed terms and conditions may be accepted, but Bidder proposed terms or conditions that conflict with those contained in the RFQ as defined in Section 2.0, or that diminish the State's rights under any Contract resulting from the RFQ, may render a Quote non-responsive. It is incumbent upon the Bidder to identify and remove its conflicting proposed terms and conditions prior to Quote submission.

After award of the Contract, if a conflict arises between a Bidder's additional terms included in the Quote and a term or condition of the RFQ, the term or condition of the RFQ will prevail.

**The forms discussed herein and required for submission of a Quote in response to this RFQ are available on the [Division's website](#) unless noted otherwise.**

#### **4.1.1 FORMS, REGISTRATIONS AND CERTIFICATIONS REQUIRED WITH QUOTE**

Bidders are under a continuing obligation to report updates to the information contained in its required forms.

##### **4.1.1.1 OFFER AND ACCEPTANCE PAGE**

The Bidder shall complete and submit the Offer and Acceptance Page accompanying this RFQ prior to the initiation of negotiation. The Bidder should submit the Offer and Acceptance Page with the Quote.

If the Offer and Acceptance Page is not submitted with the Quote or is incomplete, the Using Agency will require the Bidder to submit the Offer and Acceptance Page. If the Bidder fails to comply with the requirement within seven (7) business days of the demand, the Using Agency may deem the Quote non-responsive.

The Offer and Acceptance Page must be signed by an authorized representative of the Bidder. If the Bidder is a limited partnership, the Offer and Acceptance Page must be signed by a general partner.

##### **4.1.1.1.1 MACBRIDE PRINCIPLES CERTIFICATION**

The Bidder must certify pursuant to N.J.S.A. 52:34-12.2 that it is in compliance with the MacBride principles of nondiscrimination in employment as set forth in N.J.S.A. 52:18A-89.5 and in conformance with the United Kingdom's Fair Employment (Northern Ireland) Act of 1989, and permit independent monitoring of its compliance with those principles. See Section 2.5 of the SSTC and N.J.S.A. 52:34-12.2 for additional information about the MacBride principles.

By signing the RFQ Offer and Acceptance Page, the Bidder is automatically certifying that either:

- A. The Bidder has no operations in Northern Ireland; or
- B. The Bidder has business operations in Northern Ireland and is committed to compliance with the MacBride principles.

A Bidder electing not to certify to the MacBride Principles must nonetheless sign the RFQ Offer and Acceptance Page AND must include, as part of its Quote, a statement indicating its refusal to comply with the provisions of this Act.

#### **4.1.1.1.2 NON-COLLUSION**

By submitting a Quote and signing the RFQ Offer and Acceptance Page, the Bidder certifies as follows:

- A. The price(s) and amount of its Quote have been arrived at independently and without consultation, communication or agreement with any other Contractor / Bidder or any other party;
- B. Neither the individual price(s) nor the total amount of its Quote, and neither the approximate price(s) nor approximate amount of its Quote, have been disclosed to any other firm or person who is a Bidder or potential Bidder, and they will not be disclosed before the Quote submission;
- C. No attempt has been made or will be made to induce any firm or person to refrain from bidding on this Contract, or to submit a Quote higher than this Quote, or to submit any intentionally high or noncompetitive Quote or other form of complementary Quote;
- D. The Quote of the firm is made in good faith and not pursuant to any agreement or discussion with, or inducement from, any firm or person to submit a complementary or other noncompetitive Quote; and
- E. The Bidder, its affiliates, subsidiaries, officers, directors, and employees are not, to the Bidder's knowledge, currently under investigation by any governmental agency for alleged conspiracy or collusion with respect to bidding on any public Contract and have not in the last five (5) years been convicted or found liable for any act prohibited by state or federal law in any jurisdiction, involving conspiracy or collusion with respect to bidding on any public Contract.

#### **4.1.1.1.3 NEW JERSEY BUSINESS ETHICS GUIDE CERTIFICATION**

The Treasurer has established a business ethics guide to be followed by Bidders / Contractors in its dealings with the State. The guide provides further information about compliance with Section 2.7 of the SSTC. The guide can be found at: <https://www.state.nj.us/treasury/purchase/ethics.shtml>

By signing the RFQ Offer and Acceptance Page, the Bidder is automatically certifying that it has complied with all applicable laws and regulations governing the provision of State goods and services, including the Conflicts of Interest Law, N.J.S.A. 52:13D-12 to 28.

#### **4.1.1.2 STANDARD FORMS REQUIRED WITH THE QUOTE**

Bidder's failure to complete, sign and submit the forms in Section 4.1.1.2 shall be cause to reject its Quote as non-responsive.

##### **4.1.1.2.1 OWNERSHIP DISCLOSURE FORM**

Pursuant to N.J.S.A. 52:25-24.2, in the event the Bidder is a corporation, partnership or limited liability company, the Bidder must complete an Ownership Disclosure Form.

A current completed Ownership Disclosure Form must be received prior to or accompany the submitted Quote. A Bidder's failure to submit the completed and signed form with its Quote will result in the rejection of the Quote as non-responsive and preclude the award of a Contract to said

Bidder unless the Division has on file a signed and accurate Ownership Disclosure Form dated and received no more than six (6) months prior to the Quote submission deadline for this procurement. If any ownership change has occurred within the last six (6) months, a new Ownership Disclosure Form must be completed, signed and submitted with the Quote.

In the alternative, to comply with this section, a Bidder with any direct or indirect parent entity which is publicly traded may submit the name and address of each publicly traded entity and the name and address of each person that holds a 10 percent or greater beneficial interest in the publicly traded entity as of the last annual filing with the federal Securities and Exchange Commission or the foreign equivalent, and, if there is any person that holds a 10 percent or greater beneficial interest, also shall submit links to the websites containing the last annual filings with the federal Securities and Exchange Commission or the foreign equivalent and the relevant page numbers of the filings that contain the information on each person that holds a 10 percent or greater beneficial interest. N.J.S.A. 52:25-24.2.

The Ownership Disclosure Form located on the [Division's website](#).

#### **4.1.1.2.2 DISCLOSURE OF INVESTMENT ACTIVITIES IN IRAN FORM**

Pursuant to N.J.S.A. 52:32-58, the Bidder must utilize this Disclosure of Investment Activities in Iran form to certify that neither the Bidder, nor one (1) of its parents, subsidiaries, and/or affiliates (as defined in N.J.S.A. 52:32-56(e)(3)), is listed on the Department of the Treasury's List of Persons or Entities Engaging in Prohibited Investment Activities in Iran and that neither the Bidder, nor one (1) of its parents, subsidiaries, and/or affiliates, is involved in any of the investment activities set forth in N.J.S.A. 52:32-56(f). If the Bidder is unable to so certify, the Bidder shall provide a detailed and precise description of such activities as directed on the form. A Bidder's failure to submit the completed and signed form with its Quote will result in the rejection of the Quote as non-responsive and preclude the award of a Contract to said Bidder.

The Disclosure of Investment Activities in Iran form located on the [Division's website](#).

#### **4.1.1.3 SUBCONTRACTOR UTILIZATION PLAN**

Bidders intending to use a Subcontractor shall submit a Subcontractor Utilization Plan form and should indicate whether any proposed Subcontractor is a Small Business.

As defined at N.J.A.C. 17:13-1.2, "Small Business" means a business that is incorporated or registered in and has its principal place of business in the State of New Jersey, is independently owned and operated, and has no more than 100 full-time employees. The program places small business into the following categories:

For goods and services - (i) those with gross revenues not exceeding \$500,000; (ii) those with gross revenues not exceeding \$5,000,000; and (iii) those with gross revenues that do not exceed \$12,000,000 or the applicable federal revenue standards established at 13 CFR 121.201, whichever is higher. While companies registered as having revenues below \$500,000 can bid on any Contract, those earning more than the \$500,000 and \$5,000,000 amounts will not be permitted to bid on Contracts designated for revenue classifications below its respective levels.

For construction services: (iv) those with gross revenues not exceeding \$3,000,000; (v) those with gross revenues that do not exceed 50 percent of the applicable annual revenue standards established at 13 CFR 121.201; and (vi) those with gross revenues that do not exceed the applicable annual revenue standards established at CFR 121.201. While companies registered as having revenues below \$3,000,000 can bid on any Contract, those earning more than the revenue standards established at CFR 121.201 will not be permitted to bid on Contracts designated for revenue classifications below their respective levels.

The Subcontractor Utilization Plan form is located on the [Division's website](#).

For a Quote that does NOT include the use of any Subcontractors, by signing the RFQ Offer and Acceptance Page, the Bidder is *automatically* certifying that in the event the award is granted to the Bidder, and the Bidder later determines at any time during the term of the Contract to engage Subcontractors to provide certain goods and/or services, pursuant to Section 5.8 of the SSTC, the Bidder shall submit a Subcontractor Utilization Plan form for approval to the Division in advance of any such engagement of Subcontractors.

#### **4.1.2 FORMS, REGISTRATIONS AND CERTIFICATIONS REQUIRED BEFORE CONTRACT AWARD AND THAT SHOULD BE SUBMITTED WITH THE QUOTE**

Unless otherwise specified, forms must contain an original, physical signature, or an electronic signature.

##### **4.1.2.1 BUSINESS REGISTRATION**

In accordance with N.J.S.A. 52:32-44(b), a Bidder and its named Subcontractors must have a valid Business Registration Certificate ("BRC") issued by the Department of the Treasury, Division of Revenue and Enterprise Services prior to the award of a Contract. To facilitate the Quote evaluation and Contract award process, the Bidder should submit a copy of its valid BRC and those of any named Subcontractors with its Quote. See Section 2.1 of the SSTC.

Any Bidder, inclusive of any named Subcontractors, not having a valid business registration at the time of the Quote opening, or whose BRC was revoked prior to the submission of the Quote, should proceed immediately to register its business or seek reinstatement of a revoked BRC.

The Bidder is cautioned that it may require a significant amount of time to secure the reinstatement of a revoked BRC. The process can require actions by both the Division of Revenue and Enterprise Services and the Division of Taxation. For this reason, a Bidder's early attention to this requirement is highly recommended. The Bidder and its named Subcontractors may register with the Division of Revenue and Enterprise Services, obtain a copy of an existing BRC or obtain information necessary to seek re-instatement of a revoked BRC online at <http://www.state.nj.us/treasury/revenue/busregcert.shtml>.

A Bidder otherwise identified by the Division as a responsive and responsible Bidder, inclusive of any named Subcontractors, but that was not business registered at the time of submission of its Quote must be so registered and in possession of a valid BRC by a deadline to be specified in writing by the Division. A Bidder failing to comply with this requirement by the deadline specified by the Division will be deemed ineligible for Contract award. Under any circumstance, the Division will rely upon information available from computerized systems maintained by the State as a basis to verify independently compliance with the requirement for business registration.

A Bidder receiving a Contract award as a result of this procurement and any Subcontractors named by that Bidder will be required to maintain a valid business registration with the Division of Revenue and Enterprise Services for the duration of the executed Contract, inclusive of any Contract extensions.

##### **4.1.2.2 DISCLOSURE OF INVESTIGATIONS AND OTHER ACTIONS INVOLVING BIDDER FORM**

The Bidder should submit the Disclosure of Investigations and Other Actions Involving Bidder Form, with its Quote, to provide a detailed description of any investigation, litigation, including administrative complaints or other administrative proceedings, involving any public sector clients during the past five (5) years, including the nature and status of the investigation, and, for any litigation, the caption of the action, a brief description of the action, the date of inception, current status, and, if applicable, disposition. If a Bidder does not submit the form with the Quote, the

Bidder must comply within seven (7) business days of the State's request or the State may deem the Quote non-responsive.

The Disclosure of Investigations and Other Actions Involving Bidder Form located on the [Division's website](#).

#### **4.1.2.3 SOURCE DISCLOSURE**

Pursuant to N.J.S.A. 52:34-13.2, prior to an award of Contract, the Bidder is required to submit a completed Source Disclosure Form. The Bidder's inclusion of the completed Source Disclosure Form with the Quote is requested and advised. See RFQ Section 7.1.2 for additional information concerning this requirement.

The Source Disclosure Form is located on the [Division's website](#).

#### **4.1.3 FINANCIAL CAPABILITY OF THE BIDDER**

The Bidder should provide sufficient financial information to enable the State to assess the financial strength and creditworthiness of the Bidder and its ability to undertake and successfully complete the Contract. In order to provide the State with the ability to evaluate the Bidder's financial capacity and capability to undertake and successfully complete the Contract, the Bidder should submit the following:

- A. For publicly traded companies the Bidder should provide copies or the electronic location of the annual reports filed for the two most recent years; or
- B. For privately held companies the Bidder should provide the certified financial statement (audited or reviewed) in accordance with applicable standards by an independent Certified Public Accountant which include a balance sheet, income statement, and statement of cash flow, and all applicable notes for the most recent calendar year or the Bidder's most recent fiscal year.

If the information is not supplied with the Quote, the State may still require the Bidder to submit it. If the Bidder fails to comply with the request within seven (7) business days, the State may deem the Quote non-responsive.

A Bidder may designate specific financial information as not subject to disclosure when the Bidder has a good faith legal/factual basis for such assertion. A Bidder may submit specific financial documents in a separate, sealed package clearly marked "Confidential-Financial Information" along with the Quote.

The State reserves the right to make the determination to accept the assertion and shall so advise the Bidder.

#### **4.1.4 STATE-SUPPLIED PRICE SHEET**

The Bidder must submit its pricing using the State-Supplied Price Sheet accompanying this RFQ.

##### **4.1.4.1 STATE-SUPPLIED PRICE SHEET INSTRUCTIONS**

The Bidder must submit its pricing for Price Lines 1-8, 11-18, and 21-28 using the format set forth in the State-supplied price sheet/schedule(s) accompanying this RFQ. The Bidder shall not submit pricing for Price Lines 9 and 10, 19 and 20, and 29 and 30 as these are Pass-Through Price Lines to use for reimbursing Travel and Other Direct Costs in accordance with the terms of the Contractor's GSA Schedule(s) only. No mark-up will be provided for Price Lines 9 and 10, 19 and 20, and 29 and 30. Failure to submit all information required will result in the proposal being

considered non-responsive. Each Bidder is required to hold its prices firm through issuance of Contract.

#### **4.1.4.2 DELIVERY TIME AND COSTS**

Unless otherwise noted elsewhere in the RFQ, all delivery times are 30 calendar days after receipt of order (ARO) and prices for items in Quotes shall be submitted Freight On Board (F.O.B.) Destination (30 calendar days ARO/F.O.B.). Quotes submitted other than 30 calendar days ARO/F.O.B. may be deemed non-responsive. The Contractor shall assume all costs, liability and responsibility for the delivery of merchandise in good condition to the State's Using Agency or designated purchaser. 30 calendar days ARO/F.O.B. does not cover "spotting" but does include delivery on the receiving platform of the Using Agency at any destination in the State of New Jersey unless otherwise specified.

No additional charges will be allowed for any additional transportation costs resulting from partial shipments made at the Contractor's convenience when a single shipment is ordered.

The weights and measures of the State's Using Agency receiving the shipment shall govern.

#### **4.1.4.3 COLLECT ON DELIVERY (C.O.D.) TERMS**

C.O.D. terms are not acceptable as part of a Quote and shall be deemed non-responsive.

#### **4.1.4.4 CASH DISCOUNTS**

The Bidder is encouraged to offer cash discounts based on expedited payment by the State. The State will make efforts to take advantage of discounts, but discounts will not be considered in determining the price rankings of Quotes.

Should the Bidder choose to offer cash discounts the following shall apply:

- A. Discount periods shall be calculated starting from the next business day after the Using Agency has accepted the goods or services, received a properly signed and executed invoice and, when required, a properly executed performance security, whichever is latest; and
- B. The date on the check issued by the State in payment of that invoice shall be deemed the date of the State's response to that invoice.

### **4.2 REQUIRED COMPONENTS OF THE QUOTE**

The Quote should be submitted with the content of each section as indicated below:

- Section 1 – Forms (Sections 4.1.1 and 4.1.2)
- Section 2 – Technical Quote (Section 4.2.1)
- Section 3 – Organizational Support and Experience (Sections 4.2.2 – 4.2.7)
- Section 4 – Any other documents included by the Bidder (Section X.X)
- Section 5 – State-Supplied Price Sheet (Section 4.1.4.1)
- Section 6 – State of New Jersey Security Due Diligence Third Party Information Security Questionnaire (Section 4.2.9)

#### **4.2.1 TECHNICAL QUOTE**

The Bidder shall describe its approach and plans for accomplishing the work outlined above in 3.0 RFQ Scope of Services. The Bidder must set forth an action plan for responding to requests for an engagement and shall provide a list of previously held, or currently held, contracts with similar

services provided by the Bidder. The list must detail the type, budget and a comprehensive description of each contract.

#### **4.2.2 MANAGEMENT OVERVIEW**

The Bidder shall set forth its overall technical approach and plans to meet the requirements of the RFQ in a narrative format. This narrative should demonstrate to the State that the Bidder understands the objectives that the Contract is intended to meet, the nature of the required work and the level of effort necessary to successfully complete the Contract. This narrative should demonstrate to the State that the Bidder's general approach and plans to undertake and complete the Contract are appropriate to the Tasks and Subtasks involved.

Mere reiterations of RFQ Tasks and Subtasks are strongly discouraged, as they do not provide insight into the Bidder's ability to complete the Contract. The Bidder's response to this section should be designed to demonstrate to the State that the Bidder's detailed plans and proposed approach to complete the Scope of Services are realistic, attainable and appropriate and that the Bidder's Quote will lead to successful Contract completion.

#### **4.2.3 CONTRACT MANAGEMENT**

The Bidder should describe its specific plans to manage, control and supervise any Engagement(s) issued pursuant to the Contract to ensure satisfactory completion according to the required schedule. The plan should include the Bidder's approach to communication with the State Contract Manager, or Using Agency, including, but not limited to, status meetings, status reports, etc.

#### **4.2.4 ORGANIZATIONAL SUPPORT AND EXPERIENCE**

The Bidder must include information relating to its organization, personnel and experience, including, but not limited to, references, together with contact names and telephone numbers, evidencing the Bidder's qualifications, and its ability to perform the services required by this RFQ.

The Bidder should include an organization chart, with names showing management, supervisory and other key personnel (including subcontractor's management, supervisory or other key personnel) to be assigned to the contract. The chart should include the labor category and title of each such individual.

**Note: Category 1 Bidders do not need to be Certified Public Accountants (CPA). Category 2 and 3 Bidders must have CPAs on staff, or as members of the assigned team.**

The Bidder must identify staff by resume, experience, and hourly rate in accordance with the following general skill classifications:

A. **Partner/Principal/Director** - An individual who has ownership in the firm, if applicable to the structure of the company and extensive experience and/ or managerial ability within the firm. This individual would organize, direct and manage support services for all activities covered by this Contract and is charged with overall management.

B. **Program Manager** - Individuals reporting directly to the Partner/Principal/Director and acting as a liaison to all project staff. Individuals would possess knowledge and experience in providing strategic direction, vision, leadership and program management to the team. The Program Manager would also maintain productive and effective client relationships with the most senior levels of the client organization.

C. **Project Manager** – Individuals responsible for managing the resources of projects. This individual is responsible for making sure a project is completed within a certain set of restraints.



These restraints usually involve time, money, people and materials. The project must then be completed to a certain level of quality.

**D. Subject Matter Expert (SME)** – Individuals with a definitive source of knowledge who communicate their extensive experience with regard to a specific subject area to other professionals within an organization. The subject matter expert has an advanced degree, professional certification or license within their field of study, functions as a resource for their knowledge area, and supplies their expertise through the entire process of bringing a project to fruition.

**E. Supervisory/Senior Consultant** - Individuals who would be a managing consultant for projects. A Senior Consultant would develop strategic plans and advise on function specific strategies. This individual would also oversee the improvement of methodologies and analysis implementation.

**F. Consultant** – Individuals that possess knowledge, some experience, and capabilities in the development of solutions, recommendations, or outcomes across multiple tasks and/or organizations. The consultant would support the development of solutions to address an organization's challenges and project objectives. The individual would assist in the assessment of the impact of industry trends, policy, or standard methodologies. Consultants may include individuals who will carry out such functions as analyses, report documenting, proposal development, or implementation efforts.

**G. Associate/Staff** - A supervised field individual who will support the program/project in the preparation of deliverables, internal reports, briefings, and other requirements.

**H. Administrative Support Staff** - Individuals performing office support functions such as clerical, data entry, document preparation.

Each Bidder shall segment its professional skill classifications into the above-noted categories. If the title differs in the Bidder's organization, that title should be listed in parenthesis after the particular category. It is not necessary for a Bidder's firm to possess all categories of professional skill classifications.

All professional qualifications noted in this Section should be submitted with the Quote.

#### **4.2.5 RESUMES**

Detailed resumes should be submitted for all management, supervisory and key personnel to be assigned to the Contract. Resumes should be structured to emphasize relevant qualifications and experience of these individuals. Resumes should include the following:

- Clearly identify the individual's previous experience in completing similar contracts;
- Beginning and ending dates should be given for each similar contract;
- A description of the contract should be given and should demonstrate how the individual's work on the completed contract relates to the individual's ability to contribute to successfully providing the services required by this RFQ; and
- With respect to each similar contract, the Bidder should include the name and address of each reference together with a person to contact for a reference check and a telephone number.

#### **4.2.6 EXPERIENCE OF BIDDER ON SIMILAR CONTRACTS**

The Bidder should provide a comprehensive listing of similar contracts that it has successfully completed, as evidence of the Bidder's ability to successfully complete the services required by this RFQ and the Engagement for which the Bidder submits a Quote. The Bidder should emphasize

previously held contracts in which they engaged in the oversight/monitoring of programs of a similar size administered by a federal agency.. A description of all such contracts should include and show the relation of such contracts to the ability of the Bidder to complete the services required by this RFQ. For each such contract, the Bidder should provide two (2) names and telephone numbers of individuals for the other contract party. Beginning and ending dates should also be given for each contract.

#### **4.2.7 ADDITIONAL EXPERIENCE OF BIDDER**

Bidder should have experience in dealing with federal disaster relief agencies in the aftermath of major catastrophic events.

Bidder should demonstrate experience interfacing with state and federal agencies in the administration of a monitoring or oversight program.

Bidder should demonstrate prior experience and success with all relevant federal and state documentation practices necessary to ensure the receipt and retention of grant funding.

Bidder should also have experience monitoring grants and supplemental appropriations from Congress as well as other federal agencies that can provide support to the state after a catastrophic event.

#### **4.2.8 NOTICE PURSUANT TO E.O. 166 REQUIREMENT FOR POSTING SUCCESSFUL QUOTES AND CONTRACT DOCUMENTS**

Pursuant to Executive Order No. 166, signed by Governor Murphy on July 17, 2020, the 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 Contract resulting from this RFQ is subject to the requirements of Executive Order No. 166. Accordingly, the OSC will post a copy of the Contract, including the RFQ] the winning Bidder's proposal and other related Contract documents for the above Contract on the GDRO Transparency website.

In submitting its proposal, a Bidder may designate specific information as not subject to disclosure. However, such Bidder 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 Bidder's failure to designate such information as confidential in submitting a Bid 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 Bidder accordingly. The State will not honor any attempt by a winning Bidder 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 Bidder's assertion of confidentiality with which the State does not concur, the Bidder shall be solely responsible for defending its designation.

#### **4.2.9 OVERVIEW OF SECURITY PLAN AND STANDARDS**

The Bidder shall complete and submit the State of New Jersey Security Due Diligence Third-Party Information Security Questionnaire (Questionnaire) with its Quote as per Section 4.2. This Questionnaire is designed to provide the State with an overview of the Bidder's security and privacy

controls to meet the State of New Jersey's objectives as outlined and documented in the Statewide Information Security Manual and compliance with the State's security requirements as outlined in Section 3.4.

The State has executed a Confidentiality/Non-Disclosure Agreement which is attached to the Questionnaire. The Bidder must countersign the Confidentiality/Non-Disclosure Agreement and include it with its submitted Questionnaire. No amendments to Confidentiality/Non-Disclosure Agreement are permitted.

To the extent permissible under the New Jersey Open Public Records Act ("OPRA"), N.J.S.A. 47:1A-1.1 , the New Jersey common law right to know, and any other lawful document request or subpoena, the completed Questionnaire and supplemental documentation provided by the Bidder will be kept confidential and not shared with the public or other Bidders. Please see RFQ Section 5.8.

## **5.0 SPECIAL CONTRACTUAL TERMS AND CONDITIONS APPLICABLE TO THE Contract**

### **5.1 PRECEDENCE OF SPECIAL CONTRACTUAL TERMS AND CONDITIONS**

This Contract awarded, and the entire agreement between the parties, as a result of this RFQ shall consist of this RFQ, SSTC, Bid Amendment to this RFQ, the Contractor's Quote, any Best and Final Offer, and the Using Agency's Notice of Award.

In the event of a conflict in the terms and conditions among the documents comprising this Contract, the order of precedence, for purposes of interpretation thereof, listed from highest ranking to lowest ranking, shall be:

- A. Executed Offer and Acceptance Page;
- B. RFQ Section 5, as may be amended by Bid Amendment;
- C. The State of NJ Standard Terms and Conditions (SSTC) included in this RFQ at Section 9;;
- D. All remaining sections of the RFQ, as may be amended by Bid Amendment; and
- E. The Contractor's Quote as accepted by the State.

### **5.2 CONTRACT TERM AND EXTENSION OPTION**

The base term of this Contract shall be for a period of **two (2) years**. If delays in the procurement process result in a change to the anticipated Contract Effective Date, the Contractor agrees to accept a Contract for the full term of this Contract.

This Contract may be extended up to **up to (3) years** with no single extension exceeding one (1) year, by the mutual written consent of the Contractor and the Director at the same terms, conditions, and pricing at the rates in effect in the last year of this Contract or rates more favorable to the State.

In the event of a termination or expiration of the underlying Federal Supply Schedule, the independent State contract based thereon survives for its own established term.

### **5.3 CONTRACT TRANSITION**

In the event that a new Contract has not been awarded prior to this Contract expiration date, including any extensions exercised, and the State exercises this Contract transition, the Contractor shall continue this Contract under the same terms, conditions, and pricing until a new Contract can be completely operational. At no time shall this transition period extend more than **180** days beyond the expiration date of this Contract, including any extensions exercised.

### **5.4 CHANGE ORDER**

Any changes or modifications to the terms of this Contract shall be valid only when they have been reduced to writing and signed by the Contractor and the Director.

### **5.5 CONTRACTOR RESPONSIBILITIES**

The Contractor shall have sole responsibility for the complete effort specified in this Contract. Payment will be made only to the Contractor. The Contractor shall have sole responsibility for all payments due any Subcontractor.

The Contractor is responsible for the professional quality, technical accuracy and timely completion and submission of all deliverables, services or commodities required to be provided under this Contract. The Contractor shall, without additional compensation, correct or revise any errors, omissions, or other deficiencies in its deliverables and other services. The approval of deliverables furnished under this Contract shall not in any way relieve the Contractor of

responsibility for the technical adequacy of its work. The review, approval, acceptance or payment for any of the services shall not be construed as a waiver of any rights that the State may have arising out of the Contractor's performance of this Contract.

## **5.6 SUBSTITUTION OR ADDITION OF SUBCONTRACTOR(S)**

This Subsection serves to supplement but not to supersede Sections 5.8 and 5.9 of the SSTC accompanying this RFQ.

The Contractor shall forward a written request to substitute or add a Subcontractor or to substitute its own staff for a Subcontractor to the State Contract Manager for consideration. If the State Contract Manager approves the request, the State Contract Manager will forward the request to the Director for final approval. No substituted or additional Subcontractors are authorized to begin work until the Contractor has received written approval from the Director.

If it becomes necessary for the Contractor to substitute a Subcontractor, add a Subcontractor, or substitute its own staff for a Subcontractor, the Contractor will identify the proposed new Subcontractor or staff member(s) and the work to be performed. The Contractor must provide detailed justification documenting the necessity for the substitution or addition.

The Contractor must provide detailed resumes of its proposed replacement staff or of the proposed Subcontractor's management, supervisory, and other key personnel that demonstrate knowledge, ability and experience relevant to that part of the work which the Subcontractor is to undertake.

The qualifications and experience of the replacement(s) must equal or exceed those of similar personnel proposed by the Contractor in its Quote.

## **5.7 OWNERSHIP OF MATERIAL**

All data, technical information, materials gathered, originated, developed, prepared, used or obtained in the performance of this Contract, including, but not limited to, all reports, surveys, plans, charts, literature, brochures, mailings, recordings (video and/or audio), pictures, drawings, analyses, graphic representations, software computer programs and accompanying documentation and print-outs, notes and memoranda, written procedures and documents, regardless of the state of completion, which are prepared for or are a result of the services required under this Contract shall be and remain the property of the State of New Jersey and shall be delivered to the State of New Jersey upon 30 days' notice by the State. With respect to software computer programs and/or source codes developed for the State, except those modifications or adaptations made to Bidder's/Contractor's Background IP as defined below, the work shall be considered "work for hire", i.e., the State, not the Contractor or Subcontractor, shall have full and complete ownership of all software computer programs and/or source codes developed. To the extent that any of such materials may not, by operation of the law, be a work made for hire in accordance with the terms of this Contract, Contractor or Subcontractor hereby assigns to the State all right, title and interest in and to any such material, and the State shall have the right to obtain and hold in its own name and copyrights, registrations and any other proprietary rights that may be available.

Should the Bidder anticipate bringing pre-existing intellectual property into the project, the intellectual property must be identified in the Quote. Otherwise, the language in the first paragraph of this section prevails. If the Bidder identifies such intellectual property ("Background IP") in its Quote, then the Background IP owned by the Bidder on the date of this Contract, as well as any modifications or adaptations thereto, remain the property of the Bidder. Upon Contract award, the Bidder/Contractor shall grant the State a nonexclusive, perpetual royalty free license to use any of the Bidder's/Contractor's Background IP delivered to the State for the purposes contemplated by this Contract.

Auditing firm working papers remain the property of the auditing firm in accordance with standards issued by the American Institute of Certified Public Accountants (AICPA). While considered confidential information, the State recognizes that the firm may be requested to make certain working papers available to regulatory agencies, pursuant to authority given by law or regulation. In such instances, access to the working papers may be provided to these agencies based upon AICPA standards and under supervision of the firm.

## **5.8 CONFIDENTIALITY**

- A. The obligations of the State under this provision are subject to the New Jersey Open Public Records Act ("OPRA"), N.J.S.A. 47:1A-1 et seq., the New Jersey common law right to know, and any other lawful document request or subpoena;
- B. By virtue of this Contract, the parties may have access to information that is confidential to one another. The parties agree to disclose to each other only information that is required for the performance of their obligations under this Contract. Contractor's Confidential Information, to the extent not expressly prohibited by law, shall consist of all information clearly identified as confidential at the time of disclosure and anything identified in Contractor's Quote as Background IP ("Contractor Confidential Information"). Notwithstanding the previous sentence, the terms and pricing of this Contract are subject to disclosure under OPRA, the common law right to know, and any other lawful document request or subpoena;
- C. The State's Confidential Information shall consist of all information or data contained in documents supplied by the State, any information or data gathered by the Contractor in fulfillment of the contract and any analysis thereof (whether in fulfillment of the contract or not).
- D. A party's Confidential Information shall not include information that: (a) is or becomes a part of the public domain through no act or omission of the other party; (b) was in the other party's lawful possession prior to the disclosure and had not been obtained by the other party either directly or indirectly from the disclosing party; (c) is lawfully disclosed to the other party by a third party without restriction on the disclosure; or (d) is independently developed by the other party;
- E. The State agrees to hold Contractor's Confidential Information in confidence, using at least the same degree of care used to protect its own Confidential Information;
- F. In the event that the State receives a request for Contractor Confidential Information related to this Contract pursuant to a court order, subpoena, or other operation of law, the State agrees, if permitted by law, to provide Contractor with as much notice, in writing, as is reasonably practicable and the State's intended response to such order of law. Contractor shall take any action it deems appropriate to protect its documents and/or information;
- G. In addition, in the event Contractor receives a request for State Confidential Information pursuant to a court order, subpoena, or other operation of law, Contractor shall, if permitted by law, provide the State with as much notice, in writing, as is reasonably practicable and Contractor's intended response to such order of law. The State shall take any action it deems appropriate to protect its documents and/or information; and
- H. Notwithstanding the requirements of nondisclosure described in this Section, either party may release the other party's Confidential Information:
  - (i) if directed to do so by a court or arbitrator of competent jurisdiction; or
  - (ii) pursuant to a lawfully issued subpoena or other lawful document request:

- (a) in the case of the State, if the State determines the documents or information are subject to disclosure and Contractor does not exercise its rights as described in Section 5.8(F), or if Contractor is unsuccessful in defending its rights as described in Section 5.8(F); or
- (b) in the case of Contractor, if Contractor determines the documents or information are subject to disclosure and the State does not exercise its rights described in Section 5.8(G), or if the State is unsuccessful in defending its rights as described in Section 5.8(G).

## **5.9 NEWS RELEASES**

The Contractor is not permitted to issue news releases pertaining to any aspect of the services being provided under this Contract without the prior written consent of the Director.

## **5.10 ADVERTISING**

The Contractor shall not use the State's name, logos, images, or any data or results arising from this Contract as a part of any commercial advertising without first obtaining the prior written consent of the Director.

## **5.11 LICENSES AND PERMITS**

The Contractor shall obtain and maintain in full force and effect all required licenses, permits, and authorizations necessary to perform this Contract. The Contractor shall comply with all New Jersey Department of Labor requirements. Notwithstanding the requirements of the RFQ, the Contractor shall supply the State Contract Manager with evidence of all such licenses, permits and authorizations. This evidence shall be submitted subsequent to this Contract award. All costs associated with any such licenses, permits, and authorizations must be considered by the Bidder in its Quote.

## **5.12 CLAIMS AND REMEDIES**

### **5.12.1 CLAIMS**

All claims asserted against the State by the Contractor shall be subject to the New Jersey Tort Claims Act, N.J.S.A. 59:1-1, et seq., and/or the New Jersey Contractual Liability Act, N.J.S.A. 59:13-1, et seq.

### **5.12.2 REMEDIES**

Nothing in this Contract shall be construed to be a waiver by the State of any warranty, expressed or implied, of any remedy at law or equity, except as specifically and expressly stated in a writing executed by the Director.

### **5.12.3 REMEDIES FOR FAILURE TO COMPLY WITH MATERIAL CONTRACT REQUIREMENTS**

In the event that the Contractor fails to comply with any material Contract requirements, the Director may take steps to terminate this Contract in accordance with the SSTC, authorize the delivery of Contract items by any available means, with the difference between the price paid and the defaulting Contractor's price either being deducted from any monies due the defaulting Contractor or being an obligation owed the State by the defaulting Contractor, as provided for in the State administrative code, or take any other action or seek any other remedies available at law or in equity.

## **5.13 MODIFICATIONS AND CHANGES TO THE STATE OF NJ STANDARD TERMS AND CONDITIONS (SSTC)**

### 5.13.1 INDEMNIFICATION

Section 4.1 of the SSTC is deleted and replaced with the following:

The Contractor's liability to the State and its employees in third party suits shall be as follows:

- A. The Contractor shall assume all risk of and responsibility for, and agrees to indemnify, defend, and save harmless the State and its officers, agents, servants and employees, from and against any and all third party claims, demands, suits, actions, recoveries, judgments and costs and expenses in connection therewith:
  - 1. For or on account of the loss of life, property or injury or damage to the person, body or property of any person or persons whatsoever, which shall arise from or result directly or indirectly from the work and/or products supplied under this Contract or the order; and
  - 2. For or on account of the use of any patent, copyright, trademark, trade secret or other proprietary right of any copyrighted or uncopyrighted composition, secret process, patented or unpatented invention, article or appliance ("Intellectual Property Rights") furnished or used in the performance of this Contract; and
  - 3. The Contractor's indemnification and liability under subsection (a) is not limited by, but is in addition to the insurance obligations contained in Section 4.2 of these Terms and Conditions.
- B. In the event of a claim or suit involving third-party Intellectual Property Rights, the Contractor, at its option, may: (1) procure for the State the legal right to continue the use of the product; (2) replace or modify the product to provide a non-infringing product that is the functional equivalent; or (3) refund the purchase price less a reasonable allowance for use that is agreed to by both parties. The State will (1) promptly notify Contractor in writing of the claim or suit; (2) Contractor shall have control of the defense and settlement of any claim that is subject to Section 4.1(a); provided; however, that the State must approve any settlement of the alleged claim, which approval shall not be unreasonably withheld. The State may observe the proceedings relating to the alleged claim and confer with the Contractor at its expense. Furthermore, neither Contractor nor any attorney engaged by Contractor shall defend the claim in the name of the State of New Jersey, nor purport to act as legal representative of the State of New Jersey, without having provided notice to the Director of the Division of Law in the Department of Law and Public Safety and to the Director of DPP. The State of New Jersey may, at its election and expense, assume its own defense and settlement;
- C. Notwithstanding the foregoing, Contractor has no obligation or liability for any claim or suit concerning third-party Intellectual Property Rights arising from: (1) the State's unauthorized combination, operation, or use of a product supplied under this Contract with any product, device, or Software not supplied by Contractor; (2) the State's unauthorized alteration or modification of any product supplied under this Contract; (3) the Contractor's compliance with the State's designs, specifications, requests, or instructions, provided that if the State provides Contractor with such designs, specifications, requests, or instructions, Contractor reviews same and advises that such designs, specifications, requests or instructions present potential issues of patent or copyright infringement and the State nonetheless directs the Contractor to proceed with one (1) or more designs, specifications, requests or instructions that present potential issues of patent or copyright infringement; or (4) the State's failure to promptly implement a required update or modification to the product provided by Contractor;
- D. Contractor will be relieved of its responsibilities under Subsection 4.1(a)(i) and (ii) for any claims made by an unaffiliated third party that arise solely from the actions or omissions of



the State, its officers, employees or agents. Subject to the New Jersey Tort Claims Act (N.J.S.A. 59:1-1 et seq.), the New Jersey Contractual Liability Act (N.J.S.A. 59:13-1 et seq.) and the appropriation and availability of funds, the State will be responsible for any cost or damage arising out of actions or inactions of the State, its employees or agents under Subsection 4.1(a)(i) and (ii) which results in an unaffiliated third party claim. This is Contractor's exclusive remedy for these claims;

- E. This section states the entire obligation of Vendor {Contractor} and its suppliers, and the exclusive remedy of the State, in respect of any infringement or alleged infringement of any Intellectual Property Rights. This indemnity obligation and remedy are given to the State solely for its benefit and in lieu of, and Contractor disclaims, all warranties, conditions and other terms of non-infringement or title with respect to any product; and
- F. The State of New Jersey will not indemnify, defend, pay or reimburse for claims or take similar actions on behalf of the Contractor.

#### **4.1.1 LIMITATION OF LIABILITY**

The Contractor's liability to the State for actual, direct damages resulting from the Contractor's performance or non-performance, or in any manner related to this Contract, for any and all claims, shall be limited in the aggregate to 200 % of the total value of the specific Engagement giving rise to the claim(s), except that such limitation of liability shall not apply to the following:

- a. The Contractor's obligation to indemnify the State of New Jersey and its employees from and against any claim, demand, loss, damage, or expense relating to bodily injury or the death of any person or damage to real property or tangible personal property, incurred from the work or materials supplied by the Contractor under this Contract caused by negligence or willful misconduct of the Contractor;
- b. The Contractor's breach of its obligations of confidentiality; and
- c. The Contractor's liability with respect to copyright indemnification.

The Contractor's indemnification obligation is not limited by but is in addition to the insurance obligations contained in Section 4.2 of the SSTC.

The Contractor shall not be liable for special, consequential, or incidental damages.

#### **5.13.2 INSURANCE - PROFESSIONAL LIABILITY INSURANCE**

Section 4.2 of the SSTC regarding insurance is modified with the addition of the following section regarding Professional Liability Insurance.

- D. Professional Liability Insurance: The Contractor shall carry Errors and Omissions, Professional Liability Insurance, and/or Professional Liability Malpractice Insurance sufficient to protect the Contractor from any liability arising out the professional obligations performed pursuant to the requirements of this Contract. The insurance shall be in the amount of not less than \$3,000,000 and in such policy forms as shall be approved by the State. If the Contractor has claims-made coverage and subsequently changes carriers during the term of this Contract, it shall obtain from its new Errors and Omissions, Professional Liability Insurance, and/or Professional Malpractice Insurance carrier an endorsement for retroactive coverage.

#### **5.14 FORCE MAJEURE PROVISION**

The Contractor shall not be in breach of this contract nor liable for delay in performing or failure to perform any of its obligations under this Contract if such delay or failure results from events, circumstances, or causes beyond the Contractor's reasonable control, including but not limited to: pandemic; epidemic; any global, national, or local public health emergency or disease outbreak (including, without limitation, any of the conditions listed henceforth that may subsequently arise under the COVID-19 (a/k/a the 2019 Novel Coronavirus) outbreak or any similar disease(s)); strike, lock-out or other industrial dispute; widespread and prolonged failure of a utility service or transport or telecommunications network; act of God; fires, floods, storms, earthquakes and explosions; war, riot, or other civil disturbance; malicious damage; compliance with any newly-enacted law or governmental order, rule or regulation, including quarantine and travel and shipping restrictions; default by suppliers, vendors, or subcontractors; or difficulties in obtaining necessary labor, materials, manufacturing facilities, or transportation (each, a "Force Majeure Event") vital to performance of this Contract which cannot be cured through any reasonable efforts. Upon the occurrence of any Force Majeure Event, the Contractor shall notify the State in writing of such event as soon as reasonably practicable but no later than five (5) business days following the Contractor's attainment of actual knowledge that the Force Majeure Event will result in the Contractor's non-fulfillment of its obligations hereunder and shall specify in reasonable detail the facts constituting such Force Majeure Event.

Notwithstanding the above, the Contractor acknowledges that pursuant to Executive Orders 103, 119, 138, 151, 162, 171, 180, 186, 191, and 200 (2020) New Jersey is presently under a declared state of emergency. At the time that this Agreement is executed Contractor affirms that it has the ability to complete performance of the work described in the Contract at the price disclosed in the Contract.

#### **5.15 CONTRACT ACTIVITY REPORT**

The Contractor must provide, on a bi-annual basis, a record of all purchases made under this Contract resulting from this RFQ. This reporting requirement includes sales to State Using Agencies, political sub-divisions thereof and, if permitted under the terms of this Contract, sales to counties, municipalities, school districts, volunteer fire departments, first aid squads and rescue squads, independent institutions of higher education, state and county colleges and quasi-State agencies. Quasi-State agencies include any agency, commission, board, authority or other such governmental entity which is established and is allocated to a State department or any bi-state governmental entity of which the State of New Jersey is a member.

This information must be provided in Microsoft Excel such that an analysis can be made to determine the following:

- A. Contractor's total sales volume, with line item detail, to each purchaser under this Contract;
- B. Subtotals by product, including, if applicable, catalog number and description, price list with appropriate page reference, and/or Contract discount applied; and
- C. Total dollars paid to Subcontractors, include a separate breakdown for dollars paid to New Jersey Small Business as defined in N.J.A.C. 17:13-1.2.

Submission of purchase orders, confirmations, and/or invoices do not fulfill this Contract requirement for information. Failure to report this mandated information may be a factor in future award decisions.

The Contractor must submit the required information in Microsoft Excel format to [NJSupplierReports@treas.nj.gov](mailto:NJSupplierReports@treas.nj.gov).

Reports are due:

January 1<sup>st</sup> through June 30<sup>th</sup> – due by July 30<sup>th</sup>; and  
July 1<sup>st</sup> through December 31<sup>st</sup> – due by January 30<sup>th</sup>.

#### **5.16 ELECTRONIC PAYMENTS**

With the award of this Contract, the successful Contractor(s) will be required to receive its payment(s) electronically. In order to receive your payments via automatic deposit from the State of New Jersey, you must complete the EFT information within your NJSTART Vendor Profile. Please refer to Section 5.2 of the QRG entitled “Vendor Profile Management – Company Information and User Access” for instructions. QRGs are located on the [NJSTART Vendor Support Page](#).

#### **5.17 PROGRAM EFFICIENCY ASSESSMENT FOR STATE USING AGENCIES**

The Program Efficiency Assessment shall not be charged against the winning Contractor and therefore is not to be included in the Bidder’s pricing. The State Using Agencies shall be charged an assessment equal to one-quarter of one (1) percent (0.25%) of the value of all transactions under this Contract. This assessment is authorized by N.J.S.A. 52:27B-56 and N.J.A.C. 17:12-1.5, to maintain the State’s procurement system at a level to meet industry standards of efficiency.

For purposes of this section, “transaction” is defined as the payment or remuneration to the Contractor for services rendered or products provided to the State pursuant to the terms of this Contract, including but not limited to the following: purchase orders, invoices, hourly rates, firm fixed price, commission payments, progress payments and contingency payments.

### **6.0 QUOTE EVALUATION**

#### **6.1 DIRECTOR’S RIGHT OF FINAL QUOTE ACCEPTANCE AND RIGHT TO WAIVE**

The Director reserves the right to reject any or all Quotes, or to award in whole or in part if deemed to be in the best interest of the State to do so. The Director shall have authority to award orders or Contracts in accordance with N.J.S.A. 52:34-12. Tie Quotes will be awarded by the Director in accordance with N.J.A.C. 17:12-2.10.

Pursuant to N.J.A.C. 17:12.2.7(d), the Director may waive minor irregularities or omissions in a Quote. The Director also reserves the right to waive a requirement provided that the requirement does not materially affect the procurement or the State’s interests associated with the procurement.

## **6.2 STATE'S RIGHT TO INSPECT BIDDER FACILITIES**

The State reserves the right to inspect the Bidder's establishment before making an award, for the purposes of ascertaining whether the Bidder has the necessary facilities for performing the Contract.

The State may also consult with clients of the Bidder during the evaluation of Quotes. Such consultation is intended to assist the State in making a Contract award that is most advantageous to the State.

## **6.3 STATE'S RIGHT TO REQUEST FURTHER INFORMATION**

After the submission of Quotes, unless requested by the State as noted below, Bidder contact with the State is not permitted.

After the Quotes are reviewed, one (1), some or all of the Bidders may be asked to clarify certain aspects of its Quote. A request for clarification may be made in order to resolve minor ambiguities, irregularities, informalities or clerical errors. Clarifications cannot correct any deficiencies or material omissions, or revise or modify a Quote.

Further, the Director reserves the right to request a Bidder to explain, in detail, how the Quote price was determined.

## **6.4 EVALUATION**

### **6.4.1 QUOTE EVALUATION COMMITTEE**

Quotes may be evaluated by an Evaluation Committee composed of members of affected departments and agencies together with representative(s) from the Division. Representatives from other governmental agencies may also service on the Evaluation Committee. The Evaluation Committee may also seek the expertise of outside consultants in an advisory role, as appropriate.

### **6.4.2 TECHNICAL EVALUATION CRITERIA**

The following evaluation criteria categories, not necessarily listed in order of significance, will be used to evaluate Quotes received in response to this RFQ. The evaluation criteria categories may be used to develop more detailed evaluation criteria to be used in the evaluation process.

Each criterion will be scored and each score multiplied by a predetermined weight to develop the Technical Evaluation Score.

- A. Personnel: The qualifications and experience of the Bidder's management, supervisory, and key personnel assigned to the Contract, including the candidates recommended for each of the positions/roles required;
- B. Experience of firm: The Bidder's documented experience in successfully completing

Contract of a similar size and scope in relation to the work required by this RFQ; and

- C. Ability of firm to complete the Scope of Work based on its Technical Quote: The Bidder's demonstration in the Quote that the Bidder understands the requirements of the Scope of Work and presents an approach that would permit successful performance of the technical requirements of the Contract.

#### **6.4.3 BIDDER'S STATE-SUPPLIED PRICE SCHEDULE**

The State will utilize a weighted consumption/market basket model to evaluate pricing. The pricing model will be date-stamped and entered into the record before Quote opening.

#### **6.4.4 QUOTE DISCREPANCIES**

In evaluating Quotes, discrepancies between words and figures will be resolved in favor of words. Discrepancies between unit prices and totals of unit prices will be resolved in favor of unit prices. Discrepancies in the multiplication of units of work and unit prices will be resolved in favor of the unit prices. Discrepancies between the indicated total of multiplied unit prices and units of work and the actual total will be resolved in favor of the actual total. Discrepancies between the indicated sum of any column of figures and the correct sum thereof will be resolved in favor of the correct sum of the column of figures.

#### **6.5 ORAL PRESENTATION**

After the Quotes are reviewed, one (1), some or all of the Bidders may be required to give an oral presentation to the State concerning its Quote.

A Bidder may not attend the oral presentations of its competitors.

It is within the State's discretion whether to require the Bidder to give an oral presentation or require the Bidder to submit written responses to questions regarding its Quote. Action by the State in this regard should not be construed to imply acceptance or rejection of a Quote. The Division will be the sole point of contact regarding any request for an oral presentation or clarification.

#### **6.6 NEGOTIATION**

In accordance with N.J.S.A. 52:34-12(f) and N.J.A.C. 17:12-2-7, after evaluating Quotes, the State may establish a competitive range and enter into negotiations with one (1) Bidder or multiple Bidders within this competitive range. The primary purpose of negotiations is to maximize the State's ability to obtain the best value based on the mandatory requirements, evaluation criteria, and cost. Multiple rounds of negotiations may be conducted with one (1) Bidder or multiple Bidders. Negotiations will be structured to safeguard information and ensure that all Bidders are treated fairly.

After evaluation of Quotes and as applicable, negotiation(s), the State will recommend, to the Director, the responsible Bidder(s) whose Quote(s), conforming to the RFQ, is/are most advantageous to the State, price, and other factors considered. The Director may accept, reject or modify the recommendation of the Using Agency. The Director may initiate additional negotiation procedures with the selected Bidder(s).

**Negotiations will be conducted only in those circumstances where it is deemed to be in the State's best interests and to maximize the State's ability to get the best value. Therefore, the Bidder is advised to submit its best technical and price Quote in response to this RFQ since the State may, after evaluation, make a Contract award based on the content of the initial submission, without further negotiation with any Bidder.**

All contacts, records of initial evaluations, any correspondence with a Bidder related to any request for clarification, negotiation, any revised technical and/or price Quotes, and related documents will remain confidential until a Notice of Intent to Award a Contract is issued.

If the State contemplates negotiation, Quote prices will not be publicly read at the Quote opening. Only the name and address of each Bidder will be publicly announced at the Quote opening.

#### **6.7 POOR PERFORMANCE**

A Bidder with a history of performance problems may be bypassed for consideration of an award issued as a result of this RFQ. The following materials may be reviewed to determine Bidder performance: Contract cancellations for cause pursuant to Section 5.7(b) of the SSTC; information contained in Vendor performance records; information obtained from audits or investigations conducted by a local, state or federal agency of the Bidder's work experience; current licensure, registration, and/or certification status and relevant history thereof; or its status or rating with established business/financial reporting services, as applicable. Bidders should note that this list is not exhaustive.

## **7.0 CONTRACT AWARD**

### **7.1 DOCUMENTS REQUIRED BEFORE CONTRACT AWARD**

#### **7.1.1 REQUIREMENTS OF PUBLIC LAW 2005, CHAPTER 51, N.J.S.A. 19:44A-20.13 - N.J.S.A. 19:44A-20.25 (FORMERLY EXECUTIVE ORDER NO. 134), EXECUTIVE ORDER NO. 117 (2008) AND N.J.A.C. 17:12-5 ET SEQ.**

- A. The State shall not enter into a Contract to procure services or any material, supplies or equipment, or to acquire, sell, or lease any land or building from any Business Entity, where the value of the transaction exceeds \$17,500, if that Business Entity has solicited or made any contribution of money, or pledge of contribution, including in-kind contributions, to a candidate committee and/or election fund of any candidate for or holder of the public office of Governor or Lieutenant Governor, to any State, county, municipal political party committee, or to any legislative leadership committee during certain specified time periods;
- B. Prior to awarding any Contract or agreement to any Business Entity, the Business Entity proposed as the intended Contractor of the Contract shall submit the Two-Year Chapter 51/Executive Order 117 Vendor Certification and Disclosure of Political Contributions form, certifying that no contributions prohibited by either Chapter 51 or Executive Order No. 117 have been made by the Business Entity and reporting all qualifying contributions made by the Business Entity or any person or entity whose contributions are attributable to the Business Entity. The required form and instructions, available for review on the Division's website at <http://www.state.nj.us/treasury/purchase/forms/eo134/Chapter51.pdf>, shall be provided to the intended Contractor for completion and submission to the Division with the Notice of Intent to Award. Upon receipt of a Notice of Intent to Award a Contract, the intended Contractor shall submit to the Division, the Certification and Disclosure(s) within five (5) business days of the State's request. The Certification and Disclosure(s) may be executed electronically by typing the name of the authorized signatory in the "Signature" block as an alternative to downloading, physically signing the form, scanning the form, and uploading the form. Failure to submit the required forms will preclude award of a Contract under this RFQ, as well as future Contract opportunities; and
- C. Further, the Contractor is required, on a continuing basis, to report any contributions it makes during the term of the Contract, and any extension(s) thereof, at the time any such contribution is made. The required form and instructions, available for review on the Division's website at <http://www.state.nj.us/treasury/purchase/forms/eo134/Chapter51.pdf>, shall be provided to the intended Contractor with the Notice of Intent to Award.

The Two-Year Chapter 51/Executive Order 117 Vendor Certification and Disclosure of Political Contributions form is located on the [Division's website](#).

#### **7.1.2 SOURCE DISCLOSURE REQUIREMENTS**

Pursuant to N.J.S.A. 52:34-13.2, all Contracts primarily for services awarded by the Director shall be performed within the United States, except when the Director certifies in writing a finding that a required service cannot be provided by a Contractor or Subcontractor within the United States and the certification is approved by the State Treasurer. Also refer to Section 3.6 Service Performance within U.S. of the SSTC.

Pursuant to the statutory requirements, the intended Contractor of a Contract primarily for services with the State of New Jersey must disclose the location by country where services under the Contract, including subcontracted services, will be performed. The Source Disclosure Form accompanies the subject RFQ. FAILURE TO SUBMIT SOURCING INFORMATION WHEN

REQUESTED BY THE STATE SHALL PRECLUDE AWARD OF A CONTRACT TO THE INTENDED BIDDER.

If any of the services cannot be performed within the United States, the Bidder shall state with specificity the reasons why the services cannot be so performed. The Director shall determine whether sufficient justification has been provided by the Bidder to form the basis of his or her certification that the services cannot be performed in the United States and whether to seek the approval of the Treasurer.

The Source Disclosure Form is located on the [Division's website](#).

#### **7.1.2.1 BREACH OF CONTRACT**

A SHIFT TO PROVISION OF SERVICES OUTSIDE THE UNITED STATES DURING THE TERM OF THE CONTRACT SHALL BE DEEMED A BREACH OF CONTRACT. If, during the term of the Contract, or any extension thereof, the Contractor or Subcontractor, who had upon Contract award declared that services would be performed in the United States, proceeds to shift the performance of any of the services outside the United States, the Contractor shall be deemed to be in breach of its Contract. Such Contract shall be subject to termination for cause pursuant to Section 5.7b.1 of the SSTC, unless such shift in performance was previously approved by the Director and the Treasurer.

#### **7.1.3 AFFIRMATIVE ACTION**

The intended Contractor must submit a copy of a New Jersey Certificate of Employee Information Report, or a copy of Federal Letter of Approval verifying it is operating under a federally approved or sanctioned Affirmative Action program. Intended Contractors not in possession of either a New Jersey Certificate of Employee Information Report or a Federal Letter of Approval must complete the Affirmative Action Employee Information Report (AA-302) located on the web at [http://www.nj.gov/treasury/purchase/forms/AA\\_%20Supplement.pdf](http://www.nj.gov/treasury/purchase/forms/AA_%20Supplement.pdf).

#### **7.1.4 BUSINESS REGISTRATION**

In accordance with N.J.S.A. 52:32-44(b), a Bidder and its named Subcontractors must have a valid Business Registration Certificate ("BRC") issued by the Department of the Treasury, Division of Revenue and Enterprise Services prior to the award of a Contract. See Section 4.1.2.1 of this RFQ for further information.

#### **7.2 FINAL CONTRACT AWARD**

Contract award[s] will be made with reasonable promptness by written notice to that responsible Bidder(s), whose Quote(s) is(are) most advantageous to the State, price, and other factors considered. Any or all Quotes may be rejected when the State Treasurer or the Director determines that it is in the public interest to do so.

#### **7.3 INSURANCE CERTIFICATES**

The Contractor shall provide the State with current certificates of insurance for all coverages required by the terms of this Contract, naming the State as an Additional Insured. See Section 4.2 of the SSTC accompanying this RFQ.



## **8.0 CONTRACT ADMINISTRATION**

### **8.1 STATE CONTRACT MANAGER**

The State Contract Manager (SCM) is the State employee responsible for the overall management and administration of the Contract.

The SCM for this project will be identified at the time of execution of Contract. At that time, the Contractor will be provided with the State Contract Manager's name, department, division, agency, address, telephone number, fax phone number, and e-mail address.

#### **8.1.1 STATE CONTRACT MANAGER RESPONSIBILITIES**

The SCM is the person who the Contractor will contact **after the Contract is executed** for answers to any questions and concerns about any aspect of the Contract. The SCM is responsible for coordinating the use of the Contract and resolving minor disputes between the Contractor and the Using Agency. The SCM is also responsible for notifying OIT and other appropriate parties of security and privacy violations or incidents. The SCM cannot modify the Contract, direct or approve a Change Order.

If the Contract has multiple users, the SCM shall be the central coordinator of the use of the Contract for all Using Agencies, while other State employees engage and pay the Contractor. All persons and agencies using the Contract must notify and coordinate the use of the Contract with the SCM.

#### **8.1.2 COORDINATION WITH THE STATE CONTRACT MANAGER**

Any Using Agency that is unable to resolve disputes with a Contractor shall refer those disputes to the SCM for resolution. Any questions related to performance of the work of the Contract by Using Agencies shall be directed to the SCM. The Contractor may contact the SCM if the Contractor cannot resolve a dispute with Using Agencies.

## **9.0 STATE OF NEW JERSEY STANDARD TERMS AND CONDITIONS**

(Rev: 11/12/2020)

### **1. STANDARD TERMS AND CONDITIONS APPLICABLE TO THE CONTRACT**

Unless the bidder/offeror is specifically instructed otherwise in the Bid Solicitation/Request for Proposals (RFP), the following terms and conditions shall apply to all contracts or purchase agreements made with the State of New Jersey. These terms are in addition to the terms and conditions set forth in the RFP and should be read in conjunction with same unless the RFP specifically indicates otherwise. In the event that the bidder/offeror would like to present terms and conditions that are in conflict with either these terms and conditions or those set forth in the RFP, the bidder/offeror must present those conflicts during the Question and Answer period for the State to consider. Any conflicting terms and conditions that the State is willing to accept will be reflected in an addendum to the RFP. The State's terms and conditions shall prevail over any conflicts set forth in a bidder/offeror's Proposal that were not submitted through the question and answer process and approved by the State. Nothing in these terms and conditions shall prohibit the Director of the Division of Purchase and Property (Director) from amending a contract when the Director determines it is in the best interests of the State.

#### **1.1 CONTRACT TERMS CROSSWALK**

<b>NJSTART Term</b>	<b>Equivalent Statutory, Regulatory and/or Legacy Term</b>
Bid/Bid Solicitation	Request For Proposal (RFP)/Solicitation
Bid Amendment	Addendum
Change Order	Contract Amendment
Master Blanket Purchase Order (Blanket P.O.)	Contract
Offer and Acceptance Page	Signatory Page
Quote	Proposal
Vendor	Bidder/Contractor

### **2. STATE LAW REQUIRING MANDATORY COMPLIANCE BY ALL CONTRACTORS**

The statutes, laws or codes cited herein are available for review at the New Jersey State Library, 185 West State Street, Trenton, New Jersey 08625.

#### **2.1 BUSINESS REGISTRATION**

Pursuant to N.J.S.A. 52:32-44, the State is prohibited from entering into a contract with an entity unless the bidder and each subcontractor named in the proposal have a valid Business Registration Certificate on file with the Division of Revenue and Enterprise Services. A subcontractor named in a bid or other proposal shall provide a copy of its business registration to the bidder who shall provide it to the State.

The contractor shall maintain and submit to the State a list of subcontractors and their addresses that may be updated from time to time with the prior written consent of the Director during the course of contract performance. The contractor shall submit to the State a complete and accurate list of all subcontractors used and their addresses before final payment is made under the contract.

Pursuant to N.J.S.A. 54:49-4.1, a business organization that fails to provide a copy of a business registration, or that provides false business registration information, shall be liable for a penalty of \$25 for each day of violation, not to exceed \$50,000 for each business registration copy not properly provided under a contract with a contracting agency.

The contractor and any subcontractor providing goods or performing services under the contract, and each of their affiliates, shall, during the term of the contract, collect and remit to the Director of the Division of Taxation in the Department of the Treasury, the Use Tax due pursuant to the "Sales and Use Tax Act, P.L. 1966, c. 30 (N.J.S.A. 54:32B-1 et seq.) on all sales of tangible personal property delivered into the State. Any questions in this regard can be directed to the Division of

## 2.2 ANTI-DISCRIMINATION

All parties to any contract with the State agree not to discriminate in employment and agree to abide by all anti-discrimination laws including those contained within N.J.S.A. 10:2-1 through N.J.S.A. 10:2-4, N.J.S.A. 10:5-1 et seq. and N.J.S.A. 10:5-31 through 10:5-38, and all rules and regulations issued thereunder are hereby incorporated by reference. The agreement to abide by the provisions of N.J.S.A. 10:5-31 through 10:5-38 include those provisions indicated for Goods, Professional Service and General Service Contracts (Exhibit A, attached) and Constructions Contracts (Exhibit B and Executive Order 151, August 28, 2009, attached) as appropriate.

The contractor or subcontractor, where applicable, agrees to comply with any regulations promulgated by the Treasurer pursuant to N.J.S.A. 10:5-31 et seq., as amended and supplemented from time to time.

## 2.3 PREVAILING WAGE ACT

The New Jersey Prevailing Wage Act, N.J.S.A. 34: 11-56.25 et seq. is hereby made part of every contract entered into on behalf of the State of New Jersey through the Division of Purchase and Property, except those contracts which are not within the contemplation of the Act. The bidder's signature on [this proposal] is his/her guarantee that neither he/she nor any subcontractors he/she might employ to perform the work covered by [this proposal] has been suspended or debarred by the Commissioner, Department of Labor and Workforce Development for violation of the provisions of the Prevailing Wage Act and/or the Public Works Contractor Registration Acts; the bidder's signature on the proposal is also his/her guarantee that he/she and any subcontractors he/she might employ to perform the work covered by [this proposal] shall comply with the provisions of the Prevailing Wage and Public Works Contractor Registration Acts, where required.

## 2.4 AMERICANS WITH DISABILITIES ACT

The contractor must comply with all provisions of the Americans with Disabilities Act (ADA), P.L. 101-336, in accordance with 42 U.S.C. 12101, et seq.

## 2.5 MACBRIDE PRINCIPLES

The bidder must certify pursuant to N.J.S.A. 52:34-12.2 that it either has no ongoing business activities in Northern Ireland and does not maintain a physical presence therein or that it will take lawful steps in good faith to conduct any business operations it has in Northern Ireland in accordance with the MacBride principles of nondiscrimination in employment as set forth in N.J.S.A. 52:18A-89.5 and in conformance with the United Kingdom's Fair Employment (Northern Ireland) Act of 1989, and permit independent monitoring of their compliance with those principles.

## 2.6 PAY TO PLAY PROHIBITIONS

Pursuant to N.J.S.A. 19:44A-20.13 et seq. (P.L. 2005, c. 51), and specifically, N.J.S.A. 19:44A-20.21, it shall be a breach of the terms of the contract for the business entity to:

- A. Make or solicit a contribution in violation of the statute;
- B. Knowingly conceal or misrepresent a contribution given or received;
- C. Make or solicit contributions through intermediaries for the purpose of concealing or misrepresenting the source of the contribution;
- D. Make or solicit any contribution on the condition or with the agreement that it will be contributed to a campaign committee or any candidate or holder of the public office of Governor or Lieutenant Governor, or to any State or county party committee;

- E. Engage or employ a lobbyist or consultant with the intent or understanding that such lobbyist or consultant would make or solicit any contribution, which if made or solicited by the business entity itself, would subject that entity to the restrictions of the Legislation;
- F. Fund contributions made by third parties, including consultants, attorneys, family members, and employees;
- G. Engage in any exchange of contributions to circumvent the intent of the Legislation; or
- H. Directly or indirectly through or by any other person or means, do any act which would subject that entity to the restrictions of the Legislation.

## 2.7 POLITICAL CONTRIBUTION DISCLOSURE

The contractor is advised of its responsibility to file an annual disclosure statement on political contributions with the New Jersey Election Law Enforcement Commission (ELEC), pursuant to N.J.S.A. 19:44A-20.27 (P.L. 2005, c. 271, §3 as amended) if in a calendar year the contractor receives one (1) or more contracts valued at \$50,000.00 or more. It is the contractor's responsibility to determine if filing is necessary. Failure to file can result in the imposition of penalties by ELEC. Additional information about this requirement is available from ELEC by calling 1(888)313-3532 or on the internet at <http://www.elec.state.nj.us/>.

## 2.8 STANDARDS PROHIBITING CONFLICTS OF INTEREST

The following prohibitions on contractor activities shall apply to all contracts or purchase agreements made with the State of New Jersey, pursuant to Executive Order No. 189 (1988).

No vendor shall pay, offer to pay, or agree to pay, either directly or indirectly, any fee, commission, compensation, gift, gratuity, or other thing of value of any kind to any State officer or employee or special State officer or employee, as defined by N.J.S.A. 52:13D-13b. and e., in the Department of the Treasury or any other agency with which such vendor transacts or offers or proposes to transact business, or to any member of the immediate family, as defined by N.J.S.A. 52:13D-13i., of any such officer or employee, or partnership, firm or corporation with which they are employed or associated, or in which such officer or employee has an interest within the meaning of N.J.S.A. 52:13D-13g;

The solicitation of any fee, commission, compensation, gift, gratuity or other thing of value by any State officer or employee or special State officer or employee from any State vendor shall be reported in writing forthwith by the vendor to the New Jersey Office of the Attorney General and the Executive Commission on Ethical Standards, now known as the State Ethics Commission;

No vendor may, directly or indirectly, undertake any private business, commercial or entrepreneurial relationship with, whether or not pursuant to employment, contract or other agreement, express or implied, or sell any interest in such vendor to, any State officer or employee or special State officer or employee having any duties or responsibilities in connection with the purchase, acquisition or sale of any property or services by or to any State agency or any instrumentality thereof, or with any person, firm or entity with which he/she is employed or associated or in which he/she has an interest within the meaning of N.J.S.A. 52:13D-13g. Any relationships subject to this provision shall be reported in writing forthwith to the Executive Commission on Ethical Standards, now known as the State Ethics Commission, which may grant a waiver of this restriction upon application of the State officer or employee or special State officer or employee upon a finding that the present or proposed relationship does not present the potential, actuality or appearance of a conflict of interest;

No vendor shall influence, or attempt to influence or cause to be influenced, any State officer or employee or special State officer or employee in his/her official capacity in any manner which might tend to impair the objectivity or independence of judgment of said officer or employee;

No vendor shall cause or influence, or attempt to cause or influence, any State officer or employee or special State officer or employee to use, or attempt to use, his/her official position to secure unwarranted privileges or advantages for the vendor or any other person; and

The provisions cited above in paragraphs 2.8a through 2.8e shall not be construed to prohibit a State officer or employee or Special State officer or employee from receiving gifts from or contracting with vendors under the same terms and conditions as are offered or made available to members of the general public subject to any guidelines the Executive Commission on Ethical Standards, now known as the State Ethics Commission may promulgate under paragraph 3c of Executive Order No. 189.

#### 2.9 NOTICE TO ALL CONTRACTORS SET-OFF FOR STATE TAX NOTICE

Pursuant to N.J.S.A. 54:49-19, effective January 1, 1996, and notwithstanding any provision of the law to the contrary, whenever any taxpayer, partnership or S corporation under contract to provide goods or services or construction projects to the State of New Jersey or its agencies or instrumentalities, including the legislative and judicial branches of State government, is entitled to payment for those goods or services at the same time a taxpayer, partner or shareholder of that entity is indebted for any State tax, the Director of the Division of Taxation shall seek to set off that taxpayer's or shareholder's share of the payment due the taxpayer, partnership, or S corporation. The amount set off shall not allow for the deduction of any expenses or other deductions which might be attributable to the taxpayer, partner or shareholder subject to set-off under this act.

The Director of the Division of Taxation shall give notice to the set-off to the taxpayer and provide an opportunity for a hearing within 30 days of such notice under the procedures for protests established under R.S. 54:49-18. No requests for conference, protest, or subsequent appeal to the Tax Court from any protest under this section shall stay the collection of the indebtedness. Interest that may be payable by the State, pursuant to P.L. 1987, c.184 (c.52:32-32 et seq.), to the taxpayer shall be stayed.

#### 2.10 COMPLIANCE - LAWS

The contractor must comply with all local, State and Federal laws, rules and regulations applicable to this contract and to the goods delivered and/or services performed hereunder.

#### 2.11 COMPLIANCE - STATE LAWS

It is agreed and understood that any contracts and/or orders placed as a result of [this proposal] shall be governed and construed and the rights and obligations of the parties hereto shall be determined in accordance with the laws of the State of New Jersey.

#### 2.12 WARRANTY OF NO SOLICITATION ON COMMISSION OR CONTINGENT FEE BASIS

The contractor warrants that no person or selling agency has been employed or retained to solicit or secure the contract upon an agreement or understanding for a commission, percentage, brokerage or contingent fee, except bona fide employees or bona fide established commercial or selling agencies maintained by the contractor for the purpose of securing business. If a breach or violation of this section occurs, the State shall have the right to terminate the contract without liability or in its discretion to deduct from the contract price or consideration the full amount of such commission, percentage, brokerage or contingent fee.

### 3. STATE LAW REQUIRING MANDATORY COMPLIANCE BY CONTRACTORS UNDER CIRCUMSTANCES SET FORTH IN LAW OR BASED ON THE TYPE OF CONTRACT

#### 3.1 COMPLIANCE - CODES

The contractor must comply with NJUCC and the latest NEC70, B.O.C.A. Basic Building code, OSHA and all applicable codes for this requirement. The contractor shall be responsible for securing and paying all necessary permits, where applicable.

### 3.2 PUBLIC WORKS CONTRACTOR REGISTRATION ACT

The New Jersey Public Works Contractor Registration Act requires all contractors, subcontractors and lower tier subcontractor(s) who engage in any contract for public work as defined in N.J.S.A. 34:11-56.26 be first registered with the New Jersey Department of Labor and Workforce Development pursuant to N.J.S.A. 34:11-56.51. Any questions regarding the registration process should be directed to the Division of Wage and Hour Compliance at (609) 292-9464.

### 3.3 PUBLIC WORKS CONTRACT - ADDITIONAL AFFIRMATIVE ACTION REQUIREMENTS

N.J.S.A. 10:2-1 requires that during the performance of this contract, the contractor must agree as follows:

- A. In the hiring of persons for the performance of work under this contract or any subcontract hereunder, or for the procurement, manufacture, assembling or furnishing of any such materials, equipment, supplies or services to be acquired under this contract, no contractor, nor any person acting on behalf of such contractor or subcontractor, shall, by reason of race, creed, color, national origin, ancestry, marital status, gender identity or expression, affectional or sexual orientation or sex, discriminate against any person who is qualified and available to perform the work to which the employment relates;
- B. No contractor, subcontractor, nor any person on his/her behalf shall, in any manner, discriminate against or intimidate any employee engaged in the performance of work under this contract or any subcontract hereunder, or engaged in the procurement, manufacture, assembling or furnishing of any such materials, equipment, supplies or services to be acquired under such contract, on account of race, creed, color, national origin, ancestry, marital status, gender identity or expression, affectional or sexual orientation or sex;
- C. There may be deducted from the amount payable to the contractor by the contracting public agency, under this contract, a penalty of \$50.00 for each person for each calendar day during which such person is discriminated against or intimidated in violation of the provisions of the contract; and
- D. This contract may be canceled or terminated by the contracting public agency, and all money due or to become due hereunder may be forfeited, for any violation of this section of the contract occurring after notice to the contractor from the contracting public agency of any prior violation of this section of the contract.

