

TECHNICAL PROPOSAL TO PROVIDE INTEGRITY OVERSIGHT MONITORING SERVICES

NEW JERSEY TRANSIT
CORPORATION

14-033 IOM SERVICES FOR THE HOBOKEN
PROJECTS

March 12, 2018





March 12, 2018

Ms. Taishida S. Chapman, Principal Contract Specialist
New Jersey Transit Corporation
Procurement Department
One Penn Plaza East, 6th Floor
Newark, New Jersey 07105

RSM US LLP

379 Thornall St.
2nd Floor
Edison, NJ 08837
T +1 732 515 7300
www.rsmus.com

Re: 14-033 IOM Services for the Hoboken Projects

Dear Ms. Chapman:

We are pleased to submit our proposal to assist the New Jersey Transit Corporation (NJ TRANSIT) with Integrity Oversight Monitoring (IOM) services in connection with the Hoboken Projects, as requested by your Work Authorization Request dated January 25, 2018.

We understand that the purpose of this proposed engagement is to identify risks associated with fraud, waste, abuse and potential criminal activity on the Hoboken Projects, and to execute monitoring activities to assist in the mitigation of those risks within the design and construction activities performed by SVT, Inc., DMR Construction and another contractor yet to be determined.

The project would entail IOM test procedures over Hoboken Project activities in the following key areas:

- Design/consultant invoicing
- Contractor/subcontractor procurement
- Contractor invoicing
- Contractor labor compliance

Embedded within the respective approach and methodology outlined in the section that follows are procedures designed to identify fraud risks, including corruption risks and conflicts of interest. In our experience, these risks are best mitigated through execution of preventative controls. As a part of our comprehensive risk assessment procedures, the procurement and invoicing functions, as well as all other processes known to be subject to fraud risk, including corruption risk and conflicts of interest, will be assessed for exposure. .

Highlights of the experience and skills we bring to this proposed engagement include:

Construction risk professionals with direct experience auditing design and construction activities

RSM has an experienced team of dedicated professionals providing fraud risk-based construction and forensic consulting and enterprise risk management services. Members of your proposed engagement team have performed design and construction risk assessment, internal audit and integrity oversight monitoring activities comparable to those contemplated in this work authorization including in depth, real time monitoring and audit procedures for design consultants and contractors. We have worked with

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clients such as the DC Water and Services Authority to address Davis Bacon Act and DBE compliance issues, including direct investigation correspondence with the EPA. We have helped numerous government clients conduct forensic audits of construction contractors, and have provided litigation support to aid in the recovery of construction overpayments. Our partnership with MFS Consulting Engineers & Surveyors, DPC (MFS), a traditional architectural and engineering firm with a strong resume of governmental experience, gives us a unique perspective on how to address fraud, waste, and abuse in the design and construction process. Together, RSM and MFS provide NJ TRANSIT with a level of construction process expertise that is unmatched, and uniquely suited to mitigate risks on the Hoboken Projects.

Certifications relevant for this project

NJ Transit will benefit from our proposed team's highly developed skills in identifying the key areas of risk for these types of contracts. Our professionals will leverage comparable experiences to assist NJ TRANSIT in identifying instances of noncompliance and opportunities for incorporation of industry practices. The numerous certifications our proposed team holds further underscores the experience and knowledge we bring to this project, including:

- Certified Fraud Examiner (CFE)
- Certified Internal Auditor (CIA)
- Certified Public Accountant (CPA)
- Certification in Risk Management Assurance (CRMA)
- Certified in Financial Forensics (CFF)
- Certification in Controls Self-Assessment (CCSA)
- OSHA 40-Hour HAZWOPER

Understanding and keeping up-to-date with relevant industry associations allows our team to expand their knowledge and more efficiently identify and associate potential risks and trends. NJ TRANSIT will benefit from our proposed teams active participation in relevant trade associations, including:

- American Society of Civil Engineers (ASCE)
- Association of Certified Fraud Examiners (ACFE)
- Institute of Internal Auditors (IIA)
- Association of Certified Anti-Money Laundering Specialists (ACAMS)
- American Institute of Certified Public Accountants (AICPA)

Government industry focus—544 government entities, including transportation authorities

As a national firm, RSM serves the audit, compliance and consulting needs of nearly 550 state and local governmental entities, including cities and towns, utilities, housing authorities, redevelopment agencies and transportation authorities. Our experience serving state agencies, including departments of transportation, and our knowledge of federal grant and state regulatory requirements will be invaluable to supporting a fast project ramp-up.

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Federal and state disaster assistance program experience

NJ TRANSIT will benefit from our firm's and our proposed team's experience with disaster programs and grants processing. We have supported major recovery efforts that were funded by various federal or state programs, including:

- State of Florida Division of Emergency Management, grant program administration
- Hurricanes Katrina, Ike, Rita and Irma
- the Deepwater Horizon oil spill
- Iowa floods of 2005 and 2008

We are familiar with the application process, allowable costs and compliance requirements. We have identified experienced resources in project management, fraud prevention and internal controls to serve on our team. Our industry specialists and our subject matter specialists will provide the highest degree of quality service to NJ TRANSIT.

National strength and capacity to serve NJ TRANSIT

RSM was founded in 1926 and is the fifth largest audit, tax and consulting firm in the U.S. While we are a national firm, RSM remains committed to personal and timely service. NJ TRANSIT management will see our partners and directors frequently. We will create a program management office (PMO), comprising our project manager, management team and subject matter experts. We will be on-site to proactively manage the monitoring services and actively lead regular status meetings.

Support of NJ TRANSIT's small business and subcontracting goals

RSM fully supports NJ TRANSIT's race-conscious disadvantaged business entity goal of 10 percent participation. NJ TRANSIT will benefit from our selection of MFS, a highly qualified firm certified as a Disadvantaged Business Enterprise by the Port Authority of New York and New Jersey on behalf of the New Jersey and New York State Unified Certification Program partners.

Our team brings the experience, thoroughness and efficiency NJ TRANSIT requires for this project. Once you have had the opportunity to review this response, we would be pleased to discuss your needs in greater detail or make a presentation to your team. In the meantime, please feel free to contact me at 203 388 7098 with any questions.

Sincerely,

RSM US LLP



Shawn L. Dahl
Principal

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2. QUALIFICATIONS OF INDIVIDUALS

We recognize that NJ TRANSIT must be served by a team of professionals who understand your organization, industry and operations. To that end, we have assembled a team of seasoned professionals with the specialized skills to address not only the bigger picture of the engagement as a whole and the intricacies of working with governmental entities, but also with deep expertise with the project's key components—forensic accounting and fraud investigative services.

As demonstrated in the following skills set matrix, we are proposing professionals from RSM US LLP (RSM) and DBE-certified firm, MFS Consulting Engineers & Surveyor, DPC (MFS). Our proposed team members represent a powerful cross-discipline accounting/consulting team with the qualifications and experience to handle your needs for this engagement and are committed to exceeding your expectations.

Skills set matrix

	Years of experience	Public sector	Construction	Forensic accounting
Shawn Dahl, Partner, RSM	30	✓		✓
David Luker, Director, RSM	13	✓	✓	✓
Jill Reyes, Director, RSM	17	✓	✓	
Greg Naviloff, Director, RSM	20	✓	✓	✓
Ronald Nahass, Director, RSM	10	✓		✓
Bob Alario, Manager, RSM	5.5			✓
Matt Blondell, Manager, RSM	7	✓	✓	✓
Chris Fitzgerald, Manager, RSM	7	✓	✓	✓
Jose Fuertes, Principal Engineer, MFS	15	✓	✓	
Marcelo Fuertes, Associate Project Manager, MFS	18	✓	✓	

Resumes of our key team members begin on the following page.



Shawn Dahl

Principal, Risk Advisory Services
National Leader, Enterprise Risk Management
RSM US LLP
shawn.dahl@rsmus.com

Summary of experience

Shawn Dahl leads RSM's New York City region risk advisory practice. He is the national leader for enterprise governance, risk and compliance (eGRC) management for the firm, responsible for ongoing framework and methodology development, and is actively involved in client delivery.

Shawn brings more than 30 years of diverse experience to RSM through executive positions in internal audit and risk management.

Work history

Prior to joining RSM in 2011, Shawn was the managing director-Carolinas for a local provider of risk advisory, tax and finance and accounting solutions—then known as Jefferson Wells, for four years. Previously, his experience in Fortune and FTSE 100 Companies include the consumer goods, manufacturing, software, service and insurance industries.

Shawn has held executive positions in internal audit and risk management, and has been involved in building best practice internal audit functions within multiple companies, including Kellogg's, Whirlpool and Allied Domecq. He was the Director of Internal Audit at Allied Domecq, responsible for leading a team of 40+ staff, responsible for operational, financial, IT and fraud audit in a \$7b multinational company with 50,000 employees. He has extensive international experience, conducting and leading audit, risk management and special project initiatives across North America, Europe, Latin America and Asia.

Shawn has had previous risk management experience with public sector organizations including the City of Charlotte (NC), Atlanta Housing Authority, and DC Water and Services Authority.

Professional affiliations and credentials

- Certified Internal Auditor (CIA)
- Certification in Risk Management Assurance (CRMA)
- Certification in Controls Self-Assessment (CCSA)

Education

- Master of Business Administration, Thunderbird School of Global Management
- Bachelor of Arts, economics, Gustavus Adolphus College



David Luker

Director, Risk Advisory Services
Subject Matter Expert—Construction
RSM US LLP
david.luker@rsmus.com

Summary of experience

David Luker has over 13 years of experience in public accounting including, GAAP financial statement audit of construction contractors, construction contract compliance/cost recovery for large construction manager at risk and design build contracts, construction change order and claim analysis, construction litigation support, design and construction process reengineering, and various other risk advisory services. He serves as RSM's facilities and construction subject matter expert for the Southeast region, and is 100 percent dedicated to serving the construction industry.

Examples of David's relevant experience includes:

- Currently serves as the construction audit director/lead on a four-year, \$1.2B mixed use construction project in Miami, Florida.
- Currently serves as the construction audit director/lead on a three-year engagement auditing \$160M of construction manager at risk contracts for a Florida university system.
- Currently serves as the construction audit director/lead on a five-year, \$900M construction program audit and assessment engagement .
- Has led internal audit and contract compliance/administration teams on a three-year, phased governmental audit initiative, including extensive audit and compliance work pursuant to a watershed consent decree.
- Has led construction focused forensic investigations and provided construction litigation and mediation support to clients including tribal governments, school districts, construction contractors and private equity.
- David has led a three-year internal audit and contract compliance/evaluation engagement on a \$1.2B Mid-Atlantic region construction program.
- Annually, David conducts between 15 and 20 construction audit cost recovery engagements on major cost plus construction projects ranging from \$10M to \$1B in contract value.

Representative client list includes:

- Arlington County, Virginia
- Brevard County
- Brevard County School District
- Broward College
- Broward County School District
- Capital One Services
- City of Orlando
- Cherokee Nation
- DC Water
- Florida State University
- Jacksonville Aviation Authority
- Kaufmann Lynn Construction
- Northern Virginia Community College
- Osceola County School District
- Polo Club of Boca Raton
- Prince William County, Virginia
- Seminole Tribe of Florida
- Swire Properties
- The State of Florida
- University of Central Florida

Prior experience—GAAP external audit and taxation

- Major Highway Construction
- Bridge Construction
- Plumbing and HVAC
- Demolition and Concrete Removal
- Concrete and Slab Construction

His publications and presentations include:

- Palm Beach County Chapter of the Institute of Internal Auditors—selected to present on construction risk management and audit topics at the chapter's annual construction conference
- Southwest Florida Chapter of the Institute of Internal Auditors—selected to present on construction risk management and audit topics at multiple training seminars
- National Restaurant Association Internal Audit Conference—selected to present on construction project risks and controls at the 2015 regional event
- RSM Public Sector Conference—selected to present on enterprise risk management, construction contract compliance and other internal audit topics at the firm's annually held event
- RSM Club Trends Conference—selected to present on construction risk management at the firm's annually held event
- Building information modeling, are you ready? *Insight* article: November 2015
- Construction contract delivery methods and applications, *Insight* article: May 2012

Work history

Prior to RSM, David worked for a Big Four accounting firm in audit, and for a regional accounting firm in audit, tax and consulting.

Professional affiliations and credentials

- Certified public accountant
- Alabama Institute of Certified Public Accountants
- American Institute of Certified Public Accountants
- Orlando Business Journal Top 40 Professionals Under 40 Years Old

Education

- Master of Accountancy, Auburn University



Jill Reyes

Director, Risk Advisory Services
RSM US LLP
jill.reyes@rsmus.com

Summary of experience

Jill Reyes provides consulting, financial and compliance audit services to a variety of public sector entities. Her hands-on experience working with senior management, boards of directors, audit committee members, elected officials of state and local government and other auditors has given her the skills necessary to consult, assess and implement practical business solutions in an ever-changing environment. She has been in public accounting since 2001. Jill is dedicated to the public sector industry, focusing primarily on cities, counties, school districts, health care organizations and nonprofit organizations.

Jill's clients benefit from industry-specific experience and technical acumen in specialized areas. She delivers advice and consultation regarding the adequacy and operating effectiveness of the control environment and specific internal controls, business process improvement, compliance issues and financial reporting matters. Jill also performs external audit services and works with her client and team members to ensure reports issued are in compliance with generally accepted accounting principles and professional standards.

Examples of Jill's relevant experience includes:

- Recently assigned as director/lead on a five-year, \$25M agreement with the Florida Division of Emergency Management for Public Assistance Grants Management for disaster recovery relief related to Hurricane Irma.
- Currently serves as the internal audit director/engagement lead on a five-year internal audit engagement for the DC Water and Sewer Authority, including audits of their nearly \$4B capital improvement program, Maximo work order management, and overall program management for their \$6.5B capital asset management system. This also includes monitoring compliance with EPA grants, watershed consent decree, MBE and DBA compliance, and other regulatory requirements, as needed.
- Currently serves as the engagement leader on a three-year comprehensive compliance audit project for the State of Florida Division of Economic Opportunity's tax incentives program.
- Leads internal audit and contract compliance/administration teams on a multiple governmental agency engagements across the Southeast, including grant administration and compliance.
- Has previously led and served on single audit engagement teams for compliance related to various federal and state grant programs, including subrecipient monitoring and 14 other compliance factors.
- Served as the engagement lead/technical fraud resource during a forensic audit related to allegations of fraud over the use of M/WBE and DBE firms and the related requirements of same.

- Participates, as needed, as a fraud technical resource on information-seeking engagements where they may be a suspicion of fraud, but the agency has not fully determined the extent or intent of the transactions under scrutiny.

Jill is also a frequent speaker at national, regional and local events on a variety of topics, including fraud awareness, data analytics related to fraud, and hot topics in internal audit and compliance.

Work history

Jill has spent the entirety of her career with RSM, through the merger and acquisition of American Express Tax and Business Services, where Jill worked from 2001 through the acquisition in 2006.

