

Confidential

State of New Jersey
Department of Treasury
May 28, 2013



Volume 1

Request for Quote

Program and process management auditing,
financial auditing and grant management, and
integrity monitoring/anti-fraud services for
disaster recovery assistance

Pool 3

Integrity Oversight Monitor



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Dave Ridolfino, Associate Deputy State Treasurer
Department of Treasury
Office of the State Treasurer
P.O. Box 002
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May 28, 2013

RE: RFQ768892S - Program and process management auditing, financial auditing, and grant management, and integrity monitoring/anti-fraud services for disaster recovery (Hurricane Sandy)

Dear Mr. Ridolfino:

Ernst & Young LLP (EY) is pleased to respond to your Request for Quote to provide the services of an Integrity Oversight Monitor to serve as the centralized point of contact in the implementation of P.L. 2013 c.37, N.J.S.A. §52:15D-1,-2.

The road to recovery will be difficult and requires a robust and highly-effective disaster management response and recovery services function. We believe EY is the best choice to provide these services to you.

Our many years of serving public sector clients in the New Jersey metro area coupled with decades of disaster management experience provides us with a unique understanding of the distinctive issues New Jersey is facing today. Because of our experiences in working with the State and various other metro area agencies, we know your business environment and have a keen awareness of what is required to work successfully with you. That is why we have assembled a team of professionals who offer deep FEMA experience, a history of public service and the requisite skills to serve this engagement. These professionals can offer a unique perspective by providing practical ideas on how to manage, improve, and expedite the State of New Jersey's disaster recovery efforts, and, at the same time, ensure that your limited resources dedicated to the recovery effort are applied in an efficient, effective, and economical manner, and that all necessary precautions are taken to prevent, detect, and remediate fraud, waste, abuse, and mismanagement.

We have managed disaster recovery work in 40+ states and all FEMA regions, including FEMA Region II; and have experience with disaster programs at every level, including FEMA, state and local governments, and non-profits.

Again, we are eager to feature our service offerings to you and thank the State for providing us with this opportunity. We look forward to introducing our leadership team to you and to answering your questions. In the meantime, should you have any questions regarding any aspect of our proposal, please call either of us.

Sincerely,

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Information in these materials relating to our approach, methodologies or pricing is confidential and proprietary to Ernst & Young LLP and/or Ernst & Young.

Our Team

Our plan centers on the experience and competencies of our team members. Our leadership team will collectively work together to coordinate and manage the delivery for each individual task. This enables us to leverage our institutional knowledge and extensive experience providing disaster management consultative services to a disparate audience of clients, and rapidly scale our resources to meet anticipated tasks.

We will staff this engagement from a mix of former FEMA senior officials, Certified Public Accountants, forensic accountants, Certified Fraud Examiners, and grants managers to limit learning curves and practitioner ramp up. Our project Subject Matter Experts on this contract will have extensive Federal, State, and local government disaster relief oversight experience, as well as comprehensive financial management, grants management, and contract management knowledge, along with skills to assist with unanticipated events. In addition, our team includes professionals who assist clients on a wide range of matters from reactive internal investigation to proactive matters helping clients assess and mitigate risks facing their organization or entity. The combination of our professionals who are dedicated to disaster recovery, investigative work and our local knowledge of the State of New Jersey results in an approach with embedded disaster recovery and investigative experience.

We have assisted FEMA grantees and sub-grantees in financial and programmatic areas, including grants management, contract management, accounting, internal controls, insurance, program assessments, disaster close-out, documentation, audit resolution, appeals, and a wide range of other services. Also, we assist our clients in preparing the necessary documentation for recipients of Federal funds to comply with Federal laws and regulations, including the Stafford Act, Post Katrina Emergency Management Reform Act, Code of Federal Regulations (44 CFR), the Federal Acquisition Regulation (FAR), FEMA policies and procedures, and the CDBG-disaster relief program.

Project leadership

The engagement team will be led by Robert Reeves and Brian Browne. Mr. Reeves is a Partner in EY's Claims practice with almost 23 years of experience assisting clients with complex FEMA and insurance claim related matters. He has worked closely with EY's subject matter resources in this proposal to assist clients with compliance and risk assessments related to grants management and overall disaster recovery management. Mr. Reeves has also led several fraud investigations.

Brian Browne is an Executive Director in EY's Fraud Investigation practice, based in New York. Mr. Browne has over 20 years experience, including significant experience with fraud investigations and risk assessments. His experience includes multiple projects assisting clients in the role as a compliance monitor.

Subject matter resources

Our engagement team will include Matt Jadacki. Mr. Jadacki has 30 years of experience in Federal grants management and FEMA project management. In his most recent position before joining EY, he was the Assistant Inspector General for Emergency Management Oversight with the DHS. He was responsible for providing aggressive and ongoing audit and oversight effort designed to ensure that disaster relief funds were spent appropriately, while identifying fraud, waste, and abuse early. The office focus was weighted heavily toward prevention, including reviewing internal controls, and monitoring and advising DHS and FEMA officials on grants, contracts, and loans.

Along with his oversight role in the FEMA and DHS OIG, he was also the Chief Financial Officer at FEMA and the National Weather Service. As the CFO at FEMA, he was responsible for all grants management activities in the Agency. While working for FEMA and the DHS OIG, he conducted hundreds of disaster grant audits at the State and local level, and conducted comprehensive reviews of FEMA's grants management operations within the Agency.

Mr. Jadacki also served as the Special Inspector General for Gulf Coast Hurricane Recovery in the aftermath of Hurricane Katrina. In that capacity, he was responsible for coordinating and reporting on the receipt and expenditure of over \$100 billion in Federal aid for Hurricane Katrina recovery operations. He was instrumental in establishing the Hurricane Katrina Fraud Task force, composed of Federal, State, and local law enforcement officials focused on preventing fraud, waste, and abuse of disaster relief funds.

Mr. Jadacki has successfully managed disaster operations throughout the United States, including Hurricane Katrina, the Northridge Earthquake, Midwest flooding, Hurricane Andrew, and the September 11, 2001 terrorist events. Mr. Jadacki has provided expert testimony before both Houses of Congress more than 30 times on a number of disaster management issues.