N.J.S.A. 10:5-33 and N.J.A.C. 17:27-3.5 require that during the performance of this contract, the contractor must agree as follows:

- A. The contractor or subcontractor, where applicable, will not discriminate against any employee or applicant for employment because of age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex. Except with respect to affectional or sexual orientation and gender identity or expression, the contractor will take affirmative action to ensure that such applicants are recruited and employed, and that employees are treated during employment, without regard to their age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of this nondiscrimination clause;
- B. The contractor or subcontractor, where applicable will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to age, race, creed, color, national origin, ancestry,

marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex;

- C. The contractor or subcontractor where applicable, will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency contracting officer, advising the labor union or workers' representative of the contractor's commitments under this act and shall post copies of the notice in conspicuous places available to employees and applicants for employment, N.J.A.C. 17:27-3.7 requires all contractors and subcontractors, if any, to further agree as follows:
1. The contractor or subcontractor agrees to make good faith efforts to meet targeted county employment goals established in accordance with N.J.A.C. 17:27-5.2;
  2. The contractor or subcontractor agrees to inform in writing its appropriate recruitment agencies including, but not limited to, employment agencies, placement bureaus, colleges, universities, and labor unions, that it does not discriminate on the basis of age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex, and that it will discontinue the use of any recruitment agency which engages in direct or indirect discriminatory practices;
  3. The contractor or subcontractor agrees to revise any of its testing procedures, if necessary, to assure that all personnel testing conforms with the principles of job-related testing, as established by the statutes and court decisions of the State of New Jersey and as established by applicable Federal law and applicable Federal court decisions; and
  4. In conforming with the targeted employment goals, the contractor or subcontractor agrees to review all procedures relating to transfer, upgrading, downgrading and layoff to ensure that all such actions are taken without regard to age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex, consistent with the statutes and court decisions of the State of New Jersey, and applicable Federal law and applicable Federal court decisions.

### 3.4 BUILDING SERVICE

Pursuant to N.J.S.A. 34:11-56.58 et seq., in any contract for building services, as defined in N.J.S.A. 34:11-56.59, the employees of the contractor or subcontractors shall be paid prevailing wage for building services rates, as defined in N.J.S.A. 34:11.56.59. The prevailing wage shall be adjusted annually during the term of the contract.

### 3.5 THE WORKER AND COMMUNITY RIGHT TO KNOW ACT

The provisions of N.J.S.A. 34:5A-1 et seq. which require the labeling of all containers of hazardous substances are applicable to this contract. Therefore, all goods offered for purchase to the State must be labeled by the contractor in compliance with the provisions of the statute.

### 3.6 SERVICE PERFORMANCE WITHIN U.S.

Under N.J.S.A. 52:34-13.2, all contracts primarily for services awarded by the Director shall be performed within the United States, except when the Director certifies in writing a finding that a required service cannot be provided by a contractor or subcontractor within the United States and the certification is approved by the State Treasurer.

A shift to performance of services outside the United States during the term of the contract shall be deemed a breach of contract. If, during the term of the contract, the contractor or subcontractor, proceeds to shift the performance of any of the services outside the United States, the contractor shall be deemed to be in breach of its contract, which contract shall be subject to termination for cause pursuant to Section 5.7(b) (1) of the Standard Terms and Conditions, unless previously approved by the Director and the Treasurer.

### 3.7 BUY AMERICAN

Pursuant to N.J.S.A. 52:32-1, if manufactured items or farm products will be provided under this contract to be used in a public work, they shall be manufactured or produced in the United States and the contractor shall be required to so certify.

### 3.8 DOMESTIC MATERIALS

Pursuant to N.J.S.A. 52:33-2 et seq., if the contract is for the construction, alteration or repair of any public work, the contractor and all subcontractors shall use only domestic materials in the performance of the work unless otherwise noted in the specifications.

### 3.9 DIANE B. ALLEN EQUAL PAY ACT

Pursuant to N.J.S.A. 34:11-56.14 and N.J.A.C. 12:10-1.1 et seq., a contractor performing “qualifying services” or “public work” to the State or any agency or instrumentality of the State shall provide the Commissioner of Labor and Workforce Development a report regarding the compensation and hours worked by employees categorized by gender, race, ethnicity, and job category. For more information and report templates see <https://nj.gov/labor/equalpay/equalpay.html>.

## 4. INDEMNIFICATION AND INSURANCE

### 4.1 INDEMNIFICATION

The contractor’s liability to the State and its employees in third party suits shall be as follows:

1. Indemnification for Third Party Claims - The contractor shall assume all risk of and responsibility for, and agrees to indemnify, defend, and save harmless the State of New Jersey and its employees from and against any and all claims, demands, suits, actions, recoveries, judgments and costs and expenses in connection therewith which shall arise from or result directly or indirectly from the work and/or materials supplied under this contract, including liability of any nature or kind for or on account of the use of any copyrighted or uncopyrighted composition, secret process, patented or unpatented invention, article or appliance furnished or used in the performance of this contract;
2. The contractor’s indemnification and liability under subsection (a) is not limited by, but is in addition to the insurance obligations contained in Section 4.2 of these Terms and Conditions; and
3. In the event of a patent and copyright claim or suit, the contractor, at its option, may: (1) procure for the State of New Jersey the legal right to continue the use of the product; (2) replace or modify the product to provide a non-infringing product that is the functional equivalent; or (3) refund the purchase price less a reasonable allowance for use that is agreed to by both parties.

### 4.2 INSURANCE

The contractor shall secure and maintain in force for the term of the contract insurance as provided herein. All required insurance shall be provided by insurance companies with an A-VIII or better rating by A.M. Best & Company. All policies must be endorsed to provide 30 days’ written notice of cancellation or material change to the State of New Jersey at the address shown below. If the contractor’s insurer cannot provide 30 days written notice, then it will become the obligation of the contractor to provide the same. The contractor shall provide the State with current certificates of insurance for all coverages and renewals thereof. Renewal certificates shall be provided within 30 days of the expiration of the insurance. The contractor shall not begin to provide services or goods to the State until evidence of the required insurance is provided. The certificates of insurance shall indicate the contract number or purchase order number and title of the contract in the Description of Operations box and shall list the State of New Jersey, Department of the Treasury, Division of Purchase & Property, Contract Compliance & Audit Unit, P.O. Box 236, Trenton, New Jersey 08625



in the Certificate Holder box. The certificates and any notice of cancelation shall be emailed to the State at:

[ccau.certificate@treas.nj.gov](mailto:ccau.certificate@treas.nj.gov)

The insurance to be provided by the contractor shall be as follows:

- A. Occurrence Form Commercial General Liability Insurance or its equivalent: The minimum limit of liability shall be \$1,000,000 per occurrence as a combined single limit for bodily injury and property damage. The above required Commercial General Liability Insurance policy or its equivalent shall name the State, its officers, and employees as "Additional Insureds" and include the blanket additional insured endorsement or its equivalent. The coverage to be provided under these policies shall be at least as broad as that provided by the standard basic Commercial General Liability Insurance occurrence coverage forms or its equivalent currently in use in the State of New Jersey, which shall not be circumscribed by any endorsement limiting the breadth of coverage;
- B. Automobile Liability Insurance which shall be written to cover any automobile used by the insured. Limits of liability for bodily injury and property damage shall not be less than \$1,000,000 per occurrence as a combined single limit. The State must be named as an "Additional Insured" and a blanket additional insured endorsement or its equivalent must be provided when the services being procured involve vehicle use on the State's behalf or on State controlled property;
- C. Worker's Compensation Insurance applicable to the laws of the State of New Jersey and Employers Liability Insurance with limits not less than:
  - 1. \$1,000,000 BODILY INJURY, EACH OCCURRENCE;
  - 2. \$1,000,000 DISEASE EACH EMPLOYEE; and
  - 3. \$1,000,000 DISEASE AGGREGATE LIMIT.
  - o This \$1,000,000 amount may have been raised by the RFP when deemed necessary by the Director; and
  - o In the case of a contract entered into pursuant to N.J.S.A. 52:32-17 et seq., (small business set asides) the minimum amount of insurance coverage in subsections a., b., and c. above may have been lowered in the RFP for certain commodities when deemed in the best interests of the State by the Director.

## 5. TERMS GOVERNING ALL CONTRACTS

### 5.1 CONTRACTOR IS INDEPENDENT CONTRACTOR

The contractor's status shall be that of any independent contractor and not as an employee of the State.

### 5.2 CONTRACT AMOUNT

The estimated amount of the contract(s), when stated on the RFP form, shall not be construed as either the maximum or minimum amount which the State shall be obliged to order as the result of the RFP or any contract entered into as a result of the RFP.

### 5.3 CONTRACT TERM AND EXTENSION OPTION

If, in the opinion of the Director, it is in the best interest of the State to extend a contract, the contractor shall be so notified of the Director's Intent at least 30 days prior to the expiration date of the existing contract. The contractor shall have 15 calendar days to respond to the Director's request to extend the term and period of performance of the contract. If the contractor agrees to the extension, all terms and conditions of the original contract shall apply unless more favorable terms for the State have been negotiated.

#### 5.4 STATE'S OPTION TO REDUCE SCOPE OF WORK

The State has the option, in its sole discretion, to reduce the scope of work for any deliverable, task or subtask called for under this contract. In such an event, the Director shall provide to the contractor advance written notice of the change in scope of work and what the Director believes should be the corresponding adjusted contract price. Within five (5) business days of receipt of such written notice, if either is applicable:

- A. If the contractor does not agree with the Director's proposed adjusted contract price, the contractor shall submit to the Director any additional information that the contractor believes impacts the adjusted contract price with a request that the Director reconsider the proposed adjusted contract price. The parties shall negotiate the adjusted contract price. If the parties are unable to agree on an adjusted contract price, the Director shall make a prompt decision taking all such information into account, and shall notify the contractor of the final adjusted contract price; and
- B. If the contractor has undertaken any work effort toward a deliverable, task or subtask that is being changed or eliminated such that it would not be compensated under the adjusted contract, the contractor shall be compensated for such work effort according to the applicable portions of its price schedule and the contractor shall submit to the Director an itemization of the work effort already completed by deliverable, task or subtask within the scope of work, and any additional information the Director may request. The Director shall make a prompt decision taking all such information into account, and shall notify the contractor of the compensation to be paid for such work effort.

#### 5.5 CHANGE IN LAW

If, after award, a change in applicable law or regulation occurs which affects the Contract, the parties may amend the Contract, including pricing, in order to provide equitable relief for the party disadvantaged by the change in law. The parties shall negotiate in good faith, however if agreement is not possible after reasonable efforts, the Director shall make a prompt decision as to an equitable adjustment, taking all relevant information into account, and shall notify the Contractor of the final adjusted contract price.

#### 5.6 SUSPENSION OF WORK

The State may, for valid reason, issue a stop order directing the contractor to suspend work under the contract for a specific time. The contractor shall be paid for goods ordered, goods delivered, or services requested and performed until the effective date of the stop order. The contractor shall resume work upon the date specified in the stop order, or upon such other date as the State Contract Manager may thereafter direct in writing. The period of suspension shall be deemed added to the contractor's approved schedule of performance. The Director shall make an equitable adjustment, if any is required, to the contract price. The contractor shall provide whatever information that Director may require related to the equitable adjustment.

#### 5.7 TERMINATION OF CONTRACT

- A. For Convenience:  
Notwithstanding any provision or language in this contract to the contrary, the Director may terminate this contract at any time, in whole or in part, for the convenience of the State, upon no less than 30 days written notice to the contractor;
- B. For Cause:
  - a. Where a contractor fails to perform or comply with a contract or a portion thereof, and/or fails to comply with the complaints procedure in N.J.A.C. 17:12-4.2 et seq., the Director may terminate the contract, in whole or in part, upon ten (10) days' notice to the contractor with an opportunity to respond; and

- b. Where in the reasonable opinion of the Director, a contractor continues to perform a contract poorly as demonstrated by e.g., formal complaints, late delivery, poor performance of service, short-shipping, so that the Director is required to use the complaints procedure in N.J.A.C. 17:12-4.2 et seq., and there has been a failure on the part of the contractor to make progress towards ameliorating the issue(s) or problem(s) set forth in the complaint, the Director may terminate the contract, in whole or in part, upon ten (10) days' notice to the contractor with an opportunity to respond.

C. In cases of emergency the Director may shorten the time periods of notification and may dispense with an opportunity to respond; and

D. In the event of termination under this section, the contractor shall be compensated for work performed in accordance with the contract, up to the date of termination. Such compensation may be subject to adjustments.

## **5.8 SUBCONTRACTING OR ASSIGNMENT**

Subcontracting: The contractor may not subcontract other than as identified in the contractor's proposal without the prior written consent of the Director. Such consent, if granted in part, shall not relieve the contractor of any of his/her responsibilities under the contract, nor shall it create privity of contract between the State and any subcontractor. If the contractor uses a subcontractor to fulfill any of its obligations, the contractor shall be responsible for the subcontractor's: (a) performance; (b) compliance with all of the terms and conditions of the contract; and (c) compliance with the requirements of all applicable laws; and

Assignment: The contractor may not assign its responsibilities under the contract, in whole or in part, without the prior written consent of the Director.

## **5.9 NO CONTRACTUAL RELATIONSHIP BETWEEN SUBCONTRACTORS AND STATE**

Nothing contained in any of the contract documents, including the RFP and vendor's bid or proposal shall be construed as creating any contractual relationship between any subcontractor and the State.

## **5.10 MERGERS, ACQUISITIONS**

If, during the term of this contract, the contractor shall merge with or be acquired by another firm, the contractor shall give notice to the Director as soon as practicable and in no event longer than 30 days after said merger or acquisition. The contractor shall provide such documents as may be requested by the Director, which may include but need not be limited to the following: corporate resolutions prepared by the awarded contractor and new entity ratifying acceptance of the original contract, terms, conditions and prices; updated information including ownership disclosure and Federal Employer Identification Number. The documents must be submitted within 30 days of the request. Failure to do so may result in termination of the contract for cause.

If, at any time during the term of the contract, the contractor's partnership, limited liability company, limited liability partnership, professional corporation, or corporation shall dissolve, the Director must be so notified. All responsible parties of the dissolved business entity must submit to the Director in writing, the names of the parties proposed to perform the contract, and the names of the parties to whom payment should be made. No payment shall be made until all parties to the dissolved business entity submit the required documents to the Director.

## **5.11 PERFORMANCE GUARANTEE OF CONTRACTOR**

The contractor hereby certifies that:

- A. The equipment offered is standard new equipment, and is the manufacturer's latest model in production, with parts regularly used for the type of equipment offered; that such parts are all in production and not likely to be discontinued; and that no attachment or part has been substituted or applied contrary to manufacturer's recommendations and standard practice;

- B. All equipment supplied to the State and operated by electrical current is UL listed where applicable;
- C. All new machines are to be guaranteed as fully operational for the period stated in the contract from time of written acceptance by the State. The contractor shall render prompt service without charge, regardless of geographic location;
- D. Sufficient quantities of parts necessary for proper service to equipment shall be maintained at distribution points and service headquarters;
- E. Trained mechanics are regularly employed to make necessary repairs to equipment in the territory from which the service request might emanate within a 48-hour period or within the time accepted as industry practice;
- F. During the warranty period the contractor shall replace immediately any material which is rejected for failure to meet the requirements of the contract; and
- G. All services rendered to the State shall be performed in strict and full accordance with the specifications stated in the contract. The contract shall not be considered complete until final approval by the State's using agency is rendered.

#### 5.12 DELIVERY REQUIREMENTS

- A. Deliveries shall be made at such time and in such quantities as ordered in strict accordance with conditions contained in the contract;
- B. The contractor shall be responsible for the delivery of material in first class condition to the State's using agency or the purchaser under this contract and in accordance with good commercial practice;
- C. Items delivered must be strictly in accordance with the contract; and
- D. In the event delivery of goods or services is not made within the number of days stipulated or under the schedule defined in the contract, the using agency shall be authorized to obtain the material or service from any available source, the difference in price, if any, to be paid by the contractor.

#### 5.13 APPLICABLE LAW AND JURISDICTION

This contract and any and all litigation arising therefrom or related thereto shall be governed by the applicable laws, regulations and rules of evidence of the State of New Jersey without reference to conflict of laws principles and shall be filed in the appropriate Division of the New Jersey Superior Court.

#### 5.14 CONTRACT AMENDMENT

Except as provided herein, the contract may only be amended by written agreement of the State and the contractor.

#### 5.15 MAINTENANCE OF RECORDS

The contractor shall maintain records for products and/or services delivered against the contract for a period of five (5) years from the date of final payment unless a longer period is required by law. Such records shall be made available to the State, including the Comptroller, for audit and review.

#### 5.16 ASSIGNMENT OF ANTITRUST CLAIM(S)

The contractor recognizes that in actual economic practice, overcharges resulting from antitrust violations are in fact usually borne by the ultimate purchaser. Therefore, and as consideration for executing this contract, the contractor, acting herein by and through its duly authorized agent, hereby conveys, sells, assigns, and transfers to the State of New Jersey, for itself and on behalf of

its political subdivisions and public agencies, all right, title and interest to all claims and causes of action it may now or hereafter acquire under the antitrust laws of the United States or the State of New Jersey, relating to the particular goods and services purchased or acquired by the State of New Jersey or any of its political subdivisions or public agencies pursuant to this contract. In connection with this assignment, the following are the express obligations of the contractor:

- A. It shall take no action that will in any way diminish the value of the rights conveyed or assigned hereunder;
- B. It shall advise the Attorney General of New Jersey:
  - 1. In advance of its intention to commence any action on its own behalf regarding any such claim or cause(s) of action; and
  - 2. Immediately upon becoming aware of the fact that an action has been commenced on its behalf by some other person(s) of the pendency of such action.
- C. It shall notify the defendants in any antitrust suit of the within assignment at the earliest practicable opportunity after the contractor has initiated an action on its own behalf or becomes aware that such an action has been filed on its behalf by another person. A copy of such notice shall be sent to the Attorney General of New Jersey; and
- D. It is understood and agreed that in the event any payment under any such claim or cause of action is made to the contractor, it shall promptly pay over to the State of New Jersey the allotted share thereof, if any, assigned to the State hereunder.

## 6. TERMS RELATING TO PRICE AND PAYMENT

### 6.1 PRICE FLUCTUATION DURING CONTRACT

Unless otherwise agreed to in writing by the State, all prices quoted shall be firm through issuance of contract or purchase order and shall not be subject to increase during the period of the contract. In the event of a manufacturer's or contractor's price decrease during the contract period, the State shall receive the full benefit of such price reduction on any undelivered purchase order and on any subsequent order placed during the contract period. The Director must be notified, in writing, of any price reduction within five (5) days of the effective date.

Failure to report price reductions may result in cancellation of contract for cause, pursuant to provision 5.7(b)1.

In an exceptional situation the State may consider a price adjustment. Requests for price adjustments must include justification and documentation.

### 6.2 TAX CHARGES

The State of New Jersey is exempt from State sales or use taxes and Federal excise taxes. Therefore, price quotations must not include such taxes. The State's Federal Excise Tax Exemption number is 22-75-0050K.

### 6.3 PAYMENT TO VENDORS

- A. The using agency(ies) is (are) authorized to order and the contractor is authorized to ship only those items covered by the contract resulting from the RFP. If a review of orders placed by the using agency(ies) reveals that goods and/or services other than that covered by the contract have been ordered and delivered, such delivery shall be a violation of the terms of the contract and may be considered by the Director as a basis to terminate the contract and/or not award the contractor a subsequent contract. The Director may take such steps as are necessary to have the items returned by the agency, regardless of the time between the date of delivery and

discovery of the violation. In such event, the contractor shall reimburse the State the full purchase price;

- B. The contractor must submit invoices to the using agency with supporting documentation evidencing that work or goods for which payment is sought has been satisfactorily completed or delivered. For commodity contracts, the invoice, together with the Bill of Lading, and/or other documentation to confirm shipment and receipt of contracted goods must be received by the using agency prior to payment. For contracts featuring services, invoices must reference the tasks or subtasks detailed in the Scope of Work section of the RFP and must be in strict accordance with the firm, fixed prices submitted for each task or subtask on the RFP pricing sheets. When applicable, invoices should reference the appropriate RFP price sheet line number from the contractor's bid proposal. All invoices must be approved by the State Contract Manager or using agency before payment will be authorized;
- C. In all time and materials contracts, the State Contract Manager or designee shall monitor and approve the hours of work and the work accomplished by contractor and shall document both the work and the approval. Payment shall not be made without such documentation. A form of timekeeping record that should be adapted as appropriate for the Scope of Work being performed can be found at [www.nj.gov/treasury/purchase/forms/Vendor\\_Timesheet.xls](http://www.nj.gov/treasury/purchase/forms/Vendor_Timesheet.xls); and
- D. The contractor shall provide, on a monthly and cumulative basis, a breakdown in accordance with the budget submitted, of all monies paid to any small business, minority or woman-owned subcontractor(s). This breakdown shall be sent to the Chief of Operations, Division of Revenue, P.O. Box 628, Trenton, NJ 08646.

#### **6.4 OPTIONAL PAYMENT METHOD: P-CARD**

The State offers contractors the opportunity to be paid through the MasterCard procurement card (p-card). A contractor's acceptance and a State agency's use of the p-card are optional. P-card transactions do not require the submission of a contractor invoice; purchasing transactions using the p-card will usually result in payment to a contractor in three (3) days. A contractor should take note that there will be a transaction-processing fee for each p-card transaction. To participate, a contractor must be capable of accepting the MasterCard. Additional information can be obtained from banks or merchant service companies.

#### **6.5 NEW JERSEY PROMPT PAYMENT ACT**

The New Jersey Prompt Payment Act, N.J.S.A. 52:32-32 et seq., requires state agencies to pay for goods and services within 60 days of the agency's receipt of a properly executed State Payment Voucher or within 60 days of receipt and acceptance of goods and services, whichever is later. Properly executed performance security, when required, must be received by the State prior to processing any payments for goods and services accepted by state agencies. Interest will be paid on delinquent accounts at a rate established by the State Treasurer. Interest shall not be paid until it exceeds \$5.00 per properly executed invoice.

Cash discounts and other payment terms included as part of the original agreement are not affected by the Prompt Payment Act.

#### **6.6 AVAILABILITY OF FUNDS**

The State's obligation to make payment under this contract is contingent upon the availability of appropriated funds and receipt of revenues from which payment for contract purposes can be made. No legal liability on the part of the State for payment of any money shall arise unless and until funds are appropriated each fiscal year to the using agency by the State Legislature and made available through receipt of revenue.

## 7. TERMS RELATING TO ALL CONTRACTS FUNDED, IN WHOLE OR IN PART, BY FEDERAL FUNDS

The provisions set forth in this Section of the Standard Terms and Conditions apply to all contracts funded, in whole or in part, by Federal funds as required by 2 CFR 200.317.

### 7.1 CONTRACTING WITH SMALL AND MINORITY BUSINESSES, WOMEN'S BUSINESS ENTERPRISES, AND LABOR SURPLUS AREA FIRMS

Pursuant to 2 CFR 200.321, the State must take all necessary affirmative steps to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible. Accordingly, if subawards are to be made the Contractor shall:

- (1) Include qualified small and minority businesses and women's business enterprises on solicitation lists;
- (2) Assure that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources;
- (3) Divide total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women's business enterprises;
- (4) Establish delivery schedules, where the requirement permits, which encourage participation by small and minority businesses, and women's business enterprises; and,
- (5) Use the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce.

### 7.2 DOMESTIC PREFERENCE FOR PROCUREMENTS

Pursuant to 2 CFR 200.322, where appropriate, the State has a preference for the purchase, acquisition, or use of goods, products, or materials produced in the United States (including but not limited to iron, aluminum, steel, cement, and other manufactured products). If subawards are to be made the Contractor shall include a preference for the purchase, acquisition, or use of goods, products, or materials produced in the United States (including but not limited to iron, aluminum, steel, cement, and other manufactured products). For purposes of this section:

- (1) "Produced in the United States" means, for iron and steel products, that all manufacturing processes, from the initial melting stage through the application of coatings, occurred in the United States.
- (2) "Manufactured products" means items and construction materials composed in whole or in part of nonferrous metals such as aluminum; plastics and polymer-based products such as polyvinyl chloride pipe; aggregates such as concrete; glass, including optical fiber; and lumber.

### 7.3 PROCUREMENT OF RECOVERED MATERIALS

Where applicable, in the performance of contract, pursuant to 2 CFR 200.323, the contractor must comply with section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR Part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds \$ 10,000 or the value of the quantity acquired during the preceding fiscal year exceeded \$10,000; procuring solid waste management services in a manner that maximizes energy and resource recovery; and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.

To the extent that the scope of work or specifications in the contract requires the contractor to provide recovered materials the scope of work or specifications are modified to require that as follows.

1. In the performance of this contract, the Contractor shall make maximum use of products containing recovered materials that are EPA-designated items unless the product cannot be acquired—

1. Competitively within a timeframe providing for compliance with the contract performance schedule;
  2. Meeting contract performance requirements; or
  3. At a reasonable price.
1. Information about this requirement, along with the list of EPA- designated items, is available at EPA's Comprehensive Procurement Guidelines web site, <https://www.epa.gov/smm/comprehensive-procurement-guideline-cpg-program>.
  2. The Contractor also agrees to comply with all other applicable requirements of Section 6002 of the Solid Waste Disposal Act."

#### 7.4 EQUAL EMPLOYMENT OPPORTUNITY

Except as otherwise provided under 41 CFR Part 60, all contracts that meet the definition of "federally assisted construction contract" in 41 CFR Part 60-1.3 must include the equal opportunity clause provided under 41 CFR 60-1.4(b), in accordance with Executive Order 11246, "Equal Employment Opportunity" (30 FR 12319, 12935, 3 CFR Part, 1964-1965 Comp., p. 339), as amended by Executive Order 11375, "Amending Executive Order 11246 Relating to Equal Employment Opportunity," and implementing regulations at 41 CFR part 60, "Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor." See, 2 CFR Part 200, Appendix II, para. C.

During the performance of this contract, the contractor agrees as follows:

1. The contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, sexual orientation, gender identity, or national origin. The contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color, religion, sex, sexual orientation, gender identity, or national origin. Such action shall include, but not be limited to the following:  
Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided setting forth the provisions of this nondiscrimination clause.
2. The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, sexual orientation, gender identity, or national origin.
3. The contractor will not discharge or in any other manner discriminate against any employee or applicant for employment because such employee or applicant has inquired about, discussed, or disclosed the compensation of the employee or applicant or another employee or applicant. This provision shall not apply to instances in which an employee who has access to the compensation information of other employees or applicants as a part of such employee's essential job functions discloses the compensation of such other employees or applicants to individuals who do not otherwise have access to such information, unless such disclosure is in response to a formal complaint or charge, in furtherance of an investigation, proceeding, hearing, or action, including an investigation conducted by the employer, or is consistent with the contractor's legal duty to furnish information.
4. The contractor will send to each labor union or representative of workers with which he/she has a collective bargaining agreement or other contract or understanding, a notice to be provided advising the said labor union or workers' representatives of the contractor's commitments under this section, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
5. The contractor will comply with all provisions of Executive Order 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.
6. The contractor will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his/her books, records, and accounts by the



administering agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

7. In the event of the contractor's noncompliance with the nondiscrimination clauses of this contract or with any of the said rules, regulations, or orders, this contract may be canceled, terminated, or suspended in whole or in part and the contractor may be declared ineligible for further Government contracts or federally assisted construction contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.
8. The contractor will include the portion of the sentence immediately preceding paragraph (1) and the provisions of paragraphs (1) through (8) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to section 204 of Executive Order 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions, including sanctions for noncompliance:

Provided, however, that in the event a contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the administering agency, the contractor may request the United States to enter into such litigation to protect the interests of the United States.

The applicant further agrees that it will be bound by the above equal opportunity clause with respect to its own employment practices when it participates in federally assisted construction work: Provided, That if the applicant so participating is a State or local government, the above equal opportunity clause is not applicable to any agency, instrumentality or subdivision of such government which does not participate in work on or under the contract.

The applicant agrees that it will assist and cooperate actively with the administering agency and the Secretary of Labor in obtaining the compliance of contractors and subcontractors with the equal opportunity clause and the rules, regulations, and relevant orders of the Secretary of Labor, that it will furnish the administering agency and the Secretary of Labor such information as they may require for the supervision of such compliance, and that it will otherwise assist the administering agency in the discharge of the agency's primary responsibility for securing compliance.

The applicant further agrees that it will refrain from entering into any contract or contract modification subject to Executive Order 11246 of September 24, 1965, with a contractor debarred from, or who has not demonstrated eligibility for, Government contracts and federally assisted construction contracts pursuant to the Executive Order and will carry out such sanctions and penalties for violation of the equal opportunity clause as may be imposed upon contractors and subcontractors by the administering agency or the Secretary of Labor pursuant to Part II, Subpart D of the Executive Order. In addition, the applicant agrees that if it fails or refuses to comply with these undertakings, the administering agency may take any or all of the following actions: Cancel, terminate, or suspend in whole or in part this grant (contract, loan, insurance, guarantee); refrain from extending any further assistance to the applicant under the program with respect to which the failure or refund occurred until satisfactory assurance of future compliance has been received from such applicant; and refer the case to the Department of Justice for appropriate legal proceedings.

#### 7.5 DAVIS-BACON ACT, 40 U.S.C. 3141-3148, AS AMENDED

When required by Federal program legislation, all prime construction contracts in excess of \$2,000 shall be done in compliance with the Davis-Bacon Act (40 U.S.C. 3141- 3144, and 3146-3148) and the requirements of 29 C.F.R. pt. 5 as may be applicable. The contractor shall comply with 40

U.S.C. 3141-3144, and 3146-3148 and the requirements of 29 C.F.R. pt. 5 as applicable. Contractors are required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specified in a wage determination made by the Secretary of Labor. Additionally, contractors are required to pay wages not less than once a week.

#### 7.6 COPELAND ANTI-KICKBACK ACT

Where applicable, the Contractor must comply with Copeland "Anti-Kickback" Act (40 U.S.C. 3145), as supplemented by Department of Labor regulations (29 CFR Part 3, "Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States").

- a. Contractor. The Contractor shall comply with 18 U.S.C. § 874, 40 U.S.C. § 3145, and the requirements of 29 C.F.R. pt. 3 as may be applicable, which are incorporated by reference into the OGS centralized contract.
- b. Subcontracts. The Contractor or subcontractor shall insert in any subcontracts the clause above and such other clauses as FEMA may by appropriate instructions require, and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts. The prime contractor shall be responsible for the compliance by any subcontractor or lower tier subcontractor with all of these contract clauses.
- c. Breach. A breach of the clauses above may be grounds for termination of the OGS centralized contract, and for debarment as a Contractor and subcontractor as provided in 29 C.F.R. § 5.12.

#### 7.7 CONTRACT WORK HOURS AND SAFETY STANDARDS ACT, 40 U.S.C. 3701-3708

Where applicable, all contracts awarded by the non-Federal entity in excess of \$ 100,000 that involve the employment of mechanics or laborers must comply with 40 U.S.C. 3702 and 3704, as supplemented by Department of Labor regulations (29 CFR Part 5).

1. Overtime requirements. No contractor or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics shall require or permit any such laborer or mechanic in any workweek in which he or she is employed on such work to work in excess of forty hours in such workweek unless such laborer or mechanic receives compensation at a rate not less than one and one-half times the basic rate of pay for all hours worked in excess of forty hours in such workweek.
2. Violation; liability for unpaid wages; liquidated damages. In the event of any violation of the clause set forth in paragraph (b)(1) of this section the contractor and any subcontractor responsible therefor shall be liable for the unpaid wages. In addition, such contractor and subcontractor shall be liable to the United States (in the case of work done under contract for the District of Columbia or a territory, to such District or to such territory), for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer or mechanic, including watchmen and guards, employed in violation of the clause set forth in paragraph (b)(1) of this section, in the sum of \$27 for each calendar day on which such individual was required or permitted to work in excess of the standard workweek of forty hours without payment of the overtime wages required by the clause set forth in paragraph (b)(1) of this section.
3. Withholding for unpaid wages and liquidated damages. The unauthorized user shall upon its own action or upon written request of an authorized representative of the Department of Labor withhold or cause to be withheld, from any moneys payable on account of work performed by the contractor or subcontractor under any such contract or any other Federal contract with the same prime contractor, or any other federally-assisted contract subject to the Contract Work Hours and Safety Standards Act, which is held by the same prime contractor, such sums as may be determined to be necessary to satisfy any liabilities of such contractor or subcontractor for unpaid wages and liquidated damages as provided in the clause set forth in paragraph (b)(2) of this section.
4. Subcontracts. The contractor or subcontractor shall insert in any subcontracts the clauses set forth in paragraph (b)(1) through (4) of this section and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts. The prime contractor

shall be responsible for compliance by any subcontractor or lower tier subcontractor with the clauses set forth in paragraphs (b)(1) through (4) of this section.

#### 7.8 RIGHTS TO INVENTIONS MADE UNDER A CONTRACT OR AGREEMENT

If the Federal award meets the definition of "funding agreement" under 37 CFR § 401.2 (a) and the recipient or subrecipient wishes to enter into a contract with a small business firm or nonprofit organization regarding the substitution of parties, assignment or performance of experimental, developmental, or research work under that "funding agreement," the recipient or subrecipient must comply with the requirements of 37 CFR Part 401, "Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements," and any implementing regulations issued by the awarding agency.

#### 7.9 CLEAN AIR ACT, 42 U.S.C. 7401-7671Q, AND THE FEDERAL WATER POLLUTION CONTROL ACT, 33 U.S.C. 1251-1387, AS AMENDED

Where applicable, Contract and subgrants of amounts in excess of \$150,000, must comply with the following:

##### Clean Air Act

1. The contractor agrees to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act, as amended, 42 U.S.C. § 7401 et seq.
2. The contractor agrees to report each violation to the Division of Purchase and Property and understands and agrees that the Division of Purchase and Property will, in turn, report each violation as required to assure notification to the Federal Emergency Management Agency, and the appropriate Environmental Protection Agency Regional Office.
3. The contractor agrees to include these requirements in each subcontract exceeding \$150,000 financed in whole or in part with Federal assistance provided by FEMA.

##### Federal Water Pollution Control Act

1. The contractor agrees to comply with all applicable standards, orders, or regulations issued pursuant to the Federal Water Pollution Control Act, as amended, 33 U.S.C. 1251 et seq.
2. The contractor agrees to report each violation to the Division of Purchase and Property and understands and agrees that the Division of Purchase and Property will, in turn, report each violation as required to assure notification to the Federal Emergency Management Agency, and the appropriate Environmental Protection Agency Regional Office.
3. The contractor agrees to include these requirements in each subcontract exceeding \$150,000 financed in whole or in part with Federal assistance provided by FEMA.

#### 7.10 DEBARMENT AND SUSPENSION (EXECUTIVE ORDERS 12549 AND 12689)

1. This contract is a covered transaction for purposes of 2 C.F.R. pt. 180 and 2 C.F.R. pt. 3000. As such, the contractor is required to verify that none of the contractor's principals (defined at 2 C.F.R. § 180.995) or its affiliates (defined at 2 C.F.R. § 180.905) are excluded (defined at 2 C.F.R. § 180.940) or disqualified (defined at 2 C.F.R. § 180.935).
2. The contractor must comply with 2 C.F.R. pt. 180, subpart C and 2 C.F.R. pt. 3000, subpart C, and must include a requirement to comply with these regulations in any lower tier covered transaction it enters into.
3. This certification is a material representation of fact relied upon by the State or authorized user. If it is later determined that the contractor did not comply with 2 C.F.R. pt. 180, subpart C and 2 C.F.R. pt. 3000, subpart C, in addition to remedies available to the State or authorized user, the Federal Government may pursue available remedies, including but not limited to suspension and/or debarment.
4. The bidder or proposer agrees to comply with the requirements of 2 C.F.R. pt. 180, subpart C and 2 C.F.R. pt. 3000, subpart C while this offer is valid and throughout the period of any contract that may arise from this offer. The bidder or proposer further agrees to include a provision requiring such compliance in its lower tier covered transactions.

#### 7.11 BYRD ANTI-LOBBYING AMENDMENT, 31 U.S.C. 1352

Contractors that apply or bid for an award exceeding \$100,000 must file the required certification. Each tier certifies to the tier above that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award covered by 31 U.S.C. 1352. Each tier must also disclose any lobbying with non-Federal funds that takes place in connection with obtaining any Federal award. Such disclosures are forwarded from tier to tier up to the non-Federal award. Such disclosures are forwarded from tier to tier up to the recipient who in turn will forward the certification(s) to the awarding agency.

## EXHIBIT A

### MANDATORY EQUAL EMPLOYMENT OPPORTUNITY LANGUAGE

N.J.S.A. 10:5-31 et seq. (P.L. 1975, c. 127)

N.J.A.C. 17:27 et seq.

### GOODS, GENERAL SERVICE AND PROFESSIONAL SERVICES CONTRACTS

During the performance of this contract, the contractor agrees as follows:

The contractor or subcontractor, where applicable, will not discriminate against any employee or applicant for employment because of age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex. Except with respect to affectional or sexual orientation and gender identity or expression, the contractor will ensure that equal employment opportunity is afforded to such applicants in recruitment and employment, and that employees are treated during employment, without regard to their age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex. Such equal employment opportunity shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Public Agency Compliance Officer setting forth provisions of this nondiscrimination clause.

The contractor or subcontractor, where applicable will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex.

The contractor or subcontractor will send to each labor union, with which it has a collective bargaining agreement, a notice, to be provided by the agency contracting officer, advising the labor union of the contractor's commitments under this chapter and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

The contractor or subcontractor, where applicable, agrees to comply with any regulations promulgated by the Treasurer pursuant to N.J.S.A. 10:5-31 et seq., as amended and supplemented from time to time and the Americans with Disabilities Act.

The contractor or subcontractor agrees to make good faith efforts to meet targeted county employment goals established in accordance with N.J.A.C. 17:27-5.2.

The contractor or subcontractor agrees to inform in writing its appropriate recruitment agencies including, but not limited to, employment agencies, placement bureaus, colleges, universities, and labor unions, that it does not discriminate on the basis of age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex, and that it will discontinue the use of any recruitment agency which engages in direct or indirect discriminatory practices.

The contractor or subcontractor agrees to revise any of its testing procedures, if necessary, to assure that all personnel testing conforms with the principles of job related testing, as established by the statutes and court decisions of the State of New Jersey and as established by applicable Federal law and applicable Federal court decisions.

In conforming with the targeted employment goals, the contractor or subcontractor agrees to review all procedures relating to transfer, upgrading, downgrading and layoff to ensure that all such actions are taken without regard to age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex, consistent with the statutes and court decisions of the State of New Jersey, and applicable Federal law and applicable Federal court decisions.

The contractor shall submit to the public agency, after notification of award but prior to execution of a goods and services contract, one of the following three documents:

Letter of Federal Affirmative Action Plan Approval;

Certificate of Employee Information Report; or

Employee Information Report Form AA302 (electronically provided by the Division and distributed to the public agency through the Division's website at [http://www.state.nj.us/treasury/contract\\_compliance](http://www.state.nj.us/treasury/contract_compliance)).

The contractor and its subcontractors shall furnish such reports or other documents to the Division of Purchase and Property, CCAU, EEO Monitoring Program as may be requested by the office from time to time in order to carry out the purposes of these regulations, and public agencies shall furnish such information as may be requested by the Division of Purchase and Property, CCAU, EEO Monitoring Program for conducting a compliance investigation pursuant to N.J.A.C. 17:27-1 et seq.

## EXHIBIT B

### MANDATORY EQUAL EMPLOYMENT OPPORTUNITY LANGUAGE

N.J.S.A. 10:5-31 et seq. (P.L. 1975, c. 127)

N.J.S.A. 10:5-39 et seq. (P.L. 1983, c. 197)

N.J.A.C. 17:27-1.1 et seq.

### CONSTRUCTION CONTRACTS

During the performance of this contract, the contractor agrees as follows:

The contractor or subcontractor, where applicable, will not discriminate against any employee or applicant for employment because of age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex. Except with respect to affectional or sexual orientation and gender identity or expression, the contractor will ensure that equal employment opportunity is afforded to such applicants in recruitment and employment, and that employees are treated during employment, without regard to their age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex. Such equal employment opportunity shall include, but not be limited to the following: employment, up grading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Public Agency Compliance Officer setting forth provisions of this nondiscrimination clause.

The contractor or subcontractor, where applicable will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex.

N.J.S.A. 10:5-39 et seq. requires contractors, subcontractors, and permitted assignees performing construction, alteration, or repair of any building or public work in excess of \$250,000 to guarantee equal employment opportunity to veterans.

The contractor or subcontractor will send to each labor union, with which it has a collective bargaining agreement, a notice, to be provided by the agency contracting officer, advising the labor union or workers' representative of the contractor's commitments under this act and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

The contractor or subcontractor, where applicable, agrees to comply with any regulations promulgated by the Treasurer, pursuant to N.J.S.A. 10:5-31 et seq., as amended and supplemented from time to time and the Americans with Disabilities Act.

When hiring or scheduling workers in each construction trade, the contractor or subcontractor agrees to make good faith efforts to employ minority and women workers in each construction trade consistent with the targeted employment goal prescribed by N.J.A.C. 17:27-7.2; provided, however, that the Dept. of LWD, Construction EEO Monitoring Program may, in its discretion, exempt a contractor or subcontractor from compliance with the good faith procedures prescribed by the following provisions, A, B and C, as long as the Dept. of LWD, Construction EEO Monitoring Program is satisfied that the contractor or subcontractor is employing workers provided by a union which provides evidence, in accordance with standards prescribed by the Dept. of LWD, Construction EEO Monitoring Program, that its percentage of active "card carrying" members who are minority and women workers is equal to or greater than the targeted employment goal established in accordance with N.J.A.C. 17:27-7.2. The contractor or subcontractor agrees that a good faith effort shall include compliance with the following procedures:

- (A) If the contractor or subcontractor has a referral agreement or arrangement with a union for a construction trade, the contractor or subcontractor shall, within three business days of the contract award, seek assurances from the union that it will cooperate with the contractor or subcontractor as it fulfills its affirmative action obligations under this contract and in accordance with the rules promulgated by the Treasurer pursuant to N.J.S.A. 10:5-31 et. seq., as supplemented and amended from time to time and the Americans with Disabilities Act. If the contractor or subcontractor is unable to obtain said assurances from the construction trade union at least five business days prior to the commencement of construction work, the contractor or subcontractor agrees to afford equal employment opportunities minority and women workers directly, consistent with this chapter. If the contractor's or subcontractor's prior experience with a construction trade union, regardless of whether the union has provided said assurances, indicates a significant possibility that the trade union will not refer sufficient minority and women workers consistent with affording equal employment opportunities as specified in this chapter, the contractor or subcontractor agrees to be prepared to provide such opportunities to minority and women workers directly, consistent with this chapter, by complying with the hiring or scheduling procedures prescribed under (B) below; and the contractor or subcontractor further agrees to take said action immediately if it determines that the union is not referring minority and women workers consistent with the equal employment opportunity goals set forth in this chapter.
- (B) If good faith efforts to meet targeted employment goals have not or cannot be met for each construction trade by adhering to the procedures of (A) above, or if the contractor does not have a referral agreement or arrangement with a union for a construction trade, the contractor or subcontractor agrees to take the following actions:
- (1) To notify the public agency compliance officer, the Dept. of LWD, Construction EEO Monitoring Program, and minority and women referral organizations listed by the Division pursuant to N.J.A.C. 17:27-5.3, of its workforce needs, and request referral of minority and women workers;
  - (2) To notify any minority and women workers who have been listed with it as awaiting available vacancies;
  - (3) Prior to commencement of work, to request that the local construction trade union refer minority and women workers to fill job openings, provided the contractor or subcontractor has a referral agreement or arrangement with a union for the construction trade;
  - (4) To leave standing requests for additional referral to minority and women workers with the local construction trade union, provided the contractor or subcontractor has a referral agreement or arrangement with a union for the construction trade, the State Training and Employment Service and other approved referral sources in the area;
  - (5) If it is necessary to lay off some of the workers in a given trade on the construction site, layoffs shall be conducted in compliance with the equal employment opportunity and non-discrimination standards set forth in this regulation, as well as with applicable Federal and State court decisions;
  - (6) To adhere to the following procedure when minority and women workers apply or are referred to the contractor or subcontractor:
    - (i) The contractor or subcontractor shall interview the referred minority or women worker.
    - (ii) If said individuals have never previously received any document or certification signifying a level of qualification lower than that required in order to perform the work of the construction trade, the contractor or subcontractor shall in good faith



determine the qualifications of such individuals. The contractor or subcontractor shall hire or schedule those individuals who satisfy appropriate qualification standards in conformity with the equal employment opportunity and non-discrimination principles set forth in this chapter. However, a contractor or subcontractor shall determine that the individual at least possesses the requisite skills, and experience recognized by a union, apprentice program or a referral agency, provided the referral agency is acceptable to the Dept. of LWD, Construction EEO Monitoring Program. If necessary, the contractor or subcontractor shall hire or schedule minority and women workers who qualify as trainees pursuant to these rules. All of the requirements, however, are limited by the provisions of (C) below.

(iii) The name of any interested women or minority individual shall be maintained on a waiting list, and shall be considered for employment as described in (i) above, whenever vacancies occur. At the request of the Dept. of LWD, Construction EEO Monitoring Program, the contractor or subcontractor shall provide evidence of its good faith efforts to employ women and minorities from the list to fill vacancies.

(iv) If, for any reason, said contractor or subcontractor determines that a minority individual or a woman is not qualified or if the individual qualifies as an advanced trainee or apprentice, the contractor or subcontractor shall inform the individual in writing of the reasons for the determination, maintain a copy of the determination in its files, and send a copy to the public agency compliance officer and to the Dept. of LWD, Construction EEO Monitoring Program.

(7) To keep a complete and accurate record of all requests made for the referral of workers in any trade covered by the contract, on forms made available by the Dept. of LWD, Construction EEO Monitoring Program and submitted promptly to the Dept. of LWD, Construction EEO Monitoring Program upon request.

(C) The contractor or subcontractor agrees that nothing contained in (B) above shall preclude the contractor or subcontractor from complying with the union hiring hall or apprenticeship policies in any applicable collective bargaining agreement or union hiring hall arrangement, and, where required by custom or agreement, it shall send journeymen and trainees to the union for referral, or to the apprenticeship program for admission, pursuant to such agreement or arrangement. However, where the practices of a union or apprenticeship program will result in the exclusion of minorities and women or the failure to refer minorities and women consistent with the targeted county employment goal, the contractor or subcontractor shall consider for employment persons referred pursuant to (B) above without regard to such agreement or arrangement; provided further, however, that the contractor or subcontractor shall not be required to employ women and minority advanced trainees and trainees in numbers which result in the employment of advanced trainees and trainees as a percentage of the total workforce for the construction trade, which percentage significantly exceeds the apprentice to journey worker ratio specified in the applicable collective bargaining agreement, or in the absence of a collective bargaining agreement, exceeds the ratio established by practice in the area for said construction trade. Also, the contractor or subcontractor agrees that, in implementing the procedures of (B) above, it shall, where applicable, employ minority and women workers residing within the geographical jurisdiction of the union.

After notification of award, but prior to signing a construction contract, the contractor shall submit to the public agency compliance officer and the Dept. of LWD, Construction EEO Monitoring Program an initial project workforce report (Form AA-201) electronically provided to the public agency by the Dept. of LWD, Construction EEO Monitoring Program, through its website, for distribution to and completion by the contractor, in accordance with N.J.A.C. 17:27-7.

The contractor also agrees to submit a copy of the Monthly Project Workforce Report once a month thereafter for the duration of this contract to the Dept. of LWD, Construction EEO Monitoring Program and to the public agency compliance officer.

The contractor agrees to cooperate with the public agency in the payment of budgeted funds, as is necessary, for on the job and/or off the job programs for outreach and training of minorities and women.

- (D) The contractor and its subcontractors shall furnish such reports or other documents to the Dept. of LWD, Construction EEO Monitoring Program as may be requested by the Dept. of LWD, Construction EEO Monitoring Program from time to time in order to carry out the purposes of these regulations, and public agencies shall furnish such information as may be requested by the Dept. of LWD, Construction EEO Monitoring Program for conducting a compliance investigation pursuant to N.J.A.C. 17:27-1.1 et seq.

## EXECUTIVE ORDER NO. 151 REQUIREMENTS

It is the policy of the Division of Purchase and Property that its contracts should create a workforce that reflects the diversity of the State of New Jersey. Therefore, contractors engaged by the Division of Purchase and Property to perform under a construction contract shall put forth a good faith effort to engage in recruitment and employment practices that further the goal of fostering equal opportunities to minorities and women.

The contractor must demonstrate to the Division of Purchase and Property's satisfaction that a good faith effort was made to ensure that minorities and women have been afforded equal opportunity to gain employment under the Division of Purchase and Property's contract with the contractor. Payment may be withheld from a contractor's contract for failure to comply with these provisions.

Evidence of a "good faith effort" includes, but is not limited to:

1. The Contractor shall recruit prospective employees through the State Job bank website, managed by the Department of Labor and Workforce Development, available online at <http://NJ.gov>/<http://NJ.gov/JobCentralNJ>;
2. The Contractor shall keep specific records of its efforts, including records of all individuals interviewed and hired, including the specific numbers of minorities and women;
3. The Contractor shall actively solicit and shall provide the Division of Purchase and Property with proof of solicitations for employment, including but not limited to advertisements in general circulation media, professional service publications and electronic media; and
4. The Contractor shall provide evidence of efforts described at 2 above to the Division of Purchase and Property no less frequently than once every 12 months.
5. The Contractor shall comply with the requirements set forth at N.J.A.C. 17:27.

This language is in addition to and does not replace good faith efforts requirements for construction contracts required by N.J.A.C. 17:27-3.6, 3.7 and 3.8, also known as Exhibit B.



# 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:

<b>Program and Performance Monitoring</b>	<b>Financial Monitoring / Grant Management</b>	<b>Integrity Monitoring / Anti-Fraud</b>
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
<b>A.</b>	<b>General Information</b>		
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>B.</b>	<b>Monitoring Activities</b>		
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.		
<b>C.</b>	<b>Miscellaneous</b>		
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:**

# 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)
<b>Inquiry 1</b>			
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?		

<b>Inquiry 2</b>			
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?		
<b>Inquiry 3</b>			
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?		
<b>Inquiry 4</b>			
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?		
<b>Inquiry 5</b>			
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)?		



<b>Inquiry 6</b>			
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?		
<b>Inquiry 7</b>			
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?		
<b>Inquiry 8</b>			
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?		
<b>Inquiry 9</b>			
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?		

<b>Inquiry 10</b>			
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?		
<b>Inquiry 11</b>			
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?		
<b>Inquiry 12</b>			
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

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
<b>C. Miscellaneous</b>			
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:
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## REVISED PRICE SCHEDULE

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

Refer to RFQ Section 3.0 (Scope of Work) for task requirements and deliverables and Section 4.1.4.1 (State-Supplied Price Sheet Instructions) for additional information regarding this Price Schedule.

**Bidder's Name:** \_\_\_\_\_

#### CATEGORY 1: PROGRAM AND PROCESS MANAGEMENT AUDITING

LINE #	STAFF CLASSIFICATIONS	YEAR 1 HOURLY RATE	YEAR 2 HOURLY RATE
1	Partner/Principal/Director	\$ _____	\$ _____
2	Program Manager	\$ _____	\$ _____
3	Project Manager	\$ _____	\$ _____
4	Supervisory/Senior Consultant	\$ _____	\$ _____
5	Consultant	\$ _____	\$ _____
6	Associate/Staff	\$ _____	\$ _____
7	Subject Matter Expert	\$ _____	\$ _____
8	Administrative Support	\$ _____	\$ _____

LINE #	Pass through Price Lines	YEAR 1	YEAR 2
9	Other Direct Costs		
10	Travel Expenses and Reimbursements		

- The State makes no guarantee of volume of work effort.
- The Pass-Through Price Lines shall be used to reimburse for Travel and Other Direct Costs in accordance with the terms of the Contractor's GSA Schedule(s) only. No mark-up will be provided for Price Lines 9 and 10.

Bidder's Name: \_\_\_\_\_

## CATEGORY 2: FINANCIAL AUDITING AND GRANT MANAGEMENT

LINE #	STAFF CLASSIFICATIONS	YEAR 1 HOURLY RATE	YEAR 2 HOURLY RATE
11	Partner/Principal/Director	\$ _____	\$ _____
12	Program Manager	\$ _____	\$ _____
13	Project Manager	\$ _____	\$ _____
14	Supervisory/Senior Consultant	\$ _____	\$ _____
15	Consultant	\$ _____	\$ _____
16	Associate/Staff	\$ _____	\$ _____
17	Subject Matter Expert	\$ _____	\$ _____
18	Administrative Support	\$ _____	\$ _____

LINE #	Pass through Price Lines	YEAR 1	YEAR 2
19	Other Direct Costs		
20	Travel Expenses and Reimbursements		

- The State makes no guarantee of volume of work effort.
- The Pass-Through Price Lines shall be used to reimburse for Travel and Other Direct Costs in accordance with the terms of the Contractor's GSA Schedule(s) only. No mark-up will be provided for Price Lines 19 and 20.

Bidder's Name: \_\_\_\_\_

### CATEGORY 3: INTEGRITY MONITORING/ANTI-FRAUD

LINE #	STAFF CLASSIFICATIONS	YEAR 1 HOURLY RATE	YEAR 2 HOURLY RATE
21	Partner/Principal/Director	\$ _____	\$ _____
22	Program Manager	\$ _____	\$ _____
23	Project Manager	\$ _____	\$ _____
24	Supervisory/Senior Consultant	\$ _____	\$ _____
25	Consultant	\$ _____	\$ _____
26	Associate/Staff	\$ _____	\$ _____
27	Subject Matter Expert	\$ _____	\$ _____
28	Administrative Support	\$ _____	\$ _____

LINE #	Pass through Price Lines	YEAR 1	YEAR 2
29	Other Direct Costs		
30	Travel Expenses and Reimbursements		

- The State makes no guarantee of volume of work effort.
- The Pass-Through Price Lines shall be used to reimburse for Travel and Other Direct Costs in accordance with the terms of the Contractor's GSA Schedule(s) only. No mark-up will be provided for Price Lines 29 and 30.

The Contractor is responsible for providing personnel with all necessary equipment to perform the services required in any Engagement issued under this contract. That cost is to be factored into the hourly rate.





# State of New Jersey

DEPARTMENT OF THE TREASURY  
DIVISION OF PURCHASE AND PROPERTY  
PROCUREMENT BUREAU  
33 WEST STATE STREET  
P. O. BOX 230  
TRENTON, NEW JERSEY 08625-0230  
<https://www.njstart.gov>

PHILIP D. MURPHY  
*Governor*

ELIZABETH MAHER MUOIO  
*Acting State Treasurer*

SHEILA Y. OLIVER  
*Lt. Governor*

MAURICE A. GRIFFIN  
*Acting Director*

**November 23, 2020**

**To: All Interested Bidders**

**Re: Change to Quote Due Date**  
**RFQ1465257S**  
**G4018 Integrity Oversight Monitoring: Program and Performance Monitoring,**  
**Financial Monitoring and Grant Management and Anti-Fraud Monitoring for COVID-19**  
**Recovery Funds and Programs**

**Original Quote Submission Due Date: December 2, 2020 (2:00 p.m. Eastern Time)**  
**REVISED Quote Submission Due Date: December 9, 2020 (2:00 p.m. Eastern Time)**

## **RFQ Addenda #1**

The following constitutes RFQ Addenda #1 to the above referenced RFQ:

- The Quote Submission Due Date has been changed from December 2, 2020 by 2:00 p.m. EST to **December 9, 2020 by 2:00 p.m. EST.**

It is the sole responsibility of the Bidder to be knowledgeable of all of the additions, deletions, clarifications, and modifications to the RFQ and/or the New Jersey Standard Terms and Conditions relative to this RFQ as set forth in all RFQ Addendum.

All other instructions, terms, and conditions of the RFQ shall remain the same.



# State of New Jersey

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*Governor*

ELIZABETH MAHER MUOIO  
*Acting State Treasurer*

SHEILA Y. OLIVER  
*Lt. Governor*

MAURICE A. GRIFFIN  
*Acting Director*

**December 03, 2020**

**To: All Interested Bidders**

**Re: Change to Quote Due Date**  
**RFQ1465257S**  
**G4018 Integrity Oversight Monitoring: Program and Performance Monitoring,**  
**Financial Monitoring and Grant Management and Anti-Fraud Monitoring for COVID-19**  
**Recovery Funds and Programs**

**Current Quote Submission Due Date: December 9, 2020 (2:00 p.m. Eastern Time)**  
**REVISED Quote Submission Due Date: December 18, 2020 (2:00 p.m. Eastern Time)**

## **RFQ Addenda #2**

The following constitutes RFQ Addenda #2 to the above referenced RFQ:

- The Quote Submission Due Date has been changed from December 9, 2020 by 2:00 p.m. EST to **December 18, 2020 by 2:00 p.m. EST.**

It is the sole responsibility of the Bidder to be knowledgeable of all of the additions, deletions, clarifications, and modifications to the RFQ and/or the New Jersey Standard Terms and Conditions relative to this RFQ as set forth in all RFQ Addendum.

All other instructions, terms, and conditions of the RFQ shall remain the same.



# State of New Jersey

PHILIP D. MURPHY  
*Governor*

DEPARTMENT OF THE TREASURY  
DIVISION OF PURCHASE AND PROPERTY  
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**December 7, 2020**

**To: All Interested Bidders**

**Re: RFQ1465257S  
G4018 Integrity Oversight Monitoring: Program and Performance Monitoring,  
Financial Monitoring and Grant Management and Anti-Fraud Monitoring for COVID-19  
Recovery Funds and Programs**

**Current Quote Submission Due Date: December 18, 2020 (2:00 p.m. Eastern Time)**

## **RFQ Addendum #3**

The following constitutes RFQ Addendum #3 to the above referenced RFQ:

- Answers to electronic questions submitted during the electronic Question and Answer period;
- Please note that for all additions, deletions, clarifications, and modifications to the RFQ, please refer to the Revised RFQ entitled "G4018 IM Revised RFQ 12/07/2020;" and
- Please refer to the Revised Price Schedule entitled "G4018 Revised Price Schedule 12/07/2020."

Revised/additional sections to the Bid Solicitation include:

- 3.4 Security Plan
- 4.2.9 Overview of Security Plan & Standards
- 5.13.1 Indemnification
- 5.14 Force Majeure Provision
- 9.0 State of NJ Standard Terms & Conditions

It is the sole responsibility of the Bidder to be knowledgeable of all of the additions, deletions, clarifications, and modifications to the RFQ and/or the New Jersey Standard Terms and Conditions relative to this RFQ as set forth in all Addendum.

All other instructions, terms, and conditions of the RFQ shall remain the same.

**RFQ1465257S**

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

**Answers to Questions**

Where applicable, each question references the appropriate RFQ section.

Note: Some questions have been paraphrased in the interest of readability and clarity.

#	Bid Solicitation Section Reference	Question (Bolded) and Answer
1	General	<p><b>Is a vendor eligible to bid on the RFQ that was posted on the GSA site, since [the vendor] is already approved for the IM waiver?</b></p> <p>Yes. A vendor that is already approved for the IM waiver is eligible to bid on the current RFQ.</p>
2	General	<p><b>Bidder wants to confirm if the bid was still active, along with the submission process, as [Bidder was] a little unclear on the instructions. Is an electronic quote on GSA eBuy the preferred method of submission, or would you prefer if we mail a hard copy of the documents to the address provided on the bid page?</b></p> <p>The State confirms that the bid is still active on GSA. The preferred method of Quote submission is to send the Quote to the email address provided in the RFQ, [REDACTED] by 2:00 PM on the date listed on the cover sheet of the RFQ. Electronic Quote submissions will also be accepted on GSA eBuy. Please refer to the Revised RFQ, entitled "G4018 IM Revised RFQ 12/07/2020," for more information.</p>
3	General	<p><b>Is [the vendor] allowed to respond to both RFQ's – (RFQ1465257S/G4018/Integrity Oversight Monitoring of COVID-19 Recovery Funds and Programs _ NJ/State of NJLIST); and the <u>previously responded to RFQ</u>: Integrity Oversight Monitoring of Coronavirus Relief Funds?</b></p> <p>Yes. Please refer to the answer to Question 1.</p>
4	General	<p><b>Does Treasury intend to add all COVID-19 activities to the RFQ we previously responded to?</b></p> <p>No, the State does not intend to add all COVID-19 activities to the RFQ that Bidders may have previously responded to. This RFQ excludes Section 5001 of the CARES Act, whereas the RFQ for Integrity Oversight Monitoring: Program and Performance Monitoring, Financial Monitoring and Grant Management and Anti-Fraud Monitoring for Coronavirus Relief Funds pursuant to Section 5001 of the Coronavirus Aid, Relief, and Economic Security (CARES) Act COVID-19 Recovery Funds and Programs includes Section 5001 of the CARES Act.</p>
5	General	<p><b>On September 11th Treasury issued an RFQ for: Integrity Oversight Monitoring: Program and Performance Monitoring, Financial Monitoring and Grant Management and Anti-Fraud Monitoring for Coronavirus Relief Funds pursuant to Section 5001 of the Coronavirus Aid, Relief, and</b></p>



#	Bid Solicitation Section Reference	Question (Bolded) and Answer
		<p><b>Economic Security (CARES) Act COVID-19 Recovery Funds and Programs with the intent to provide support services for the disbursement of Coronavirus Relief Funds pursuant to section 5001 of the Coronavirus Aid, Relief, and Economic Security (CARES) Act.</b></p> <p><b>This RFQ is for Federally-Based Contracts (Professional Services Schedule 1) for Integrity Oversight Monitoring: Program and Performance Monitoring, Financial Monitoring and Grant Management and Anti-Fraud Monitoring for COVID-19 Recovery Funds and Programs with the intent that the purpose “shall not include funds awarded to the State pursuant to Section 5001 of the Coronavirus Aid, Relief and Economic Security Act. Pub. L. 116-136”</b></p> <p><b>A. Will the State please clarify if this procurement is being solicited under the GSA Professional Services Schedule?</b></p> <p>Yes. This procurement is being solicited under the GSA Professional Services Schedule under SINs 541611, 541211, and Ancillary SINs as defined by GSA eBuy. Please see the Revised RFQ entitled, “G4018 IM Revised RFQ 12/07/2020.”</p> <p><b>B. Will the State please explain why this new procurement is being issued separately from that one?</b></p> <p>Section 5001 of the CARES Act has a December 30, 2020 expenditure deadline, and this new procurement does not include Section 5001 of the CARES Act. Therefore, this RFQ is being issued separately to not hold the State to the December 30, 2020 deadline for Section 5001 of the CARES Act.</p> <p><b>C. Is [the] intent of the new RFQ to provide integrity monitoring services overseeing spending of other federal funding – different from the first two stimulus bill and potentially new federal funding sources still being debated by Congress?</b></p> <p>The intent of the new RFQ is to provide Integrity Monitoring Services to oversee CARES Act funding to date, excluding Section 5001 of the CARES Act, and other federal funding sources.</p> <p><b>4. Is the intent of Treasury to award two different contracts that would focus on either CARES Act funded programs or any other federal program (not supported by the CARES Act)?</b></p> <p>Yes. Please see the above answer.</p>
6	General	<p><b>We have become aware of RFQ1465257S Integrity Oversight Monitoring of COVID-19 Recovery Funds and Programs – NJ due on Dec. 18 at 2pm. Does this RFQ supersede RFQ Integrity Oversight Monitoring: Program and Performance Monitoring, Financial Monitoring and Grant Management and Anti-Fraud Monitoring for Coronavirus Relief Funds pursuant to Section 5001 of the Coronavirus Aid, Relief, and Economic Security (CARES) Act COVID-19 Recovery Funds and Programs submitted Sept 23, 2020 to NJ Department of Treasury? Or is this a separate procurement replacing the original?</b></p>



#	Bid Solicitation Section Reference	Question (Bolded) and Answer
		This does not supersede the RFQ for Integrity Oversight Monitoring: Program and Performance Monitoring, Financial Monitoring and Grant Management and Anti-Fraud Monitoring for Coronavirus Relief Funds pursuant to Section 5001 of the Coronavirus Aid, Relief, and Economic Security (CARES) Act COVID-19 Recovery Funds and Programs. This is a separate procurement.
7	General	<p><b>Can you provide details regarding with NJ State agencies will be receiving COVID-19 Recovery Funds from this program and for what amounts?</b></p> <p>Yes. This information can be found online on the Transparency Website at the following link: <a href="https://nj.gov/covid19oversight/">https://nj.gov/covid19oversight/</a></p>
8	General	<p><b>If a bidding firm plans on using sub-consultants, can that firm submit separate rates for those sub-consultants or is the State looking for one blended rate by level, by category?</b></p> <p>The State is expecting one hourly rate for each price line. Please see the Revised Price Schedule entitled "G4018 Revised Price Schedule 12/07/2020."</p>
9	General	<p><b>Is there anything precluding a vendor who was selected to the CRF Integrity Monitoring pool from bidding on this Non-CRF RFQ?</b></p> <p>No. There is nothing precluding a vendor that was selected to the CRF Integrity Monitoring pool from bidding on this Non-CRF RFQ.</p>
10	General	<p><b>Why has the State released two separate RFQs for Integrity Oversight Monitoring for COVID-19 Recovery Funds and Programs, and why has the State issued this particular RFQ under through GSA?</b></p> <p>The different procurement methods are due to associated deadlines for the use of the different funds.</p>
11	General	<p><b>Would the State please confirm the location of where the work will be performed?</b></p> <p>Locations will be determined by Using Agencies at the time of engagement.</p>
12	General	<p><b>Would the State please confirm whether it will provide any equipment for performing the requested services? If not, in the contrary, will the Bidder be able to use their own equipment? If so, are there any specific security requirements?</b></p> <p>No equipment will be provided for performing the requested services. The Bidder will be able to use its own equipment. Specific security requirements will be addressed by the Using Agencies when the Contractor is being engaged.</p>
13	General	<p><b>Would the State please confirm whether there is a small business requirement?</b></p> <p>There is no small business requirement for this RFQ.</p>



#	Bid Solicitation Section Reference	Question (Bolded) and Answer
14	General	<p><b>Given the Coronavirus Relief Fund deadline is December 30, 2020, what is the expectation for services beyond that date? What funding mechanism will be used beyond that date?</b></p> <p>This RFQ excludes section 5001 of the CARES Act, which has the December 30, 2020 expenditure deadline and similar services for section 5001 have been separate procured. Contractors will be expected to continue to provide services after December 30, 2020, since this RFQ does not include Section 5001 of the Cares Act. Funding comes from the CARES Act and other federal funding, excluding Section 5001 of the CARES Act.</p>
15	General	<p><b>Do you intend to make this award as a task order under an active GSA FSS agreement? Please advise as soon as possible.</b></p> <p>Please see the revised RFQ entitled, "G4018 IM Revised RFQ 12/07/2020." Quotes will only be accepted from Bidders with an active GSA contract under SIN 541611, 541211, or Ancillary SINs as defined by GSA eBuy.</p>
16	RFQ Page Number 1; Section: Coversheet	<p><b>The RFQ indicates that this is a "Federally-Based Contracts Request for Quotation." Is there a specific GSA Schedule that this contract is being procured off of? If yes, which GSA Schedule?</b></p> <p>This contract is being procured off the GSA Professional Services Schedule under SINs 541611, 541211, and Ancillary SINs as defined by GSA eBuy.</p>
17	Page 6, Section 1.2	<p><b>How many bidders do you expect to join the pool of Integrity Monitors? Said otherwise, how many awards are expected?</b></p> <p>There is the potential for any Bidder who submits a responsive Quote to this RFQ to receive an award to join the pool of Integrity Monitors. The State does not anticipate a specific number of awards, but the State is also not limiting the number of awards.</p>
18	RFQ Page Number 6, 7; Section 1.2.1 Engagement Process	<p><b>When does the State anticipate determining the pool of qualified contractors?</b></p> <p>A Notice of Intent to award will be issued once the evaluation is complete and the intended award complies with the Division's statutes and regulations.</p>
19	Page 6, Section 1.2.1 Engagement Process	<p><b>Can an explanation be provided on why liquidated damages are necessary for project of this nature?</b></p> <p>The Liquidated Damage provision will be set forth in the scope of work of the Engagement Query for competitive price quotes that will be sent from the State Contract Manager to the Integrity Monitors in the appropriate pool in accordance with Section 1.2.1 Engagement Process. The applicability of performance standards themselves will vary depending upon the specific scope of work included in the request for competitive price quotes.</p>
20	Page 6, Section 1.2.1 Engagement Process	<p><b>How will an Agency Contract Manager determine which milestones, timelines, standards, or deliverables are subject to liquidated damages?</b></p>



#	Bid Solicitation Section Reference	Question (Bolded) and Answer
		The Liquidated Damage provision will be set forth in the scope of work of the Engagement Query for competitive price quotes that will be sent from the State Contract Manager to the Integrity Monitors in the appropriate pool in accordance with Section 1.2.1 Engagement Process. The applicability of liquidated damages and performance standards themselves will vary depending upon the specific scope of work included in the request for competitive price quotes.
21	Page 6, Section 1.2.1 Engagement Process	<p><b>What protections from liquidated damages are in place for a contractor awarded work under this contract for delays not caused by the contractor, such as agency delays in providing materials, etc.?</b></p> <p>Please see Section 5.14 in the revised RFQ entitled, "G4018 IM Revised RFQ 12/07/2020."</p>
22	Page 6 & 7, Section 1.2.1	<p><b>What are the expectations of size and timing of task orders/engagements?</b></p> <p>The expectations of size and timing of task orders and/or engagements are to be determined by Using Agencies at time of engagement.</p>
23	Section 1.4.3 Contents of Quote Page 8	<p><b>Bidder recognizes that it is the State's sole responsibility to determine whether information set forth in the proposal must be released in accordance with applicable laws. Accordingly, the bidder cannot release or indemnify the State for any failure to release or withhold information to the extent required by law.</b></p> <p><b>Bidder proposes the following deletion and addition [in red] to Section 1.4.3, Contents of Quote:</b></p> <p><b>"The State reserves the right to make the determination as to what is proprietary or confidential and will advise the Bidder accordingly. Any proprietary and/or confidential information in a Quote will be redacted by the State. The State will not honor any attempt by a Bidder to designate its entire Quote and/or prices as proprietary, confidential, and/or to claim copyright protection for its entire Quote. Copyright law does not prohibit access to a record which is otherwise available under OPRA. <del>In the event of any change to the Bidder's assertion of confidentiality with which the State does not concur, the Bidder shall be solely responsible for defending its designation, but in doing so, costs and expenses associated therewith shall be the responsibility of the Bidder. The State assumes no such responsibility or liability.</del></b></p> <p><b>A Bidder shall not designate any price lists and/or catalogs submitted as exempt from public disclosure as the same must be accessible to State Using Agencies and Cooperative Purchasing Program participants (if the RFQ has been extended to these participants) and thus must be made public to allow all eligible purchasing entities access to the pricing information on each as may be subject to any additional and/or modified terms and conditions contained in a separate Letter of Engagement."</b></p> <p>The State does not accept this proposed modification. The State requires the Bidder to be responsible for costs associated with defending Bidder's</p>



#	Bid Solicitation Section Reference	Question (Bolded) and Answer
		confidentiality assertions when the State has advised the Bidder that the State does not agree with such assertions.
24	RFQ Page Number 12; Section 2.3 Contract Specific Definitions/Acronyms	<p><b>The “Contract Specific Definitions/Acronyms” includes definitions for Coronavirus Relief Funds (CRF), COVID-19 Recovery Funds, and COVID-19 Recovery Programs. Can you please provide a comprehensive list of the different type of funding sources that will be monitored?</b></p> <p>Yes. This information can be found on the State’s Transparency Website at the following link: <a href="https://nj.gov/covid19oversight/">https://nj.gov/covid19oversight/</a></p>
25	Section 2.3 Contract Specific Definitions/Acronyms	<p><b>Bidder proposes the addition of the following definitions and terms to the contract:</b></p> <p><b><u>Limitation of Liability:</u></b> Notwithstanding anything else in this contract to the contrary, including all attachments, the liability of the contractor on account of any actions, damages, claims, liabilities, costs, expenses, or losses in any way arising out of or relating to the services performed under the contract shall be limited to the amount of fees paid or owing to the contractor under the contract. In no event shall the contractor be liable for consequential, special, indirect, incidental, punitive or exemplary damages, costs, expenses, or losses (including, without limitation, lost profits and opportunity costs). The provisions of this paragraph shall apply regardless of the form of action, damage, claim, liability, cost, expense, or loss asserted, whether in contract, statute, rule, regulation, or tort (including but not limited to negligence) or otherwise, and shall survive contract termination or expiration.</p> <p>The State does not accept this proposed modification. The proposed modification conflicts with RFQ Section 5.13.1.</p> <p><b><u>Management Decisions:</u></b> The State acknowledges and agrees that the contractor’s services may include advice and recommendations; but all decisions in connection with the implementation of such advice and recommendations shall be the responsibility of, and made by, the State. Contractor will not perform management functions or make management decisions for the State.</p> <p>The State does not accept this proposed modification. Terms and conditions on publicly bid procurements must be consistent for all potential Bidders.</p> <p><b><u>Third Party Usage:</u></b> The State acknowledges and agrees that any advice, recommendations, information, Deliverables, or other work product (“Advice”) provided by the contractor in connection with the services under the contract is intended for the State’s sole benefit and the contractor does not authorize any party other than the State to benefit from or rely upon such Advice, or make any claims against the contractor relating thereto. Any such benefit or reliance by another party shall be at such party’s sole risk. Contractor may, in its sole discretion, mark such Advice to reflect the foregoing. Except for disclosures that are required by law or that are expressly permitted by this contract, the State will not disclose, or permit, access to such Advice to any third party without the contractor’s prior written consent.</p>