Professional affiliations and credentials

- Certified fraud examiner
- Certified internal auditor
- Certified public accountant
- Florida Institute of Certified Public Accountants
- Institute of Internal Auditors
- Institute of Internal Auditors, Florida East Coast Chapter, past-Treasurer and past-President
- American Institute of Certified Public Accountants

Education

- Bachelor of Science, accounting, Florida International University
- Master of Business Administration, Florida Institute of Technology



Greg W. Naviloff

Director, New England Financial Investigations and Dispute Services Leader
RSM US LLP
greg.naviloff@rsmus.com

Summary of experience

Greg Naviloff has 20 years of audit, investigation and business advisory experience. He leads RSM's New England Financial Investigation and Disputes Services practice, including corporate investigation services, anti-bribery and anti-corruption compliance and fraud risk management services, and dispute and litigation support services. Greg has extensive expertise responding to regulatory inquiries and in the areas of fraud and corruption risk management, internal controls, Foreign Corrupt Practices Act, False Claims Act, Securities and Exchange Commission reporting, anti-corruption anti-bribery due diligence, third party risk assessment and financial statement audits.

Greg's experience with monitoring services includes:

- Serving as independent monitor of a construction/construction materials company providing services to public infrastructure projects.
- Responsible for monitoring the organization's compliance with federal and state laws and regulations. Monitoring was subject to the control and direction of the United States Attorney's Office, Massachusetts Attorney General's Office, Federal Highway Administration and the Department of Transportation, Office of Inspector General.

Greg has led engagements with household name organizations performing large multinational investigations, fraud and corruption risk management, corporate integrity monitoring and controls improvement projects. He also has served as a financial consultant in a variety of disputes and litigation matters, including post-acquisition, labor and employment, business valuation, commercial damages and valuation of complex securities. Greg has prepared expert reports, affidavits and rebuttal reports for use in state courts, federal courts, the Delaware Chancery and various dispute resolution forums.

Work history

Most recently, prior to joining RSM, Greg provided regulatory, forensic and compliance services at a Big Four accounting firm.

Professional affiliations and credentials

- Certified public accountant (CPA)
- Certified in Financial Forensics (CFF)
- Certified Fraud Examiner (CFE)
- Accredited Business Valuation (ABV)
- New York State Society of Certified Public Accountants
- American Institute of Certified Public Accountants
- Association of Certified Fraud Examiners
- American Institute of Certified Public Accountants

Education

Bachelors of Science, Ithaca College



Ronald G. Nahass, Jr.

Director, Financial Advisory Services
RSM US LLP
ronald.nahass@rsmus.com

Summary of experience

Ron Nahass serves in RSM's financial advisory services practice, specializing in financial investigations and dispute advisory. He has been with RSM since 2011 and has approximately 10 years of experience providing financial advisory services related to complex commercial litigation, intellectual property infringement litigation, lost profits, commercial damages, and business and valuation disputes. He has prepared affirmative and rebuttal expert reports for use in state and federal courts, the Delaware Chancery and various dispute resolution forums.

Ron also performs corporate investigations and forensic engagements in conjunction with various clients, counsels, governmental agencies and private equity groups. He has advised numerous public and private clients on financial issues connected to transaction advisory, financial modeling, business analytics and strategic planning.

While focusing on the public sector at RSM, Ron has managed a significant federal housing project related to the assessment and inspection of over 400 multi-family housing projects nationally, identifying over \$5 billion of unmet maintenance needs through the use of real estate and construction knowledge, statistical processes and advanced data analytics.

Work history

Prior to joining RSM, Ron worked at Duff and Phelps providing valuation and dispute advisory services.

Professional affiliations and credentials

- Accredited Senior Appraiser (ASA)
- Certified Fraud Examiner (CFE)
- American Society of Appraisers–Healthcare Valuation Education Certification
- American Society of Appraisers
- Association of Certified Fraud Examiners
- Beta Gamma Sigma International Honor Society for Business

Education

- Bachelors of Arts, business and government, Franklin & Marshall College
- Masters of Business Administration, finance and business analytics, New York University



Robert Alario

Manager, Risk Advisory Services
RSM US LLP
bob.alario@rsmus.com

Summary of experience

Robert Alario has experience leading teams focused on assessing operational/financial/strategic challenges across businesses, developing solutions, and working with clients to implement change and introduce efficiencies to an organization's and business processes. Robert has worked in the financial services, technology, and commercial sectors with large and mid-sized organizations, and has experience working internationally in Canada, Ireland, France, Germany and Russia as well as a six-month secondment in London for RSM UK.

RSM internal audit and SOX experience

Robert oversaw and administered reviews of vendor management, capital planning, M&A, procurement, HR, order fulfillment, and tax business solutions for a worldwide solution provider for 90 percent of the Fortune 500. He individually managed a broker-dealer engagement (headcount 4,000 and revenue \$1.9B) by overseeing a team of six individuals focused on evaluating financial/operational challenges across the firm's 20 business processes. He conducted a risk assessment for a full-service investment firm (\$2.8B) with operating subsidiaries, including retail broker-dealers, registered investment advisors, wholesale distribution, capital markets and investment research. He also conducted risk assessments for food distributors, regional super market chains and nonprofit organizations.

RSM Enterprise Risk Management (ERM) experience

As a member of RSM's national eGRC team, Robert has experience working on enterprise risk assessment (ERM) engagements for large health plans that need assistance with ORSA implementation and developing ERM Frameworks, as well as conducting an ERM current and future state assessment of a global association of investment professionals, and for a credit union.

Work history

Prior to RSM, Robert spent nearly two and a half years in industry working at a multinational technology company headquartered outside of Boston, tasked with the following responsibilities:

- Producing analysis such as multi-year historic outlooks, key driver or variance analysis, review of accruals, reserves, account reconciliations & P&Ls, benchmark analysis, and ad hoc revenue/expense reporting
- Conducting independent financial analysis of fundamental performance metrics to recommend to management process, operational, and quality improvements that facilitated and drove change on key strategic business initiatives

- Identifying and examining impediments in the end-to-end revenue process (\$11B, multiple revenue streams) post company-wide transition from Oracle to SAP resulting in multiple critical process improvements

Professional affiliations and credentials

- Institute of Internal Auditors (IIA)

Education

- Bachelor of Science, management with concentrations in finance and marketing



Matt Blondell

Manager, Risk Advisory Services
RSM US LLP
matthew.blondell@rsmus.com

Summary of experience

Matt Blondell is a construction specialist in RSM's construction risk advisory group where he is responsible for the execution of projects and supervision of staff, risks and controls, contract compliance services, risk management, business process analysis and forensic investigations. He has been in public accounting for over seven years. His experience includes planning, supervising, and executing closeout audits, contract compliance engagements, facilities and construction internal audits, and other consulting services for school districts, local and tribal governments, publically traded entities, construction contractors and private equity clients throughout the country. Prior to joining RSM, Matt worked as an external auditor at a regional accounting firm in North Florida.

At RSM, Matt is 100 percent dedicated to providing risk advisory services within the construction industry, and serves as a subject matter expert in the Southeast region. Matt is/has:

- Currently managing a team responsible for ongoing interim construction audits of the \$1B mixed-use development, Brickell City Centre, located in the heart of downtown Miami
- Currently leading a team conducting audits of CMAR contracts totaling \$160M+ for a university, including both a major stadium renovation and a new residential housing unit
- Currently serves as the manager on a five-year, \$900M construction program audit and assessment engagement
- Currently managing internal audit and contract administration reviews as part of a three-year, phased governmental audit initiative, including extensive audit and compliance work pursuant to a federal consent decree
- Supervised or performed multiple construction audits for both minor and major projects at a large University, and assisted negotiations of multiple contractor proposals, helped to develop and/or revise numerous contracts, and participated in the negotiation process helping to facilitate cost savings, cost avoidance and cost recovery
- Performed an assessment of the design of internal controls over construction planning, procurement, pay application and change order reviews, and closeout procedures for numerous private and governmental entities
- Assisted/managed construction focused forensic investigations for tribal governments, school districts, construction contractors and private equity

A representative list of clients for whom Matt has provided serves includes:

- Arlington County, Virginia
- Brevard County
- Brevard County School District
- Broward County School District
- Capital One Services
- City of Orlando
- DC Water
- Florida State University
- Jacksonville Aviation Authority
- Kaufmann Lynn Construction
- Northern Virginia Community College
- Osceola County School District
- Polo Club of Boca Raton
- Prince William County, Virginia
- Seminole Tribe of Florida
- Swire Properties
- The State of Florida
- University of Central Florida

Work history

Prior to RSM, Matt worked for a local accounting firm in external audit

Publications and presentations

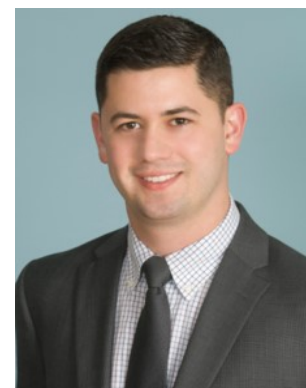
- Florida East Coast Chapter of the Institute of Internal Auditors—selected to present on recent trends in fraud and data analytics
- Palm Beach County Chapter of the Institute of Internal Auditors—selected to present on construction risk management and audit topics at the chapter's annual construction conference
- Southwest Florida Chapter of the Institute of Internal Auditors—selected to present on construction risk management and audit topics at multiple training seminars

Professional affiliations and credentials

- Certified public accountant
- American Institute of Certified Public Accountants
- Florida Institute of Certified Public Accountants
- Institute of Internal Auditors

Education

- Bachelor of Science, accounting, Florida State University
- Master of Accounting, Florida State University



Chris Fitzgerald

Manager, Financial Investigations and Dispute Advisory Services
RSM US LLP
chris.fitzgerald@rsmus.com

Summary of experience

Chris Fitzgerald has over seven years of business advisory experience focusing on forensic investigations, litigation support, and bankruptcy and insolvency consulting. Since joining RSM in 2014, Chris has led and contributed to a variety of engagements, including internal fraud investigations, anti-money laundering investigations, contract disputes, post-acquisition disputes, anti-fraud and anti-corruption consulting, and whistleblower investigations.

Chris' notable engagements include:

Forensic Investigations

- Forensically analyzed historically reported financial information for a publicly traded financial services company in response to an SEC investigation at a related party. Performed an in-depth analysis of related party transactions across multiple lines of business, conducted a detailed email review for accounts of executives and key financial personnel, and met with the company's auditors to present findings.
- Investigated the activities of two board members of a pharmaceutical research company on behalf of an investor. Traced equity contributions, analyzed related party activity, analyzed personal expenses and reported on potential financial misstatements, misrepresentations to prospective investors and self-dealing.
- Conducted a forensic investigation at the Japanese subsidiary of a publicly traded multinational technology company in response to a successful spear phishing incident. Performed in-depth e-discovery and forensic procedures analyzing cell phone records, emails and accounting data. Leveraged local RSM resources in Japan to conduct interviews with key personnel and perform on-site analysis of financial data.
- Investigated and quantified embezzlement in the board of education finance department of a municipality. Worked closely with local police to identify fraudulent activity, ultimately leading to the arrest of two individuals. Presented findings to the board of finance in a public meeting.
- Investigated the CFO and accounting team of a nonprofit in the health care industry for potential fraud. Presented findings and internal control recommendations to the board of directors and CEO.
- Provided background investigation consulting services for a multi-billion dollar resort and casino operator. Conducted research relating to fraud allegations, crimes, political exposure, terrorism connections and international sanctions.

Anti-Money Laundering Investigations

- Provided consulting services to the U.S. Department of Justice, investigating an international money laundering scheme. Documented transactional patterns, corporate ownership and other trends, highlighting indications of money laundering. Investigated individuals and shell companies, traced flow of funds throughout multiple countries to the ultimate purchase of real estate in the United States. Prepared expert report documenting findings and prepared trial demonstratives for three government witnesses.

Contract Disputes

- Provided forensic consulting services for a contract dispute regarding a multi-billion dollar public-private land development project between a state and a real estate development group. Forensically analyzed costs incurred to date and reconciled amounts to a multi-million dollar claim. Prepared forensic report for use in mediation.
- Provided expert witness consulting services for a contract dispute in the pharmaceutical industry involving a multi-million dollar damages claim due to price manipulation. Analyzed historical sales, reviewed contract terms, and analyzed the expert witness report and exhibits of the opposing party. Assisted in preparation of an expert rebuttal report which asserted no damages were warranted.
- Provided neutral accounting services in a post-acquisition arbitration in the healthcare industry. Analyzed asset purchase agreement, supporting documentation, financial records and conducted interviews for key personnel. Prepared binding decision paper regarding partner earnout.

Work history

Prior to joining RSM, Chris was a senior associate at a corporate recovery services group, providing forensic investigations and corporate insolvency consulting. While there, Chris gained experience serving as financial advisor to companies and their creditors in a variety of industries, including health care, apparel, electronics, jewelry, shipping and construction.

Professional affiliations and credentials

- Certified Insolvency and Restructuring Advisor (CIRA)
- Certified Fraud Examiner (CFE)
- Association of Insolvency and Restructuring Advisors (AIRA)
- Association of Certified Fraud Examiners (ACFE)
- Association of Certified Anti-Money Laundering Specialists (ACAMS)

Education

- Bachelor of Science, business administration, accounting and finance, Fordham University



Jose A. Fuertes

Principal Engineer, Construction Management, Sustainable Design
MFS Consulting Engineers & Surveyor, DPC
jaf@mfsengineers.com

Summary of experience

Jose Fuertes is currently acting as the principal engineer at MFS. As a professional licensed engineer in multiple states, with over 15 years of experience, he ensures that the day-to-day business operations are successfully carried out. He specializes in due diligence site investigations, geotechnical engineering reports, construction inspections, geotechnical instrumentation, construction management, sustainable design, retaining wall structures, and shallow/deep foundations.