Along with Mr. Jadacki's extensive experience, another member of our team who will serve as a subject matter expert will be Richard Skinner. Mr. Skinner served as the Assistant Inspector General for Audits, Deputy Inspector General, and Acting Inspector General at FEMA between 1991 and 2003, and as the Inspector General of DHS between 2004 and 2011. During his time as IG of DHS, he coordinated the OIG community's oversight of Hurricane Katrina. He brings more than 42 years of extensive experience in identifying vulnerabilities in government programs and management support operations, and facilitating excellence in government by recommending needed performance and management improvements. He is a subject matter expert on Federal, State, and local government and private sector financial management, grants management, acquisition management, and IT management, as well as homeland security, emergency management, inspector general, audit/inspection, and law enforcement matters.

In his more recent experience, Mr. Skinner served as the Vice-Chairman of the Recovery and Transparency Board (RATB). The RATB was created to oversee nearly \$800 billion in Recovery Act funds to prevent fraud, waste, and abuse, and to foster transparency and accountability by providing the public with accurate, user-friendly information. Also, Mr. Skinner served as the chair of the Board's Accountability Committee. The Accountability

Committee created the forensic analytic tool used by the Board to screen and identify high risk subgrants, and to assist OIG audits and investigations of recovery fund recipients.

Another subject matter resource on our team, Michael Herman, is the former Legislative and Regulatory Counsel at FEMA and Senior Counsel for the US House of Representatives, Committee on Transportation and Infrastructure, Emergency Management Subcommittee. Mr. Herman drafted and oversaw the drafting of numerous Stafford Act provisions, related laws and its implementing regulations (44 CFR), including those on the Public Assistance, Individual Assistance, and Hazard Mitigation Grant Programs.

As Senior Counsel to the Emergency Management Subcommittee, Mr. Herman also drafted the most recent authorization of the Pre-Disaster Mitigation Program and conducted oversight and investigations of HUD and FEMA programs including the Public Assistance program, the Individual Assistance program, and the Hazard Mitigation Grant Program. During his tenure at FEMA, Mr. Herman was deployed to disasters around the nation and worked and provided advice to Federal, State, and local officials implementing the Public Assistance and Individual Assistance programs.

Extensive Knowledge & Disaster Management Professionals

Our disaster management professionals include former FEMA senior officials with more than 50 years combined FEMA and emergency management experience with every aspect of FEMA programs, including financial management, grants and contract management, Stafford Act program management and reviews, policy development, and oversight. In addition, our key staff members have conducted hundreds of audits, inspections, and reviews of FEMA disaster relief programs in nearly every State and FEMA region, including FEMA Region II, and made thousands of recommendations to promote economy, efficiency, and effectiveness; prevent fraud, waste, and abuse; and improve Federal, State, and local government disaster operations. Our team has experience in all of FEMA's disaster programs, including emergency assistance (debris removal and other emergency protective services), public assistance, individual assistance, hazard mitigation, National Flood Insurance Programs, and CDBG disaster programs.

Through our experience in serving public sector entities, at all levels of government, over the last 20 years, we have developed an outstanding understanding of the unique compliance requirements that a grantee is subject to when receiving Federal financial assistance. For the most part, all large general governments receive assistance through HUD's Community Development Block Grant Program, as such we have been involved in assisting our clients in addressing the myriad of questions associated with these grants. In addition, besides performing audits of the grant programs as part of an entities Federal single audit, we have assisted them in developing monitoring procedures to ensure that funds are used in accordance with the Federal guidelines and related cost principles such as those in OMB Circular A-87.

In addition to our Disaster Management and FEMA experience, EY has worked with many companies, government, and public agencies to provide services related to internal controls, cost allocation, contract compliance and monitoring, forensic auditing, and financial information systems.

Following is a sampling of public sector clients served within the State of New Jersey.

- ▶ New Jersey Department of Treasury
- ▶ New Jersey Transit Corporation
- ▶ New Jersey Transit Bus Operations
- ▶ New Jersey Economic Development Authority
- ▶ New Jersey Water Supply Authority
- ▶ Port Authority of New York and New Jersey
- ▶ Department of Health and Human Services
- ▶ Metropolitan Transit Authority
- ▶ Newark Public School District
- ▶ New Jersey Environmental Infrastructure Trust
- ▶ New Jersey Department of Commerce & Economic Development

We bring a wealth of institutional knowledge and expertise to the disaster response and recovery process to assist you. Our extensive knowledge and understanding of federal disaster assistance programs is a contributing influence and major consideration for a successful disaster recovery program. We understand the issues; the federal, state, and local players; and the challenges encountered by grantees and subgrantees. This knowledge will assist you with your financial recovery, reduce the risk that federally awarded funds will be misspent and ultimately deobligated, and prepare you for the future closeout process.

Our Approach

This engagement will require a deep understanding of the federal laws, regulations, and guidelines governing disaster response and recovery operations, as well as practical experience and expertise in related federal disaster programs. Our professionals have the requisite understanding of federal laws and requirements for disaster response and recovery reimbursement for both grantees and subgrantees. Not only will our team assist the state and its subgrantees to receive critical federal funding needed for disaster response and recovery activities, we will also assist you to retain those funds by helping you understand the requirements applicable to disaster programs, including the Stafford Act, Code of Federal Regulations, the Federal Acquisition regulations, and other regulatory policies and procedures. Failure to comply can result in sizable deobligations or refunds of awarded funds and increased scrutiny by oversight organizations. We have worked on dozens of declared disasters, assisting recipients of federal disaster aid to achieve compliance with these requirements and to develop claims to expedite response and recovery efforts.

Our approach applies a process of continuous monitoring to achieve the State Department of Treasury's goals and objectives of ensuring that federal and state disaster relief funds are properly accounted for; financial data and reports can be relied upon; internal controls are in place to provide reasonable assurance that it is managing Federal and State disaster relief programs in compliance with applicable laws, regulations, and guidelines; and expenditures are supported with proper documentation.

For this engagement, we will design, align, and define, in partnership with the Department of Treasury, the work steps needed to execute and report upon the services being

provided, which may include, but shall not be limited to those services set forth in section 1.f. of the Law governing integrity oversight monitors.

Based on our experiences with past Presidentially declared disasters, we will develop and propose to the Department of Treasury for approval risk assessment models and loss prevention strategies for all federally funded grants, contracts, and projects related to hurricane Sandy response and recovery undertakings.

Depending on the type of assistance provided, and whether the assistance is going to individuals, communities, or state and local governments, we can make adjustments to its oversight approach to maximize its resources on those contracts and projects determined to be most vulnerable to fraud, waste, abuse, and mismanagement, and to ensure the successful execution of the State's goals and objectives to prevent the inefficient expenditure of Hurricane Sandy resources.