#	Bid Solicitation Section Reference	Question (Bolded) and Answer
		<p>The State does not accept this proposed modification. The obligations of the parties with respect to disclosure of confidential information are set forth in RFQ Section 5.8.</p> <p><b>California Accountancy Act:</b> For engagements where services will be provided by the contractor through offices located in California, the State acknowledges that certain of the contractor's personnel who may be considered "owners" under the California Accountancy Act and implementing regulations (California Business and Professions Code section 5079(a); 16. Cal. Code Regs. Sections 51 and 51.1) and who may provide services in connection with this engagement, may not be licensed as certified public accountants under the laws of any of the various states.</p> <p>The State does not accept this proposed modification. Terms and conditions on publicly bid procurements must be consistent for all potential Bidders.</p> <p><b>Electronic Communications:</b> The contractor and State may communicate with one another by electronic mail or otherwise transmit documents in electronic form during the course of this engagement. Each party accepts the inherent risks of these forms of communication (including the security risks of interception of or unauthorized access to such communications, the risks of corruption of such communications, and the risks of viruses or other harmful devices). State agrees that the final hardcopy or electronic version of a document, including a Deliverable, or other written communication that the contractor transmits to the State shall supersede any previous versions transmitted by the contractor to the State.</p> <p>The State does not accept this proposed modification. Terms and conditions on publicly bid procurements must be consistent for all potential Bidders.</p> <p><b>Active Spreadsheets and Electronic Files:</b> The contractor may use models, electronic files and spreadsheets with embedded macros created by contractor to assist contractor in providing the services under the contract. If State requests a working copy of any such model, electronic file or spreadsheet, the Contractor may, at its discretion, make such item available to State for its internal use only on an as-is basis and such item shall be considered a Deliverable; provided that State is responsible for obtaining the right to use any third party products necessary to use or operate such item. Contractor retains ownership of and all rights in such models, electronic files, and/or spreadsheets with embedded macros; except for the State data contained therein.</p> <p>The State does not accept this proposed modification. The Bidder's concern is addressed by RFQ Section 5.7, Ownership.</p> <p><b>Use of Vendors:</b> State acknowledges and agrees that in connection with the performance of services under the contract, contractor and its member firms, in their discretion or at State's direction, may utilize the services of third parties within and outside of the United States to complete the services under the contract. State further acknowledges and agrees that contractor-controlled parties, member firms of [bidder], and other third party service providers (collectively, "Vendors") may</p>



#	Bid Solicitation Section Reference	Question (Bolded) and Answer
		<p>have access to Confidential Information from offshore locations, and that the contractor uses Vendors within and outside of the United States to provide at contractor's direction administrative or clerical services to contractor. These Vendors may in the performance of such services have access to State's Confidential Information. Contractor represents to State that with respect to each Vendor, contractor has technical, legal and/or other safeguards, measures and controls in place to protect Confidential Information of State from unauthorized disclosure or use. Contractor shall be responsible to State for contractor-controlled, member firms or Vendor's failure to comply.</p> <p>The State declines to amend the RFQ as requested. As a Contract primarily for the performance of services, all services shall be performed in the United States, see N.J.S.A 52:34-13.2. Please refer to RFQ Sections 7.1.2, 7.1.2.1, and State of New Jersey Standard Terms and Conditions (SSTC) Section 3.6. Pursuant to Revised RFQ Section 3.4.6, "The Contractor must not store or transfer State of New Jersey data outside of the United States." Additionally, please refer to SSTC Section 5.8(a) of the RFQ regarding the use of subcontractors.</p> <p><b>Volume Rebates:</b> Where contractor is reimbursed for expenses, contractor's policy is to bill clients the amount incurred at the time the good or service is purchased. If contractor subsequently receives a volume rebate or other incentive payment from a vendor relating to such expenses, contractor does not credit such payment to its clients. Instead, contractor applies such payments to reduce its overhead costs, which costs are taken into account in determining contractor's standard billing rates and certain transaction charges that may be charged to clients.</p> <p>The State does not accept this proposed modification. Terms and conditions on publicly bid procurements must be consistent for all potential Bidders.</p> <p><b>State Vendors and Conflicts:</b> The State is aware that contractor may be providing assurance, tax and/or advisory services to other actual or potential contractors of the State. Contractor will perform an internal search for any potential client conflicts relating to any of the State's contractors identified by the State as having a role in connection with contractor's performance of this contract. The State hereby agrees that a contractor's status as the contractor's client does not impact contractor's engagement to perform this contract. However, contractor is a large firm that is engaged by new clients on a daily basis and as a result it cannot guarantee that, following its conflict search, an engagement for any other related party will not be accepted somewhere else in contractor's firm. Should any new information come to contractor's attention, contractor will promptly inform the State. Contractor shall perform this contract in accordance with applicable professional standards.</p> <p>The State does not accept this proposed modification. Terms and conditions on publicly bid procurements must be consistent for all potential Bidders.</p> <p><b>Disputes:</b> The parties agree that any dispute or claim arising out of or relating to the contract or the services provided thereunder shall first be</p>



#	Bid Solicitation Section Reference	Question (Bolded) and Answer
		<p>submitted to non-binding mediation as a prerequisite to litigation. Mediation may take place at a location to be designated by the parties using the Mediation Procedures of the International Institute for Conflict Prevention and Resolution, with the exception of paragraph 2 (Selecting the Mediator). If, after good faith efforts, the parties are unable to resolve their dispute through mediation within ninety (90) days after the issuance by one of the parties of a request for mediation, then the parties are free to pursue all other legal and equitable remedies available to them. Nothing herein shall preclude contractor from filing a timely formal claim in accordance with applicable New Jersey law provided, however, that contractor shall, if permitted, seek a stay of said claim during the pendency of any mediation. Either party may seek to enforce any written agreement reached by the parties during mediation in any court of competent jurisdiction.</p> <p>The State does not accept this proposed modification. Pursuant to RFQ Section 8.1.2, the State Contract Manager has the initial responsibility to resolve any disputes that may arise between the parties during the Contract.</p> <p><b>Export Control:</b> Contractor and State acknowledge and agree that each shall comply with all applicable United States export control laws and regulations in the performance of each party's respective activities under the contract. State shall not provide contractor, or grant contractor access to, (a) information (including technical data or technology), verbally, electronically, or in hardcopy, (b) software or (c) hardware, that is controlled for export by the United States government under the Arms Export Control Act of 1976, Export Administration Act of 1979, the International Traffic in Arms Regulations(" ITAR "), Export Administration Regulations(" EAR"), Department of Energy Part 810 Regulations or Nuclear Regulatory Commission Part 110 Regulations, except information, software or hardware that is classified as EAR99 under the EAR.</p> <p>The State does not accept this proposed modification. However, the State will comply with applicable Federal laws and regulations in the performance of its respective activities under the contract.</p>
26	Page 12, Section 2.3 Contract Specific Definitions/Acronyms	<p><b>Contract Specific Definitions/Acronyms</b> reads, “COVID-19 Recovery Funds – funds, except for CRF, awarded to the State pursuant to the Coronavirus Aid, Relief, and Economic Security Act, Pub. L. 116-136 or subsequent federal legislation to assist the State with economic recovery from the COVID-19 pandemic.” Can you please confirm that Coronavirus Relief Funds (CRF) are not included in the scope?</p> <p>The State confirms that Coronavirus Relief Funds (CRF) are not included in the scope of work. Section 5001 of the CARES Act is excluded from this RFQ.</p>
27	Reference: 3.1 General Tasks/Page 14	<p><b>“In addition, the Contractor shall conduct on-site monitoring visits.” Will on-site visits be performed or restricted during the COVID-19 Pandemic?</b></p> <p>On-site visits will be determined by Using Agencies at the time of engagement. If on-site visits are required, the on-site visit will have to adhere to the State’s COVID-19 protocols.</p>



#	Bid Solicitation Section Reference	Question (Bolded) and Answer
		<p><b>If yes, will other reviews such as focused and comprehensive desk reviews, be allowable in lieu of the field reviews?</b></p> <p>Yes, focused and comprehensive desk reviews will be allowable in lieu of field reviews and will be determined by Using Agencies at the time of engagement</p>
28	Page 14, Section 3.1	<p><b>Page 14, Section 3.1 states “in addition, the Contractor shall conduct on-site monitoring” is it the State’s expectation that the Contractor will be traveling to the State to conduct monitoring and other activities or will the work be performed remotely?</b></p> <p>Please see the answer to Question 27.</p>
29	Page 15, Section 3.1.1	<p><b>Approximately how many programs and/or grants are included in this project?</b></p> <p>This information is readily available on the State’s Transparency website, at the following link: <a href="https://nj.gov/covid19oversight/">https://nj.gov/covid19oversight/</a>.</p>
30	Page 15, Section 3.1.1	<p><b>Is the contractor required to respond to all three categories?</b></p> <p>No, the Contractor is not required to respond to all three (3) categories. A Contractor can be awarded for one (1) or multiple categories, based on the Contractor’s response to the RFQ.</p>
31	Section 3.1.1.1 Category 1 – Program and Process Management	<p><b>The scope of work reads that the consultant will be responsible for the “Development of processes, controls and technologies to support the execution of Section 5001 of the CARES Act funded programs in compliance with Federal and State guidance, including OMB Circulars” however the Purpose and Intent reads that the purpose “shall not include funds awarded to the State pursuant to Section 5001 of the Coronavirus Aid, Relief and Economic Security Act. Pub. L. 116-136.” Please clarify.</b></p> <p>This RFQ excludes Section 5001 of the CARES Act. Please see the Revised RFQ, entitled “G4018 IM Revised RFQ 12/07/2020,” for more information.</p>
32	Section 3.1.1.1 Category 1 – Program and Process Management	<p><b>Similarly, subsection (h) reads: “Consulting services providing Subject Matter Expert (SME) knowledge of required standards for related monitoring and financial standards under Section 5001 of the CARES Act and other federal funding, as applicable.” Please clarify the inconsistency with the Purpose and Intent.</b></p> <p>This RFQ excludes Section 5001 of the CARES Act. Please see the Revised RFQ, entitled “G4018 IM Revised RFQ 12/07/2020,” for more information.</p>
33	Section 3.1.1.2 Category 2 Subsection c – Financial Auditing of Grant Management Page 15	<p><b>“Provide tools to be used by Using Agencies for the assessment of the performance of the financial transaction processes.” Can the Agency provide a list of tool(s) currently used for the performance assessment of the financial transaction processes?</b></p>



#	Bid Solicitation Section Reference	Question (Bolded) and Answer
		The State cannot provide a current list of tool(s) used for the performance assessment because it is determined by the Using Agency at time of engagement.
34	Section 3.1.1.3 Category 3 Subsection f – Integrity Monitoring/Anti-Fraud Page 16	<p><b>“The Contractor shall have the ability to provide integrity monitoring services for professional specialties such as engineering and structural integrity services, etc. either directly or through a subcontractor relationship.” Can the Agency further define its definitions of solutions and/or tools utilized for engineering and structural integrity services?</b></p> <p>The State cannot further define its definitions of solutions and/or tools utilized for engineering and structural integrity services because it is determined by the Using Agency at time of engagement.</p>
35	Page 16 3.1.1.3 Category 3 – Integrity Monitoring/Anti-Fraud	<p><b>The last paragraph allows for professional specialties to be subcontracted. Do such subcontractor need to be identified in the proposal in response to this RFP?</b></p> <p>Pursuant to Section 4.1.1.3 of the RFQ, Subcontractor Utilization Plan, Bidders that intend to use a Subcontractor shall submit a Subcontractor Utilization Plan form and should indicate whether any proposed Subcontractor is a small business.</p> <p>For Quotes that do not include the use of any subcontractors, by signing the RFQ Offer and Acceptance Page, the Bidder automatically certifies that in the event the award is granted to the Bidder, and the Bidder later determines at any time during the term of the Contract to engage subcontractors, pursuant to Section 5.8 of the SSTC, the Bidder shall then submit a Subcontractor Utilization Plan form for approval to the Division in advance of any such engagement of subcontractors.</p>
36	Section 3.1.2.1 Category 3 – Integrity Monitor/Anti-Fraud	<p><b>The Scope of Work includes a referenced service to include: The Contractor shall have the ability to provide integrity monitoring services for professional specialties such as engineering and structural integrity services, etc. either directly or through a subcontractor relationship.</b></p> <p><b>A. Please clarify the specialty role for professional engineering services relative to this Task.</b></p> <p>Specialty roles for professional engineering services would be specific to the Using Agency and would be identified at time of engagement.</p> <p><b>B. Please clarify the structural integrity services and if those services related to professional structural engineering.</b></p> <p>Structural integrity services and services related to professional structural engineering would be specific to the Using Agency and would be identified at time of engagement.</p>
37	Page 17, Section 3.2	<p><b>Regarding litigation services, will you require legal services or support?</b></p> <p>Please refer to Section 3.2 of the Revised RFQ entitled, “G4018 IM Revised RFQ 12/07/2020.”</p>



#	Bid Solicitation Section Reference	Question (Bolded) and Answer
38	Section 4.1 General Page 18	<p>This revision is necessary as Bidder offers exceptions and assumptions in [their] proposal.</p> <p>Bidder proposes the following addition [in red] to Section 4.1, General:</p> <p>“A Bidder may submit additional terms as part of its Quote and Quotes including Bidder proposed terms and conditions may be accepted, but Bidder proposed terms or conditions that conflict with those contained in the RFQ as defined in Section 2.0, or that diminish the State’s rights under any Contract resulting from the RFQ, may render a Quote non-responsive. It is incumbent upon the Bidder to identify and remove its conflicting proposed terms and conditions prior to Quote submission.</p> <p>After award of the Contract, if a conflict arises between a Bidder’s additional terms included in the Quote and a term or condition of the RFQ, the term or condition of the RFQ will prevail, <b>except as and to the extent the Quote references or modifies any provision of this RFQ by the exceptions taken or assumptions offered therein, which will control to the extent necessary to resolve the conflict.</b></p> <p>The forms discussed herein and required for submission of a Quote in response to this RFQ are available on the Division’s website unless noted otherwise.”</p> <p>The State does not accept this proposed modification. Terms and conditions on publicly bid procurements must be consistent for all potential Bidders. As such, all requests for changes to the RFQ requirements and terms and conditions must be raised during the Question and Answer (“Q&amp;A”) period as described in Section 1.3. After the Q&amp;A period, the State will post the Questions and Answers, and, in the event that changes are made in response to Questions, a Revised RFQ and/or Price Sheet. This process ensures a level playing field for all Bidders.</p> <p>Should the Bidder submit exceptions and/or additional terms with its Quote, the State will review same as described in RFQ Section 4.1. However, this submission of exceptions in the Quote may result in the Quote being deemed nonresponsive.</p> <p>There will be no negotiation of terms and conditions after the Question and Answer process is complete, after Notice of Intent to Award is issued or after a final award is made. See Section 1.3 and Section 4.1.</p>
39	Page 20, Section 4.1.1.3 Subcontractor Utilization Plan	<p><b>Is there a goal for small business or disabled veteran-owned business for this RFQ response?</b></p> <p>There is no goal for small business or disabled veteran-owned business for this RFQ response.</p>
40	Page 20, Section 4.1.1.3 Subcontractor Utilization Plan	<p><b>If there is a goal for small business or disabled veteran-owned business, is the disclosure of subcontractors required in the proposal?</b></p> <p>There is no goal for small business or disabled veteran-owned business. However, pursuant to Section 4.1.1.3, Subcontractor Utilization Plan, Bidders intending to use a Subcontractor shall submit a Subcontractor Utilization Plan</p>



#	Bid Solicitation Section Reference	Question (Bolded) and Answer
		form and should indicate whether any proposed Subcontractor is a Small Business.
41	Page 21, Section 4.1.2.1	<p><b>The solicitation states that a Bidder and its named Subcontractors must have a valid Business Registration Certificate (BRC) issued by the Department of the Treasury, Division of Revenue and Enterprise Services prior to the award of a contract. To facilitate the quote evaluation and contract award process, the bidder should submit a copy of its valid BRC and those of any named Subcontractors with its Quote. Would the State please confirm whether that, if a bidder does not currently have a BRC, is it acceptable for a Bidder to submit evidence of its application for a BRC with its quote?</b></p> <p>The State confirms that, if a Bidder does not currently have a BRC, it is acceptable for a Bidder to submit evidence of its application for a BRC with its quote. Section 4.1.2.1, Business Registration, states that the bidder “must be so registered and in possession of a valid BRC by a deadline to be specified in writing by the Division.”</p> <p>A BRC is required for Contract award and must be obtained by the Bidder prior to contract award.</p>
42	Page 22, RFQ Section 4.1.3 Financial Capability of the Bidder	<p><b>[Bidder] is very interested in submitting a bid on the Integrity Monitor opportunity for the State of New Jersey, however there is a general requirement that is likely a general NJ procurement requirement that [Bidder] wanted to seek clarification on in order to confirm that [Bidder] could submit a bid without being deemed non-compliant. [Bidder] is a privately held limited liability partnership and [Bidder's] financial statements are not publicly disclosed. Would the government accept a letter from the [Bidder's] CFO describing [Bidder's] legal structure, history, size (# offices, personnel, geographies), total assets, tangible net worth, total revenues and assertion to [Bidder's] recent years profitability. [Bidder] believe[s] this would satisfy NJ's ability to assess [Bidder's] financial strength and creditworthiness and [Bidder's] ability to undertake and successfully complete the contract.</b></p> <p><b>[Bidder] want[s] to ensure that this will be acceptable.</b></p> <p>While this is acceptable, Audited Financial Statements are the most preferred form of documentation as they allow NJ to make the clearest judgement of financial health. If alternate forms are being provided, please note that the better and more detailed the information that is included in them will allow the State to make the most reliable evaluation.</p>
43	Page 22, RFQ Section 4.1.3 Paragraph B	<p><b>The solicitation requires audited or reviewed financial statements for privately held companies. As a certified public accounting (CPA) firm, we prepare financial statements for our business on a regular basis, but we do not have them audited or reviewed by another CPA firm. Would the State please confirm whether it is acceptable for the Bidder to submit internally generated financial statements without audit or review by another CPA firm?</b></p> <p>This is acceptable; however, the internal statements must be approved by the management/CFO.</p>



#	Bid Solicitation Section Reference	Question (Bolded) and Answer
44	Section 4.1.4 State Supplied Price Sheet	<p><b>Please confirm if the bullet on page 1 of the Price Schedule “The Pass-Through Price Lines shall be used to reimburse for Travel and Other Direct Costs only. No mark-up will be provided for Price Lines 10 and 11” should indicate the following “The Pass-Through Price Lines shall be used to reimburse for Travel and Other Direct Costs only. No mark-up will be provided for Price Lines 9 and 10.”</b></p> <p>That is correct. Please refer to the Revised Price Sheet entitled, “G4018 Revised Price Schedule 12/07/2020”.</p>
45	Section 4.1.4 State Supplied Price Sheet	<p><b>Please confirm if the State is looking for an hourly rate to be included in line items 9, 10, of Category 1 Price Schedule, line items 19, 20 of Category 2 Price Schedule, and line items 29, 30 of Category 3 Price Schedule. If not, please explain what type of rate information the State is looking for in these sections.</b></p> <p>No. Please refer to the Revised RFQ entitled, “G4018 IM Revised RFQ 12/07/2020” Section 4.1.4.1 and the Revised Price Sheet entitled “G4018 Revised Price Schedule 12/07/2020.”</p>
46	Page 24, RFQ Section 4.2.4	<p><b>The solicitation states that the Bidder must include information relating to its organization, personnel, and experience, including, but not limited to, references, together with contact names and telephone numbers, evidencing the Bidder’s qualifications and its ability to perform the services required by this RFQ. Would the State please confirm whether there is a minimum or maximum number of references that the State is seeking to obtain from each Bidder?</b></p> <p>Pursuant to RFQ Section 4.2.4, at least one (1) reference with the required information must be provided. However, there is no maximum number of references that should be submitted with the Quote. The Bidder should submit the number of references that reflect the expertise and experience of the Bidder with contracts that are of similar size and scope.</p> <p><b>Additionally, if the Bidder is proposing the use of subcontractors, is there a minimum or maximum number of references that the State is seeking to obtain from each subcontractor?</b></p> <p>There is no minimum or maximum number of references that should be submitted from each subcontractor. Similar to the question above, the Bidder should submit the number of references that reflect the expertise and experience of the subcontractors.</p>
47	Page 24, Section 4.2.4 Organizational Support and Experience	<p><b>How many references can be included?</b></p> <p>Please see the answer to Question #46</p>
48	Page 26, Section 4.2.5 Resumes	<p><b>States “with response to each similar contract, the Bidder should include the names and address of each reference together with a person to contact for a reference check and a telephone number.” Is the bidder required to list a reference, point of contact, and phone number for each project/contract listed in each staff member’s resume?</b></p>



#	Bid Solicitation Section Reference	Question (Bolded) and Answer
		The Bidder may submit information related to references separately from the resumes. Please see Section 4.2.6, Experience of Bidder on Similar Contracts, for more information.
49	Page 26, Section 4.2.6 Experience of Bidder on Similar Contracts	<p><b>How many similar contracts can be included?</b></p> <p>The Bidder may submit any number of similar contracts with its Quote. There is no minimum or maximum number of similar contracts required with the Quote.</p>
50	Section 5.1 Precedence of Special Contractual Terms and Conditions, Page 28	<p><b>Bidder is offering exceptions and assumptions in [their] proposal.</b></p> <p><b>Bidder proposes the following addition [in red] to Section 5.1, Precedence of Special Contractual Terms and Conditions:</b></p> <p>“This Contract awarded, and the entire agreement between the parties, as a result of this RFQ shall consist of this RFQ, SSTC, Bid Amendment to this RFQ, the Contractor’s Quote, any Best and Final Offer, and the Using Agency’s Notice of Award.</p> <p>In the event of a conflict in the terms and conditions among the documents comprising this Contract, <b>in each case as modified by any exceptions taken or assumptions offered by the Contractor</b>, the order of precedence, for purposes of interpretation thereof, listed from highest ranking to lowest ranking, shall be:</p> <ul style="list-style-type: none"> <li>A. Executed Offer and Acceptance Page;</li> <li>B. RFQ Section 5, as may be amended by Bid Amendment;</li> <li>C. The State of NJ Standard Terms and Conditions (SSTC) accompanying this RFQ;</li> <li>D. All remaining sections of the RFQ, as may be amended by Bid Amendment; and</li> <li>E. The Contractor’s Quote as accepted by the State.”</li> </ul> <p>The State does not accept this proposed modification. Please see response to Question 38.</p>
51	Section 5.5 Contractor Responsibilities Page 28	<p><b>As a point of clarification, (1) Bidder relies on the information provided by the Client and Bidder does not update its advice after completion of the engagement and (2) the approval process will be in accordance with the acceptance criteria set forth in the applicable Letter of Engagement/SOW and identifying objective criteria for each task.</b></p> <p><b>Bidder proposes the following deletion and addition [in red] to Section 5.5, Contractor Responsibilities:</b></p> <p>“The Contractor shall have sole responsibility for the complete effort specified in this Contract. Payment will be made only to the Contractor. The Contractor shall have sole responsibility for all payments due any Subcontractor.</p> <p>The Contractor is responsible for the professional quality, technical accuracy and timely completion and submission of all deliverables, services or commodities required to be provided under this Contract. The</p>



#	Bid Solicitation Section Reference	Question (Bolded) and Answer
		<p>Contractor shall, <del>without additional compensation</del> pursuant to the procedures set forth in the Letter of Engagement, correct or revise any errors, omissions, or other deficiencies in its deliverables and other services <del>that, at the time of delivery and as notified by the State during the applicable acceptance review period, which shall not, in any event, exceed 30 days following delivery, do not materially conform to the specifications and acceptance criteria set forth in the Letter of Engagement.</del> The approval of deliverables furnished under this Contract shall not in any way relieve the Contractor of responsibility for the technical adequacy of its work. The review, approval, acceptance or payment for any of the services shall not be construed as a waiver of any rights that the State may have arising out of the Contractor's performance of this Contract."</p> <p>The State does not accept this proposed modification. Terms and conditions on publicly bid procurements must be consistent for all potential Bidders.</p>
52	Section 5.7 Ownership of Material Page 29	<p>The proposed edits incorporate Bidder's standard "Ownership" clause.</p> <p>Bidder proposes the following deletions and additions [in red] to Section 5.7, Ownership of Material:</p> <p>"All <del>tangible</del> data, technical information, materials gathered, originated, developed, prepared, used or obtained <del>and specifically identified as deliverables or work product to be provided by Contractor under a Letter of Engagement</del> in the performance of this Contract ("<del>Deliverables</del>"), including, but not limited to, all reports, surveys, plans, charts, literature, brochures, mailings, recordings (video and/or audio), pictures, drawings, analyses, graphic representations, <del>software computer programs</del> and accompanying documentation and print-outs, notes and memoranda, written procedures and documents, <del>regardless of the state of completion,</del> which are <del>specifically prepared for or are</del> and delivered to the State as a result of the services required under this Contract shall, <del>except for the portion thereof that constitutes or incorporates any Contractor Property or Background IP,</del> be and remain the property of the State of New Jersey upon full and final payment hereunder and shall be delivered to the State of New Jersey upon 30 days' notice by the State. <del>Notwithstanding the foregoing, Contractor shall not have any liability to the State as a result of the State's use of any unfinished, incomplete, or draft Deliverables furnished to the State hereunder, provided that Contractor has notified the State of the incomplete status of such Deliverables. For clarity, if and to the extent the Contractor's property is contained in any of the Deliverables ("Contractor Property"), then, in addition to the license to any Background IP, which shall remain subject to the license below, Contractor hereby grants the State, under the Contractor's intellectual property rights in such Contractor Property, a royalty-free, non-exclusive, non-transferable, perpetual license to use such Contractor Property solely in connection with the State's use of the Deliverables. With respect to software computer programs and/or source codes Deliverables developed for the State, except those modifications or adaptations made to Bidder's/Contractor's Background IP as defined below or the portion thereof that constitutes or incorporates any Contractor Property, the work Deliverables shall, upon full and final payment, be considered "work for hire", i.e., the State, not the Contractor or Subcontractor, shall have full and complete ownership of all software computer programs and/or source codes developed</del></p>



#	Bid Solicitation Section Reference	Question (Bolded) and Answer
		<p><b>Deliverables upon full and final payment hereunder.</b> To the extent that any of such <del>materials</del> <b>Deliverables</b> may not, by operation of the law, be a work made for hire in accordance with the terms of this Contract, Contractor or Subcontractor hereby assigns to the State, <b>upon full and final payment hereunder</b>, all right, title and interest in and to any such <b>Deliverables material, excluding the portion thereof that constitutes or incorporates any Background IP or Contractor Property</b>, and the State shall have the right to obtain and hold in its own name and copyrights, registrations and any other proprietary rights that may be available.</p> <p>Should the Bidder anticipate bringing pre-existing intellectual property into the project, <b>then, subject to any Contractor Property otherwise used in the performance of the services or incorporated into the Deliverables</b>, the intellectual property must be identified in the Quote. Otherwise, the language in the first paragraph of this section prevails. If the Bidder identifies such intellectual property ("Background IP") in its Quote, then the Background IP owned by the Bidder on the date of this Contract, as well as any modifications or adaptations thereto, remain the property of the Bidder. Upon Contract award, the Bidder/Contractor shall grant the State a nonexclusive, perpetual royalty free license to use any of the Bidder's/Contractor's Background IP delivered to the State for the purposes contemplated by this Contract.</p> <p>Auditing firm working papers remain the <b>exclusive</b> property of the auditing firm in accordance with <b>all professional standards, including such standards issued by the American Institute of Certified Public Accountants (AICPA), and notwithstanding anything to the contrary contained herein, any such work papers, as applicable, will be excluded from any return or disclosure obligations hereunder, including, without limitation, any termination provisions or audit standards.</b> While considered confidential information, the State recognizes that the firm may be requested to make certain working papers available to regulatory agencies, pursuant to authority given by law or regulation. In such instances, access to the working papers may be provided to these agencies based upon <b>full applicable professional standards, including AICPA standards and under supervision of the firm.</b>"</p> <p>The State does not accept this proposed modification. Terms and conditions on publicly bid procurements must be consistent for all potential Bidders.</p>
53	Section 5.8 Confidentiality Page 30	<p><b>Bidder needs the ability to retain a copy of such information in order to comply with its professional standards.</b></p> <p>Bidder proposes the following additions [in red] to Section 5.8C, Confidentiality:</p> <p>C. The State's Confidential Information shall consist of all information or data contained in documents supplied by the State, any <b>non-public</b> information or data gathered by the Contractor in fulfillment of the contract and any analysis thereof (whether in fulfillment of the contract or not). <b>Notwithstanding anything to the contrary contained herein, Contractor may retain a copy of all information received, developed, or otherwise relating to this Contract in order to comply with its contractual obligations and</b></p>



#	Bid Solicitation Section Reference	Question (Bolded) and Answer
		<p>applicable professional standards. Information stored on routine back-up media for the purpose of disaster recovery will be subject to destruction in due course. Latent data such as deleted files and other non-logical data types, such as memory dumps, swap files, temporary files, printer spool files and metadata that can customarily only be retrieved by computer forensics experts and are generally considered inaccessible without the use of specialized tools and techniques will not be within any return or destruction requirements in this Contract or any Letter of Engagement.</p> <p>The State does not accept this proposed modification. However, please see Section 3.4 of the revised RFQ entitled "G4018 IM Revised RFQ 12/07/2020."</p>
54	Page 32, Section 5.13 and 5.13.1, Indemnification, supplement to Section 4.1, Section 4.1.1 Limitation of Liability	<p><b>Can the limit of liability be applicable to the fees paid to the contractor rather than the total value of the Contract?</b></p> <p>The limit of liability would be applicable to the awarded value of the specific Engagement that a Contractor is awarded. Please see the Revised RFQ entitled "G4018 IM Revised RFQ 12/07/2020" for more information.</p>
55	Page 32, Section 5.13 and 5.13.1 Indemnification, supplement to Section 4.1, Section 4.1.1 Limitation of Liability	<p><b>Will the "contract value" be based at the RFQ awarded pool level or at the specific agency contract awarded to a contractor?</b></p> <p>The contract value will be determined at the time of Engagement by the Using Agency. Please see the Revised RFQ entitled "G4018 IM Revised RFQ 12/07/2020" for more information.</p>
56	Page 32, Section 5.13 and 5.13.1 Indemnification, supplement to Section 4.1, Section 4.1.1 Limitation of Liability	<p><b>The limit of liability applies to the total value of the contract. Can you please disclose the expected value of the contract, for which this provision will apply?</b></p> <p>The limit of liability will apply to the total value of the specific Engagement. The State cannot disclose the expected value at this time, as each Engagement will have different value depending upon the work to be done. Please see the Revised RFQ entitled "G4018 IM Revised RFQ 12/07/2020" for more information.</p>
57	NJSSTC Section 1 Standard Terms and Conditions Applicable to the Contract, Page 40	<p><b>The proposed change is requested to align with professional standards and/or [the Bidder's] internal policies. [The Bidder] believes the changes are commercially reasonable and do not impose significant burdens on the State.</b></p> <p><b>Bidder proposes the following additions [in red] to Section 1 of the NJSSTC, Standard Terms and Conditions Applicable to the Contract:</b></p> <p><b>Unless the bidder/offeror is specifically instructed otherwise in the Request for Proposals (RFP), the following terms and conditions shall apply to all contracts or purchase agreements made with the State of New Jersey. These terms are in addition to the terms and conditions set forth in the RFP and should be read in conjunction with same unless the RFP specifically indicates otherwise. In the event that the bidder/offeror would</b></p>



#	Bid Solicitation Section Reference	Question (Bolded) and Answer
		<p>like to present terms and conditions that are in conflict with either these terms and conditions or those set forth in the RFP, the bidder/offeror must present those conflicts during the Question and Answer period for the State to consider. Any conflicting terms and conditions that the State is willing to accept will be reflected in an addendum to the RFP. <b>To the extent subsequently agreed by Bidder in a signed writing and except as otherwise modified by any exceptions taken or assumptions offered in Bidder's Proposal.</b> The State's terms and conditions shall prevail over any conflicts set forth in a bidder/offeror's Proposal that were not submitted through the question and answer process and approved by the State. Nothing in these terms and conditions shall prohibit the Director of the Division of Purchase and Property (Director) from amending a contract when the Director determines it is in the best interests of the State <b>subject to a duly executed written amendment.</b></p> <p>The State does not accept this proposed modification. Please see response to Question 38.</p>
58	Page 46, NJSSTC Section 4.1 Indemnification	<p><b>As the scope of the services involved in this RFQ could involve attestation services under the standards of the AICPA and the indemnification clause as written could be interpreted to impair an auditor's independence under the AICPA standards, because an auditor may be required to indemnify an agency for its own acts. Can the indemnification language be narrowed to comply with AICPA independence standards?</b></p> <p>The State does not accept this proposed modification. Indemnification coverage which Bidder is seeking is covered by the common law. See Ramos v. Browning Ferris Industries, Inc., 103 NJ 177 (1985).</p>
59	NJSSTC Section 4.1 Indemnification, Page 46	<p><b>Bidder limits its obligations to (1) any bodily injury or property damage caused by its grossly negligent or willful acts or omissions and (2) any infringement by the unmodified deliverables of any IP rights existing at the time of delivery, whereas this provision does not contain these limitations.</b></p> <p><b>Bidder proposes the following deletions and additions [in red] to NJSSTC Section 4.1A, Indemnification:</b></p> <p><b>The contractor's liability to the State and its employees in third party suits shall be as follows:</b></p> <p><b>A. Indemnification for Third Party Claims - The contractor shall assume all risk of and responsibility for, and agrees to indemnify, defend, and save harmless the State of New Jersey and its employees from and against any and all <b>third party</b> claims, demands, suits, actions, recoveries, <b>or judgments brought or assessed against the State of New Jersey</b> and costs and expenses in connection therewith <del>which shall to the extent arising from or resulting from</del> <b>(1) any bodily injury, death, or damage to tangible property to the extent directly or indirectly caused by the grossly negligent or willful acts or omissions of contract in the performance of the from the work and/or materials supplied under this contract, or including</b> <b>(2) any allegation that the Deliverables or liability of any nature or kind for or on account of the use thereof, in the form provided to the State infringes of any United</b></b></p>



#	Bid Solicitation Section Reference	Question (Bolded) and Answer
		<p><del>States intellectual property right existing as of the date such Deliverable is provided to the State; provided, however that contractor's obligations in this Section shall not apply to any claim to the extent arising out of (a) use of the Deliverables other than in accordance with applicable documentation or instructions supplied by contractor or other than for the State's internal business purposes; (b) any alteration, modification, or revision of the Deliverables not expressly agreed to in writing by contractor; or (c) the combination or operation of the Deliverables with materials not supplied or approved by contractor; copyrighted or uncopyrighted composition, secret process, patented or unpatented invention, article or appliance furnished or used in the performance of this contract;</del></p> <p>The State does not accept this proposed modification. Terms and conditions on publicly bid procurements must be consistent for all potential Vendor {Bidders}. Please see revised RFQ entitled "G4018 IM Revised RFQ 12/07/2020."</p>
60	NJSSTC Section 4.1 Indemnification, Page 46	<p><b>The proposed change is requested to align with professional standards and/or [the Bidder's] internal policies. Bidder believes the changes are commercially reasonable and do not impose significant burdens on the State.</b></p> <p><b>Bidder proposes the following additions [in red] to NJSSTC Section 4.1C, Indemnification:</b></p> <p><b>C. The contractor's obligations under this Section with respect to any legal action are contingent upon the State giving the contractor: (1) the opportunity to take over and settle or defend any such action at the contractor's sole expense, and (2) assistance in defending the action at the contractor's sole expense. The contractor shall not be liable for any cost, expense, or compromise incurred or made by the State in any legal action without the contractor's prior written consent, which shall not be unreasonably withheld. In the event of a patent and copyright claim or suit, the contractor, at its option, may: (1) procure for the State of New Jersey the legal right to continue the use of the product; (2) replace or modify the product to provide a non-infringing product that is the functional equivalent; or (3) after receiving the allegedly infringing item from the State, refund the purchase price, as the contractor's sole liability to the State. less a reasonable allowance for use that is agreed to by both parties.; provided, however, that the foregoing shall not be construed to limit the contractor's indemnification obligation set forth above. The provisions of this Section state the contractor's entire liability and the State's sole and exclusive remedy with respect to any infringement or claim of infringement.</b></p> <p>The State does not accept this proposed modification. Terms and conditions on publicly bid procurements must be consistent for all potential Bidders. Please see revised RFQ entitled "G4018 IM Revised RFQ 12/07/2020."</p>



#	Bid Solicitation Section Reference	Question (Bolded) and Answer
61	NJSSTC Section 5.12 Delivery Requirements, Page 50	<p>This is to avoid [the Bidder] continuing to perform while another contractor fixes certain issues and then [bidder] may be required to rely on the third parties work.</p> <p>Bidder proposes the following deletions [in red] to Section 5.12 Delivery Requirements:</p> <p><del>A. Deliveries shall be made at such time and in such quantities as ordered in strict accordance with conditions contained in the contract;</del></p> <p><del>B. The contractor shall be responsible for the delivery of material in first class condition to the State's using agency or the purchaser under this contract and in accordance with good commercial practice;</del></p> <p><del>C. Items delivered must be strictly in accordance with the contract; and</del></p> <p><del>D. In the event delivery of goods or services is not made within the number of days stipulated or under the schedule defined in the contract, the using agency shall be authorized to obtain the material or service from any available source, the difference in price, if any, to be paid by the contractor.</del></p> <p>The State does not accept this proposed modification.</p>
62	NJSSTC Section 5.15 Maintenance of Records, Page 51	<p>The proposed change is requested to align with professional standards and/or [the bidder's] internal policies. We believe the changes are commercially reasonable and do not impose significant burdens on the State.</p> <p>Bidder proposes the following additions [in red] to NJSSTC Section 5.15 Maintenance of Records:</p> <p>The contractor shall maintain <b>timekeeping and expense</b> records <b>directly relating to</b> <del>for</del> products and/or services delivered against the contract ("<b>Records</b>") for a period of five (5) years from the date of final payment unless a longer period is required by law <b>up to a maximum period of seven (7) years</b>. Such <del>R</del>ecords shall be made available to the State, including the Comptroller, for audit and review. <b>Contractor will make every reasonable effort to be responsive to such inquiries for discussions and reviews, but reserves the right to limit disclosure of details and nature of procedures, if it determines, in its sole judgment, that such disclosure would put at risk the confidentiality, availability, or integrity of its own or its other clients' data.</b></p> <p>The State does not accept this proposed modification as the language is required by N.J.A.C. 17:44-2.2.</p>





## State of New Jersey

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ELIZABETH MAHER MUOIO  
*Acting State Treasurer*

MAURICE A. GRIFFIN  
*Acting Director*

**December 07, 2020**

**To: All Interested Bidders**

**Re: RFQ1465257S  
G4018 Integrity Oversight Monitoring: Program and Performance Monitoring,  
Financial Monitoring and Grant Management and Anti-Fraud Monitoring for COVID-19  
Recovery Funds and Programs**

**Current Quote Submission Due Date: December 18, 2020 (2:00 p.m. Eastern Time)**

### **RFQ Addendum #4**

The following constitutes RFQ Addendum #4 to the above referenced RFQ:

- State of New Jersey Third Party Information Security Questionnaire has been uploaded to GSA eBuy to be included with Quote submission.

It is the sole responsibility of the Bidder to be knowledgeable of all of the additions, deletions, clarifications, and modifications to the RFQ and/or the New Jersey Standard Terms and Conditions relative to this RFQ as set forth in all RFQ Addendum.

All other instructions, terms, and conditions of the RFQ shall remain the same.



## OFFER AND ACCEPTANCE PAGE

Bid Solicitation Title Integrity Oversight Monitoring of COVID-19 Recovery Funds and Programs - NJ  
Bid Solicitation No. RFQ1465257S  
Blanket P.O. Term See Bid Solicitation Section 5.2

State of New Jersey  
Department of the Treasury  
Division of Purchase and Property  
33 West State Street, P.O. Box 230  
Trenton, New Jersey 08625-0230  
☒ Open to Cooperative Purchasing

### TO THE STATE OF NEW JERSEY:

The Undersigned hereby offers and agrees to furnish the good, products, or services in compliance with all terms of this Master Blanket Purchase Order (Blanket P.O.) as defined in Section 2.0 of the Bid Solicitation.

Vendor {Bidder} Cotton & Company LLP  
Address 333 John Carlyle Street, Suite 500  
City, State, Zip Code Alexandria, VA 22314  
Phone Number 703-836-6701  
Fax Number [REDACTED]

Authorized Signature [REDACTED]  
Printed Name Alan Rosenthal  
Title Partner  
Email Address arosenthal@cottoncpa.com  
FEIN [REDACTED]

Pursuant to P.L. 2017, c. 95, please indicate whether the Vendor {Bidder} self-identifies as any of the following as defined in N.J.S.A. 52:32-19:

☐ Minority-Owned Business ☐ Women-Owned Business ☐ Small Business ☒ Not Applicable

*For set-aside contracts only, a Vendor {Bidder} must be registered with the N.J. Division of Revenue and Enterprise Services, Small Business Registration and M/WBE Certification Services Unit. Please refer to N.J.A.C. 17:13-3.1 & 17:13-3.2 for additional information.*

By signing and submitting this Offer, the Vendor {Bidder} certifies and confirms that:

1. The Vendor {Bidder} has read, understands, and agrees to all terms, conditions, and specifications set forth in the State of New Jersey Standard Terms and Conditions and the provisions set forth in the Bid Solicitation Section 4.4.1.1.1 (MacBride Principles Certification), Section 4.4.1.1.2 (Non-Collusion), and Section 4.4.1.1.3 (New Jersey Business Ethics Guide Certification);
2. The Vendor's {Bidder's} failure to meet any of the terms and conditions of the Blanket P.O. as defined in the Bid Solicitation shall constitute a breach and may result in suspension or debarment from further State bidding;
3. A defaulting Vendor {Contractor} may also be liable, at the option of the State, for the difference between the Blanket P.O. price and the price bid by an alternate Vendor {Bidder} of the goods or services in addition to other remedies available; and
4. By signing and submitting this Offer, the Vendor {Bidder} consents to receipt of any and all documents related to this Bid Solicitation and the resulting Blanket P.O. by electronic medium.

**THIS FORM SHOULD BE SIGNED, COMPLETED AND INCLUDED WITH THE VENDOR'S {BIDDER'S} QUOTE**

### ADDITIONAL VENDOR {BIDDER} REQUIREMENTS

☐ Bid Security Amount \_\_\_\_\_ ☐ Payment Security Amount \_\_\_\_\_  
☐ Performance Security Amount \_\_\_\_\_ ☐ Retainage Percentage \_\_\_\_\_

### ACCEPTANCE OF OFFER (For State Use Only)

The Offer above is hereby accepted and now constitutes a Blanket P.O. {Contract} with the State of New Jersey. The Vendor {Contractor} is now bound to sell the goods, products, or services listed by the attached Blanket P.O. {Contract} as defined by Section 2.0 of the Bid Solicitation. The Vendor {Contractor} shall not commence any work or provide any good, product, or service under this Blanket P.O. {Contract} until the Vendor {Contractor} complies with all requirements set forth in the Bid Solicitation and receives written notice to proceed.

Blanket P.O. Number 21-PROSV-01433  
Blanket P.O. Award Date April 9, 2021 Blanket P.O. Effective Date April 12, 2021

State of New Jersey Authorized Signature

*Megan Tagliaferri*



# Cotton & Company

*Answers Questioned*

**PROPOSAL TO PROVIDE  
INTEGRITY OVERSIGHT MONITORING OF COVID-19  
RECOVERY FUNDS AND PROGRAMS FOR THE  
NEW JERSEY DEPARTMENT OF THE TREASURY**

**SUBMITTED TO THE  
STATE OF NEW JERSEY**

**RFQ No:** RFQ1465257S

**GSA MAS Schedule (Professional Services):** GS-00F-144CA (SINs 541611 and 541211)  
December 18, 2020

Cotton & Company LLP

333 John Carlyle Street, Suite 500, Alexandria, Virginia 22314

703.836.6701 [voice]; [REDACTED] [fax]

[www.cottoncpa.com](http://www.cottoncpa.com)

**Contact:** Alan Rosenthal, CPA, CFE,  
Partner

[arosenthal@cottoncpa.com](mailto:arosenthal@cottoncpa.com)

Melinda DeCorte, CPA, CGFM, CFE, PMP,  
Partner

[mdecorte@cottoncpa.com](mailto:mdecorte@cottoncpa.com)

**Tax ID:** [REDACTED] Headline Requested Personal Identifying Information

**DUNS Number:** [REDACTED]

**Cage Code:** [REDACTED]



#### **DISCLOSURE RESTRICTION**

This proposal includes data that shall not be used or disclosed outside the Government and shall not be duplicated, used, or disclosed in whole or in part for any purpose other than to evaluate the proposal. If, however, a contract is awarded to the Offeror as a result of or in connection with the submission of this data, the Government shall have the right to duplicate, use, or disclose the data to the extent consistent with the Government's needs in the procurement process, including posting successful quotes and contracts. This restriction does not limit the Government's right to use, without restriction, information contained in the data if it is obtained from another source. The data subject to this restriction include the Offeror's Financial Capability of the Bidder document provided as part of this proposal, as well as the Offeror's State of New Jersey Security Due Diligence Third Party Information Security Questionnaire.

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## Section 1 – FORMS [RFQ SECTIONS 4.1.1 AND 4.1.2]

Please see the following pages for the required forms.

Please note that, because Cotton & Company is not proposing any specific teaming partners (i.e., subcontractors) at this time, we did not complete and submit a Subcontractor Utilization Plan form as part of our response. In the event a scope of work for a specific engagement requires us to team with a specialty firm, we will submit a Subcontractor Utilization Plan form for the division's approval before we enter into a subcontracting agreement with the firm.



# SOURCE DISCLOSURE FORM

STATE OF NEW JERSEY  
DEPARTMENT OF THE TREASURY - DIVISION OF PURCHASE AND PROPERTY  
33 WEST STATE STREET, P.O. BOX 230 TRENTON, NEW JERSEY 08625-0230

**BID SOLICITATION # AND TITLE:** RFQ1465257S Integrity Oversight Monitoring of COVID-19 Recovery Funds and Programs - NJ

**VENDOR/BIDDER NAME:** Cotton & Company LLP

The Vendor/Bidder submits this Form in response to a Bid Solicitation issued by the State of New Jersey, Department of the Treasury, Division of Purchase and Property, in accordance with the requirements of N.J.S.A. 52:34-13.2.

## PART 1

- ☒ All services will be performed by the Contractor and Subcontractors in the United States. Skip Part 2.
- ☐ Services will be performed by the Contractor and/or Subcontractors outside of the United States. **Complete Part 2.**

## PART 2

Where services will be performed outside of the United States, please list every country where services will be performed by the Contractor and all Subcontractors. If any of the services cannot be performed within the United States, the Contractor shall state, with specificity, the reasons why the services cannot be performed in the United States. The Director of the Division of Purchase and Property will review this justification and if deemed sufficient, the Director may seek the Treasurer's approval.

Name of Contractor / Sub-contractor	Performance by Country	Location	Description of Service(s) to be Performed Outside of the U.S. *	Reason Why the Service(s) Cannot be Performed in the U.S. *

*\*Attach additional sheets if necessary to describe which service(s), if any, will be performed outside of the U.S. and the reason(s) why the service(s) cannot be performed in the U.S.*

Any changes to the information set forth in this Form during the term of any Contract awarded under the referenced Bid Solicitation or extension thereof shall be immediately reported by the Contractor to the Director of the Division of Purchase and Property. If during the term of the Contract, the Contractor shifts the location of services outside the United States, without a prior written determination by the Director, the Contractor shall be deemed in breach of Contract, and the Contract will be subject to termination for cause pursuant to the State of New Jersey Standard Terms and Conditions.

## CERTIFICATION

I, the undersigned, certify that I am authorized to execute this certification on behalf of the Vendor/Bidder, that the foregoing information and any attachments hereto, to the best of my knowledge are true and complete. I acknowledge that the State of New Jersey is relying on the information contained herein, and that the Vendor/Bidder is under a continuing obligation from the date of this certification through the completion of any Contract(s) with the State to notify the State in writing of any changes to the information contained herein; that I am aware that it is a criminal offense to make a false statement or misrepresentation in this certification. If I do so, I will be subject to criminal prosecution under the law, and it will constitute a material breach of my agreement(s) with the State, permitting the State to declare any contract(s) resulting from this certification to be void and unenforceable.

Vendor Requested Personal Identifying Information

Signature

Alan Rosenthal, Partner

Print Name and Title

December 18, 2020

Date



## Section 2 – TECHNICAL QUOTE [RFQ SECTION 4.2.1]

### 2.1 EXECUTIVE SUMMARY

Cotton & Company LLP offers the State of New Jersey an outstanding combination of exceptional experience, well-qualified personnel, and a commitment to quality. In this proposal, we demonstrate that we are the right team to support the State of New Jersey with its COVID-19 oversight integrity monitoring.

*RFQ Section 6.4.2* provides technical evaluation criteria categories that the State of New Jersey will use to evaluate quotes received in response to this RFQ. To assist the evaluators in their review, the table below provides cross-references to the sections of our response where we have addressed these criteria.

Technical Evaluation Criteria Categories	Related Section
A. Personnel	<ul style="list-style-type: none"> <li>• Section 3.3.2</li> <li>• Section 3.3.3</li> <li>• Section 3.4</li> </ul>
B. Experience of Firm	<ul style="list-style-type: none"> <li>• Section 2.3.3</li> <li>• Section 3.3.1</li> <li>• Section 3.3.3</li> <li>• Section 3.5</li> <li>• Section 3.6</li> </ul>
C. Ability to Complete the Scope of Work Based on the Firm's Technical Quote	<ul style="list-style-type: none"> <li>• Section 2.2</li> <li>• Section 2.3</li> <li>• Section 3.2</li> </ul>

#### 2.1.1 Experience

Cotton & Company offers outstanding professional qualifications and directly relevant experience gained since 1981. In particular, we offer *recent and relevant* experience that demonstrates our ability and success in the following important areas:

- Engaging in the oversight/monitoring of programs—including emergency programs—of a similar size administered by federal, state, and local government agencies.
- Dealing with federal disaster relief agencies in the aftermath of major catastrophic events, including monitoring grants and supplemental appropriations from Congress and federal agencies that provide support to a state after a catastrophic event.
- Interfacing with state and federal agencies in the administration of a monitoring or oversight program.
- Reviewing and evaluating relevant federal and state documentation practices to ensure the receipt and retention of grant funding.
- Experience and success with program and process management auditing; financial, compliance, and performance auditing of grants management; and integrity and anti-fraud services.



Additionally, since the World Health Organization (WHO) declared COVID-19 a pandemic in March 2020, Cotton & Company has been involved in pandemic response accountability efforts at the federal level.

As described in **Sections 2.3.2 and 2.3.3** of our response, Cotton & Company has capabilities and demonstrated experience in performing both the general tasks of an integrity monitor [RFQ Section 3.1] and the anticipated specific tasks by category [RFQ Sections 3.1.1.1–3.1.1.3].

In **Section 3.5**, we provide a detailed and comprehensive listing of similar current or completed contracts as evidence of our qualifications and ability to successfully complete the services required by this RFQ. These contracts demonstrate our solid track record in meeting and exceeding client expectations, resulting in long-term and ongoing client relationships. These contracts also demonstrate our current and cutting-edge involvement in pandemic response accountability efforts at the federal level.

### **2.1.2 Personnel**

---

As depicted in **Section 3.3.2**, Cotton & Company has assembled a team of highly qualified, skilled, and well-respected individuals with strong governmental financial management and auditing backgrounds. Our team members have multiple certifications, including Certified Public Accountant (CPA), Certified Fraud Examiner (CFE), Certified Government Financial Manager (CGFM), and Project Management Professional (PMP). Our proposed team is thoroughly familiar with applicable laws and regulations, such as Generally Accepted Government Auditing Standards (GAGAS), Federal Acquisition Regulation (FAR), Office of Management and Budget (OMB) Circulars, Cost Accounting Standards (CAS), generally accepted accounting principles (GAAP), various American Institute of Certified Public Accountants (AICPA) standards, and Council of the Inspectors General on Integrity and Efficiency (CIGIE) standards.

Our proposed organizational structure provides for three teams that are positioned to perform as many as three engagements simultaneously. Each team is headed by a Partner/Principal/Director and is led by both a Program Manager and a Project Manager. We have also identified alternate team members to serve in the Program Manager and Project Manager roles, to demonstrate our bench strength. We have identified five Supervisory/Senior Consultants that will provide support across each of the three teams based on the level of effort and specific scope of work for an engagement. Our proposed Consultants and Associates/Staff—which we will identify in response to specific engagement queries—will supplement each team as appropriate.

Our proposed personnel also provide thought leadership within the audit and accounting profession and the government environment, positioning us on the forefront of emerging standards and helping us to effectively and efficiently conduct our engagements in accordance with all relevant requirements. Highlights of our relevant thought leadership activities include:



One of our proposed Partner/Principal/Directors, **Alan Rosenthal**, served a 6-year term as a member of the AICPA Professional Ethics Technical Standards Subcommittee (TNS), which is responsible for investigating complaints against AICPA members for alleged violations of the AICPA's Code of Professional Conduct. He also served a 3-year appointment as a member of the AICPA's Auditing Standards Board (ASB).



One of our proposed Partner/Principal/Directors, **Melinda DeCorte**, served a 4-year term on the Comptroller General's Advisory Council on *Standards for Internal Control in the Federal Government* (the Green Book). Ms. DeCorte supported the preparation of the 2014 Green Book revision.



Recent articles that our proposed personnel have published in the Association of Government Accountants' *Journal of Government Financial Management* include:  
"When Professional Ethics and Politics Intersect" (**David Cotton**, 2020).

"Falling Trees and Ethics Enforcement" (**David Cotton**, 2020).

"Ethics and Workplace Productivity" (**Melinda DeCorte**, 2020).



Our proposed Subject Matter Expert, **David Cotton**, served on the AICPA Anti-Fraud Task Force and co-authored *Management Override of Internal Controls: The Achilles' Heel of Fraud Prevention*. Mr. Cotton is a past chairman of the AICPA Federal Accounting and Auditing Subcommittee and has served on the AICPA Governmental Accounting and Auditing Committee, as well as the Government Technical Standards Subcommittee of the AICPA Professional Ethics Executive Committee.



Our proposed Subject Matter Expert, **David Cotton**, served a 3-year term on the Comptroller General's Advisory Council on *Government Auditing Standards* (the Yellow Book). Mr. Cotton supported the preparation of the 2007 Yellow Book revision.



Our proposed Subject Matter Expert, **David Cotton**, chaired the Committee of Sponsoring Organizations (COSO)/Association of Certified Fraud Examiners (ACFE) *Fraud Risk Management Guide* (FRMG). This task force included two senior Government Accountability Office (GAO) personnel who authored the *Framework for Managing Fraud Risks in Federal Programs* (GAO Framework). GAO consulted with Mr. Cotton on the final draft of its Framework; Mr. Cotton provided input and suggestions based on the task force's work, and GAO incorporated those recommendations.

Additionally, through our extensive network of teaming partner firms (i.e., subcontracting relationships), Cotton & Company has the ability to provide integrity monitoring services for a variety of professional specialties, such as engineering and structural integrity services, actuarial services, statistical analysis and modeling services, architectural services, and construction management services. We have successfully worked with firms that provide these professional specialties on numerous previous projects.

### 2.1.3 Quality

There is no generally accepted definition of quality; however, Cotton & Company defines it as *the performance of services that meet applicable professional standards and the reasonable expectations of stakeholders*, which include clients and other users of our reports and work products. Cotton & Company's system of quality control applies to all of the firm's services. We have established policies and procedures designed to promote an internal culture based on the recognition that quality is essential in performing engagements. These policies and procedures promote continuous improvement in the way we perform our work. Quality is inherent in all of our processes, and we emphasize it on every engagement.



Cotton & Company has an established and rigorous quality management program for integrating quality both as a firm and on specific engagements. Our quality management philosophy addresses every segment of the team's work contributing to its work products, deliverables, and reports. We have an integrated project management approach for implementing our quality management plan, which extends to all team members. To deliver our proposed approach for accomplishing the work outlined in the solicitation (**Section 2.3.2**)—as well as maintain our core values of integrity and quality—we will implement our project management plan, quality management plan, and communications plan, as described in **Sections 3.2.1 through 3.2.3**.

Our proven track record for quality can be seen in our numerous longstanding clients, including:

- **U.S. Department of State (DOS):** 1991–Present
- **Corporation for National and Community Service (CNCS) Office of Inspector General (OIG):** 1998–Present
- **Department of Homeland Security (DHS) OIG and Federal Emergency Management Agency (FEMA) OIG:** 1999–2008; 2016–Present
- **Patient-Centered Outcomes Research Institute (PCORI):** 2016–Present
- **U.S. Transportation Command (USTRANSCOM):** 2017–Present

## 2.2 OVERALL RECOMMENDED STRATEGY

---

The COVID-19 Compliance and Oversight Task Force (Taskforce) and the Governor's Disaster Recovery Office (GDRO) should have an overarching strategy in place as an integral component of a broader accountability plan.

Below, we outline our overall strategy to leverage existing accountability tools, programs, and requirements. Numerous New Jersey departments, agencies, and independent authorities (jointly, Using Agencies) are currently implementing and managing the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the Paycheck Protection Program (PPP) and Health Care Enhancement Act, the Families First Coronavirus Response Act, and the Coronavirus Preparedness and Response Supplemental Appropriations Act (jointly, Recovery Programs). By evaluating and coordinating fraud risk mitigation efforts across Using Agencies, the Taskforce and GDRO can ensure that the State of New Jersey leverages and shares the information, knowledge, and techniques that each of these entities develops to optimize its overall accountability effort and maximize the mitigation of fraud risks.

**The Taskforce should determine the extent to which Using Agencies administering Recovery Programs have complied with the requirements of GAO-15-593SP, *A Framework for Managing Fraud Risks in Federal Programs* (GAO Framework).**

Since the GAO Framework was mandated by the Fraud Reduction and Data Analytics Act of 2015 (FRDAA) (Public Law 114–186), each Using Agency administering Recovery Programs should have already performed the fraud risk assessment required under the GAO Framework. The Taskforce's efforts should begin by assessing the extent to which these Using Agencies have



performed risk assessments, identified fraud vulnerabilities, assessed the effectiveness of existing control activities, and designed and implemented additional fraud control activities (including data analytics) to mitigate residual risks. An initial inventory of these efforts will enable the Taskforce to:

- Identify Using Agencies that have not yet implemented the GAO Framework with respect to Recovery Programs.
- Begin compiling a statewide list of Recovery Program fraud vulnerabilities.
- Compile a database of fraud control activities that various Using Agencies have designed and implemented.
- Identify federal, state, and non-government data sources that the Taskforce can use in detecting fraud.
- Share the compilations of vulnerabilities, control activities, and data sources across the entire Using Agency community in New Jersey.

**For Using Agencies that have not implemented (or have only partially implemented) the GAO Framework, the Taskforce should encourage full implementation and provide technical support and training in how to implement the GAO Framework.**

In all likelihood, some Using Agencies have been overwhelmed by program implementation efforts and have not yet addressed the requirements of the GAO Framework. The Taskforce can inform these Using Agencies that the GAO Framework is required by law and offer assistance in carrying out the Framework's requirements, including facilitating the risk assessment process. Providing implementation training will enable the Taskforce to promote consistency across all entities, thereby facilitating the compilation efforts described below.

**The Taskforce should develop a cross-cutting knowledge-sharing process to compile all fraud mitigation information developed by New Jersey's Using Agencies responsible for Recovery Programs.**

As Using Agencies identify fraud vulnerabilities, design fraud control activities for each vulnerability, and identify data sources, the Taskforce should establish itself as the central repository of this information by maintaining:

- A central, dynamic list of fraud schemes related to Recovery Programs based on the results of separate Using Agency risk assessments. (Cotton & Company has already begun compiling such a list.)
- A library of data analytic tools and techniques that Using Agencies can apply to each fraud scheme. (This library will also be based on the results of separate Using Agency efforts.)
- A "database of databases" of available information that Using Agencies can use in performing data analysis. Although different Using Agencies will have access to or manage different data sources, the consolidated database will provide ever-increasing opportunities for "join and define" data analytic testing, wherein databases are joined so that defined tests can take advantage of the consolidated data.



The value of these three centralized components cannot be overstated, as they will facilitate knowledge-sharing that synergizes the efforts of all Using Agencies administering the Recovery Programs. These components will provide an expanding library of tests and techniques that Using Agencies can consider, as well as enable Using Agencies to tap into data sources they may not have been aware of.

**The Taskforce should be a quick-response resource to support Using Agencies in fraud detection, investigation, and prosecution efforts.**

As Using Agencies begin performing fraud detection efforts, the Taskforce can stand ready to provide quick-response resources to assist in those efforts. For example, the Taskforce can provide training in data analytics, as well as dedicated data analysts. It can also provide resources to support investigations and maintain a database of expert witness resources to assist in prosecuting cases. Additionally, the Taskforce can maintain a centralized database for tracking all of these efforts across Using Agencies.

By leveraging knowledge, skills, and experience across Using Agencies, the Taskforce will be able to oversee a coordinated effort across the State, using a form of crowdsourcing to optimize the use of resources spread across many entities and maximize the combined efforts of those entities. Cotton & Company can assist in this overarching effort, as displayed in the following table.

Taskforce Initiative	Cotton & Company Support
Determine extent to which Using Agencies administering Recovery Programs have complied with requirements of the GAO Framework.	<ul style="list-style-type: none"> <li>Survey Using Agencies to ascertain their level of awareness and implementation of the GAO Framework.</li> <li>Meet with Using Agencies to review their implementation efforts and compile an overall assessment report for the Taskforce.</li> </ul>
Encourage full implementation of the GAO Framework and provide technical support and training in how to implement the GAO Framework.	<ul style="list-style-type: none"> <li>Conduct training sessions on how to perform fraud risk assessments in accordance with the GAO Framework.</li> <li>Facilitate Using Agency fraud risk assessments by organizing, leading, and documenting risk assessment sessions.</li> </ul>
Establish a cross-cutting knowledge-sharing process designed to compile all fraud mitigation information developed by New Jersey Using Agencies responsible for Recovery Programs.	<ul style="list-style-type: none"> <li>Collect risk assessment documentation from all Using Agencies.</li> <li>Compile consolidated lists of fraud schemes,<sup>1</sup> fraud control activities, and data sources.</li> <li>Create a data analytics database linking schemes with data analytic tests and data sources.</li> <li>Consult with Using Agencies on how to use these resources to refine and enhance their risk management processes and procedures.</li> </ul>
Serve as a quick-response resource to support Using Agencies in their fraud detection, investigation, and prosecution efforts.	<ul style="list-style-type: none"> <li>Provide training in data analysis techniques.</li> <li>Provide data analysts.</li> <li>Provide investigation expertise and support.</li> <li>Provide expert witnesses and maintain a database of expert talent.</li> <li>Create and maintain an overall case management and reporting database.</li> </ul>

<sup>1</sup> Cotton & Company has already begun compiling a comprehensive list of fraud schemes via crowdsourcing using the ACFE Fraud Risk Management Forum and other sources. The current list of more than 160 schemes can be found [here](#).

## 2.3 TECHNICAL APPROACH [RFQ SECTION 4.2.1]

---

Below, we detail our understanding of the objectives listed in the solicitation, our proposed approach for accomplishing the work outlined in *RFQ Section 3.0*, and our qualifications for and experience in providing the general tasks outlined in *RFQ Section 3.1* and the specific tasks by category outlined in *RFQ Sections 3.1.1.1–3.1.1.3*.

### 2.3.1 Understanding of the Contract Objectives [RFQ Section 4.2.2]

---

On July 17, 2020, Governor Murphy signed Executive Order 166, which established the Taskforce and the GDRO. The purpose of the Taskforce is to advise State departments, agencies, and independent authorities that receive or administer COVID-19 recovery funds (i.e., Using Agencies) regarding compliance with federal and State law and how to mitigate the risks of waste, fraud, and abuse.

The Taskforce has issued guidelines regarding the appointment and responsibilities of COVID-19 oversight integrity monitors (i.e., integrity monitors). Using Agencies may retain and appoint integrity monitors to oversee the disbursement of COVID-19 recovery funds and the administration of a COVID-19 recovery program.<sup>2</sup> 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.

A Using Agency’s accountability officer serves as the central point of contact (POC) for tracking COVID-19 funds within each agency or authority, and they are responsible for both working with and serving as a direct POC for the GDRO and the Taskforce. Accountability officers also ensure that personnel perform appropriate risk assessments and evaluate whether an integrity monitor can assist in reducing or eliminating risk to assure the public that the Using Agency was efficient, fair, and prudent in using both State and federal funds.

This contract—as administered by the State Contract Manager—will establish a pool of qualified integrity monitors from which Using Agencies can acquire monitoring and oversight support that will help ensure the administration of COVID-19 recovery funds<sup>3</sup> in compliance with the programmatic, 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. Although the specific services that integrity monitors may provide under this contract will vary depending on the nature of the programs that the Using Agencies administer, integrity monitors should possess knowledge and experience in the areas of

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<sup>2</sup> A Using Agency should use the Taskforce’s *Integrity Oversight Monitor Guidelines* when evaluating whether it should retain an integrity monitor. A Using Agency that has received or will administer a total of \$20 million or more in COVID-19 recovery funds should retain at least one integrity monitor, subject to the availability of federal funding.

<sup>3</sup> Cotton & Company understands that the scope of integrity monitoring services to be performed under this contract **excludes** Section 5001—Coronavirus Relief Fund (CRF), of the CARES Act. The GDRO’s transparency website reports \$14.21 billion in expenditures in 2020, of which \$1.06 billion relates to the CRF.





program and process management auditing, financial auditing and grant management, and integrity monitoring/anti-fraud.

Cotton & Company is committed to working collaboratively with stakeholders throughout the contract/engagement period of performance, maintaining open and frequent communication while functioning as an independent party, and conducting our review as an external auditor. Cotton & Company recognizes that the Using Agency stakeholders include, but may not be limited to, the agency contract manager, accountability officer, and Recovery Program Participant leadership. Other stakeholders include, but may not be limited to, the GDRO, Taskforce, Office of the State Comptroller (OSC), State Treasurer, Attorney General, and legislative leadership. The goals of integrity monitors and stakeholders are one and the same: maximizing the value of COVID-19 recovery funding by ensuring every dollar is spent efficiently, properly, and legally.

### 2.3.2 Proposed Approach [RFQ Section 4.2.1]

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Cotton & Company's role as an integrity monitor will be to provide independent, objective monitoring and oversight to help ensure the administration of COVID-19 recovery funds in compliance with the programmatic, 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. In performing this role, we will adhere to Statements on Standards for Consulting Services, as issued by the AICPA Management Consulting Services Executive Committee; the AICPA Code of Professional Conduct; and, if applicable, the Statements on Standards for Forensic Services issued by the AICPA Forensic and Valuation Services Executive Committee.

Cotton & Company understands that the services we provide through the engagements solicited under this contract are intended to provide independent, objective monitoring and reporting on the disbursement of COVID-19 recovery funds and a Using Agency's administration of a COVID-19 recovery program. As such, to the extent that it is appropriate within the context of our role as integrity monitor, our approach will incorporate certain procedures contained in the auditing standards.<sup>4</sup>

We will also adhere closely to the Government Accountability Office (GAO) *Framework for Managing Fraud Risks in Federal Programs* (GAO Framework) because: (a) federal funding is involved and (b) the FRDAA mandated the use of the GAO Framework. We will supplement the GAO Framework with the Committee of Sponsoring Organizations (COSO)/Association of Certified Fraud Examiners (ACFE) *Fraud Risk Management Guide* (FRMG).<sup>5</sup>

**David Cotton** chaired the COSO/ACFE Taskforce that produced the FRMG. This Taskforce included two senior GAO personnel who authored the GAO Framework. GAO consulted with Mr. Cotton on the final draft of its Framework; Mr. Cotton provided input and suggestions based on the Taskforce's work, and GAO incorporated those recommendations.

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<sup>4</sup> For financial audits and attestation engagements, GAGAS incorporates the AICPA Statements on Auditing Standards and SSAE by reference.

<sup>5</sup> The executive summary of the FRMG can be accessed at [FRMG Executive Summary](#).

Although GAO published its Framework before the COSO/ACFE Taskforce published the FRMG, to ensure that both publications could be incorporated into the FRDAA, GAO and the COSO/ACFE Taskforce completed the two publications simultaneously, and the publications are entirely consistent. However, the FRMG is more detailed than the GAO Framework is, particularly with respect to exactly how to perform and document a fraud risk assessment. The FRMG also contains valuable guidance in 19 appendices, including an appendix titled *Managing the Risk of Fraud, Waste, and Abuse in the Government Environment*. Because the COSO/ACFE FRMG is more robust than the GAO Framework is and is entirely consistent with the GAO Framework, we will consult it as appropriate and will use the tools that the Taskforce developed, where appropriate. We describe these tools further in Appendix A.

Below, we outline our approach to accomplishing the general tasks of an integrity monitor, including a plan for responding to requests for an engagement (i.e., engagement queries). *RFQ Sections 3.1.1.1–3.1.1.3* outline 20 specific tasks in three categories. Cotton & Company understands that the specific tasks we perform as an integrity monitor may vary based on the Using Agency and Recovery Program. We will modify our approach as needed to accomplish the specific tasks within the scope of work and the “Not to Exceed” budget defined in the letter of engagement. To demonstrate our qualifications and experience in performing the specific tasks by category outlined in *RFQ Sections 3.1.1.1–3.1.1.3*, **Section 2.3.3** includes a table that aligns each specific task to Cotton & Company’s similar current or completed contracts.

### 2.3.2.1 Responding to Engagement Queries



- **Task 1: Monitor for Engagement Query.** We understand that the State contract manager will send engagement queries to all eligible integrity monitors in the pool established by this contract. Upon receiving the query, our dedicated Communications team will disseminate the information to the partner responsible for managing this contract.
- **Task 2: Evaluate Engagement Query.** The assigned partner, in coordination with contract key personnel, will review the engagement query, including the scope of work and term and conditions, considering factors such as our firm’s related experience and qualifications to perform the specific scope of work, available staffing, potential or actual conflicts of interest (COI), and our ability to comply with the specific terms and conditions of the engagement.
- **Task 3: COI Check.** During the evaluation process, Cotton & Company’s Contracts team will send—via email—a COI inquiry to all partners in the firm. This inquiry summarizes the work to be performed and identifies the requesting agency, the standards applicable to the engagement, and any COI clauses included in the engagement query. Upon receiving the responses, the contract’s partner determines whether any identified COIs can be effectively mitigated, including considering whether the firm and/or our employees have an affiliation with the Using Agency that would prevent Cotton & Company from performing the engagement as an independent third party.



- **Task 4: Bid/No-Bid Decision.** The contract partner will consider the evaluation results in coordination with contract key personnel, including the results of the COI check, and will document our bid/no-bid determination using a prescribed form. Cotton & Company does not bid engagements for which we have a COI that we cannot effectively mitigate.
- **Task 5: Respond to Engagement Query.** If our evaluation results in a determination to bid, Cotton & Company will prepare a proposal following the guidelines listed in the engagement query and our Proposal Development Guide. This guide ensures we follow a consistent process when responding to government solicitations and includes key considerations for preparing a competitive proposal, a proposal development checklist, an example compliance matrix to align to the engagement query, and templates to promote consistent presentation of our proposals. Cotton & Company's proposal in response to any engagement query will include, at a minimum, a plan to perform the scope of work, a detailed budget, and timelines in which we will perform the work. We will also clearly document any COIs and our mitigation strategy.
- **Task 6: Perform Client Acceptance/Continuance Procedures and Execute Letter of Engagement.** Upon being selected as an integrity monitor, Cotton & Company will perform procedures for the acceptance and continuance of client relationships. As a best practice, our procedures will be consistent with those prescribed in AU-C §220, *Quality Control for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards*. Upon completing these procedures, we will execute the letter of engagement issued by the State contract manager and will coordinate with the Using Agency contract manager to begin engagement performance.