His notable projects include:

- GSA USSS Radio/TOS Shop Design/Build, Brooklyn, NY
- GSA Ted Weiss Elevator Modernization, New York, NY
- Bronx River Bridge Reconstruction, Greenburgh, NY
- NJ Turnpike Interchange Six Cone Penetration Tests, NJ Turnpike, NJ
- Queens Midtown Tunnel Subsurface Investigation, New York, NY
- USACE IDIQ Temporary Repairs on Critical Public Facilities, PR
- GSA - Design/Build Power Generator Replacement & Office Alteration, St. Thomas, VI
- NPS - Preserve Santa Elena, Old San Juan, PR
- NPS - Design/Build/Maintain Emergency Generators, San Juan, PR
- GSA Jose V. Toledo Federal Couthouse Mechanical Systems, San Juan, PR
- Federal Couthouse Mechanical Systems, San Juan, PR
- PSE&G Bergen-Linden Newark Bay Crossing, Newark Bay, NJ
- USMMA Sewer Pump Station, King Point, NY
- GSA Minillas Government Center, San Juan, PR
- Rutgers University 8.01MW Solar Canopy System, Piscataway, NJ
- Richard Stockton College 900 kW Solar Canopy System, Galloway, NJ
- Oficina Estatal de Conservación Histórica Green Roof, Old San Juan, PR
- U.S. Marine Corp Logistic Base, Solar Tracking System, Barstow, CA
- Kinder Towers Geotechnical Investigation, Bloomfield, NJ
- Phase II Environmental Site Assessment, Glen Clove, NY
- Dilworth Plaza City Hall Station Renovation, Philadelphia, PA
- NYC Parks & Recreation Green Streets, New York, NY
- Department of Homeless Services Caissons Investigation, Bronx, NY

Professional affiliations and credentials

- OSHA 40-Hour HAZWOPER
- OSHA 10-Hour
- American Society of Civil Engineers (ASCE)
- Colegio de Ingenieros y Agrimensores de Puerto Rico (CIAPR)

Education

- Master of Science, geotechnical engineering, University of California at Berkeley
- Bachelor of Science, civil engineering, Polytechnic University of Puerto Rico



Marcelo A. Fuertes

Associate Project Manager

Construction Management, Project Management, Estimating and Scheduling

MFS Consulting Engineers & Surveyor, DPC

maf@mfsengineers.com

Summary of experience

Marcelo Fuertes is a project manager with over 18 years of experience in heavy/civil, transportation, infrastructure and energy projects. He has managed large-scale projects for public entities, including MTA, PANYNJ, EPA, NJTA, NYSDOT and NJDOT. Marcelo has an extensive background in managing and tracking large complex projects requiring demanding schedules and fast-track production and is proficient in managing numerous subcontractors and vendors. He also mentors and manages project staff and acts as the liaison with clients and their representatives.

Marcelo has worked with senior project managers and superintendents to coordinate construction activities. His comprehensive knowledge in construction and hazardous waste remediation has provided him with a solid foundation for managing multi-million dollar projects.

His notable projects include:

- GSA USSS Radio/TOS Shop Design/Build, Brooklyn, NY
- GSA Ted Weiss Elevator Modernization, New York, NY
- USACE IDIQ Temporary Repairs on Critical Public Facilities, PR
- GSA - Design/Build Power Generator Replacement & Office Alteration, St. Thomas, VI
- NPS - Preserve Santa Elena, Old San Juan, PR
- NPS - Design/Build/Maintain Emergency Generators, San Juan, PR
- GSA Jose V. Toledo Federal Courthouse Mechanical Systems, San Juan, PR
- GSA, USSS Warehouse, Radio/TOS Shop Design/Build, Brooklyn, NY
- GSA Minillas Government Center, San Juan, PR

Work history

Prior to MFS, Marcelo worked on the following projects:

- MTA South Ferry Complex Rehabilitation, New York, NY
- NYC DEP Hurricane Sandy NYC Rapid Repairs Program, Staten Island, NY
- Rutgers University Eight Megawatts Solar Canopy System, Piscataway, NJ
- NYSDOT, Route 120 Bridge Reconstruction Project, Chappaqua, NY
- New Jersey Transit Newark Broad Street Project, Newark, NY
- NJ Turnpike Authority Secaucus Interchange Bridge Project, Secaucus, NJ
- GSA, Cadman Plaza Elevator Testing, Brooklyn, NY
- CB&I/BP LNG Facility Test Pile Program and Surcharge, Crown Point Landing, NJ
- PANYNJ, Downtown Path Restoration Project, New York, NY

- PANYNJ, Lincoln and Holland Tunnel Facility Priority Improvement, New York, NY
- Boyd Gaming Corp The Borgata Pile and Foundation Project, Atlantic City, NJ
- NJDOT, Atlantic City/Brigantine Connector Project, Atlantic City, NJ
- NYC DEP Hurricane Sandy NYC Rapid Repairs Program, Staten Island, NY
- PANYNJ, Path Immediate Repair, Project Contract PAT-100.791, Jersey City, NJ

Professional affiliations and credentials

- OSHA 40-Hour HAZWOPER
- OSHA 10-Hour

Education

- Bachelor of Science, civil engineering, Manhattan College School of Engineering

3. QUALIFICATION OF FIRM(S) AND RELATED EXPERIENCE

Qualifications of firms

About RSM

Founded in 1926, RSM US LLP (RSM) is the leading provider of audit, tax and consulting services focused on the middle market, with more than 9,000 people in 90 offices nationwide. We are a licensed CPA firm and the U.S. member of RSM International, a global network of independent audit, tax and consulting firms with more than 43,000 people in over 120 countries. RSM uses its deep understanding of the specific needs and aspirations of clients to help them succeed.

RSM serves all major industries, including the public sector and construction. We have a robust construction risk management practice and forensic accounting and fraud practice. The professionals on our service teams possess a unique blend of design and construction-related audit, internal audit, process engineering, forensic accounting and litigation support experience. Our professionals have extensive experience in assisting clients and counsel in investigating and identifying accounting abnormalities, illicit transactions, non-compliance with policies, procedures and codes of ethics, and many other financial and accounting issues.

NJ TRANSIT will be served primarily by professionals based in RSM's New York office, supported by our national and regional practices and our DBE firm, MFS Consulting Engineers & Surveyor, DPC. To assist with local project coordination, we have assigned Robert Alario, a project manager based in New Jersey. This proximity enables regular face-to-face communication to allow for continuous communication and collaboration during our IOM procedures over the Hoboken Projects.

About MFS Consulting Engineers & Surveyor, DPC

MFS Consulting Engineers & Surveyor, DPC (MFS) is a multi-discipline MBE/DBE/SBE/SBA 8(a) certified civil engineering, design consulting, land surveying, and construction management firm that provides personalized services and solutions to meet the needs of their clients. MFS employs professional, technical and administrative personnel. The corporate office is located in South Plainfield, New Jersey, with regional offices in New York City and Puerto Rico.

MFS provides services to private, commercial, industrial, state and federal government, and construction clients as well as to other professional firms. MFS offers the most technical experience in various market sectors in commercial and private development, energy, environmental, education, hospitals and institutions, industrial and manufacturing facilities, as well as infrastructure, including bridges, tunnels, and waste/water facilities.

Personal attention, responsiveness, timely service

While we are a national firm, RSM remains committed to personal and timely service. NJ TRANSIT management will see our partners and supervisors frequently. We will create a Program Management Office (PMO), comprising project manager and local project coordinator, Bob Alario, our management team and subject matter experts. We will be on-site to proactively manage field operations, performance metrics and issue resolution. We will actively lead regular status meetings with representatives of NJ TRANSIT Internal Audit Department (NJIAD), New Jersey Department of the Treasurer and other members of management and/or representatives of the Federal Transit Administration (FTA), as required.

Our national construction risk management practice

RSM has extensive experience providing comparable services to both public and private sector entities nationwide. The professionals in our Construction Risk Management practice possess a unique blend of design and construction-related audit, internal audit, process engineering, forensic accounting and litigation support experience, and spend 100 percent of their time working in the construction industry. We work closely with internal audit teams at large governments to perform both outsourced and sourced risk assessment and internal audit work in facilities and construction departments, providing the subject matter expertise necessary to efficiently and effectively identify the key risks of major construction endeavors, and the understanding of complex design and construction contracts and accounting methodologies to ensure mutual respect is established between department heads, engineers and construction professionals.

Our team includes certified public accountant and certified fraud examiners with experience uncovering construction fraud, waste and abuse in comparable environments to NJ TRANSIT.

Our national forensic accounting practice

The professionals on our Forensic Accounting and Fraud Investigation Services team have extensive experience in assisting clients and counsel in investigating and identifying accounting abnormalities, illicit transactions, non-compliance with policies, procedures and codes of ethics, and many other financial and accounting issues. When pursuing allegations or claims of financial infidelity, evaluating the nature of the wrongdoing and the related economic consequences is vital. Our forensic accounting professionals bring the full range of talents and experience necessary to help move cases from theory to results.

Our team includes certified public accountants, certified fraud examiners, master analysts in financial forensics and professionals certified in financial forensics who have deep experience assisting clients in a variety of industries with a broad range of forensic accounting related matters. From identifying and documenting questionable accounting practices to providing expert witness testimony relating to damages or losses, we can help clients and their counsel assess and evaluate complicated financial and accounting matters.

Our forensic accounting services range from planning and performing investigative and evidence gathering procedures to providing expert testimony on liability and damages. We assist organizations and counsel in investigating and analyzing complex financial issues, interviewing individuals who can provide pertinent information, and preparing clear, accurate and concise reports to communicate our findings. RSM provides additional value by identifying and recommending practical and effective methods to reduce financial irregularities and establish an anti-fraud culture.

Our experience includes a wide variety of forensic techniques including forensic accounting and related analyses, investigative interviewing and digital forensics. Members of our team have led many high-profile investigations on behalf of large public entities to help assess allegations of potential wrongdoing. Additionally, we have conducted forensic investigative reviews on behalf of smaller public entities to identify compliance issues, weaknesses in internal controls and provide recommendations to prevent future misconduct. Our project experience includes a wide variety of financial investigations and forensic analyses on behalf of state and local public entities of all sizes which makes us uniquely qualified to serve your needs.

Our public sector practice

RSM has extensive experience providing services to the public sector. We have deep qualifications and understanding of transit authorities, port authorities, airports and public transportation. We serve over 220 clients nationwide in the transportation sector. This translates into direct knowledge of the unique challenges faced by government organizations and experience in helping meet business challenges and achieve our government clients' goals and objectives.

In seeking a professional services provider, public sector organizations need to work with a firm that can help them address an array of challenges and anticipate future changes. RSM has a national practice focused on serving public sector entities like NJ TRANSIT. Our practitioners leverage their experience to create meaningful value for clients through a strong knowledge base and efficient processes.

Service experience

We bring to NJ TRANSIT the combined resources of a large, national firm with the personal service and attention to detail of a local firm. We are able to provide NJ TRANSIT with a full suite of services, taking into consideration forensic accounting, consulting and business implications.

Fraud risk assessments and forensic investigative services

Our financial advisory services group has extensive experience providing forensic accounting, financial investigation, fraud detection and analysis, and dispute resolution services to lenders, debtors and other stakeholders. This experience includes advising clients involved in high-stakes commercial disputes and regulatory enforcement matters, as well as testifying in an expert witness capacity in various litigation and arbitration settings. Our experience ranges from forensic accounting to fraud detection to discovery and document management. Our professionals hold a variety of professional designations, including Certified Public Accountant (CPA), Certified Fraud Examiner (CFE) and Certified Internal Auditor (CIA).

RSM's approach to fraud risk assessment is based upon the Committee of Sponsoring Organization's (COSO) industry-leading framework for evaluating the effectiveness of internal controls. We will use a comprehensive and continuous risk assessment process that will help mitigate fraud, waste and abuse risks. We will act proactively to mitigate potential risks, and react with informing analysis and controls to prevent future occurrences when negative events do occur. Whereas traditional program monitoring stresses after-the-fact audits, NJ TRANSIT will benefit from the preventive emphasis in our project risk methodologies.

RSM's recovery assistance experience

RSM has provided claims monitoring and integrity oversight services for:

- **Florida Division of Emergency Management**—RSM was recently awarded a contract for services related to the Public Assistance program for the State of Florida Hurricane Irma Disaster (FL-DR-4337), to review project worksheets, including closeout, validation, reconciliation of payment and uploading of documentation to FloridaPA.org for the payment of funds. Members of your proposed engagement team serve on this engagement.
- **Big Dig**—RSM served as independent monitor of a construction/construction materials company providing services to public infrastructure projects. Responsible for monitoring the organizations compliance with federal and state laws and regulations, including the control and direction of the United States Attorney's Office, Massachusetts Attorney General's Office, Federal Highway Administration and the Department of Transportation, Office of Inspector General.

- **The School Board of Broward County Florida**—RSM has served in a monitoring and internal audit capacity for the district's \$900M general obligation bond school construction program since its inception in 2016, and we are slated to continue these efforts through completion of the program in 2021. Specifically, our procedures are designed to assess the work of two program managers responsible for execution of all design and construction activities, to mitigate the risks of non-compliance, fraud, waste or abuse of public funds.
- **Capital One Services**—RSM performed a multi-year internal audit over the company's program management activities, to identify instances of fraud, waste or abuse by program managers and contractors overseeing the company's +\$1.2B construction portfolio.
- **DC Water and Services Authority**—RSM continues to serve as the Authority's outsourced internal audit function, and members of your engagement team have been responsible for executing a three year internal audit plan within DC Water's construction program, which includes program management activities related to schedule and cost control.

Our transit and transportation experience

We have been serving governmental entities since our inception 90 years ago. We have a comprehensive knowledge of financial, compliance and monitoring procedures. Some of our larger transit and transportation clients include the following:

- Washington Area Metropolitan Transportation Authority (WMATA)
- Santa Clara Valley Transportation Authority (VTA)
- Florida Turnpike System
- Illinois Department of Transportation (IDOT)
- Chicago Department of Transportation (CDOT)
- Illinois State Toll Highway Authority
- Miami-Dade County Transit
- Broward County Transit
- Miami-Dade Expressway Authority
- Jacksonville Transportation Authority
- Regional Transportation Authority (RTA) Chicago
- Riverside County Transportation Commission

We understand that NJ TRANSIT desires to work with a firm that has the expertise and capacity to execute integrity oversight monitoring for design and construction services as relates to tasks performed by STV under TAO 13-006C. To demonstrate our ability to perform these services, we have provided the following matrix.

Engagement team roles and qualifications

After careful consideration of active and pending projects, we have identified the professionals presented on the following page to serve NJ TRANSIT. Each has the qualifications, experience and capacity to handle your needs for this engagement and are committed to exceeding your expectations.