For example, in the near future Federal Emergency Management Agency's (FEMA) Individual Assistance (IA) program will make fewer payments to individuals, while FEMA's Public Assistance (PA) program will increase the amounts of funding for communities, counties, cities and state governments to execute large infrastructure contracts, or contracts for other recovery programs, that benefit many and not only individuals.

While this trend may be true at FEMA, the coming year HUD will be managing this trend in reverse. Soon, HUD's substantial investment in the recovery, in the form of Community Development Block Grants, will increase on behalf of individuals. These grants are made to the states and are distributed by the states to individuals in need of housing recovery assistance, as opposed to temporary shelter.

Thus, 7 months after Hurricane Sandy, there are now fewer instances of victims applying for FEMA IA and more instances of communities, cities, counties, and states applying for PA funds. Eligibility for public assistance dollars, usually provided in the form of grants, may last for many years following a catastrophic event.

Contract Actions

As the six-month mark after Hurricane Sandy passed, the flurry of contracts issued to address the immediate needs of the disaster has abated. Many of the contracts were sole-source, which is permissible during the emergency period. When a disaster or emergency occurs, the government is expected to respond expeditiously. In some cases, contracts that under other conditions would be openly competed may be awarded under a sole source or limited competition basis. The number of sole-source contracts following a disaster response period should decline, however, as the urgency of the situation subsides and planning can be implemented. Many of the initial contracts may have been activated from contingency contracts that had been prepared to provide immediate relief in an emergency. Other contracts may have followed routine procurement procedures, and have long-term value. Regardless, unprecedented oversight is required for such a massive effort that involves the work of multiple government agencies across the entire State.

As history has proven, contracts awarded in an emergency environment are often prone to fraud, waste, abuse, and mismanagement. Accordingly, our oversight approach will focus, at least initially, on those contracts awarded during the response phase of disaster

operations, including FEMA project worksheets (PWs) identified in Attachment 3 of the State's RFQ. As the State transitions from response to recovery undertakings, our focus also will shift, with increased attention given to those contracts and projects involving permanent repairs and reconstruction and long term community and economic development. The following chart sets forth the major activities of oversight for each phase of the disaster response and recovery process.

Hurricane Sandy Oversight Model

Phase I Response

Major Activities:

Mass Sheltering
Evacuation
Emergency Supplies
Communications
Health, Safety, and Medical
Contracting¹
Debris Removal
Emergency Protective Services
Preliminary Damage Assessments

(Landfall to 6 Months Out)

Phase II Transition / Individual Assistance

Major Activities:

Temporary / Transitional Housing
Individual and Household
Assistance
Essential Needs
Detailed Damage Assessments
Reconstruction Planning
National Flood Insurance Program
Debris Removal
Contracting¹

(Landfall to 2 Years Out)

Phase III Recovery and Mitigation

Major Activities:

Public Assistance
Facility Inspections
Design A&E
Construction
Repair / Replacement
Hazard Mitigation
Contracting¹
Long Term Community and
Economic Development Recovery

(Landfall to 5 Years Out)

(1) During the Response Phase, "expedited" contracts are issued to address the immediate needs of the disaster. Although expedited contracting is often required immediately after a disaster, once the emergency period is over, state and local governments should re-compete some contracts to introduce competition into the process and ensure that the government is getting a fair price. Over time, contract actions should introduce full and open competition as the timeline moves from disaster response to recovery.

Policies, Guidelines, and Procedures

Our approach aligns with and encompasses all the scope of work requirements detailed in the RFQ. There are three guiding principles in our approach to assisting you:

- Understand your goals and ensure your needs are met
- Bring the right resources at the right time
- Coordinate services

As called for in the State's RFQ, we will develop for the Department of Treasury approval policies, guidelines, and procedures related to certain requirements under the Law, specifically:

- Waiver process
- Reporting process
- Management of integrity oversight engagements, and
- Responsibilities as it relates to coordination, reporting and correction of material weaknesses, discovery of fraud, or lesser degrees of waste, fraud, or abuse with assigned integrity oversight monitors.

We will assess the Department's current processes and, as needed, provide recommendations for improvement and assist the Department in developing and implementing improvements based on best practices.

Our approach to managing integrity oversight engagements will be based on detailed work plans built from objectives and tasks developed in collaboration with the Department. We will assign resources dedicated to this task, leveraging technology to track progress, from award to final payment, and to maintain open communication between our team, the Department, and each of the integrity oversight monitors.

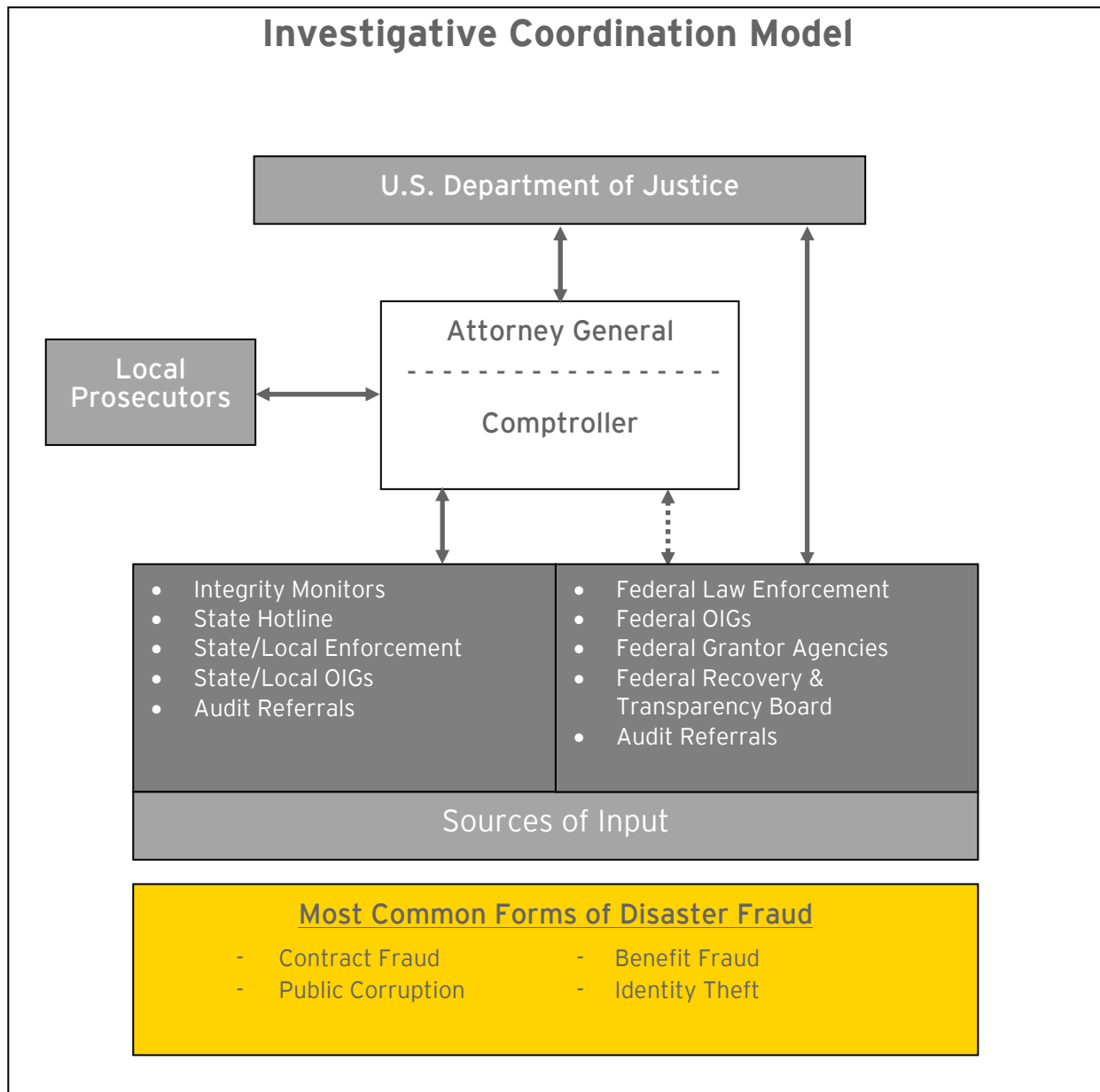
We will proactively anticipate, assess, document, mitigate, and monitor risks and recommend corrective measures and/or appropriate integrity oversight monitoring services. We will develop and maintain a comprehensive inventory of all state, local, and quasi-governmental agencies receiving Hurricane Sandy disaster assistance, including all sites within each FEMA Project Worksheet that exceed \$2M.