#### 2.3.2.2 Planning Phase



- **Task 7: Schedule and Conduct Kick-off Meeting.** Upon executing the letter of engagement, we will schedule a kick-off meeting with the Agency contract manager, accountability officer, and other Using Agency stakeholders responsible for Recovery Program administration. At the kick-off meeting, we will review the scope of work and objectives of the letter of engagement and ensure all lines of reporting and communications are clear and agree as to the timing, frequency, and distribution of certain written communications (e.g., status reports).
- **Task 8: Perform Quality Planning Procedures.** As described in Section 3.2.2, we will identify the quality standards and requirements and determine how to measure compliance for the engagement. We will communicate the quality standards and requirements to all team members and stakeholders.
- **Task 9: Prepare Project Plan.** As described in Section 3.2.1, the project manager will prepare and/or update a project plan to manage the work specified in the letter of engagement. The project plan identifies the specific tasks, timelines, and responsibilities of



assigned engagement team members to meet the engagement scope of work, performance milestones, and deliverables within the specified “Not to Exceed” budget and the deliverable schedule set forth in the letter of engagement. [RFQ Section 3.1.4] Deliverables will include both the draft and final quarterly reports, as well as any additional reporting requirements included in the letter of engagement. [RFQ Section 3.1.3]

- **Task 10: Gain an Understanding of the Using Agency and Recovery Programs.** We will *review written documents (e.g., quarterly financial and performance reports, recent audit results, documented communications between the Using Agency and the State, prior monitoring reports, and pertinent performance data), as appropriate [RFQ Section 3.1]* to gain an understanding of the Using Agency, its Recovery Programs, and any current monitoring and oversight processes in place. We will also conduct inquiries of the accountability officer and other Using Agency stakeholders responsible for Recovery Program administration. The understanding we gain through these procedures will inform the development of our detailed monitoring plan and sample plan. It will also assist in our performance of an initial risk assessment (see Task 12) and inform our understanding of internal control (see Task 15).
- **Task 11: Flowchart the Progression of Funds Disbursement.** As part of Task 10, we will gain an understanding of the progression of the disbursement of funds in a Recovery Program and prepare illustrative flowcharts to document this progression. During this process, we will also *compare actual expenditures against planned expenditures and assess whether the Using Agency is accomplishing the scope of services to be provided through the Recovery Program at the same rate as the actual and planned expenditures.* [RFQ Section 3.1]

### 2.3.2.3 Risk Assessment Phase



- **Task 12: Perform Initial Risk Assessments.** [RFQ Section 3.1] We will first review and consider the accountability officer’s assessment of risk and risk tolerances, as documented in the risk matrix prescribed in the Taskforce’s Integrity Oversight Monitor Guidelines. This risk matrix will inform and supplement our risk assessment procedures and resulting evaluation of the Using Agency’s susceptibility to waste, fraud, and abuse within its Recovery Program(s). Our risk assessment procedures consider inherent, control, and fraud risk factors and how these may impact (i.e., likelihood and severity) the administration of COVID-19 recovery funds in compliance with related requirements.<sup>6</sup> In assessing fraud risk, we will conduct an engagement team brainstorming session (see Task 13) using a scheme-specific approach (see **Appendix B: Using a Scheme-Specific Approach to Managing**

<sup>6</sup> **Inherent risk** is a Recovery Program’s susceptibility to noncompliance—including waste, fraud, or abuse—before consideration of any related controls. **Control risk** is the risk that noncompliance—including waste, fraud, or abuse—could occur in a Recovery Program and not be prevented or detected/corrected on a timely basis by the Using Agency’s internal controls. **Fraud risk** consists of the risk of misappropriation of Recovery Program assets and fraudulent Recovery Program reporting.

**Fraud Risk**). Additionally, because we will consult the COSO/ACFE FRMG as appropriate, our risk assessment procedures will use the relevant Taskforce-developed tools (see **Appendix A: Fraud Risk Management Tools**).

- Task 13: Conduct an Engagement Team Brainstorming Session.** Some of the fraud detection procedures contained in AU-C §240, *Consideration of Fraud in a Financial Statement Audit*, such as brainstorming, are valuable tools for integrity monitors to consider. We will assemble the engagement team and conduct a brainstorming session designed to identify possible fraud schemes that may take place within the Using Agency's Recovery Program(s). Our logical starting point for assessing Recovery Program fraud risk is identification of all potential fraud schemes that could victimize the program. Cotton & Company has already initiated this effort by capturing currently known actual or potential fraud cases related to the Pandemic Response Programs. We have scoured current media and OIG reports on these fraud cases and used crowdsourcing via ACFE's Fraud Risk Management Forum to identify additional schemes. The details behind each title, hyperlinked to its underlying description and source, can be found [here](#). Outcomes of this brainstorming session will be a list of viable fraud schemes that may be taking place within the Using Agency's Recovery Program(s) and documentation of how we will design our monitoring procedures to determine whether any schemes have occurred.
- Task 14: Conduct Fraud Inquiries.** Another AU-C §240 procedure that is useful for integrity monitors to consider is the requirement to make inquiries of Using Agency personnel to determine what they may know or suspect regarding whether fraud has occurred or where fraud might occur within a Recovery Program. Personnel to be interviewed include those involved in the administration of the Recovery Program(s), including operations personnel, contracting personnel, program management personnel, and accounting personnel. If any additional potential fraud schemes or evidence surface during these interviews, we will design appropriate procedures to address them in our monitoring plan and sample plan. We will immediately and simultaneously report any evidence of actual or potential fraud to the GDRO, OSC, State Treasurer, Agency contract manager, accountability officer, and the Office of the Attorney General. We will conduct fraud inquiries throughout the planning and performance phases.
- Task 15: Identify and Understand Existing Control Activities and Evaluate Design and Implementation.** After completing our initial risk assessment, we will identify the relevant control activities the Using Agency has designed and implemented to mitigate the identified risks. This includes *internal controls within the Using Agency's financial management, cash management, acquisition management, property management, and records management capabilities*. [RFQ Section 3.1] We will leverage our understanding gained through Task 10 and may supplement this understanding with targeted inquiries of the accountability officer and other Using Agency stakeholders responsible for Recovery Program administration.

**Melinda DeCorte** served a 4-year term on the Comptroller General's Advisory Council on *Standards for Internal Control in the Federal Government* (the Green Book). During this period, Ms. DeCorte supported the preparation of the 2014 Green Book revision.



Based on the results of our documentation review and inquiries, we will determine whether each identified control activity is likely to achieve the related control objective (i.e., assessment of control design) and whether the Using Agency has fully implemented the control activity. For properly designed and implemented control activities, we will design tests of control effectiveness for inclusion in the monitoring plan and sample plan.

- **Task 16: Identify Gaps in Internal Control, Indicating Residual Risk.** If we determine that the Using Agency has not properly designed and/or fully implemented a control activity (see Task 15), we will communicate this gap as an observed risk (see Task 30). Given the concept of accountability for use of public resources and government authority, gaps in internal control are opportunities for potential waste, fraud, or abuse.

### 2.3.2.4 Monitoring Plan Phase



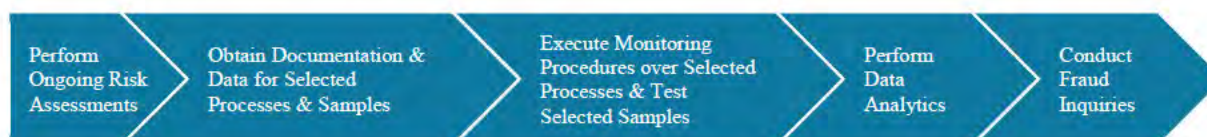
- **Task 17: Identify Recovery Program Processes for Monitoring.** Unless otherwise specified in the letter of engagement, we propose using a risk-based approach to identify specific Recovery Program processes for monitoring. We will leverage the results of our risk assessment procedures—including the engagement team brainstorming session—and our consideration of internal control in making a preliminary determination. We will then coordinate with the accountability officer and other Using Agency stakeholders responsible for Recovery Program administration to finalize this determination.
- **Task 18: Prepare Draft Monitoring Plan and Sample Plan.** For in-scope processes identified for monitoring (see Task 17), we will prepare a detailed monitoring plan, including a plan for selecting samples. Our plan will set forth the specific monitoring procedures that we will perform in response to the risks identified in the risk assessment phase. The objectives of our plan are to:
  - a. Obtain sufficient appropriate evidence regarding the Recovery Program’s compliance with programmatic, 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.
  - b. Identify potential instances of waste, fraud, and abuse.

In identifying transactions for sampling, we will stratify the transactions using quantitative considerations (e.g., dollar value) and qualitative considerations (e.g., high-profile or sensitive transactions). Within each stratum, we will decide whether representative or non-representative selections will yield the best results. Representative selections (e.g., random attribute sampling or statistical sampling) may be best for small-dollar-value transactions; non-representative selections (e.g., testing all transactions in the stratum) may be best for large-dollar-value transactions, transactions having a sensitive nature, or transactions that followed alternate disbursement processes.



- **Task 19: Submit Plan to Agency Contract Manager and Accountability Officer.** Cotton & Company will submit our draft plan to the Agency contract manager and accountability officer for review and comment. Although our role as integrity monitor will be to function as an independent party and conduct our review as though we were an external auditor, we believe Using Agency input into our plan will help us achieve the engagement objectives.
- **Task 20: Prepare Final Monitoring Plan and Sample Plan.** Upon receiving the Using Agency's comments, we will review the comments, determine whether and how the comments warrant any modifications to the plan, and modify the plan as needed.

### 2.3.2.5 Performance Phase



- **Task 21: Perform Ongoing Risk Assessments.** *[RFQ Section 3.1]* We will re-assess risk throughout the engagement, as described in the risk assessment phase.
- **Task 22: Obtain Documentation and Data for Selected Processes and Samples.** Based on the monitoring procedures and samples identified in the monitoring plan and sample plan, we will submit requests for the required documents and data and/or gain access to the Using Agency's document repository, if available.
- **Task 23: Execute Monitoring Procedures over Selected Processes and Test Selected Samples.** We will identify the specific monitoring procedures and samples in the monitoring plan and sample plan; however, at a minimum, we expect they will include:
  - a. Validating compliance with sub-grant award and general terms and special conditions. *[RFQ Section 3.1]*
  - b. Interviewing Using Agency staff and their constituents to determine whether the Using Agency is meeting its program objectives in an efficient, effective, and economical manner. *[RFQ Section 3.1]*
  - c. Sampling eligibility determinations and denials of applications for funding. *[RFQ Section 3.1]*

The results of these procedures will inform our evaluations of internal control and Recovery Program compliance (see Tasks 26 and 27). As patterns emerge based on these procedures, we will communicate any risks observed and prepare Notices of Finding and Recommendations (NFRs) (see Tasks 30 and 31). We will also begin assessing the need for follow-up inquiries/testing and on-site monitoring visits (see Tasks 28 and 29).

- **Task 24: Perform Data Analytics.** Our monitoring plan and sample plan will emphasize the use of analytics to glean insights from data sets that we can use to identify anomalies, trends, patterns, and outliers that may indicate a scheme is occurring within the Recovery Program. **Appendix C: Systematic Approach to Applying Data Analytics** describes our 10-step systematic approach to using data analytics to identify potential or probable fraud in



Recovery Programs, including a real-world example of the application of this technique to identify potential fraud in the Payroll Protection Program.

#### Data Analytics in Support of Contract and Grant Oversight and Accountability Missions

Cotton & Company consistently employs data analytics in supporting agency management and Inspectors General in their contract and grant oversight and accountability missions. Specifically, we perform dozens of performance audits and compliance reviews each year that involve requesting transaction-level detail to support costs claimed by colleges and universities, nonprofit organizations, for-profit organizations, and national associations on both federal and non-federal grants and contracts. For each of these engagements, our team gains an understanding of the entity and its environment, relevant policies and procedures, and applicable criteria and uses this understanding to design data analytic tests that we can perform using the Caseware IDEA software to assess and analyze the potential risks of costs claimed on grants, contracts, and cooperative agreements. Although we specifically tailor these tests to identify key risk indicators for each engagement, we often design the data analytics to identify and perform further tests on:

- Pre-award or post-award transactions
- Unusual cost transfers
- Expressly unallowable expenses
- Procurements made just below approval thresholds
- Transactions processed outside the typical accounting system
- Outliers in tailored Benford's Law analyses
- Potential duplicates
- High-risk and/or unusual accounts
- Budget to actual discrepancies
- Instances where the organization inappropriately applied indirect costs
- Late equipment and supply purchases
- Other high-risk transactions

We use the results of these analytic tests to analyze the potential risk for each transaction in the data set by evaluating the number and type of risk indicators attributable to each transaction. We are then able to consider these potential risks when designing further procedures and when selecting a sample of transactions for testing.

By employing this data analytics approach, agency management and Inspectors General focus valuable resources on the highest risk areas. This approach provides roughly ten times the audit coverage at the same level of resource expenditure as a more traditional compliance audit approach.

- **Task 25: Conduct Fraud Inquiries.** We will conduct fraud inquiries throughout the planning and performance phases (see Task 14). If any additional potential fraud schemes or evidence surface through these interviews, we will modify our monitoring plan and sample plan to address them.



- **Task 26: Evaluate Operating Effectiveness of Control Activities.** For those control activities that the Using Agency has properly designed and implemented, we will design tests of control effectiveness for inclusion in the monitoring plan and sample plan (see Task 15). The results of our monitoring procedures (see Task 23) will inform our evaluation of internal control effectiveness. A control activity—even when properly designed and fully implemented—may not be operating effectively if the individual or system responsible for executing the control activity fails to do so. If we determine that a control activity is ineffective, we will communicate this as an observed risk (see Task 30).

- **Task 27: Evaluate Recovery Program Compliance.** The results of monitoring procedures (see Task 23) will inform our evaluation of Recovery Program compliance. This includes, but may not be limited to, *evaluating project performance [RFQ Section 3.1] and ensuring the Using Agency is retaining appropriate documentation—based on federal and State regulations and guidance—to support fund disbursement. [RFQ Section 3.1]* We will communicate instances of noncompliance or potential noncompliance as observed risks (see Task 30).

In evaluating project performance, we may identify indicators of waste, fraud, and abuse. In identifying indicators of waste and abuse, we will consider the definitions and examples listed in *Government Auditing Standards* (GAS) (2018 Revision). These standards specify that the determination of waste and abuse is subjective. Consequently, we will communicate such indicators as observed risks, but we will not make a conclusive determination as to whether waste or abuse actually occurred within the Recovery Program. We may also identify indicators of fraud, but we will not make a determination as to whether fraud actually occurred. This determination can only be made after a thorough investigation and the due process of law.

- **Task 28: Conduct Follow-Up Inquiries and Expanded Testing as Appropriate.** The results of the tasks performed in the planning phase, risk assessment phase, and/or performance phase will dictate the need for follow-up inquiries and expanded testing, including whether on-site monitoring visits are necessary. Follow-up inquiries and expanded testing will be needed if any of the results from these phases remain unclear or if we require additional evidence to fully develop a finding. As an example, we will *conduct follow-up inquiries regarding specific funding decisions that require clarification, as well as regarding decisions related to emergency situations. [RFQ Section 3.1]*
- **Task 29: Conduct On-Site Monitoring as Appropriate. [RFQ Section 3.1]** Cotton & Company expects to perform many engagement tasks offsite in the form of desk reviews. In determining whether on-site monitoring visits are necessary and appropriate, we will consider the results of: (a) desk reviews, (b) initial and ongoing risk assessments, and (c) the accountability officer's assessment of risk and risk tolerances. If we are satisfied that the Using Agency is meeting the essential Recovery Program objectives, timelines, budgets, and other related program and financial criteria, we will document our basis for this conclusion, including the steps we performed to reach this conclusion, and will forgo onsite monitoring visits.

However, if we identify any of the following issues, we will plan to perform onsite monitoring visits: (a) non-compliance with reporting requirements, (b) problems reported in quarterly progress or financial reports, (c) a history of unsatisfactory performance in administering programs and funding, (d) a lack of responses to requests for information, (e) high-risk designations, (f) required follow-up on prior audits or monitoring findings, and/or (g) allegations of misuse of funds or receipt of complaints. In the event we determine on-site monitoring visits are necessary and appropriate,<sup>7</sup> we will prepare an estimated travel budget

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<sup>7</sup> Cotton & Company recognizes the limitations that may be placed on travel given the continuing impact of the COVID-19 pandemic. We will therefore—in coordination with the Agency contract manager—consider the appropriateness of travel in light of guidelines published by the U.S. Centers for Disease Control and Prevention (CDC) and the State of New Jersey.



that considers cost-effective solutions for scheduling travel and that complies with the requirements set forth in the State of New Jersey Department of the Treasury Circular 20-04-OMB. [RFQ Section 3.3] Our project manager team will work with the Agency contract manager to obtain approval for the travel budget before we schedule any travel.<sup>8</sup>



- **Task 30: Communicate Observed Risks.** Throughout the engagement, Cotton & Company will notify Using Agency stakeholders and other stakeholders of observed risks that may result in a finding as we identify them. This provides Using Agency stakeholders with the opportunity to gain an understanding of the observed risks, correct any misunderstandings or provide clarification as necessary, and take corrective actions before the disbursement of any additional funds.
- **Task 31: Prepare NFRs.** For observed risks that we deem to be deficiencies, we will prepare NFRs to document the condition, criteria, cause, and effect, as well as our recommendations, and will reference the NFRs to the supporting workpapers to ensure their factual accuracy. We will provide stakeholders with an opportunity to review the NFRs and concur or provide clarification before we include the findings in our integrity monitor report.<sup>9</sup> Cotton & Company will also report substantial deficiencies to the GDRO, OSC, and State Treasurer, as identified.
- **Task 32: Conduct Training in Fraud Risk Management.** Where the results of our monitoring procedures indicate that the Using Agency has not performed appropriate fraud risk assessments or is not performing the assessments correctly, we are prepared to provide comprehensive training and serve as facilitators for conducting risk assessments.
- **Task 33: Present Value-Added Recommendations for Using Agency Consideration.** Based on our experience performing similar engagements for other federal, state, and non-profit organizations, as well as our expertise with regard to leading practices for fraud risk management, we are well positioned to offer the Using Agency value-added recommendations that address the efficiency and effectiveness of the Recovery Program. The Using Agency can consider these recommendations as opportunities for improvement in its current and future program administration. For example, these recommendations may include ways to improve the Agency's risk-management practices, practical considerations related to program implementation, and/or data analysis techniques.

<sup>8</sup> Under certain circumstances, and as appropriate, Cotton & Company may wish to conduct unannounced onsite monitoring visits. We will discuss these visits with the Agency contract manager and agree to a protocol at the start of the engagement.

<sup>9</sup> The exception to this process is any evidence that may indicate potential fraud. If a NFR has potential fraud implications, we will immediately and simultaneously report it to the GDRO, OSC, State Treasurer, Agency contract manager, accountability officer, and Office of the Attorney General.



### 2.3.2.6 Reporting Phase



- **Task 34: Prepare Draft Quarterly Reports.** Cotton & Company will use the integrity monitor report template to prepare draft quarterly reports detailing the specific services we rendered during that quarter and any findings related to potential waste, fraud, or abuse. We will support any findings included in the draft quarterly report with NFRs that stakeholders have previously reviewed and provided concurrence and/or clarification on. Cotton & Company will tailor the report for the Using Agency and Recovery Program, but at a minimum will address each element included in the integrity monitor report template.
- **Task 35: Perform Draft Report Referencing and Quality Review.** Cotton & Company's quality procedures include: (a) report referencing by an individual not involved in the engagement, to ensure factual accuracy and consistency with supporting NFRs, and (b) a final reading of the report by the quality control partner.
- **Task 36: Submit Draft Reports to Using Agency.** Cotton & Company will submit draft quarterly reports to the Using Agency by the last day of the quarter. We will provide the Using Agency 15 days to review and provide comments to the findings, including highlighting any corrective actions taken in response to the findings, or to contest a finding that the Using Agency considers inappropriate.
- **Task 37: Obtain Comments from Using Agency.** Upon receiving the Using Agency's comments, we will review them to determine whether the comments warrant any modifications to the report.
- **Task 38: Prepare Final Quarterly Reports.** Cotton & Company will make modifications to the report as needed based on our review of the Using Agency comments and will incorporate the Using Agency comments into the report. We will also include our response to the Using Agency's comments, if any, in the report as appropriate.



- **Task 39: Perform Final Report Referencing and Quality Review.** We will re-perform our quality procedures (see Task 35) to the extent we have modified the report based on the Using Agency's comments.
- **Task 40: Submit Final Reports.** Cotton & Company will submit its final quarterly reports to the State Treasurer within 15 days of the end of the quarter. The State Treasurer will then share the report with the GDRO, Senate President, Speaker of the General Assembly, Attorney General, and OSC. Cotton & Company understands that the GDRO will post our reports to its transparency website.



- **Task 41: Conduct Results Briefings.** At the request of the Using Agency, we will develop PowerPoint slides that present the final report in a format suitable for executive-level stakeholders. Proposed contract personnel will explain the procedures performed and any findings. We will also provide copies of these presentations to the accountability officer for use in additional briefings as necessary.
- **Task 42: Additional Reporting.** Cotton & Company will prepare and submit additional reports as needed based on the requirements included in the letter of engagement. At the request and direction of the GDRO, OSC, and/or State Treasurer, Cotton & Company will: (a) prepare reports and/or respond to inquiries to assist in evaluating whether there is waste, fraud, or abuse in the administration of Recovery Funds; and (b) share Using Agency corrective action plans (CAPs) and evaluate whether the Using Agency has successfully implemented the CAPs. Cotton & Company will also: (a) immediately and simultaneously report to the GDRO, OSC, State Treasurer, Agency contract manager, and accountability officer any instances of potential waste, fraud, abuse, and/or misuse of COVID-19 recovery funds identified; and (b) immediately report potential criminal conduct to the Office of the Attorney General.

In addition to these general tasks by phase, Cotton & Company's approach provides for the accomplishment of tasks at both the overall engagement (**Section 2.3.2.7**) and contract levels (**Section 2.3.2.8**).

### 2.3.2.7 Engagement-Level Tasks



- **Task 43: Onboarding/Offboarding.** As described in **Section 3.2.1**, the project manager will coordinate and supervise the onboarding and offboarding of engagement team members in accordance with Using Agency-specific procedures and letter of engagement requirements. The project manager will serve as the principal POC between the engagement team members and the Agency contract manager regarding all onboarding and offboarding tasks.
- **Task 44: Entrance/Exit Conferences.** Cotton & Company may conduct onsite monitoring visits as necessary and appropriate (see Task 29). At the start of each onsite visit, we will conduct an entrance conference with Using Agency officials to:
  - Explain the onsite monitoring scope and objectives.
  - Establish lines of communication between the monitoring team and Using Agency personnel.
  - Identify the location and format of the documentation that we plan to review during the visit(s).
  - Answer any questions that Using Agency officials may have about the visit.

At the conclusion of each onsite visit, we will conduct an exit conference with Using Agency officials. The purpose of this exit conference is to explain the results of our onsite monitoring procedures, discuss any follow-up inquiries and/or expanded testing that may be necessary, answer any additional questions Using Agency officials may have about the results, and thank Using Agency personnel for their cooperation during the visit.

- **Task 45: Perform Quality Assurance and Quality Control Procedures.** We carry out these quality procedures during all phases and tasks. As engagement team members develop our workpapers, the workpapers are reviewed and initialed by other engagement team members with the requisite experience and expertise. For example, as an associate/staff or consultant develops a workpaper, the supervisory/senior consultant, in coordination with the subject matter expert (SME) as needed, performs a first-level review. The program manager or partner performs the final review and approval of all workpapers.

Cotton & Company's standard workpaper policies require each workpaper (or lead workpaper) to contain key PSSCs: Purpose (i.e., why we developed the workpaper and what objective it supports), Scope (i.e., an explanation of what work we performed, what documents or data we reviewed, what analysis we performed, what tests we conducted, or what calculations we performed), Source (i.e., the source of the contents of the workpaper, including files, records, calculations, or other workpapers), and Conclusions (i.e., a concise statement of results observed or conclusions reached). Conclusions can be linked to the need for additional work or may be linked to one or more findings.

By imposing ongoing discipline regarding fully developed and fully documented workpapers throughout each phase of the engagement, we can ensure quality and accuracy, avoid mistakes and misunderstandings, and provide workpapers that are substantially more valuable to the client. The presence of PSSCs on workpapers also allows for easier review and understanding of our work by agency stakeholders.

- **Task 46: Stakeholder Communication and Coordination.** Throughout the engagement period of performance, Cotton & Company will maintain open, clear, and frequent communication with the State contract manager, Using Agency stakeholders, and other stakeholders, as described in **Section 3.2.3**. In doing so, we will help to:
  - *Facilitate the exchange of ideas to promote operational efficiency.* [RFQ Section 3.1]
  - *Identify present and future needs.* [RFQ Section 3.1]
  - *Promote cooperation and communication amongst integrity monitors engaged by other Using Agencies.* [RFQ Section 3.1]
- **Task 47: Cost Control and Compliance Monitoring.** As described in **Section 3.2.1**, the project manager will: (a) monitor and control engagement costs within the "Not to Exceed" budget and (b) monitor and ensure compliance with the terms and conditions of the related letter of engagement. The project manager will proactively identify and communicate any risks to the engagement budget and/or compliance to the Agency contract manager, and will work collaboratively with the Agency contract manager and engagement team to implement mitigation techniques.
- **Task 48: Documentation.** Cotton & Company understands that we will be responsible for: (a) providing the Using Agency and the State contract manager with all reports and



documents necessary to document the services provided; (b) retaining all records, documents, and communications that relate to the award and performance of this contract, as required by both State and federal regulations; (c) maintaining all records related to products, transactions, or services under this contract for a minimum period of 5 years from the date of final payment; and (d) providing protective storage of daily or disaster-related documents and reports used during the provision of services under the contract. [RFQ Section 3.1.5] To meet these responsibilities, we will leverage a cloud-based, Federal Risk and Authorization Management Program (FedRAMP)-approved solution known as the Fully Integrated Business and Engagement Resource (FIBER) to facilitate document management, storage, and retention. We can also grant the State contract manager and Using Agency personnel real-time access to our workpapers and related documentation in FIBER, eliminating the need for other transmission methods (e.g., email).

#### FIBER – Customized Audit Documentation Management System

Cotton & Company has leveraged DocuSign CLM to develop a customized engagement management software known as FIBER. FIBER features:

- FedRAMP-certified data and file security
- Fast, convenient, real-time access to engagement workpapers for both the engagement team and the client
- Customized workflow that efficiently routes workpapers through the preparation, review, client delivery, client comment, and client approval stages
- Management tools that monitor internal/external deadlines to ensure that we provide all deliverables on time or early
- Real-time reporting
- Collaborative space for the engagement team and client to share files and modify the live versions of those files within the cloud environment

- **Task 49: Litigation Support.** Cotton & Company understands that the State may require us to provide all of the workpapers and/or other documentation necessary to represent or defend the State and any of its political subdivisions—in any matter before any federal, state, or local regulatory agency—if any agency files a proceeding against the State or any of its political subdivisions resulting from the implementation of our recommendations. [RFQ Section 3.2] We are well positioned to cooperate with the State in providing documentation through FIBER upon request (see Task 48) and performing other litigation services. Should the State require litigation services beyond those related to matters resulting from the implementation of our recommendations, we are prepared to offer these services through a modification to the letter of engagement and will submit invoices for payment for labor hours and travel expenses.

#### 2.3.2.8 Contract-Level Tasks



- **Task 50: State Contract Manager Communication and Coordination.** Throughout the contract period of performance, Cotton & Company will maintain open and clear communication with the State contract manager, as described in **Section 3.2.3**.



- **Task 51: Contract Activity Reporting.** As described in **Section 3.2.3**, Cotton & Company will submit biannual contract activity reports by July 30 (for the period from January 1 through June 30) and by January 30 (for the period from July 1 through December 31) for each biannual period within the contract period of performance.
- **Task 52: Security Plan.** Cotton & Company acknowledges our responsibility to prepare and submit to the State a detailed security plan that addresses our approach to meeting each applicable security requirement no later than 30 days after contract award. *[RFQ Section 3.4]*

*RFQ Section 3.1* identifies general tasks for each engagement. Below, we provide cross-references to the sections and task numbers within our proposed approach where we have addressed each general task.

No.	RFQ Section 3.1 General Tasks	Related Section
1	Initial and ongoing risk assessments.	<ul style="list-style-type: none"> <li>• <b>Section 2.3.2.3</b>, Task 12</li> <li>• <b>Section 2.3.2.5</b>, Task 21</li> </ul>
2	Evaluation of project performance.	<ul style="list-style-type: none"> <li>• <b>Section 2.3.2.5</b>, Task 27</li> </ul>
3	Evaluation of internal controls associated with the Using Agency's financial management, cash management, acquisition management, property management, and records management capabilities.	<ul style="list-style-type: none"> <li>• <b>Section 2.3.2.3</b>, Task 15</li> </ul>
4	Validation of compliance with sub-grant award and general terms and special conditions.	<ul style="list-style-type: none"> <li>• <b>Section 2.3.2.5</b>, Task 23</li> </ul>
5	Review of 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.	<ul style="list-style-type: none"> <li>• <b>Section 2.3.2.2</b>, Task 10</li> </ul>
6	Interviews of Using Agency staff, as well as the constituents they serve, to determine whether program objectives are being met in an efficient, effective, and economical manner.	<ul style="list-style-type: none"> <li>• <b>Section 2.3.2.5</b>, Task 23</li> </ul>
7	Sample eligibility determinations and denials of applications for funding.	<ul style="list-style-type: none"> <li>• <b>Section 2.3.2.5</b>, Task 23</li> </ul>
8	Review of 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.	<ul style="list-style-type: none"> <li>• <b>Section 2.3.2.2</b>, Task 11</li> </ul>
9	Ensuring that the Using Agency is retaining appropriate documentation, based on federal and state regulations and guidance, to support fund disbursement.	<ul style="list-style-type: none"> <li>• <b>Section 2.3.2.5</b>, Task 27</li> </ul>
10	Following up with questions regarding specific funding decisions, and review decisions related to emergency situations.	<ul style="list-style-type: none"> <li>• <b>Section 2.3.2.5</b>, Task 28</li> </ul>
11	Facilitating the exchange of ideas and promote operational efficiency.	<ul style="list-style-type: none"> <li>• <b>Section 2.3.2.7</b>, Task 46</li> </ul>
12	Identifying present and future needs.	<ul style="list-style-type: none"> <li>• <b>Section 2.3.2.7</b>, Task 46</li> </ul>
13	Promoting cooperation and communication among Integrity Monitors engaged by other Using Agencies (e.g., to guard against duplication of benefits).	<ul style="list-style-type: none"> <li>• <b>Section 2.3.2.7</b>, Task 46</li> </ul>
14	Onsite monitoring visits.	<ul style="list-style-type: none"> <li>• <b>Section 2.3.2.5</b>, Task 29</li> </ul>



### 2.3.3 Qualifications and Experience in Providing the Specific Tasks by Category [RFQ Section 4.2.1]

Cotton & Company has extensive experience *directly related* to the services required by this RFQ. In **Section 3.5**, we provide a detailed description of our similar current or completed contracts as evidence of our qualifications and ability to successfully complete the services required by this RFQ, including the type of contract and the contract budget.

No.	Similar Contract	Related Section
1	DHS OIG and FEMA OIG	Reference 1 – Department of Homeland Security (DHS) Office of Inspector General (OIG) and Federal Emergency Management Agency (FEMA) OIG
2	Patient-Centered Outcomes Research Institute (PCORI)	Reference 2 – Patient-Centered Outcomes Research Institute (PCORI)
3	Corporation for National and Community Service (CNCS) OIG	Reference 3 – Corporation for National and Community Service (CNCS) OIG
4	U.S. Department of State (DOS)	Reference 4 – U.S. Department of State (DOS)
5	U.S. Transportation Command (USTRANSCOM)	Reference 5 – U.S. Transportation Command (USTRANSCOM)
6	Operation Warp Speed (OWS)	Reference 6 – Operation Warp Speed (OWS)

Below, we demonstrate how our qualifications and experience in performing the work on these contracts align to the specific tasks by category. [RFQ Sections 3.1.1.1–3.1.1.3]

Task Descriptions	Understanding of the Task	Reference No.					
		1	2	3	4	5	6
Category 1 – Program and Process Management Auditing [RFQ Section 3.1.1.1]							
a. Development of processes, controls, and technologies to support the execution of CARES Act federally funded programs in compliance with federal and state guidance, including OMB Circulars.	Cotton & Company’s thousands of financial, compliance, and performance audits have provided us with extensive experience in evaluating whether an entity’s processes, controls, and systems for various federal and state-funded programs comply with applicable laws and regulations.	✓	✓	✓	✓	✓	✓
b. Review and improve procedures addressing financial management.	Reviewing entities’ financial management processes and recommending improvements is a central purpose of our financial, compliance, and performance audits. We have helped hundreds of organizations improve the economy and efficiency of their operations.	✓	✓	✓	✓	✓	✓
c. Workload analysis; skills gap analysis, organizational effectiveness, and workforce recruiting strategies.	Our recommendations address the cause of an identified deficiency, which is often related to a gap in skills, ineffective organizational alignment, inadequate staffing, and/or improperly trained personnel.		✓		✓		✓
d. Consulting services to support account reconciliations.	We perform a variety of reconciliations on a weekly, monthly	✓	✓	✓	✓	✓	✓



Task Descriptions	Understanding of the Task	Reference No.					
		1	2	3	4	5	6
	and quarterly basis for our advisory clients. We identify and research variances and pose recommendations to resolve the variances. In auditing program costs incurred, we reconcile recipient and sub-recipient transaction files to payments made by federal and state agencies.						
e. Quality assurance reviews and assessments associated with the payments process to ensure compliance with federal and state regulations.	We perform a variety of quality assurance reviews and assessments related to our clients' business processes, including payments. Evaluating whether payments comply with applicable laws and regulations is a fundamental objective of each financial, compliance, and performance audit we perform.	✓	✓	✓	✓	✓	✓
f. Risk analysis and identification of options for risk management for the federal and state grant payment process.	Identifying risks and mitigation techniques in the grant payment process is key to nearly every financial, compliance, and performance audit we perform. We have also designed and implemented risk-based monitoring strategies that include recipient risk assessments for multiple advisory clients.	✓	✓	✓	✓	✓	✓
g. Consulting services to reduce the reconciliation backlog for the Request for Reimbursements process.	We support our advisory clients in performing various program and process improvement tasks related to accounting and reconciliation procedures, including designing and implementing efficiencies in the cost reimbursement and award close-out processes.		✓		✓	✓	✓
h. Consulting services providing Subject Matter Expert (SME) knowledge of required standards for related monitoring and financial standards under the CARES Act and other federal funding, as applicable.	We have extensive advisory experience in designing, implementing, and evaluating an entity's financial management practices and monitoring processes for various federal and state-funded programs in compliance with applicable laws and regulations.	✓	✓	✓	✓	✓	✓
<b>Category 2 – Financial Auditing and Grant Management [RFQ Section 3.1.1.2]</b>							
a. Plan, implement, administer, coordinate, monitor, and evaluate the specific activities of all assigned financial and administrative functions. Develop and modify policies/procedures/systems in accordance with organizational needs and objectives, as well as applicable government regulations.	Our audit and advisory engagements address most financial and many program administrative functions. We have extensive experience in developing and modifying a wide range of policies and procedures in support of governmental and commercial clients.	✓	✓	✓	✓	✓	✓
b. Provide technical knowledge and expertise to review and make recommendations to	Reviewing and recommending improvements to an entity's grant and	✓	✓	✓	✓	✓	✓



Task Descriptions	Understanding of the Task	Reference No.					
		1	2	3	4	5	6
streamline grant management and fiscal management processes to ensure accountability of funds and compliance with program regulations.	financial management processes is a central purpose of our financial, compliance, and performance audits. We have helped hundreds of organizations improve the economy, efficiency, and compliance of their operations.						
c. Provide tools to be used by Using Agencies for the assessment of the performance of the financial transaction processes.	We identify, develop, and implement a variety of performance assessment tools related to our clients' financial processes. Examples include program and process risk assessment templates, program and process evaluation/scoring matrices, data analysis and validation tools, and compliance matrices. Evaluating financial transaction processes is a fundamental objective of each financial, compliance, and performance audit we conduct.	✓	✓	✓	✓	✓	✓
d. Monitor all grant management, accounting, budget management, and other business office functions regularly.	We have advised clients in designing a risk-based monitoring strategy that included awardee risk assessments, routine financial monitoring, compliance reviews, and learning and dissemination activities. We designed this monitoring strategy to timely detect risks of noncompliance with applicable federal, state, and program regulations and to promote funds accountability.		✓		✓	✓	
e. Provide and/or identify training for staff in the area of detection and prevention of fraud, waste, and abuse.	Our recommendations address the cause of an identified deficiency, which is often related to improperly trained personnel. We have designed and conducted numerous training programs for clients and for professional conferences/seminars related to a wide range of topics, including detection and prevention of fraud, waste, and abuse.	✓	✓	✓			✓
f. Ensure compliance with all applicable federal and state accounting and financial reporting requirements.	Our audits and advisory engagements include reviews of management systems and controls to assess their compliance with federal, state, and program requirements.	✓	✓	✓	✓	✓	✓
<b>Category 3 – Integrity Monitoring/Anti-Fraud [RFQ Section 3.1.1.3]</b>							
a. Forensic accounting and all specialty accounting services.	We provide a wide range of forensic accounting services for both government and commercial clients. As an example, we have collected and reviewed various financial information and assessed the internal	✓	✓		✓	✓	✓



Task Descriptions	Understanding of the Task	Reference No.					
		1	2	3	4	5	6
	control deficiencies that allowed contractors to misrepresent financial information to a government agency.						
b. Continuing risk assessments and loss prevention strategies.	We have identified deficiencies in an entity's system of internal control that provided opportunities for the misappropriation of assets, calculated the entity's loss, and made recommendations for strengthening internal control to mitigate the risk of future losses.	✓	✓	✓	✓	✓	✓
c. Performance and program monitoring and promotion of best practices as applicable to each letter of engagement issued under this contract.	We have advised clients in designing a risk-based monitoring strategy that included awardee risk assessments, routine financial monitoring, compliance reviews, and learning and dissemination activities. We designed this monitoring strategy to timely detect risks of noncompliance with applicable federal, state, and program regulations and to promote funds accountability.	✓	✓	✓	✓	✓	✓
d. Prevention, detection, and investigation of fraud and misconduct.	Entities use our audits of recipients and sub-recipients as a tool for the prevention and detection of fraud and misconduct. We also provide a wide range of investigative and litigation support for both government and commercial clients.	✓	✓	✓	✓	✓	✓
e. Implementation and management of appropriate compliance systems and controls required by federal and state governing guidelines, regulations, and law.	Our recommendations address the cause of any deficiencies identified; this cause is often related to improperly designed processes and controls. We identify, develop, and implement a variety of compliance systems and related controls to both assess and monitor agencies' compliance with federal, state, and program requirements.	✓	✓	✓	✓		✓
f. Provide data management systems/programs for the purpose of collecting, conducting, and reporting required compliance and anti-fraud analytics.	We have identified, developed, and implemented a variety of data management processes to support agencies in collecting, conducting, and reporting required analysis and metrics. As one example, we maintain an agency's grant and cooperative agreement database, which contains award and payment status for each award by fiscal year. We use the database to analyze trends, identify and review anomalies, and generate various reports for internal and external distribution.	✓	✓	✓	✓	✓	✓



*RFQ Section 3.1.1.3* states, “The Contractor shall have the ability to provide integrity monitoring services for professional specialties such as engineering and structural integrity services, etc. either directly or through a subcontractor relationship.” Through our extensive network of teaming partner firms (i.e., subcontracting relationships), Cotton & Company is able to provide integrity monitoring services for professional specialties such as engineering and structural integrity services, actuarial services, statistical analysis and modeling services, architectural services, and construction management services.<sup>10</sup> We have successfully worked with firms that provide these professional specialties on numerous previous projects.

Additionally, we understand that the specific services that integrity monitors may provide under this contract will vary depending on the nature of the programs that the Using Agencies administer. As such, we are not proposing any specific teaming partners (i.e., subcontractors) at this time and therefore did not complete and submit a Subcontractor Utilization Plan form as part of our response. In the event a scope of work for a specific engagement requires us to team with a specialty firm, we will submit a Subcontractor Utilization Plan form for the division’s approval before we enter into a subcontracting agreement with the firm.

Aside from the potential need to provide integrity monitoring services for professional specialties, our staffing strategy (**Section 3.3.2**) proposes using Cotton & Company resources to perform the integrity monitoring services outlined in this RFQ. However, we have strong teaming relationships with other certified public accounting and consulting firms that we can leverage to quickly and significantly expand the number of team members available to perform specialty services under this contract, should the need arise.

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<sup>10</sup> This list represents types of professional specialties for which Cotton & Company anticipates providing integrity monitoring services under the contract. This list is not all-inclusive.



## Section 3 – ORGANIZATIONAL SUPPORT AND EXPERIENCE [RFQ SECTIONS 4.2.2–4.2.7]

### 3.1 MANAGEMENT OVERVIEW [RFQ SECTION 4.2.2]

RFQ Section 4.2.2 specifies the following requirements that Cotton & Company has addressed in other sections of our response. Below, we cross-reference the sections of our response where we have addressed each requirement.

RFQ Section 4.2.2 Requirement	Related Section
The bidder shall set forth its overall technical approach and plans to meet the requirements of the RFQ in a narrative format.	<ul style="list-style-type: none"> <li><b>Section 2.3:</b> This section of our response provides our proposed approach, in a narrative format, for accomplishing the work outlined in RFQ Section 3.0.</li> </ul>
This narrative should demonstrate to the State that the bidder understands the objectives that the contract is intended to meet, the nature of the required work and the level of effort necessary to successfully complete the contract.	<ul style="list-style-type: none"> <li><b>Section 2.3.1:</b> This section of our response provides our understanding of the objectives that the contract is intended to meet.</li> <li><b>Section 2.3.2:</b> Our proposed approach for accomplishing the work outlined in RFQ Section 3.0 also demonstrates our understanding of the nature of the required work and the necessary level of effort to complete the contract. For purposes of responding to this RFQ, Cotton &amp; Company did not estimate the level of effort in labor hours; we will provide these estimates in response to specific engagement queries.</li> </ul>
This narrative should demonstrate to the State that the bidder's general approach and plans to undertake and complete the contract are appropriate to the tasks and subtasks involved.	<ul style="list-style-type: none"> <li><b>Section 2.3.2:</b> This section of our response demonstrates how our proposed approach to complete the contract is appropriate for the general tasks outlined in RFQ Section 3.1.</li> <li><b>Section 2.3.3:</b> This section of our response demonstrates our qualifications for and experience in performing the specific tasks by category outlined in RFQ Sections 3.1.1.1–3.1.1.3.</li> </ul>
The bidder's response to this section should be designed to demonstrate to the State that the bidder's detailed plans and proposed approach to complete the scope of services are realistic, attainable and appropriate and that the bidder's quote will lead to successful contract completion.	<ul style="list-style-type: none"> <li><b>Section 2.3.2:</b> This section of our response provides our proposed approach to successfully complete the scope of work, including detailed plans. Our proposed approach is realistic, attainable, and appropriate based on the requirements identified in RFQ Section 3.0.</li> </ul>

### 3.2 CONTRACT MANAGEMENT [RFQ SECTION 4.2.3]

Sections 3.2.1 and 3.2.2 detail our project management plan and quality management plan, which are designed to manage, control, and supervise any engagements issued pursuant to the contract. Section 3.2.3 outlines our communication plan with the State contract manager, Using Agency stakeholders, and other stakeholders.

#### 3.2.1 Project Management Plan

To ensure the quality, accuracy, and timely completion and submission of all engagement deliverables, we will assign a project manager to each engagement. By centralizing project management, we are able to maintain strong control over the engagement. The project manager will:



- Coordinate and supervise onboarding and offboarding of engagement team members, adhering to both Using Agency-specific procedures and letter-of-engagement requirements.
- Prepare and/or update a project plan to manage work specified in the related letter of engagement.
- Supervise engagement team members' execution of project plan responsibilities.
- Coordinate and ensure execution of quality assurance reviews prior to the submission of each deliverable.
- Serve as the principal POC between the engagement team and the State and Agency contract managers.
- Maintain open and frequent communication with the State contract manager, the Using Agency stakeholders, and other stakeholders, as described in **Section 3.2.3**.
- Monitor and control engagement costs to ensure they remain within the "Not to Exceed" budget.
- Monitor and ensure compliance with the terms and conditions of the related letter of engagement.

### 3.2.2      **Quality Management Plan**

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Cotton & Company's commitment to quality is evidenced by the fact that we are the *only certified public accounting firm in the country that voluntarily undergoes an annual peer review*. All other CPA firms adhere to the minimum requirement of undergoing a peer review just once every 3 years. Cotton & Company has received peer review ratings of "pass," which is the highest rating, every year since 2007 and every 3 years between 1984 and 2006. Our most recent peer review was completed on August 20, 2020, for the year ended December 31, 2019; we received a rating of "pass," with no letter of comment. Our annual peer review reports can be found [here](#).

Cotton & Company has an established and rigorous quality management program for integrating quality both within our entire practice and on specific engagements. Our philosophy addresses every segment of a team's work that contributes to its work products, deliverables, and reports, as well as emphasizes the importance of every team member exercising objectivity and due professional care in conducting their work. Our proven track record for quality can be seen in our numerous longstanding clients, such as DOS, CNCS OIG, DHS and FEMA OIGs, PCORI, USTRANSCOM, and OWS. We implement our quality management processes on every engagement and continue these processes throughout the contract period of performance. Our processes include in-depth approaches to quality planning, quality assurance, and quality control, as detailed below.

**Quality Planning:** For each engagement, we identify the quality standards/requirements and determine how to measure compliance. At a minimum, our quality standards will include the accuracy, completeness, reliability, and timeliness of the services and products we deliver. Additionally, we will include standards for communication, teamwork, and collaboration with stakeholders, to ensure customer satisfaction. Finally, we will incorporate value-added initiatives





and cost management into our standards and requirements for an engagement. We will communicate our quality standards and requirements to all team members and stakeholders.

**Quality Assurance:** Throughout the engagement, we will perform reviews of our activities, methodologies, work products, and deliverables to ensure compliance with defined quality standards. Implementing quality reviews throughout the engagement reduces risk and minimizes the need for re-work. Cotton & Company's quality assurance procedures are inherent in our management approach, which requires a review commensurate with the risk of noncompliance.

**Quality Control:** We monitor the results of our quality assurance reviews to assess our performance and make process improvements as necessary. Similar to an internal control program, if we note any instances of noncompliance, we determine the root cause of the noncompliance and implement appropriate changes to mitigate the risk of reoccurrence. Our quality control program covers:

- **Leadership Responsibilities for Quality:** Cotton & Company firm owners and management have the ultimate responsibility for the firm's system of quality control. They establish an environment in which they clearly communicate expectations to employees and stakeholders, lead by example, and encourage ethical behavior and quality work.
- **Ethical Responsibilities:** Cotton & Company has established policies and procedures to provide reasonable assurance that firm team members and personnel meet ethical responsibilities, including serving the public interest, maintaining independence in both fact and appearance in all required circumstances, performing all professional responsibilities with integrity, maintaining objectivity in discharging professional responsibilities, and upholding a high level of business ethics.
- **Human Resource Management:** The quality of our firm's work ultimately depends on the integrity, objectivity, intelligence, competence, experience, and motivation of personnel who perform, supervise, and review the work. We have human resource management policies and procedures that address recruiting and hiring; developing competencies and capabilities; assigning personnel to engagements; professional development; and performance evaluation, compensation, and advancement. These procedures are designed to ensure Cotton & Company can provide sufficient personnel resources with the capabilities, competence, and commitment to ethical principles necessary to perform engagements in accordance with professional standards and both regulatory and legal requirements.
- **Evaluating Clients and Engagements for Acceptance and Continuance:** Cotton & Company is selective in the clients we choose to serve and the professional services we choose to provide. We have established policies and procedures that are designed to ensure we have considered the integrity of the client, our competence to perform the engagement, and our ability to comply with both legal and ethical requirements.
- **Engagement Performance:** Cotton & Company has engagement performance policies and procedures in place to ensure our teams *consistently perform tasks in accordance with professional standards and regulatory and legal requirements*. Supervision is an important component of engagement success, and Cotton & Company provides a high degree of senior management involvement to ensure the success of every engagement.

- **Monitoring:** Cotton & Company has policies and procedures in place to continuously monitor its quality control environment and program to ensure it is appropriately designed and adequately implemented.
- **Peer Review:** As previously noted, the firm's overall quality process is tested on an annual basis through a rigorous peer review process.

### 3.2.3 Communications Plan

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Early, frequent, and clear communication with all stakeholders is key to engagement success. In particular, it allows Cotton & Company to inform stakeholders of issues that the Using Agency can address during the administration of a program and prior to any future disbursements of funds. To meet these objectives, we propose a communication strategy that includes a combination of written and verbal communication with Using Agency stakeholders and other stakeholders during the performance of an engagement, as well as communication with the State contract manager throughout the contract period of performance.

Our approach to *written communication* during the performance of an engagement includes:

- **Written Status Reports.** The project manager will prepare and submit periodic status reports to Using Agency stakeholders and other stakeholders for the duration of the engagement period of performance. Unless otherwise specified in the letter of engagement, Cotton & Company will discuss and reach agreement regarding the timing, frequency, and distribution of these reports with the Agency contract manager at the start of the engagement. Status report content will adhere to the requirements of the letter of engagement, but will include, at minimum, the following components:
  - Work performed during the previous reporting period.
  - Major activities that we will perform during the following reporting period.
  - Risks to the project schedule and/or budget and proposed mitigation techniques, including any work delays and causes.

The report will also include project hours and costs incurred for the reporting period and to date, any remaining funding, and planned hours for the next reporting period.

- **Observed Risks.** Cotton & Company will update and distribute to Using Agency stakeholders and other stakeholders a consolidated list of observed risks that may result in the reporting of any integrity issues and/or findings of waste, fraud, or abuse as part of the integrity monitor report. This enables Using Agency stakeholders to gain an understanding of observed risks, correct any misunderstandings or provide clarification as necessary, and take corrective actions before the disbursement of any additional funds.
- **Communication of Findings.** We will provide Using Agency stakeholders with the condition, criteria, cause, and effect of each finding, as well as our recommendations, and will enable stakeholders to concur or correct misunderstandings or provide clarification before we include the findings in the integrity monitor report. Cotton & Company will also report substantial deficiencies to the GDRO, OSC, and State Treasurer as we identify them.

- **Draft Quarterly Reports.** Cotton & Company will use the integrity monitor report template to prepare and submit draft quarterly reports to the Using Agency by the last day of the quarter. These reports will detail the specific services rendered during that quarter and any findings of potential waste, fraud, or abuse. Cotton & Company will provide the Using Agency 15 days to review and provide comments on the findings, including highlighting any corrective actions it has taken in response to a finding or to contest a finding that it believes is not appropriate.
- **Final Quarterly Reports.** Cotton & Company will consider the Using Agency's comments and will modify the draft quarterly report as necessary, including incorporating the Using Agency's comments into the report. Cotton & Company will submit the final quarterly report to the State Treasurer within 15 days of the end of the quarter. The State Treasurer will share the report with the GDRO, Senate President, Speaker of the General Assembly, Attorney General, and OSC.
- **Responses to Inquiries.** Pursuant to Executive Order 166, Cotton & Company will respond promptly to inquiries posed by the GDRO, OSC, State Treasurer, and/or Agency contract manager. In preparing our responses, Cotton & Company will follow the Agency contract manager's direction, as well as any response protocols included in the inquiry, such as the prescribed form and content of the response.
- **Reports of Potential Waste, Fraud, Abuse, or Criminal Conduct.** Cotton & Company will immediately and simultaneously report to the GDRO, OSC, State Treasurer, Agency contract manager, and accountability officer any instances of potential waste, fraud, abuse, and/or misuse of COVID-19 recovery funds identified. We will immediately report potential criminal conduct to the Office of the Attorney General. In making these reports, Cotton & Company will follow the Agency contract manager's direction, as well as any reporting protocols included in the related letter of engagement, such as the prescribed form and content of the reports.

Our approach to *verbal communication* during the performance of an engagement includes:

- **Recurring Meetings.** The objective of these meetings is to create an open dialogue regarding technical topics and the status of the engagement. Cotton & Company will discuss and reach agreement as to the timing and frequency of these meetings with the Agency contract manager, Using Agency stakeholders, and other stakeholders at the start of the engagement. We will tailor the level of granularity for these meeting based on the attendees' needs.
- **Meetings to Fulfil Letter-of-Engagement Requirements.** Cotton & Company will hold meetings throughout the engagement to fulfil requirements in the related letter of engagement. These meetings may include, as applicable, a kick-off meeting, an entrance conference, an exit conference, and progress briefings. We generally plan to schedule these meetings at recurring times to eliminate the need for stakeholders to identify and coordinate additional availability. We will follow letter-of-engagement requirements in preparing and distributing materials before each scheduled meeting.
- **Meetings to Address Technical Topics.** Throughout the engagement, Cotton & Company will work with the Agency contract manager to schedule meetings with Agency personnel to discuss technical topics as needed. We will generally prepare a detailed agenda before the



meeting to ensure that the necessary stakeholders are in attendance and that all parties can make any necessary preparations.

- **Informal Communication.** We will hold informal communications on an ad hoc basis throughout the engagement. This may include communications such as the project manager calling the Agency contract manager to obtain clarification regarding an aspect of the scope of work identified in the letter of engagement. Engagement team members may also hold informal communications with other Using Agency stakeholders. Cotton & Company will discuss and reach agreement regarding informal communication protocols with the Agency contract manager before any engagement team members directly contact Using Agency stakeholders or other stakeholders.

Our *communication approach* with the State contract manager throughout the contract period of performance includes:

- **Contract Clarification.** Cotton & Company will contact the State contract manager with any questions or concerns regarding aspects of the contract. This may include discussions via email, phone, and/or virtual platform (e.g., WebEx) in anticipation of executing the contract and during the contract period of performance. *[RFQ Section 8.1.1]*
- **Subcontractor Substitution or Addition.** Cotton & Company will submit a written request to the State contract manager via email regarding substituting/adding a subcontractor or substituting our own staff for a subcontractor. We acknowledge that a substituted or additional subcontractor is not authorized to begin work until the Director of the Division of Purchase and Property provides written approval. *[RFQ Section 5.6]*
- **Reports and Documentation.** Cotton & Company will submit to the Using Agency and the State contract manager any reports or other documents that may be necessary to document the services provided under the contract. We will discuss and agree to the manner in which we are to submit these documents at the start of each engagement. We acknowledge our responsibility to retain records related to products, transactions, or services under the contract for a minimum of 5 years from the date of final payment, as well as our responsibility to provide protective storage of reports and documents used during the provision of services under the contract. *[RFQ Section 3.1.5]*
- **Licenses and Permits.** Subsequent to contract award, Cotton & Company will provide the State contract manager evidence of licenses, permits, and authorizations necessary to perform the contract. We will provide this evidence either electronically or in hard copy, in accordance with the State contract manager's preference and requirements. *[RFQ Section 5.11]*
- **Dispute Resolution.** In the event that Cotton & Company and the Using Agency are unable to resolve a minor dispute, Cotton & Company will promptly notify the State contract manager via email and phone call and will work collaboratively with the State contract manager and the Using Agency to resolve the dispute. *[RFQ Section 8.1.2]*
- **Security and Privacy Violations or Incidents.** Cotton & Company will promptly notify the State contract manager via email and phone call of any potential security and privacy violations or incidents that may occur in the performance of the contract. *[RFQ Section 8.1.1]*

- **Contract Activity Reporting.** Cotton & Company will submit biannual contract activity reports by July 30 (for the period from January 1 through June 30) and by January 30 (for the period from July 1 through December 31) for each biannual period within the contract period of performance. The contract activity reports will be in the form of Microsoft Excel spreadsheets and will reflect a record of all purchases made under the contract, including the total sales volume by purchaser, subtotals by product, and total dollars paid to subcontractors. Cotton & Company acknowledges that our submission of purchase orders, confirmations, and/or invoices does not fulfill this reporting requirement. [RFQ Section 5.14]

### 3.3 ORGANIZATIONAL SUPPORT AND EXPERIENCE [RFQ SECTION 4.2.4]

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Sections 3.3.1 through 3.3.3 provide an overview of our organization; our staffing strategy and the team members that we propose assigning to the contract, including an organization chart; and highlights of our experience. In Section 3.5, we provide a detailed and comprehensive description and identify POCs (i.e., references) for similar current or completed contracts as evidence of our qualifications and ability to successfully complete the services required by this RFQ.

#### 3.3.1 Organizational Overview

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Since our founding in 1981, Cotton & Company has focused our practice on providing services predominantly related to governmental agencies and programs. Once providing grant and contract audits to our federal clients with a handful of auditors, Cotton & Company has grown to a firm of 16 partners and more than 180 employees providing a full range of audit, forensic accounting, financial management, litigation support, and information systems services. We have completed thousands of engagements for dozens of governmental clients encompassing a broad range of related services, including financial, compliance and performance audits of government organizations, programs, activities, and functions (OPAF); financial, compliance, and performance audits of government contracts and grants; and forensic audits and investigations, fraud risk assessments, litigation support, and expert testimony.

Specifically, Cotton & Company has worked in direct support of numerous OIGs, including the OIGs for DHS, FEMA, CNCS, and DoD. We have also supported numerous U.S. Attorneys' Offices through providing forensic accounting services in support of various criminal investigations of both individuals and entities. These engagements have involved reviewing allegations derived from a variety of sources (e.g., qui tam suits, hotline tips). Additionally, since WHO declared COVID-19 a pandemic in March 2020, we have been involved in pandemic response accountability efforts at the federal level.

Our personnel have extensive experience in applying GAGAS, FAR, OMB Circulars, CAS, GAAP, various AICPA standards, and CIGIE standards. Additionally, Cotton & Company is experienced in leveraging a variety of data analytics software and techniques to extract data, identify risk, and detect anomalous or inconsistent transactional activity. Through varied transactional testing techniques, data combination methodologies, and extraction procedures, we can identify compliance and fraud risks that the organization may then investigate further. Our

personnel are also experienced in performing the legal processes required to identify and obtain documentation needed to complete investigations.

Cotton & Company's commitment to quality enables us to provide our clients with high-quality services and deliverables. This commitment is demonstrated by our willingness to become the only accounting firm in the U.S. to voluntarily undergo annual peer reviews. GAS only requires peer reviews to be performed once every 3 years. One key to maintaining our high-quality ratings and our long-term, consistent success in our practice is our key partner and senior manager involvement in every engagement. Partners and senior managers are able to provide their unique, specialized perspectives gained from their extensive experience on each engagement.

Another key to Cotton & Company's success is our ability to recruit and retain qualified, talented people. We expend considerable effort when recruiting and specifically seek individuals with high levels of intelligence, integrity, motivation, and aptitude; significant work experience; and a solid academic background. Our retention practices include offering opportunities at all levels for advancement and career growth while emphasizing the importance of both professional and personal commitments. We offer many opportunities to ensure that all staff continue their professional development and achieve job satisfaction and professional success.

These retention practices have been recognized by Accounting Today, which has named Cotton & Company as one of the Top 100 Regional Leaders since 2015, and by the Washington Post, which named Cotton & Company one of the Top Workplaces of 2020. In addition, on October 19, 2016, the City of Alexandria Chamber of Commerce named Cotton & Company "Overall Business of the Year."



Cotton & Company has a solid, well-earned professional reputation gained over more than 39 years; considerable experience in providing a full range of audit, accounting, and advisory services to governmental clients; and a keen interest in remaining at the forefront of our profession.

### **3.3.2 Staffing Strategy and Proposed Team Members**

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The key to providing high-quality services is ensuring that we have the right resources to complete the work. Our staffing strategy consists of building the right team, clearly defining roles and responsibilities, and appropriately assigning experienced personnel who bring a wide range of experience to all tasks. This will ensure Cotton & Company exceeds the State's expectations throughout the contract.

All Cotton & Company engagement teams have well-defined organizational structures with clear lines of authority and responsibility. We provide supervision—including workpaper review—during all phases of engagements, including planning, performance, and reporting. Partners, program managers, and project managers actively participate in all engagements, thus ensuring the highest possible level of attention within the firm for each engagement. As a result, team



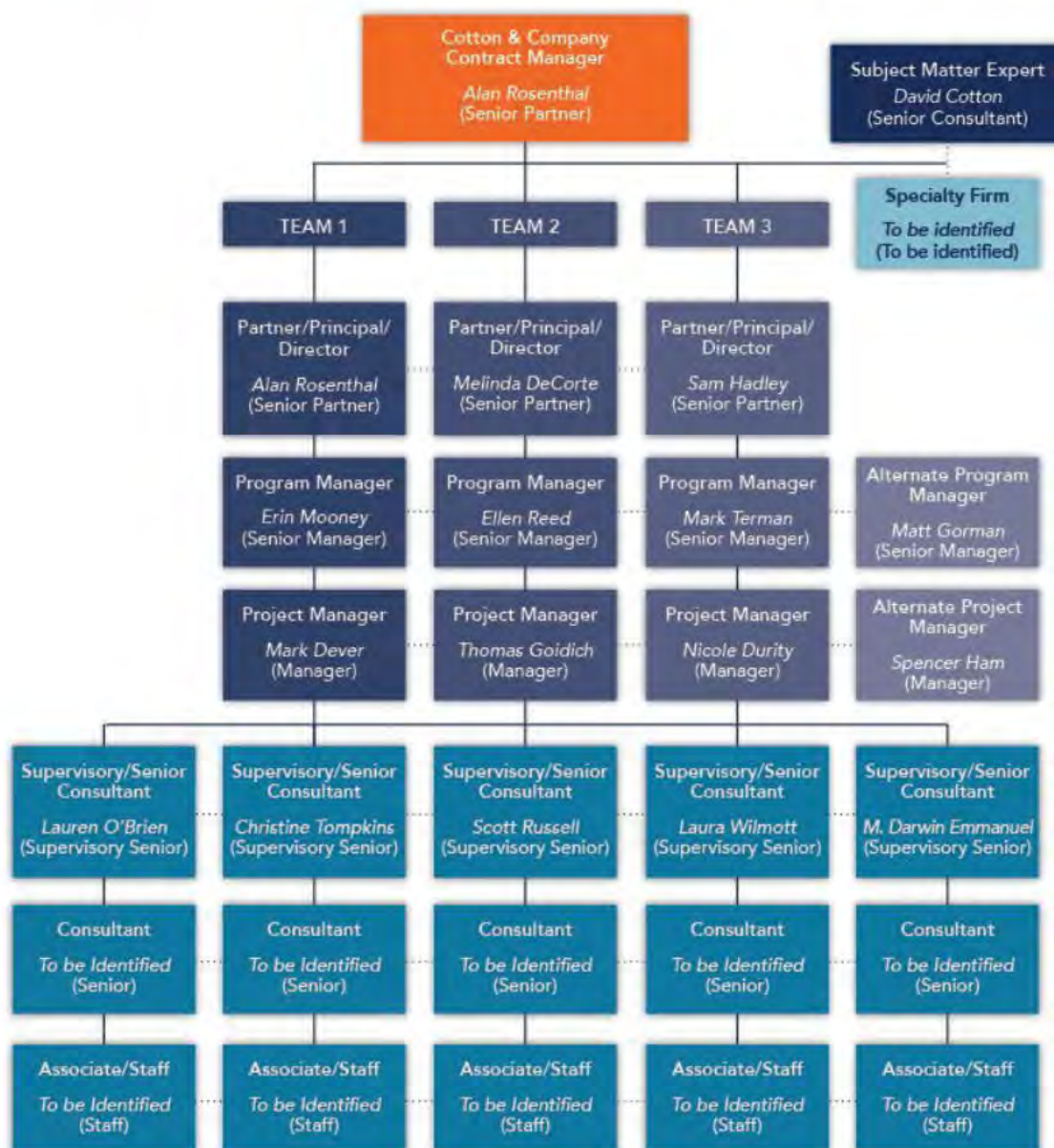
members understand engagement objectives, their responsibilities, their assignments, and their deadlines.

Below, we present an organization chart detailing the 17 Cotton & Company management, supervisory, and other key personnel we propose for this contract. We have identified each proposed team member in accordance with the general skill classifications specified in *RFQ Section 4.2.4*. The Cotton & Company title of each proposed team member is shown in parentheses.

We understand that contractors will perform engagements under this contract after successfully responding to engagement queries and executing letters of engagement. For purposes of the organization chart, we present three teams, which will enable us to perform as many as three engagements simultaneously. Each team is headed by a partner/principal/director and includes one program manager and one project manager. We have also identified alternate team members to serve in the program manager and project manager roles, to demonstrate our bench strength. We have identified five supervisory/senior consultants who will provide support across each of the three teams based on the level of effort and the specific scope of work for a given engagement. Consultants and associates/staff—to be identified in response to an engagement query—will supplement each team as appropriate. Upon receiving an engagement query, we will evaluate the level of effort and will determine the appropriate staffing mix and labor hours for each engagement and team based on the specific scope of work.

The dotted lines in the organization chart represent the cross-collaboration between members of each team and at each general skill classification, as part of our integrated and consistent approach in conducting engagements. This multi-directional communication and collaboration amongst team members is designed to provide seamless unification in the delivery of multiple engagements simultaneously.





Cotton & Company has assembled a team of highly qualified, highly skilled, and well-respected CPAs, CFEs, CGFMs, and PMPs with strong governmental financial management and auditing backgrounds. Our proposed team is thoroughly familiar with applicable laws and regulations (e.g., GAGAS, FAR, OMB Bulletins and Circulars, CAS, GAAP, AICPA standards, CIGIE standards). Below, we highlight the experience, education, and certifications of each proposed team member.

Team Member	General Skill Classification [RFQ Section 4.2.4]	GSA MAS Labor Category	Total Years Exp.	Education	Certifications
Alan Rosenthal	Partner/Principal/Director	Senior Partner	43	M.S., Taxation, American University	CPA, CFE



Team Member	General Skill Classification [RFQ Section 4.2.4]	GSA MAS Labor Category	Total Years Exp.	Education	Certifications
				B.S., Accounting, University of Maryland	
Melinda DeCorte	Partner/Principal/Director	Senior Partner	22	B.B.A., Economics, Georgia State University Certificate in Accounting, University of Virginia	CPA, CFE, CGFM, PMP
Sam Hadley	Partner/Principal/Director	Senior Partner	34	B.S., Accounting, University of Wisconsin- Superior	CPA/CFF, CFE, CGFM
David Cotton	Subject Matter Expert	Senior Consultant	48	M.B.A., Management Science and Labor Relations, Lehigh University Graduate Studies, Accounting and Auditing, University of Chicago B.S., Mechanical Engineering, Lehigh University	CPA, CFE, CGFM
Ellen Reed	Program Manager	Senior Manager	38	B.S., Accounting, Fairleigh-Dickinson University	CPA, CFE, PMP
Mark Terman	Program Manager	Senior Manager	20	M.S., Professional Accounting, Strayer University B.A., Mathematics, Wesleyan University	CPA
Erin Mooney	Program Manager	Senior Manager	7	B.S., Accounting, Salisbury University	CPA, CFE, CGFM
Matt Gorman	Program Manager (Alternate)	Senior Manager	10	B.S., Accounting and Information Systems, Virginia Tech	CPA
Mark Dever	Project Manager	Manager	23	B.S., Business Administration (Accounting), Duquesne University	CFE
Nicole Durity	Project Manager	Manager	18	B.S., Accounting and Decision Science and Management Information Systems, George Mason University Database Specialist, Northern Virginia Community College	CPA, CGFM, CICA
Thomas Goidich	Project Manager	Manager	10.5	B.S., Accounting and Information Systems, Virginia Tech	CGFM
Spencer Ham	Project Manager (Alternate)	Manager	4	B.S., Accounting, Christopher Newport University	CPA



Team Member	General Skill Classification [RFQ Section 4.2.4]	GSA MAS Labor Category	Total Years Exp.	Education	Certifications
Christine Tompkins	Supervisory/Senior Consultant	Supervisory Senior	25	Certificate of Accountancy, Northern Virginia Community College B.A., English and History, Louisiana State University	CPA, CFE
Laura Wilmott	Supervisory/Senior Consultant	Supervisory Senior	10	M.S., Accounting, American University B.A., International Relations, American University B.A., Business Administration, American University	-
Scott Russell	Supervisory/Senior Consultant	Supervisory Senior	7	B.S., Accounting, George Mason University	-
Lauren O'Brien	Supervisory/Senior Consultant	Supervisory Senior	4	B.B.A., Accounting; Criminal Justice, Roanoke College	CPA
M. Darwin Emmanuel	Supervisory/Senior Consultant	Supervisory Senior	4	M.B.A., Marymount University B.B.A., Accounting and Finance, Marymount University	-

Below we provide a description of the general roles and responsibilities of each team member under the contract.

- **Partner/Principal/Director (Senior Partner) (Alan Rosenthal, Melinda DeCorte, and Sam Hadley):** Organize, direct, and manage support services for all activities covered by this contract. Review final reports and provide final quality control review. Serve as concurring partner for other engagement teams, providing a second partner review for final reports. *Mr. Alan Rosenthal* will serve as the Cotton & Company contract manager, providing contract management and oversight and serving as the principal POC for the State and Agency contract managers.
- **Program Manager (Senior Manager) (Ellen Reed, Mark Terman, Erin Mooney, and Matt Gorman):** Provide strategic direction, vision, leadership, and program management to the engagement team. Maintain productive and effective relationships with the most senior levels of the Using Agency. Act as liaison between the Partner/Principal/Director and the engagement team.<sup>11</sup>
- **Project Manager (Manager) (Mark Dever, Nicole Durity, Thomas Goidich, and Spencer Ham):** Manage and supervise the engagement team. Provide quality control, monitor the engagement budget and project status within related constraints, and assign tasks to engagement team members. Provide technical assistance to Using Agencies and

<sup>11</sup> Matt Gorman will serve as the alternate program manager as needed.



engagement team members. Act as liaison between the Program Manager and the engagement team.<sup>12</sup>

- **Subject Matter Expert (Senior Consultant) (David Cotton):** Serve as a technical resource for specific knowledge areas. Provide expertise to engagement team members throughout the engagement process. Serve as a technical reviewer regarding any potential fraud, waste, or abuse findings.
- **Supervisory/Senior Consultant (Supervisory Senior) (Christine Tompkins, Laura Wilmott, Scott Russell, Lauren O'Brien, and M. Darwin Emmanuel):** Supervise the Consultants and Associates/ Staff. Develop strategic plans and advise on specific strategies. Provide technical guidance on work assignments, review workpapers, and oversee improvement of methodologies and analysis. Independently perform major segments of the engagement and perform assigned engagement tasks across all phases of work. Act as liaison between the Consultants and Associates/Staff and the Project Manager.
- **Consultant (Senior) (to be identified in response to each engagement query):** Supervise Associates/Staff. Contribute to the development of solutions, recommendations, or outcomes across multiple engagement tasks. Perform assigned engagement tasks across all phases of work.
- **Associate/Staff (Staff) (to be identified in response to each engagement query):** Serve on the engagement team. Contribute to the preparation of deliverables, internal reports, briefings, and other requirements. Perform tasks as assigned under the supervision of a Consultant or Supervisory/Senior Consultant.
- **Administrative Support Staff:** Cotton & Company is not proposing team members that meet this category of professional skill classifications because the tasking described for this labor category is covered by our overhead.

### 3.3.3 Experience

Cotton & Company's extensive and relevant experience is described in **Section 3.5**. The proposed team members all participated on these engagements. Below, we demonstrate the extent to which our proposed team members have relevant experience in each of the three categories outlined in *RFQ Sections 3.1.1.1– 3.1.1.3*.

Team Member	Years of Experience			
	Total	Program and Process Management Auditing	Financial Auditing and Grant Management	Integrity Monitoring/ Anti-Fraud
Alan Rosenthal	43	43	40	40
Melinda DeCorte	22	22	16	18
Sam Hadley	34	34	30	30
David Cotton	48	48	39	31
Ellen Reed	38	38	38	38
Mark Terman	20	20	16	15
Erin Mooney	7	7	7	7
Matt Gorman	10	10	8	8

<sup>12</sup> Spencer Ham will serve as the alternate project manager as needed.