Team member, engagement role	Qualifications
<p>Shawn Dahl Principal, Risk Advisory Services RSM US LLP</p> <p><i>Relationship lead.</i> Shawn will serve as the project sponsor and work with the team and NJ TRANSIT to drive overall initiatives and thought leadership.</p>	<ul style="list-style-type: none"> • Over 30 years of experience • National leader of RSM's Enterprise Risk Management practice • Certified internal auditor • Certification in Risk Management Assurance • Certification in Controls Self-Assessment
<p>David Luker Project Director Construction Risk Advisory Services RSM US LLP</p> <p><i>Project director.</i> David will provide oversight for all aspects of this engagement.</p>	<ul style="list-style-type: none"> • Thirteen years of experience • Significant experience leading audits of construction manager at risk contracts. • Serves as RSM's facilities and construction subject matter expert for the southeast region • One hundred percent dedicated to serving the construction industry • Certified public accountant
<p>Jill Reyes Director, Risk Advisory Services RSM US LLP</p> <p><i>Technical resource—Government and grant compliance.</i> Jill will serve as a specialty resource to the team, as needed, focusing on government and grant compliance.</p>	<ul style="list-style-type: none"> • More than 17 years of experience • One hundred percent dedicated to serving clients in the public sector • Leads or co-leads engagement teams with grant and/or contract compliance, fraud investigation and various internal audit or consulting matters • Certified fraud examiner • Certified internal auditor • Certified public accountant
<p>Greg Naviloff Director, Financial Advisory Services RSM US LLP</p> <p><i>Forensic technical resource.</i> As a forensic leader, Greg will participate in development and implementation of the proposed forensic approach.</p>	<ul style="list-style-type: none"> • Twenty years of experience • Leads RSM's New England Financial Investigation and Disputes Services Practice • Extensive expertise responding to regulatory inquiries and in the areas of fraud and corruption risk management • Certified public accountant • Certified in financial forensics • Certified fraud examiner

Team member, engagement role	Qualifications
<p>Robert Alario Manager, Risk Advisory Services RSM U S LLP</p> <p><i>Local project coordinator.</i> Bob will serve as the local point of contact for this engagement.</p>	<ul style="list-style-type: none"> • Five and a half years of experience • Experience providing oversight and administration of reviews of vendor management
<p>Ronald G. Nahass, Jr. Director, Financial Advisory Services RSM US LLP</p> <p><i>Technical resource – forensic investigation.</i> Ron will serve as a forensic leader in development and implementation of the proposed forensic approach.</p>	<ul style="list-style-type: none"> • Approximately 10 years of experience • Extensive expertise in data analytics, forensic investigations and financial consultative with experience in the public sector • Accredited senior appraiser • Certified fraud examiner
<p>Matt Blondell Manager, Risk Advisory Services RSM US LLP</p> <p><i>Manager—construction and risk.</i> Matt will help develop the work plan and assist David Luker with technical execution of the contract/vendor compliance activities and the preparation, execution and maintenance of the fraud risk assessment.</p>	<ul style="list-style-type: none"> • Over six years of experience • Experience includes risks and controls, process improvement and construction risk advisory • Has performed multiple construction audits • Certified public accountant
<p>Chris Fitzgerald Manager, Financial Investigations and Dispute Advisory Services RSM US LLP</p> <p><i>Manager—forensic work streams.</i> Chris will serve as a manager of forensic work streams, leading analysis to identify fraud, waste and abuse.</p>	<ul style="list-style-type: none"> • Over seven years of experience • Experience includes forensic investigations and internal fraud investigations • Certified fraud examiner
<p>Jose Fuertes, P.E. Principal Engineer MFS Consulting Engineers & Surveyor, DPC</p> <p><i>Technical support.</i> Jose will provide technical support to the RSM IOM team as it relates to the evaluation of engineering components of schedule, design and claims/change orders.</p>	<ul style="list-style-type: none"> • Fifteen years of experience • Professional licensed engineer • M.S. Geotechnical Engineering • B.S. Civil Engineering • OSHA 40-Hour HASWOPER • Extensive experience with public sector/government design and construction activities

Team member, engagement role	Qualifications
<p>Marcelo Fuentes Project Manager MFS Consulting Engineers & Surveyor, DPC</p> <p><i>Technical support.</i> Marcelo will provide technical support to the RSM IOM team during work planning, development of audit procedures, and the evaluation of claims/change orders, schedule and cost controls.</p>	<ul style="list-style-type: none"> • Eighteen years of experience • OSHA 40-Hour HASWOPER • B.S. Civil Engineering • Experience in cost estimating, scheduling and project management in the public sector • Experience with fast track production, subcontractor management and hazardous waste remediation

Seniors and staff

In addition to the members of the core engagement team noted above, NJ TRANSIT will also have access to senior- and associate-level resources from RSM's offices across the nation, and specifically those that call the Northeast home. This includes our two New Jersey locations as follows:

224 Strawbridge Drive
Suite 110
Moorestown, NJ 08057

379 Thornall Street
2nd Floor
Edison, NJ 08836

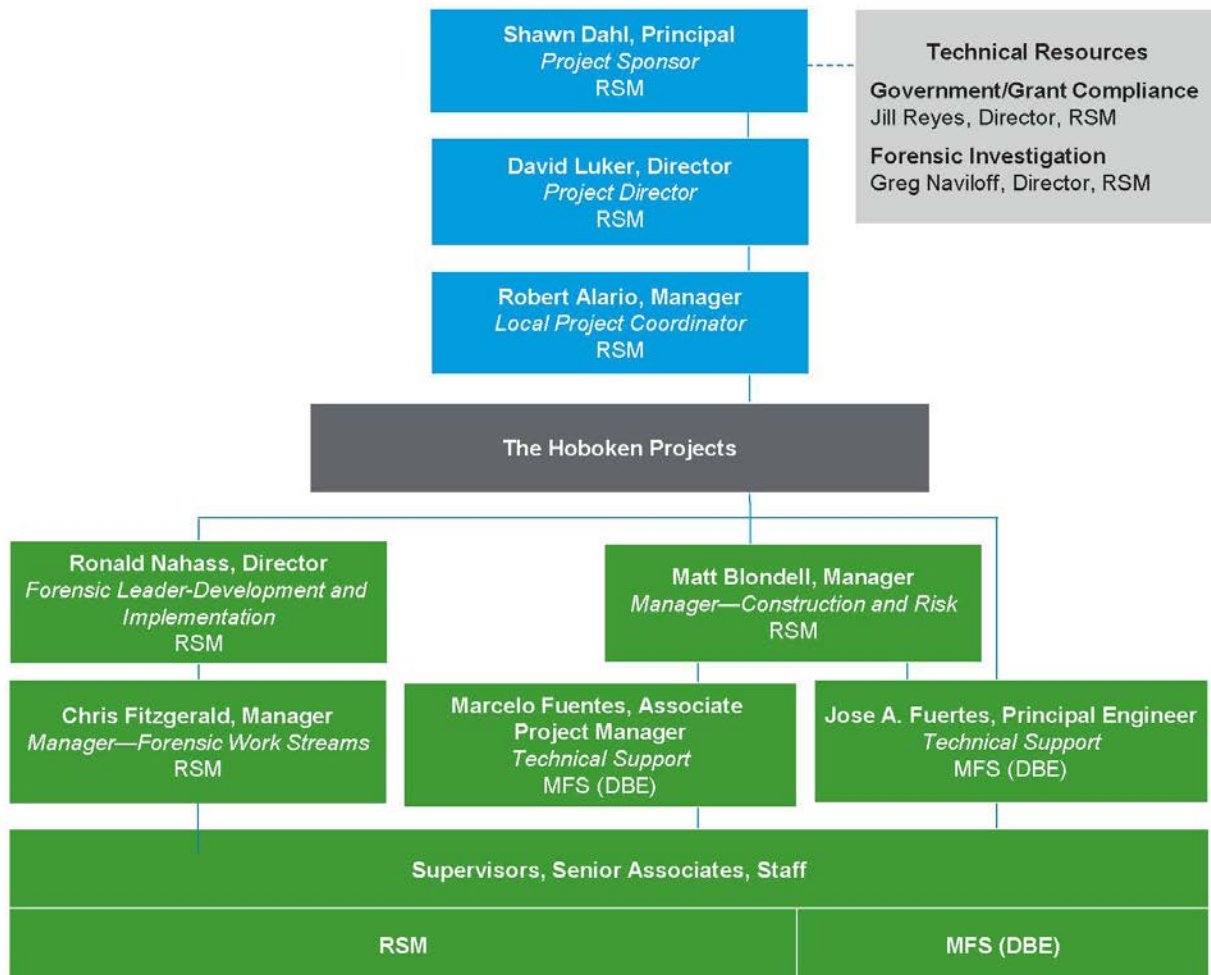
Our project teams and Principal Shawn Dahl, will coordinate resource requirements with RSM's construction subject matter experts to ensure that NJ TRANSIT receives the expertise it requires in concert with adequate resources to accomplish your objectives. Section 4, [Team organization/resource allocation](#), on the following page, provides an illustration of and further details on the staffing plan for this engagement.

We believe consistency in a leadership team is critical to the success of an IOM program like yours. As such, we have proposed the same leadership resources for both the HNTB and Hoboken Projects work authorizations. Since the HNTB work authorization is a retrospective/forensic style engagement, and the Hoboken Projects are largely forward looking involving real-time IOM procedures, we are confident in our ability to deliver both projects successfully. We believe that the size of our firm and the access we have to a large pool of experienced senior and staff level resources will aid us in ensuring we deliver our work for both projects on time and with the highest standard of care.

4. TEAM ORGANIZATION/RESOURCE ALLOCATION

Team organization and staffing chart

The following chart depicts the management structure of our proposed team, names, titles and our planned utilization of DBEs. This team has been carefully selected to help ensure NJ TRANSIT receives an acceptable balance of subject matter expertise, local market presence and staffing capacity.



RSM certifies that the key personnel named above will be assigned to the project in the manner prescribed. Should a key personnel member leave the firm, NJ TRANSIT will be notified in writing within five (5) business days of their termination/separation.

Our hours table is presented on the following page.

Program Wide Risk Sections	Risk Category	Fraud Monitoring Staffing Hours							Admin Support	Total Hours
		Partner/ Principal/ Director	Program Manager	Project Manager	Subject Matter Expert	Supervisor/Senior Consultant	Consultant	Associate Staff		
A	Grant Management	8		16	8	33	16			81
B	Disbursements	24		80	40	100	333			577
C1.1-C1.4	Procurement - Contractor Bid Frauds	32		64	8	80	160			344
C2	Procurement - Conflicts of Interest									
C3	Procurement - Bribery / Kickbacks									
C4,1-C4.4	Procurement - Contract Frauds									
C5.1-C5.4	Procurement - Bid Information Frauds									
D	Task Order Contractors (TOC's)	Covered in other risk categories							-	
E	Outsourced Programs								-	
F1-F3	Disadvantaged Business Enterprise (DBE) - False Submission / Pass Through / Fronting	8		32		60	64			174
G	Change Orders	16		40	32	80	40			208
H	Claims Management	4		16	8	16				44
	Weekly, Quarterly Reporting	14		254	14	254	48			584

DBE Sub-consultant Hours				88	64					152
Net Prime Hours	106	-	502	32	623	661	-	-	-	1,924
Total Hours	106	-	502	120	687	661	-	-	-	2,076

5. TECHNICAL SECTION

Pursuant to NJ TRANSIT Contract No. 14-033 IOM services in connection with the Hoboken Projects, RSM presents the following approach and methodology to our services, and our draft work plan. We will work closely with NJ TRANSIT Internal Audit to tailor our approach and work plan to meet the specific needs of the department, and to accomplish the primary objectives of the program: a) to identify fraud, waste and abuse and b) audit the construction contracts.

Understanding, risk assessment and technical IOM approach

In order to effectively design an IOM plan that provides sufficient testing coverage within high risk areas relevant to the Hoboken Projects, we will bifurcate our approach by project. While the primary procedures performed to help mitigate fraud, waste and abuse will be comparable for both, the fact that the projects are not on parallel schedules means some activities will be applicable for one and not the other. For example and of primary importance: The Boiler for Building Repair project already has a construction contractor under contract, thus real time involvement in risk mitigation techniques for the construction or subcontractor procurement process would not be possible, but rather, a retrospective approach may be taken. Our approach outlined below will convey risks and procedures for both projects, and we will highlight areas of unique project application within each section to convey how our approach may vary by project. The following chart summarizes key processes and audit areas that are core to our approach for this work. Specific risks and procedures have been provided on subsequent pages.

Processes and audit areas	
Grant compliance	
• Application and approval	• Monitoring and compliance
Design procurement	
• Solicitation	• Sub consultant selection
• Consultant selection	• Fee negotiation
Design activities	
• Consultant invoicing / expenses	• Contractor procurement support
• Cost estimating	• Construction phase monitoring
Construction procurement	
• Scope / specification development	• Subcontractor selection
• Bid evaluation & selection	• DBE selection and compliance
Construction activities	
• Contractor invoicing	• DBA/DBE compliance
• Change order management	• Closeout

Grant Compliance

RSM's approach to testing grant compliance is risk based, and is derived from our significant experience in the public sector. Common risks and adverse findings in the grant application and / or grant compliance process include the following:

- Lack of adequate training on policies and procedures; understanding of program requirements
- Lack of source documentation to support costs, or unreconciled support
- Unallowable costs
- Lack of proper approvals, certification or authorization

- Lack of subrecipient monitoring
- Costs claimed being greater than the amounts approved
- Lack of proper use of subcontractors, where required
- Falsification of records or self-performance of unauthorized work

Design procurement

The design contracts for both Hoboken projects have been awarded to SVT. As such, our approach to IOM activities in this area will consist of retrospective forensic audit work to identify fraud, waste or abuse during the solicitation, evaluation and selection process.

Potential risks, fraud schemes and inefficiencies relevant to design procurement:

- Undisclosed related party relationships between NJ TRANSIT and SVT
- Undisclosed related party relationships between SVT and program management
- Undisclosed related party relationships between SVT and its sub consultants
- Inconsistent solicitation information provided to competing design firms
- Breaches in the cone of silence during advertisement and evaluation
- Manipulation of documentation, or errors within the scoring and evaluation process
- Deviation from design consultant fee negotiation policies
- Noncompliance with CCNA or other procurement regulations, as applicable

Core components of RSM's IOM approach to design procurement activities:

- Related party searches on all relevant parties
- Review of solicitation, advertisement, scope, other relevant documentation
- Review of correspondence files, and if warranted, targeted email key-word searches
- Review of scoring and evaluation documentation including recalculation
- Reasonableness assessment of design fees

Design activities

Based upon the schedules provided in your Work Authorization, design development activities are complete for both Hoboken Projects. As such, our approach to IOM activities over consultant invoicing and cost estimating will consist of retrospective forensic audit work to identify fraud, waste or abuse during activities that occurred prior to the execution of this Work Authorization, and direct / real time testing of consultant invoices and cost estimating going forward. Design consultants play a key role in the construction contractor procurement process, as well as monitoring of construction phase activities. While these responsibilities exist within the design agreement, our approach to testing for fraud, waste and abuse will be covered through construction procurement and construction phase activities listed in subsequent sections below.

Potential risks, fraud schemes and inefficiencies relevant to design activities:

- Unsupported, duplicate or contractually disallowable billings (labor and reimbursable expenses)
- Additional services (change orders) for work contemplated within original scope
- Inflation or inaccurate estimates of probable construction costs
- Manipulation or inflation of DBE sub consultant usage

Core components of RSM's IOM approach to design activities:

- Detailed testing of past consultant invoices for proper support and contractual compliance
- Real time review of design consultant invoices from start of Work Authorization to completion
- Detailed testing of requests for additional services
- Reasonableness review of estimates of probable construction cost

Construction procurement

The procurement of contractors and subcontractors contains the highest risk of fraud, waste or abuse within a construction program. As such, RSM's approach to IOM will include in depth analysis of the procurement process; retrospectively for DMR (Boiler for Building Repair), and in real time for TBD contractor on the Signal Power Repair project. While the procurement process for prime contractors is of vital importance, most construction activities are performed by subcontractors and tradesmen not directly employed by the prime contractor. As such, our approach will include testing aimed at identifying noncompetitive subcontracts, inflated costs, illegal employment practices and lack of compliance with prevailing wages and other relevant requirements (Note: while the construction procurement process includes certain prevailing wage compliance components, this are will be covered primarily within construction activities testing highlighted in a subsequent section).