Using our risk assessment models and loss prevention strategies approved by the Department, we will monitor risks through a task risk matrix and provide it to the State Treasurer on an ongoing, real-time basis to ensure compliance with the reporting requirements required by the Law. Once we identify risks, we will develop mitigation strategies specific to each risk and work with the State Contract Manager to develop task orders to procure Integrity Oversight Monitoring services from the established pools. In this regard, we will recommend funding sources for integrity oversight monitor services based on applicable federal requirements for the various programs, as well as ensuring compliance with all Federal and State requirements relating to oversight contracts.

Fraud Discovery Coordination

Even the best internal controls can be circumvented. Unfortunately, as proven during past major disasters, when large amounts of federal funds are flowing, the opportunity for fraud

and misappropriation are very high. Coordinating the plethora of allegations of fraud, waste, and abuse following a disaster event can be complex, involving multiple federal, state, and local law enforcement agencies. The following chart depicts the many players engaged in investigative activities after a large disaster, such as the likes of Hurricane Sandy.



Our approach would entail reviewing the design of the Department's current policies and procedures related to the investigations process, reviewing the execution of those policies and processes in practice, and identifying and prioritizing opportunities for the Department to improve its policies and processes for overseeing and coordinating allegations of fraud, waste, and abuse of funds committed to Hurricane Sandy disaster response and recovery activities.

We are experienced in working with federal/state/local law enforcement agencies, as well as federal/state/local prosecutors. Accordingly, we will reach out to those relevant federal/state/local agencies, such as the New Jersey State Police, the DOJ Disaster Fraud Task Force in Baton Rouge, the Recovery and Transparency Board in Washington DC, and various Offices of Inspector General, involved in investigating and prosecuting disaster fraud cases within the State of New Jersey.

Our ability to identify the full extent of fraud, waste, and abuse is contingent upon the cooperation and willingness of officials outside the Department to share investigative data.

Ability to respond to unanticipated events quickly

Finally, our management approach allows us to be responsive and staff tasks with the best available professionals to deliver superior client results. Our staff assigned on this contract will have extensive Federal, State, and local government disaster relief oversight experience, as well as extensive financial management, grants management, and contract management knowledge, and skills to assist with unanticipated events. This will allow for the transferability of staff to assist with the unanticipated tasks. If the number of staff on hand is not sufficient to address an unanticipated change, we will work with the State Department of Treasury to define the new requirements and identify qualified staff from our pool of professionals, including 2,100 local New Jersey based professionals, to quickly respond to your needs.

Attachment A

Contract Schedule of Performance Milestones and Deliverables

Task A: Develop risk assessment models and loss prevention strategies.

Deliverable Milestone: June 15, 2013

Action Required: EY will provide risk assessment models and lost prevention strategies to improve emergency accountability, prevent duplication, and focus heavily on fraud management capabilities. The models and strategies will include internal control reviews, compliance and cost eligibility reviews, and mechanisms to advise accountable state officials on existing and future procurement activities.

Task B: Apply risk assessment model to State, local, and quasi-government contracts over \$2 million.

Deliverable Milestones: July 1, 2013 and September 15, 2013 (and the 15th of each subsequent month)

Action required: 1. Develop Inventory of all projects \$2 million or more (July 1, 2013).
2. Complete assessments of contracts (not included in Task J) awarded for disaster related goods and services (September 15, 2013, and the 15th of each subsequent month).

Task C: Recommend oversight monitor requirements and assist State Contract Manager procure oversight services.

Deliverable Milestone: Ongoing, real-time basis.

Action Required: Provide technical assistance and recommendations on high risk projects based on the results of risk assessments and consideration of other relevant factors, including prior audit findings and reporting issues, high dollar contracts, or other sensitive issues that warrant increased oversight. Recommend oversight contractors with commensurate expertise to perform the work required.

Task D: Develop policies, guidelines, and procedures for Treasury approval.

Deliverable Milestone: June 15, 2013 (and on an as needed basis)

Action Required: Working with the Treasury, assist with the development of policies, standard operating procedures and guidelines for disaster oversight and monitoring activities to streamline and standardize the oversight and accountability process.

Task E: Review current compliance review practices and recommend improvements.

Deliverable Milestone: June 15, 2013

Action Required: Review current compliance oversight practices, identify gaps or inconsistencies, and recommend improvements to strengthen the State's compliance programs.

Task F: Recommend funding sources for integrity oversight monitor services based on Federal requirements.