Team Member	Years of Experience			
	Total	Program and Process Management Auditing	Financial Auditing and Grant Management	Integrity Monitoring/Anti-Fraud
Mark Dever	23	23	23	23
Nicole Durity	18	18	10	10
Thomas Goidich	10.5	10.5	6	7.5
Spencer Ham	4	4	3	3
Christine Tompkins	25	12	12	12
Laura Wilmott	10	10	8	8
Scott Russell	7	5	5	5
Lauren O'Brien	4	4	4	4
M. Darwin Emmanuel	4	4	4	4
<b>TOTAL</b>	<b>320.5</b>	<b>312.5</b>	<b>269</b>	<b>263.5</b>

In **Section 3.5**, we provide detailed descriptions and POCs for similar current or completed contracts as evidence of our qualifications and ability to successfully complete the services required by this RFQ. Below, we provide additional highlights of our experience that further demonstrate our qualifications and abilities.

#### Experience in Auditing Disaster Assistance Loans

Cotton & Company was awarded the first full-scope financial statement audit of the U.S. Small Business Administration (SBA) in fiscal year (FY) 1991, and we successfully performed the audit through FY 2005. Cotton & Company's 15 years of auditing the SBA financial statements provided us with direct and relevant knowledge of SBA's disaster assistance program, which it uses to provide low-interest disaster loans to help businesses and homeowners recover from declared disasters. We understand the process for reviewing and approving or denying applications for both physical damage loans and economic injury loans, as well as the internal controls that should be in place to help mitigate the risk of loss associated with these loans. We have reviewed thousands of loan files to (1) assess the effectiveness of internal controls applied to the loan application, loan closing, and loan disbursement processes, and (2) substantiate the value of SBA's loan portfolio as reported on its financial statements.

#### Experience in Litigation Support and Forensic Accounting Services

Cotton & Company provides a wide range of litigation support and forensic accounting services for both government and commercial clients. We have extensive experience evaluating the allowability, allocability, and reasonableness of claimed costs in various legal matters, as well as forensic accounting experience involving the valuation of losses. Specifically, Cotton & Company has identified deficiencies in an entity's system of internal control that provided opportunities for the misappropriation of assets, calculated the entity's loss, and made recommendations for strengthening internal control to mitigate the risk of future losses. Cotton & Company also has vast experience in supporting governmental agencies in calculating the agency's damages, or losses, resulting from a contractor's misrepresentation of financial information. We have collected and reviewed various financial information and assessed the internal control deficiencies that allowed contractors to misrepresent financial information to the agencies.

#### Experience in Auditing COVID-19 Administrative Flexibilities

In response to the COVID-19 pandemic, OMB issued four memoranda providing temporary administrative flexibilities for Federal financial assistance awards. The National Science Foundation (NSF) implemented three of these memoranda (M-20-17, M-20-20, and M-20-26). The NSF Office of Inspector General (OIG) engaged Cotton & Company to conduct ten audits to determine whether institutes of higher education had implemented the flexibilities and to evaluate whether the institutes were complying with the related requirements.

To achieve these objectives, Cotton & Company is:



**Experience in Auditing COVID-19 Administrative Flexibilities**

- Piloting surveys to determine whether auditees used the COVID-19 administrative flexibilities granted by OMB memoranda and NSF supplemental guidance.
- Conducting inquiries and observations to gain an understanding of how auditees implemented the COVID-19 administrative flexibilities, including how the implementation fits within auditees' overall grants management environment.
- Gathering and reviewing auditees' reconciled general ledgers, subledgers, and drawdowns for all costs incurred on NSF awards/agreements during the audit period.
- Testing expenses that the auditees incurred in accordance with the COVID-19 flexibilities or that were identified as high-risk.

### 3.4 RESUMES [RFQ SECTION 4.2.5]

Appendix D of our response includes detailed resumes for 17 Cotton & Company management, supervisory, and other key personnel that we propose assigning to the contract. We have structured each resume to emphasize the proposed team member's qualifications and experience most relevant to the scope of the integrity monitoring services outlined in this RFQ.

Each resume identifies the proposed team member's experience in completing similar contracts under the heading "Directly Relevant Contracts," the beginning and ending dates for each similar contract, and a detailed description of the work performed, demonstrating how the proposed team member's qualifications and experience contribute to the individual's ability to successfully provide the services required by this RFQ.

RFQ Section 4.2.5 states, "With respect to each similar contract, the Bidder should include the name and address of each reference together with a person to contact for a reference check and a telephone number." To satisfy this requirement, in **Section 3.5**, we provide detailed, comprehensive descriptions and POCs for similar current or completed contracts as evidence of our qualifications and ability to successfully complete the services required by this RFQ. Below, we have mapped 15 of our 17 proposed team members to their respective similar contract(s).<sup>13</sup> The contractual and technical POCs will also serve as a reference check for the related team member(s).

Contractual POC	Technical POC	Team Members
<b>Reference 1 – Department of Homeland Security (DHS) Office of Inspector General (OIG) and Federal Emergency Management Agency (FEMA) OIG</b>		
<b>Early Warning and Capacity Audits; Audit of the Disaster Relief Fund:</b> ██████████ Contracting Officer 2707 Martin Luther King Jr Ave SE Washington, DC 20528-0525 ██████████	<b>Early Warning and Capacity Audits; Audit of the Sewerage and Water Board of New Orleans:</b> ██████████ Audit Manager 2707 Martin Luther King Jr Ave SE Washington, DC 20528-0525 ██████████ (office)	<ul style="list-style-type: none"> <li>• Sam Hadley</li> <li>• Ellen Reed</li> <li>• Mark Dever</li> <li>• Laura Wilmott</li> <li>• M. Darwin Emmanuel</li> </ul>

N.J.S.A. 47:14 (b)(1) and (b)(2) (b)(1) (b)(2) (b)(3) (b)(4) (b)(5) (b)(6) (b)(7) (b)(8) (b)(9) (b)(10) (b)(11) (b)(12) (b)(13) (b)(14) (b)(15) (b)(16) (b)(17) (b)(18) (b)(19) (b)(20) (b)(21) (b)(22) (b)(23) (b)(24) (b)(25) (b)(26) (b)(27) (b)(28) (b)(29) (b)(30) (b)(31) (b)(32) (b)(33) (b)(34) (b)(35) (b)(36) (b)(37) (b)(38) (b)(39) (b)(40) (b)(41) (b)(42) (b)(43) (b)(44) (b)(45) (b)(46) (b)(47) (b)(48) (b)(49) (b)(50) (b)(51) (b)(52) (b)(53) (b)(54) (b)(55) (b)(56) (b)(57) (b)(58) (b)(59) (b)(60) (b)(61) (b)(62) (b)(63) (b)(64) (b)(65) (b)(66) (b)(67) (b)(68) (b)(69) (b)(70) (b)(71) (b)(72) (b)(73) (b)(74) (b)(75) (b)(76) (b)(77) (b)(78) (b)(79) (b)(80) (b)(81) (b)(82) (b)(83) (b)(84) (b)(85) (b)(86) (b)(87) (b)(88) (b)(89) (b)(90) (b)(91) (b)(92) (b)(93) (b)(94) (b)(95) (b)(96) (b)(97) (b)(98) (b)(99) (b)(100)

<sup>13</sup> For two of our team members, Mr. Alan Rosenthal and Mr. David Cotton, we have provided POCs that will serve as a reference check below this table.



Contractual POC	Technical POC	Team Members
<b>Audit of the Sewerage and Water Board of New Orleans:</b> [REDACTED] Head of Contracting Activity, Supervisory Contracting Officer 2707 Martin Luther King Jr Ave SE Washington, DC 20528-0525 [REDACTED]	<b>Audit of the Disaster Relief Fund:</b> [REDACTED] Contracting Officer's Representative 2707 Martin Luther King Jr Ave SE Washington, DC 20528-0525 [REDACTED]	
[REDACTED] Senior Procurement Manager 1828 L Street NW, Suite 900 Washington, DC 20036 [REDACTED]	[REDACTED] Assistant Director 1828 L Street NW, Suite 900 Washington, DC 20036 [REDACTED]	<ul style="list-style-type: none"> <li>Erin Mooney</li> <li>Scott Russell</li> <li>M. Darwin Emmanuel</li> </ul>
<b>Reference 3 – Corporation for National and Community Service (CNCS) OIG</b>		
[REDACTED] Contracting Officer 250 E Street, SW, Suite 300 Washington, DC 20525 [REDACTED]	[REDACTED] Assistant Inspector General for Audit 250 E Street, SW, Suite 300 Washington, DC 20525 [REDACTED]	<ul style="list-style-type: none"> <li>Sam Hadley</li> <li>Erin Mooney</li> <li>Ellen Reed</li> <li>Mark Dever</li> <li>M. Darwin Emmanuel</li> </ul>
<b>Reference 4 – U.S. Department of State (DOS)</b>		
[REDACTED] Contracting Officer 2401 E St NW, Washington, DC 20001 [REDACTED]	[REDACTED] Comptroller 2401 E Street, NW Washington, DC 20037 [REDACTED] [REDACTED] Managing Director 1800 North Kent Street, Arlington, VA 22209 [REDACTED]	<ul style="list-style-type: none"> <li>Mark Terman</li> <li>Thomas Goidich</li> <li>Nicole Durity</li> <li>Lauren O'Brien</li> </ul>
<b>Reference 5 – U.S. Transportation Command (USTRANSCOM)</b>		
[REDACTED] Contracting Officer 3990 East Broad Street Building 21/2B218 Columbus, OH 43213-1152 [REDACTED]	Cecelia M. Ball, Project Manager 4800 Mark Center Drive Alexandria, VA 22350-1500 [REDACTED]	<ul style="list-style-type: none"> <li>Melinda DeCorte</li> <li>Matt Gorman</li> <li>Spencer Ham</li> <li>Christine Tompkins</li> </ul>
<b>Reference 6 – Operation Warp Speed (OWS)</b>		
[REDACTED] Esq. Dorsey & Whitney LLP 50 South Sixth Street, Suite 1500   Minneapolis, MN 55402-1498 [REDACTED]		<ul style="list-style-type: none"> <li>Sam Hadley</li> </ul>

We have provided additional POCs below to serve as references for two of our team members, Mr. Alan Rosenthal and Mr. David Cotton:



Alan Rosenthal	
We are proposing Mr. Rosenthal as the Cotton & Company contract manager and as a partner/principal/director, specifically for Team 1. We have provided references from four of Mr. Rosenthal's recent engagements, as follows:	
<b>U.S. Navy, Audit of the General Fund Schedule of Budgetary Activity</b> ██████████ Department of Defense OIG 1240 E. 9th St., Suite 2621 Cleveland, OH 44107 ██████████	<b>Pension Benefits Guaranty Corporation (PBGC)</b> ██████████ Director, Corporate Controls and Review Department (CCRD) 1200 K Street, NW, Suite 1090 Washington, DC 20005 ██████████
<b>United States Capitol Police (USCP)</b> ██████████ Assistant IG for Audits, USCP 499 S. Capitol St., SW, Suite 345 Washington, DC 20510 ██████████	<b>Federal Deposit Insurance Corporation (FDIC)</b> ██████████ Assistant IG for Program Audits and Evaluations, FDIC 3501 N. Fairfax Dr., Arlington, VA 22226 ██████████
David Cotton	
We are proposing Mr. Cotton as a SME in the areas of fraud risk management, cost accounting, and cost principles. We have provided two POCs from the Association of Certified Fraud Examiners to serve as references for Mr. Cotton's qualifications, particularly in the area of fraud risk management:	
██████████ JD, CFE, Vice President—Education ██████████	██████████ Research Director ██████████

### 3.5 EXPERIENCE OF BIDDER ON SIMILAR CONTRACTS [RFQ SECTION 4.2.6]

Below, we provide detailed descriptions and POCs for similar current or completed contracts as evidence of our qualifications and ability to successfully complete the services required by this RFQ. Each contract reference includes:

- Type, budget (i.e., contract value), and a comprehensive description of each contract.
- Beginning and ending dates for each contract (i.e., period of performance).
- A minimum of two POCs, including contact information.

We have emphasized contracts that demonstrate our experience, capabilities, and success in the following important areas:

- Engaging in the oversight/monitoring of programs of a similar size administered by federal, state, and local government agencies.
- Dealing with federal disaster relief agencies in the aftermath of major catastrophic events, including monitoring grants and supplemental appropriations from Congress and federal agencies that provide support to a state after a catastrophic event.
- Interfacing with state and federal agencies in the administration of a monitoring or oversight program.
- Reviewing and evaluating relevant federal and state documentation practices to ensure the receipt and retention of grant funding.



- Experience and success with program and process management auditing; financial, compliance, and performance auditing over grants management; and integrity and anti-fraud services.

These contracts also demonstrate Cotton & Company's solid track record in meeting and exceeding client expectations, resulting in long-term and ongoing client relationships, as well as our current involvement in pandemic response accountability efforts at the federal level.

Below, we highlight the types of engagements performed and the number of years that we have provided these services for each contract selected.

No.	Similar Contract	Types of Engagements	No. of Years
1	DHS OIG/ FEMA OIG	<ul style="list-style-type: none"> <li>• Audits of disaster recovery program funds awarded to states and local jurisdictions under the Robert T. Stafford Disaster Relief and Emergency Act (Stafford Act)</li> <li>• Audits of Office for Domestic Preparedness (ODP) state domestic preparedness program grants</li> <li>• Performance audit of Congressional appropriations made to the DHS FEMA Disaster Relief Fund (DRF)</li> </ul>	More than 15 years
2	PCORI	<ul style="list-style-type: none"> <li>• Advisory services to design and implement a risk-based monitoring program</li> </ul>	5 years
3	CNCS OIG	<ul style="list-style-type: none"> <li>• Cost-incurred audits and agreed-upon procedures (AUP) engagements for CNCS national nonprofit and State commission grantees</li> <li>• Performance audits of CNCS compliance with the Improper Payments Elimination and Recovery Act (IPERA)</li> <li>• Pre-audit surveys of CNCS awards to state commissions</li> <li>• Contract audits of CNCS contractors</li> <li>• Performance audits of CNCS contracting and procurement operations</li> <li>• Audits of CNCS financial statements under Chief Financial Officers Act of 1990 (CFO Act)</li> </ul>	More than 20 years
4	DOS	<ul style="list-style-type: none"> <li>• Audit support, monitoring, and remediation activities</li> <li>• Risk and internal control assessments</li> <li>• Management and information technology consulting</li> <li>• Financial reporting and accounting support services</li> </ul>	30 years
5	USTRANSCOM	<ul style="list-style-type: none"> <li>• Audits of USTRANSCOM's financial statements</li> </ul>	More than 3 years
6	OWS	<ul style="list-style-type: none"> <li>• Monitoring services to ensure organizations maintain adequate documentation to support cost reimbursement</li> <li>• Development of policies and procedures</li> <li>• Issuance of procurements with organizations responsible for grass-roots delivery of convalescent COVID plasma</li> </ul>	<1 year <sup>14</sup>

<sup>14</sup> The Administration announced the framework and leadership for OWS in May 2020. Cotton & Company began supporting this project in November 2020.



**REFERENCE 1 – DEPARTMENT OF HOMELAND SECURITY (DHS) OFFICE OF  
INSPECTOR GENERAL (OIG) AND FEDERAL EMERGENCY MANAGEMENT  
AGENCY (FEMA) OIG**

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Disaster Recovery and Mitigation Program Audits		
Company/Agency Name	Department of Homeland Security (DHS) Office of Inspector General (OIG)	
Contract Number	<ul style="list-style-type: none"> <li>• <b>Early Warning and Capacity Audits:</b> BPA No. HSIQAQ-17-A-00003, Task Order No. 70VT15-18-F-00056</li> <li>• <b>Audit of the Sewerage and Water Board of New Orleans:</b> BPA No. HSIQAQ-17-A-00003, Task Order No. HSIQAQ-17-J-00012</li> <li>• <b>Audit of the Disaster Relief Fund:</b> Contract No. GS-00F-144CA, Task Order No. HSIQAQ-16-F-0010</li> <li>• <b>State Homeland Security Grant Program Audits:</b> Contract No. GS-23F-9807H <ul style="list-style-type: none"> <li>○ State of Virginia: Task Order TPD-FIG-04-K-00086</li> <li>○ State of Florida: Task Order TPD-ARC-06-K-00207</li> <li>○ State of Georgia: Task Order TPD-ARC-06-K-00208</li> </ul> </li> <li>• <b>Federal Emergency Management Agency (FEMA) OIG, Stafford Act Audits:</b> See Note 1</li> </ul>	
Prime or Subcontractor	Prime	
Period of Performance	<ul style="list-style-type: none"> <li>• <b>Early Warning and Capacity Audits:</b> 9/26/2018 – 7/31/2020</li> <li>• <b>Audit of the Sewerage and Water Board of New Orleans:</b> 9/27/2017 – 3/31/2020</li> <li>• <b>Audit of the Disaster Relief Fund:</b> 4/25/2016 – 7/28/2017</li> <li>• <b>State Homeland Security Grant Program Audits:</b> <ul style="list-style-type: none"> <li>○ State of Virginia: 08/27/2004 – 1/6/2006</li> <li>○ State of Florida: 05/17/2006 – 1/23/2008</li> <li>○ State of Georgia: 05/15/2006 – 12/31/2007</li> </ul> </li> <li>• <b>FEMA, Stafford Act Audits:</b> 1999 – 2003</li> </ul>	
Contract Value	<ul style="list-style-type: none"> <li>• <b>Early Warning and Capacity Audits:</b> <ul style="list-style-type: none"> <li>○ \$565,756 (total contract value); \$559,020 (total revenue)</li> </ul> </li> <li>• <b>Audit of the Sewerage and Water Board of New Orleans:</b> <ul style="list-style-type: none"> <li>○ \$191,060 (total contract value); \$192,163 (total revenue)</li> </ul> </li> <li>• <b>Audit of the Disaster Relief Fund:</b> <ul style="list-style-type: none"> <li>○ \$81,461 (total contract value); \$49,589 (total revenue)</li> </ul> </li> <li>• <b>State Homeland Security Grant Program Audits:</b> <ul style="list-style-type: none"> <li>○ State of Virginia: \$172,790 (total contract value); \$172,790 (total revenue)</li> <li>○ State of Florida: \$198,566 (total contract value); \$198,566 (total revenue)</li> <li>○ State of Georgia: \$198,566 (total contract value); \$198,566 (total revenue)</li> </ul> </li> <li>• <b>FEMA, Stafford Act Audits:</b> See Note 1</li> </ul>	
Contract Type	Time and Materials	
Agency Points of Contact	<b>Contractual</b>	<b>Technical</b>
	<b>Early Warning and Capacity Audits:</b> ██████████ Contracting Officer DHS Office of Management, Acquisitions Division, OIG 2707 Martin Luther King Jr Ave SE Washington, DC 20528-0525 ██████████ ██████████  <b>Audit of the Sewerage and Water Board of New Orleans:</b> ██████████, Head of Contracting Activity, Supervisory Contracting Officer DHS Office of Management, Acquisitions Division, OIG	<b>Early Warning and Capacity Audits:</b> ██████████ Audit Manager DHS OIG - Office of Audits 2707 Martin Luther King Jr Ave SE Washington, DC 20528-0525 ██████████ ██████████  <b>Audit of the Sewerage and Water Board of New Orleans:</b> ██████████ Audit Manager DHS OIG - Office of Audits 2707 Martin Luther King Jr Ave SE Washington, DC 20528-0525 ██████████







Finally, our more than 20-year relationship with the DHS and FEMA OIGs demonstrates the OIGs' satisfaction with the high-quality service we provide. We have completed all engagements on time and within budget, as well as provided quality reports for each engagement that describe a number of unique findings.

As demonstrated below, our work for the DHS/FEMA OIGs evidences our qualifications and experience in performing the following specific tasks, as outlined in *RFQ Sections 3.1.1.1–3.1.1.3*.

Task Descriptions	DHS OIG/ FEMA OIG
<b>Category 1 – Program and Process Management Auditing [RFQ Section 3.1.1.1]</b>	
a. Development of processes, controls, and technologies to support the execution of CARES Act-federally funded programs in compliance with federal and state guidance, including OMB Circulars.	✓
b. Review and improve procedures addressing financial management.	✓
c. Workload analysis; skills gap analysis, organizational effectiveness, and workforce recruiting strategies.	
d. Consulting services to support account reconciliations.	✓
e. Quality assurance reviews and assessments associated with the payments process to ensure compliance with federal and state regulations.	✓
f. Risk analysis and identification of options for risk management for the federal and state grant payment process.	✓
g. Consulting services to reduce the reconciliation backlog for the Request for Reimbursements process.	
h. Consulting services providing Subject Matter Expert (SME) knowledge of required standards for related monitoring and financial standards under the CARES Act and other federal funding, as applicable.	✓
<b>Category 2 – Financial Auditing and Grant Management [RFQ Section 3.1.1.2]</b>	
a. Plan, implement, administer, coordinate, monitor, and evaluate the specific activities of all assigned financial and administrative functions. Develop and modify policies/procedures/systems in accordance with organizational needs and objectives, as well as applicable government regulations.	✓
b. Provide technical knowledge and expertise to review and make recommendations to streamline grant management and fiscal management processes to ensure accountability of funds and compliance with program regulations.	✓
c. Provide tools to be used by Using Agencies for the assessment of the performance of the financial transaction processes.	✓
d. Monitor all grant management, accounting, budget management, and other business office functions regularly.	
e. Provide and/or identify training for staff in the area of detection and prevention of fraud, waste, and abuse.	✓
f. Ensure compliance with all applicable federal and state accounting and financial reporting requirements.	✓
<b>Category 3 – Integrity Monitoring/Anti-Fraud [RFQ Section 3.1.1.3]</b>	
a. Forensic accounting and all specialty accounting services.	✓
b. Continuing risk assessments and loss prevention strategies.	✓
c. Performance and program monitoring and promotion of best practices as applicable to each Letter of Engagement issued under this contract.	✓
d. Prevention, detection, and investigation of fraud and misconduct.	✓
e. Implementation and management of appropriate compliance systems and controls required by federal and state governing guidelines, regulations, and law.	✓



Task Descriptions	DHS OIG/ FEMA OIG
f. Provide data management systems/programs for the purpose of collecting, conducting, and reporting required compliance and anti-fraud analytics.	✓

Below, we provide detailed descriptions of the engagements most relevant to the requirements of this RFQ. Each engagement demonstrates our experience and capabilities in the following important areas:

- Engaging in the oversight/monitoring of programs—particularly emergency programs—of a similar size administered by federal, state, and local government agencies.
- Dealing with federal disaster relief agencies in the aftermath of major catastrophic events, including monitoring grants and supplemental appropriations from Congress and federal agencies that provide support to a state after a catastrophic event.
- Interfacing with state and federal agencies in the administration of a monitoring or oversight program.
- Reviewing and evaluating relevant federal and state documentation practices to ensure the receipt and retention of grant funding.
- Performing program and process management auditing, compliance, and performance auditing over grants management and integrity and anti-fraud audits.

### Early Warning and Capacity Audits

The Stafford Act authorizes the Public Assistance (PA) Program. Following a major Presidential disaster declaration, the Stafford Act authorizes FEMA to provide PA funding for disaster relief to state, local, and tribal governments and certain non-profit organizations. FEMA disbursed PA funds to the Florida Division of Emergency Management (FDEM) for damages resulting from Hurricane Irma. FDEM in turn passed funds to local subrecipients. Per federal grant requirements, FDEM is responsible for monitoring these subrecipients to ensure they manage PA funds appropriately, in accordance with FEMA program guidance and other federal grant requirements.

The DHS OIG contracted Cotton & Company to conduct early warning and capacity audits. The objective of the audits was to determine whether FEMA ensured the recipient (i.e., FDEM) and four of its subrecipients (i.e., counties) established and implemented policies, procedures, and practices to account for and expend PA grant funds awarded to disaster areas in accordance with federal regulations and FEMA guidance. We performed our work from 2018 to 2020. We conducted these audits in accordance with *Government Auditing Standards* for performance audits.

Our audit scope included a review of FEMA and the State of Florida policies, procedures, and practices for ensuring subrecipients account for and expend PA grant funds in accordance with federal regulations and FEMA guidance. We reviewed the subrecipients' policies, procedures, and business practices for accounting for/expending grant funds and contracting for grant funds awarded or that may be awarded. Our audit scope also included determining whether the



subrecipients' policies, procedures, and business practices enabled the subrecipient to account for and expend FEMA grant funds according to federal regulations and FEMA guidance. We conducted interviews with FEMA, state, and subrecipient officials. We reviewed documents that supported the eligibility of the subrecipient, the projects, and claimed project costs.

Cotton & Company found that FEMA did not ensure FDEM monitored the subrecipients to verify whether they established and implemented policies, procedures, and practices to account for and expend PA grant funding in accordance with federal regulations and FEMA guidance. Because of these deficiencies, there was an increased risk that the subrecipients mismanaged PA programs and used the funds for unallowable activities.

### **Audit of the Sewerage and Water Board of New Orleans**

From 2017 to 2020, Cotton & Company conducted a performance audit of a major subrecipient awarded Stafford Act PA funding in the Hurricane Katrina disaster. The Sewerage and Water Board of New Orleans (SWBNO) incurred more than \$600 million in expenses. Although SWBNO is an agency of the City of New Orleans, it is its own subrecipient with a separate audit. The purpose of the audit was to determine whether SWBNO accounted for and expended FEMA grant funds in accordance with federal regulations and FEMA guidelines. We conducted the audit in accordance with *Government Auditing Standards* for performance audits.

Our audit work included:

- Meeting with DHS OIG personnel to ensure a proper understanding of audit objectives.
- Interviewing knowledgeable FEMA personnel to obtain an understanding of their internal controls, monitoring procedures, and financial management processes.
- Obtaining an understanding of FEMA's system of disaster management.
- Meeting with knowledgeable state staff to obtain an understanding of the state's internal controls, monitoring procedures, financial management processes, and controls over SWBNO's disaster management program.
- Receiving training on the state's disaster management system. After completing the training, we used the system to gain an understanding of how the subrecipient used the system to request payment for PA project worksheets and submit supporting documentation for reimbursement requests, as well as how the state used the system to review submitted documentation to determine allowable costs, approve cash advances, and approve and close out the PA project worksheets.
- Reviewing audit documentation and supporting workpapers prepared by SWBNO's annual auditor.
- Obtaining financial accounting reports from SWBNO that summarized the PA projects and administrative expenditures incurred to date.
- Reconciling the financial accounting expenditure reports to payments made by the state.
- Evaluating the subrecipient and state processes and controls over incurring grant expenses and requesting/monitoring advances.



- Testing the subrecipient-claimed PA project expenditures for compliance with 2 Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; state regulations; and FEMA guidelines.
- Following up with the state and the subrecipient to determine why the subrecipient did not spend cash advances timely and why there was a backlog for processing subrecipient reimbursement requests.
- Providing recommendations to address compliance and internal control weaknesses identified within FEMA and state administration of the PA grant.

Cotton & Company found that SWBNO did not: (1) adequately record, track, and report its disaster expenditures or revenues; (2) track its administrative costs; (3) report correct expenditure amounts in its annual Single Audit report; (4) spend advances expeditiously; or (5) accumulate, report, and support force account (e.g., labor and equipment) costs.

### Audit of the Disaster Relief Fund

DHS/FEMA is responsible for managing the DRF. The DRF is an appropriation against which FEMA can direct, coordinate, manage, and fund eligible response and recovery efforts associated with domestic major disasters and emergencies that overwhelm state resources, pursuant to the Stafford Act.

The DRF is funded annually and is a “no-year” account, meaning that unused funds from the previous FY are carried over to the next FY. Congress appropriates between \$2 billion and \$6 billion for the DRF each year. In each of the FY 2014 and 2015 appropriations, Congress directed that FEMA transfer \$24 million of DRF funding to the DHS OIG for audits and investigations related to natural disasters. The DHS OIG uses these transfers to fund its Office of Emergency Management Oversight (EMO). The DHS OIG also uses DRF funding to support certain positions and projects within its Office of Investigations.

The DHS OIG engaged Cotton & Company to conduct a performance audit of the OIG’s direct and indirect allocation methodology and expenditures related to the DRF for the FYs ending September 30, 2014, and September 30, 2015. We performed our work from 2016 to 2017. The objective of the audit was to evaluate the DHS OIG’s allocation methodology and to determine whether the DHS OIG properly allocated direct and indirect expenses against DRF funding for FYs 2014 and 2015. We conducted this audit in accordance with *Government Auditing Standards* for performance audits.

The scope of this audit included:

- Obtaining and reviewing criteria for the DRF.
- Assessing the direct and indirect allocation methodology used to record DRF expenditures.
- Assessing internal controls designed to ensure proper allocation of DRF funds and allowable DRF expenditures.
- Testing DRF expenditures.





- Making recommendations to provide improved oversight of DRF allocations and expenditures.

Cotton & Company found that:

- The DHS OIG missed an opportunity to charge the DRF for allocable administrative and counsel support provided by the Office of Management and the Counsel to the Inspector General.
- The DHS OIG may not have consistently or completely allocated General Services Administration (GSA) rent charges to the DRF.
- The DHS OIG missed an opportunity to allocate to the DRF shared expenses that it did not consider to be individually significant.
- Office of Investigations staff did not consistently charge DRF accounts for hours and travel incurred for DRF-related activities.

### State Homeland Security Grant Program Audits

From 2004 to 2007, Cotton & Company conducted performance audits of First Responder Grant Program awards to the states of Virginia, Florida, and Georgia to assess their administration of the DHS ODP state domestic preparedness program grants. These grants are now administered by DHS/FEMA.

DHS/FEMA is responsible for enhancing state and local jurisdictions' capabilities to respond to and mitigate the consequences of incidents of domestic terrorism. DHS/FEMA provides grant funds to aid public safety personnel (i.e., first responders) in acquiring specialized training, exercise, and equipment necessary to safely respond to and manage terrorist incidents involving weapons of mass destruction. Two specific grant programs are the State Homeland Security Program (SHSP) and the Urban Area Security Initiative (UASI). These grants included equipment acquisition funds, exercise funds, and administrative funds. The state offices that manage the ODP grants are selected by the governors and are most often the emergency management offices—the same offices that manage FEMA grants. These offices generally have ongoing relationships with the emergency management offices in the local jurisdictions throughout the state.

The audits included visiting the state offices managing the grants, as well as several local jurisdictions and first responder facilities. Our audit objectives were to determine whether the states effectively and efficiently implemented the ODP program, achieved program goals, and spent funds according to grant requirements and state-established priorities. We conducted the audits in accordance with *Government Auditing Standards* for performance audits.

Our audit work included:

- Meeting with DHS OIG personnel to ensure a proper understanding of the audit objectives.
- Interviewing knowledgeable DHS and state officials to obtain an understanding of their internal controls, monitoring procedures, and financial management processes.



- Determining whether the states used reasonable risk-management methodologies for assessing threats, vulnerabilities, capabilities, and prioritized needs.
- Assessing whether states appropriately allocated funds based on risks, assessed threats, vulnerabilities, capabilities, and priorities.
- Determining whether states developed and implemented plans to measure improvements in preparedness as a result of the grants and whether the measurement efforts were effective.
- Determining whether states used reasonable procurement methodologies in accordance with their homeland security strategies.
- Assessing the monitoring of activities of local jurisdictions to ensure the local jurisdictions spent grant funds according to state policies, federal grant requirements, and state-established priorities.
- Determining whether the states complied with state cash management requirements and ODP financial and federal grant-reporting requirements.
- Ensuring local jurisdictions spent state cash advances according to federal regulations.
- Determining whether the state provided grant funds and procured equipment for local jurisdictions in accordance with federal regulations.
- Following up with state and local jurisdictions to determine why the jurisdictions did not spend cash advances and procure equipment according to regulations.
- Providing recommendations to address compliance and internal control weaknesses that we identified within DHS and state administration of the grants.

Cotton & Company found that:

- One state's strategy did not identify needs or adequately address evaluation processes.
- One state's controls for centralized purchases of equipment and claimed costs were not effective.
- One state did not adequately document its plan for and implementation of the grant programs.
- One state did not allocate grant funds based on its risk assessment or stated needs and goals.
- One state did not have adequate internal controls over monitoring cash advances.
- One state did not adhere to grant requirements regarding equipment purchases.
- One state did not enter into Memoranda of Understanding with subgrantees.
- Two states did not have effective policies and procedures to ensure compliance with grant requirements for funding allocations and timeliness.
- Three states lacked controls and processes for monitoring local jurisdictions.

## FEMA, Stafford Act Audits

From 1999 to 2003, Cotton & Company conducted performance audits of disaster assistance grants awarded to 15 states under the Stafford Act, which governs disasters and emergencies declared by the U.S. President. Further guidance and requirements for administering FEMA disaster relief grants can be found in 44 CFR. Through the state's emergency management office, FEMA makes assistance grants available to state agencies, local governments, private citizens, nonprofit organizations, and Indian tribes or authorized tribal organizations. The assistance grants include PA, Hazard Mitigation, and Individual Assistance grant programs.

The audit objectives were to determine whether the states and certain subgrantees administered FEMA disaster and emergency assistance programs in accordance with the Stafford Act and applicable federal regulations.

Our audit work included:

- Interviewing knowledgeable FEMA regional office and state officials to obtain an understanding of their internal controls, monitoring procedures, and financial management processes.
- Reviewing the grantees' OMB Circular A-133 audit reports to identify audit findings and internal control weaknesses related to the disaster assistance grants.
- Reviewing state grant and financial management policies and procedures for administering the disaster assistance grants to identify internal control weaknesses.
- Reviewing state disaster assistance administrative and program plans to determine whether the plans complied with FEMA requirements.
- Determining whether the state properly accounted for and expended FEMA disaster assistance funds in accordance with federal regulations.
- Determining whether the state appropriately fulfilled its administrative, financial management, and program responsibilities.
- Testing all aspects of the disaster assistance programs for compliance with state regulations and FEMA regulations codified in 44 CFR.
- Providing recommendations to address compliance and internal control weaknesses that we identified within FEMA and state administration of the grants.

Cotton & Company found that:

- State PA, Hazard Mitigation, and Individual Assistance administrative plans were incomplete, referred to outdated legislation, and were not timely submitted.
- States did not have adequate cash management controls over advances for the PA and Individual Assistance grant programs.
- States did not have sufficient procedures for monitoring the performance of their PA subgrantees.
- States did not always prepare quarterly program progress reports and submit them to FEMA.





- One state did not close out its PA projects in a timely manner.
- One state did not perform PA project or Individual Assistance applicant closeouts in a timely manner.
- One state did not have adequate documentation to support the payments it made under the PA, Hazard Mitigation, and Individual Assistance programs.
- One state allocated employee payroll expenses for the PA and Hazard Mitigation management grants using an allocation method that did not reflect the actual effort expended by the employees.



**REFERENCE 2 – PATIENT-CENTERED OUTCOMES RESEARCH INSTITUTE  
(PCORI)**

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Compliance Monitoring Program		
Company/ Agency Name	Patient-Centered Outcomes Research Institute (PCORI)	
Contract Number	Master Service Agreement (MSA) dated 7/8/2016; multiple task orders	
Prime or Subcontractor	Prime	
Period of Performance	7/8/2016 – 7/8/2022	
Contract Value	\$4,870,634.06 (total contract value); <span style="background-color: #cccccc;">Amount Requested Submitted to Congress</span>	
Contract Type	Time and Materials	
Agency Points of Contact	Contractual	Technical
	<div style="background-color: black; width: 100px; height: 1.2em; margin-bottom: 5px;"></div> Senior Procurement Manager PCORI 1828 L Street NW, Suite 900 Washington, DC 20036 <div style="background-color: black; width: 100px; height: 1.2em; margin-top: 5px;"></div>	<div style="background-color: black; width: 100px; height: 1.2em; margin-bottom: 5px;"></div> Assistant Director, Financial Planning, Budgeting & Analysis PCORI 1828 L Street NW, Suite 900 Washington, DC 20036 <div style="background-color: black; width: 100px; height: 1.2em; margin-top: 5px;"></div>

**Description of Work:** PCORI is an independent, non-profit organization that issues contracts to educational institutions, hospitals, non-profit organizations, and for-profit organizations to conduct health care-related research. PCORI is a non-governmental agency; however, because it receives funding under the Patient Protection and Affordable Care Act of 2010, it is subject to GAO audits and reviews.

Overall, our work for PCORI is *very relevant* to the requirements for integrity monitoring services outlined in the RFQ because it demonstrates our experience and success: (1) engaging in the oversight/monitoring of programs of a similar size administered by a non-profit organization, (2) interfacing with a non-profit organization in the administration of a monitoring or oversight program, and (3) reviewing and evaluating relevant federal and state documentation practices to ensure the receipt and retention of recipient funding.

Specifically, PCORI contracted Cotton & Company to advise it in developing a financial compliance monitoring program. When we began supporting PCORI in 2016, it had awarded approximately \$1 billion of contract funding to educational institutions, hospitals, non-profit organizations, and for-profit organizations to conduct health care-related research, but it did not have a program in place to monitor compliance. Based on our extensive experience performing audits of research contracts and grants, we advised PCORI in designing a risk-based monitoring strategy that demonstrates PCORI's commitment to GAO in monitoring awardee compliance with PCORI regulations and funds accountability.

Additionally, the scope of services we have provided to PCORI is *very similar* to the scope of work of an integrity monitor as outlined in *RFQ Section 3.0*. Specifically, in performing our work for PCORI, we conduct near-identical tasks, as described in our proposed approach for integrity monitoring services in **Section 2.3.2**.

Finally, our 5-year relationship with PCORI demonstrates its satisfaction with the consistently high quality of Cotton & Company's work. PCORI has awarded our firm multiple task orders. We have completed all assignments on time and have provided value-added feedback under each



task order that has helped to improve PCORI's awardee risk assessment processes and compliance monitoring program.

As demonstrated below, our work at PCORI evidences our qualifications and experience in performing the following specific tasks outlined in *RFQ Sections 3.1.1.1–3.1.1.3*.

Task Descriptions	PCORI
<b>Category 1 – Program and Process Management Auditing [RFQ Section 3.1.1.1]</b>	
a. Development of processes, controls, and technologies to support the execution of CARES Act-federally funded programs in compliance with federal and state guidance, including OMB Circulars.	✓
b. Review and improve procedures addressing financial management.	✓
c. Workload analysis; skills gap analysis, organizational effectiveness, and workforce recruiting strategies.	✓
d. Consulting services to support account reconciliations.	✓
e. Quality assurance reviews and assessments associated with the payments process to ensure compliance with federal and state regulations.	✓
f. Risk analysis and identification of options for risk management for the federal and state grant payment process.	✓
g. Consulting services to reduce the reconciliation backlog for the Request for Reimbursements process.	✓
h. Consulting services providing Subject Matter Expert (SME) knowledge of required standards for related monitoring and financial standards under the CARES Act and other federal funding, as applicable.	✓
<b>Category 2 – Financial Auditing and Grant Management [RFQ Section 3.1.1.2]</b>	
a. Plan, implement, administer, coordinate, monitor, and evaluate the specific activities of all assigned financial and administrative functions. Develop and modify policies/procedures/systems in accordance with organizational needs and objectives, as well as applicable government regulations.	✓
b. Provide technical knowledge and expertise to review and make recommendations to streamline grant management and fiscal management processes to ensure accountability of funds and compliance with program regulations.	✓
c. Provide tools to be used by Using Agencies for the assessment of the performance of the financial transaction processes.	✓
d. Monitor all grant management, accounting, budget management, and other business office functions regularly.	✓
e. Provide and/or identify training for staff in the area of detection and prevention of fraud, waste, and abuse.	✓
f. Ensure compliance with all applicable federal and state accounting and financial reporting requirements.	✓
<b>Category 3 – Integrity Monitoring/Anti-Fraud [RFQ Section 3.1.1.3]</b>	
a. Forensic accounting and all specialty accounting services.	✓
b. Continuing risk assessments and loss prevention strategies.	✓
c. Performance and program monitoring and promotion of best practices as applicable to each Letter of Engagement issued under this contract.	✓
d. Prevention, detection, and investigation of fraud and misconduct.	✓
e. Implementation and management of appropriate compliance systems and controls required by federal and state governing guidelines, regulations, and law.	✓
f. Provide data management systems/programs for the purpose of collecting, conducting, and reporting required compliance and anti-fraud analytics.	✓

Below, we provide a detailed description of how Cotton & Company assists PCORI in its implementation and administration of a risk-based monitoring strategy. Each component of our work demonstrates our experience and capabilities in the following important areas:

- Engaging in the oversight/monitoring of programs of a similar size administered by a non-profit organization.
- Interfacing with a non-profit organization in the administration of a monitoring or oversight program.
- Reviewing and evaluating relevant federal and state documentation practices to ensure the receipt and retention of recipient funding.
- Performing program and process management monitoring, compliance reviews over award management, and integrity and anti-fraud services.

### Awardee Risk Assessments

At the beginning of each fiscal year, Cotton & Company develops and performs an independent risk assessment of all active contracts in PCORI's research portfolio—which typically includes 400 to 500 contracts representing approximately \$1.5 to \$2 billion in award funding—to determine whether individual contracts and awardees should be considered a low, moderate, or high risk. Using weighted-score evaluation criteria, Cotton & Company assigns a risk score to each contract, which we then use to identify the financial risk of individual contracts and evaluate the overall risk of PCORI awardee institutions. Although the number and type of evaluation criteria used each year varies, examples of criteria considered include:

- Results of publicly available audit reports.
- Results of previous PCORI compliance reviews.
- Number of contracts managed by a single Principal Investigator (i.e., the researcher in charge of the contract/award).
- Percentage of an award subcontracted to other institutions.
- Value and duration of the PCORI contract.

In addition to performing an annual risk assessment of all active contracts, Cotton & Company assisted PCORI in developing its newly implemented awardee financial management assessment. This assessment—which PCORI will perform on each institution to which it awards a contract—was designed to help predict the financial compliance risk of the institution based on awardee characteristics. By completing this assessment when awardees receive a new contract, PCORI is able to help mitigate financial concerns that typically arise during the course of the project before spending begins. The financial management assessment aims to evaluate whether an awardee should be considered a low, moderate, or high risk based on the awardee's responses to a 26-question survey. The survey includes questions regarding whether the awardee has:

- Experience with federal research grants/awards.
- Audited financial statements.
- Had material weaknesses or significant deficiencies identified in its internal controls.



- Adequate financial compliance policies and procedures.
- Reliable financial reporting system(s).

PCORI can use the results of these risk assessments to develop appropriate monitoring plans and to identify which awardees it will select for internal or external compliance reviews.

### Routine Financial Monitoring

Cotton & Company also supports PCORI with its routine monitoring activities, which are designed to identify potential financial compliance and award management issues that require further research, resolution, and scrutiny through routine monitoring techniques. Specifically, Cotton & Company supports PCORI with the following activities each year:

- **Invoice reviews.** We review invoices for accuracy, reasonableness per milestones achieved, burn rate, changes in key personnel and key personnel effort, and proper indirect cost rates.
- **Financial award closeout.** During close-out, Cotton & Company staff verify whether the awardee applied the proper indirect cost rate throughout the life of the award, whether budget totals match PCORI records, and whether the awardee submitted a final invoice.
- **Reconciliations.** Cotton & Company staff assist in reconciling the data recorded in PCORI's history files to the data imported into PCORI's new Salesforce system to ensure the imported invoicing and billing data is accurate. Further, staff consistently perform reconciliations and other data validation-related activities to identify discrepancies in the information stored within the various PCORI databases that each department maintains.

### Financial Desk Reviews and Site Visits

On an annual basis, Cotton & Company conducts approximately 30 compliance reviews of contracts PCORI issues to universities, hospitals, and not-for-profit organizations. The primary objective of each compliance review is to determine whether costs claimed on PCORI contracts are allocable, allowable, reasonable, and in conformity with PCORI contract terms and conditions. To achieve this objective, Cotton & Company performs the following steps:

- **Data Analysis.** We obtain detailed transaction-level data from the contractor and reconcile it to support all of the costs claimed on the sampled contract(s). We then conduct data analytics on the reconciled data as needed to compile a list of transactions that represent the population and/or anomalies, outliers, and aberrant transactions within the dataset. Although we tailor this analysis to each specific engagement, we generally analyze the awardee's general ledger data to identify:
  - Pre- or post-award transactions.
  - Unusual cost transfers.
  - Expressly unallowable expenses.
  - Procurements made just below approval thresholds.
  - Late equipment and supply purchases.
  - Potential duplicates.
  - High-risk and/or unusual accounts.



- Budget-to-actual discrepancies.
- Instances where the awardee inappropriately applied indirect costs.
- Transactions processed outside the typical accounting system.
- Other transactions identified as high risk based on characteristics such as the contract(s) under review, the contract budget, policy/procedure reviews, and prior audit findings.
- **Initial Testing and Assessment.** Based on the results of the data analysis, we select and test a sample of 50 transactions to evaluate whether the costs claimed appear to be reasonable for, allocable to, and allowable under the PCORI contract charged.
- **Judgmental Testing and Assessment.** Based on the results of the previous phases, we may recommend and perform additional judgmental testing.
- **Reporting.** We provide PCORI with monthly status reports that summarize the work performed on each engagement, as well as ad hoc reports, fieldwork summaries, formal draft reports, and final reports as appropriate or as requested.

In addition to completing these external compliance reviews, Cotton & Company helped design and perform limited-scope internal compliance reviews. The steps we perform under the limited-scope reviews are similar to those described above; however, testing is limited to examining costs claimed in only one or two budget categories, and the reviews are led by PCORI staff.

### Learning and Dissemination

Sharing the results of the financial compliance activities is an important step in improving PCORI's oversight of its award portfolio and mitigating risk. Accordingly, Cotton & Company assists PCORI in sharing the results of the compliance reviews with the awardee community to assist in preventing common non-compliance issues. Specifically, our financial compliance learning and dissemination activities include:

- **Financial Officer Outreach.** Cotton & Company prepares materials for PCORI staff-led webinars and assists in creating materials to educate Financial Officers on compliance issues. Further, we prepare financial compliance-related articles for PCORI's internal newsletters that address the most common financial compliance issues and how to prevent them.
- **Allowable Cost Guidance.** Based on the results of the compliance reviews and discussions with awardee contract management personnel, Cotton & Company recommends modifications to PCORI's allowable cost guidance to help clarify the allowability of costs. Further, we produced PCORI's *Preparing for a Successful Financial Compliance Review* handout, which outlines steps an awardee should take to ensure it can support the allowability of costs charged to PCORI contracts within each budget category.
- **Internal Learning.** Cotton & Company prepares materials that summarize the results of each compliance review; these materials are then shared with the PCORI program officer and contract administrator responsible for each contract. We also prepare aggregate result updates and present them to PCORI staff and leadership to ensure all relevant parties are aware of the compliance review results and to brainstorm methods PCORI may be able to use to improve its award monitoring procedures.



**REFERENCE 3 – CORPORATION FOR NATIONAL AND COMMUNITY SERVICE  
(CNCS) OIG**

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Performance Audits, Incurred-Cost Audits, and Agreed-Upon Procedures		
Company/Agency Name	Corporation for National and Community Service (CNCS) OIG	
Contract Number	CNSIG11A0012 and CNSIG16A0001 (BPA contracts with multiple task orders) (See Note 1)	
Prime or Subcontractor	Prime	
Period of Performance	CNSIG16A0001: 5/31/2016 – 5/31/2021 CNSIG11A0012: 7/20/2011 – 7/14/2016  See Note 1	
Contract Value	CNSIG16A0001: \$1,172,997.82 (total contract value); \$1,111,660.81 (total revenue to date) CNSIG11A0012: \$864,449.72 (total contract value); \$864,449.68 (total revenue)  See Note 1	
Contract Type	Time and Materials	
Agency Points of Contact	Contractual	Technical
	<div>██████████ Contracting Officer</div> <div>CNCS</div> <div>250 E Street, SW, Suite 300</div> <div>Washington, DC 20525</div> <div>██████████</div>	<div>██████████ Assistant Inspector</div> <div>General for Audit</div> <div>CNCS</div> <div>250 E Street, SW, Suite 300</div> <div>Washington, DC 20525</div> <div>██████████</div>

**Note 1:** Cotton & Company has performed a number of engagements for the CNCS OIG since 1998. To demonstrate our extensive experience and qualifications, we provide detailed descriptions of the engagements most relevant to the requirements of this RFQ, dating back nearly 20 years. For the purposes of this proposal, we provide contract numbers, periods of performance, contract values, and POCs (i.e., references) for the two most recent contracts.

**Description of Work:** Cotton & Company has provided services to the CNCS OIG since 1998. Overall, our work for the CNCS OIG is *very relevant* to the requirements for integrity monitoring services outlined in the RFQ because it demonstrates our experience and success: (1) engaging in the oversight/monitoring of programs of a similar size administered by federal, state, and local government agencies; (2) interfacing with state and federal agencies in the administration of a monitoring or oversight program; (3) reviewing and evaluating relevant federal and state documentation practices to ensure the receipt and retention of grant funding; and (4) monitoring grants and supplemental appropriations from Congress and other federal agencies. Specifically, Cotton & Company has performed cost-incurred audits and agreed-upon procedures (AUP) engagements of CNCS's national nonprofit and state commission grantees, performance audits of CNCS's compliance with the Improper Payments Elimination and Recovery Act (IPERA), pre-audit surveys of CNCS awards to state commissions, contract audits of CNCS contractors, performance audits of CNCS's contracting and procurement operations, and audits of CNCS's financial statements under the Chief Financial Officers Act of 1990 (CFO Act).

Additionally, the scope of services we have performed for the CNCS OIG is *very similar* to the scope of work of an integrity monitor, as outlined in *RFQ Section 3.0*. Specifically, in performing our engagements conducted for the CNCS OIG, we conduct near-identical tasks by phase, as described in **Section 2.3.2**.



Finally, our more than 20-year relationship with the CNCS OIG demonstrates the OIG's satisfaction with the high-quality service we provide. The OIG has awarded our firm numerous task orders, each increasingly complex. We have completed all assignments on time, despite constantly changing regulations, and provided quality reports for each task order that describe a number of unique findings.

As demonstrated below, our work for the CNCS OIG evidences our qualifications and experience in performing the following specific tasks, as outlined in *RFQ Sections 3.1.1.1–3.1.1.3*.

Task Descriptions	CNCS OIG
<b>Category 1 – Program and Process Management Auditing [RFQ Section 3.1.1.1]</b>	
a. Development of processes, controls, and technologies to support the execution of CARES Act-federally funded programs in compliance with federal and state guidance, including OMB Circulars.	✓
b. Review and improve procedures addressing financial management.	✓
c. Workload analysis; skills gap analysis, organizational effectiveness, and workforce recruiting strategies.	
d. Consulting services to support account reconciliations.	✓
e. Quality assurance reviews and assessments associated with the payments process to ensure compliance with federal and state regulations.	✓
f. Risk analysis and identification of options for risk management for the federal and state grant payment process.	✓
g. Consulting services to reduce the reconciliation backlog for the Request for Reimbursements process.	
h. Consulting services providing Subject Matter Expert (SME) knowledge of required standards for related monitoring and financial standards under the CARES Act and other federal funding, as applicable.	✓
<b>Category 2 – Financial Auditing and Grant Management [RFQ Section 3.1.1.2]</b>	
a. Plan, implement, administer, coordinate, monitor, and evaluate the specific activities of all assigned financial and administrative functions. Develop and modify policies/procedures/systems in accordance with organizational needs and objectives, as well as applicable government regulations.	✓
b. Provide technical knowledge and expertise to review and make recommendations to streamline grant management and fiscal management processes to ensure accountability of funds and compliance with program regulations.	✓
c. Provide tools to be used by Using Agencies for the assessment of the performance of the financial transaction processes.	✓
d. Monitor all grant management, accounting, budget management, and other business office functions regularly.	
e. Provide and/or identify training for staff in the area of detection and prevention of fraud, waste, and abuse.	✓
f. Ensure compliance with all applicable federal and state accounting and financial reporting requirements.	✓
<b>Category 3 – Integrity Monitoring/Anti-Fraud [RFQ Section 3.1.1.3]</b>	
a. Forensic accounting and all specialty accounting services.	
b. Continuing risk assessments and loss prevention strategies.	✓
c. Performance and program monitoring and promotion of best practices as applicable to each Letter of Engagement issued under this contract.	✓
d. Prevention, detection, and investigation of fraud and misconduct.	✓
e. Implementation and management of appropriate compliance systems and controls required by federal and state governing guidelines, regulations, and law.	✓



Task Descriptions	CNCS OIG
f. Provide data management systems/programs for the purpose of collecting, conducting, and reporting required compliance and anti-fraud analytics.	✓

Below, we provide detailed descriptions of the engagements most relevant to the requirements of this RFQ. Each engagement demonstrates our experience and capabilities in the following important areas:

- Engaging in the oversight/monitoring of programs of a similar size administered by federal, state, and local government agencies.
- Interfacing with state and federal agencies in the administration of a monitoring or oversight program.
- Reviewing and evaluating relevant federal and state documentation practices to ensure the receipt and retention of grant funding.
- Performing program and process management auditing, compliance and performance auditing over grants management, and integrity and anti-fraud audits.

### Full-Scope Incurred-Cost Financial and Compliance Audits and AUP Engagements of State Commissions

CNCS funds its major programs within each state through state commission grants. Approximately two-thirds of CNCS grant funds are distributed through these state-wide grants to state/local governments and nonprofit subgrantees. The primary program vehicle is the AmeriCorps program, under which subgrantees operate volunteer service programs in local communities. Cotton & Company's audits and AUP engagements include reviews of the auditees' financial management practices and financial/compliance testing of AmeriCorps program expenditures, which helps CNCS assess grantee and subgrantee compliance with federal and state accounting and financial reporting requirements. Each state-wide audit encompasses multiple years of spending at the state-wide and subgrantee level and usually involves reviewing and reconciling tens of millions of dollars claimed by the state commission and its subgrantees over a 3-year period.

Most grant expenditures are awarded to subgrantees that provide training and run volunteer programs. We select subgrantees for testing based on expenditure amounts, past performance information (obtained through OMB Circular A-133 audits and other audit or review reports), and evaluations performed by state commissions. Audit testing of subgrantees includes tests of compliance and internal control, as well as reviews of expenditures.

The objective of each of these audit and AUP engagements is to evaluate whether costs claimed by each state commission are compliant with all relevant federal, CNCS, program-specific, award-specific, and organization-specific policies and procedures. The audits are a valuable tool in CNCS's monitoring and oversight of the AmeriCorps program and in preventing and detecting fraud and misconduct. Audit findings and recommendations help educate grantees and subgrantees on program rules and regulations, as well as help ensure the grantees and subgrantees are operating the program in compliance with state, federal, and program regulations.

Generally, each engagement includes three phases, as follows:

### 1. Planning

- *Establishing an Understanding.* We review relevant federal, CNCS, and grantee policies, examine the results of past audit reports, and conduct interviews with relevant CNCS and grantee personnel to establish an understanding of the engagement requirements and the grantee's internal controls.
- *Reconciling Grantee Accounting Data.* We reconcile the grantee's accounting data to the costs that the grantee reported on its Federal Financial Reports (FFRs) for each grant within our scope. We also ensure the grantee drew down funding based on its actual cash needs by reviewing Federal Cash Transaction Reports (FCTRs) for all grants within our scope.

### 2. Testing

- *Reconciling Subgrantee Accounting Data.* We request accounting data from subgrantees selected for testing and reconcile this data to the grantee's accounting-level data.
- *Testing the Allowability, Allocability, and Reasonableness of Direct Costs.* We select and test a representative sample of costs claimed by the grantee and each subgrantee to evaluate the allowability of salary, fringe benefits, living allowances, stipends, and other direct costs claimed on CNCS grants.
- *Testing the Allowability, Allocability, and Reasonableness of Indirect Costs.* We ensure the grantee did not inappropriately claim indirect costs as direct costs and verify the grantee's claimed administrative costs were appropriate.
- *Testing Member Eligibility.* We ensure all participants are the appropriate age, have the appropriate educational background, meet citizenship requirements, and satisfy the National Service Criminal History Check requirements as required by 45 CFR § 2522.200.

### 3. Reporting

- *Summarizing and Presenting Engagement Results.* We summarize the preliminary results of the engagement and hold an exit conference with the grantee, subgrantees, CNCS, and the CNCS OIG.
- *Preparing Draft Reports.* We prepare a discussion draft report that we share and discuss with the grantee and the CNCS OIG. We then update the discussion draft report based on these discussions, issue a formal draft report, and request a formal management response from both CNCS and the grantee.
- *Performing Quality Control Procedures.* We perform various quality control procedures, such as cross-referencing the report, copyediting the report, and performing a quality control partner review.
- *Issuing Final Reports.* After receiving responses from CNCS management and the grantee, we incorporate these responses and our evaluation of the responses into a final report, which we prepare in accordance with GAGAS.





The most significant difficulty that we face when performing these engagements is reconciling the awardee's accounting data to the amounts reported in the organization's quarterly FFRs. Many state commissions find it difficult to identify which transaction(s) (i.e., expenses included in the accounting system) relate to the costs that they claimed in each FFR. This difficulty arises from a number of causes, such as not appropriately setting up separate project accounts for each grant or funding year, not appropriately processing reported costs through the general ledger, and inappropriately allocating indirect costs. If a grantee has difficulty identifying the appropriate records, we typically schedule a meeting with the grantee's accounting team and the individual responsible for preparing the FFRs to establish an understanding of the FFR process. We then meet with the grantee's IT team to provide guidance on the method for extracting the appropriate data.

### **Full-Scope Incurred-Cost Audits and AUP Engagements of CNCS Awards to National Direct Grantees**

These audits encompass a number of CNCS grants and multiple years of spending. For each of these engagements, Cotton & Company performs testing to determine whether the grantee expended CNCS-funded federal assistance in accordance with grant terms and provisions, laws, and regulations.

### **Performance Audits of CNCCS Compliance with IPERA**

Cotton & Company performed these audits for FYs 2013 through 2015 and FYs 2017 through 2019 (an audit was not required for FY 2016). Cotton & Company was responsible for completing the OIG's responsibilities under IPERA, as defined in OMB Memorandum M-15-02, including evaluating the accuracy and completeness of agency reporting and evaluating agency performance in reducing and recapturing improper payments. The specific audit objectives were to: (1) determine whether CNCS was in compliance with the requirements of IPERA, (2) evaluate the accuracy and completeness of CNCS's improper payment reporting in its Annual Financial Report, and (3) evaluate CNCS's efforts in reducing and recovering improper payments.

### **Pre-Audit Surveys of CNCS Awards to State Commissions**

The purpose of these surveys is to evaluate the adequacy of pre-award selection processes used by state commissions, the adequacy of fiscal administration procedures used by states for CNCS grants, and the effectiveness of state commission procedures for monitoring subgrantees, including monitoring AmeriCorps member activities, service hours and statistics, and other information related to program accomplishments and performance measures.

### **Contract Audits of Costs Claimed by Multiple CNCS Contractors**

Our audit objectives are to determine whether costs were allowable, allocable, and reasonable and whether the auditees incurred the costs for actual contract effort, adequately supported the costs, and charged the costs in accordance with their cost accounting systems, contract terms, applicable laws and regulations (including the FAR), and applicable cost accounting standards.



These audits include evaluations of the adequacy of auditee accounting and internal control systems.

### **Performance Audits of CNCS Contracting and Procurement Operations**

The objective of these audits was to determine whether CNCS had an effective system in place for contracting and procurement operations, as well as whether it awarded contracts in accordance with applicable laws and procurement rules and regulations. As a result of problems identified in one of these audits, we entered into a contract to audit approximately \$16.5 million in direct and indirect costs claimed by multiple CNCS contractors to determine compliance with contract terms and conditions.

### **Full-Scope Audits of CNCS Financial Statements**

Cotton & Company performed CNCS's annual CFO Act audit for FYs 2003 through 2006. The audit included the audit of the National Service Trust Fund.



#### **REFERENCE 4 - U.S. DEPARTMENT OF STATE (DOS)**

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COVID-19 Response; Monitoring; Risk and Internal Control Assessments; Financial Reporting and Analysis		
<b>Company/Agency Name</b>	U.S. Department of State (DOS)	
<b>Contract Number</b>	SAQMMA17A0120 SAQMMA17F0236 SAQMMA10A0140  See Note 1	
<b>Prime or Subcontractor</b>	Significant subcontractor to the MIL Corporation	
<b>Period of Performance</b>	SAQMMA17A0120: 4/1/2017 – 3/31/2022 (Base and four options) SAQMMA17F0236: 1/1/2017 – 3/31/2017 SAQMMA10A0140: 6/1/2011 – 12/31/2016 (Base and four options)  See Note 1	
<b>Contract Value</b>	SAQMMA17A0120: \$31,222,959.95 (total subcontract value); \$26,544,761.25 (total revenue to date) SAQMMA17F0236: \$1,575,120.43 (total subcontract value); \$1,297,228.34 (total revenue) SAQMMA10A0140: \$27,410,332.42 (total subcontract value); \$25,723,135.19 (total revenue)  See Note 1	
<b>Contract Type</b>	Time and Materials	
<b>Agency Points of Contact</b>	<b>Contractual</b>	<b>Technical</b>
	<div> <div></div> Contracting Officer  DOS  2401 E St NW, Washington, DC  20001  <div></div>  <div></div>  See Note 1 </div>	<div> <div></div> Comptroller  DOS  2401 E Street, NW Washington, DC  20037  <div></div>  <div></div>  <div></div> Managing Director  DOS  1800 North Kent Street, Arlington, VA  22209  <div></div>  See Note 1 </div>

**Note 1:** Cotton & Company has performed a number of services for DOS since 1991. To demonstrate our extensive experience and qualifications, we provide detailed descriptions of the services most relevant to the requirements of this RFQ, dating back more than 20 years. For the purposes of this proposal, we provide contract numbers, periods of performance, contract values, and POCs (i.e., references) for our three most recent contracts.

**Description of Work:** Cotton & Company has provided services to DOS since 1991 under multiple master contracts and numerous task orders. For the first 20 years, Cotton & Company provided these services in the capacity of a prime contractor. We continue to perform these services as a significant subcontractor to the MIL Corporation.

DOS operations are decentralized and complex, having more than 300 active appropriations and funds; more than 1,000 allotments, a working capital fund, and a trust fund; and multiple direct and reimbursable programs. DOS serves as an administrative service provider overseas for the federal government; it operates both domestically and internationally, with more than 270



embassies, consulates, and other posts in more than 180 countries. Our work has impacted nearly all areas of DOS and its worldwide operations. For FY 2020, the DOS budgetary resources to administer its programs totaled more than \$77 billion.

Overall, our work for DOS is **very relevant** to the requirements for integrity monitoring services outlined in the RFQ because it demonstrates our experience and success with: (1) engaging in the oversight/monitoring of programs of a similar size administered by a federal agency; (2) interfacing with a federal agency in the administration of a monitoring or oversight program; (3) reviewing and evaluating documentation practices, including retention policies, to ensure the receipt and retention of recipient funding and to support incurred costs; and (4) monitoring grants and supplemental appropriations from Congress and other federal agencies. Specifically, Cotton & Company has supported DOS in a wide range of audit support, monitoring, and remediation activities; risk and internal control assessments; management and IT consulting; and financial reporting and accounting support services. With more than 50 Cotton & Company personnel providing support across DOS's financial and information system processes, we provide technical assistance and subject matter expertise in a wide array of areas directly applicable to the integrity monitoring services outlined in the RFQ.

Additionally, the scope of services we have provided to DOS is **very similar** to the scope of work of an integrity monitor as outlined in *RFQ Section 3.0*. Specifically, in performing our work for DOS, we conduct near-identical tasks by phase, as described in **Section 2.3.2**.

Finally, our nearly 30-year relationship with DOS demonstrates its satisfaction with the consistently high quality of our work. Cotton & Company employees have been recognized by the Office of the Deputy Chief Financial Officer (DCFO) for our excellent performance, dedication, and contributions to the DOS.

#### Our Commitment to Quality

"Cotton & Company is a very results-orientated, customer-focused, and professionally-capable CPA firm. They are very dependable to meet contract requirements, make deadlines, **deliver a quality product**, and **provide quality staff** on the engagement. They continually, and willingly, 'step up to the plate' to meet urgent and unforeseen requests we have made. Their executive leadership in the firm is top-notch and as good as any CPA firm that we have used and interacted with. Their ability to bring deliverables in at budget is excellent, and **their client communication philosophy and methods are outstanding**. For over two decades, there have never been any issues with their engagement here at the Department." [Emphasis ours]

– Chris Flaggs, Former DOS Comptroller and DCFO

As demonstrated below, our work at DOS evidences our qualifications and experience in performing the following specific tasks, as outlined in *RFQ Sections 3.1.1.1 through 3.1.1.3*.

Task Descriptions	DOS
<b>Category 1 – Program and Process Management Auditing [RFQ Section 3.1.1.1]</b>	
a. Development of processes, controls, and technologies to support the execution of CARES Act-federally funded programs in compliance with federal and state guidance, including OMB Circulars.	✓
b. Review and improve procedures addressing financial management.	✓



Task Descriptions	DOS
c. Workload analysis; skills gap analysis, organizational effectiveness, and workforce recruiting strategies.	✓
d. Consulting services to support account reconciliations.	✓
e. Quality assurance reviews and assessments associated with the payments process to ensure compliance with federal and state regulations.	✓
f. Risk analysis and identification of options for risk management for the federal and state grant payment process.	✓
g. Consulting services to reduce the reconciliation backlog for the Request for Reimbursements process.	✓
h. Consulting services providing Subject Matter Expert (SME) knowledge of required standards for related monitoring and financial standards under the CARES Act and other federal funding, as applicable.	✓
<b>Category 2 – Financial Auditing and Grant Management [RFQ Section 3.1.1.2]</b>	
a. Plan, implement, administer, coordinate, monitor, and evaluate the specific activities of all assigned financial and administrative functions. Develop and modify policies/procedures/systems in accordance with organizational needs and objectives, as well as applicable government regulations.	✓
b. Provide technical knowledge and expertise to review and make recommendations to streamline grant management and fiscal management processes to ensure accountability of funds and compliance with program regulations.	✓
c. Provide tools to be used by Using Agencies for the assessment of the performance of the financial transaction processes.	✓
d. Monitor all grant management, accounting, budget management, and other business office functions regularly.	✓
e. Provide and/or identify training for staff in the area of detection and prevention of fraud, waste, and abuse.	
f. Ensure compliance with all applicable federal and state accounting and financial reporting requirements.	✓
<b>Category 3 – Integrity Monitoring/Anti-Fraud [RFQ Section 3.1.1.3]</b>	
a. Forensic accounting and all specialty accounting services.	✓
b. Continuing risk assessments and loss prevention strategies.	✓
c. Performance and program monitoring and promotion of best practices as applicable to each Letter of Engagement issued under this contract.	✓
d. Prevention, detection, and investigation of fraud and misconduct.	✓
e. Implementation and management of appropriate compliance systems and controls required by federal and state governing guidelines, regulations, and law.	✓
f. Provide data management systems/programs for the purpose of collecting, conducting, and reporting required compliance and anti-fraud analytics.	✓

Below, we provide detailed descriptions of the key components of our work that are most relevant to the requirements of this RFQ. Each component of our work demonstrates our experience and capabilities in the following important areas:

- Engaging in the oversight/monitoring of programs of a similar size administered by a federal agency.
- Interfacing with a federal agency in the administration of a monitoring or oversight program.
- Reviewing and evaluating documentation practices, including retention policies, to ensure the receipt and retention of recipient funding and to support incurred costs.
- Performing program and process management monitoring, compliance management and monitoring over grants, and integrity and anti-fraud services.



## Coronavirus Disease Response

OMB Memorandum M-20-21, *Implementation Guidance for Supplemental Funding Provided in Response to the Coronavirus Disease 2019 (COVID-19)*, directs agencies to leverage and continue to employ existing financial transparency and accountability mechanisms wherever possible, considering three core principles: (1) mission achievement, (2) expediency, and (3) transparency and accountability. Appendix A to the Memorandum describes the steps agencies should take to implement the requirements of Sections 15010 and 15011 of the CARES Act. Cotton & Company supports DOS in its implementation of and compliance with these requirements by:

- Designing and implementing accounting system coding to ensure complete and accurate tracking and reporting of CARES Act funding and related expenditures, in compliance with OMB Memorandum M-20-21.
- Performing user acceptance testing of system coding updates created to implement the requirements of OMB Memorandum M-20-21. This testing helps to ensure DOS has properly implemented system updates in compliance with the related requirements, as well as to improve the accuracy and completeness of files submitted in response to Digital Accountability and Transparency Act of 2014 (DATA Act) requirements.
- Developing and implementing a plan to test the completeness, accuracy, and timeliness of DATA Act files, including specific testing and data analysis for high-risk processes related to the requirements of OMB Memorandum M-20-21.

We also support DOS with reviews and reconciliations of its Subsistence Expense Allowance (SEA) payments. SEA payments and benefits are designed to help offset the direct added expenses incurred due to an evacuation of U.S. citizens from overseas in response to the global pandemic. In this role, we:

- Compare SEA-calculated payments (i.e., based on a COVID-19 established per diem rate plus taxes for the safe haven location) to the actual payments processed to the evacuee to determine whether an overpayment occurred and communicate identified variances to management.
- Identify and document discrepancies in the evacuees' lodging status that resulted in overpayments.

## Grant and Cooperative Agreement Management and Monitoring

Since 2016, Cotton & Company has assisted DOS with a number of tasks related to its management, monitoring, and oversight of funding disbursed to recipients through grants and cooperative agreements. Key tasks include:

- Monitoring the Federal Audit Clearinghouse daily to identify Single Audit reports submitted by the recipients.
- Reviewing Single Audit reports to identify findings that relate to fraud, waste, or abuse; questioned costs; and improper application of the terms and conditions of an award.



- In response to identified deficiencies and instances of non-compliance with 2 CFR Part 200–*Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and DOS guidance, we develop new policies and procedures that DOS then incorporates into new awards to help address these deficiencies.
- Applying financial ratio analysis to identify risks of potential fraud, waste, or abuse of federal funds and posing recommendations for mitigation strategies.
- Identifying areas of improvement in the recipient’s use of program funds.

Since 2008, Cotton & Company has also supported DOS in its grants and cooperative agreements closeout process. We obtain and review necessary documentation, identify final payments outstanding by the recipient or refunds due to the U.S. government, and work with the recipients to obtain missing documentation. We review final rates and calculate the indirect costs associated with the awards. The volume and variety of grant and cooperative agreement closeouts for which we perform these procedures requires constant communication and follow-up with the recipients to ensure timely, accurate closeout. Further, Cotton & Company assists DOS in analyzing its grant payments and accruals annually. We maintain DOS’s grant database, which contains the grant award and payment status for DOS grants by fiscal year. We use the database to analyze trends, identify and review anomalies, and generate DOS’s annual grant accrual.

### **Fraud Risk Assessment, Prevention, and Detection**

Beginning in 2020, Cotton & Company has supported the DOS Office of Management Controls in all aspects of its development of fraud risk profiles for each DOS bureau. The fraud risk profiles identify specific fraud risks, document current risk mitigation efforts and residual risks, and assess their likelihood and impact. Throughout 2020, personnel from each bureau completed questionnaires and interviews to identify fraud risks. DOS then used this information to document fraud risk profiles consistent with the template prescribed by OMB Circular A-123 for six DOS-wide accounting processes applicable to all bureaus, including contracts, grants, payroll, beneficiary payments, purchase cards, and travel cards. DOS also documented bureau profiles that included fraud risks relevant to its unique bureau programs and operations. We supported DOS in creating a DOS-wide fraud exposure analysis that ranks the bureaus’ potential susceptibility to fraud using a number of data points. We obtained multiple data sets and used them as a quantitative method of ranking the DOS bureaus according to their fraud risk.

Cotton & Company also provides day-to-day support to the Office of Management Controls in enhancing DOS’s compliance with the Payment Integrity Information Act of 2019 (PIIA), which establishes requirements for federal agencies to reduce improper payments in their programs.

### **Internal Control Assessments and Risk Monitoring**

Since 2005, Cotton & Company has successfully supported DOS with its implementation of Appendix A to OMB Circular A-123, which requires federal agencies to document, assess, and report on internal control over reporting. We provide guidance on the design and implementation of internal control, perform control testing, assess results, and provide recommendations.



Annually, we perform a qualitative risk assessment related to DOS's internal controls over financial reporting, including reviewing various prior-year documents (e.g., GAO reports, Inspector General audit reports, relevant Service Organization Controls reports, external audit findings) and identifying inherent risks associated with specific areas. We produce thorough and complete documentation, including process memoranda, risk and controls matrices, walkthrough artifacts, and sampling test results. We apply audit best practices in that each workpaper includes sections stating the purpose, source, scope, and conclusion. Our findings and conclusions are well supported and documented—including the condition, criteria, cause, effect and recommendations—and are indexed to underlying source workpapers.

Beginning in 2019, Cotton & Company has supported DOS in implementing the revised OMB Circular A-123, Appendix A. DOS identified 12 reports/categories of reports on its public website for inclusion in the overall scope of its assessment. From that list, the Bureau of the Comptroller and Global Financial Services, Office of Management Controls selected specific reports for current-year assessments, including its Agency Financial Report and Annual Performance Report. Cotton & Company supports the Office of Management Controls in holding discussions, conducting walkthroughs, and assembling documentation to support conclusions as to whether internal controls and processes support the overall data quality contained in these reports to achieve the objectives of the DATA Act.