Potential risks, fraud schemes and inefficiencies relevant to construction procurement activities:

- Inconsistent scope/specification provided to competing contractors
- Bid suppression
- Breach of the cone of silence
- Non-compliant piggy backing or contracting methodologies
- Undisclosed related party relationships
- Sole source / inflated subcontract costs
- Kickbacks / pay to play contracts

Core components of RSM's IOM approach to construction procurement activities:

- Related party searches on all relevant parties
- Detailed testing of the following documents for completeness, approval, reasonableness, and indicators of fraud, waste and abuse:
 - Solicitations
 - Proposals
 - Bid evaluations/ranking sheets
 - Contracts
 - Subcontracts
 - Logs, meeting minutes, other communications

Construction activities

During construction, obtaining sufficient invoice and change order supporting documentation is critical to the mitigation of fraud, waste or abuse. Construction invoices should contain a series of supporting documents to evidence the appropriate percentage of completion is billed, that subcontractors have been paid for past work, that compliance requirements for labor are met, and that the contractor is on track to meet scheduled project milestones. Further, when a contractor believes they are entitled to additional compensation for out of scope work (or any other reason), a robust process of evaluating the validity of

the change and the accuracy/reasonableness of the quoted price for the work must be performed to mitigate the risk of fraud, waste and abuse in the process. Lastly, when closing out a project there is a myriad of documentation contractors must provide including, as built drawings, warranty information, equipment manuals, final project accounting, final releases of lien/affidavits, among others. RSM's approach to IOM will include detailed testing procedures to help NJ TRANSIT ensure all such information is obtained.

Potential risks, fraud schemes and inefficiencies relevant to construction activities:

- Advanced/over billings
- Non-payment of subcontractors, missing waivers of lien (payment affidavits)
- Billing for contractually disallowable costs
- Delayed or missed payments to subcontractors
- Utilization of undocumented workers
- Noncompliance with DBA prevailing wage (when applicable)
- Inflated/unsupported/duplicate scope change orders
- DBE underutilization—manipulation of documentation to convey compliance
- Incomplete turnover documentation at closeout

Core components of RSM's IOM approach to construction activities:

- Review of monthly construction invoices for compliance, completeness, accuracy, review and approval
- Quarterly site inspection and surprise labor interviews/audits
- Change order reviews for compliance, entitlement, completeness, accuracy, review and approval
- Closeout turnover documentation and final accounting review.

Reporting

As a part of our services, RSM will provide a number of deliverables to NJ TRANSIT to keep you updated on project status, to alert you of possible instances of fraud, waste or abuse, and to summarize the results of our procedures. The following are deliverables we expect to include in association with our work, and we will tailor this list during work planning sessions with you to ensure the frequency and content of our reports meet the objectives of your Work Authorization:

- Weekly status updates
- Quarterly report
- FTA quarterly report
- Time logs
- Requests for information documents
- Findings of potential fraud, malfeasance, or criminal activity immediately upon identification
- Fraud risk mitigation strategy and detailed work plan
- Work papers, reports and other required documentation in the format and content required by NJ TRANSIT to support all work

Our detailed work plan follows.

Detailed Workplan

Cell Color Legend	
	Language provided in Workplan Template Attachment 7 to RFP 14-033
	RSM addition / modification

Risk Category	Program Wide Risk Ref.	Program Wide Fraud Scheme Description	Program Wide Likelihood/ Impact	Potential Fraud Risk Description and Application to this Project	Likelihood / Impact (This Project)	Monitoring Procedures (Modify to address the risks identified for this project.)
Grant Management	A.1	Falsified Application Documents	L/H	Project Management could falsify grant application by including inaccurate information or intentionally misrepresenting the use of funds.	L/H	<p><u>Potential Procedures - Generic:</u> Review applicable supporting documentation to identify potential red flags and investigate as appropriate.</p> <p>Determine whether grant documentation intentionally misrepresented how grants will be used.</p> <p><u>Potential Procedures - Project Specific:</u> Obtain and review Hoboken Project grant application(s), for reasonableness and accuracy in association with the scopes of work included in RFPs and other relevant project documentation. As potential risks are identified, conduct testing of assumptions included therein. Test steps will include generic procedures outlined above.</p>
Grant Management	A.2	Falsified Reporting	L/M		L/H	<p><u>Potential Procedures - Generic:</u> Review applicable supporting documentation to identify potential red flags and investigate as appropriate.</p> <p>Determine whether reports were intentionally misrepresented and/or contained inaccurate information.</p>

Risk Category	Program Wide Risk Ref.	Program Wide Fraud Scheme Description	Program Wide Likelihood/ Impact	Potential Fraud Risk Description and Application to this Project	Likelihood / Impact (This Project)	Monitoring Procedures (Modify to address the risks identified for this project.)
						<u>Potential Procedures - Project Specific:</u> Obtain and review Hoboken Project grant application(s), for reasonableness and accuracy in association with the scopes of work included in RFPs and other relevant project documentation. As potential risks are identified, conduct testing of assumptions included therein. Test steps will include generic procedures outlined above.
Grant Management	A.3	Budget Manipulation	M/L	Project management could intentionally inflate preliminary budget estimates to increase funds available.	M/L	<u>Potential Procedures - Generic:</u> Review applicable supporting documentation to identify potential red flags and investigate as appropriate. Determine whether costs are inappropriately charged to a specific grant or intentionally misclassified. Evaluate for possible budget manipulation where <u>Potential Procedures - Project Specific:</u> Obtain and review preliminary budget estimates provided by design consultants or in-house estimators and reconcile said schedules with grant application and other relevant documentation.
Disbursement	B.1	Payment charged to incorrect grant code	M/L	N/A - coding of payments to grant codes is likely not a responsibility of the AE firms or contractors on these projects.	M/L	<u>Potential Procedures - Generic:</u> Review applicable supporting documentation to identify potential red flags and investigate as appropriate. Determine whether costs are inappropriately charged to a specific grant or intentionally misclassified.

Risk Category	Program Wide Risk Ref.	Program Wide Fraud Scheme Description	Program Wide Likelihood/ Impact	Potential Fraud Risk Description and Application to this Project	Likelihood / Impact (This Project)	Monitoring Procedures (Modify to address the risks identified for this project.)
Disbursement	B.2	Billing Schemes	L/M			<p><u>Potential Procedures - Generic:</u></p> <p>Review applicable supporting documentation to identify potential red flags and investigate as appropriate.</p> <p>Review whether charges (hourly rates/overhead rates/materials) do not align with the contractual requirements.</p> <p>Determine whether quality and quantity of materials and services received were misreported/misrepresented.</p> <p>Review payments where supporting documentation are not adequate, missing or incomplete.</p>
				Advanced or unsupported contractor/subcontractor billings	M/M	<p><u>Potential Procedures - Project Specific:</u></p> <p>Conduct detailed testing of monthly design and construction invoices, for each project. Testing procedures will encompass attributes noted in the generic procedures above, as well as mathematical recalculation, reasonableness assessment in association with the scope of services provided, identification of advanced or overbillings through review of daily logs, interviews with relevant stakeholders, review of other available project documentation.</p> <p>Conduct quarterly jobsite inspection of each project to assess the adequacy of physical security and related controls, as well as reasonableness assessment of current percentage of completion, etc.</p>
				Schedule of values line item shifting/manipulation	M/L	
				Invoiced unit prices or ffp line items in excess of those determined in the contract	L/L	

Risk Category	Program Wide Risk Ref.	Program Wide Fraud Scheme Description	Program Wide Likelihood/ Impact	Potential Fraud Risk Description and Application to this Project	Likelihood / Impact (This Project)	Monitoring Procedures (Modify to address the risks identified for this project.)
Procurement - Contractor bid frauds	C.1.1	Bid Suppression	H/M	Manipulation, favoritism, suppression, or breaching the cone of silence during the contractor bid process	M/H	<p><u>Potential Procedures - Generic:</u></p> <p>Review applicable supporting documentation to identify potential red flags and investigate as appropriate.</p> <p>Determine whether the non-winning bidders are retained via subcontracts.</p> <p>Determine why solicited firms did not bid. Analyze bids received versus internally developed cost estimates.</p> <p>Review ownership and affiliations of competitors to determine if there is shared ownership, past joint ventures, or an ongoing and repeated contractor/subcontractor relationship.</p>
Procurement - Contractor bid frauds	C.1.2	Complementary Bidding	H/M			<p><u>Potential Procedures - Project Specific:</u></p> <p>Conduct retrospective review of procurement documentation for procurement of SVT for both projects and DMR for the Boiler Building Repair. Review procedures to include testing for compliance with procurement policies and procedures. For the Signal Repair contractor selection, we will attend relevant meetings and conduct real-time review of documentation used in the solicitation process.</p> <p>Further, we will review procedures performed by the prime contractors for the procurement of high value subcontractors to identify fraud, waste or abuse in the process.</p> <p>Conduct related party search on key personnel, in association with the test steps above to identify potential conflicts of interest. Procedures may leverage state records and other available online resources for identifying potential conflicts.</p>
Procurement - Contractor bid frauds	C.1.3	Bid Rotation	H/M			
Procurement - Contractor bid frauds	C.1.4	Unbalanced Bids	H/M			

Risk Category	Program Wide Risk Ref.	Program Wide Fraud Scheme Description	Program Wide Likelihood/ Impact	Potential Fraud Risk Description and Application to this Project	Likelihood / Impact (This Project)	Monitoring Procedures (Modify to address the risks identified for this project.)
Procurement - Conflicts of interest	C.2	Conflicts of Interest	H/M	Non-disclosure of related party subcontractors (construction)	M/M	<p><u>Potential Procedures - Generic:</u></p> <p>Review applicable supporting documentation to identify potential red flags and investigate as appropriate.</p> <p>Review bidders lists to determine whether contractor lists represented a legitimate pool of contractors.</p> <p>Determine why solicited firms did not bid.</p> <p>Determine ownership and affiliations of competitors to determine if there is shared ownership, past joint ventures, familial relationships, and corporate relationships, etc. and investigate if not in the best interests of the project or NJT.</p>
					M/M	<p><u>Potential Procedures - Project Specific:</u></p> <p>Conduct related party search on bidding contractors in association with the test steps above to identify potential conflicts of interest. Procedures may leverage state records and other available online resources for identifying potential conflicts. Testing procedures will encompass attributes noted in the generic procedures above.</p>

Risk Category	Program Wide Risk Ref.	Program Wide Fraud Scheme Description	Program Wide Likelihood/ Impact	Potential Fraud Risk Description and Application to this Project	Likelihood / Impact (This Project)	Monitoring Procedures (Modify to address the risks identified for this project.)
Procurement - Bribery / kickbacks	C.3	Bribery/Kickbacks	H/M	<p>Through undisclosed conflicts of interest (outside business or personal relationships), program management may leverage vendors and suppliers to collude in kickback schemes.</p> <p>Bidding contractors/vendors offer bribes to project management to gain competitive advantage in the bidding process.</p>	M/H	<p><u>Potential Procedures - Generic:</u> Review applicable supporting documentation to identify potential red flags and investigate as appropriate.</p> <p>Assess vendor selection procedures and controls and identify weaknesses and/or compliance issues in the selection process and investigate if not in the best interests of the project or NJT.</p> <p>Inquire from bidders, non-bidders and NJT personnel whether they were solicited for bribes/kickbacks.</p> <p>Review sole and single sourced contracts for award process and investigate if not in the best interests of the project or NJT.</p> <p><u>Potential Procedures - Project Specific:</u> Conduct related party search on bidding design firms and contractors procured during the quarter, in association with the test steps above to identify potential conflicts of interest. Procedures may leverage state records and other available online resources for identifying potential conflicts. Testing procedures will encompass attributes noted in the generic procedures above.</p>
Procurement - Contract frauds	C.4.1	Rigged Specifications	M/M	Project management may tailor the specifications, scope, or prequalification requirements of an RFP/ITB to favor a particular bidder.	M/M	<p><u>Potential Procedures - Generic:</u> Review applicable supporting documentation to identify potential red flags and investigate as appropriate.</p> <p>Assess vendor contracting procedures and controls and identify weaknesses and/or compliance issues in the contracting process and investigate if not in the best interests of the project</p>

Risk Category	Program Wide Risk Ref.	Program Wide Fraud Scheme Description	Program Wide Likelihood/ Impact	Potential Fraud Risk Description and Application to this Project	Likelihood / Impact (This Project)	Monitoring Procedures (Modify to address the risks identified for this project.)
Procurement - Contract frauds	C.4.2	Manipulation of contract terms	M/M	Project management may alter the terms of proposed construction contracts in a way that could prevent or deter competition.	M/M	or NJT. Review contract RFP documentation, related contract documents, other correspondence, questions, submitted during procurement, minutes from procurement meetings, contractor proposals, etc., and investigate if not in the best interests of the project or NJT.
						Potential Procedures - Project Specific: Conduct retrospective review of procurement documentation for procurement of SVT for both projects and DMR for the Boiler Building Repair. Review procedures will include checks for consistency in contract templates provided to each bidding contractor. This work will be performed in real-time for procurement of the contractor for Signal Repair Project.
Procurement - Contract frauds	C.4.3	Intentionally Vague Scope Definition	H/H	Project management may tailor the specifications, scope, or prequalification requirements of an RFP/ITB to favor a particular bidder.	H/H	Potential Procedures - Generic: Review applicable supporting documentation to identify potential red flags and investigate as appropriate. Assess vendor procedures and controls and identify weaknesses and/or compliance issues and investigate if not in the best interests of the project or NJT.
Procurement - Contract frauds	C.4.4	Unreasonable Prequal Requirements	M/M		M/L	