Deliverable Milestone: July 1, 2013

Action Required: Research and identify all Federal funding sources and requirements for administrative allowances and reimbursements opportunities for activities directly related to the recovery activities, fraud detection and prevention, and compliance related work. Develop a plan to apply for, track, summarize, and submit eligible costs for reimbursement.

Task G: Review invoices from oversight firms conducting work on, but not limited to, FEMA related contracts.

Deliverable Milestone: Weekly, as invoices are submitted.

Action Required: Review and analyze contractor invoices for cost eligibility, reasonableness, consistent with contract terms and conditions, and recommend adjustments, additional supporting documentation, or inquiries, if necessary.

Task H: Assist Treasury with Federal compliance requirements.

Deliverable Milestone: July 15, 2013 (and on an as needed basis)

Action Required: Identify, catalog, and summarize all Federal grant, contracting, and related requirements, including OMB Circulars, Federal agency regulations, Environmental and Historical Preservation laws, the Federal Acquisition regulations, and other related laws and regulations.

Task I: Assist Treasury with State compliance requirements.

Deliverable Milestone: July 15, 2013 (and on an as needed basis)

Action Required: Identify, catalog, and summarize State grant, contracting and related requirements and determine whether the State laws and regulations are consistent with Federal requirements.

Task J: Use risk assessment model for all PWs in excess of \$5 million (listed on RFQ Attachment 3) and recommend corrective action and/or deployment of integrity oversight monitoring services.

Deliverable Milestone: August 1, 2013

Action Required: Using the approved risk assessment model, conduct comprehensive risk assessments of all PWs and site sheets on the 23 PWs exceeding \$5 million. Specific findings and recommendations and recommendations will be developed for each project.

Task K: Develop reporting/tracking system for integrity monitoring contractors to include the reporting requirements mandated by Law.

Deliverable Milestone: June 15, 2013 (and the 15th day of each subsequent month)

Action Required: Develop a standard monthly status reports to track and report the assessments conducted, including findings and recommendations, and corrective action plans, if necessary.

Ongoing Task J: Use risk assessment model for all PWs in excess of \$5 million not yet approved (not listed on RFQ Attachment 3) and recommend corrective action and/or deployment of integrity oversight monitoring services.

Deliverable Milestone: Quarterly beginning on October 1, 2013

Action Required: Using the approved risk assessment model, conduct comprehensive risk assessments of all PWs and site sheets in excess of \$5 million. Initial work will be conducted on the 23 PWs exceeding \$5 million. Specific findings and recommendations and recommendations will be developed for each project.

B. Person-Hours Chart

We based the following budgeted person-hours on the information included in the RFQ. We consider our approach to assisting the State of New Jersey as scalable, and can adjust the budgeted person-hours based on the level of assistance requested from the State.

Tasks	Person-Hours							Total
	Partner	Program Manager	Project Manager	Subject Matter Expert	Senior Consultant	Consultant	Associate Staff	
- Task A - Develop risk assessment models and loss prevention strategies	19	34	50	30	21	42	42	238
- Task B - Assess all local, state and quasi-governmental agencies' contracts in excess of \$2M	806	1,411	2,117	1,260	882	1,764	1,764	10,004
- Task C - Recommend oversight services required and assist to develop a task order to procure services	38	67	101	60	42	84	84	476
- Task D - Develop policies, guidelines and procedures	38	67	101	60	42	84	84	476
- Task E - Review current process and provide recommendations	19	34	50	30	21	42	42	238
- Task F - Recommend funding sources for integrity oversight monitor services	38	67	101	60	42	84	84	476
- Task G - Review payment requests from engaged oversight firms	38	67	101	60	42	84	84	476
- Task H - Assist treasury to be in compliance with Federal requirements related to oversight contracts	38	67	101	60	42	84	84	476
- Task I - Assist treasury to be in compliance with State requirements related to oversight contracts	38	67	101	60	42	84	84	476
- Task J - Apply risk assessment model to project worksheets already approved	202	202	302	454	176	353	353	2,041
Ongoing Task J - Apply risk assessment model to project worksheets not already approved (see Note 1)	605	1,210	1,814	806	706	1,411	1,411	7,963
- Task K - Develop reporting system for integrity monitor contractors retained	19	34	50	30	21	42	42	238
- Prepare and submit monthly report that contains metrics on all activities performed over the last month	19	34	50	30	21	42	42	238
Total	1,920	3,360	5,040	3,000	2,100	4,200	4,200	23,820

Note 1 - Assumes Task J continues beyond August 1, 2013, for additional Project Worksheets not yet completed which are in excess of the \$5 million threshold

Attachment C

Detailed List of Engagements

As requested, the following chart provides a detailed list of engagements in which the firm is currently providing services for any type of disaster recovery. EY includes over 26,000 US professionals; including 2,100 New Jersey based professionals. The projects listed include projects teams from throughout the US. We have selected a team which has both the significant functional experience and availability to address your needs and expectations. We believe that our team's experience, capacity and accessibility are critically important characteristics that differentiate us from other service providers.

Client name	Event
State of Texas	Assisting with Compliance Review, Grant Monitoring and subsequent A-133 Audits of disaster relief funds received as a result of Hurricane Ike and other disasters
Lankler Carragher & Horwitz LLP	Extensive monitoring of the costs, expenses and invoices of the large scale repair and reconstruction project. Provide accounting support to the Integrity Monitor appointed by New York City's Department of Investigation
New York City Housing Authority	Hurricane Sandy; FEMA and property claim assembly, hazard mitigation grant assistance, alternate grant funding assistance
New York City School Construction Authority	Hurricane Sandy; FEMA claim assembly, hazard mitigation grant assistance, alternate grant funding assistance
New York City Department of Education	Hurricane Sandy; FEMA claim assembly, hazard mitigation grant assistance, alternate grant funding assistance
Long Island Power Authority	Hurricane Sandy; FEMA claim assembly, hazard mitigation grant assistance, alternate grant funding assistance
Columbus Regional Hospital	Indiana flooding; FEMA and property claim assembly, hazard mitigation grant assistance, and alternate grant funding assistance. Currently in close out phase.
Mercy Health	Joplin Tornado; FEMA and property claim assembly, hazard mitigation assistance, alternate funding identification and assessment, extra expense and business interruption claims

Our team members' extensive relevant experience is noted in previous sections of the response, and we have not attempted to summarize it in this section.

Attachment E

Resumes of Project Executives

To help you understand our client service team organization and the roles of key individuals, the following section contains an explanation of the major functions of the executives selected to serve you. The individuals will be involved in the engagement to varying degrees as appropriate.