In addition to our support of DOS in its implementation of OMB Circular A-123, Appendix A, since 2015, we have evaluated DOS's compliance with the principles of internal control required by GAO Green Book. Additionally, since 2020, we have supported the Office of Management Controls in developing an Enterprise Risk Management risk profile for DOS.

Cotton & Company also supports DOS in its implementation of the revised OMB Circular A-123, Appendix B. There are two different types of charge card accounts: Centrally Billed Accounts (CBA) and Individually Billed Accounts (IBA). For CBA charge cards, the federal government is directly billed for charges and is therefore liable for making payments. For DOS CBAs, we review executive-branch and DOS guidance, interview organizations and contractors responsible for the CBA program, perform walkthroughs, gather example documents, and document the as-is and to-be processes in extensive flowcharts and narratives. Based on this work, we identify gaps and provide detailed recommendations for management to improve controls. We also designed a compliance matrix to document CBA compliance with executive-branch and DOS guidance, including: (1) Public Law 112-194, Government Charge Card Abuse Prevention Act of 2012; (2) GSA Federal Travel Regulation, Accounting for Common Carrier Transportation; (3) OMB Circular A-123, Appendix B; and (4) detailed DOS guidance. We documented each requirement, assessed compliance and noted gaps, and provided detailed recommendations to DOS for improving compliance in the areas of program operations, accounting, and reporting. The flowcharts, narratives, and compliance matrix provide DOS the tools it required to improve the efficiency and effectiveness of its government charge card program operations, design key performance indicators, and continuously monitor the performance of its CBA program operations and changes from the baseline.



## Data Integrity Compliance Monitoring

The DATA Act requires the federal government to transform its spending information into open data for free access and download by the public. The Treasury and OMB have established government-wide data standards for agency spending data and publish this standardized spending data for public use. Since 2017, Cotton & Company has supported DOS in its implementation of the revised OMB Circular A-123, Appendix A, with a specific focus on DATA Act compliance and monitoring efforts. Specifically, Cotton & Company:

- Developed the DOS DATA Act quality plan, as mandated by the revised OMB Circular A-123, Appendix A. This quality plan included DOS's organizational structure and key stakeholders, process narratives and flowcharts, the identification of high-risk data elements and business processes, related remediation efforts, and key internal controls.
- Developed the DATA Act control matrix to identify and document internal controls related to DATA Act data and files. The control matrix also identifies internal control strengths, weaknesses, and gaps.
- Develops and implements plans for testing the completeness, accuracy, and timeliness of DATA Act files.
- Monitors compliance requirements and provides the DOS DATA Act working group with updates to and clarifications of the requirements.
- Develops remediation plans to address process, data, and control weaknesses or deficiencies identified in internal and external DATA Act audits and through monthly reconciliation efforts. As a specific example, in collaboration with DOS personnel, Cotton & Company developed remediation responses to the DOS Inspector General's recommendations resulting from the FY 2017 DATA Act audit, resulting in the closure of all open recommendations.
- Serves as the DATA Act audit liaison between DOS and the independent auditors. Specific tasks include: (1) researching 385 procurement and financial assistance actions; (2) providing requested supporting documentation, including financial data recorded in the DOS financial systems and contact and grant files to the independent auditors; and (3) developing and submitting responses to follow-up questions and requests for information to the independent auditors.

## Budgetary Resources Review

Since 2015, Cotton & Company has supported DOS in reviewing the budgetary obligations (i.e., encumbrances), including those associated with grants and cooperative agreements, recorded in its general ledger system and determining whether these obligations are still valid, needed, and accurately recorded. Our team compiles and analyzes transactions on a monthly basis, researches potential issues, and works with process owners to help address these issues. We lead trainings with business process owners to review guidance and best practices for validating obligation balances, as well as analyze results from the prior year's financial statement audit to propose and implement recommendations to strengthen this process. We also leverage our experience to improve the efficiency and effectiveness of the validation process each year, as well as to identify and implement compensating controls. For example, beginning in 2019, Cotton &



Company developed a year-end adjustment to account for the balance of invalid obligations, resulting in more accurate reporting and allowing DOS to repurpose unnecessary obligation balances for other needs.

### **Treaties and Other International Agreements (TIAs)**

Since 2019, Cotton & Company has spearheaded DOS's efforts to develop an approach to close five longstanding audit recommendations on the Financial Report of the U.S. Government related to the proper inventorying, recording, and disclosure of treaties and other international agreements (TIAs). This includes potential contingent liabilities or commitments for future financial obligations between the U.S. and other countries or international organizations as a result of the TIAs being signed into force. Key tasks include:

- Developing a strategy for summarizing approximately 6,700 TIAs, broken out into 48 categories and 346 subcategories maintained by DOS.
- Compiling a digital repository of more than 5,800 TIAs collected from various public resources.
- Reviewing the text of more than 500 TIAs to gain an understanding of the types of TIAs composing the various categories and subcategories.
- Creating write ups for each of the 48 categories (and applicable subcategories) to document and define each category.
- Assessing the risk and likelihood for potential unknown contingent liabilities or future commitments resulting from the related TIAs.
- Recommending changes to the U.S. government's process for claims related to TIAs and DOS's process for reviewing, approving, and recording TIAs.
- Coordinating with the Chief Financial Officers Council (CFOC) and GAO to report progress and obtain and implement feedback.

### **Financial Reporting and Accounting Support**

Cotton & Company supports the Office of the DCFO and the Financial Policy, Reporting, and Analysis Branch with a broad range of financial reporting, reconciliation, and audit support services to ensure accurate, complete, and timely reporting of financial information for both internal and external stakeholders. Key tasks include:

- Assisting with the preparation of quarterly financial statements and footnote disclosures, including DOS's consolidated and component-level financial statements for its working capital fund and pension fund.
- Researching accounting standards and regulatory guidance to ensure compliance with GAAP, OMB, Treasury, and statutory requirements.
- Updating and developing new policies and procedures to accommodate modern-day technologies and new statutory authorities.



- Performing business process analyses and recommending solutions for improvements to achieve efficiencies and to improve financial management and operational effectiveness.
- Reconciling and analyzing transactions and account balances at the fund level to ensure the accuracy and completeness of data. We research fund review anomalies and findings on a monthly basis and document our results using DOS's fund review template.
- Reconciling transactions to authoritative sources, including reimbursable agreements and other interagency agreements.
- Developing methodologies, preparing accruals, and performing validation procedures for many of the DOS accruals, including liabilities to domestic and federal vendors and international organizations, after-employment liabilities, deferred revenues, and advances.
- Performing all aspects of accounting and reporting for personal property, capital leases, and operating leases, as well as identifying and implementing corrective actions. This includes performing data analytics over lease data to identify and test anomalies.
- Providing audit support, including responding to hundreds of audit requests submitted by the independent auditors and developing and implementing corrective actions to address audit findings.

### IT Audit Support Services

Cotton & Company supports the Office of the DCFO with all aspects of IT audit support services. DOS uses a complex and diverse set of financial applications (e.g., Momentum, PeopleSoft) that it operates and supports throughout the world.





## **REFERENCE 5 – U.S. TRANSPORTATION COMMAND (USTRANSCOM)**

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Financial Statement Audit		
Company/Agency Name	U.S. Transportation Command (USTRANSCOM) Transportation Working Capital Fund (TWCF)	
Contract Number	GS-00F-144CA, Order No. HQ042317F0071	
Prime or Subcontractor	Prime	
Period of Performance	06/01/2017 – 12/31/2020 (Base and two option periods, covering the fiscal years 2018 through 2020 audits)  In October 2020, Cotton & Company was awarded a new contract for the FYs 2021 through 2025 financial statement audits. This award resulted from a competitive procurement. The period of performance is 01/01/2021 – 12/31/2025.	
Contract Value	\$19,641,290.33 (total contract value for base and two option periods); \$19,117,958.33 (total revenue to date)	
Contract Type	Time and Materials	
Agency Points of Contact	Contractual	Technical
	<div>Contracting Officer</div> <div>Defense Finance and Accounting Service, Contract Services Directorate</div> <div>3990 East Broad Street</div> <div>Building 21/2B218</div> <div>Columbus, OH 43213-1152</div> <div></div>	<div>Project Manager</div> <div>DoD Office of Inspector General</div> <div>4800 Mark Center Drive</div> <div>Alexandria, VA 22350-1500</div> <div></div>

**Description of Work:** Since June 2017, Cotton & Company has performed the annual financial statement audit of the U.S. Transportation Command (USTRANSCOM) Transportation Working Capital Fund (TWCF), including FYs 2018 through 2020. We perform these audits on behalf of the Department of Defense (DoD) OIG. USTRANSCOM is one of 11 warfighting combatant commands in the DoD, delivering global mobility solutions for deployment, employment, sustainment, and redeployment around the world. The TWCF is a working capital fund and is authorized to charge amounts necessary to recover the full costs of goods and services provided to USTRANSCOM's customers through administration of its programs. For FY 2020, the TWCF's budgetary resources to administer its programs totaled approximately \$9.4 billion.

Overall, our work on the USTRANSCOM TWCF audits is *very relevant* to the requirements for integrity monitoring services outlined in the RFQ because it demonstrates our experience and success: (1) auditing programs of a similar size administered by a federal agency; (2) dealing with an agency in its administration of relief programs in the aftermath of the COVID-19 pandemic; (3) interfacing with federal agencies in the administration of a monitoring or oversight program; (4) reviewing and evaluating documentation practices, including retention policies, to support incurred costs; and (5) auditing supplemental appropriations from Congress.

Specifically, the DoD OIG engaged Cotton & Company to express our opinion on the fair presentation of USTRANSCOM's financial statements based on GAAP, as promulgated by the Federal Accounting Standards Advisory Board (FASAB). We conduct these audits in accordance with GAS; AICPA Statements on Auditing Standards (SAS); and OMB Bulletin 19-03, *Audit Requirements for Federal Financial Statements* (as amended). We execute each engagement using Cotton & Company-developed audit tools and templates, which we have customized based on our specific industry knowledge and federal auditing standards.



Additionally, the scope of services we provide on the USTRANSCOM engagement is *very similar* to the scope of work of an integrity monitor as outlined in *RFQ Section 3.0*. Specifically, in performing our audits of USTRANSCOM, we conduct near-identical tasks by phase, as described in **Section 2.3.2**.

Finally, our work on the USTRANSCOM TWCF demonstrates our ability to consistently deliver high-quality audit services. Specifically, in our most recent Contractor Performance Assessment Reporting System (CPARS) report, we received a rating of “*Very Good*” from the government in all rated categories: quality, schedule, cost control, and management. In particular, the CPARS notes our focus on *communication* with the OIG team and USTRANSCOM management.

As demonstrated below, our audit of USTRANSCOM evidences our qualifications and experience in performing the following specific tasks, as outlined in *RFQ Sections 3.1.1.1–3.1.1.3*.

Task Descriptions	USTRANSCOM
<b>Category 1 – Program and Process Management Auditing [RFQ Section 3.1.1.1]</b>	
a. Development of processes, controls, and technologies to support the execution of CARES Act-federally funded programs in compliance with federal and state guidance, including OMB Circulars.	✓
b. Review and improve procedures addressing financial management.	✓
c. Workload analysis; skills gap analysis, organizational effectiveness, and workforce recruiting strategies.	
d. Consulting services to support account reconciliations.	✓
e. Quality assurance reviews and assessments associated with the payments process to ensure compliance with federal and state regulations.	✓
f. Risk analysis and identification of options for risk management for the federal and state grant payment process.	✓
g. Consulting services to reduce the reconciliation backlog for the Request for Reimbursements process.	✓
h. Consulting services providing Subject Matter Expert (SME) knowledge of required standards for related monitoring and financial standards under the CARES Act and other federal funding, as applicable.	✓
<b>Category 2 – Financial Auditing and Grant Management [RFQ Section 3.1.1.2]</b>	
a. Plan, implement, administer, coordinate, monitor, and evaluate the specific activities of all assigned financial and administrative functions. Develop and modify policies/procedures/systems in accordance with organizational needs and objectives, as well as applicable government regulations.	✓
b. Provide technical knowledge and expertise to review and make recommendations to streamline grant management and fiscal management processes to ensure accountability of funds and compliance with program regulations.	✓
c. Provide tools to be used by Using Agencies for the assessment of the performance of the financial transaction processes.	✓
d. Monitor all grant management, accounting, budget management, and other business office functions regularly.	✓
e. Provide and/or identify training for staff in the area of detection and prevention of fraud, waste, and abuse.	
f. Ensure compliance with all applicable federal and state accounting and financial reporting requirements.	✓
<b>Category 3 – Integrity Monitoring/Anti-Fraud [RFQ Section 3.1.1.3]</b>	
a. Forensic accounting and all specialty accounting services.	✓



Task Descriptions	USTRANSCOM
b. Continuing risk assessments and loss prevention strategies.	✓
c. Performance and program monitoring and promotion of best practices as applicable to each Letter of Engagement issued under this contract.	✓
d. Prevention, detection, and investigation of fraud and misconduct.	✓
e. Implementation and management of appropriate compliance systems and controls required by federal and state governing guidelines, regulations, and law.	
f. Provide data management systems/programs for the purpose of collecting, conducting, and reporting required compliance and anti-fraud analytics.	✓

### Experience and Success Auditing Programs of a Similar Size Administered by a Federal Agency

The TWCF is a working capital fund, meaning that it operates like a commercial business, receiving funds from other federal agencies in exchange for delivering global mobility solutions. Specifically, USTRANSCOM provides worldwide transportation of people and goods to the military services, DoD agencies, and other government organizations using both military and commercial transportation resources. In FY 2020, USTRANSCOM recognized more than \$7.5 billion in revenues and incurred approximately \$7.3 billion in expenses in administering its programs.

USTRANSCOM is a complex entity, having four general ledger systems, ongoing cloud migration and system conversions, multiple subsidiary systems, and several service providers. Additionally, its five organizational components are both *physically* dispersed, having locations across the U.S. and around the world, and *organizationally* dispersed, with components aligning to each of the military departments (i.e., the Air Mobility Command [AMC] aligns to the Air Force, the Military Surface Deployment, Distribution Command [SDDC] aligns to the Army, and the Military Sealift Command [MSC] aligns to the Navy). Each organizational component has unique operations, processes, and internal controls related to generating revenue and expending resources through the administration of its programs. Further, each component's processes are interwoven with service providers and military departments at additional locations. In performing our audit, we tailor our approach to respond to the specific risks and internal controls of each component and of USTRANSCOM as a whole.

Our FY 2020 USTRANSCOM audit team consists of 44 engagement team members providing expertise in the areas of financial auditing, information assurance auditing, project management, and statistical analysis. We have proven our ability to manage a team of this size in executing audit procedures and communicating effectively with all relevant stakeholders. Additionally, we have established professional relationships with key personnel at a wide range of constituencies, including the DoD OIG, the Under Secretary of Defense (Comptroller), USTRANSCOM Headquarters, organizational component management, and service providers.

### **Experience and Success Dealing with an Agency in its Administration of Relief Programs in the Aftermath of the COVID-19 Pandemic, Including Auditing Supplemental Appropriations from Congress**

USTRANSCOM has been on the forefront of the COVID-19 pandemic response, supporting FEMA and government-wide COVID-19 relief efforts. USTRANSCOM delivers supplies (e.g., virus testing kits), deploys medical personnel and field hospitals to the hardest-hit areas of our country, and builds transportable isolation units. During the initial stages of the COVID-19 global pandemic, USTRANSCOM also supported DOS by repatriating U.S. citizens from overseas.

In FY 2020, USTRANSCOM's Air Mobility Command aircrew and medical personnel conducted the first operational use of the Negatively Pressurized CONEX (NPC) to perform an aeromedical evacuation of U.S. government contractors who tested positive for COVID-19 from Afghanistan to Ramstein Air Base, Germany. The NPC is a high-capacity infectious disease containment unit designed to minimize risk to aircrew, medical attendants, and the airframe while allowing medical personnel to provide in-flight care for patients. The NPC allows medical personnel to use all medical supplies and equipment carried by Aeromedical Evacuation crews and Critical Care Air Transport Teams. USTRANSCOM prepared the execution of this mission within 24 hours, showing USTRANSCOM's ability to quickly mobilize assistance during the pandemic.

In FY 2020, our audit scope also included: (1) nearly \$3 million in supplemental CARES Act funding in the form of an appropriation to cover costs associated with enabling USTRANSCOM's remote workforce, and (2) costs totaling more than \$152 million that the TWCF has incurred in executing its COVID-19 response missions and other response efforts.

### **Experience and Success Interfacing with Federal Agencies in the Administration of a Monitoring or Oversight Program**

Our audit procedures include assessing USTRANSCOM's monitoring and oversight programs and determining the extent to which USTRANSCOM's system of internal control complies with GAO's Green Book. These standards establish five components of internal control (i.e., Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring) and 17 underlying principles that support the effective design, implementation, and operation of the associated components of internal control. USTRANSCOM has a risk management and internal control program that is responsible for leading USTRANSCOM's efforts in establishing, maintaining, and monitoring internal control to provide reasonable assurance that USTRANSCOM achieves its objectives.

During our audit, we confirm our understanding of USTRANSCOM's internal controls; identify new internal controls and control gaps; and test internal controls to determine whether they are properly designed, implemented, and operating effectively. We design our procedures to respond to the risks identified through our initial and ongoing risk assessments.





As an entity with longstanding internal control weaknesses, USTRANSCOM presents both a unique challenge and an opportunity:

- **The Challenge:** Controls and processes are constantly changing, requiring an experienced team—such as Cotton & Company—with a proven ability to quickly understand changes, assess risks associated with those changes, and identify appropriate responses.
- **The Opportunity:** With a proactive and collaborative communication and audit approach, Cotton & Company can provide specific recommendations to assist USTRANSCOM in remediating its control deficiencies.

In FY 2019, we demonstrated our ability to uniquely approach this challenge and opportunity. Specifically, our engagement team conducted follow-up meetings for each of the 166 open NFRs to determine whether USTRANSCOM had designed and implemented proper remediation actions to address the root cause(s) of these NFRs. We communicated all instances in which USTRANSCOM had either not properly designed or not implemented remediation actions to agency management within the first few months of the audit period, thus maximizing USTRANSCOM's opportunity for process improvement within the current audit period. As a result, USTRANSCOM was able to successfully remediate nearly one-third of these open NFRs during FY 2019.

During our FY 2020 audit, we expanded our work related to entity-level controls (i.e., controls that apply across USTRANSCOM as a whole, versus those controls that apply to a specific business process or program). As a result, in FY 2020, we reported that USTRANSCOM has not effectively designed and fully implemented entity-level controls. Most relevantly, we found that USTRANSCOM has not fully implemented the monitoring component of internal control. We provided recommendations to USTRANSCOM management to address these deficiencies.

### **Experience and Success Reviewing and Evaluating Documentation Practices, including Retention Policies, to Support Incurred Costs**

Throughout the audit, we request and obtain documentation to substantiate recorded transactions and assess the effectiveness of related internal controls. Because USTRANSCOM had not previously undergone a financial statement audit, we worked collaboratively with management to identify sufficient supporting documentation before commencing transaction testing. With this basis established, in FY 2020, we selected more than 5,000 sample transactions for testing. For each sampled transaction, we requested and obtained documentation to substantiate the transaction and evidence application of the related internal control activity. We leverage a cloud-based, FedRAMP-approved solution known as FIBER to facilitate document management, storage, and retention consistent with auditing standards. Throughout the audit, we found that USTRANSCOM was unable to respond to all of our requests for supporting documentation. We reviewed USTRANSCOM's policies and procedures related to the receipt and retention of documentation to determine the root cause of its inability to respond to documentation requests. We provided recommendations to agency management to address these deficiencies.





## Experience and Success with Program and Process Management Auditing, Financial Auditing, and Integrity and Anti-Fraud Audits

Our work on the USTRANSCOM TWCF audits demonstrates our experience with program and process management auditing, financial auditing, and integrity and anti-fraud audits. Below, we have expanded upon some of the most relevant elements of our work.

One of the key objectives of our engagements is to confirm that USTRANSCOM has presented its financial statements and footnotes in conformance with *OMB Circular A-136, Financial Reporting Requirements*. OMB updates this circular annually, and our team is able to quickly understand the changes and deploy procedures to ensure auditees have correctly implemented the changes. We use both firm-developed and publicly available checklists to validate compliance. Beginning in FY 2018, we found that USTRANSCOM was not compliant with this Circular, and we communicated recommended corrective actions. USTRANSCOM implemented corrective actions and improved its Agency Financial Report during FYs 2019 and 2020. However, instances of non-compliance persisted. For example, USTRANSCOM's presentation of the TWCF Consolidated Statement of Net Cost (i.e., its "income statement") does not disclose the net cost of operations by major program, and USTRANSCOM does not disclose information regarding its asset leases. In addition, USTRANSCOM's description of its mission and organizational structure did not link its major program goals to cost categories or responsibility segments as part of its Required Supplementary Information.

Throughout the audit, we *review financial management processes and procedures and provide management with recommendations for improvement*. This review is concentrated in the internal control phase of the audit, where we obtain a detailed understanding of USTRANSCOM's business processes and programs, including the design of its information systems, and identify controls in place to help prevent misstatements and promote compliance with significant provisions of laws and regulations. As we identify deficiencies in USTRANSCOM's processes and procedures, we perform analyses to identify the root cause of the deficiencies. We communicate deficiencies and our recommendations for improvements using NFRs. We have issued more than 200 NFRs to management.

USTRANSCOM uses 4 general ledger systems, more than 100 subsidiary systems, and 60 interfaces to initiate, record, summarize, and report transactions related to its business processes and programs. *Reconciliation is a fundamental part of our work on the financial statement audit*. In FY 2018, USTRANSCOM was not able to provide transaction-level detail that reconciled to the balances reported on its financial statements. Consequently, we were not able to obtain sufficient audit evidence and disclaimed an opinion on the financial statements. We communicated to management the specific issues related to each population and provided detailed recommendations for corrective actions in 51 NFRs. During FY 2019, we used a phased approach to analyzing and reconciling the populations, which enabled USTRANSCOM to focus its remediation efforts on the most significant deficiencies. As a result, we were able to close 38 of the 51 NFRs.

Our audit procedures on the financial statement audit include *tests of the payment process to assess compliance with relevant laws and regulations*. Specifically, we review a transaction

from the point at which the transaction is initiated (i.e., requisition) to the point at which the related payment is disbursed (i.e., cash outlay). To achieve our audit objective, we select a sample of expense transactions recorded during the period under audit and inspect evidential matter supporting the transaction to: (1) assess whether the transaction has actually occurred and was recorded at the correct amount and in the proper period; (2) assess whether USTRANSCOM recorded the transaction consistent with applicable accounting policies; (3) determine whether the recorded transaction evidences application of related key internal control activities, including authorization and approval; and (4) determine whether the recorded transaction complies with related provisions of laws or regulations. During our testing in FY 2020, we found that USTRANSCOM was potentially non-compliant with legislation related to (1) the timing of payments and (2) the purpose for which the appropriation was made. We found that USTRANSCOM was non-compliant with the application of required accounting standards, including prescribed logic for posting transactions in its financial management systems.

Consistent with federal auditing standards, *conducting initial and ongoing risk assessments* is fundamental to our audit methodology. During the planning and internal control phases of the audit, we identify and assess risk factors related to inherent risk, internal control risk, and fraud risk across each significant financial statement line item and for the financial statements as a whole. Our risk assessment processes include executing an *error and fraud brainstorming session with the audit team*. We conduct the brainstorming session using an internally developed and proprietary tool that facilitates the team in: (1) identifying the risks of material misstatement, whether due to fraud or error; (2) considering whether mitigating controls exist and their effect on the risk of material misstatement; and (3) considering how our audit strategy might respond to the assessed risks. Using the inherent, internal control, and fraud risk assessments, we determine the overall risk of material misstatement and design an audit approach to obtain sufficient and appropriate audit evidence.

Similar to the process for reducing a backlog of requests for reimbursement, during our audit, we *review account balances to determine whether those balances are valid*. For example, USTRANSCOM obligates (i.e., reserves or encumbers) budgetary resources upon executing a contract with a vendor for goods or services. Our audit has found that USTRANSCOM does not have effective controls to fully liquidate these reserve balances upon receipt of the goods or services. Consequently, USTRANSCOM is not using its budgetary resources effectively in the administration of its programs. We have communicated to management that an effective system of internal control should include procedures for monitoring aged balances and recording adjustments or allowances as appropriate.



## **REFERENCE 6 – OPERATION WARP SPEED (OWS)**

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Operation Warp Speed Contractor Accountability Oversight		
Company/Agency Name	Dorsey & Whitney LLP	
Contract Number	Not Applicable (See Note 1)	
Prime or Subcontractor	Prime	
Period of Performance	11/01/2020 – Indefinite (See Note 1)	
Contract Value	[REDACTED]	
Contract Type	Time and Materials	
Agency Points of Contact	Contractual	Technical
	Esq. Dorsey & Whitney LLP 50 South Sixth Street, Suite 1500 Minneapolis, MN 55402-1498 [REDACTED]	Same as Contractual (See Note 1)

**Note 1:** Cotton & Company has been engaged to perform this work by an outside law firm helping to oversee a contractor's compliance with the Operation Warp Speed public-private partnership effort. Consequently, there is not a contract number, period of performance, or total contract value, and the contractual and technical POC is the same attorney.

**Description of Work:** Operation Warp Speed (OWS) is a public-private partnership among components of the Department of Health and Human Services, including the Centers for Disease Control and Prevention, the National Institutes of Health, the Biomedical Advanced Research and Development Authority, and the DoD. OWS engages with private firms and other federal agencies, including the Department of Agriculture, the Department of Energy, and the Department of Veterans Affairs. OWS's goal is to produce and deliver 300 million doses of safe and effective vaccines, with the initial doses available by January 2021, as part of a broader strategy to accelerate the development, manufacture, and distribution of COVID-19 vaccines, therapeutics, and diagnostics (collectively known as countermeasures).

Cotton & Company is currently assisting the OWS contractor responsible for delivering Convalescent COVID Plasma (CCP) to both hospitals and the DoD. The contractor has various government contracts and agreements to recruit, collect, and deliver CCP nationwide. Although these agreements have similar objectives related to the OWS mission, each procurement is different and contains different accounting, procurement, and compliance requirements.

Overall, our work for OWS is *very relevant* to the requirements for integrity monitoring services outlined in the RFQ because it demonstrates our experience and success: (1) engaging in the oversight/monitoring of programs of a similar size administered by a federal agency; (2) dealing with federal disaster relief agencies in the aftermath of major catastrophic events; (3) interfacing with federal agencies in the administration of a monitoring or oversight program; and (4) reviewing and evaluating documentation practices, including retention policies, to support incurred costs.



Specifically, Cotton & Company is providing accounting monitoring services to ensure organizations maintain adequate documentation to support cost reimbursement. Cotton & Company is also providing assistance in developing policies and procedures and then subsequently issuing approximately 100 separate procurements with organizations responsible for grass-roots delivery of CCP to hospitals and designated inventory sites.

Additionally, the scope of services we have provided for OWS is *very similar* to the scope of work of an integrity monitor as outlined in *RFQ Section 3.0*. Specifically, in performing our work for OWS, we conduct near-identical tasks, as described in our proposed approach for integrity monitoring services in **Section 2.3.2**.

Finally, our work for OWS demonstrates our current and cutting-edge involvement in pandemic response accountability efforts at the federal level.

As demonstrated below, our work for OWS evidences our qualifications and experience in performing the following specific tasks, as outlined in *RFQ Sections 3.1.1.1–3.1.1.3*.

Task Descriptions	OWS
<b>Category 1 – Program and Process Management Auditing [RFQ Section 3.1.1.1]</b>	
a. Development of processes, controls, and technologies to support the execution of CARES Act-federally funded programs in compliance with federal and state guidance, including OMB Circulars.	✓
b. Review and improve procedures addressing financial management.	✓
c. Workload analysis; skills gap analysis, organizational effectiveness, and workforce recruiting strategies.	✓
d. Consulting services to support account reconciliations.	✓
e. Quality assurance reviews and assessments associated with the payments process to ensure compliance with federal and state regulations.	✓
f. Risk analysis and identification of options for risk management for the federal and state grant payment process.	✓
g. Consulting services to reduce the reconciliation backlog for the Request for Reimbursements process.	✓
h. Consulting services providing Subject Matter Expert (SME) knowledge of required standards for related monitoring and financial standards under the CARES Act and other federal funding, as applicable.	✓
<b>Category 2 – Financial Auditing and Grant Management [RFQ Section 3.1.1.2]</b>	
a. Plan, implement, administer, coordinate, monitor, and evaluate the specific activities of all assigned financial and administrative functions. Develop and modify policies/procedures/systems in accordance with organizational needs and objectives, as well as applicable government regulations.	✓
b. Provide technical knowledge and expertise to review and make recommendations to streamline grant management and fiscal management processes to ensure accountability of funds and compliance with program regulations.	✓
c. Provide tools to be used by Using Agencies for the assessment of the performance of the financial transaction processes.	✓
d. Monitor all grant management, accounting, budget management, and other business office functions regularly.	
e. Provide and/or identify training for staff in the area of detection and prevention of fraud, waste, and abuse.	✓
f. Ensure compliance with all applicable federal and state accounting and financial reporting requirements.	✓

Task Descriptions	OWS
<b>Category 3 – Integrity Monitoring/Anti-Fraud [RFQ Section 3.1.1.3]</b>	
a. Forensic accounting and all specialty accounting services.	✓
b. Continuing risk assessments and loss prevention strategies.	✓
c. Performance and program monitoring and promotion of best practices as applicable to each Letter of Engagement issued under this contract.	✓
d. Prevention, detection, and investigation of fraud and misconduct.	✓
e. Implementation and management of appropriate compliance systems and controls required by federal and state governing guidelines, regulations, and law.	✓
f. Provide data management systems/programs for the purpose of collecting, conducting, and reporting required compliance and anti-fraud analytics.	✓

Cotton & Company began supporting the law firm Dorsey & Whitney LLP with this engagement on November 1, 2020. For the month ended November 30, 2020, we incurred approximately 300 labor hours providing accounting monitoring services, developing policies and procedures, and planning for the subsequent issuance of approximately 100 separate procurements with organizations responsible for grass-roots delivery of CCP to hospitals and designated inventory sites.



### 3.6 ADDITIONAL EXPERIENCE OF BIDDER [RFQ SECTION 4.2.7]

As described in **Section 3.5**, Cotton & Company has extensive experience that is directly related to the services required by this RFQ. Below, we demonstrate how our qualifications and experience in performing the work on these similar contracts align to the experience requirements outlined in *RFQ Sections 4.2.6 and 4.2.7*.

Experience of Bidder [RFQ Section 4.2.6, 4.2.7]	DHS OIG/ FEMA OIG	PCORI	CNCS OIG	DOS	USTRANSCOM	OWS
1. The Bidder should emphasize previously held contracts in which they engaged in the oversight/monitoring of programs of a similar size administered by a federal agency.	✓	✓	✓	✓	✓	✓
2. Bidder should have experience in dealing with federal disaster relief agencies in the aftermath of major catastrophic events.	✓				✓	✓
3. Bidder should demonstrate experience interfacing with state and federal agencies in the administration of a monitoring or oversight program.	✓	✓	✓	✓	✓	✓
4. Bidder should demonstrate prior experience and success with all relevant federal and state documentation practices necessary to ensure the receipt and retention of grant funding.	✓	✓	✓	✓	✓	✓
5. Bidder should also have experience monitoring grants and supplemental appropriations from Congress as well as other federal agencies that can provide support to the state after a catastrophic event.	✓		✓	✓	✓	

- **The Pass-Through Price Lines shall be used to reimburse for Travel and Other Direct Costs in accordance with the terms of the Contractor's GSA Schedule(s) only. No mark-up will be provided for Price Lines 29 and 30.**

The Contractor is responsible for providing personnel with all necessary equipment to perform the services required in any Engagement issued under this contract. That cost is to be factored into the hourly rate.

### Pricing Notes

\*Cotton & Company LLP has mapped its proposed labor rates for Year 1 and Year 2 to our GSA Multiple Award Schedule (MAS) (Professional Services) Contract No. GS00F144CA (GSA MAS) labor rates for the corresponding period and discounted our GSA MAS labor rates by 5 percent. We will also forgo the 2.5 percent annual escalation awarded under our GSA Schedule and maintain our Year 2 rates for any awarded Year 3, Year 4, or Year 5 extension, as a demonstration of our commitment to New Jersey and the work contemplated.

Line #	New Jersey RFQ Staff Classification	GSA MAS GS00F144CA Labor Category
1, 11, 21	Partner/Principal/Director	Senior Partner
2, 12, 22	Program Manager	Senior Manager
3, 13, 23	Project Manager	Manager
4, 14, 24	Supervisory/Senior Consultant	Supervisory Senior
5, 15, 25	Consultant	Senior
6, 16, 26	Associate/Staff	Staff
7, 17, 27	Subject Matter Expert	Senior Consultant
8, 18, 28	Administrative Support	N/A

\*\*Cotton & Company LLP has not proposed an hourly rate for the Administrative Support position because the tasking described for this labor category is covered by our overhead, which is already incorporated into the fully burdened GSA MAS rates used as the basis for pricing this proposal.

\*\*\* Cotton & Company LLP has not proposed any travel or ODC costs at this time. We will propose travel and ODCs at the task order level once the scope of work for each task is defined. We will invoice travel and ODCs on a cost-reimbursable basis and in accordance with the Federal Travel Regulation and Circular 20-04-OMB in the month after we incur the travel costs.

### Additional Notes

As discussed above in **Section 2.3.2.7, Engagement-Level Tasks**, Task 49: Litigation Support, Cotton & Company understands that the State may require our participation and support if any agency files a proceeding against the State or any of its political subdivisions resulting from the implementation of our recommendations. Should the State require litigation services beyond those related to matters resulting from the implementation of our recommendations, we are





prepared to offer these services through a modification to the letter of engagement and will submit invoices for payment for labor hours and travel expenses.



## BEST AND FINAL OFFER (BAFO) PRICE SCHEDULE

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

Refer to RFQ Section 3.0 (Scope of Work) for task requirements and deliverables and Section 4.1.4.1 (State-Supplied Price Sheet Instructions) for additional information regarding this Price Schedule.

**Bidder's Name:** Cotton & Company LLP

### CATEGORY 1: PROGRAM AND PROCESS MANAGEMENT AUDITING

LINE #	STAFF CLASSIFICATIONS	YEAR 1 HOURLY RATE	YEAR 2 HOURLY RATE
1	Partner/Principal/Director	\$248.40	\$254.61
2	Program Manager	\$190.94	\$195.71
3	Project Manager	\$163.19	\$167.27
4	Supervisory/Senior Consultant	\$130.61	\$133.88
5	Consultant	\$94.46	\$96.82
6	Associate/Staff	\$73.96	\$75.82
7	Subject Matter Expert	\$228.38	\$234.09
8	Administrative Support	N/A	N/A

LINE #	Pass through Price Lines	YEAR 1	YEAR 2
9	Other Direct Costs		
10	Travel Expenses and Reimbursements		

- The State makes no guarantee of volume of work effort.
- The Pass-Through Price Lines shall be used to reimburse for Travel and Other Direct Costs in accordance with the terms of the Contractor's GSA Schedule(s) only. No mark-up will be provided for Price Lines 9 and 10.

**Bidder's Name:** Cotton & Company LLP

**CATEGORY 2: FINANCIAL AUDITING AND GRANT MANAGEMENT**

<b>LINE #</b>	<b>STAFF CLASSIFICATIONS</b>	<b>YEAR 1 HOURLY RATE</b>	<b>YEAR 2 HOURLY RATE</b>
11	Partner/Principal/Director	\$248.40	\$254.61
12	Program Manager	\$190.94	\$195.71
13	Project Manager	\$163.19	\$167.27
14	Supervisory/Senior Consultant	\$130.61	\$133.88
15	Consultant	\$94.46	\$96.82
16	Associate/Staff	\$73.96	\$75.82
17	Subject Matter Expert	\$228.38	\$234.09
18	Administrative Support	N/A	N/A

<b>LINE #</b>	<b>Pass through Price Lines</b>	<b>YEAR 1</b>	<b>YEAR 2</b>
19	Other Direct Costs		
20	Travel Expenses and Reimbursements		

- **The State makes no guarantee of volume of work effort.**
- **The Pass-Through Price Lines shall be used to reimburse for Travel and Other Direct Costs in accordance with the terms of the Contractor's GSA Schedule(s) only. No mark-up will be provided for Price Lines 19 and 20.**



**Bidder's Name:** Cotton & Company LLP

**CATEGORY 3: INTEGRITY MONITORING/ANTI-FRAUD**

<b>LINE #</b>	<b>STAFF CLASSIFICATIONS</b>	<b>YEAR 1 HOURLY RATE</b>	<b>YEAR 2 HOURLY RATE</b>
21	Partner/Principal/Director	\$248.40	\$254.61
22	Program Manager	\$190.94	\$195.71
23	Project Manager	\$163.19	\$167.27
24	Supervisory/Senior Consultant	\$130.61	\$133.88
25	Consultant	\$94.46	\$96.82
26	Associate/Staff	\$73.96	\$75.82
27	Subject Matter Expert	\$228.38	\$234.09
28	Administrative Support	N/A	N/A

<b>LINE #</b>	<b>Pass through Price Lines</b>	<b>YEAR 1</b>	<b>YEAR 2</b>
29	Other Direct Costs		
30	Travel Expenses and Reimbursements		

- The State makes no guarantee of volume of work effort.
- The Pass-Through Price Lines shall be used to reimburse for Travel and Other Direct Costs in accordance with the terms of the Contractor's GSA Schedule(s) only. No mark-up will be provided for Price Lines 29 and 30.



The Contractor is responsible for providing personnel with all necessary equipment to perform the services required in any Engagement issued under this contract. That cost is to be factored into the hourly rate.



## **APPENDIX A: FRAUD RISK MANAGEMENT TOOLS**

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In addition to his work on the COSO/ACFE Taskforce, our proposed SME, Mr. David Cotton, has also created a number of interactive [resources and tools](#) for use in the fraud risk management process, including:

- **Interactive Scorecards.** Entities can use these scorecards to quickly assess their conformity with fraud risk management Principles and Points of Focus (also known as Components and Overarching Concepts and Leading Practices under GAO’s terminology). The scorecards cover Fraud Risk Governance (Commit), Fraud Risk Assessments (Assess), Fraud Control Activities (Design and Implement), and Fraud Risk Management Monitoring (Evaluate and Adapt). Each scorecard lists the key attributes of each Principle (Component). A user can score its organization or program using a scale (i.e., red, yellow, or green), and the scorecard will return an overall assessment of how well the entity has implemented the relevant Principle/Component. The resulting reports tell the user where the entity should focus future efforts.
- **Library of Data Analytic Tests.** In the risk assessment process, the goal is to identify residual fraud risk (i.e., the risk remaining after considering the effectiveness of any existing controls). Once the entity has identified this risk, the next step is to identify additional control activities to address or mitigate the risk. Data analytics are often (if not usually) the most efficient and effective tools for identifying relevant control activities. The library of data analytic tests lists major categories of fraud risk (e.g., corruption, COIs, asset misappropriation); the user simply selects a category to gain access to lists of data analytic tests that the entity can use to prevent or achieve early detection of the selected fraud scheme.
- **Risk Assessment and Follow-Up Action Templates.** This extremely valuable Microsoft Excel spreadsheet facilitates both the performance and documentation of fraud risk assessments. As the risk assessment team identifies potential fraud exposures, they record the exposures on the “Risk Assessment Matrix” tab of the spreadsheet. Once the team has completed its listing of vulnerabilities, they then evaluate and record the following aspects for each vulnerability:
  - Likelihood
  - Significance or impact
  - Individuals or departments that could be involved in the scheme
  - Existing anti-fraud controls and whether they are preventive or detective controls
  - Effectiveness of existing controls
  - Residual risks
  - Fraud risk responses

As the team completes the matrix, the tool automatically generates:

- A heat map that depicts the relative likelihood and impact of each identified fraud vulnerability, similar to Figure 5 of the GAO Framework.
- A fraud risk ranking that lists each fraud scheme in order of severity or highest risk with space to record a response plan.
- A control activities matrix that the team can use to record controls related to each potential fraud scheme or vulnerability, persons responsible, additional controls, and whether these controls are preventive or detective.





- A table to record fraud risk monitoring activities (i.e., Evaluate and Adapt), persons responsible, and monitoring results.
- **Points of Focus Documentation Template.** This spreadsheet lists each point of focus (i.e., overarching concepts and leading practices) under each fraud risk management principle/component, with space to document how the organization has addressed each key attribute.

Cotton & Company plans to use these tools in performing our role as an integrity monitor, and we encourage Using Agencies to [review these tools](#).



## **APPENDIX B: USING A SCHEME-SPECIFIC APPROACH TO MANAGING FRAUD RISK**

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Both the COSO/ACFE FRMG and the GAO Framework advocate assessing fraud risk using a *scheme-specific* approach. The GAO Framework's leading practices for planning and conducting fraud risk assessments include:

- Tailor the fraud risk assessment to the program.
- Identify specific tools, methods, and sources for gathering information about fraud risks, including data on fraud schemes and trends from monitoring and detection activities.
- Identify inherent fraud risks affecting the program.
- Assess the likelihood and impact of inherent fraud risks.
  - Involve qualified specialists (e.g., statisticians, SMEs) to contribute expertise and guidance when employing techniques such as analyzing statistically valid samples to estimate fraud losses and frequency.
  - Consider the nonfinancial impact of fraud risks, including the impact on the entity's reputation and compliance with laws, regulations, and standards.
- Determine the entity's fraud risk tolerance.
- Examine the suitability of existing fraud controls and prioritize residual fraud risks.
- Document the program's fraud risk profile.

Bearing this in mind, our logical starting point for assessing recovery program fraud risk is identification of potential fraud schemes that could victimize the program. Cotton & Company has already initiated this effort by capturing the currently known actual or potential fraud cases related to the pandemic response programs. We searched current media and OIG reports on these fraud cases and used crowd-sourcing via ACFE's Fraud Risk Management Forum to identify additional schemes.

As of the end of November 2020, our list includes more than 160 fraud scheme titles. The details behind each title, hyperlinked to its underlying description and source, can be found [here](#).

This list is a valuable tool for Using Agencies administering recovery programs. Each Using Agency's fraud risk assessment team can work its way down this list, asking whether each scheme could happen in its program implementation. This will serve as a starting point for completing the fraud risk assessment mandated by the GAO Framework and FRDAA. As more fraud schemes are uncovered, we will expand this list and alert the Using Agencies to new potential schemes as soon as we discover them.





## **APPENDIX C: SYSTEMATIC APPROACH TO APPLYING DATA ANALYTICS**

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Below, we describe our 10-step approach to applying computer-assisted audit techniques (i.e., data analytics) for identifying potential fraud in organizations, programs, activities, and functions. We also include a real-world example of the application of this technique to identify potential fraud in the Payroll Protection Program.

### Step 1: Define the Risk and Analytic Objective

We perform this step as part of our risk assessment phase. Because our risk assessments employ a scheme-specific approach, as described in **Appendix B: Using a Scheme-Specific Approach to Managing Fraud Risk**, we can then use data analytics to uncover anomalies, trends, patterns, and outliers that may indicate a scheme is occurring within the Recovery Program.

### Step 2: Identify All Available Databases and Their Recorded Fields

The data analytics team must begin by identifying every database that contains or might contain information that is relevant to the subject matter of interest. Some databases will be maintained by the analytics team's organization, while others will be maintained by other organizations or exist in the public domain.

This important step requires creativity and out-of-the-box thinking. The more databases that we can access and combine, the more rigorous the subsequent testing can be. The key to being able to combine or join databases is having at least one common field in two (or more) databases.

For example, we might identify databases A, B, C, D, and E. As long as A and B have a common field, we can combine them. If B and C have a common field, we can then combine data from C with the AB database. If A and D have a common field, we can combine data from D with the ABC database. If B and E have a common field, we can then combine data from E with the ABCD database.

Databases consist of transaction records, with each record containing various pieces of information (i.e., fields). The analytics team creates a composite listing of every field in the combined database.

### Step 3: Formulate Hypotheses About Record Field Relationships Based on Specific Analytic Objectives

This step in the analytic process benefits from analytics team brainstorming. When examining all fields in the combined database, typical hypotheses will be of the type, "If \_\_\_\_, then \_\_\_\_, " or "If \_\_\_\_, then not \_\_\_\_."

For example, if field NN contains X information, then field MM should always contain Y information; or, if field NN contains X information, then field MM should never contain Y information.

Depending on the database content and the analytic objectives, hypotheses can become more complex. Further, the hypotheses can expand and multiply based on the number of database combinations, as noted in Step 2.

#### **Step 4: Program Analytical Tests for Each Hypothesis**

The data analytics team must then test each hypothesis from Step 3 using data analysis software. Using the examples above, a logical test would be “Find and list all database records where field NN contains X, but field MM does not contain Y.” Or, “Find and list all database records where field NN contains X, but field MM contains Y.”

#### **Step 5: Run the Programmed Tests**

The beauty of data analytics is that once the analytics team has programmed its hypotheses, running the tests takes seconds, even with very large volumes of data. The programmed tests will create targeted outputs for further analysis, known as the “hit lists.”

#### **Step 6: Evaluate the Initial Hit Lists and Refine the Tests**

In all likelihood, the initial hit lists will be too large for efficient, meaningful analysis. In addition, they usually contain false positives and false negatives, resulting in output that requires further scrutiny to achieve the desirable results. However, the analytics team can analyzing the initial results to discern the reasons for the false positives and false negatives, then add additional filters and analysis to refine the population.

#### **Step 7: Re-Run the Refined Tests to Produce Shorter, More Meaningful Hit Lists**

Depending on the nature of the data and complexity of the programmed hypotheses, the analytics team may need to perform Steps 5 through 7 numerous times, with each iteration producing better and more meaningful results. Eventually, the hit list will be limited to a manageable number of transactions.

#### **Step 8: Evaluate Every Item on the Refined Hit List**

Once the data analytics team has refined and re-run its tests, human analysis is needed. Team members must study every item on the hit list based on techniques such as reviewing other information in the database, analyzing other records, and performing interviews to ensure that the team obtains a clear understanding of each anomalous transaction.

#### **Step 9: Categorize Every Hit**

Ultimately, the analytics team must arrive at one of two conclusions for each item on the hit list:

- A valid explanation exists that indicates that the transaction is legitimate.
- No valid explanation can be discerned, indicating the risk of an improper transaction and the need for further analysis.





Often, patterns will have emerged at this point that will enable the analytics team to reach global conclusions regarding patterns of risk and/or fraud. The team's analysis of these transactions will also usually result in identification of additional hypotheses and tests to be added at Steps 3 and 4.

### **Step 10: Identify Control Problems and Corrective Actions Needed**

A byproduct of the data analytics process is that it reveals database control weaknesses. Steps 8 and 9 generally reveal if there is a need for better data entry edit screens to prevent legitimate transactions from appearing as anomalies. Applying corrective actions to address these situations will reduce the number of false positives and false negatives over time, thereby making Steps 8 and 9 more efficient when the analytics team re-runs the tests.

Depending on the outcome of the above process with regard to identifying anomalous transactions indicative of potential fraud, the analytics team will be able to re-run the tests refined through Steps 5, 6, 7, and 10 on a periodic basis—e.g., weekly, monthly, or quarterly—as the team adds new transactions to the databases and as resources permit. Ultimately, the team will be able to run these tests on a real-time basis so they can identify and evaluate anomalous transactions before the transactions even reach the databases.

## Application of This Technique

Below, we illustrate our recommended approach for applying data analytics to identify potential fraud using one widely recognized coronavirus relief program: the SBA Paycheck Protection Program (PPP). Given the significant amount of funding needed to combat the pandemic and the rate at which the government disbursed the funding, several risks exist for fraud and noncompliance within this program.

SBA publicly released PPP data through August 8, 2020, based on information submitted by lenders. One data set released identifies PPP loans of \$150,000 and above for all 56 states, territories, and the District of Columbia (the District). In reviewing this data set, we noted that lenders disbursed more than 650,000 loans to businesses across the U.S., its territories, and the District. By applying our risk assessment methodology, we identified several risks, as follows (please note that this list is not all-inclusive):

- Multiple loans to the same business
- Businesses with the same address, each receiving a loan
- Businesses with similar names and the same location, each receiving a loan
- Businesses reporting zero jobs and receiving a loan
- Businesses reporting 500 jobs, but having more or less than 500 jobs, to obtain or inflate a loan

We selected the risk “multiple loans to the same business” for further analysis, as follows:

- **Define the Risk and Analytic Objective (Step 1)**
  - A business (as identified by its Tax ID) was allowed to submit PPP loan applications to multiple lenders.
  - A business was allowed to receive only one loan.
  - If a business did not retract its outstanding applications after receiving a loan, it could have received multiple loans.
  - An analytic can identify businesses that potentially received multiple loans.
- **Identify Databases and Fields and Formulate Hypotheses (Steps 2 and 3)**
  - Identified the publicly available data set of PPP loans of \$150,000 and above. (Step 2)
  - Identified the available record fields in the data set; specifically: Loan Range, Business Name, Address, Type, City, State, NAICS Code, Race/Ethnicity, Gender, Veteran, Non-Profit Status, Jobs Reported, Approval Date, Lender, and Congressional District. (Step 2)
  - Formulated a hypothesis about record field relationships—specifically, that there should be a one-for-one relationship between a business and a loan. (Step 3)
- **Program and Run Analytic Test (Steps 4 and 5)**
  - Used data-combination techniques (e.g., combining the business name and state) to define a unique field. (Step 4)

- Ran a duplicate review of the unique field to identify each business, by state, that appears to have received multiple loans. **(Step 5)**
- **Evaluate the Results (Steps 6–10)**
  - Identified 625 businesses that applied for and received 1,411 loans. Each of the 625 businesses submitted a minimum of two loan applications. **(Step 6)**
    - This potentially represents 786 improper loan disbursements (calculated as 1,411 – 625), having a minimum economic impact of at least \$118 million (calculated as 786 loans \* \$150,000 minimum loan amount).
    - Because loans can range up to \$10 million, the potential improper loan disbursements could be significantly greater.
  - Classified results (i.e., hits) as Tier A and Tier B for further evaluation: **(Step 8)**
    - Tier A consists of 57 businesses that each submitted three or more applications, resulting in 275 approved and disbursed loans. A data analytics team would need to perform individual investigation using open-source intelligence to appropriately categorize the risk of these hits. **(Step 9)**
    - Tier B consists of the remaining 568 businesses that each submitted two applications, resulting in 1,136 approved and disbursed loans. A data analytics team would need to investigate a random sample of these hits using open-source intelligence to appropriately categorize the risk of these hits. **(Step 9)**
  - To categorize the risk of these Tier A and Tier B hits, our team would need to work with the SBA Inspector General to do the following:
    - Obtain transaction-level data sets beyond those that are publicly available, including a population of returned loans that contains additional fields to leverage in identifying hits. **(Step 10)**
    - Re-run the analytic using these transaction-level data sets, thereby refining the number of hits. **(Step 7)**
    - Obtain and analyze the loan applications associated with each potential improper loan disbursement to determine—based on addresses, federal tax IDs, phone numbers, and other open-source information—whether the government is likely to have disbursed multiple loans to the same business. **(Step 9)**
    - Assemble case files as appropriate to present to the U.S. Attorney’s Office for investigation and prosecution. **(Step 9)**





## APPENDIX D: KEY PERSONNEL RESUMES

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**Alan Rosenthal**  
*CPA, CFE*  
**Partner**

*Firm Position*

Partner

*GSA Labor Category*

Senior Partner

*Years Experience*

Cotton & Company 19

Other Professional 24+

*Education*

M.S., Taxation, American University

B.S., Accounting, University of Maryland

*Licensing/Certifications*

CPA: Virginia, 1998 (#22953); DC, 2011 (#CPA902736); Maryland, 1980 (#7343)

CFE: 2002 (#104932)

*Affiliations*

AICPA

ACFE

MACPA (former committee memberships)

Not-for-Profit Committee

Auditing Standards Committee

Professional Ethics Committee

Quality/Peer Review Committee

AGA

JDRF board member, 2017 – present

*CPE*

2019: 56.5

2018: 53.5

*Security Clearance*

Top Secret/SCI: November 25, 2019

Mr. Rosenthal has more than 43 years of accounting and auditing experience. Since joining Cotton & Company as a partner in September 2001, he has directed a number of financial statement audits, examinations, agreed-upon procedures, performance audits, and consulting engagements for governmental agencies, as well as fraud investigations and providing expert witness testimony.

Mr. Rosenthal served a 3-year appointment as a member of the American Institute of Certified Public Accountants (AICPA's) Auditing Standards Board (ASB). During his tenure, the 15-member ASB was the senior standards-setting organization responsible for overseeing requirements for the conduct of all audit engagements performed in the United States by AICPA's roughly 350,000 members. Mr. Rosenthal served a 6-year term as a member of the AICPA's Professional Ethics Technical Standards Subcommittee (TNS), which is responsible for investigating complaints against AICPA members for alleged violations of AICPA's Code of Professional Conduct. He also served on numerous committees for the Maryland Association of Certified Public Accountants (MACPA), including committees addressing peer review, professional ethics, and auditing standards. Mr. Rosenthal also serves as the firm's Quality Control (QC) and Professional Standards partner.

Mr. Rosenthal's resume has been structured to emphasize his varied experience and qualifications relevant to the scope of services outlined in the New Jersey Integrity Monitoring Request for Quote (RFQ). We provided references from four recent engagements as follows:

**U.S. Navy, Audit of the General Fund Schedule of Budgetary Activity** - [REDACTED], Department of Defense OIG, 1240 E. 9<sup>th</sup> St., Suite 2621 Cleveland, Ohio 44107 [REDACTED]

**United States Capitol Police (USCP)** - [REDACTED], Assistant IG for Audits, USCP 499 S. Capitol St., SW, Suite 345, Washington DC 20510 [REDACTED]

**Pension Benefits Guaranty Corporation (PBGC)** – [REDACTED], Director, Corporate Controls and Review Department (CCRD), 1200 K Street, NW, Suite 1090, Washington, DC 20005 [REDACTED]

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**Federal Deposit Insurance Corporation (FDIC)** - [REDACTED], Assistant IG for Program Audits and Evaluations, FDIC 3501 N. Fairfax Dr., Arlington, Virginia 22226 [REDACTED]  
[REDACTED]

## **GRANTS MONITORING**

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**Corporation for National and Community Service (CNCS), Office of Inspector General (OIG).**  
*Partner, 2001 – 2003*

Mr. Rosenthal directed full-scope cost-incurred audits of CNCS awards to state commissions in Indiana and Michigan, as well as portions of the Washington audit. The Indiana commission audit also included application of pre-audit survey procedures. Through these state commission grants, CNCS funds its major programs within each state. Each statewide audit encompassed multiple years of spending, usually in the tens of millions of dollars, and many subgrants.

Cotton & Company was responsible for all audit work. The team performed preliminary risk assessments. These assessments were based on a number of factors, including audit coverage afforded the program by Office of Management and Budget (OMB) Circular A-133 audits at both grantee and subgrantee levels, financial and program monitoring of subgrantees, number and types of findings discussed in audit and monitoring reports, and dollar amount of awards. Cotton & Company then conducted extended financial and program compliance testing needed to render an audit opinion on the expenditures of CNCS funds.

In addition, Mr. Rosenthal directed pre-audit surveys of CNCS awards to state commissions in Georgia, Nebraska, Arkansas, and New York. The purpose of these pre-audit surveys was to evaluate certain internal control policies and procedures of the state commissions related to the adequacy of the pre-award selection process of subgrantees, fiscal administration of CNCS grants, and effectiveness of monitoring subgrantees by the commission. Mr. Rosenthal also directed an agreed-upon procedures engagement of claimed costs for Haddock AmeriCorps Cadet Program, a Corporation subrecipient.

## **FINANCIAL STATEMENT AUDITS**

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Mr. Rosenthal has directed and participated in federal financial statement audit engagements since joining Cotton & Company. He is experienced in applying applicable OMB, Government Accountability Office (GAO), and AICPA methodologies and requirements and ensuring that financial and IT audit teams meet all audit requirements. As an engagement partner, he is responsible for the overall conduct of the financial statement audit and for reporting on an entity's compliance with applicable generally accepted accounting principles. Mr. Rosenthal has directed the following financial statement audits:

- **CNCS, OIG.** *Engagement Partner*, fiscal years (FYs) 2003 – 2006
- **USCP.** *Engagement Partner*, FYs 2004 – 2010
- **Architect of the Capitol.** *Engagement Partner*, FYs 2013 – 2014
- **U.S. Department of Justice (DOJ).**
  - **Federal Prison Industries (FPI).** *Engagement Partner*, FYs 2010 – 2012
  - **United States Marshals Service (USMS).** *Engagement Partner*, FY 2012
- **National Archives and Records Administration.** *Engagement Partner*, FY 2013



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- **U.S. Navy, Audit of the General Fund Schedule of Budgetary Activity.** *Engagement Partner*, FYs 2015 – 2016. Cotton & Company performed an audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and applicable sections of OMB Bulletin 15-02, *Audit Requirements for Federal Financial Statements*, to determine whether the Navy’s General Fund Schedule of Budgetary Activity and related notes were fairly presented, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), as promulgated by the Federal Accounting Standards Advisory Board (FASAB). The engagement also required reporting on internal controls and compliance with laws and regulations.

Mr. Rosenthal was responsible for all phases of the audit, from planning through the issuance of the audit opinion. He coordinated engagement tasks with the colleague partners; oversaw a staff of approximately 70 professionals; and communicated with the Contracting Officer’s Representative (COR) at the Department of Defense (DOD) OIG, as well as with representatives of the GAO and Navy management.

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#### **OTHER AUDIT, INVESTIGATIVE, AND FRAUD REVIEW ENGAGEMENTS**

##### **United States Capitol Police (USCP).** *Partner*, FYs 2005 – Present

Mr. Rosenthal has led numerous engagements in accordance with AICPA Attestation Standards or GAO Performance Audit Standards to assist the OIG in conducting investigations regarding USCP programs, functions, systems, or operations. These engagements supported preparation for OIG testimony before Congressional oversight committees.

**Pension Benefits Guaranty Corporation (PBGC).** *Engagement Partner*, May 2017 – November 2018; April 2013 – May 2015 Mr. Rosenthal directed an engagement to provide the PBGC Corporate Controls and Reviews Department (CCRD) with internal controls assessment services under OMB Circular A-123, *Management’s Responsibility for Enterprise Risk Management and Internal Control*, and its Appendix A, *Internal Control over Financial Reporting*. The team assisted management in evaluating control design and operational effectiveness at the entity-wide and business levels. The assignment culminated with submission of a report summarizing the effectiveness of internal control, including the identification of deficiencies in the design or operational effectiveness of internal control. The team also provided assistance in evaluating PBGC’s operational, reporting, and compliance activities and identified the GAO *Internal Control Standards in the Federal Government* (Green Book) principles supported by the identified key controls. The team reviewed financial reporting controls and operational, compliance, and general reporting controls in support of this effort. The engagement resulted in the identification of key controls supporting PBGC’s operational and program environment, and an assessment report on PBGC’s compliance with Green Book standards. Additional responsibilities included performing Improper Payments Information Act (IPIA) risk assessments for two payment cycles and preparing documentation for management’s annual report for payment integrity.

**Federal Deposit Insurance Corporation (FDIC).** *Engagement Partner*, February 2019 – July 2020 Cotton & Company assisted the FDIC OIG with evaluating FDIC management’s implementation of its Enterprise Risk Management (ERM) program, determining the extent to which the FDIC ERM program coordinated with the entity’s strategic planning and review process, and provided insight on the maturity level of the FDIC ERM program in accordance with OMB Circular A-123, GAO’s Green Book, and other relevant guidance and criteria.

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**Universal Service Administrative Company (USAC).** *Partner, 2007 – 2010*

Mr. Rosenthal performed quality assurance reviews of compliance attestation examinations of 467 beneficiaries of USAC's Schools and Libraries Support Mechanism funds. The audits were conducted by six different audit firms, consisting of two Big Four firms, two national firms, a regional firm, and a local firm. These examinations were performed during 2007, 2008, and 2009 on behalf of USAC for beneficiaries of telecommunication subsidies from the Universal Service Fund, in accordance with Federal Communications Commission regulations. Mr. Rosenthal was responsible for planning and conducting the reviews, as well as communicating results to audit firms and USAC.

**LITIGATION SUPPORT**

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**DOJ, Civil Division, Commercial Litigation Branch.** *Partner, 2005*

Mr. Rosenthal provided consulting and litigation support services in a civil case involving the measurement of damages related to Government National Mortgage Association (GNMA) loan guarantees, regarding a mortgage lender that declared bankruptcy and defaulted on its obligations on GNMA mortgage-backed securities. The case was settled out-of-court, with Mr. Rosenthal's assistance in the calculation of damages.

**DOJ, U.S. Attorney, District of New Jersey.** *Partner, 2003*

Mr. Rosenthal provided expert witness testimony regarding audit, accounting, and tax issues in a criminal proceeding. His testimony was instrumental in DOJ obtaining a conviction on charges of co-conspiracy to defraud the U.S. government, assisting in the preparation of false tax returns, and perjury.



**Melinda J. DeCorte**  
CPA, CFE, CGFM, PMP  
**Partner**

Firm Position

Partner

GSA Labor Category

Senior Partner

Years Experience

Cotton & Company 11+

Previous Professional 11

Education

B.B.A., Economics, Georgia State University, 1997

Certificate in Accounting, University of Virginia, 2002

Licensing/Certifications

Certified Public Accountant (CPA):  
Virginia (#27655); Texas (#098743)

Certified Fraud Examiner (CFE)

Certified Government Financial

Manager (CGFM)

Project Management Professional  
(PMP)

Affiliations

Association of Certified Fraud  
Examiners (ACFE)

Association of Government  
Accountants (AGA)

CPE

2019: 90.7

2018: 47

Clearance

Interim Top Secret: November 2020

Awards

Elijah Watts Sells Gold Medal

Highest score in the country for the  
November 2002 CPA examination

Ms. DeCorte has 22 years of accounting, auditing, and government financial management experience. Prior to her career in public accounting, she served as a commissioned officer in the U.S. Army, Finance Corps.

Ms. DeCorte served on the advisory council to the Government Accountability Office (GAO) from 2013 to 2017, advising the United States Comptroller General on promulgation of *Standards for Internal Control in the Federal Government* (Green Book). She also serves as the Chair of the Association of Government Accountants (AGA) Professional Ethics Board; and on AGA's National Governing Board. She has authored several articles on professional ethics in the *AGA Journal of Government Financial Management* and regularly speaks on ethics, audit, and internal control at professional development conferences and training seminars.

For purposes of our response, Ms. DeCorte's resume has been structured to emphasize her qualifications and experience that is most relevant to the scope of Integrity Monitoring services outlined in this Request for Quote (RFQ). Specifically:

- Experience in completing similar contracts is described under the heading "Directly Relevant Contracts."
- Experience in completing other contracts is described under the heading "Other Professional Experience."

For the points of contact (POCs) for Ms. DeCorte's similar contract experience, please see the POC table in **Section 3.4**. The POCs that will serve as a reference check for each similar contract will also serve as a reference check for the related team member.

**DIRECTLY RELEVANT CONTRACTS**

**U.S. Transportation Command (USTRANSCOM)**

**Financial Statement Audit.** *Partner*, July 2017 – Present  
(Fiscal Years (FYs) 2018, 2019, and 2020)

Ms. DeCorte directs and executes the full scope financial statement audit of the USTRANSCOM Transportation Working Capital Fund conducted under the Chief Financial Officers Act (CFO Act) of 1990. The final audit report for each FY under audit was issued under Generally Accepted Government Auditing Standards (GAGAS). Principal roles and responsibilities include:



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- Ensuring that financial and information technology audit teams comply with and meet all applicable Office of Management and Budget (OMB), GAO, American Institute of Certified Public Accountants (AICPA) and GAGAS requirements and methodologies.
  - Leading teams of 25 to 40 persons, including subcontract personnel; directing and managing all aspects of each audit phase: planning, internal control, substantive testing, and preparing; reviewing and issuing audit opinions and reports on internal control and compliance with laws and regulations.
  - Reporting status and briefing military and civilian government officials, Office of the Under Secretary of Defense (Comptroller) (OUSD(C)), and the Department of Defense (DoD) Office of Inspector General on all phases of audit progress, potential exceptions and audit findings, impact on audit opinion, and assessment of internal control.
  - Executing risk assessment procedures; overseeing the planning and execution of the internal control phase of the audit, including site visits; and determining resulting assessment of design, implementation, and operating effectiveness of internal control across all audit cycles.
  - Leading the development of the audit plan and audit continuation methodology documents in accordance with the statement of work requirements.
  - Developing and executing strategies to integrate audit procedures across five components and its related lines of business in order to achieve efficiencies in the audit process.
  - Planning and overseeing the substantive testing performed in the revenue, non-payroll, payroll, and capitalized property audit cycles and overseeing the preparation and delivery of workpapers under multiple (five or more) workstreams.
  - Overseeing planning and execution of capitalized property existence and completeness testing at field site locations, to include procedures to assess reconciliations between accountable property systems and general ledger systems.
  - Reviewing and assessing the suitability of populations supporting each significant financial statement line item and account for five components and four general ledger systems (including Oracle based systems); analyzing to determine reconciling differences, data anomalies, and offsetting transactions.
  - Preparing Notice of Findings and Recommendations and the Report on Internal Control.
  - Leading lessons learned sessions with USTRANSCOM and component personnel to facilitate constructive feedback and incorporate into processes for future audit periods.
  - Participating in DoD working groups and OUSD(C)/Independent Public Accountant (IPA) roundtable discussions in order to leverage collective knowledge across the DoD/IPA audit community.

#### **OTHER PROFESSIONAL EXPERIENCE**

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Ms. DeCorte has also directed and participated in the following financial statement audits under the CFO Act of 1990 and Accountability of Tax Dollars Act (ATDA) of 2002 in accordance with GAO's *Financial Audit Manual* and *Federal Information System Controls Audit Manual*. The final audit reports for each engagement were issued under GAGAS standards:

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**U.S. Navy Schedule of Budgetary Activity Financial Statement Audit.** *Partner*, February 2015 – December 2016 (FYs 2015, 2016). Ms. DeCorte directed and executed full scope financial statement audits of the United States Navy Schedule of Budgetary Activity conducted under the CFO Act of 1990. Principal roles and responsibilities are consistent with those described above for the USTRANSCOM audit.

**Special Inspector General for Afghanistan Reconstruction.** *Partner*, June 2014 – March 2017  
Ms. DeCorte directed and executed cost incurred audits of over 20 defense contracts for reconstruction projects and programs in Afghanistan. These audits covered hundreds of millions of dollars expended by government contractors over multiple years in support of Afghan reconstruction. The audit objectives were to: (1) identify and report on significant deficiencies or material weaknesses in a contractor's internal controls related to the contract, (2) identify and report on instances of material noncompliance with the terms of the contract and applicable laws and regulations, including any potential fraud or abuse, (3) determine and report on whether the contractor had taken corrective action on prior findings and recommendations, and (4) express an opinion on the fair presentation of the contractor's Special Purpose Financial Statement. Compliance was assessed against criteria contained in the contract, funding agency regulations, Title 2 Part 200 – *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and/or predecessor OMB circulars as appropriate. The final audit reports for each engagement were issued under GAGAS standards.

**Various Federal Agency Financial Statement Audits.** As a Senior/Supervisor Auditor for various CFO Act and ATDA audits conducted under GAGAS, Ms. DeCorte participated in all phases of the audits, including planning steps, systems documentation, walkthroughs, internal control testing, substantive testing, and reporting. As a Manager, Ms. DeCorte reviewed all deliverables, provided project oversight, attended and led weekly status meetings, and prepared and reviewed weekly/monthly project reports. As a Partner, Ms. DeCorte served in a quality assurance capacity, to ensure that financial and information technology audit teams complied with applicable OMB, GAO, GAGAS, and AICPA requirements and methodologies. Relevant engagements include:

- **National Archives and Records Administration.** *Quality Control Partner*, May 2010 – November 2010
- **Congressional Budget Office.** *Quality Control Partner*, May 2009 – November 2010
- **U.S. Small Business Administration.** *Manager and Senior/Supervisor Auditor*, May 2003 – December 2005
- **U.S. House of Representatives.** *Senior/Supervisor Auditor*, March 2003 – June 2005

**Various Federal, State, and Local Government Agency Advisory Engagements.** Ms. DeCorte has extensive advisory experience, primarily focusing on risk and internal control assessments, evaluating compliance with internal control standards and generally accepted accounting principles, financial statement preparation, financial system implementation, and evaluating agencies for audit readiness. As a Senior Manager and Partner, Ms. DeCorte has:

- Directed, managed, and executed advisory engagements for multiple federal and local government agencies to assess internal controls over financial reporting and program operations in accordance with the Federal Managers Financial Integrity Act (FMFIA), OMB

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Circular A-123, *Management's Responsibility for Internal Control*, GAO's *Standards for Internal Control in the Federal Government* and the Committee of Sponsoring Organizations (COSO) *Internal Control—Integrated Framework*.

- Directed and executed financial reporting and accounting analysis projects for cabinet level and other executive branch agencies in accordance with generally accepted accounting principles issued by the Federal Accounting Standards Advisory Board.
- Directed and executed components of financial management and procurement systems implementations for federal, state, and local governmental agencies, including data conversion and reconciliation with a specific focus on Oracle.
- In these roles, she leads teams of 25 to 40 persons, including subcontractors, and is responsible for all aspects of the engagement including progress briefings to senior government officials, management controls boards, and oversight committees.

Relevant engagements include:

- **Jacksonville Aviation Authority** (Risk and Internal Control Assessment, Policy and Procedure Development). *Partner*, January 2015 – May 2016
- **U.S. Securities and Exchange Commission** (Financial Reporting, Risk and Internal Control Assessment, Remediation, Systems Implementation, Accounting Analysis Services). *Partner*, June 2007 – December 2013
- **U.S. Department of State** (Internal Control Assessment, Remediation). *Partner and Senior Manager*, June 2006 – December 2012
- **General Services Administration** (Risk and Internal Control Assessment). *Partner and Senior Manager*, January 2006 – July 2009



**Sam Hadley**  
CPA/CFF, CFE, CGFM  
**Partner**

Firm Position

Partner

GSA Labor Category

Senior Partner

Years Experience

Cotton & Company 27

Previous Firms 7

Education

B.S., Accounting, University of Wisconsin-Superior, 1987

Certifications

Certified Public Accountant (CPA):  
Virginia 1990 (#14341)

Certified Fraud Examiner (CFE):  
2011 (#88808)

Certified Government Financial  
Manager (CGFM): 1996 (#6155)

Certified in Financial  
Forensics (CFF): 2018 (#14341)

Affiliations

American Institute of Certified  
Public Accountants (AICPA)

Association of Certified Fraud  
Examiners (ACFE)

Association of Government  
Accountants (AGA)

CPE

2019: 41.5

2018: 40.5

Security Clearance

DSS Top Secret: December 21, 2013

DHS: Position of Public Trust

VDOT: Suitability Clearance

Ms. Hadley has 34 years of professional experience directing, managing, and conducting compliance audits, performance audits, and attestation engagements of grant and contract funding awarded to nonprofit organizations, state and local governments, colleges and universities, for-profit organizations, and national associations. Ms. Hadley directs a number of the firm's litigation support engagements. She also has specific experience in dealing with federal disaster relief agencies in the aftermath of major catastrophic events and experience in monitoring grants from federal agencies that provide support to a state after a catastrophic event.

For purposes of our response, Ms. Hadley's resume has been structured to emphasize her qualifications and experience that is most relevant to the scope of Integrity Monitoring services outlined in this Request for Quote (RFQ).

- Experience in completing similar contracts is described under the heading "Directly Relevant Contracts."
- Experience in completing other contracts is described under the heading "Other Professional Experience."

For the points of contact (POCs) for Ms. Hadley's similar contract experience, please see the POC table in **Section 3.4**. The POCs that will serve as a reference check for each similar contract will also serve as a reference check for the related team member.

**DIRECTLY RELEVANT CONTRACTS**

**Operation Warp Speed (OWS). Partner, 2020**

OWS is a public-private partnership among components of the federal government and private firms. OWS's goal is to produce and deliver 300 million doses of safe and effective vaccines with the initial doses available by January 2021, as part of a broader strategy to accelerate the development, manufacturing, and distribution of COVID-19 vaccines, therapeutics, and diagnostics (collectively known as countermeasures). Under Ms. Hadley's direction, Cotton & Company is currently assisting the OWS contractor responsible for delivering Convalescent COVID Plasma (CCP) to both hospitals and the Department of Defense (DoD). The contractor has various government contracts and agreements to recruit, collect, and deliver CCP nationwide. While these agreements have similar objectives related to the OWS mission, each procurement is different and contains different accounting, procurement, and compliance requirements.