Risk Category	Program Wide Risk Ref.	Program Wide Fraud Scheme Description	Program Wide Likelihood/ Impact	Potential Fraud Risk Description and Application to this Project	Likelihood / Impact (This Project)	Monitoring Procedures (Modify to address the risks identified for this project.)
Procurement - Bid information frauds	C.5.1	Leaked Bid Information	H/M	Through undisclosed conflicts of interest (outside business or personal relationships), project management may leverage vendors and suppliers to collude in kickback schemes. Bidding contractors/vendors offer bribes to project management to gain competitive advantage in the bidding process.	H/H	Review bid receipt, opening, and evaluation process and investigate if not in the best interests of the project or NJT, e.g., leaked information, acceptance of late bids, improper disqualification, unjustified sole/single source contracts, etc. Determine whether procurement employees have undisclosed relationships or affiliation with the winning bidder, e.g., social connections, trade associations, former projects, prior employment, legitimate business contacts.
Procurement - Bid information frauds	C.5.2	Accepting Late Bids	M/M	Project management may accept bids submitted after the due date in association with aforementioned bribery or kickback schemes.	M/M	
Procurement - Bid information frauds	C.5.3	Improper Disqualification	M/M	Project management may alter bid documents to disqualify competing contractors in association with aforementioned bribery or kickback schemes.	M/M	Potential Procedures - Project Specific: Conduct retrospective review of procurement documentation for procurement of SVT for both projects and DMR for the Boiler Building Repair. Review procedures to include testing for compliance with procurement policies and procedures. For the Signal Repair contractor selection, we will attend relevant meetings and conduct real-time review of documentation used in the solicitation process. Further, we will review procedures performed by the prime contractors for the procurement of high value subcontractors to identify fraud, waste or abuse in the process. Conduct related party search on key personnel, in association with the test steps above to identify potential conflicts of interest. Procedures may
Procurement - Bid information frauds	C.5.4	Unjustified Sole Source Contracts	H/M	Project management may override controls or circumvent purchasing policy thresholds in association with aforementioned bribery or kickback schemes.	H/H	

Risk Category	Program Wide Risk Ref.	Program Wide Fraud Scheme Description	Program Wide Likelihood/ Impact	Potential Fraud Risk Description and Application to this Project	Likelihood / Impact (This Project)	Monitoring Procedures (Modify to address the risks identified for this project.)
						leverage state records and other available online resources for identifying potential conflicts.
Task Order Contractors (TOC's)	D.1	Bribes/ Kickbacks	H/H	See procurement phase fraud risks noted in C.1 - C.5 above.	M/H	<p>Potential Procedures - Generic:</p> <p>Review applicable supporting documentation to identify potential red flags and investigate as appropriate.</p> <p>Perform background checks NJT personnel and on assigned subcontractors and suppliers to determine if there are relationships that are not in the best interest of the project or NJT.</p> <p>Assess vendor assignment procedures and controls and identify weaknesses and/or compliance issues and investigate if not in the best interests of the project or NJT.</p> <p>Inquire NJT personnel, e.g., procurement, project management, construction management, etc., whether they were solicited for bribes/kickbacks.</p> <p>Review sole and single sourced contracts for award process and investigate if not in the best interests of the project or NJT.</p>

Risk Category	Program Wide Risk Ref.	Program Wide Fraud Scheme Description	Program Wide Likelihood/ Impact	Potential Fraud Risk Description and Application to this Project	Likelihood / Impact (This Project)	Monitoring Procedures (Modify to address the risks identified for this project.)
Task Order Contractors (TOC's)	D.2	Falsifying Records	M/M	See procurement / disbursement phase fraud risks noted above.	M/M	<p><u>Potential Procedures - Generic:</u> Review applicable supporting documentation to identify potential red flags and investigate as appropriate.</p> <p>For appropriate documentation submitted by the contractor, e.g., billing, time reports, completion reports, inspection, prevailing-wage reporting, etc., validate the completeness and accuracy of charges and investigate instances which are not in the best interests of the project or NJT.</p> <p>Review documentation for the selection and pricing of the TOC for and investigate instances which are not in the best interest of the project or NJT.</p> <p><u>Potential Procedures - Project Specific:</u> Testing of Task Order Contractors or Outsourced Programs are incorporated into the testing procedures contemplated elsewhere in our work plan, if they are applicable.</p> <p>Our understanding is that the AE firms and contractors for these projects are/were procured through a formal RFP/ITB process, and are not TOC contractors. However, if they are TOC or Outsourced, our testing procedures would be comparable to those described elsewhere for procurement/disbursements/etc.</p>

Risk Category	Program Wide Risk Ref.	Program Wide Fraud Scheme Description	Program Wide Likelihood/ Impact	Potential Fraud Risk Description and Application to this Project	Likelihood / Impact (This Project)	Monitoring Procedures (Modify to address the risks identified for this project.)
Task Order Contractors (TOC's)	D.3	Conflicts of Interest	H/M	See procurement phase fraud risks noted in C.1 - C.5 above	H/H	<p><u>Potential Procedures - Generic:</u> Review applicable supporting documentation to identify potential red flags and investigate as appropriate.</p> <p>Determine whether the task order contractor lists represents a legitimate pool of contractors.</p> <p>If competitive process, determine why solicited firms did not bid.</p> <p>Determine ownership and affiliations of TOCs to determine if there is shared ownership, past joint ventures, familial relationships, and corporate relationships, etc. and investigate if not in the best interests of the project or NJT.</p> <p><u>Potential Procedures - Project Specific:</u> Testing of Task Order Contractors or Outsourced Programs are incorporated into the testing procedures contemplated elsewhere in our work plan, if they are applicable.</p> <p>Our understanding is that the AE firms and contractors for these projects are/were procured through a formal RFP/ITB process, and are not TOC contractors. However, if they are TOC or Outsourced, our testing procedures would be comparable to those described elsewhere for procurement/disbursements/etc.</p>

Risk Category	Program Wide Risk Ref.	Program Wide Fraud Scheme Description	Program Wide Likelihood/ Impact	Potential Fraud Risk Description and Application to this Project	Likelihood / Impact (This Project)	Monitoring Procedures (Modify to address the risks identified for this project.)
Task Order Contractors (TOC's)	D.4	Schedule Manipulation	M/M	Contractor may misrepresent percentage of completion on critical path to substantiate advanced billings as addressed in disbursement phase fraud risk from B.2 above.	M/M	<p><u>Potential Procedures - Generic:</u> Review applicable supporting documentation to identify potential red flags and investigate as appropriate.</p> <p>Conduct periodic site monitoring of construction progress and compare to reported progress to ensure accuracy of all scheduling data and investigate instances that are not in the best interest of the project or NJT.</p> <p>Determine whether the GC and/or subcontractors manipulated the schedule in order to increase delay claims, change orders, and/or accelerated costs.</p> <p><u>Potential Procedures - Project Specific:</u> Testing of Task Order Contractors or Outsourced Programs are incorporated into the testing procedures contemplated elsewhere in our work plan, if they are applicable.</p> <p>Our understanding is that the AE firms and contractors for these projects are/were procured through a formal RFP/ITB process, and are not TOC contractors. However, if they are TOC or Outsourced, our testing procedures would be comparable to those described elsewhere for procurement/disbursements/etc.</p>
Task Order Contractors (TOC's)	D.5	Change Order Manipulation	H/H	See change order phase fraud risks noted in section G below	H/H	See Change Orders section below.

Risk Category	Program Wide Risk Ref.	Program Wide Fraud Scheme Description	Program Wide Likelihood/ Impact	Potential Fraud Risk Description and Application to this Project	Likelihood / Impact (This Project)	Monitoring Procedures (Modify to address the risks identified for this project.)
Outsourced Programs	E.1	Duplicate Billings	H/H	See disbursement phase fraud risks noted in B.2 above	H/H	<p><u>Potential Procedures - Generic:</u> Review applicable supporting documentation to identify potential red flags and investigate as appropriate.</p> <p>Validate the completeness and accuracy of charges submitted by the contractor, e.g., invoices, receipts, payroll records, overheads, etc., and investigate instances which are not in the best interests of the project or NJT.</p> <p><u>Potential Procedures - Project Specific:</u> Testing of Task Order Contractors or Outsourced Programs are incorporated into the testing procedures contemplated elsewhere in our work plan, if they are applicable.</p> <p>Our understanding is that the AE firms and contractors for these projects are/were procured through a formal RFP/ITB process, and are not TOC contractors. However, if they are TOC or Outsourced, our testing procedures would be comparable to those described elsewhere for procurement/disbursements/etc.</p>
Outsourced Programs	E.2	Cost Shifting	H/H	See disbursement phase fraud risks noted in B.2 above.	H/H	<p><u>Potential Procedures - Generic:</u> Review applicable supporting documentation to identify potential red flags and investigate as appropriate.</p> <p>Investigate instances where costs may not be appropriately applied to the correct scope of work performed which are not in the best interests of the project or NJT.</p>

Risk Category	Program Wide Risk Ref.	Program Wide Fraud Scheme Description	Program Wide Likelihood/ Impact	Potential Fraud Risk Description and Application to this Project	Likelihood / Impact (This Project)	Monitoring Procedures (Modify to address the risks identified for this project.)
						<p><u>Potential Procedures - Project Specific:</u> Testing of Task Order Contractors or Outsourced Programs are incorporated into the testing procedures contemplated elsewhere in our work plan, if they are applicable.</p> <p>Our understanding is that the AE firms and contractors for these projects are/were procured through a formal RFP/ITB process, and are not TOC contractors. However, if they are TOC or Outsourced, our testing procedures would be comparable to those described elsewhere for procurement/disbursements/etc.</p>
Disadvantaged Business Enterprise (DBE) - False Submission	F.1.1	False Certification Documentation	H/H	Use of subcontractors that do not meet DBE requirements through submission of inaccurate or falsified documents	M/M	<p><u>Potential Procedures - Generic:</u> Review applicable supporting documentation to identify potential red flags and investigate as appropriate.</p> <p>Evaluate DBE Certification documents and determine whether there are any false documents, e. g., forgery, alterations, changes, etc. that are not in the best interest of the project or NJT.</p> <p><u>Potential Procedures - Project Specific:</u> See DBE Compliance workplan</p>
Disadvantaged Business Enterprise (DBE) - False Submission	F.1.2	False Compliance Documentation	H/H	Contractor or subcontractor may falsify or not adequately support compliance documentation provided to support DBE usage.		<p><u>Potential Procedures - Generic:</u> Review applicable supporting documentation to identify potential red flags and investigate as appropriate.</p> <p>Evaluate and determine whether DBE documents accurately portray work performed and or payment history, etc., and investigate instances that are not in the best interest of the project or NJT.</p>

Risk Category	Program Wide Risk Ref.	Program Wide Fraud Scheme Description	Program Wide Likelihood/ Impact	Potential Fraud Risk Description and Application to this Project	Likelihood / Impact (This Project)	Monitoring Procedures (Modify to address the risks identified for this project.)
						<u>Potential Procedures - Project Specific:</u> See DBE Compliance workplan
Disadvantaged Business Enterprise (DBE) - False submission	F.1.3	False or Manipulated DBE Pricing	H/H	Submission of DBE invoices or change order proposals that are non-compliant with the terms and conditions of the contract	H/M	<u>Potential Procedures - Generic:</u> Review applicable supporting documentation to identify potential red flags and investigate as appropriate. Determine whether DBE pricing is inconsistent with cost schedules, purchase orders, estimates, etc., and investigate instances that are not in the best interest of the project or NJT. <u>Potential Procedures - Project Specific:</u> See DBE Compliance work plan
Disadvantaged Business Enterprise (DBE) - Pass-Through	F.2	Pass-Through	H/H		H/H	<u>Potential Procedures - Generic:</u> Review applicable supporting documentation to identify potential red flags and investigate as appropriate. Evaluate whether the DBE is performing a commercially useful function.
Disadvantaged Business Enterprise (DBE) - Fronting	F.3	Fronting	H/H	Use of subcontractors that do not meet DBE requirements through submission of inaccurate or falsified documents	H/H	<u>Potential Procedures - Generic:</u> Review applicable supporting documentation to identify potential red flags and investigate as appropriate. Verify authenticity of DBE Ownership and DBE supervision of work being performed. Review transactions for suspicious disbursements and transactions. <u>Potential Procedures - Project Specific:</u> See DBE Compliance workplan

Risk Category	Program Wide Risk Ref.	Program Wide Fraud Scheme Description	Program Wide Likelihood/ Impact	Potential Fraud Risk Description and Application to this Project	Likelihood / Impact (This Project)	Monitoring Procedures (Modify to address the risks identified for this project.)
Change Orders	G.1	False Submissions	M/H	Unsupported or duplicate contractor proposed change orders (and/or contingency usage, as applicable)	H/M	<p><u>Potential Procedures - Generic:</u></p> <p>Review applicable supporting documentation to identify potential red flags and investigate as appropriate.</p> <p>Examine a sample of change orders and determine whether they are in the best interest of the project or NJT.</p> <p>Determine whether change orders do not align with contractual agreements.</p> <p>Evaluate the reasonableness of the percentage of change orders to contract value.</p> <p>Determine whether any costs (labor, materials or equipment) are not incurred and/or billed in accordance with contractual terms.</p>
					M/H	<p><u>Potential Procedures - Project Specific:</u></p> <p>Conduct detailed testing of proposed/executed change orders submitted by contractors, TOCs, DBEs, and additional service requests from AE firms. Conduct detailed testing of change orders for generic testing attributes noted above, entitlement, unreasonable or excessive costs, non-compliant unit prices, insufficient support, varying justifications, patterns related to dates, costs or timing, etc..</p>

Risk Category	Program Wide Risk Ref.	Program Wide Fraud Scheme Description	Program Wide Likelihood/ Impact	Potential Fraud Risk Description and Application to this Project	Likelihood / Impact (This Project)	Monitoring Procedures (Modify to address the risks identified for this project.)
Change Orders	G.2	Cost Shifting	H/H	Unsupported or duplicate contractor proposed change orders (and/or contingency usage, as applicable)	M/H	<p><u>Potential Procedures - Generic:</u> Review applicable supporting documentation to identify potential red flags and investigate as appropriate.</p> <p>Determine whether change orders were actually necessary and represents a valid change from the original scope of work to be performed.</p> <p>Determine whether costs do not align with time sheets, cost records and other supporting documentation and/or were mis-reported.</p> <p>Determine whether costs and/or tasks in the scope of the original contract were included in change orders.</p> <p><u>Potential Procedures - Project Specific:</u> Conduct detailed testing of proposed/executed change orders submitted by contractors, TOCs, DBEs, and additional service requests from AE firms. Conduct detailed testing of change orders for generic testing attributes noted above, entitlement, unreasonable or excessive costs, non-compliant unit prices, insufficient support, etc.</p>

Risk Category	Program Wide Risk Ref.	Program Wide Fraud Scheme Description	Program Wide Likelihood/ Impact	Potential Fraud Risk Description and Application to this Project	Likelihood / Impact (This Project)	Monitoring Procedures (Modify to address the risks identified for this project.)
Change Orders	G.3	Cost Inflation	H/H	Unsupported or duplicate contractor proposed change orders (and/or contingency usage, as applicable)	H/H	<p><u>Potential Procedures - Generic:</u> Review applicable supporting documentation to identify potential red flags and investigate as appropriate.</p> <p>Determine whether costs are reasonable, accurate, incurred, and valid, and are in the best interests of the project or NJT.</p> <p>Determine whether costs and/or tasks in the scope of the original contract were included in change orders.</p>
					H/H	<p><u>Potential Procedures - Project Specific:</u> Conduct detailed testing of proposed/executed change orders submitted by contractors, TOCs, DBEs, and additional service requests from AE firms. Conduct detailed testing of change orders for generic testing attributes noted above, entitlement, unreasonable or excessive costs, non-compliant unit prices, insufficient support, etc.</p>
Change Orders	G.4	Scope Manipulation	M/H	Unsupported, vague, duplicate or pattern of contractor proposed change orders (and/or contingency usage, as applicable).	M/H	<p><u>Potential Procedures - Generic:</u> Review applicable supporting documentation to identify potential red flags and investigate as appropriate.</p> <p>Determine whether costs and/or tasks in the scope of the original contract were included in change orders.</p> <p>Determine whether scope and costs of change orders appear reasonable for the amount of work to be performed.</p> <p>Determine whether the number of change orders appear to be excessive and not in the best interests of the project or NJT.</p>

Risk Category	Program Wide Risk Ref.	Program Wide Fraud Scheme Description	Program Wide Likelihood/ Impact	Potential Fraud Risk Description and Application to this Project	Likelihood / Impact (This Project)	Monitoring Procedures (Modify to address the risks identified for this project.)
						Potential Procedures - Project Specific: Conduct detailed testing of proposed/executed change orders submitted by contractors, TOCs, DBEs, and additional service requests from AE firms. Conduct detailed testing of change orders for generic testing attributes noted above, entitlement, unreasonable or excessive costs, non-compliant unit prices, insufficient support, etc..
Claims Management	H.1	Overpayment of Settlement Amounts	L/M	Contractors may overstate the actual costs associated with settlement amounts, or manipulate the basis for said settlements.	L/M	Potential Procedures - Generic: Review applicable supporting documentation to identify potential red flags and investigate as appropriate. Determine whether claims are valid, settled at a reasonable amount and are in the best interest of the project and NJT.
Claims Management	H.2	Fraudulent Settlement Bases	L/M		L/M	Potential Procedures - Project Specific: Conduct review of claims submitted, conduct detailed testing procedures encompassing attributes noted in the generic procedures above, as well as mathematical accuracy, contractual compliance and consistency with construction phase pricing.