Team member	Experience
Robert Reeves, CPA Partner	<ul style="list-style-type: none">▶ Robert assists clients with complex FEMA and insurance claims and other dispute-related services. He has helped clients reach settlements on claims, including property and extra expense, and he has worked for insurance and reinsurance companies in arbitration and litigation matters. Robert brings more than 22 years experience providing comprehensive financial and strategic advice.
Brian Browne, CPA, FCA, CFE Program Manager (Executive Director)	<ul style="list-style-type: none">▶ Brian assists clients with fraud investigations, fraud risk assessments and fraud prevention. He has significant experience serving in the role of integrity monitor. Brian is both a CPE, licensed in New York, and a Certified Fraud Examiner.
Matt Jadacki, CPA Program Manager (Executive Director)	<ul style="list-style-type: none">▶ Matt brings more than 30 years of public service as a senior executive with the Federal government. The past 20 years were devoted to FEMA and disaster-related activities. He has managed compliance and performance audits of disaster funds in almost every State and FEMA region. Matt has worked on dozens of major disasters, including Hurricanes Katrina and Andrew, the Northridge earthquake, the space shuttle crash and the Midwest floods.
Richard (Rick) Skinner Subject Matter Expert (First Senate confirmed Inspector General of the Department of Homeland Security)	<ul style="list-style-type: none">▶ Rick's extensive experience in identifying vulnerabilities in government programs and management support operations and facilitating excellence in government by recommending needed performance and management improvements. As the first Senate confirmed Inspector General of the DHS, Rick was responsible for conducting, coordinating, and supervising all audits and inspections of departmental programs and operations, as well as all criminal and civil investigations involving departmental employees; detecting and preventing fraud, waste, and abuse; and promoting economy, effectiveness, and efficiency within the department. Additionally, Rick led the DHS OIG community's oversight of the Federal government's response to Hurricane Katrina, which exceeded \$100 billion in grants, contracts, and loans. Rick will serve as a subject matter resource on Federal, State, and local government and private sector financial management, grants management, acquisition management, and IT management, as well as homeland security, emergency management, inspector general, audit/inspection, and law enforcement matters.

Team member	Experience
<p>Michael (Mike) Herman Subject Matter Expert (Senior Manager)</p>	<ul style="list-style-type: none"> ▶ Mike brings extensive experience in providing policy, programmatic and strategic analysis and guidance to government agencies, non-profit organizations, trade associations and businesses on Federal disaster relief programs. In addition to leading the Legislative Regulatory and Policy Team in FEMA's Office of General Counsel, Mike provided legal counsel to program officials throughout the Agency, including the Public Assistance program, the Individual Assistance program, the Hazard Mitigation Grant Program, the National Flood Insurance Program (NFIP), and the Disaster Declaration Unit. He managed FEMA's disaster deployed attorneys. Mike will serve as a subject matter resource to our team on FEMA policy and programmatic matters, the Stafford Act, Federal regulations, and grant issues.
<p>Jill Powell Project Manager (Senior Manager)</p>	<ul style="list-style-type: none"> ▶ Jill's extensive knowledge and experience assisting companies with the preparation, presentation, and settlement of their claims resulting from catastrophic Hurricanes, tornadoes, earthquakes, fires, floods, and other catastrophes, including the calculation, documentation, and successful recovery of FEMA and other public assistance funds. Jill will be assisting with the day to day operations, directly reporting to Matt and Allen, and overseeing all seniors, and staff assigned to the project.
<p>Amit Rahane, B.Com, CA, CISA, CFE Project Manager (Senior Manager)</p>	<ul style="list-style-type: none"> ▶ Amit specializes in fraud investigations and fraud risk assessments. He has extensive experience in forensic accounting and setting up procedures to combat fraud. Amit is a Certified Fraud Examiner.



Robert Reeves, CPA

Partner



Robert is a Partner in Ernst & Young's Claims practice. His focus is assisting clients with complex FEMA and insurance claims and other dispute-related services. His experience includes assisting clients to reach settlements on claims, including property and extra expense, along with working for insurance and reinsurance companies in arbitration and litigation matters. Robert brings more than 22 years experience providing clients with comprehensive financial and strategic advice to resolve complex claims and business disputes. He has also testified as an expert witness.

Robert spent the first six years of his career with Campos & Stratis, where he audited claims for insurance companies. While at Campos & Stratis, he worked closely with both adjusters and policyholders to resolve complex claims accounting issues. This experience working for insurance companies provided insight into the methods used to evaluate complex claims.

Selected previous experience in completing similar contracts

- ▶ Memorial Hermann Healthcare System 2001 to 2011
 - ▶ Robert served as the engagement partner for the Memorial Hermann Healthcare System contract to assist with the calculation and analysis of its FEMA and property claim assembly, extra expense, and business interruption due to Tropical Storm Allison and Hurricane Ike.
 - ▶ Memorial Hermann Healthcare System, 2626 West Sam Houston Parkway N., Houston, TX 77043, Susie Ecklund, System Executive-Financial Management, +1 713 448 4155
- ▶ Mercy Health 2011 to present
 - ▶ Robert served as the engagement partner for the Mercy Health contract to assist with the calculation and analysis of its FEMA and property claim assembly, hazard mitigation grant assistance, and alternate grant funding assistance.
 - ▶ Mercy Health, 14528 South Outer Forty Road, Suite 100, Chesterfield, MO 63017, Stephanie King, VP Finance, +1 314 628 3693

Professional qualifications

- ▶ Certified Public Accountant
- ▶ Bachelor's degree in Accounting, Texas Christian University
- ▶ American Institute of Certified Public Accountants
- ▶ Associate member of the Risk and Insurance Management Society (RIMS).
- ▶ Contributing author of the Business Interruption Book: Coverage, Claims and Recovery, published in 2004 by The National Underwriter Company
- ▶ Frequent speaker on insurance claim related topics, including presentations at several national RIMS conventions and local RIMS chapter meetings



Brian Browne, CPA, FCA, CFE
Executive Director



Mr. Browne is an Executive Director in Ernst & Young's Fraud Investigation & Dispute Services (FIDS) Practice in New York with over 20 years of experience in audit, financial reporting and forensic accounting, and other advisory services.

Brian joined Ernst & Young's FIDS practice in 2005. He is a member of the Chartered Accountants Ireland. He is also a Certified Public Accountant (CPA) licensed by the State of New York and a Certified Fraud Examiner.