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Cotton & Company is providing accounting monitoring services to ensure adequate documentation is maintained to support cost reimbursement. Cotton & Company is also providing assistance in developing policies and procedures and then subsequently issuing approximately 100 separate procurements with organizations responsible for grass-roots delivery of CCP to hospitals and designated inventory sites.

**Department of Homeland Security (DHS), Office of Inspector General (OIG).** *Partner*, 2017 – 2020

Ms. Hadley led a performance audit of Federal Emergency Management Agency (FEMA) Public Assistance (PA) grant funds awarded to the Sewerage & Water Board of New Orleans (SWBNO), a subrecipient of the Louisiana Governor's Office of Homeland Security Emergency Preparedness (GOHSEP), under the Stafford Act. The purpose of the audit is to determine whether the SWBNO accounted for and expended FEMA grant funds according to federal regulations and FEMA guidelines. As partner, Ms. Hadley's responsibilities included developing the audit strategy to achieve the audit objectives, ensuring that team-members understood the audit objectives, ensuring that audit objectives and timelines were met, and performing quality control reviews of audit reports and other deliverables.

Under her direction, the Cotton & Company team obtained an understanding of the FEMA and GOHSEP internal controls and disaster management systems. The team also obtained an understanding of the processes to request payment for PA project worksheets, submit supporting documentation for reimbursement requests, review documentation to determine allowable costs, approve cash advances, and closeout of PA project worksheets. The team reconciled SWBNO financial accounting reports to GOHSEP payments, determined why SWBNO did not spend cash advances timely, and determined why there was a backlog for processing reimbursement requests. The team tested PA project expenditures for compliance with federal and state regulations and provided recommendations to address compliance and internal weaknesses found within FEMA and GOHSEP administration of the PA grant.

**DHS OIG Audit of the Disaster Relief Fund.** *Partner*, April 2016 – July 2017

Ms. Hadley directed a performance audit of the DHS OIG's allocations of and expenditures related to the Disaster Relief Fund (DRF). The DHS OIG engaged Cotton & Company to conduct a performance audit of the OIG's direct and indirect allocation methodology and expenditures related to the DRF for the fiscal years ending September 30, 2014, and September 30, 2015. The objective of the audit was to evaluate the DHS OIG's allocation methodology and to determine whether the DHS OIG properly allocated direct and indirect expenses against DRF funding for fiscal years (FYs) 2014 and 2015.

**DHS, OIG State Homeland Security Grant Program Audits.** *Partner*, 2006 – 2008

Ms. Hadley directed performance audits of DHS First Responder Grant Program awards to the Virginia Office of Domestic Preparedness, Florida Division of Emergency Management, and Georgia Emergency Management Agency to assess management of the state domestic preparedness program grants. Audit objectives were to determine if the states effectively and efficiently implemented the grant programs, achieved program goals, and spent funds according to grant requirements. Under her direction, the Cotton & Company team evaluated state strategies for



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fund allocation, determined the reasonableness of state procurement methods, and assessed the allowability of claimed costs. The audits were conducted in accordance with Government Auditing Standards for performance audits.

**FEMA, Stafford Act Audits. *Partner*, 1999 – 2003**

Ms. Hadley directed financial-related audits of disaster assistance grants awarded to 15 states, including New Jersey, under the Stafford Act. Audit objectives were to determine compliance by the states and certain subgrantees with grant management regulations. Audits included comprehensive reviews and analyses of Office of Management and Budget (OMB) Circular A-133 audit reports and reviews of state internal control and compliance with federal and state regulations in accordance with federal regulations and *Government Auditing Standards*. Ms. Hadley also worked with FEMA to continually streamline audit work and FEMA review of work papers. She developed and presented training classes to educate FEMA staff on the effects of grant audit findings on FEMA's financial statements and internal controls, as well as training on how to properly integrate information reported through OMB Circular A-133 audits to support FEMA's reliance on grantees' internal controls.

**Corporation for National and Community Service (CNCS), *OIG. Partner*, 2000 – Present**

Cotton & Company has conducted a number of engagements for CNCS since 1998, and Ms. Hadley has directed and participated in many of them. Ms. Hadley's responsibilities include developing the audit strategy to achieve the audit objectives, ensuring that team-members understand the audit objectives, ensuring that audit objectives and timelines are met, and performing quality control reviews of audit reports and other deliverables. Key responsibilities of her role include:

- In coordination with another Cotton & Company partner, Ms. Hadley worked with the *OIG* to develop agreed-upon procedures to be used for future National Direct and state commission audits. They reviewed and evaluated existing audit programs for state commission and National Direct audits, researched American Institute of Certified Public Accountants (AICPA) standards for agreed-upon procedures engagements, and developed one combined agreed-upon procedures work plan for reviews of state commissions and National Direct grantees.
- Ms. Hadley directed full-scope cost-incurred audits of CNCS awards to National Direct grantees and Training and Technical Assistance grantees. She also performed quality control reviews for other full-scope incurred-cost audits. These audits encompassed a number of CNCS grants and multiple years of spending.
- Ms. Hadley directed a number of full-scope cost-incurred state commission audits and was quality control and colleague partner for others. CNCS funds its major programs within each state through state commission grants. Each statewide audit encompassed multiple years of spending, usually in the tens of millions of dollars, and many sub-grants. Cotton & Company obtained OMB Circular A-133 audit reports for all states and sub-grantees and reviewed and analyzed them to identify findings and corrective actions.
- On the first state commission audits, Ms. Hadley developed a revised audit approach, including an updated audit program and audit tools, to increase efficiency and streamline CNCS's review of work papers. She also developed and presented training classes specifically addressing these CNCS audits for all staff assigned to this engagement.



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- Ms. Hadley directed pre-audit surveys of CNCS awards to two state commissions and was quality control partner for pre-award surveys for other state commissions. The purpose of these surveys were to evaluate state commission internal control policies and procedures related to the adequacy of the pre-award selection process of sub-grantees, fiscal administration of CNCS grants, and effectiveness of the commission's monitoring of sub-grantees.

#### **OTHER PROFESSIONAL EXPERIENCE**

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Ms. Hadley led and managed numerous financial and performance audits of grant and contract funding awarded to state and local governments, and not-for-profit and for-profit organizations. Relevant engagements include:

- **Virginia Department of Transportation (VDOT), Assurance and Compliance Office.** Cotton & Company has provided consulting services to VDOT since 2011 under three blanket purchase agreements and numerous task orders. Ms. Hadley was involved with the following VDOT project.  
  
Ms. Hadley led an engagement to assist VDOT in conducting reviews of pass-through entities' annual financial statement and OMB Circular A-133 (currently Uniform Guidance) audits conducted by independent public accountants in accordance with Government Auditing Standards and the Uniform Guidance. Our reviews included more than 600 Comprehensive Annual Financial Reports (CAFR) and Schedules of Expenditures of Federal Awards (SEFAs) for local governments across Virginia, covering FYs 2012 through 2018. Cotton & Company also provided VDOT with suggestions for improving the CAFR review and reconciliation process for subsequent years, prepared a training manual and job aides to assist VDOT in performing the reviews, and assisted with the training presentation for VDOT staff.
- **National Science Foundation (NSF), OIG.** Cotton & Company was awarded five consecutive contracts since 1987 to provide NSF with financial and compliance audits and other audit services throughout the United States on a task-order basis.
- **Colorado Office of the State Auditor.** Cotton & Company conducted a Yellow Book performance audit of the Colorado Department of Education's school lunch and breakfast programs, administered by the Office of School Nutrition (OSN).
- **Washington State Auditor's Office.** Cotton & Company conducted a comprehensive, independent performance audit to review and analyze the economy and efficiency of administrative and overhead operations for the ten largest school districts in the State of Washington.
- **Pension Benefit Guaranty Corporation.** Ms. Hadley directed financial and compliance audits of costs incurred under ten contracts with a staffing services firm. The work included auditing seven years of indirect cost rates and costs incurred.
- **Department of Housing and Urban Development.** As a subcontractor, Cotton & Company performed agreed-upon procedures related to subsidy payments for Public Housing Authorities (PHA). Ms. Hadley directed this engagement to test subsidy calculations claimed by the PHA.
- **U.S. Department of Transportation, Federal Highway Administration (FHWA).** Ms. Hadley managed more than 15 reviews of contractor accounting systems and indirect cost rate recovery plans.
- **U.S. Agency for International Development (USAID).** Ms. Hadley led an engagement to

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audit the indirect cost rate of a USAID contractor and is assisting the USAID OIG in investigating allegations of fraudulent accounting practices by a USAID contractor.

- **U.S. Department of Justice (DOJ), Civil and Criminal Divisions.** Cotton & Company assists in resolving litigation disputes before the U.S. Federal Claims Court and other adjudicators. Ms. Hadley manages major dispute engagements, including large construction contractors' claims and service contractor claims.
- **Federal, State, or Municipal Litigation Projects.** Ms. Hadley has evaluated construction costs and entity procurement functions on other construction projects. Many projects involve large construction contractors' claims for damages or other complaints.
- **Commercial Litigation Support and Consulting Engagements.** Ms. Hadley assists contractors with claim preparation and other support surrounding termination and equitable adjustment claims against the government.

Ms. Hadley has taught *Accounting for Government Contracts* at George Mason University (Small Business Development Center) and has spoken at many professional conferences and training events for federal government and OIG staff. Ms. Hadley has provided various commercial consulting services to a range of government grantees and contractors. She has assisted clients in developing and implementing adequate accounting systems and internal controls for government contracting, and has prepared indirect cost rate submissions, financial statements, and proposal responses to government solicitations.

Ms. Hadley was an audit manager with Coopers & Lybrand for 4 years. She performed and supervised OMB Circular A-133 audits, consulting engagements, and training events. Ms. Hadley was also the acting budget director for the District of Columbia Public School System. She was responsible for the annual Congressional budget submission, as well as periodic reporting. As budget director, she developed a revised methodology for allocating appropriations to individual schools based on multiple criteria. Additionally, she developed policies and procedures for handling appropriated funds given directly to the schools for small purchases and emergency needs. Ms. Hadley was also responsible for responding to frequent Congressional, District of Columbia Control Board, and City Council requests for information, including many oral presentations.

**David Cotton**  
CPA, CFE, CGFM  
Subject Matter Expert

Firm Position

Chairman

GSA Labor Category

Senior Consultant

Years Experience

Cotton & Company 39

Previous Professional 9

Education

M.B.A., Management Science and Labor Relations, Lehigh University, 1972

Graduate Studies, Accounting and Auditing, University of Chicago, 1977-1978

B.S., Mechanical Engineering, Lehigh University, 1971

Licensing/Certifications

Certified Public Accountant (CPA): Virginia (#6366)

Certified Fraud Examiner (CFE)

Certified Government Financial Manager (CGFM)

Affiliations

Association of Certified Fraud Examiners (ACFE)

Institute of Internal Auditors (IIA)

Association of Government

Accountants (AGA)

Virginia Society of Certified Public Accountants (VSCPA)

CPE

2019: 80

2018: 64.5

Security Clearance

Top Secret: December 17, 2018

Mr. Cotton is Chairman of Cotton & Company, LLP, a Certified Public Accountant (CPA) firm headquartered in Alexandria, Virginia. He is a leader in the development of auditing standards and fraud risk management guidance.

We are proposing Mr. Cotton for assignment to the contract as a Subject Matter Expert, specifically in the areas of fraud risk management, cost accounting, and cost principles. For purposes of our response, Mr. Cotton's resume has been structured to emphasize his qualifications and experience in these areas. We have provided two references from the Association of Certified Fraud Examiners (ACFE) for Mr. Cotton's qualifications, particularly in the area of fraud risk management:

[REDACTED], JD., CFE

Vice President—Education

[REDACTED]  
Research Director

Mr. Cotton served on the Advisory Council on Government Auditing Standards from 2006 to 2009, advising the United States Comptroller General on promulgation of Government Auditing Standards (Yellow Book). In addition, Mr. Cotton served on the Institute of Internal Auditors (IIA) Anti-Fraud Programs and Controls Task Force and co-authored *Managing the Business Risk of Fraud: A Practical Guide*. He also served on the American Institute of CPAs (AICPA) Anti-Fraud Task Force and co-authored *Management Override of Internal Control: The Achilles Heel of Fraud Prevention*.

Mr. Cotton is the past chair of the AICPA Federal Accounting and Auditing Subcommittee and has served on the AICPA Governmental Accounting and Auditing Committee and the Government Technical Standards Subcommittee of the AICPA Professional Ethics Executive Committee. Mr. Cotton chaired the Fraud Risk Management Task Force, sponsored by the Committee of Sponsoring Organizations (COSO) and the ACFE, and is a principal author of the COSO/ACFE *Fraud Risk Management Guide*.



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Mr. Cotton served on the board of the Virginia Society of Certified Public Accountants (VSCPA) and on the VSCPA Litigation Services Committee, Professional Ethics Committee, Quality Review Committee, and Governmental Accounting and Auditing Committee.

Mr. Cotton has testified as an expert in governmental accounting, auditing, and fraud issues before the United States Court of Federal Claims and other administrative and judicial bodies.

Mr. Cotton speaks frequently on cost accounting, professional ethics, and auditors' fraud detection responsibilities under AU-C §240 *Consideration of Fraud in a Financial Statement Audit*. He has instructed for the George Washington University Masters of Accountancy program (Fraud Examination and Forensic Accounting) and for the George Mason University Small Business Development Center (Fundamentals of Accounting for Government Contracts).

With respect to fraud risk management, Mr. Cotton has consulted with and lectured before many organizations nationwide, including specific engagements related to *Managing the Business Risk of Fraud: A Practical Guide*; *Management Override of Internal Control: The Achilles Heel of Fraud Prevention*; the U.S. Government Accountability Office (GAO) *Framework for Managing Fraud Risks in Federal Programs*; and the recently published COSO/ACFE *Fraud Risk Management Guide*.

Mr. Cotton was the recipient of the ACFE 2018 Certified Fraud Examiner of the Year Award, which is "presented to a CFE who has demonstrated outstanding achievement in the field of fraud examination... based on their contributions to the ACFE, to the profession, and to the community." In addition, Mr. Cotton was the recipient of the AGA's 2006 Barr Award, which is given "to recognize the cumulative achievements of private sector individuals who throughout their careers have served as a role model for others and who have consistently exhibited the highest personal and professional standards." He also received Association of Government Accountants' (AGA's) 2012 Educator Award, which is given "to recognize individuals who have made significant contributions to the education and training of government financial managers."

#### **PUBLICATIONS (PARTIAL LIST, 2005 – PRESENT)**

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***"Management Override of Internal Controls: The Achilles Heel of Fraud Prevention,"*** AICPA, jointly authored with Durkin, Ronald L.; Goldwasser, Dan L.; Beaseley, Mark; Norris, Ronald B.; Bishop, Toby J. F.; Palmrose, Zoe-Vonna; Stemler, Thomas M.; Fritz, George P., 2005.

***"Doing the Right Thing Part I: Tackling Ethical Decision Models,"*** Disclosures, VSCPA, July-August 2006.

***"Doing the Right Thing Part II: The New Age Soccer Case,"*** Disclosures, VSCPA, September-October 2006.

***"Doing the Right Thing Part III: The Office of Redundancy Office Case,"*** Disclosures, VSCPA, November-December 2006.

***"Doing the Right Thing Part IV: Rationalizations—The Nemesis of Clear Ethical Thinking,"*** Disclosures, VSCPA, September-October 2007.

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***“11 Sad Words About Fraud — But Help is on the Way!”*** Disclosures, NOVAGA, November-December 2007.

***“Managing the Business Risk of Fraud; A Practical Guide,”*** IIA, ACFE, AICPA; jointly authored with Richards, David A.; Durkin, Ronald L.; Bishop, Toby J. F.; Bloom, Corey Anne; Carcello, Joseph V.; Daniels, Holly; Elzinga, David J.; Gavioli, Bruce J.; Gill, John D.; Farrell, Robert E.; Johnigan, Sandra K.; Miller, Thomas M.; Morley, Lynn; Sanglier, Thomas; Steinhoff, Jeffrey; Stewart, William E.; Warren, Bill; Zimbelman, Mark F., 2008.

***“Are You Ready to Serve on a Nonprofit Board?”*** Disclosures, VSCPA, May-June 2010.

***“Test Yourself! Are You Ready to Serve on a Nonprofit Board?”*** The Journal Entry, Utah Association of CPAs, July-August 2010.

***“Making Optimum Use of DCAA (and Your Accounting Expert) in Claims Litigation,”*** prepared for the American Bar Association’s Annual Meeting, Section of Public Contract Law, Construction Division Program, August 12, 2013.

***“Profession’s Past: The Professional Standards Debate,”*** Disclosures, VSCPA, January/February 2014.

***“Profession’s Past: The Turf Battle Among Standard Setters,”*** Disclosures, VSCPA, March/April 2014.

***“Profession’s Past: In the Days Before Peer Review,”*** Disclosures, VSCPA, May/June 2014.

***“Profession’s Past: Globalization and Convergence,”*** Disclosures, VSCPA, September/October 2014.

***“Managing Fraud Risk,”*** Tax Exempt Magazine, Thomson Reuters (Tax & Accounting) Services Inc., Summer 2015.

***“The ACFE-COSO Fraud Risk Management Framework,”*** prepared for the ACFE’s 2016 Global Fraud Conference, June 2016.

***“Fraud Risk Management Guide,”*** COSO and ACFE, principal author with Johnigan, Sandra K. and Givarz, Leslye, September 2016.

***“Managing Fraud Risk,”*** AZ CPA Magazine, Arizona Society of Certified Public Accountants, January 2017.

***“Winning the Risk Game,”*** Fraud Magazine, ACFE, January/February 2017.

***“The Committee of Sponsoring Organizations returns to its fraud roots after 30 years,”*** Financier Worldwide Magazine, Financier Worldwide, February 2017.

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***“The Rapidly-Changing World of IT and Data Analytics,”*** Data Analysis for Internal Controls, Fraud Detection, Monitoring, and Audit, Coderre, David, CAATS (Computer Assisted Analysis Techniques and Solutions), 2017.

***“Managing Fraud Risk,”*** SumNews, Massachusetts Society of Certified Public Accountants, July 2017.

***“Winning the Risk Game,”*** Fraud Magazine, Association of Certified Fraud Examiners, January/February 2017.

***“The Committee of Sponsoring Organizations returns to its fraud roots after 30 years,”*** Financier Worldwide Magazine, Financier Worldwide, February 2017.

***“The Rapidly-Changing World of IT and Data Analytics,”*** Data Analysis for Internal Controls, Fraud Detection, Monitoring, and Audit, Coderre, David, CAATS (Computer Assisted Analysis Techniques and Solutions), 2017.

***“Managing Fraud Risk,”*** SumNews, Massachusetts Society of Certified Public Accountants, July 2017.

***“Resolving Ethical Dilemmas,”*** AZ CPA Magazine, Arizona Society of Certified Public Accountants, January 2018.

***“The New 2018 Ethics Handbook: What Every AGA Member and CGFM Needs to Know,”*** Journal of Government Financial Management, Association of Government Accountants, Summer 2019.

***“Falling Trees and Ethics Enforcement,”*** Journal of Government Financial Management, Association of Government Accountants, Winter 2019.

***“When Professional Ethics and Politics Intersect,”*** Journal of Government Financial Management, Association of Government Accountants, Fall 2020.



**Ellen P. Reed**  
CPA, CFE, PMP  
**Program Manager**

Firm Position

Senior Manager

GSA Labor Category

Senior Manager

Years Experience

Cotton & Company 37

Previous Firms 1

Education

B.S., Accounting, Fairleigh-  
Dickinson University, 1981

Licensing/Certifications

Certified Public Accountant (CPA):  
Virginia, 1984 (#8671)

Certified Fraud Examiner (CFE):  
2016 (#749880)

Project Management Professional  
(PMP): 2019 (#2694756)

Affiliations

ACFE (Association of Certified  
Fraud Examiners)

PMI (Project Management Institute)

CPE

2019: 50

2018: 50

Security Clearance

Top Secret: May 14, 2013

Ms. Reed has 38 years of experience in providing federal financial consulting services and in performing financial statement, contract and grant, and performance audits. She also has specific experience in dealing with federal disaster relief agencies in the aftermath of major catastrophic events and experience in monitoring grants from federal agencies that provide support to a state after a catastrophic event.

For purposes of our response, Ms. Reed's resume has been structured to emphasize her qualifications and experience that is most relevant to the scope of Integrity Monitoring services outlined in this Request for Quote (RFQ).

- Experience in completing similar contracts is described under the heading "Directly Relevant Contracts."
- Experience in completing other contracts is described under the heading "Other Professional Experience."

For the points of contact (POCs) for Ms. Reed's similar contract experience, please see the POC table in **Section 3.4**. The POCs that will serve as a reference check for each similar contract will also serve as a reference check for the related team member.

**DIRECTLY RELEVANT CONTRACTS**

**Department of Homeland Security (DHS), Office of Inspector General (OIG).** *Senior Audit Manager*, April 2016 – July 2020

The Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1988 (Stafford Act) authorizes the Public Assistance (PA) Program. Following a major Presidential disaster declaration, the Stafford Act authorizes the Federal Emergency Management Agency (FEMA) to provide PA funding for disaster relief to state, local, and tribal governments and certain non-profit organizations.

FEMA disbursed PA funds to the Florida Division of Emergency Management (FDEM) for damages resulting from Hurricane Irma. FDEM in turn passed funds to local subrecipients. Per federal grant requirements, FDEM is responsible for monitoring these subrecipients to ensure they manage PA funds appropriately, in accordance with FEMA program guidance and other federal grant requirements.

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The DHS OIG contracted with Cotton & Company to conduct Early Warning and Capacity Audits. The objective of the audits was to determine whether FEMA ensured that the recipient (i.e., FDEM) and four of its subrecipients (i.e., counties) established and implemented policies, procedures, and practices to account for and expend PA grant funds awarded to disaster areas in accordance with federal regulations and FEMA guidance.

Ms. Reed served as the project manager on the early warning audits of FEMA PA grants awarded to four Florida counties for damages resulting from Hurricane Irma. Key responsibilities of her role included:

- Conducting interviews with FEMA, state, and subrecipient officials to obtain an understanding of their internal controls, monitoring procedures, and financial management processes as they related to the disaster management program.
- Receiving training on Florida's disaster management system to understand how subrecipients used the system to request payment for PA project worksheets and submit supporting documentation for reimbursement requests; and how Florida used its system to review submitted documentation to determine allowable costs, approve cash advances, and approve and close out PA project worksheets.
- Reviewing subrecipient policies, procedures, and business practices for accounting for and expending grant funds and contracting for grant funds awarded or that may be awarded.
- Obtaining subrecipient financial accounting reports that summarize PA project and administrative expenditures incurred to date. Reconciling expenditures per the reports to payments made by the state.
- Testing the PA project expenditures claimed by the subrecipients for compliance with federal regulations (including 2 CFR Part 200 – *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*), state regulations, and FEMA guidance.
- Assessing whether subrecipient policies, procedures, and business practices enable the subrecipient to account for and expend FEMA grant funds in accordance with federal regulations, state regulations, and FEMA guidance.
- Identifying deficiencies in subrecipient internal controls and monitoring procedures and instances of noncompliance; and providing recommendations for corrective actions to address identified deficiencies and noncompliance.

**DHS OIG Audit of the Disaster Relief Fund.** *Senior Audit Manager*, April 2016 – July 2017

Ms. Reed managed a performance audit of the DHS OIG's allocations of and expenditures related to the Disaster Relief Fund (DRF). The DHS OIG engaged Cotton & Company to conduct a performance audit of the OIG's direct and indirect allocation methodology and expenditures related to the DRF for the fiscal years ending September 30, 2014, and September 30, 2015. The objective of the audit was to evaluate the DHS OIG's allocation methodology and to determine whether the DHS OIG properly allocated direct and indirect expenses against DRF funding for fiscal years (FYs) 2014 and 2015.

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**Corporation for National and Community Service (CNCS), OIG.** *Senior Audit Manager*, May 2000 – November 2006

- Managed full-scope cost-incurred audits of eight state commissions. These audits encompassed a number of CNCS grants and multiple years of spending.
- Work included: 1) ensuring compliance with AmeriCorps program requirements, which required Cotton & Company teams to review AmeriCorps member information to ensure eligibility and adequate performance under the program; 2) testing grantee expenses and compliance with regulations, including federal cash management and grant reporting requirements; and 3) reviewing and analyzing Office of Management and Budget (OMB) Circular A-133 audit reports for all states and subgrantees to identify findings and corrective actions.
- Managed an engagement to perform agreed-upon procedures on a grant awarded to a subrecipient of the Georgia state commission. Evaluated financial transactions, performed compliance and internal control testing, performed quality reviews, and prepared audit reports.
- Managed audits of CNCS's procurement process to determine if the agency had an effective system in place and if contracts were awarded in accordance with applicable laws and procurement rules and regulations.

**OTHER PROFESSIONAL EXPERIENCE**

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**DHS, OIG.** *Senior Audit Manager*, April 2016 – September 2018. Ms. Reed conducted five quality control reviews of a Certified Public Accountant (CPA) firm's FY 2016 single audit workpapers for the DHS OIG. Objectives included determining whether the firm's audit was conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS) and Generally Accepted Auditing Standards (GAAS), and whether the audit met the requirements of 2 CFR Part 200 – *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

**Universal Service Administrative Company (USAC), Internal Audit Division.** *Senior Audit Manager*, February 2015 – Present. Ms. Reed is currently managing performance audits to assist USAC's Internal Audit Division in its examination of recipients of Universal Service Funds (USF) related to disbursements from USF for a 12-month period. Ms. Reed also managed compliance attestations for the same purpose under Cotton & Company's previous contract with USAC.

**Virginia Department of Transportation (VDOT).** *Senior Audit Manager*, December 2016 – October 2019

Ms. Reed conducted reviews of CPA firm indirect cost rate audit workpapers and of claimed indirect cost rates. VDOT is the cognizant state agency for engineering and architectural firms headquartered in Virginia, and hired Cotton & Company to perform reviews of the CPA firms' audit reports and workpapers for these consulting firms, to ensure compliance with the Federal Acquisition Regulation (FAR) and American Association of State Highway and Transportation Officials (AASHTO) guidelines.



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**National Oceanic and Atmospheric Administration (NOAA).** *Senior Audit Manager*, September 2003 – Present

Since FY 2003, Ms. Reed has managed an engagement to develop annual indirect cost rates for several Damage Assessment, Remediation, and Restoration Program offices and provide technical assistance on cost accounting and documentation issues.

**Virginia Department of Aviation.** *Senior Audit Manager*, June – November 2017

Ms. Reed managed a performance audit of airports' use of funds provided by the Commonwealth of Virginia for airport improvement projects over a three-year period. The audit objective was to determine whether the airports used these funds in accordance with Virginia Aviation Board policies and funding restrictions.

**Department of Health and Human Services (HHS).** *Senior Audit Manager*, April 2014 – December 2015

Ms. Reed managed an audit of a pharmaceutical company's indirect cost rates for FYs 2006, 2007, and 2008. The audit included evaluating the reasonableness, allowability, and allocability of the company's indirect cost rates in accordance with the terms of its contracts with HHS and FAR cost principles.

**National Science Foundation (NSF), OIG.** *Senior Audit Manager*, January 1986 – 2015

Ms. Reed has managed financial and compliance audits and indirect cost rate reviews of grants and contracts awarded to state and local governments, nonprofit organizations, for-profit organizations, and national associations. Ms. Reed also managed two cost-incurred performance audits of NSF grants awarded to two universities. These audits involved performing data analytics on grant expenditure detail to identify and test anomalies, outliers, and aberrant transactions that were potentially unallowable costs.

**Federal Financial Statement Audits.** Ms. Reed managed annual audits of federal agencies' financial statements, as follows:

- **Library of Congress, Copyright Licensing Division.** *Senior Audit Manager*, October 2017 – May 2018
- **Department of Justice, Bureau of Alcohol, Tobacco, Firearms and Explosives.** *Senior Audit Manager*, February 2010 – November 2012
- **DOJ, United States Marshals Service.** *Senior Audit Manager*, February 2004 – November 2009
- **DOJ, Federal Bureau of Prisons/Federal Prison System.** *Senior Audit Manager*, February 1996 – March 2002
- **U.S. Small Business Administration (SBA), Office of Inspector General.** *Senior Audit Manager*, 1992 – 1995; June 2003 – June 2004

**Pension Benefit Guaranty Corporation (PBGC).** *Senior Audit Manager*, April 2013 – May 2015

Ms. Reed managed two engagements to assist the PBGC Contracts and Controls Review Department in meeting its responsibility under the provisions of OMB Circular A-123, *Management's Responsibility for Internal Control*, and Appendix A of OMB Circular A-123, *Internal Control over Financial Reporting*.

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**HHS, Centers for Disease Control and Prevention.** *Senior Audit Manager*, February 2004 – September 2013

Ms. Reed managed the FYs 2003 through 2011 engagements to develop indirect cost rates for the Agency for Toxic Substance and Disease Registry to be used in cost recovery for Superfund site work. She previously directed the annual engagements from FYs 1989 to 1995.

**Delaware Department of Health and Social Services.** *Senior Audit Manager*, July 2013 – January 2014

Ms. Reed managed a review of costs billed by a nonprofit organization under multiple contracts.

**Department of Interior (DOI).** *Senior Audit Manager*, November 2011 – April 2012

Ms. Reed managed the development of indirect cost rates for DOI's Office of Environmental Policy Compliance and the Central Hazardous Materials Fund.

**U.S. Department of State (DOS).** *Senior Audit Manager*, January 1989 – November 2000

Ms. Reed directed and participated in a number of financial audit engagements for DOS under three contracts starting in 1989.

**PBGC.** *Quality Control Manager*, October 2000 – October 2001

Ms. Reed conducted quality control reviews of cost-incurred audits of several contracts between a temporary services company and PBGC.

**Mark J. Terman**  
CPA  
**Program Manager**

Firm Position

Senior Manager

GSA Labor Category

Senior Manager

Years' Experience

Cotton & Company 16

Other Professional 4

Education

M.S., Professional Accounting,  
Strayer University, Washington, DC,  
2003

B.A., Mathematics, Wesleyan  
University, Middletown,  
Connecticut, 1979

Licensing

CPA: Virginia, 2007 (#33485)

Affiliations

American Institute of Certified  
Public Accountants (AICPA)  
Association of Government  
Accountants (AGA)

CPE

2019: 43

2018: 47.4

Security Clearance

Secret: August 20, 2014

Mr. Terman has 20 years of experience in risk and internal control assessment engagements and financial statement audits.

For purposes of our response, Mr. Terman's resume has been structured to emphasize his qualifications and experience that is most relevant to the scope of Integrity Monitoring services outlined in this Request for Quote (RFQ).

- Experience in completing similar contracts is described under the heading "Directly Relevant Contracts."
- Experience in completing other contracts is described under the heading "Other Professional Experience."

For the points of contact (POCs) for Mr. Terman's similar contract experience, please see the POC table in **Section 3.4**. The POCs that will serve as a reference check for each similar contract will also serve as a reference check for the related team member.

**DIRECTLY RELEVANT CONTRACTS**

**U.S. Department of State (DOS).** *Senior Manager*, 2011 – Present; *Manager*, 2008 – 2011; *Senior*, FY 2006 – 2008

Since 2005, Cotton & Company has successfully supported DOS with its implementation of Appendix A to the Office of Management and Budget (OMB) Circular No. A-123 *Management's Responsibility for Enterprise Risk Management and Internal Control*, which requires federal agencies to document, assess, and report on internal control over reporting. Mr. Terman manages all aspects of the engagement, supervising senior and staff personnel, providing guidance on the design and implementation of internal control, performing control testing, assessing results, and providing recommendations.

The team documents and performs testing of internal control for all significant financial processes, including budget and revenue, financial reporting, procurement (including cash disbursements), property (including real and personal property), financial assistance (grants and cooperative agreements), and compensation. This includes conducting ongoing risk assessments, interviewing DOS personnel, reviewing relevant documents, and observing transaction processing. Work products include business process cycle memorandums, control matrices, control test plans, and a variety of reporting summaries.



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Mr. Terman also supports the DOS Office of Management Control with the following ongoing compliance efforts:

- Supporting the DOS in its development of fraud risk profiles for each DOS bureau. The fraud risk profiles identify specific fraud risks, document current risk mitigation efforts and residual risks, and assess their likelihood and impact. Information from questionnaires and personal interviews was used to document fraud risk profiles consistent with the template prescribed by OMB Circular A-123 for six Department-wide accounting processes applicable to all DOS bureaus, including contracts, grants, payroll, beneficiary payments, purchase cards, and travel cards.
- Developing an Enterprise Risk Management Risk Profile for the DOS.
- Evaluating DOS compliance with the principles of internal control as required by the Government Accountability Office's (GAO's) *Standards for Internal Control in the Federal Government* (Green Book).
- Supporting the DOS in its creation of a DOS-wide fraud exposure analysis that ranks the bureau's potential susceptibility to fraud by using a number of data points. Multiple data sets were obtained and used as a quantitative way to rank the DOS's bureaus according to their fraud risk.
- Supporting the DOS in implementing the revised OMB Circular No. A-123, Appendix A, *Management of Reporting and Data Integrity Risk*. Cotton & Company holds discussions, conducts walkthroughs, and assembles supporting documentation to support conclusions as to whether internal controls and processes support overall data quality to achieve the objectives of the Digital Accountability and Transparency Act of 2014.

Mr. Terman also assisted the DOS in resolving issues with accounting for real property. Work entailed analyzing construction-in-progress general ledger balances and underlying accounting detail to determine if balances were properly stated in the year-end financial statements. Mr. Terman performed various detailed analyses using Excel to identify accounting anomalies and propose correcting journal entries. He assisted in developing deliverables supporting the accuracy of real property balances for the independent financial statement auditor.

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#### **OTHER PROFESSIONAL EXPERIENCE**

**GAO.** *Senior*, FY 2007

Mr. Terman participated in an engagement to design and assist GAO in performing tests of controls over financial reporting in accordance with OMB Circular A-123. He supervised a non-accountant GAO analyst and completed interim and year-end testing of key controls for real and personal property.

Mr. Terman has supervised and participated in federal financial statement audit engagements and is experienced in applying applicable OMB, GAO, and American Institute of Certified Public Accountants (AICPA) methodologies. He has participated in the following financial statement audits under the Chief Financial Officers (CFO) Act in accordance with GAO/President's Council on Integrity and Efficiency (PCIE)'s *Financial Audit Manual*:

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**U.S. National Archives and Records Administration. *Manager*, FY 2010**

Mr. Terman managed work plan steps for all audit phases and oversaw fieldwork. He was responsible for developing audit findings for the final audit report and assisted with reporting. Mr. Terman served as liaison with client representatives. He supervised and reviewed the work of the on-site staff auditors.

**U.S. House of Representatives. *Senior*, FY 2006**

Mr. Terman audited the conversion of the House's 2005 financial reporting from calendar-year to fiscal-year basis and reviewed the presentation of the three financial statements and more than 40 adjusting entries.

**U.S. Small Business Administration (SBA), Office of Inspector General. *Senior*, FY 2005; *Staff*, FY 2004**

Mr. Terman was assigned to the financial reporting cycle, with responsibility for auditing the proprietary financial statements for fiscal year (FY) 2004 and all financial statements for FY 2005. He was also involved in auditing SBA's special-purpose statements. Mr. Terman evaluated SBA's submissions of its reclassified proprietary statements, trading partner information, footnotes, and other financial reporting data in the government-wide financial reporting system.

**Erin Mooney**  
*CPA, CFE, CGFM*  
**Program Manager**

*Firm Position*

Senior Manager

*GSA Labor Category*

Senior Manager

*Years Experience*

Cotton & Company 4.5

Other Professional 2.5

*Education*

B.S., Accounting, Salisbury  
University, Salisbury, MD, 2013

*Licensing/Certifications*

Certified Public Accountant (CPA):  
MD, 2015 (#0041301); VA, 2016  
(#44424)

Certified Fraud Examiner (CFE)  
Certified Government Financial  
Manager (CGFM)

*Affiliations*

Virginia Society of CPAs (VSCPA)  
Associated of Certified Fraud  
Examiners (ACFE)  
Association of Government  
Accountants (AGA)  
Greater Washington Society of  
CPAs (GWSCPA)

Chair of the Government  
Auditing and Accounting Section  
2017-2019

*CPE*

2019: 100

2018: 35

*Security Clearance*

In progress

Ms. Mooney has 7 years of professional experience managing and conducting compliance audits, performance audits, and attestation engagements of grant and contract funding awarded to nonprofit organizations, state and local governments, colleges and universities, for-profit organizations, and national associations.

Ms. Mooney also has specific experience in providing consulting services in support of an organizations' compliance monitoring program.

For purposes of our response, Ms. Mooney's resume has been structured to emphasize her qualifications and experience that is most relevant to the scope of Integrity Monitoring services outlined in this Request for Quote (RFQ).

- Experience in completing similar contracts is described under the heading "Directly Relevant Contracts."
- Experience in completing other contracts is described under the heading "Other Professional Experience."

For the points of contact (POCs) for Ms. Mooney's similar contract experience, please see the POC table in **Section 3.4**. The POCs that will serve as a reference check for each similar contract will also serve as a reference check for the related team member.

**DIRECTLY RELEVANT CONTRACTS**

**Patient Centered Outcomes Research Institute (PCORI).**

*Senior Manager*, October 2020 – Present; *Manager*, January 2019 – September 2020; *Supervisor Senior*, January 2017 – December 2018; *Senior*, July 2016 – December 2017

PCORI is an independent non-profit organization that issues contracts to educational institutions, hospitals, non-profit organizations, and for-profit organizations to conduct health-care related research. PCORI is a non-governmental agency; however, because it receives funding under the Patient Protection and Affordable Care Act of 2010, it is subject to audits and reviews conducted by the Government Accountability Office (GAO). To demonstrate to GAO that it is appropriately monitoring costs claimed on awards, PCORI contracted with Cotton & Company to advise PCORI in developing a financial compliance monitoring program.



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Ms. Mooney serves as a senior manager on this engagement. She assists in the development of criteria used to perform risk assessments applied to contracts and awards representing more than \$2.3 billion in funding across more than 500 contracts that PCORI awarded to nonprofit organizations, colleges and universities, for-profit organizations, and national associations from 2016 through 2020. Based on the results of these risk assessments, the team has conducted reviews for 89 contracts and awards at 53 different universities, hospitals, and non-profit organizations. The reviews involve testing a judgmental sample of transactions to ensure compliance with PCORI contract terms and conditions and organizational policies.

Ms. Mooney is responsible for reviewing contract terms and conditions, contract modifications, guidelines issued by PCORI, and the policies of the organization to determine whether the tested expenses are appropriate. Ms. Mooney has also conducted site visits at 15 of these organizations to discuss relevant policies and procedures, interview staff, and review documentation made available at the awardee's location.

Ms. Mooney is also providing consultative services for the design and implementation of new compliance activities at PCORI, including PCORI's internal compliance review program and externally-performed pre-award reviews. She is responsible for creating checklists, process guides, flowcharts, workpapers, and other report templates to design, develop, and implement the compliance activities. This work involves interviewing relevant PCORI personnel to incorporate feedback into the design of each activity and incorporate feedback to refine compliance activities; providing recommendations regarding how to address observations and financial risks identified; and presenting recommendations to the Chief Operating Officer and other PCORI leadership.

Ms. Mooney provided consultative services to assist PCORI in closing six agreements awarded under a Master Infrastructure Funding Contract held with an organization that dissolved in fiscal year (FY) 2020. Ms. Mooney managed the team that was responsible for determining whether all general ledger information provided by the organization supported expenses reimbursed by PCORI; evaluating whether advanced payments provided by PCORI were utilized for allowable project expenses; determining whether indirect costs were charged and used in accordance with the organization's proposals and indirect cost rate agreements; and presenting relevant financial information to PCORI executives and General Counsel throughout the dissolution process.

**Corporation for National and Community Service (CNCS) Office of Inspector General (OIG).** *Senior Manager*, October 2020 – Present; *Manager*, January 2019 – September 2020; *Supervisory Senior*, July – December 2018

Ms. Mooney is currently assisting the CNCS OIG on two investigations regarding false claims for funding awarded to two State Commissions and their subgrantees, in accordance with the Council of Inspectors General for Integrity and Efficiency (CIGIE) *Quality of Standards for Federal Offices of Inspector General*. Ms. Mooney is responsible for reviewing documentation provided by the CNCS OIG and State Commissions to validate the number of ineligible education awards, calculate questionable and fraudulent timesheet hours, quantify questioned costs for funds expended by the State Commissions, and summarize potential false claims and associated monetary damages. She is also responsible for attending meetings with personnel from the CNCS OIG and United States Attorney's Office to discuss findings and preparing documentation to present the findings, as requested.

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Ms. Mooney participated in an agreed-upon procedures engagement of funding awarded to one State Commission. The objective was to determine whether Corporation-funded federal assistance provided to the grantee was expended in accordance with grant terms and provisions, laws and regulations; and to report on compliance, controls, and questioned costs. Ms. Mooney's responsibilities included supervising the work of others; participating in fieldwork, including a site visit at grantee and subgrantee locations and performing member and other direct cost testing; and preparing reports with recommendations to address compliance and internal weaknesses found within the grantee and subgrantee grant administration environment.

Ms. Mooney also participated in a limited scope performance audit of federal assistance funds awarded to a subgrantee of one State Commission. The objective of this engagement was to determine whether the subgrantee's Education Award Only members for two program years were eligible to be AmeriCorps members, and that appropriate National Service Criminal History Checks were completed for eligible members. Based on information obtained during the planning phase of this audit, the issues identified were escalated within the CNCS OIG. As a result, the audit was terminated and the OIG is now conducting an investigation of these programs, as described above.

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#### **OTHER PROFESSIONAL EXPERIENCE**

**National Science Foundation (NSF), OIG.** *Senior Manager*, October 2020 – Present; *Manager*, January 2019 – September 2020; *Supervisory Senior*, January 2017 – December 2018; *Senior*, January 2016 – December 2017

Ms. Mooney is participating in cost-incurred performance audits of NSF grant funds issued to universities, each of which involves a preliminary survey phase that leads to a recommendation for whether a performance, internal control, or accounting system audit should be performed. Ms. Mooney is responsible for managing the team that reviews each organization's policies and procedures to evaluate strengths and weaknesses of its internal controls, selects and tests a sample of transactions, and provides recommendations to the NSF OIG regarding whether any additional audit work may be appropriate. She uses Caseware IDEA software to detect and extract data anomalies in each organization's general ledger for further testing. Ms. Mooney's responsibilities include reviewing tested extracted transactions to evaluate the allowability, allocability, and reasonableness of each transaction in accordance with 2 CFR Part 200 – *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, NSF allowability criteria, and organization-specific policies and procedures; reviewing original award documents, award modification requests, approval documents, and correspondence between NSF and the auditee to determine whether expenses appear to be reasonable and appropriately approved; examining the results of the initial testing sample; and evaluating which data tests should be expanded to identify additional anomalies within organizational data.

Ms. Mooney is currently participating in audits regarding universities' implementation of the temporary Coronavirus Disease 2019 (COVID-19) administrative flexibilities issued by Office of Management and Budget (OMB) and the related NSF implementation guidance. Ms. Mooney is responsible for managing the team that is conducting walkthroughs and obtaining an understanding of how awardees utilized NSF and other funding (e.g. Higher Education Emergency Relief Funds, Paycheck Protection Program) to cover costs; reviewing and reconciling awardee financial data to expenses claimed in the Award Cash Management Service; utilizing data analytics to judgmentally

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test expenses incurred in accordance with the COVID-19 flexibilities to determine whether the chosen expenses are allowable, allocable, and reasonable.

Ms. Mooney is also participating in a performance audit of an institution awarded Established Program to Stimulate Competitive Research (EPSCoR) grants, the focus of which is evaluate whether costs claimed are supported, allowable, allocable, reasonable, and in compliance with NSF award terms and conditions and federal requirements. Procedures are generally the same as those described for the cost-incurred performance audits noted above, with an increased focus on cost-sharing, subaward expenditures, and costs typically unallowable on EPSCoR awards.

**Universal Service Administrative Company (USAC) Internal Audit Division. Senior,** June – October 2016

Cotton & Company performed an assessment program designed by USAC and the Federal Communications Commission (FCC) to determine estimated rates of improper payments for the Universal Service Fund (USF) programs, in accordance with Generally Accepted Government Auditing Standards (GAGAS). Ms. Mooney assisted in performing site visits, which included assessing specific payments made to selected beneficiaries, to determine if the payments were made in accordance with FCC rules.

**Library of Congress (LOC), OIG. Supervisory Senior,** August 2017 – September 2018

Cotton & Company assisted the LOC OIG with a variety of performance audits related to the procurement process, as well as provided support on investigations. Ms. Mooney participated on an investigation of information technology (IT) contracts procured, awarded, and administered by LOC's Copyright Office. She was responsible for reviewing bid and solicitation documents, researching individuals at the awarding agency and winning contractors, and evaluating any instances of potential collusion or misconduct. Ms. Mooney also participated in performance audits of 11 contracts across various service units within LOC. Specifically, she reviewed documentation to determine whether the award was appropriately procured and administered, and tested extracted transactions to evaluate the allowability, allocability, and reasonableness of each transaction in accordance with LOC and other applicable federal regulations. Ms. Mooney used Momentum software, LOC's financial system of record, and the Invoice Processing Platform (IPP), to select payment transactions for testing.

**The National Air and Space Museum (NASM) – Smithsonian Institution. Senior Manager/Manager,** June 2019 – Present

Ms. Mooney participated in an attestation compliance examination of surcharge funds expended related to sales of the U.S. Mint's 2019 Apollo 11 50<sup>th</sup> Anniversary Commemorative Coin. Ms. Mooney was responsible for examining management's assertion related to NASM's Schedule of Surcharge Funds Received and Expended. This included conducting discussions with management and obtaining an understanding of the Destination Moon Exhibit, internal controls, and financial reporting; completing reconciliations; identifying risk and materiality as it relates to the subject matter; performing tests of expenditures incurred, as reported on the Schedule of Surcharge Funds Received and Expended; and creating the practitioner's report for the examination engagement. Previously Ms. Mooney participated in an attestation compliance audit of donations raised. This included auditing NASM's Schedule of Funds Raised from Private Sources by confirming the receipt of funds raised from private sources.



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**Center for Folklife and Cultural Heritage (CFCH) – Smithsonian Institution.** *Manager,*  
March    June 2019

Ms. Mooney performed a financial statement audit of a single financial statement prepared in accordance with a special purpose framework under American Institute of Certified Public Accountants (AICPA) standards. Ms. Mooney was responsible for identifying all AICPA standards applicable to audits of single financial statements prepared in accordance with a special purpose framework, and ensuring that all applicable audit steps under these standards were completed.

**Matt Gorman**  
*CPA*  
**Program Manager**

Firm Position

Senior Manager

GSA Labor Category

Senior Manager

Years Experience

Cotton & Company 1

Previous Professional 9

Education

B.S., Accounting and Information Systems, Virginia Tech, 2011

Licensing/Certifications

Certified Public Accountant (CPA): Virginia (#49588)

Affiliations

Association of Government Accountants (AGA)

CPE

2019: 49

2018: 40

Security Clearance

Top Secret: January 21, 2020

Mr. Gorman has 10 years of experience in conducting financial statement and performance audits. Mr. Gorman's diverse federal government experience has provided him with valuable insight into the accounting and financial management operations of both large and small agencies, Department of Defense (DoD) and civilian agencies, and Executive and Legislative branch agencies. Mr. Gorman has extensive experience in leading and managing both small and large audit teams.

For purposes of our response, Mr. Gorman's resume has been structured to emphasize his qualifications and experience that is most relevant to the scope of Integrity Monitoring services outlined in this Request for Quote (RFQ).

- Experience in completing similar contracts is described under the heading "Directly Relevant Contracts."
- Experience in completing other contracts is described under the heading "Other Professional Experience."

For the points of contact (POCs) for Mr. Gorman's similar contract experience, please see the POC table in **Section 3.4**. The POCs that will serve as a reference check for each similar contract will also serve as a reference check for the related team member.

**DIRECTLY RELEVANT CONTRACTS**

**U.S. Transportation Command (USTRANSCOM)**

**Financial Statement Audit.** *Senior Manager*, January 2020 – Present

Mr. Gorman is supporting Cotton & Company's engagement to audit the USTRANSCOM Transportation Working Capital Fund financial statements. Specifically, Mr. Gorman serves as a subject matter expert on population analyses and sampling of account balances across a number of financial statement line items.

Mr. Gorman's responsibilities include:

- Assisting the audit team with performing data analyses of transaction-level data populations using Caseware IDEA software.
- Completing documentation to support the data analysis and resulting selection of samples.
- Working with statisticians to ensure that they have relevant information to select a valid statistical sample.

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## OTHER PROFESSIONAL EXPERIENCE

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Mr. Gorman has been responsible for planning, executing, and managing financial statement and performance audits in accordance with American Institute of Certified Public Accountants (AICPA) standards, Government Accountability Office (GAO)/Council of the Inspectors General on Integrity and Efficiency (CIGIE) Financial Audit Manual (FAM), Government Auditing Standards (GAS), Federal Information System Controls Audit Manual (FISCAM), and Office of Management and Budget (OMB) Bulletin 19-03, *Audit Requirements for Federal Financial Statements* (as amended).

He has experience in developing and executing audit procedures over the majority of common federal financial statement line items and processes, such as Fund Balance with Treasury (FBWT); Investments; Revenues and Accounts Receivable; Expenses and Accounts Payable; Property, Plant, and Equipment (PP&E); Environmental Liabilities; Payroll; Budgetary Resources; and Financial Reporting. Mr. Gorman also has vast experience in resolving complex accounting and auditing issues. He has developed and executed audit procedures over Working Capital Fund revenues and expenses, as well as fee-setting in compliance with OMB Circular No. A-25, which establishes federal policy regarding fees assessed for government services and for sale or use of government goods or resources.

### **U.S. Capitol Police (USCP) Financial Statement Audit.** *Senior Manager*, June 2019 – Present

Mr. Gorman has participated in the fiscal year (FY) 2019 and FY 2020 financial statement audit of USCP, which is performed in accordance with AICPA Auditing Standards and GAO's Government Auditing Standards. Mr. Gorman leads a team of two Office of Inspector General (OIG) auditors to execute the audit. During the FY 2019 audit, the audit team uncovered two new findings that were issued as Notices of Findings and Recommendations (NFRs) and included in the Management Letter. The findings and related recommendations will assist USCP management with further improving accounting and financial reporting processes and internal controls.

Mr. Gorman also made a number of changes to increase both the effectiveness and efficiency of the audit program, including expanding audit procedures in areas that had previously been under-tested and eliminating duplicative or unnecessary audit procedures. Mr. Gorman was responsible for communicating directly with the OIG and management, including the Inspector General, Assistant Inspector Generals, Assistant Chiefs of Police, the Chief Financial Officer (CFO), and Division Directors.

### **Department of State (DOS) Financial Statement Audit.** *Senior, Supervisory Senior, Manager, Senior Manager (Kearney & Company)*, March 2013 – January 2019

Mr. Gorman served on the DOS financial statement audit for six years, starting as a cycle lead and becoming the lead Senior Manager over the audit. Mr. Gorman was involved in all financial cycles of the audit, with expertise in Revenue and Accounts Receivable, FBWT, Other Assets, Investments, and PP&E. Mr. Gorman's experience with DOS and knowledge of federal financial accounting standards led to him working on many complex issues on the audit, including the accounting of several real property transactions between DOS and the General Services Administration, and the accounting for overseas leases. In his role as the lead Senior Manager, Mr. Gorman was responsible for communicating audit status and issues with high-level officials within OIG and DOS-management, including the DOS Inspector General and Comptroller.



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Mr. Gorman was the audit team's subject matter expert on statistical sampling and Caseware IDEA software, consulting with all audit cycles to ensure that population analyses and sampling were performed in an effective and efficient manner.

**DOS Performance Audits.** *Senior, Supervisory Senior, Manager, Senior Manager (Kearney & Company), March 2013 – January 2019*

At DOS, Mr. Gorman led 10 performance audits covering a wide array of subject areas, including internal controls, funds control, contracts, grants, improper payments, and fee-setting methodologies. He was recognized as a subject-matter expert for performance audit report writing and reviewed every performance audit report issued from 2016 until his departure in 2019. Mr. Gorman's performance audits identified approximately \$315 million in questioned costs or funds put to better use. He built audit programs and plans from scratch for complex performance audits that ranged significantly in objective and criteria, including physical security of U.S. embassies, compliance with premium class travel regulations, and compliance with fee-setting requirements. As the engagement manager, Mr. Gorman was responsible for overseeing the day-to-day management of the audits, to include planning and monitoring the project budgets, supervising audit staff, and ensuring the submission of contractual deliverables. He was also responsible for the execution of the planning, fieldwork, and reporting phases of the audits.

**Department of Energy (DOE) Financial Statement Audit.** *Staff, Senior, Supervisory Senior (Kearney & Company), June 2011 – December 2014*

Mr. Gorman served on the DOE financial statement audits as a subcontractor to KPMG for the FY 2011 through FY 2014 audits. Specifically, he conducted fieldwork at DOE's national laboratories, whose activities are consolidated into the overall DOE financial statements.

In FYs 2013 and 2014, Mr. Gorman was the lead on a two-person team at DOE field sites to audit Active Facilities liability, Revenue, Procurement, PP&E, and the financial reporting process. Mr. Gorman was responsible for the completion of internal control and substantive testwork over the aforementioned processes. This included assigning testwork to audit staff and reviewing their completed workpapers; reporting to both Kearney and KPMG managers at DOE headquarters, as well as Department OIG personnel; and ensuring the completion of all audit procedures in the audit file.

In FY 2011 and FY 2012, Mr. Gorman served as a staff on the audits of Brookhaven National Laboratory. He assisted in the completion of the planning phase as well as interim and final testing phases. He was responsible for all internal control and substantive testwork over the Active Facilities liability, and assisted with testwork over PP&E, Financial Reporting, and the Environmental Safety and Health Liability.

**Federal Energy Regulatory Commission (FERC) Financial Statement Audit.** *Staff (Kearney & Company), June 2011 – December 2012*

Mr. Gorman served on an engagement as a subcontractor to KPMG to perform the FY 2011 and FY 2012 financial statement audits of the FERC. He assisted in the completion of the planning, testing, and reporting phases of the audit. He was responsible for completing the majority of the planning, internal control, and substantive testing over the Revenue, Human Resources, and

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FBWT process areas. He assisted in other areas of the audit, to include Financial Reporting, Leases, Procurement, Budgetary Resources, PP&E, and entity-level controls.

**Mark J. Dever**  
*CFE*  
**Project Manager**

*Firm Position*

Manager

*GSA Labor Category*

Manager

*Years Experience*

Cotton & Company: 20

Other Professional: 3

*Professional Organization*

*Memberships*

Association of Certified Fraud  
Examiners (ACFE)

Association of Government  
Accountants (AGA)

*Education*

B.S., Business Administration  
(Accounting), Duquesne University,  
1996

*Licensing/Certifications*

Certified Fraud Examiner (CFE)

*CPE*

2019: 43.5

2018: 38

*Security Clearance*

Secret: November 29, 2011

Mr. Dever has 23 years of professional experience managing and conducting compliance audits, performance audits and attestation engagements of grant and contract funding awarded to nonprofit organizations, state and local governments, colleges and universities, for-profit organizations, and national associations. He also has experience in dealing with federal disaster relief agencies in the aftermath of major catastrophic events and experience in monitoring grants from federal agencies that provide support to a state after a catastrophic event.

For purposes of our response, Mr. Dever's resume has been structured to emphasize his qualifications and experience that is most relevant to the scope of Integrity Monitoring services outlined in this Request for Quote (RFQ).

- Experience in completing similar contracts is described under the heading "Directly Relevant Contracts."
- Experience in completing other contracts is described under the heading "Other Professional Experience."

For the points of contact (POCs) for Mr. Dever's similar contract experience, please see the POC table in **Section 3.4**. The POCs that will serve as a reference check for each similar contract will also serve as a reference check for the related team member.

**DIRECTLY RELEVANT CONTRACTS**

**Department of Homeland Security (DHS), Office of  
Inspector General (OIG). *Manager*, 2017 – 2020**

Mr. Dever managed a performance audit of Federal Emergency Management Agency (FEMA) Public Assistance grant funds awarded to the Sewerage and Water Board of New Orleans (SWBNO), a subrecipient of the Louisiana Governor's Office of Homeland Security Emergency Preparedness (GOHSEP), under the Stafford Act. The purpose of the audit is to determine whether the SWBNO accounted for and expended FEMA grant funds according to federal regulations and FEMA guidelines. As manager, Mr. Dever ensured that all work plan steps were adequately performed and audit objectives and timelines were met, arranged and prepared for quality control reviews of audit reports and other deliverables, supervised the work of senior and staff auditors, and participated in fieldwork. Key responsibilities of his role included:



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- Meeting with knowledgeable FEMA and GOHSEP officials to obtain an understanding of their internal controls, monitoring procedures, financial management processes, and controls over SWBNO's disaster management program.
  - Obtaining an understanding of FEMA's and GOHSEP's systems of disaster management.
  - Receiving training on the state's disaster management system to understand how SWBNO used the state's disaster management system to request payment for Public Assistance project worksheets and submit supporting documentation for reimbursement requests, and how the state used its system to review submitted documentation to determine allowable costs, approve cash advances, and approve and closeout the Public Assistance project worksheets.
  - Obtaining financial accounting reports from SWBNO that summarized Public Assistance project and administrative expenditures incurred to date and reconciling those expenditure reports to payments made by the state.
  - Testing the Public Assistance project expenditures claimed by SWBNO for compliance with 2 CFR Part 200 – *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, state regulations, and FEMA guidelines.
  - Following up with GOHSEP and SWBNO to determine why cash advances were not spent by the SWBNO timely and why there was a backlog for processing SWBNO reimbursement requests.
  - Providing recommendations to address compliance and internal weakness found with the FEMA and GOHSEP administration of the Public Assistance grant.

**DHS, OIG State Homeland Security Grant Program Audits.** *Supervisory Senior*, 2006 – 2007

Mr. Dever managed performance audits of the DHS First Responder Grant Program awards to the Virginia Office of Domestic Preparedness, Florida Division of Emergency Management, and Georgia Emergency Management Agency to assess management of the state domestic preparedness program grants. Audit objectives were to determine if the states effectively and efficiently implemented the grant programs, achieved program goals, and spent funds according to grant requirements. Work included evaluating state (grantee) strategies for funds allocation, determining the reasonableness of state procurement methods, interviewing knowledgeable DHS and state officials, determining whether the states complied with federal cash management and grant reporting requirements, assessing the allowability of claimed costs, and providing recommendations to address compliance and internal control weaknesses found within the DHS and state administration of the grants.

**FEMA, Stafford Act Audits.** *Staff*, 2000 – 2003

Mr. Dever participated in all aspects of fieldwork for financial-related audits of FEMA disaster assistance grants awarded under the Stafford Act for disasters declared in five states, including New Jersey. He also conducted quality review procedures for audits in five additional states to determine state and subgrantee compliance with grant management regulations, as well as to evaluate internal controls at FEMA regional offices and headquarters.

Mr. Dever participated in performing audit planning and fieldwork, developing findings, and preparing reports with recommendations to address compliance and internal weaknesses found within FEMA and state administration of the grants. He tested compliance with all aspects of

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Disaster Assistance programs, which included reviewing administrative plans to determine if they contained required elements, interviewing knowledgeable FEMA and grantee officials, selecting samples, and determining grantee compliance with Title 44 of the Code of Federal Regulations, including federal cash management and grant reporting requirements. He also participated in comprehensive reviews and analyses of Office of Management and Budget (OMB) Circular A-133 audit reports for all states and subgrantees, and reviews of state internal control and compliance with federal and state regulations and *Government Auditing Standards*.

**Corporation for National and Community Service (CNCS) OIG. 2001 – 2020**

Cotton & Company has conducted many engagements for CNCS since 1998, and Mr. Dever has either managed or participated in a number of them. As manager, his responsibilities generally include ensuring that all work plan steps are adequately performed and that audit objectives and timelines are met, preparing reports with recommendations to address compliance and internal weakness found with the grantee and subgrantee administration of the grants, arranging and preparing for quality control reviews of audit reports and other deliverables, supervising the work of senior and staff auditors, and participating in fieldwork.

Highlights of his work follow:

*Audit Manager.*

- Mr. Dever participated in the performance audit of the Corporation's compliance with the Improper Payments Elimination and Recovery Act of 2010 (IPERA) for fiscal year (FY) 2014. He served as a subject matter expert because of his familiarity with Corporation programs and program procedures. He assisted in evaluating whether the attribute testing model was reasonable and comprehensive by reviewing the attributes identified by CNCS and determining if they were appropriate for each program. Mr. Dever also assisted in re-performing the attribute testing to evaluate CNCS's conclusions regarding whether sampled transactions related to proper or improper payments by examining source documents obtained by CNCS and concluding whether the documentation obtained was consistent and appropriate with established Corporation regulations.
- Mr. Dever managed a performance audit of a National Direct grantee's VISTA grant. The objects of the audit were to evaluate whether the grantee's VISTA support enhanced the capacity of the sponsor organizations that hosted the VISTA members (the host sites). The second objective was to evaluate whether the host sites were able to sustain the VISTA projects after the grantee ended its VISTA support and the members completed their service terms. He also has managed agreed-upon procedures engagement of the AmeriCorps State and National grants awarded to eight state commissions and seven National Direct grantees. The objective of the agreed-upon procedures engagements is to determine whether Corporation-funded federal assistance provided to the grantees is expended in accordance with grant terms and provisions, laws, and regulations, and to report upon compliance, controls, and questioned costs. He managed performance audits of both a non-profit contractor and a for-profit contractor. The audits also included assessing the quality of training provided by the non-profit contractor and the effectiveness of the Corporation's monitoring of the contractors.

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*Senior.* Mr. Dever participated in:

- Full-scope cost-incurred audits of two National Direct grantees. These audits encompassed a number of CNCS grants and multiple years of spending. Work included ensuring compliance with AmeriCorps program requirements, which required Cotton & Company's teams to review AmeriCorps member information to ensure eligibility and adequate performance under the program. Mr. Dever tested grantee expenses and compliance with regulations, including federal cash management and grant reporting requirements. He also reviewed and analyzed grantee OMB Circular A-133 audit reports to identify findings and corrective actions taken.
- Full-scope cost-incurred state commission audits of eight state commissions.
- Pre-audit surveys of CNCS awards to two state commissions to evaluate internal control policies and procedures related to the adequacy of the pre-award selection process of subgrantees, the fiscal administration of CNCS grants, and the effectiveness of the commission's monitoring of subgrantees. Mr. Dever participated in all phases of these surveys and was on-site for fieldwork. He obtained an understanding of subgrantee selection processes, conducted testing, and concluded on the adequacy of these processes. Mr. Dever reviewed policies and procedures for monitoring subgrantee fiscal and programmatic practices and concluded on their adequacy.

*Staff Auditor.* Mr. Dever participated in a financial and compliance contract audit of a commercial organization under contract to CNCS. The audit included approximately \$2 million in direct costs and indirect cost rates. Mr. Dever examined costs claimed and incurred to determine if they were allowable; expended for actual contract effort; adequately supported; and charged in accordance with the auditee's cost accounting system, contract terms, and applicable laws and regulations, including the Federal Acquisition Regulation (FAR).

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#### **OTHER PROFESSIONAL EXPERIENCE**

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##### **Virginia Department of Transportation (VDOT), Assurance and Compliance Office.** *Manager, 2015 – 2020*

Cotton & Company has provided consulting services to VDOT since 2011 under three blanket purchase agreements and numerous task orders. Mr. Dever was involved with the following VDOT projects.

- Mr. Dever managed an engagement to assist VDOT in conducting reviews of pass-through entities' annual financial statement and OMB Circular A-133 (currently Uniform Guidance) audits conducted by independent public accountants in accordance with Government Auditing Standards and the Uniform Guidance. Our reviews included more than 600 Comprehensive Annual Financial Reports (CAFR) and Schedules of Expenditures of Federal Awards (SEFAs) for local governments across Virginia, covering FYs 2012 through 2018. Mr. Dever was responsible for developing a compliance and reconciliation review program with detailed steps for ensuring that the subrecipients' CAFR and the accompanying SEFA complied with OMB Circular A-133 requirements. He was also responsible for overseeing the work of subordinates, contacting each pass-through entity to obtain the necessary supporting documentation for each reconciliation, preparing compliance reports to communicate the results of all reviews to VDOT officials, and performing quality control reviews of the supporting workpapers.



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- Mr. Dever also provided VDOT with suggestions for improving the CAFR review and reconciliation process for subsequent years. Mr. Dever prepared a training manual and job aides to assist VDOT in performing the reviews and assisted with the training presentation for VDOT staff.
  - Mr. Dever participated on two engagements to conduct reviews of CPA audits of consulting engineers' indirect cost rates. He reviewed the CPA firms' workpapers to ensure that they were in compliance with Generally Accepted Government Auditing Standards (GAGAS), Generally Accepted Auditing Standards (GAAS), FAR Part 31, and other interpretive guidance. Mr. Dever documents the reviews using Appendix A-1 of the American Association of State Highway and Transportation Officials (AASHTO) *Uniform Audit Accounting Guide for Audits of Architecture and Engineering Consulting Firms*.

Mr. Dever has also managed and participated in numerous financial and compliance audits and attestation engagements of grant and contract funding awarded to nonprofit organizations, state, and local governments, colleges and universities, for-profit organizations, and national associations. Relevant engagements include:

- **National Science Foundation (NSF), OIG** (Financial and compliance audits and other audit services). *Audit Manager*, 2019 – 2020; *Staff*, 2002 – 2008
- **Frederick County Maryland, Division of Internal Audit** (Financial audit and review of the Frederick County Fire & Rescue Services Department). *Manager*, 2014 – 2015
- **Universal Service Administrative Company, Internal Audit Division** (Compliance attestation examinations of recipients of Universal Service Fund (USF) High Cost Program funds). *Manager*, 2009
- **U.S. Department of Health and Human Services, Health Resources and Services Administration** (Pre-award reviews of for-profit and non-profit organizations, state and local governments, educational institutions, and community and faith-based organizations requesting federal grants). *Supervisory Senior/Manager*, 2005 – 2007
- **U.S. Department of State (DOS), OIG** (Financial and compliance audit of a non-profit organization to determine if the organization adequately accounted for federal laws and regulations related to terms and conditions of the Edmund S. Muskie Graduate Fellowship Program agreement). *Senior*, 2005

**Nicole Durity**  
CPA, CGFM, CICA  
Project Manager

Firm Position  
Manager

GSA Labor Category  
Manager

Years Experience  
Cotton & Company 18

Education  
B.S., Accounting and Decision  
Science and Management  
Information Systems, George Mason  
University, Virginia 2001  
Database Specialist, Northern  
Virginia Community College, 2018

Certifications  
Certified Public Accountant (CPA):  
Virginia (#42924)  
Certified Government Financial  
Manager (CGFM)  
Certified Internal Controls Auditor  
(CICA)

CPE  
2019: 40  
2018: 42

Security Clearance  
Secret: August 19, 2008  
Periodic Reinvestigation submitted  
March, 5, 2020

Ms. Durity has 18 years of experience in advisory engagements and financial statement audits. She has specific experience in providing consulting services in support of an organizations' compliance monitoring program.

For purposes of our response, Ms. Durity's resume has been structured to emphasize her qualifications and experience that is most relevant to the scope of Integrity Monitoring services outlined in this Request for Quote (RFQ).

- Experience in completing similar contracts is described under the heading "Directly Relevant Contracts."
- Experience in completing other contracts is described under the heading "Other Professional Experience."

For the points of contact (POCs) for Ms. Durity's similar contract experience, please see the POC table in **Section 3.4**. The POCs that will serve as a reference check for each similar contract will also serve as a reference check for the related team member.

#### **DIRECTLY RELEVANT CONTRACTS**

**U.S. Department of State (DOS).** *Manager*, January 2017 – Present; *Supervisory Senior*, 2011 – 2016  
Cotton & Company assists the DOS with a number of tasks related to its management, monitoring, and oversight of funding disbursed to recipients through grants and cooperative agreements. Ms. Durity serves as a team lead on the Key Management Single Audit Liaison team in the Office of Federal Assistance Financial Management (FAFM) within the Office of the Deputy Chief Financial Officer (DCFO). Ms. Durity's key responsibilities include:

- Accessing the Federal Audit Clearinghouse (FAC) and retrieving financial reports of DOS recipients.
- Reviewing the reports to identify audit findings for resolution.
- Using financial ratio analysis and other methods to identify potential risk and misuse of federal funds.
- Reviewing 2 CFR Part 200 – *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, the CARES Act, and other current legislation and guidance to help monitor grantee adherence and appropriate implementation.

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- Researching and responding to inquiries from DOS recipients regarding implementation and interpretation of new Single Audit related guidance.
  - Using current guidance to draft policies for publication in DOS Federal Assistance Directives.
  - Representing the FAFM Director in federal-wide working groups on Cross-Agency Priority (CAP) Goals initiatives. CAP Goals are a tool used by leadership to accelerate progress on a limited number of Presidential priority areas where implementation requires active collaboration among multiple agencies.

Cotton & Company supports the DOS in reviewing budgetary obligations (i.e., encumbrances), including those associated with grants and cooperative agreements, recorded in the DOS general ledger system and determining whether these obligations are still valid, needed, and accurately recorded. Ms. Durity serves as team lead for this process. Her responsibilities include monitoring, reviewing, and/or supervising:

- Monthly reconciliations, which include identifying and researching variances and recommending corrective actions.
- Monthly negative budgetary obligations identification, validation, and recommendation process.
- Preparing related documentation in response to requests from the DOS external auditors, and addressing and resolving auditor inquiries and concerns as they are presented.

Ms. Durity also serves as team lead in monitoring budgetary allotments (i.e., allocations of budgetary authority to DOS bureaus and offices). Key responsibilities of her role include:

- Obtaining the monthly over-allotment report and running data warehouse reports for each allotment on the report to identify the specific amounts and number of transactions that resulted in the over-allotment; Ms. Durity then compiles the transactions by fund and bureau.
- Obtaining explanations by fund and bureau for over-allotted transactions greater than \$100,000.
- Researching overridden transactions and validating that they were corrected; maintaining monthly logs of all overridden transactions.
- Preparing related documentation in response to requests from the DOS external auditors, and addressing and resolving auditor inquiries and concerns as they are presented.

#### **OTHER PROFESSIONAL EXPERIENCE**

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**U.S. Department of Education (ED).** *Supervisory Senior*, 2005 – 2011; *Senior*, 2004 – 2005; *Staff*, 2002 – 2003

Ms. Durity performed a number of tasks and supervised the work of several employees. Her responsibilities included:

- Acting as the assistant team lead for the footnote preparation team. This included researching Office of Management and Budget (OMB) guidance to ensure that the footnote document met proper reporting and disclosure guidance; obtaining footnote data from ED personnel; validating footnote data against the trial balance and financial statements; and addressing and resolving auditor issues as they occurred.



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- Using ED's trial balances, Treasury's crosswalks, and Microsoft Access to automate the process for creating the footnote schedules included in ED's footnotes, allowing for immediate validation and/or resolution of amounts.
  - Assisting ED personnel in addressing and resolving an Office of Inspector General (OIG) audit finding related to cash management. Ms. Durity assisted in the research, preparation, and development of a cash management memo, an FAQ, and a webinar regarding cash management laws and regulations for the acceptance and disbursement of federal funds. These communications were presented to ED's recipients and sub-recipients.
  - Assisting in the redesign and preparation of the financial summary section of the Performance and Accountability Report (PAR), including compiling data from the balance sheet, the consolidated statement of net cost, and net cost by strategic goals for presentation in graphs and tables.
  - Serving as team lead in charge of reconciliation activities. As one example, Ms. Durity directed employees in conducting in-depth research, reviews, and business case analyses of current and dated budgetary balances in ED's general ledger system. She worked closely with ED personnel to determine the most efficient method of validating balances. The Cotton & Company team developed reports and prepared documentation to support accounting adjustments.

Ms. Durity also performed a number of tasks in support of the ED Office of Federal Student Aid (FSA), including supporting FSA in its annual financial statement audits, and performing accounting analysis and account reconciliations.

#### **U.S. House of Representatives. *Senior, 2004***

Ms. Durity served on the engagement team in conducting the calendar year 2003 financial statement audit. As part of the internal control and substantive testing phases, she performed interviews with auditee personnel and conducted walkthroughs at auditee sites to obtain an understanding of policies and procedures. Ms. Durity also prepared cycle memorandums and other workpapers to document work performed.