6. IOM FIRM DBE PROGRAM COMPLIANCE MONITORING OF CONTRACTORS

Members of your engagement team work directly with DBE compliance programs at other public sector agencies and are deeply familiar with the steps necessary to validate contractor compliance with program requirements. Due diligence efforts at the inception of a vendor relationship to confirm DBE partners are certified, serve a commercially useful function, and that planned utilization calculations are accurate and achieve respective goals for the project are of vital importance. During construction, interviews with DBE employees, inspection of certified payroll records, subcontractor invoices and check copies, as well as maintaining rolling compliance calculations are necessary to help ensure contractors are treating DBE firms fairly and making a good faith effort to meet the goals set forth at contract inception. Your proposed engagement team has experience auditing these types of programs and further, helping DBE compliance programs improve through work with comparable programs across the country.

Our DBE Compliance Work Plan for the Hoboken Projects is presented on the following page.

Step #	Risk Category	DBE Program Requirement (per IOM Services RFP)	Review / Monitoring Procedures (Modify as needed for this project and the risks identified)	DBE Compliance Auditing Staffing Hours										(For Future Reference)		
				Frequency of Task Performance	Partner/ Principal/ Director	Program Manager	Project Manager	Subject Matter Expert	Supervisor/ Senior Consultant	Consultant	Associate Staff	Admin. Support	Total Hours	Budget Hours	Actual to Date	Variance
1	IOM Firm DBE Program Compliance Monitoring of Contractors	Prompt payment of Invoices	<p>Confirm whether contract clause in subcontractor agreement(s) reflect(s) required language acknowledging that prompt payment will be issued to DBE subcontractors no later than 10 days following Prime contractor's receipt of payment from NJT.</p> <p>Confirm with NJT the dates of payment disbursements issued to Prime and compare to payment receipt dates reported by Prime to determine average days for "payments in transit".</p> <p>Compare payment receipt dates reported by Prime to disbursement dates of payments issued to subcontractor(s) / sub consultant(s) to determine whether Prime has issued prompt payment (i.e. within 10 days of receipt of funds from NJT.) Determine whether the disbursement dates indicated by Prime align with the Prime</p>	Monthly	1		4		8	8			21			

				DBE Compliance Auditing Staffing Hours										(For Future Reference)		
Step #	Risk Category	DBE Program Requirement (per IOM Services RFP)	Review / Monitoring Procedures (Modify as needed for this project and the risks identified)	Frequency of Task Performance	Partner/ Principal/ Director	Program Manager	Project Manager	Subject Matter Expert	Supervisor/ Senior Consultant	Consultant	Associate Staff	Admin. Support	Total Hours	Budget Hours	Actual to Date	Variance
			<p>Contractor's DBE Payment Certification (Form E) and DBE Subcontractor Monthly Payment Report (Form E2) filings submitted to NJT for the corresponding period(s).</p> <p>Obtain and review copies of the front and back of cancelled checks reflecting details of disbursements made to subcontractor(s). Note and report to NJT any discrepancies indicating possible non-compliance with prompt payment of invoices requirement.</p>													
2	IOM Firm DBE Program Compliance Monitoring of Contractors	Prompt payment of retainage	<p>Upon satisfactory completion of work by DBE subcontractor(s), verify that punch list items have been completed and properly approved by Prime and NJT (as applicable).</p> <p>Review documentation provided by Prime to determine whether retainage release authorizations have been issued by NJT.</p> <p>Confirm whether retainage payments</p>	One Time (Upon Completion of Work)	1		2		4	8			15			

Step #	Risk Category	DBE Program Requirement (per IOM Services RFP)	Review / Monitoring Procedures (Modify as needed for this project and the risks identified)	DBE Compliance Auditing Staffing Hours										(For Future Reference)		
				Frequency of Task Performance	Partner/ Principal/ Director	Program Manager	Project Manager	Subject Matter Expert	Supervisor/ Senior Consultant	Consultant	Associate Staff	Admin. Support	Total Hours	Budget Hours	Actual to Date	Variance
			<p>issued to subcontractor(s) were disbursed within 15 days of receipt of authorization for release.</p> <p>Confirm whether contract clause in subcontractor agreement(s) reflect(s) required language acknowledging that payment will be issued to DBE subcontractors no later than 15 days following satisfactory completion of the accepted scope of work.</p> <p>Obtain and review copies of the front and back of cancelled checks reflecting details of retainage release payment issued made to subcontractors. Note and report to NJT any discrepancies indicating possible non-compliance with prompt payment of retainage requirement.</p>													
3	IOM Firm DBE Program Compliance Monitoring of Contractors	Commercially Useful Function	Perform on-site observation of work, prepare and submit proprietary CUF Checklist with results of observations.	Monthly	2		12	8	16	16			54			

				DBE Compliance Auditing Staffing Hours										(For Future Reference)		
Step #	Risk Category	DBE Program Requirement (per IOM Services RFP)	Review / Monitoring Procedures (Modify as needed for this project and the risks identified)	Frequency of Task Performance	Partner/ Principal/ Director	Program Manager	Project Manager	Subject Matter Expert	Supervisor/ Senior Consultant	Consultant	Associate Staff	Admin. Support	Total Hours	Budget Hours	Actual to Date	Variance
			<p>Conduct laborer interviews of workers of prime contractor and subcontractor(s)</p> <p>Review DBE subcontractor(s) documentation including invoices to prime contractor, certified payroll reports, invoices from suppliers, purchase orders and payments issued by DBE subcontractor(s) to third parties in connection with the work.</p>													
4	IOM Firm DBE Program Compliance Monitoring of Contractors	Pass-Throughs	<p>Examine invoices from vendors and suppliers and compare to amounts invoiced to prime contractor for indicators of potential pass-through activity.</p> <p>Conduct visits to business offices/locations of DBE subcontractor(s) to assess the possibility of DBE firms and non-DBE firms sharing addresses and/or to observe business activities and also to determine whether other pass-through activities may be evident.</p>													

				DBE Compliance Auditing Staffing Hours										(For Future Reference)		
Step #	Risk Category	DBE Program Requirement (per IOM Services RFP)	Review / Monitoring Procedures (Modify as needed for this project and the risks identified)	Frequency of Task Performance	Partner/ Principal/ Director	Program Manager	Project Manager	Subject Matter Expert	Supervisor/ Senior Consultant	Consultant	Associate Staff	Admin. Support	Total Hours	Budget Hours	Actual to Date	Variance
			Interview DBE personnel and managers as necessary to follow-up on any concerns related to potential pass-through activities. Compare observed work performed with work identified within the DBE Utilization Form A-submitted as part of the DBE bid. Evaluate whether any pass throughs have occurred.													
5	IOM Firm DBE Program Compliance Monitoring of Contractors	All Contract Deliverables	<p>Review information reflected in Form A filings and verify that participation percentage calculations are supported by the information reflected in payment requisitions received from Prime and subcontractor(s).</p> <p>Review DBE subcontractor(s) information on Form A-1 Bidder Solicitation & Contractor Information and verify accuracy by comparing to DBE certification filings and Biznet website information.</p> <p>Review Form A2 - Non-DBE Subcontractor Utilization to identify any</p>	Monthly	2		6	2	16	16			42			

				DBE Compliance Auditing Staffing Hours										(For Future Reference)		
Step #	Risk Category	DBE Program Requirement (per IOM Services RFP)	Review / Monitoring Procedures (Modify as needed for this project and the risks identified)	Frequency of Task Performance	Partner/ Principal/ Director	Program Manager	Project Manager	Subject Matter Expert	Supervisor/ Senior Consultant	Consultant	Associate Staff	Admin. Support	Total Hours	Budget Hours	Actual to Date	Variance
			potential overlaps in scope of work and dollar values between DBE subcontractors(s) and non-DBE subcontractor(s). Compare details on Form B - Intent to Perform as a First Tier DBE to Form A - First Tier DBE Utilization Plan and DBE subcontract(s)/purchase order(s).													

				DBE Compliance Auditing Staffing Hours										(For Future Reference)		
Step #	Risk Category	DBE Program Requirement (per IOM Services RFP)	Review / Monitoring Procedures (Modify as needed for this project and the risks identified)	Frequency of Task Performance	Partner/ Principal/ Director	Program Manager	Project Manager	Subject Matter Expert	Supervisor/ Senior Consultant	Consultant	Associate Staff	Admin. Support	Total Hours	Budget Hours	Actual to Date	Variance
5	IOM Firm DBE Program Compliance Monitoring of Contractors (Continued)	All Contract Deliverables	<p>In the event that the prime subcontractor does not meet the DBE goal, review Form D - Good Faith Effort and verify information provided with those firms solicited.</p> <p>Verify whether all DBE subcontractor(s) are actively certified to perform the scope of work as described in the subcontract(s) / purchase order(s) and that the business description and / or any applicable industry code(s) under which each DBE is certified in line with the scope of work being performed.</p> <p>Review Form E - Contractor's Monthly DBE Payment report & Payment Certification Voucher and compare information reported to supporting documentation including subcontract(s) / purchase order(s), requisitions, payments to subcontractor(s) and verify accuracy of calculations (percentage complete, participation percentage, and</p>	Monthly	Included in steps 1, 3 & 4 above											

				DBE Compliance Auditing Staffing Hours										(For Future Reference)		
Step #	Risk Category	DBE Program Requirement (per IOM Services RFP)	Review / Monitoring Procedures (Modify as needed for this project and the risks identified)	Frequency of Task Performance	Partner/ Principal/ Director	Program Manager	Project Manager	Subject Matter Expert	Supervisor/ Senior Consultant	Consultant	Associate Staff	Admin. Support	Total Hours	Budget Hours	Actual to Date	Variance
			<p>participation credit for suppliers).</p> <p>Review Form E2 - DBE's Monthly Payment Report and supporting information and compare to information obtained during prompt payment reviews. Verify accuracy of calculations and participation credit on Forms A, E, and E2 for suppliers to ensure no fraud in utilization credit. Verify that information reported for original subcontract amount, change order amount, total of monthly invoices submitted, total of monthly payments received, life-to-date total of payments received, and percentage of work complete are in line with anticipated results</p>													
6	IOM Firm DBE Program Compliance Monitoring of Contractors	Award versus spend	Review DBE subcontractor(s) invoices to prime contractor, payments from prime contractor, and DBE subcontractor(s) job cost and cash receipts reports and compare to information reported in Form E - Contractor's Monthly DBE Payment	Monthly												

				DBE Compliance Auditing Staffing Hours										(For Future Reference)		
Step #	Risk Category	DBE Program Requirement (per IOM Services RFP)	Review / Monitoring Procedures (Modify as needed for this project and the risks identified)	Frequency of Task Performance	Partner/ Principal/ Director	Program Manager	Project Manager	Subject Matter Expert	Supervisor/ Senior Consultant	Consultant	Associate Staff	Admin. Support	Total Hours	Budget Hours	Actual to Date	Variance
			Report & Payment Certification Voucher. Verify award amounts reported on Form E - Contractor's Monthly DBE Payment Report & Payment Certification voucher are consistent with subcontract agreement(s).													
7	IOM Firm DBE Program Compliance Monitoring of Contractors	Actual DBE work performed matches credit	Review detailed scope of work contained in DBE subcontract(s) / purchase order(s). Review scope of work of any second tier subcontractor(s), suppliers or fabricators to the DBE subcontractor to determine that appropriate credit is being reported, Compare values for DBE scope of work between independent cost estimate and final schedule of values for reasonableness. Conduct observations of site work to ensure that DBE subcontract (and not the prime or a non-DBE lower tier sub) is performing scope of	Monthly	Included in steps 1 and 4 above											

				DBE Compliance Auditing Staffing Hours										(For Future Reference)		
Step #	Risk Category	DBE Program Requirement (per IOM Services RFP)	Review / Monitoring Procedures (Modify as needed for this project and the risks identified)	Frequency of Task Performance	Partner/ Principal/ Director	Program Manager	Project Manager	Subject Matter Expert	Supervisor/ Senior Consultant	Consultant	Associate Staff	Admin. Support	Total Hours	Budget Hours	Actual to Date	Variance
			work detailed in the subcontract agreement.													
8	IOM Firm DBE Program Compliance Monitoring of Contractors	Reporting non-compliance in weekly reports to NJT Internal Audit	<p>Discuss preliminary findings of non-compliance with NJ Transit Internal Audit.</p> <p>Report non-compliance on Weekly IOM Consultant Report.</p> <p>Draft memo detailing non-compliance and provide all supporting documentation as directed by NJT Internal Audit.</p>	Weekly	Covered in Fraud Monitoring hours in overall workplan											