He has provided services in the following areas: fraud and forensic investigations, Foreign Corrupt Practices Act investigations and compliance audits, litigation engagements, accounting restatements, monitorship, financial statement audits, attestation engagements, and worked extensively in financial reporting roles. Mr. Browne's experience in the above areas spans various industries, including: Global Freight Forwarding, Industrial and Manufacturing, Retail, Energy, Insurance and Financial Services, Public relations, Professional services, Real estate investment company, Automotive, Wholesale Distributors, Pharmaceutical, Facility Management and IT Manufacturing.

Prior to joining Ernst & Young in Jan 2005, Mr. Browne had gained extensive accounting experience as a member of a Big 4 audit practice in Ireland (1990 - 1996), focusing primarily on the Financial Services Industry.

Mr. Browne subsequently joined the European Accounting Department of an IT Manufacturer and was promoted to Finance Manager Level. (1996-2001)

Mr. Browne left that company to become the Financial Controller of a Facility Management company which was owned by a German Airline company. (2001-2004)



Matthew Jadacki, CPA
Executive Director



Matt joined EY after 30 years of public service as a senior executive with the Federal government, with the last 20 directly related to FEMA and disaster-related activities. He has managed compliance and performance audits of disaster funds in almost every State and FEMA region.

Matt has worked on dozens of major disasters including Hurricane Katrina, the Northridge Earthquake, the Space Shuttle crash, Midwest floods, and Hurricane Andrew. His reports identified hundreds of millions in ineligible and disallowed expenses and non-compliance with laws and regulations, including significant violations of Federal procurement regulations, internal control weaknesses, and related project accounting issues. As a result of his work, Matt has testified as an expert witness before both Senate and House committees more than 30 times on various topics, including disaster management, fraud, contracting issues, budget, insurance, improper payments, disaster preparedness, and other related issues.

Matt held several senior financial and emergency management positions in the Federal government. He was Chief Financial Officer/Chief Administration Officer for the National Weather Service, a component of the National Oceanic and Atmospheric Administration of the U.S. Department of Commerce. Matt spent 15 years in FEMA in various senior level positions, including Chief Financial Officer and Audit Director for the Office of Inspector General. Mr. Jadacki played an instrumental role in integrating FEMA programs, budget, and financial operations into the Department of Homeland Security in 2003.

Selected previous experience in completing similar contracts

- ▶ Department of Homeland Security (Hurricane Katrina) 2005 to 2008
 - ▶ Matt assisted with overseeing the work to ensure that agency internal controls were in place to prevent fraud, waste, and abuse; ensure the IG investigative activities were coordinated with the Department of Justice's Hurricane Katrina Fraud Task Force; ensure agency stewardship plans for hurricane relief activities were in place and operating as intended; and ensure the IG community was executing its hurricane relief oversight efforts in a coordinated fashion so its resources were utilized efficiently and effectively.
 - ▶ Department of Homeland Security (Hurricane Katrina), 301 7th St SW, Washington, DC 20407, Michael Chertoff, (former) Secretary of Homeland Security, +1 202 552 5280

- ▶ Federal Emergency Management Agency (9/11) 2001 to 2003
 - ▶ Matt served as the Chief Financial Officer responsible for all FEMA disaster funding (\$8.8 billion) associated with the 9/11 terrorist attacks.
 - ▶ Federal Emergency Management Agency (9/11), 500 C St SW, Washington, DC 20472, Dave Paulison, (former) FEMA Director, +1 202 309 3427

- ▶ Department of Homeland Security - FEMA (Hurricane Ike) 2008 to 2010
 - ▶ Matt conducted real time reviews and inspections of FEMA's Hurricane Ike response and recovery efforts.
 - ▶ Department of Homeland Security - FEMA (Hurricane Ike), 500 C St SW, Washington, DC 20472, Dave Paulison, (former) FEMA Director, +1 202 309 3427

Professional qualifications

- ▶ Certified Public Accountant
- ▶ BS in Business Management from the University of Maryland
- ▶ Certified Government Financial Manager
- ▶ American Institute of Certified Public Accountants
- ▶ Association of Government Accountants



Richard L. Skinner
Subject Matter Expert



Richard is an accomplished leader, with more than 42 years of extensive experience in identifying vulnerabilities in government programs and management support operations and facilitating excellence in government by recommending needed performance and management improvements. He is a subject matter expert on Federal, State, and local government and private sector financial management, grants management, acquisition management, and IT management, as well as homeland security, emergency management, inspector general, audit/inspection, and law enforcement matters.

Richard served as the first Senate confirmed Inspector General of the Department of Homeland Security. He provided oversight of all 30 components within the department, which had more than 130,000 employees and an annual operating budget of \$40 billion dollars. He managed the OIG's annual budget of \$135 million and 670 employees, was responsible for conducting, coordinating, and supervising all audits and inspections of departmental programs and operations, as well as all criminal and civil investigations involving departmental employees; detecting and preventing fraud, waste, and abuse; and promoting economy, effectiveness, and efficiency within the department. Richard led the OIG community's oversight of the Federal government's response to Hurricane Katrina, which exceeded \$100 billion in grants, contracts, and loans. In addition, he served as the Vice-Chairman of the Recovery and Transparency Board, which provided oversight of more than \$700 billion in grants, contracts, and loans to State and local governments.

Additionally, Richard's experience includes serving as principal policy adviser to the Inspector General and supervising day-to-day operations of office's audit, evaluation, and investigation activities.

Selected previous experience in completing similar contracts

- ▶ Department of Homeland Security (Hurricane Katrina) 2005 to 2008
 - ▶ Richard oversaw the work to ensure that agency internal controls were in place to prevent fraud, waste, and abuse; ensure the IG investigative activities were coordinated with the Department of Justice's Hurricane Katrina Fraud Task Force; ensure agency stewardship plans for hurricane relief activities were in place and operating as intended; and ensure the IG community was executing its hurricane relief oversight efforts in a coordinated fashion so its resources were utilized efficiently and effectively.
 - ▶ Department of Homeland Security (Hurricane Katrina), 301 7th St SW, Washington, DC 20407, Michael Chertoff, (former) Secretary of Homeland Security, +1 202 552 5280
- ▶ Federal Emergency Management Agency (9/11) 2001 to 2003
 - ▶ Richard was responsible for all FEMA disaster funding (\$8.8 billion) associated with the 9/11 terrorist attacks.