**Thomas Goidich**  
**CGFM**  
**Project Manager**

Firm Position

Manager

GSA Labor Category

Manager

Years Experience

Cotton & Company 5  
Other Professional 5.5

Education

B.S., Accounting and Information Systems, Virginia Tech, 2009

Licensing/Certifications

Certified Government Financial Manager (CGFM)

CPE

2019: 42  
2018: 46

Security Clearance

Secret: June 1, 2011

Mr. Goidich has over 10 years of experience providing accounting and consulting services to federal government agencies, with a specific focus on risk and internal control assessment engagements.

For purposes of our response, Mr. Goidich's resume has been structured to emphasize his qualifications and experience that is most relevant to the scope of Integrity Monitoring services outlined in this Request for Quote (RFQ).

- Experience in completing similar contracts is described under the heading "Directly Relevant Contracts."
- Experience in completing other contracts is described under the heading "Other Professional Experience."

For the points of contact (POCs) for Mr. Goidich's similar contract experience, please see the POC table in **Section 3.4**. The POCs that will serve as a reference check for each similar contract will also serve as a reference check for the related team member.

**DIRECTLY RELEVANT CONTRACTS**

**U.S. Department of State (DOS).** *Manager*, October 2019 – Present; *Supervisory Senior*, January 2017 – October 2019

Since 2005, Cotton & Company has successfully supported DOS with its implementation of Appendix A to the Office of Management and Budget (OMB) Circular No. A-123 *Management's Responsibility for Enterprise Risk Management and Internal Control*, which requires federal agencies to document, assess, and report on internal control over reporting. Mr. Goidich serves as a manager on this engagement, supervising senior and staff personnel, providing guidance on the design and implementation of internal control, performing control testing, assessing results, and providing recommendations.

As part of this engagement, he also provides support to the DOS to enhance compliance with the Payment Integrity Information Act of 2019 (PIIA). The PIIA legislation modifies and restructures existing improper payments laws to help agencies better identify and reduce the amount of money wasted as a result of improper government payments. Mr. Goidich's efforts are focused on assisting the DOS in improving its fraud risk management program. Key responsibilities include:

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- Developing fraud questionnaires that are completed by personnel across all DOS to identify potential fraud risks.
  - Participating in interviews with each bureau to identify fraud risks.
  - Using information gathered from the questionnaires and interviews, Mr. Goidich provides support in creating fraud risk profiles consistent with the template prescribed by OMB Circular No. A-123.
  - Leading efforts in obtaining multiple data sets to develop a fraud risk exposure analysis, which is used as a quantitative way to rank the DOS bureaus according to their fraud risk.
  - Providing support to obtain fraud identification information from bureaus in order to comply with OMB Circular A-136 Financial Reporting Requirements, which requires specific elements to be disclosures in the DOS Annual Financial Report.

In addition to the fraud risk management work, Mr. Goidich also supports the DOS Office of Management Control with evaluating DOS compliance with the principles of internal control as required by GAO's *Standards for Internal Control in the Federal Government* (Green Book).

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#### **OTHER PROFESSIONAL EXPERIENCE**

**U.S. Department of Justice, Drug Enforcement Administration (DEA).** *Supervisory Senior*, October 2015 – January 2017

Mr. Goidich participated in a consulting engagement to provide a variety of financial management and accounting support services to DEA. He primarily participated in DEA's Foreign Monitoring and Review team, which was tasked with gaining efficiencies in financial management and procurement functions and served as a permanent oversight support group for DEA's foreign offices. Mr. Goidich's responsibilities included:

- Documenting the workflow of foreign offices' financial management processes.
- Monitoring and reviewing foreign transactions to ensure that obligations and payments were correct with regard to purpose, time (availability), and amount, as prescribed by federal appropriations law.
- Ensuring that transactions were proper, recorded accurately, and complied with laws, regulations, and State Department and DEA policies and procedures.
- Ensuring that transactions were supported by proper documentation.
- Maintaining a database to efficiently query and compile foreign financial transactions by transaction type and office.
- Tracking personnel and foreign entitlements by office, reviewing departure and arrival cables, and ensuring that foreign entitlement benefits stop properly when an employee departs from the post.
- Reviewing undelivered orders and providing recommendations to foreign offices to either follow up with vendors or process deobligations as needed.
- Reviewing foreign hospitalization transactions to ensure that obligations, payments, and cash receipts are recorded accurately and that employees reimburse the agency the correct amount in a timely manner.



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- Reviewing, researching, and following up on held and rejected transactions, including payments that did not properly interface into DEA's accounting system, and advising offices on corrective actions needed to resolve errors.
  - Reporting improper and erroneous payments.
  - Writing and submitting quarterly reports to foreign offices to summarize findings and provide recommendations for improvements.
  - Reviewing reports, emails, and other client deliverables to ensure accuracy and completeness prior to submission to DEA management or foreign offices.

**Kearney & Company.** *Supervisory Senior Accountant*, March 2010 – September 2015

In a series of increasingly responsible positions with a large CPA firm, Mr. Goidich participated on the following engagements:

*Department of Health and Human Services (HHS), Supervisory Senior Accountant*

- Assisted in preparing HHS's financial statements and footnotes.
- Supported the Integrity Act Technical Team, which provided guidance, monitoring, training, and oversight for the HHS internal control assessment program, including developing HHS's annual assurance statement on internal control.
- Assisted the HHS Office of the Secretary with its internal control assessment activities in compliance with OMB Circular A-123, Appendix A.

*Department of Labor (DOL), Senior Accountant*

- Assisted the Employment Training Administration with analyzing and resolving tie-point variances and abnormal balance issues.
- Performed a compliance review of a contract for the Veterans Employment and Training Service (VETS).
- Supported the Office of the Chief Financial Officer by performing Fund Balance with Treasury reconciliations, resolving issues related to DOL's outstanding undelivered obligations and intragovernmental balances, and preparing journal vouchers.

*Commodities Futures Trading Commission, Senior Accountant*

Mr. Goidich performed management control reviews of areas designated as high-risk by management. He performed testing over time-and-attendance and travel and developed policies and procedures for those areas. He also created, revised, and updated financial management documentation and completed assessments of business processes.

*U.S. Department of Justice (DOJ), U.S. Marshals Service (USMS), Staff II Accountant*

As a subcontractor to Ernst & Young, Mr. Goidich supported DOJ's fiscal year (FY) 2011 internal control assessment activities in compliance with OMB Circular A-123, Appendix A. He assisted USMS in preparing its annual assurance statement on internal control over financial reporting. He reviewed process narratives and documentation for key internal controls over material business processes, created test plans, reviewed the results of testing, and summarized findings and

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recommendations. As a member of USMS's Auxiliary Compliance Review Team, Mr. Goidich participated in on-site reviews of three USMS district offices and one headquarters division, focusing on key internal controls over the Budget, Finance, and Procurement processes, and performed testing on all facets of the respective office or division's travel expenditures.

*DOJ, Drug Enforcement Administration, Staff I Accountant*

Mr. Goidich used the Unified Financial Management System (UFMS) to record cash receipts and expend transactions for DEA foreign offices. He also performed research and corrected errors on manual UFMS transactions and performed monthly reconciliations of expenditures to ensure the accuracy of the recording process.

**Spencer Ham**  
**CPA**  
**Project Manager**

Firm Position

Manager

GSA Labor Category

Manager

Years Experience

Cotton & Company <1  
Previous Professional 4

Education

B.S., Accounting, Christopher  
Newport University, 2016

Licensing/Certifications

Certified Public Accountant (CPA):  
Virginia (#48611)

CPE

2019: 83.5  
2018: 45

Security Clearance

Secret: August 22, 2017

Mr. Ham has over 4 years of experience conducting financial statement and performance audits.

For purposes of our response, Mr. Ham's resume has been structured to emphasize his qualifications and experience that is most relevant to the scope of Integrity Monitoring services outlined in this Request for Quote (RFQ).

- Experience in completing similar contracts is described under the heading "Directly Relevant Contracts."
- Experience in completing other contracts is described under the heading "Other Professional Experience."

For the points of contact (POCs) for Mr. Ham's similar contract experience, please see the POC table in **Section 3.4**. The POCs that will serve as a reference check for each similar contract will also serve as a reference check for the related team member.

**DIRECTLY RELEVANT CONTRACTS**

**U.S. Transportation Command (USTRANSCOM)**

**Financial Statement Audit.** *Manager*, June 2020 – Present

Mr. Ham serves as a manager on Cotton & Company's engagement to audit the USTRANSCOM Transportation Working Capital Fund financial statements. Specifically, he supports population analyses and sample testing of activity from multiple general ledger systems and general ledger account balances.

Mr. Ham's responsibilities include:

- Testing significant transaction activity related to Budgetary Resources, Expenses, and Accounts Payable for both payroll and non-payroll activity; identifying control gaps and control deficiencies; and communicating observations and preparing Notices of Findings and Recommendations (NFRs).
- Reviewing prior-year NFR closure packages provided by the auditee and designing procedures to determine the sufficiency and effectiveness of corrective actions taken by the auditee.
- Overseeing various reporting items such as the management and legal representation letters and group audit deliverables.



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- Evaluating whether key internal controls to mitigate identified risks have been properly designed, implemented by the auditee, and are operating effectively to prevent or timely detect misstatements in recorded transactions and instances of noncompliance with relevant laws and regulations.
  - Evaluating compliance with relevant laws, regulations, and program requirements.
  - Reviewing and assessing specialty areas of accounting and reporting such as Public-Private Partnerships and insurance programs.

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#### **OTHER PROFESSIONAL EXPERIENCE**

Mr. Ham has been responsible for planning, executing, and managing federal financial statement and performance audits in accordance with American Institute of Certified Public Accountants (AICPA) standards, Government Accountability Office (GAO)/Council of the Inspectors General on Integrity and Efficiency (CIGIE) Financial Audit Manual (FAM), Government Auditing Standards (GAS), Federal Information System Controls Audit Manual (FISCAM), and Office of Management and Budget (OMB) Bulletin 19-03, *Audit Requirements for Federal Financial Statements* (as amended).

Mr. Ham has designed and performed effective audit procedures over various general fund and working capital fund financial statement line items such as Fund Balance with Treasury (FBWT), Investments, Revenues and Accounts Receivable, Expenses and Accounts Payable, Other Assets, Property, Plant and Equipment (PP&E), Payroll and Benefits Expenses and Liabilities, Environmental Liabilities, Payroll, Budgetary Resources, and Financial Reporting. Mr. Ham's experience also includes designing and conducting performance audit procedures to determine compliance and the effectiveness of internal controls.

#### **Department of State (DOS) Performance Audits. Senior, Supervisory Senior, Manager** (*Kearney & Company*), March 2018 – May 2020

At DOS, Mr. Ham conducted performance audits that addressed DOS's compliance with improper payments regulations, internal controls, funds control, and contract management. Specifically, Mr. Ham led the fiscal years (FYs) 2018 and 2019 audits of DOS's compliance with improper payments requirements, and supported an audit of the Nonproliferation and Disarmament Fund's fund control and contracting activities. Mr. Ham was responsible for designing audit procedures to effectively address the performance audit objectives and criteria, and executing these procedures to meet contractual deliverables. Mr. Ham leveraged his understanding of DOS data and processes to effectively report audit findings that identified root causes and provided meaningful recommendations.

#### **DOS Financial Statement Audit. Staff, Senior, Supervisory Senior, Manager** (*Kearney & Company*), June 2016 – June 2020

Mr. Ham supported the FYs 2016 through 2020 financial statement audits of DOS, with expertise specifically in the Revenue and Accounts Receivable cycle. Mr. Ham designed and executed procedures to gain sufficient and appropriate audit evidence for the working capital fund, consular affairs, reimbursable and other revenues and receivable balances, and other assets and prepayments. Mr. Ham also supported various audit cycles, such as FBWT, Expenses and Accounts Payable, Payroll and Benefits, Expenses and Liabilities, Other Liabilities, and Financial

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Reporting. As a cycle lead, Mr. Ham was responsible for developing and enhancing audit procedures during the audit planning phase, leading meetings and communicating with management officials, reviewing workpapers and statistical samples, monitoring and delivering timely contractual deliverables, and briefing Office of Inspector General (OIG) officials on the audit status and findings. Mr. Ham was responsible for communicating any audit findings related to Revenue and Accounts Receivable, Other Assets, or Financial Reporting to the OIG and management through a formal NFR.

As a Manager and Supervisory Senior, Mr. Ham effectively refined and designed audit procedures to address changes to the auditee's internal control environment and various processes. For example, he planned procedures to substantively analyze and sample the International Cooperative Administrative Support Services working capital fund revenue separately within the Revenue cycle. Mr. Ham also refined substantive analytics over Revenue and Accounts Receivable to achieve greater analytic precision in accordance with GAO FAM standards.

As a Senior, Mr. Ham was responsible for performing population reconciliations and analyses using data analytics tools such as Caseware IDEA and Audit Command Language (ACL) to perform statistical and random sampling. Mr. Ham also played an integral role in reconciling intradepartmental activity, testing journal vouchers, recording identified errors in audit exposure, and reviewing financial statements and footnotes for accuracy and completeness, as well as for compliance with OMB reporting requirements as part of year-end financial reporting procedures.

**Federal Communications Commission (FCC) Digital Accountability and Transparency (DATA) Act Performance Audit.** *Supervisory Senior (Kearney & Company)*, May – November 2019

Mr. Ham led a performance audit to determine the FCC's compliance with the DATA Act mandated by Congress. This audit was conducted in accordance with GAO's Government Auditing Standards and the CIGIE "Inspectors General Guide to Compliance under the DATA Act." Mr. Ham performed procedures to assess the completeness, accuracy, timeliness and quality of the FCC's first quarter (Q1) FY 2019 financial and spending data and to assess the FCC's implementation and use of government-wide data standards. These procedures included reconciling DATA Act Files A, B, C, D1, E, and F, performing sample testing for 57 standard data attributes, and reviewing the FCC's data quality plan. Mr. Ham communicated audit findings to the FCC OIG and management, and wrote the performance audit report to communicate the DATA Act data element error rate to management and Congress. Mr. Ham was also responsible for providing management with the OIG weekly status updates.

**FCC Financial Statement Audit.** *Supervisory Senior, Manager (Kearney & Company)*, April 2019 – June 2020

Mr. Ham supported the FCC financial statement audit as a cycle lead for FBWT, Investments, Payroll and Benefits, Expenses and Liabilities, Expenses and Other Liabilities, Revenue and Accounts Receivable, Budgetary Resources, and Financial Reporting. For each cycle, Mr. Ham was responsible for multiple sub-cycles related to FCC's various component entities. As a cycle lead, Mr. Ham was responsible for the day-to-day management of each cycle, to include supervising various staff and senior auditors, reviewing workpapers, leading meetings with OIG and management officials, and ensuring the timely delivery of contract deliverables. Mr. Ham also

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designed new internal control and substantive procedures for Payroll and Benefits expenses to ensure sufficient and appropriate audit evidence was obtained for the financial statement balances. He also was responsible for managing, designing additional procedures and workpapers, and reviewing items required by the GAO government-wide group audit deliverables.

**International Boundary and Water Commission (IBWC) Financial Statement Audit.** *Senior, Manager (Kearney & Company), March 2018 – June 2020*

Mr. Ham supported the IBWC financial statement audit for all cycles. Mr. Ham supported the planning, internal control testing, substantive testing, reporting, and wrap-up phases of the audit. Mr. Ham also planned and led site visits to conduct PP&E existence and completeness testing, and other interim testing procedures at various field office locations along the U.S. and Mexico border. He was responsible for ensuring IBWC balances, a component of DOS, were accurately accounted for within the DOS financial statement audit. During the reporting phase, Mr. Ham performed reconciliations and reviews of the final financial report for compliance with OMB reporting requirements. Mr. Ham also drafted NFRs to communicate audit issues to OIG and management officials.



**D. Christine Tompkins**

*CPA, CFE*

**Supervisory/Senior Consultant**

*Firm Position*

Supervisory Senior

*GSA Labor Category*

Supervisory Senior

*Years Experience*

Cotton & Company 1

Previous Professional 24

*Education*

Certificate of Accountancy,  
Northern Virginia Community  
College, 2002

B.A., English and History, Louisiana  
State University, 1995

*Licensing/Certifications*

Certified Public Accountant (CPA):  
Virginia (#30058)

Certified Fraud Examiner (CFE)

*Affiliations*

American Institute of Certified  
Public Accountants (AICPA)  
Virginia Society of CPAs (VSCPA)  
Association of Certified Fraud  
Examiners (ACFE)  
Association of Government  
Accountants (AGA)

*CPE*

2019: 71

2018: 75.5

Ms. Tompkins has over 24 years of experience in accounting and auditing. She is experienced in interpreting and applying standards; performing all aspects of audits under Generally Accepted Government Auditing Standards (GAGAS), including assessing risk, identifying control deficiencies, and identifying potential areas of noncompliance.

For purposes of our response, Ms. Tompkins' resume has been structured to emphasize her qualifications and experience that is most relevant to the scope of Integrity Monitoring services outlined in this Request for Quote (RFQ).

- Experience in completing similar contracts is described under the heading "Directly Relevant Contracts."
- Experience in completing other contracts is described under the heading "Other Professional Experience."

For the points of contact (POCs) for Ms. Tompkins's similar contract experience, please see the POC table in **Section 3.4**. The POCs that will serve as a reference check for each similar contract will also serve as a reference check for the related team member.

**DIRECTLY RELEVANT CONTRACTS**

**U.S. Transportation Command (USTRANSCOM)**

**Financial Statement Audit.** *Supervisory Senior*, January 2020 – Present

Ms. Tompkins is a proven leader on Cotton & Company's engagement to audit the USTRANSCOM Transportation Working Capital Fund financial statements. Specifically, she executes full-scale testing, including population data analysis, designs and implements attribute test matrices, trains staff, reviews sample testing conclusions, and drafts follow-up questions for the auditee. Ms. Tompkins is a capable trainer who is able to explain complex testing concepts to staff, in addition to being able to assist the staff in unraveling complicated supporting documentation. In addition, Ms. Tompkins has helped to guide the testing staff members to a better understanding of budgetary accounting.

Ms. Tompkins' responsibilities include:

- Assisting with performing risk assessments, including the identification and assessment of inherent risks, controls risks, and fraud risks for each significant financial statement line item.

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- Evaluating whether key internal controls to mitigate identified risks have been properly designed, implemented by the auditee, and are operating effectively to prevent or timely detect misstatements in recorded transactions and instances of noncompliance with relevant laws and regulations.
  - Evaluating compliance with relevant laws, regulations, and program requirements.
  - Training junior-level staff to test attributes in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the U.S.
  - Monitoring junior-level staff in conducting attribute testing.
  - Conducting select fraud interviews.
  - Testing and/or review of samples tested for significant financial statement line items, including Accounts Payable and Undelivered Orders (i.e., budgetary encumbrances for orders not yet received).
  - Testing and/or review of samples tested to assess the operating effectiveness of internal control and compliance with related laws and regulations.

#### **OTHER PROFESSIONAL EXPERIENCE**

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##### **Bishop, Farmer & Co, LLP**

**January 2017 – November 2019**

*Supervisor*

As a supervisor with a certified public accounting firm, Ms. Tompkins:

- Served as the in-charge accountant on numerous audits in accordance with generally accepted accounting principles (GAAP), generally accepted auditing standards (GAAS), the Financial Accounting Standards Board (FASB), and the Governmental Accounting Standards Board (GASB), including audits of quasi-governmental and not-for-profit entities in accordance with the Yellow Book, 401(k) audits, and audits of Form 1408, Pre-Award Survey of Prospective Contractor - Accounting System.
- Performed all aspects of the audit, including preparing workpapers, assessing risk, completing audit programs, and drafting financial statements and disclosures.
- Researched and implemented appropriate changes in auditing standards to ensure compliance.
- Supervised lower-level staff members and reviewed their work.
- Prepared a variety of income tax returns for various states, including Forms 990, 1120, 1120S, 1065, 1041, and 1040.
- Assisted clients with tax planning at both the corporate and individual levels.
- Researched tax law to ensure compliance, educate lower-level staff, and provide partners with updated information upon request.

##### **Commissioner of the Revenue, City of Fredericksburg, Virginia**

*Auditor*

*June 2008 – June 2010*

*Chief Deputy/Auditor*

*June 2010 – December 2016*

As an auditor and the Chief Deputy with the Commissioner of the Revenue for the City of Fredericksburg, Virginia, Ms. Tompkins:

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- Independently planned and executed tax compliance audits.
  - Researched and discovered instances of potential non-compliance and communicated with taxpayers, their attorneys, and/or their accountants.
  - Consulted with the City Attorney and the Commonwealth's attorney regarding the application of local and state tax code for civil and criminal tax cases.
  - Performed collections activities through the summons process and criminal prosecution, including providing court testimony.
  - Provided guidance to staff regarding the interpretation and application of local and state tax code.
  - Reviewed the Code of the City of Fredericksburg to ensure accuracy and compliance with the Code of Virginia and coordinated with the City Attorney to execute changes through the city council when necessary.
  - Provided guidance and training to staff.
  - Reviewed and updated the City's website to ensure accuracy and compliance with the Code.
  - Maintained records retention logs.
  - Reviewed appeals and provided guidance for the Commissioner.
  - Prepared responses to the Virginia Tax Commissioner for taxpayer appeal cases.
  - Prepared annual budget and workload measures for the Virginia Compensation Board.
  - Managed the office and made decisions in the absence of the Commissioner of the Revenue.

**Julia J. Tierney, CPA, CMA and Law Office of Bruce A. McKechnie, PC**  
**June 1995 – June 2008**

*Administrator for Julia J. Tierney, CPA, CMA; Legal Assistant/Full-Charge Bookkeeper/Office Manager for the Law Office of Bruce A. McKechnie, PC*

Ms. Tompkins gained 13 years' experience supporting a husband-and-wife pair, dividing her time between Ms. Tierney's accounting practice and Mr. McKechnie's law office. Her responsibilities at each site were as follows:

- **Julia J. Tierney, CPA, CMA**
  - Assisted in preparing tax returns for various types of entity.
  - Maintained client files and various checklists.
  - Liaised with clients and vendors.
  - Managed office workflow.
  - Performed troubleshooting for computer issues.
- **Law Office of Bruce A. McKechnie, P.C.**
  - Performed all of the office's bookkeeping duties, including accounts receivable, accounts payable, general ledger maintenance, bank reconciliations for multiple accounts, and payroll.
  - Managed multiple corporations' bank accounts and all financial data.



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- Prepared all tax reports, including performing research to ensure compliance.
  - Prepared draft legal documents (e.g., leases, deeds, like-kind exchange documents, settlement documents).
  - Performed troubleshooting for computer issues.

**Area Landscaping, Inc.**

**September 2000 – Present**

*Financial Analyst/Accountant*

Ms. Tompkins has nearly 20 years' experience assisting a landscaping firm on a part-time basis of one day per week.

**Laura M. Wilmott**  
**Supervisory/Senior Consultant**

Firm Position

Supervisory Senior

GSA Labor Category

Supervisory Senior

Years Experience

Cotton & Company 10

Education

M.S. Accounting, American University, 2010

B.A., International Relations; B.A., Business Administration, American University, 2009

CPE

2019: 38.5

2018: 42

Security Clearance

Secret: October 5, 2010

Ms. Wilmott has 10 years of professional experience conducting compliance and performance audits of grant and contract funding awarded to nonprofit organizations, state and local governments, colleges and universities, for-profit organizations, and national associations.

Ms. Wilmott has specific experience in providing consulting services in support of agency management of grants and cooperative agreements and in providing litigation support services. She also has specific experience in dealing with federal disaster relief agencies in the aftermath of major catastrophic events and experience in monitoring grants from federal agencies that provide support to a state after a catastrophic event.

For purposes of our response, Ms. Wilmott's resume has been structured to emphasize her qualifications and experience that is most relevant to the scope of Integrity Monitoring services outlined in this Request for Quote (RFQ).

- Experience in completing similar contracts is described under the heading "Directly Relevant Contracts."
- Experience in completing other contracts is described under the heading "Other Professional Experience."

For the points of contact (POCs) for Ms. Wilmott's similar contract experience, please see the POC table in **Section 3.4**. The POCs that will serve as a reference check for each similar contract will also serve as a reference check for the related team member.

**DIRECTLY RELEVANT CONTRACTS**

**Department of Homeland Security (DHS), Office of Inspector General (OIG).** *Supervisory Senior*, March 2019 – April 2020

The Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1988 (Stafford Act) authorizes the Public Assistance (PA) Program. Following a major Presidential disaster declaration, the Stafford Act authorizes the Federal Emergency Management Agency (FEMA) to provide PA funding for disaster relief to state, local, and tribal governments and certain non-profit organizations.

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FEMA disbursed PA funds to the Florida Division of Emergency Management (FDEM) for damages resulting from Hurricane Irma. FDEM in turn passed funds to local subrecipients. Per federal grant requirements, FDEM is responsible for monitoring these subrecipients to ensure they manage PA funds appropriately, in accordance with FEMA program guidance and other federal grant requirements.

The DHS OIG contracted with Cotton & Company to conduct Early Warning and Capacity Audits. The objective of the audits was to determine whether FEMA ensured that the recipient (i.e., FDEM) and four of its subrecipients (i.e., counties) established and implemented policies, procedures, and practices to account for and expend PA grant funds awarded to disaster areas in accordance with federal regulations and FEMA guidance.

Ms. Wilmott served as a supervisor on the early warning audits of FEMA PA grants awarded to four Florida counties for damages resulting from Hurricane Irma.

Key responsibilities of her role included:

- Conducting interviews with FEMA, state, and subrecipient officials.
- Traveling to subrecipient sites to obtain an understanding of their grant administration and financial management practices, internal controls, and monitoring procedures.
- Reviewing subrecipient policies, procedures, and business practices for accounting for and expending grant funds and contracting for grant funds awarded or that may be awarded.
- Obtaining subrecipient financial accounting reports that summarize PA project and administrative expenditures incurred to date. Reconciling expenditures per the reports to payments made by the state.
- Testing the PA project expenditures claimed by the subrecipients for compliance with federal regulations (including 2 CFR Part 200 – *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*), state regulations, and FEMA guidance.
- Assessing whether subrecipient policies, procedures, and business practices enable the subrecipient to account for and expend FEMA grant funds in accordance with federal regulations, state regulations, and FEMA guidance.
- Identifying deficiencies in subrecipient internal controls and monitoring procedures and instances of noncompliance. Providing recommendations for corrective actions to address identified deficiencies and noncompliance.

## **OTHER PROFESSIONAL EXPERIENCE**

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**Indian Health Services (IHS).** *Supervisory Senior*, July 2014 – Present; *Senior*, February 2013 – June 2014

Hundreds of American Indian tribes and tribal organizations have brought numerous suits against the Secretary of Health and Human Services, seeking to collect contract support costs for activities that had to be carried on by a tribal organization as contractor to ensure compliance under the Indian Self-Determination and Education Assistance Act (ISDEAA). Cotton & Company is assisting IHS, an agency within the Department of Health and Human Services (HHS), in calculating damages related to these contracts.



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This analysis primarily involves reviewing indirect cost rates proposals submitted by each tribe, the subsequent rates that were negotiated and agreed to, and determining the appropriate IHS costs that the rate should be applied to in an effort to calculate the actual indirect costs of the tribe that are allocable to IHS funded expenses. Each review requires a detailed understanding of what costs the tribe included and excluded from the negotiated direct cost base of the rate. The analysis also involves reviewing the indirect cost pool to identify costs that IHS directly funds, which are therefore not allocable to IHS as indirect contract support costs.

Ms. Wilmott is working on dozens of lawsuits, including performing the analyses for hundreds of claim years, supporting settlement negotiations, and supervising staff. Ms. Wilmott is also involved with settlement meetings between IHS and the tribes.

**Universal Service Administrative Company (USAC).** *Supervisory Senior*, September 2020 – Present; May 2016 – February 2018; March – November 2015

Ms. Wilmott assists in conducting performance audits for USAC's Internal Audit Division in its examination of recipients of Universal Service Fund (USF) Schools and Libraries Program funds related to disbursements from USF for a 12-month period. She participates in fieldwork, supervises the work of staff auditors, and reviews schools and libraries' required filings for compliance with relevant regulations for USF Schools and Libraries support.

Ms. Wilmott previously assisted in conducting performance audits for USAC's Internal Audit Division in its examination of recipients of USF High Cost Program funds related to disbursements from USF for a 12-month period. She participated in fieldwork, supervised the work of staff auditors, and reviewed telecommunications companies' accounting records and required filings for compliance with relevant regulations for USF High Cost support.

**U.S. Department of State (DOS), Bureau of Population, Refugees, and Migration (PRM).** *Supervisory Senior*, March 2015 – July 2016

Ms. Wilmott participated on a consulting engagement to assist PRM in reducing unliquidated obligations related to grants. The team performed closeouts of hundreds of grants and cooperative agreements. For each of the selected grants/cooperative agreements, the team calculated indirect costs using expenditures reported on all financial status reports, as well as final indirect cost rates for each fiscal year; prepared amendments to awards indicating any adjustments resulting from funds paid to the recipient and determined "approved allowable costs"; prepared a closing letter to the recipient seeking agreement with the final determination of costs; prepared clearing document(s) and closing checklists for the grant/cooperative agreement; and reconciled obligation balances to DOS financial management systems.

**National Oceanic and Atmospheric Administration (NOAA).** *Staff*, June 2010 – December 2011; *Senior*, January 2012 – January 2013

Cotton & Company performed a number of consulting engagements for NOAA under three contracts. This work included developing indirect cost rates, reviewing cost documentation packages, validating and certifying costs incurred, reviewing accounting practices, and providing technical assistance on cost allocations and best practices in accounting. The team provided services to offices within the Damage Assessment, Remediation, and Restoration Program and the Office of National Marine Sanctuaries. As these offices assembled cost documentation packages to

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support costs incurred for remediation efforts and seek reimbursement, Ms. Wilmott reviewed and validated the information for completeness, accuracy, and compliance.

Specific procedures that Ms. Wilmott performed to validate each cost package included:

- Reviewing cost documentation provided as support for labor, travel, contractual services, and other direct costs. This included comparing reported labor hours to time-and-attendance reports and labor cost-detail reports.
- Reviewing calculations of amounts and application of indirect cost rates.
- Comparing reported direct costs to supporting expense reports and invoice documentation to determine if costs were incurred for appropriate cases.
- Ensuring consistency of information presented and allocability of costs incurred to appropriate objectives.
- Discussing discrepancies, inconsistencies, errors, and inappropriate allocations with management for resolution.
- Advising the client on the proper treatment and allocation of costs incurred and other financial information for accurate reporting.

**Scott Russell**  
**Supervisory/Senior Consultant**

Firm Position

Supervisory Senior

GSA Labor Category

Supervisory Senior

Years Experience

Cotton & Company 5

Other Professional 2

Education

B.S., Accounting, George Mason University, 2014

CPE

2019: 58

2018: 22

Security Clearance

Secret: October 23, 2015

Mr. Russell has 7 years of experience conducting compliance and performance audits of grant and contract funding awarded to nonprofit organizations, state and local governments, colleges and universities, for-profit organizations, and national associations. He also has specific experience in providing consulting services in support of an organizations' compliance monitoring program.

For purposes of our response, Mr. Russell's resume has been structured to emphasize his qualifications and experience that is most relevant to the scope of Integrity Monitoring services outlined in this Request for Quote (RFQ).

- Experience in completing similar contracts is described under the heading "Directly Relevant Contracts."
- Experience in completing other contracts is described under the heading "Other Professional Experience."

For the points of contact (POCs) for Mr. Russell's similar contract experience, please see the POC table in **Section 3.4**. The POCs that will serve as a reference check for each similar contract will also serve as a reference check for the related team member.

**DIRECTLY RELEVANT CONTRACTS**

**Patient-Centered Outcomes Research Institute (PCORI).**  
*Supervisory Senior*, October 2019 – Present; *Senior*, January 2018 – September 2019; *Staff*, February – December 2017

PCORI is an independent non-profit organization that issues contracts to educational institutions, hospitals, non-profit organizations, and for-profit organizations to conduct health-care related research. PCORI is a non-governmental agency; however, because it receives funding under the Patient Protection and Affordable Care Act of 2010, it is subject to audits and reviews conducted by the Government Accountability Office (GAO). To demonstrate to GAO that it is appropriately monitoring costs claimed on awards, PCORI contracted with Cotton & Company to advise PCORI in developing a financial compliance monitoring program.

Mr. Russell serves as a supervisor on this engagement. He assists in the development of criteria used to perform risk assessments applied to contracts and awards representing more than \$2.3 billion in funding across more than 500 contracts that PCORI awarded to nonprofit organizations, colleges and universities, for-profit organizations, and national associations from 2016 through 2020.



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Based on the results of these risk assessments, the team has conducted reviews for 89 contracts and awards at 53 different universities, hospitals, and non-profit organizations. The reviews involve testing a judgmental sample of transactions to ensure compliance with PCORI contract terms and conditions and organizational policies.

Key responsibilities of his role include:

- Reviewing contract terms and conditions, contract modifications, guidelines issued by PCORI, and the policies of the awardee organization to determine whether incurred costs are appropriate and in compliance with related requirements.
- Performing onsite visits (pre-COVID 19) and virtual site visits (post-COVID-19) to awardee organizations.
- For each review/visit, conducting kick-off meetings between Cotton & Company, PCORI, and awardees.
- Performing and reviewing testing performed by staff of sampled transactions to assess allowability, allocability, and reasonableness per PCORI's and the awardee's policy and guidance.
- Based on results of testing, conducting subsequent follow-up inquiries.
- Assisting PCORI with accrual preparation, internal audit functions specific to PCORI financial management, and reviewing and processing awardee invoices in support of PCORI.

#### **OTHER PROFESSIONAL EXPERIENCE**

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**National Science Foundation (NSF), Office of the Inspector General (OIG).** *Supervisory Senior*, October 2019 – Present; *Senior*, January 2018 – September 2019; *Staff*, February – December 2017

Mr. Russell has participated in cost-incurred performance audits of NSF grant funds issued to universities. He tested sampled transactions to evaluate the allowability, allocability, and reasonableness of each transaction in accordance with 2 CFR Part 200 – *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*), NSF allowability criteria, and organization-specific policies and procedures.

**Universal Service Administrative Company (USAC).** *Supervisory Senior*, September 2019 – Present; *Staff*, 2015 – 2017

USAC is an independent, not-for-profit corporation designated as the administrator of the federal Universal Service Fund (USF) by the Federal Communications Commission (FCC). USAC administers USF programs, which help provide communities across the country with affordable telecommunications services.

Mr. Russell participated on a task order to provide performance audits for USAC's Internal Audit Division in its examination of recipients of USF Schools and Libraries Program funds related to disbursements from USF for a 12-month period. He reviewed schools and libraries' accounting records and required filings for compliance with relevant regulations for USF Schools and Libraries support.

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Mr. Russell previously assisted in performing an assessment program designed by USAC and FCC to determine estimated rates of improper payments for the USF programs. Mr. Russell's responsibilities included assessing specific payments made to selected beneficiaries to determine if the payments were made in accordance with FCC rules.

**Miller Consulting Group, LLC.** *Staff Accountant, 2012 – 2015*

At Miller Consulting Group, Mr. Russell's responsibilities included preparing and analyzing company financial statements and internal reports, maintaining fixed asset ledgers, recording adjusting journal entries, closing entries, and inter-company transfers and variances, managing asset depreciation schedules in accordance with both tax and book accounting guidelines, and creating and maintaining cost-basis schedules for investment properties.

Mr. Russell also prepared individual federal and state tax returns. He also assisted with federal and state tax returns for corporations, trusts, and partnerships.

**Lauren O'Brien**

CPA

**Supervisory/Senior Consultant**

Firm Position

Senior

GSA Labor Category

Supervisory Senior

Years Experience

Cotton & Company 4

Education

B.B.A., Accounting, Roanoke

College, 2016

Criminal Justice, Roanoke College,

2016

Licensing

CPA: Virginia, 2019 (#48790)

Affiliations

Association of Government

Accountants (AGA)

CPE

2019: 43.5

2018: 54

Security Clearance

Secret: October 5, 2016

Ms. O'Brien has 4 years of experience in risk and internal control assessment engagements.

For purposes of our response, Ms. O'Brien's resume has been structured to emphasize her qualifications and experience that is most relevant to the scope of Integrity Monitoring services outlined in this Request for Quote (RFQ).

- Experience in completing similar contracts is described under the heading "Directly Relevant Contracts."
- Experience in completing other contracts is described under the heading "Other Professional Experience."

For the points of contact (POCs) for Ms. O'Brien's similar contract experience, please see the POC table in **Section 3.4**. The POCs that will serve as a reference check for each similar contract will also serve as a reference check for the related team member.

**DIRECTLY RELEVANT CONTRACTS**

**U.S. Department of State (DOS).** *Supervisory Senior*, January 2020 – Present; *Senior*, January 2018 – December 2019; *Staff*, June 2016 – December 2017

Since 2005, Cotton & Company has successfully supported DOS with its implementation of Appendix A to the Office of Management and Budget (OMB) Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, which requires federal agencies to document, assess, and report on internal control over reporting. Ms. O'Brien supervises senior and staff personnel, provides guidance on the design and implementation of internal control, performs control testing, assesses results, and provides recommendations. Key responsibilities include:

- Supervising and performing the annual testing of over 90 areas related to DOS reporting responsibilities.
- Performing ongoing risk assessments related to DOS internal control over reporting, identifying internal controls to mitigate risks, and identifying control gaps.
- Interviewing DOS personnel, reviewing relevant documents, and performing walkthroughs of transaction processing to gain an understanding of the business process and key controls within the process.



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- Supervising the annual update of business process documentation for the seven assessment areas related to DOS reporting.
  - Assisting staff in preparing and completing testing to assess the design, implementation, and operating effectiveness of related internal controls.
  - Performing quality assurance and quality control procedures for testing results and related workpapers.
  - Preparing findings to communicate the condition, criteria, cause, and effect of identified deficiencies to DOS personnel.
  - Developing recommendations for corrective actions to address identified deficiencies in DOS internal control.
  - Acting as communications liaison for the engagement team. Ms. O'Brien is responsible for communicating with all DOS bureaus, offices, and posts to facilitate requests for documentation and updates to business process documentation. She also communicates the results of testing and recommended corrective actions.

#### **OTHER PROFESSIONAL EXPERIENCE**

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Ms. O'Brien gained 2.5 years of experience as an invoicing administrator with a travel agency, where she:

- Compiled data from the company's reservation system into the cloud-based invoicing system.
- Generated invoices with supporting vendor access to the system.
- Trained new vendors on how to use the system.
- Reviewed vendor revisions, performed reconciliations, processed milestone reminders, and generated final invoices.

In addition, Ms. O'Brien gained one summer's experience as a client service associate with a global financial services firm, where she interned with a senior wealth advisor. Ms. O'Brien prepared financial plans and assisted in wealth advising for clients.

Ms. O'Brien also has one semester's experience as a project coordinator with a global health initiative, where she managed and coordinated an event.

**M. Darwin Emmanuel**  
**Supervisory/Senior Consultant**

Firm Position

Senior

GSA Labor Category

Supervisory Senior

Years Experience

Cotton & Company 4  
Other Professional <1

Education

M.B.A., Marymount University, 2017  
B.B.A., Accounting and Finance, Marymount University, 2015

CPE

2019: 20.5  
2018: 63

Security Clearance

Secret: September 23, 2017

Mr. Emmanuel has 5 years of experience conducting compliance and performance audits of grant and contract funding awarded to nonprofit organizations, state and local governments, colleges and universities, for-profit organizations, and national associations. He has specific experience in providing consulting services in support of an organizations' compliance monitoring program. He also has specific experience in dealing with federal disaster relief agencies in the aftermath of major catastrophic events and experience in monitoring grants from federal agencies that provide support to a state after a catastrophic event.

For purposes of our response, Mr. Emmanuel's resume has been structured to emphasize his qualifications and experience that is most relevant to the scope of Integrity Monitoring services outlined in this Request for Quote (RFQ).

- Experience in completing similar contracts is described under the heading "Directly Relevant Contracts."
- Experience in completing other contracts is described under the heading "Other Professional Experience."

For the points of contact (POCs) for Mr. Emmanuel's similar contract experience, please see the POC table in **Section 3.4**. The POCs that will serve as a reference check for each similar contract will also serve as a reference check for the related team member.

**DIRECTLY RELEVANT CONTRACTS**

**Patient-Centered Outcomes Research Institute (PCORI).**

*Supervisory Senior*, October 2019 – Present; *Senior*, June 2018 – September 2019; *Staff*, January 2017 – June 2018

PCORI is an independent non-profit organization that issues contracts to educational institutions, hospitals, non-profit organizations, and for-profit organizations to conduct health-care related research. PCORI is a non-governmental agency; however, because it receives funding under the Patient Protection and Affordable Care Act of 2010, it is subject to audits and reviews conducted by the Government Accountability Office (GAO). To demonstrate to GAO that it is appropriately monitoring costs claimed on awards, PCORI contracted with Cotton & Company to advise PCORI in developing a financial compliance monitoring program.

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Mr. Emmanuel serves as a supervisor on this engagement. He assists in the development of criteria used to perform risk assessments applied to contracts and awards representing more than \$2.3 billion in funding across more than 500 contracts that PCORI awarded to nonprofit organizations, colleges and universities, for-profit organizations, and national associations from 2016 through 2020. Based on the results of these risk assessments, the team has conducted reviews for 89 contracts and awards at 53 different universities, hospitals, and non-profit organizations. The reviews involve testing a judgmental sample of transactions to ensure compliance with PCORI contract terms and conditions and organizational policies.

Key responsibilities of his role include:

- Reviewing contract terms and conditions, contract modifications, guidelines issued by PCORI, and the policies of the awardee organization to determine whether incurred costs are appropriate and in compliance with related requirements.
- Assisting in creating risk assessment factors and assessing the factors on a universe of ongoing contracts for multiple years.
- Evaluating budgets and histories for PCORI contracts and programs to assess the appropriateness of the work being completed and financial impacts.
- Performing and reviewing testing performed by staff of sampled transactions to assess allowability, allocability, and reasonableness per PCORI's and the awardee's policy and guidance.
- Based on results of testing, conducting subsequent follow-up inquiries
- Creating fieldwork summaries and observation reports that summarize the results of the compliance reviews.

**Corporation for National and Community Service (CNCS), Office of the Inspector General (OIG).** *Supervisory Senior*, October 2019 – Present; *Senior*, June 2018 – September 2019; *Staff*, December 2016 – June 2018

Mr. Emmanuel has participated in agreed-upon procedures (AUP) engagements of four State Commissions and various subgrantees. He participates in site visits, member, and other direct cost testing; conducts interviews with members and supervisors; completes workpapers for program monitoring controls, financial monitoring controls, and Office of Management and Budget (OMB) Circular A-133 reports; and creates finding outlines to include in the final report. Specific audit work includes:

- Completing the testing of program-serving members and employees, as well as costs incurred.
- Conducting interviews with personnel to ensure program-specific objectives were being completed and achieved.
- Assessing whether program monitoring activities were appropriately completed and reported.

Mr. Emmanuel also participated in the performance audit of CNCS's compliance with the Improper Payments Elimination and Recovery Act of 2010 (IPERA) for fiscal years (FYs) 2018 and 2019. Mr. Emmanuel evaluated whether the attribute testing model was reasonable and comprehensive, as well as re-performed attribute testing to evaluate CNCS's conclusions regarding whether sampled transactions related to proper or improper payments.



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Mr. Emmanuel is currently assisting the CNCS OIG on two investigations regarding false claims for funding awarded to two State Commissions and their subawardees. He reviews documentation provided by the CNCS OIG and State Commissions to validate the number of ineligible education awards, calculates questionable and fraudulent timesheet hours, verifies background checks were completed in an adequate and timely manner, quantifies questioned costs for funds expended by the State Commissions, and summarizes potential false claims and associated monetary damages. He is also responsible for attending meetings with personnel from the CNCS OIG and U.S. Attorney's Office to discuss findings and preparing documentation to present these findings, as requested.

**Department of Homeland Security (DHS), OIG.** *Senior*, June – October 2018; *Staff*, October 2017 – June 2018

Mr. Emmanuel participated on a performance audit of Federal Emergency Management Agency (FEMA) Public Assistance (PA) grant funds awarded to the Sewerage and Water Board of New Orleans (SWBNO), a subrecipient of the Louisiana Governor's Office of Homeland Security Emergency Preparedness (GOHSEP). The objective of the audit was to determine whether the SWBNO accounted for and expended FEMA grant funds according to federal regulations and FEMA guidelines. Specific audit work included:

- Meeting with FEMA and Louisiana officials to obtain an understanding of their internal controls, monitoring procedures, and financial management processes as they related to the disaster management program.
- Receiving training on Louisiana's disaster management system to understand how subrecipients used the system to request payment for PA project worksheets and submitted supporting documentation for reimbursement requests, and how Louisiana used its system to review submitted documentation to determine allowable costs, approve cash advances and approved and closed out PA project worksheets.
- Obtaining financial accounting reports from the subrecipients that summarized PA project and administrative expenditures incurred to date and reconciling those expenditure reports to payments made by the state.
- Testing the PA project expenditures claimed by the subrecipients for compliance with 2 CFR Part 200 – *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, state regulations, and FEMA guidelines.

#### **OTHER PROFESSIONAL EXPERIENCE**

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**National Science Foundation (NSF) OIG.** *Supervisory Senior*, October 2019 – Present; *Senior*, June 2018 – September 2019; *Staff*, October 2016 – June 2018

Mr. Emmanuel has participated in 12 cost-incurred performance audits of NSF grant funds issued to 11 universities and one not-for-profit organization. He samples and tests extracted transactions to evaluate the allowability, allocability, and reasonableness of each transaction in accordance with 2 CFR Part 200 – *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, NSF allowability criteria, and organization-specific policies and procedures. Mr. Emmanuel also reviews transactions sampled from the universities' financial systems to identify and report on instances of non-compliance with regulations, federal financial assistance

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requirements, and the provisions of the NSF award agreements as they relate to the transactions tested. In addition, Mr. Emmanuel has conducted cluster testing on transactions.

Mr. Emmanuel has participated in three engagements, and he is currently participating in six engagements at universities, each of which involves a preliminary survey phase that leads to a recommendation for whether a performance, internal control, or accounting system audit should be performed. For these engagements, he has assisted in reviewing organizational policies and procedures to evaluate the strengths and weaknesses of its internal controls, selecting and testing a sample of transactions, and providing a recommendation to the NSF OIG regarding whether any additional audit work may be appropriate.

**Virginia Department of Transportation (VDOT), Staff, May – October 2017**

Mr. Emmanuel participated in a first-time performance audit of state funding to airports located in Virginia. His work consisted of site visits all over the state, project observation, and workpaper reviews. He met with local airport managers and performed testing to determine whether the airports used state funding as requested.

**Universal Service Administrative Company (USAC). Staff, June – October 2016**

Under two 3-year contracts with USAC, Cotton & Company performed an assessment program designed by USAC and the Federal Communications Commission (FCC) to determine estimated rates of improper payments for the Universal Service Fund (USF) programs, in accordance with generally accepted government auditing standards (GAGAS). Each year, Cotton & Company selected and tested samples of more than 1,000 expenditures to ensure the accuracy of USAC payments to program applicants. Mr. Emmanuel participated in an assessment of USAC's High Cost program, which provides support to telecommunications companies that offer discounts to millions of eligible consumers located in rural, hard-to-serve areas. Mr. Emmanuel assisted in calculating the High Cost program improper payment rate by examining beneficiary financial records; analyzing algorithms; and performing oral inquiries, written inquiries, and confirmations.

**CNCS. Audit Intern, February – June 2016**

As an audit intern with the CNCS OIG, under the supervision of the Audit Manager and Assistant Inspector General for Audit, Mr. Emmanuel:

- Performed audit procedures in accordance with generally accepted auditing standards (GAAS), *Quality Standards for Inspection and Evaluation*, and *Government Auditing Standards* (GAS).
- Created audit workpapers and documented procedures and findings using automatic electronic audit workpaper software (AutoAudit), a grant system (eGrants), and a file management system (Huddle).
- Conducted legislatively required risk assessments of the agency's government purchase and travel card programs.
- Assisted in monitoring certified public accounting firms' audit work, such as reviewing audit planning memos and audit programs, attending audit entrance conferences, and creating audit oversight folders.
- Analyzed agency grantees' Single Audit reports, extracted audit reports from the Federal Audit Clearinghouse's Image Management System, identified audit issues, and summarized results.



**APPENDIX E: GSA MAS (PROFESSIONAL SERVICES): GS-00F-144CA PRICE LIST**



## COTTON & COMPANY LLP PRICE LIST

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### GENERAL SERVICES ADMINISTRATION FEDERAL SUPPLY SERVICE AUTHORIZED FEDERAL SUPPLY SCHEDULE PRICE LIST

On-line access to contract ordering information, terms and conditions, up-to-date pricing, and the option to create an electronic delivery order are available through **GSA Advantage!**®, a menu-driven database system. The INTERNET address for **GSA Advantage!**® is: [GSAAdvantage.gov](http://GSAAdvantage.gov).

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### MULTIPLE AWARD SCHEDULE – PRICE LIST

<b>FSC GROUP:</b>	PROFESSIONAL SERVICES
<b>FSC/PSC:</b>	R704; R703; R408; 0000
<b>CONTRACT NUMBER:</b>	GS-00F-144CA
<b>CONTRACT PERIOD:</b>	JULY 17, 2020 THROUGH JULY 16, 2025 PRICE LIST IS CURRENT AS OF MOD # PS-0019; EFFECTIVE DATE JULY 16, 2020
<b>CONTRACTOR INFORMATION:</b>	COTTON & COMPANY LLP 333 John Carlyle St Ste 500 Alexandria, VA 22314 T: (703) 836-6701 F: [REDACTED] <a href="http://www.cottoncpa.com">www.cottoncpa.com</a>
<b>BUSINESS SIZE:</b>	LARGE VETERAN-OWNED BUSINESS
<b>ADDITIONAL INFORMATION:</b>	Stephanie Tuthill, CCO <a href="mailto:Contracts@cottoncpa.com">Contracts@cottoncpa.com</a>

For more information on ordering from Federal Supply Schedules go to the GSA Schedules page at [GSA.gov](http://GSA.gov).



## CUSTOMER INFORMATION

- 1a. Table of awarded special item number(s) with appropriate cross references to item descriptions and awarded price(s).

SIN	SIN Title	Description Page	Awarded Price Page
541211/RC	Auditing Services	5 – 11	4
541219/RC	Budget and Financial Management Services	5 – 11	4
541611/RC	Management and Financial Consulting, Acquisition and Grants Management Support, and Business Program and Project Management Services	5 – 11	4
OLM/RC/STLOC	Order Level Materials (OLM)	Defined at Order Level	Defined at Order Level

- 1b. Identification of the lowest priced model number and lowest unit price for that model for each special item number awarded in the contract. This price is the Government price based on a unit of one, exclusive of any quantity/dollar volume, prompt payment, or any other concession affecting price. Those contracts that have unit prices based on the geographic location of the customer, should show the range of the lowest price, and cite the areas to which the prices apply.

Not Applicable.

- 1c. If the Contractor is proposing hourly rates, a description of all corresponding commercial job titles, experience, functional responsibility and education for those types of employees or subcontractors who will perform services shall be provided. If hourly rates are not applicable, indicate "Not applicable" for this item.

Reference pages 5-11 for GSA commercial labor category titles, experience, functional responsibilities, education, and hourly rates.

2. Maximum Order:

SIN	Maximum Order
541211/RC/STLOC	\$1,000,000
541219/RC/STLOC	\$1,000,000
541611/RC/STLOC	\$1,000,000
OLM/RC/STLOC	\$250,000

3. Minimum Order: \$100

4. Geographic Coverage (Delivery Area): The geographic scope of the contract is worldwide.

5. **Point(s) of Production (City, County, and State or Foreign Country):** Same as company address.

6. **Discount from List Prices or Statement of Net Price:** Government net prices (discounts already deducted).

7. **Quantity Discounts:**

0.5% Discount – task orders greater than \$500,000

1.0% Discount – task orders greater than \$1,000,000

2.0% Discount – task orders greater than \$1,500,000

3.0% Discount – task orders greater than \$2,000,000

(These concessions apply to the incremental value of an order.)

8. **Prompt Payment:** 1% for payments of invoices made within 10 days of receipt of a proper invoice. (1%, 10 days, Net 30).

Information for Ordering Offices: Prompt payment terms cannot be negotiated out of the contractual agreement in exchange for other concessions.

9a. **Government purchase cards are accepted** at or below the micro-purchase threshold.

9b. **Government purchase cards are accepted** above the micro-purchase threshold.

10. **Foreign items (list items by country of origin):** Not applicable.

11a. **Time of Delivery:** Specified at the order level.

11b. **Expedited Delivery:** Contact Contractor.

11c. **Overnight and 2-day Delivery:** Contact Contractor.

11d. **Urgent Requirements:** Contact Contractor.

12. **F.O.B. point(s):** Destination.

13a. **Ordering address:**

Cotton & Company LLP

333 John Carlyle St

Ste 500

Alexandria, VA 22314

(703) 836-6701

13b. **Ordering procedures:** For supplies and services, the ordering procedures, information on Blanket Purchase Agreements (BPA's) are found in Federal Acquisition Regulation (FAR) 8.405-3.



14. **Payment address:**  
Cotton & Company LLP  
333 John Carlyle St  
Ste 500  
Alexandria, VA 22314  
(703) 836-6701
15. **Warranty provision:** Not applicable. This is a services contract.
16. **Export packing charges:** Not applicable.
17. **Terms and conditions of Government purchase card acceptance (any thresholds above the micropurchase level):** Contact contractor.
18. **Terms and conditions of rental, maintenance, and repair:** Not applicable.
19. **Terms and conditions of installation:** Not applicable.
20. **Terms and conditions of repair parts indicating date of parts price lists and any discounts from list prices:** Not applicable.
- 20a. **Terms and conditions for any other services:** Not applicable.
21. **List of service and distribution points:** Not applicable.
22. **List of participating dealers:** Not applicable.
23. **Preventive maintenance:** Not applicable.
- 24a. **Special attributes such as environmental attributes (e.g. recycled content, energy efficiency, and/or reduced pollutants):** Not applicable.
- 24b. **If applicable, indicate that Section 508 compliance information is available on Electronic and Information Technology (EIT) supplies and services and show where full details can be found (e.g. contractor's website or other location):** The professional services offered by Cotton & Company LLP are assurance, advisory, technical, and managerial services, which are not generally considered Electronic and Information Technology (EIT) and which are not provided by the government to employees or to the public. Section 508 Compliance does not apply to these services. If these services are ordered in support of agency requirements relating to EIT applications, products and services provided to employees or to the public, then, Cotton & Company LLP will address Section 508 Compliance requirements as set out in a Task Order or Statement of Work. The EIT standard can be found at: [www.Section508.gov/](http://www.Section508.gov/).
25. **Data Universal Number System (DUNS) number:** [REDACTED]

26. **Notification regarding registration in System for Award Management (SAM) database:** Cotton & Company LLP is currently registered and active in SAM.

## LABOR CATEGORY DESCRIPTIONS

SINs 541211; 541219; 541611

\* IA= Information Assurance

Senior Partner	
<b>Title</b>	
<b>Functional Duties/Responsibilities</b>	Serve as liaison with governmental agency, direct projects, review final reports, assume signatory authority for audit reports, and provide final quality control review.
<b>Minimum Education Level</b>	Bachelor's degree from an accredited college or university. Major in accounting or other technical field preferred.
<b>Required/Supplemental Certifications</b>	CPA or CISA.
<b>Continuing Professional Education</b>	In accordance with the Yellow Book/Government Auditing Standards.
<b>Minimum Experience Requirements</b>	Minimum of 10 years of experience and 2 years in the position of partner or principal with the firm. Proficient knowledge of GAAP, GAAS, federal regulations, guidelines, standards, concepts, or industry practices pertaining to audit, budget, accounting, financial management, management consulting, information assurance, or other relevant aspects of the engagement.
<b>Substitution Methodology</b>	Not applicable.

Partner	
<b>Title</b>	
<b>Functional Duties/Responsibilities</b>	Serve as liaison with governmental agency, direct projects, review final reports, assume signatory authority for audit reports, and provide final quality control review.
<b>Minimum Education Level</b>	Bachelor's degree from an accredited college or university. Major in accounting or other technical field preferred.
<b>Required/Supplemental Certifications</b>	CPA or CISA.
<b>Continuing Professional Education</b>	In accordance with the Yellow Book/Government Auditing Standards.
<b>Minimum Experience Requirements</b>	Minimum of 5 years of experience and the position of partner or principal with the firm. Proficient knowledge of GAAP, GAAS, federal regulations, guidelines, standards, concepts, or industry practices pertaining to audit, budget, accounting, financial management, management consulting, information assurance, or other relevant aspects of the engagement.
<b>Substitution Methodology</b>	Not applicable.

Senior Manager	
<b>Title</b>	
<b>Functional Duties/Responsibilities</b>	Manage and supervise project teams, provide on-site quality control, monitor engagement budget, plan and assign tasks to project team, act as liaison between project senior and project partner/principal, review workpapers, provide technical assistance to federal agencies and project staff.



Senior Manager	
<b>Title</b>	
<b>Minimum Education Level</b>	Bachelor's degree from an accredited college or university. Major in accounting or other technical field preferred.
<b>Required/Supplemental Certifications</b>	CPA, CGFM, CDFM, CICA, CIA, CFE, or PMP.
<b>Continuing Professional Education</b>	In accordance with the Yellow Book/Government Auditing Standards.
<b>Minimum Experience Requirements</b>	Minimum of 7 years of audit, budget, accounting, financial management, management consulting, or other relevant services experience. Proficient knowledge of GAAP; GAAS; federal regulations, guidelines, standards, and concepts; or other relevant industry practices pertaining to the engagement.
<b>Substitution Methodology</b>	8 years of relevant experience may be substituted for a certification.

Manager	
<b>Title</b>	
<b>Functional Duties/Responsibilities</b>	Manage and supervise project teams, provide onsite quality control, monitor engagement budget, plan and assign tasks to project team, act as liaison between project senior and project partner/principal, review workpapers, provide technical assistance to federal agencies and project staff.
<b>Minimum Education Level</b>	Bachelor's degree from an accredited college or university. Major in accounting or other technical field preferred.
<b>Required/Supplemental Certifications</b>	CPA, CGFM, CDFM, CICA, CIA, CFE, or PMP.
<b>Continuing Professional Education</b>	In accordance with the Yellow Book/Government Auditing Standards.
<b>Minimum Experience Requirements</b>	Minimum of 2 years of audit, budget, accounting, financial management, management consulting, or other relevant services experience. Proficient knowledge of GAAP, GAAS, federal regulations, guidelines, standards and concepts, or other relevant industry practices pertaining to the engagement.
<b>Substitution Methodology</b>	5 years of relevant experience may be substituted for a certification.

Supervisory Senior	
<b>Title</b>	
<b>Functional Duties/Responsibilities</b>	Supervise project staff onsite, provide technical guidance on work assignments, independently perform major segments of engagement, act as liaison between project staff and project manager, and perform assigned tasks related to the engagement.
<b>Minimum Education Level</b>	Bachelor's degree from an accredited college or university. Major in accounting or other technical field preferred.
<b>Required/Supplemental Certifications</b>	CPA, CGFM, CDFM, CICA, CIA, CFE, or PMP preferred.
<b>Continuing Professional Education</b>	In accordance with the Yellow Book/Government Auditing Standards.
<b>Minimum Experience Requirements</b>	Minimum of 4 years of audit, budget, accounting, financial management, management consulting, or other relevant services experience. Proficient



Supervisory Senior	
<b>Title</b>	
	knowledge of GAAP, GAAS, federal regulations, guidelines, standards and concepts, or other relevant industry practices pertaining to the engagement.
<b>Substitution Methodology</b>	Not applicable.

Senior	
<b>Title</b>	
<b>Functional Duties/Responsibilities</b>	Supervise project staff onsite, provide technical guidance on work assignments, independently perform major segments of engagement, act as liaison between project staff and project manager, and perform assigned tasks related to the engagement.
<b>Minimum Education Level</b>	Bachelor's degree from an accredited college or university. Major in accounting or other technical field preferred.
<b>Required/Supplemental Certifications</b>	CPA, CGFM, CDFM, CICA, CIA, CFE, or PMP preferred.
<b>Continuing Professional Education</b>	In accordance with the Yellow Book/Government Auditing Standards.
<b>Minimum Experience Requirements</b>	Minimum of 18 months of audit, budget, accounting, financial management, management consulting, or other relevant services experience. Proficient knowledge of GAAP, GAAS, federal regulations, guidelines, standards and concepts, or other relevant industry practices pertaining to the engagement.
<b>Substitution Methodology</b>	Not applicable.

Staff	
<b>Title</b>	
<b>Functional Duties/Responsibilities</b>	Serve on project team, perform tasks as assigned.
<b>Minimum Education Level</b>	Bachelor's degree from an accredited college or university. Major in in accounting or other technical field preferred.
<b>Required/Supplemental Certifications</b>	CPA candidate preferred.
<b>Continuing Professional Education</b>	In accordance with the Yellow Book/Government Auditing Standards.
<b>Minimum Experience Requirements</b>	None required. Ability to work with minimal direct supervision.
<b>Substitution Methodology</b>	Not applicable.

IA Senior Manager	
<b>Title</b>	
<b>Functional Duties/Responsibilities</b>	Manage and supervise project teams, monitor engagement budget, plan and assign tasks to project team, act as liaison between project senior and project partner/principal. Review and evaluate computer-based systems, audit general and application controls in complex information technology environments, and perform other duties relevant to the engagement.



IA Senior Manager	
<b>Title</b>	
<b>Minimum Education Level</b>	Bachelor's degree from an accredited college or university. Major in computer science, accounting, or other technical field preferred.
<b>Required/Supplemental Certifications</b>	CISA, CISSP, CISM, CEH, CIPP, or PMP.
<b>Continuing Professional Education</b>	In accordance with the Yellow Book/Government Auditing Standards.
<b>Minimum Experience Requirements</b>	Minimum of 7 years of IA auditing or consulting, computer programming, or other relevant services experience. Knowledge of FISCAM, GAAS, applicable programming languages, system applications and hardware components, or other relevant industry practices pertaining to the engagement.
<b>Substitution Methodology</b>	8 years of relevant experience may be substituted for a certification.

IA Manager	
<b>Title</b>	
<b>Functional Duties/Responsibilities</b>	Manage and supervise project teams, monitor engagement budget, plan and assign tasks to project team, act as liaison between project senior and project partner/principal. Review and evaluate computer-based systems, audit general and application controls in complex information technology environments, perform other duties relevant to the engagement.
<b>Minimum Education Level</b>	Bachelor's degree from an accredited college or university. Major in computer science, accounting, or other technical field preferred.
<b>Required/Supplemental Certifications</b>	CISA, CISSP, CISM, CEH, CIPP, or PMP.
<b>Continuing Professional Education</b>	In accordance with the Yellow Book/Government Auditing Standards.
<b>Minimum Experience Requirements</b>	Minimum of 2 years of IA auditing or consulting, computer programming, or other relevant services experience. Knowledge of FISCAM, GAAS, applicable programming languages, system applications and hardware components, or other relevant industry practices pertaining to the engagement.
<b>Substitution Methodology</b>	5 years of relevant experience may be substituted for a certification.

IA Supervisory Senior	
<b>Title</b>	
<b>Functional Duties/Responsibilities</b>	Review and evaluate computer-based systems, audit general and application controls in information technology environments, perform other duties relevant to the engagement, including onsite supervision of project staff, provide technical guidance on work assignments, independently perform major segments of engagement, act as liaison between project staff and project manager, review and evaluate computer-based systems, test applications and general controls, provide technical assistance on computerized audit techniques.
<b>Minimum Education Level</b>	Bachelor's degree from an accredited college or university. Major in computer science, accounting, or other technical field preferred.



Title	IA Supervisory Senior
Required/Supplemental Certifications	CISA, CISSP, CISM, CEH, CIPP, or PMP preferred.
Continuing Professional Education	In accordance with the Yellow Book/Government Auditing Standards.
Minimum Experience Requirements	Minimum of 3 years of IA auditing or consulting, computer programming, or other relevant services experience. Knowledge of FISCAM, GAAS, applicable programming languages, system applications and hardware components, or other relevant industry practices pertaining to the engagement.
Substitution Methodology	Not applicable.

Title	IA Senior
Functional Duties/Responsibilities	Provide onsite supervision of project staff, provide technical guidance on work assignments, independently perform major segments of engagement, act as liaison between project staff and project manager, review and evaluate computer-based systems, test applications and general controls, provide technical assistance on computerized audit techniques.
Minimum Education Level	Bachelor's degree from an accredited college or university. Major in computer science, accounting, or other technical field preferred.
Required/Supplemental Certifications	CISA, CISSP, CISM, CEH, CIPP, or PMP preferred.
Continuing Professional Education	In accordance with the Yellow Book/Government Auditing Standards.
Minimum Experience Requirements	Minimum of 18 months of IA auditing or consulting, computer programming, or other relevant services experience. Knowledge of FISCAM, GAAS, applicable programming languages, system applications and hardware components, or other relevant industry practices pertaining to the engagement.
Substitution Methodology	Not applicable.

Title	IA Staff
Functional Duties/Responsibilities	Serve as project team member, perform tasks as assigned.
Minimum Education Level	Bachelor's degree from an accredited college or university. Major in computer science, accounting, or other technical field preferred.
Required/Supplemental Certifications	CISA candidate preferred.
Continuing Professional Education	In accordance with the Yellow Book/Government Auditing Standards.
Minimum Experience Requirements	None required. Basic understanding of computer-based systems and internal controls.
Substitution Methodology	Not applicable.



Title	Senior Consultant
Functional Duties/Responsibilities	Provide professional expertise in a specific subject matter, supervise or manage teams or other consultants.
Minimum Education Level	Bachelor's degree from an accredited college or university. Advanced degree preferred.
Required/Supplemental Certifications	As appropriate for the subject matter.
Minimum Experience Requirements	Thorough knowledge, formal training, and high-level expertise in a specific subject matter necessary for successful completion of the engagement.
Substitution Methodology	Not applicable.

Title	Consultant
Functional Duties/Responsibilities	Provide professional support in a specific subject matter, work with teams or other consultants.
Minimum Education Level	Bachelor's degree from an accredited college or university.
Required/Supplemental Certifications	As appropriate for the subject matter.
Minimum Experience Requirements	Technical knowledge, training, or relevant experience in a specific subject matter necessary for successful completion of the engagement.
Substitution Methodology	Not applicable.

Title	Intern
Functional Duties/Responsibilities	As directed, provide financial or IT assistance and support to the project team. Requires an ability to work independently, meet deadlines, and communicate effectively with supervisory personnel.
Minimum Education Level	Completed Sophomore or Junior year at an accredited college or university with a major in accounting, information systems, or related field.
Required/Supplemental Certifications	None required.
Continuing Professional Education	Not applicable.
Minimum Experience Requirements	As directed, provide financial or IT assistance and support to the project team. Requires an ability to work independently, meet deadlines, and communicate effectively with supervisory personnel.
Substitution Methodology	Completed Sophomore or Junior year at an accredited college or university with a major in accounting, information systems, or related field.

**Service Contract Labor Standards:** The Service Contract Labor Standards (SCLS), formerly known as the Service Contract Act (SCA), is applicable to this contract as it applies to the entire Multiple Award Schedule (MAS) and all services provided. While no specific labor categories have been identified as being subject to

SCLS/SCA due to exemptions for professional employees (FAR 22.1101, 22.1102 and 29 CFR 541.300), this contract still maintains the provisions and protections for SCLS/SCA eligible labor categories. If and / or when the contractor adds SCLS/SCA labor categories to the contract through the modification process, the contractor must inform the Contracting Officer and establish a SCLS/SCA matrix identifying the GSA labor category titles, the occupational code, SCLS/SCA labor category titles and the applicable WD number. Failure to do so may result in cancellation of the contract.



## **CONFIDENTIALITY / NON-DISCLOSURE AGREEMENT**

**THIS CONFIDENTIALITY /NON-DISCLOSURE AGREEMENT** ("Agreement") is effective as of the date last written below and is by and between the New Jersey Office of Homeland Security and Preparedness ("NJOHSP") with its principal address at 1200 Negron Drive, Hamilton New Jersey 08691; the Department of the Treasury –Division of Purchase and Property ("Division"), with its principal place of business at 33 West State Street, Trenton New Jersey 08625 (hereinafter collectively referred to as "State") and Cotton & Company LLP, with its principal place of business at 333 John Carlyle Street, Suite 500, Alexandria, VA 22314, its employees, agents, contractors, and legal representatives (hereinafter referred to as the "Vendor").

**WHEREAS**, the Vendor intends to submit a Quote to the State in response to a Bid Solicitation advertised by the Division; and

**WHEREAS**, the Vendor is required to complete the State of New Jersey Security Due Diligence Third-Party Information Security Questionnaire and provide applicable supporting documents (collectively "Security Questionnaire") regarding its security and privacy controls and include it with its Quote submitted to the Division; and

**WHEREAS**, NJOHSP will review the Security Questionnaire to determine whether the Vendor's security and privacy controls meet the State of New Jersey's objectives as outlined and documented in the Statewide Information Security Manual and the corresponding requirements in the Bid Solicitation; and

**WHEREAS**, the State recognizes that the information contained in the Security Questionnaire may contain Confidential Information;

**NOW THEREFORE**, in consideration of the mutual promises and covenants contained herein, the Vendor and the State do hereby agree as follows:

1. Confidential Information which may be included on the Security Questionnaire means all information, including data, disclosed directly or indirectly, through any means of communication (including in oral, written or digital form) or observation, by or on behalf of the Vendor to or for the benefit of NJOHSP or the Division and all information or data derived there from, that relates to the Vendor's security and privacy controls as contained or referenced in the Security Questionnaire;
2. Confidential Information shall not include information that: (a) is or becomes a part of the public domain through no act or omission of the other party, except that if the information or data is personally identifying to a person or entity regardless of whether it has become part of the public domain through other means, the other party must maintain full efforts under the Contract to keep it confidential; (b) was in the other party's lawful possession prior to the disclosure and had not been obtained by the other party either directly or indirectly from the disclosing party; (c) is lawfully disclosed to the other party by a third party without restriction on the disclosure; or (d) is independently developed by the other party;
3. The Vendor acknowledges that the NJOHSP and the Division are public agencies subject to the New Jersey Open Public Records Act, N.J. S.A. 4 7: 1 A-1 et seq. ("OPRA"), and the common law Right to Know. OPRA is generally construed in favor of granting public access to documents maintained in the course of its official business;
4. In the event that the NJOHSP or the Division receives an appropriate request pursuant to OPRA and/or the common law Right to Know related to the Vendor's Security Questionnaire, NJOHSP and the Division agree not to disclose the Confidential Information contained on the Vendor's Security Questionnaire to a third party;

5. Notwithstanding the requirements of this Agreement, NJOHSP or the Division may release the Security Questionnaire if directed to do so by operation of law, pursuant to a lawfully issued subpoena, or pursuant to a ruling by a court or arbitrator of competent jurisdiction. NJOHSP or the Division shall notify the Vendor, at the address listed above, of such ruling or directive upon being made aware of same;
6. This Agreement shall be governed by the applicable laws, regulations and rules of evidence of the State of New Jersey without reference to conflict of laws principles and any legal action regarding this Agreement shall be filed in the appropriate Division of the New Jersey Superior Court;
7. This is the complete Agreement between the State and the Vendor with respect to the treatment of the Security Questionnaire and shall have no effect on the other components of the Vendor's submitted Quote.
8. Any revision to this standard Agreement by the Vendor that was not approved and accepted by the State during the Question and Answer period shall render the Agreement VOID and the Agreement shall have no legal effect. Such revision, however, will not affect NJOHSP's review of the Security Questionnaire.

**IN WITNESSETH WHEREOF**, the Parties have executed this Agreement, effective as of the day and date signed below by the Vendor.

**FOR THE STATE OF NEW JERSEY**

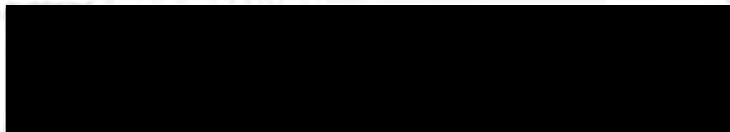


Michael T. Geraghty  
Chief Information Security Officer - State of New Jersey  
Director – NJ Cybersecurity and Communications  
Integration Cell | NJCCIC  
Office of Homeland Security and Preparedness



Maurice A. Griffin Acting Director  
Department of the Treasury  
Division of Purchase and Property

**FOR THE VENDOR**



Signature

12/18/2020

Date

Alan Rosenthal

Print Name and Title

Pages 222 through 262 redacted for the following reasons:

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N.J.S.A. 47:1A-1.1 Information regarding computer hardware/software/networks