Step #	Risk Category	DBE Program Requirement (per IOM Services RFP)	Review / Monitoring Procedures (Modify as needed for this project and the risks identified)	DBE Compliance Auditing Staffing Hours										(For Future Reference)		
				Frequency of Task Performance	Partner/ Principal/ Director	Program Manager	Project Manager	Subject Matter Expert	Supervisor/ Senior Consultant	Consultant	Associate Staff	Admin. Support	Total Hours	Budget Hours	Actual to Date	Variance
9	IOM Firm DBE Program Compliance Monitoring of Contractors	Written requests and approvals for the addition or removal / replacement of a DBE firm	<p>When applicable:</p> <p>Review requests to obtain an understanding of events leading to the change/removal of a DBE Firm.</p> <p>Determine whether the nature of requests to remove/replace a DBE subcontractor may involve factors that could be indicative of non-compliance.</p>	As Needed	1		4		8	8			21			
10	IOM Firm DBE Program Compliance Monitoring of Contractors	Good faith effort on contract(s) being monitored including change orders / revisions	<p>When applicable:</p> <p>Determine whether the prime contractor is at risk for not meeting or is actually not meeting the DBE participation goals. Review information reflected on Form D - Good Faith Effort and perform independent verification to validate information reported on Form D.</p> <p>Review Form E - Contractor's Monthly DBE Payment Report & Payment Certification and assess whether change order approvals may trigger or actually cause Prime to fall below prescribed DBE participation goals.</p>	As Needed	1		4		8	8			21			

				DBE Compliance Auditing Staffing Hours										(For Future Reference)		
Step #	Risk Category	DBE Program Requirement (per IOM Services RFP)	Review / Monitoring Procedures (Modify as needed for this project and the risks identified)	Frequency of Task Performance	Partner/ Principal/ Director	Program Manager	Project Manager	Subject Matter Expert	Supervisor/ Senior Consultant	Consultant	Associate Staff	Admin. Support	Total Hours	Budget Hours	Actual to Date	Variance
11	IOM Firm DBE Program Compliance Monitoring of Contractors	Evidence of payment to prime contractor to NJ TRANSIT, and the DBE by prime contractor	In connection with the compliance review procedures specific to prompt payment provisions (above), note and report to NJT any instances where supporting documents are not timely, incomplete, or otherwise unavailable for review.	Monthly	Included in step 1 above											
12	IOM Firm DBE Program Compliance Monitoring of Contractors	Other relevant data as required by NJ Transit	o	As Needed	Included in steps above											

Total	803210606400174								
DBE Sub-consultant Hours									
Net Prime Hours	8	0	32	10	60	64	0	0	174
Total Hours	8	0	32	10	60	64	0	0	174

7. DBE PROGRAM REQUIREMENTS FOR THE IOM FIRM

We are pleased to support NJ TRANSIT's commitments and goals with regard to the maximum utilization of Disadvantaged Business Enterprise (DBE) participation and will use our best efforts to help ensure that our DBE will have the maximum opportunity to achieve, at a minimum, our established 10 percent goal. RSM intends to utilize one DBE subcontractor for 10 percent or more of the contract value of the work that is awarded.

We have selected MFS Consulting Engineers & Surveyor, DPC (MFS) to serve as our DBE subcontractor. MFS is certified by The Port Authority of New York and New Jersey as a DBE on behalf of the New Jersey and New York State Unified Certification Program partners. A copy of their certification is included with the required DBE forms within our cost proposal. We have also determined that their services comply with the approved NAICS code. MFS will assist RSM in development of our audit plan; they will perform evaluations of pay applications and change orders, and provide technical support and quality control to the team members performing detailed test work.

8. SCHEDULE

Based on your needs for this project, we have developed the following timeline in connection with the services.

Milestones	Timing
Integrity oversight monitoring services—Boiler for Building Repair	
Project kickoff and planning session	April 2018
Submission of detailed work plan to NJT for feedback and revision	April 2018
Retrospective audit procedures of past activity	May–June 2018
Meeting to share results of past activity audit	June 2018
Construction phase IOM fieldwork—see technical approach above for key testing activities	April 2018–June 2021*
Draft comprehensive report	August 2021*
Final comprehensive report	September 2021*
Weekly updates	Throughout
IOM reporting	Quarterly

Milestones	Timing
Integrity oversight monitoring services—Signal Power Repair	
Project kickoff and planning session	April 2018
Submission of detailed work plan to NJT for feedback and revision	April 2018
Retrospective audit procedures of past activity	May–June 2018
Meeting to share results of past activity audit	June 2018
Construction phase IOM fieldwork—see technical approach above for key testing activities	October 2018–June 2023*
Draft comprehensive report	July 2023*
Final comprehensive report	August 2023*
Weekly updates	Throughout
IOM reporting	Quarterly

*Subject to RSM IOM contract renewals future competitive awards.

9. QUALITY ASSURANCE PLAN (QAP)

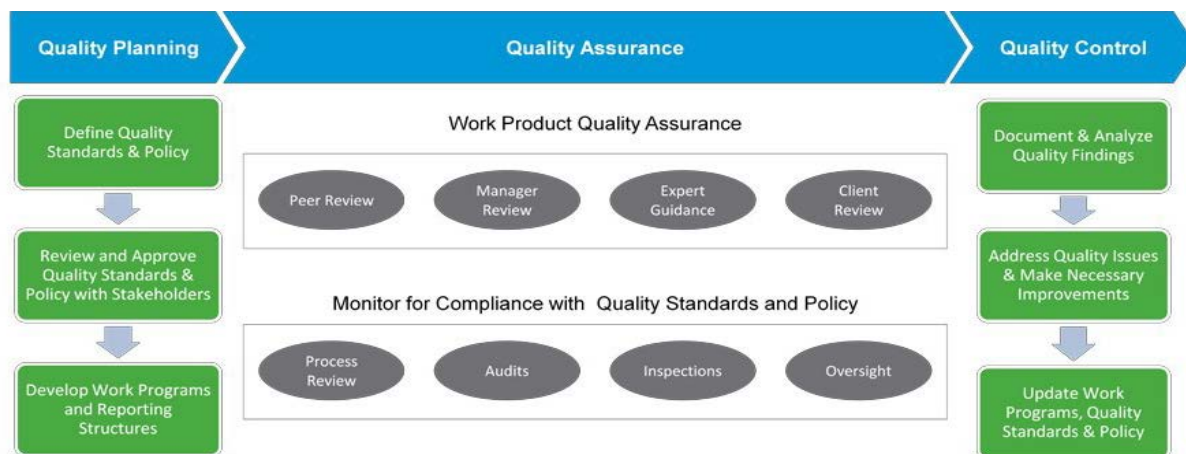
Through our experience with comparable projects, RSM has developed standard reporting templates and scheduled update protocols designed to assist management in the achievement of their objectives. While our templates and protocols have proven to be successful, we will work with management to tailor our deliverables to meet the specific needs of NJ TRANSIT.

The reporting schedule represents our planned course of action with respect to delivering the fraud risk assessment of the Hoboken Projects as requested by the Work Authorization dated January 25, 2018.

Our focus as a firm is to deliver high-quality, responsive service to every client. Our delivery model is built to reinforce this commitment. Specifically, while conducting our internal audit support services, every phase of the engagement is performed in a manner that drives quality — from planning, to execution of fieldwork, to reporting. The diagram below illustrates the approach we will take to weave quality assurance throughout our engagement with the NJ TRANSIT.

All draft reports are reviewed by the engagement partner and more than likely one or more technical resources for context, wording and sensitivity to the public environment in which the NJ TRANSIT operates. Each draft report will be presented to the auditee, and then to NJ TRANSIT management, prior to finalization, in order to solicit feedback on the format, wording, feasibility of recommended actions and timing of planned actionable responses.

While we take our independence and objectivity very seriously, we realize that certain buzz words and phrases can take on differing meaning when not viewed within the context of an entire report. As such, we spend an ample amount of time working with management to ensure that the reports have been thoroughly vetted before issuance into the public record. The chart below provides an overview of our approach to Quality Control:



We believe in and uphold professional and personal integrity. Our partners and employees are expected to practice to the highest standards of professional performance and behavior. We establish policies and procedures designed to provide reasonable assurance that personnel comply with independence, integrity, objectivity, and other relevant ethical requirements. These requirements include government regulations, interpretations and rules of the SEC, Public Company Accounting Oversight Board, U.S. Government Accountability Office, American Institute of Certified Public Accountants (AICPA), Department of Labor and other federal departments and agencies, state CPA societies, state boards of accountancy and other applicable regulators.

10. CONFLICTS

RSM and MFS are not currently aware of any existing relationships between our firm and NJ TRANSIT or trustees or employees of your company that would impair our independence or objectivity. Potential relationships between our firm and your company that could impair our independence or objectivity include, but are not limited to, the following:

- Our professionals having a direct financial interest in a client or a material indirect financial interest in a client
- Our professionals having a loan to or from a client, or an officer, director or principal stockholder of a client
- A member of a professional's immediate family or a close relative being employed in positions of significant influence with a client or an audit-sensitive position with a client
- Our professionals receiving from a client a gift or a discount that is not available to a regular consumer
- Our professionals serving as an officer or director for a client

A Conflict of Interest Disclosure Form from RSM and from MFS is presented on the following pages.

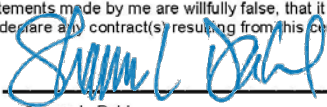
NJ TRANSIT CONTRACT NO. 14-033
INTEGRITY OVERSIGHT MONITORING (IOM) PROGRAM
CONFLICT OF INTEREST DISCLOSURE FORM

The IOM and each of its sub-consultants must certify by completing this form that neither it nor any of its affiliates or subsidiaries or sub-consultants is involved in Superstorm Sandy Program Management or in the design, preparation or delivery of Superstorm Sandy Recovery and Resiliency contracts, task orders, projects, services and programs or any other involvement or activities to NJ TRANSIT or third-parties that could create a direct or indirect conflict with providing IOM services to NJ TRANSIT under its current IOM agreement either directly or as a member of a joint venture, partnership, or as a sub-consultant or subcontractor of any tier.

COMPLETE ALL QUESTIONS BELOW		YES	NO
1. Has any person or the firm previously performed or is currently performing any materials, services, or any other work for NJ TRANSIT? <i>(If yes, complete and attach a form containing the contract number, contract title, dates, the contact person, and brief description of the work.)</i>	_____	_____	X
2. Has any person or the firm previously performed or is currently performing any design, preparation, delivery or any other services for the Superstorm Sandy Program or Resilience Program at NJ TRANSIT? <i>(If yes, attach a detailed explanation for each instance.)</i>	_____	_____	X
3. Has any person or the firm previously performed or is currently performing any design, preparation, delivery or any other services for Superstorm Sandy or Resilience Program for contractors, firms, entities, corporations or any other parties? <i>(If yes, attach a detailed explanation for each instance.)</i>	_____	_____	X
4. Are there now any potential, anticipated, or actual conflict of interests between any person or the firm either directly or as a member of a joint venture, partnership or as a sub-consultant or subcontractor of any tier <i>(If yes, attach a detailed explanation for each instance.)</i>	_____	_____	X

CERTIFICATION: I, being duly sworn upon my oath, hereby represent and state that the foregoing information and any attachments thereto to the best of my knowledge are true and complete. I acknowledge that NJ TRANSIT is relying on the information contained herein and thereby acknowledge that I am under a continuing obligation from the date of this certification through the completion of any contracts with NJ TRANSIT to notify NJ TRANSIT in writing of any changes to the answers or information contained herein.

I, being duly authorized, certify that the information supplied above, including all attached pages, is complete and correct to the best of my knowledge. I certify that all of the foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me are willfully false, that it will constitute a material breach of my agreement(s) with NJ TRANSIT and that NJ TRANSIT at its option, may declare any contract(s) resulting from this certification void and unenforceable.

COMPANY NAME: <u>RSM US LLP</u>		 _____ (Signature)	
ADDRESS: <u>379 Thornall St. 2nd Floor</u>	PRINT OR TYPE	<u>Shawn L. Dahl</u>	(Name)
<u>Edison, NJ 08837</u>		<u>Principal</u>	(Title)
		<u>February 26, 2018</u>	(Date)

NJ TRANSIT CONTRACT NO. 14-033
INTEGRITY OVERSIGHT MONITORING (IOM) PROGRAM
CONFLICT OF INTEREST DISCLOSURE FORM

The IOM and each of its sub-consultants must certify by completing this form that neither it nor any of its affiliates or subsidiaries or sub-consultants is involved in Superstorm Sandy Program Management or in the design, preparation or delivery of Superstorm Sandy Recovery and Resiliency contracts, task orders, projects, services and programs or any other involvement or activities to NJ TRANSIT or third-parties that could create a direct or indirect conflict with providing IOM services to NJ TRANSIT under its current IOM agreement either directly or as a member of a joint venture, partnership, or as a sub-consultant or subcontractor of any tier.

COMPLETE ALL QUESTIONS BELOW	YES	NO
1. Has any person or the firm previously performed or is currently performing any materials, services, or any other work for NJ TRANSIT? (If yes, complete and attach a form containing the contract number, contract title, dates, the contact person, and brief description of the work.)	_____	X _____
2. Has any person or the firm previously performed or is currently performing any design, preparation, delivery or any other services for the Superstorm Sandy Program or Resilience Program at NJ TRANSIT? (If yes, attach a detailed explanation for each instance.)	_____	X _____
3. Has any person or the firm previously performed or is currently performing any design, preparation, delivery or any other services for Superstorm Sandy or Resilience Program for contractors, firms, entities, corporations or any other parties? (If yes, attach a detailed explanation for each instance.)	_____	X* _____
4. Are there now any potential, anticipated, or actual conflict of interests between any person or the firm either directly or as a member of a joint venture, partnership or as a sub-consultant or subcontractor of any tier (If yes, attach a detailed explanation for each instance.)	_____	X _____

CERTIFICATION: I, being duly sworn upon my oath, hereby represent and state that the foregoing information and any attachments thereto to the best of my knowledge are true and complete. I acknowledge that NJ TRANSIT is relying on the information contained herein and thereby acknowledge that I am under a continuing obligation from the date of this certification through the completion of any contracts with NJ TRANSIT to notify NJ TRANSIT in writing of any changes to the answers or information contained herein.

I, being duly authorized, certify that the information supplied above, including all attached pages, is complete and correct to the best of my knowledge. I certify that all of the foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me are willfully false, that it will constitute a material breach of my agreement(s) with NJ TRANSIT and that NJ TRANSIT at its option, may declare any contract(s) resulting from this certification void and unenforceable.

COMPANY NAME: <u>MFS Consulting Engineers & Surveyor, DPC</u>		 _____ (Signature)
ADDRESS: <u>2780 Hamilton Blvd., South Plainfield, NJ 07080</u>	PRINT OR TYPE	<u>Gonzalo Trenosky</u> _____ (Name)
		<u>Project Engineer II</u> _____ (Title)
		<u>3/9/2018</u> _____ (Date)

* MFS has not been a sub-contractor to or completed any resiliency or super storm recovery work with STV Inc., DMR Construction or NJ Transit.



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