- ▶ Federal Emergency Management Agency (9/11), 500 C St SW, Washington, DC 20472, Dave Paulison, (former) FEMA Director, +1 202 309 3427
- ▶ Department of Homeland Security - FEMA (Hurricane Ike) 2008 to 2010
 - ▶ Richard was responsible for overseeing and conducting real time reviews and inspections of FEMA's Hurricane Ike response and recovery efforts.
 - ▶ Department of Homeland Security - FEMA (Hurricane Ike), 500 C St SW, Washington, DC 20472, Dave Paulison, (former) FEMA Director, +1 202 309 3427

Professional qualifications

- ▶ Bachelor of Science, Fairmont State College, Fairmont, West Virginia
- ▶ Master of Public Administration, George Washington University, Washington, DC



Michael (Mike) Herman
Senior Manager



Prior to his tenure at EY, Michael had over 20 years of providing policy and strategic analysis and guidance to government agencies, non-profit organizations, trade associations and businesses. His primary focus has been on policy, legislative and grant issues, including audits and investigations.

From 2007 to 2011, Michael served as Senior Counsel for the Emergency Management Subcommittee of the U.S. House of Representatives, Committee on Transportation and Infrastructure. In this capacity he prepared and served as Counsel for 25 hearings on FEMA's programs including the Public Assistance program, the Individual Assistance program, hazard mitigation programs, the National Flood Insurance program, and HUD's disaster programs. This also included numerous hearings on the recovery from Hurricane Katrina and Hurricane Ike.

Michael served at FEMA from 1995 to 2007, where he was deployed as a Field Attorney to numerous disasters from the Virgin Islands to Wasilla, Alaska; worked with all three National Emergency Response Teams (ERT-N); and served on both National Response Coordination Center (NRCC) Teams. In addition to leading the Legislative Regulatory and Policy Team in FEMA's Office of General Counsel, Michael provided legal counsel to program officials throughout the Agency, including the Public Assistance program the Individual Assistance Program, the Hazard Mitigation Grant Program, the National Flood Insurance Program (NFIP), and the Disaster Declaration Unit. He also managed FEMA's disaster deployed attorneys.

Michael also worked as an attorney and policy analyst in emergency management at the State and Federal level. He was involved in the response to and the recovery from disasters that included: "the Perfect Storm" in 1991, both the 1993 and 2001 World Trade Center attacks and Hurricane Katrina.

Selected previous experience in completing similar contracts

- ▶ US House of Representatives Transportation & Infrastructure Committee, Emergency Management Subcommittee (Hurricane Katrina) 2007 to 2011
 - ▶ Michael drafted legislation, conducted oversight and investigations of Hurricane Katrina recovery and mitigation programs of FEMA and the Department of Housing and Urban Development (HUD). Additionally, Michael developed and led Congressional staff field investigations of HUD and FEMA recovery activities, and prepared numerous Congressional hearings on Hurricane Katrina recovery and mitigation grants and activities and served as Counsel for those hearings.
 - ▶ US House of Representatives Transportation & Infrastructure Committee, Emergency Management Subcommittee (Hurricane Katrina), Susan F. Brita, Deputy Administrator General Services Administration, +1 202 501 1226
- ▶ Federal Emergency Management Agency (9/11) 2001 to 2007

- ▶ Michael provided counsel to FEMA emergency response teams and Senior Agency officials in the immediate aftermath of the attacks related to all aspects of Agency programs and operations, reviewed all draft legislation related to the response and recovery from 9/11 attacks, and prepared witnesses for Congressional hearings and investigations. He also served as lead regulatory attorney for the rulemaking in 2002 on major changes to the Individual Assistance program.
- ▶ Federal Emergency Management (9/11), 500 C St SW, Washington, DC 20472, Dave Paulison, (former) FEMA Director, +1 202 309 3427
- ▶ US House of Representatives Transportation & Infrastructure Committee, Emergency Management Subcommittee (Hurricane Ike) 2008 to 2011
 - ▶ Michael conducted oversight and investigations of activities of FEMA and the Department of Housing and Urban Development (HUD) in the aftermath of Hurricane Ike. He developed and led Congressional staff field investigations of HUD and FEMA recovery activities, and prepared several Congressional hearings on Hurricane Ike recovery and served as Counsel for those hearings.
 - ▶ US House of Representatives Transportation & Infrastructure Committee, Emergency Management Subcommittee (Hurricane Ike), Susan F. Brita, Deputy Administrator General Services Administration, +1 202 501 1226
- ▶ State of Florida Division of Emergency Management (Hurricane Ivan) 2012 to 2012
 - ▶ Michael provided advice and support to Florida Division of Emergency Management, in response to an audit by the Department of Homeland Security Office of Inspector General for a FEMA Hazard Mitigation Grant Program grant for mitigation activities after Hurricane Ivan, and successfully responded to all findings in the audit.
 - ▶ State of Florida Division of Emergency Management (Hurricane Ivan), 2555 Shumard Oak Boulevard, Tallahassee, Florida 32399, Miles E. Anderson, Chief, Bureau of Mitigation State Hazard Mitigation Officer, +1 850 413 9816
- ▶ Association of State Floodplain Managers (ASFPM) 2012 to 2012
 - ▶ Michael conducted a review of disaster recovery and mitigation programs of a number of Federal agencies, including the Federal Emergency Management Agency, the United States Army Corps of Engineers, the United States Small Business Administration and the United States Department of Transportation.
 - ▶ Association of State Floodplain Managers (ASFPM), 575 D'Onofrio Drive, Suite 200, Madison, WI 53719, Chad Berginnis, Executive Director, +1 608 271 0123

Professional qualifications

- ▶ Bachelor of Arts in Political Science, Rutgers University
- ▶ Master of Arts in Political Science/Public Policy, Rutgers University
- ▶ Juris Doctorate, Rutgers University School of Law
- ▶ International Association of Emergency Managers



Jill E. Powell, CFE
Senior Manager



Jill Powell is a Senior Manager in Ernst & Young's Claims practice in Chicago, Illinois. The focus of Ms. Powell's practice is complex insurance claims and dispute-related services. She has experience in managing complex insurance and litigation claims and the quantum of financial and economic damages as a result of business interruption, property damage and catastrophic loss, including the calculation, documentation, and successful recovery of FEMA and other public assistance funds.

Prior to joining Ernst & Young, Ms. Powell spent four years working in Arthur Andersen's Value Solutions group and two years at a smaller accounting firm focusing primarily on litigation, forensic accounting, and business valuation. Throughout her career, Ms. Powell has had experience on a variety of engagements, including: business valuation, lost profits analyses, forensic accounting, strategic advising and complex insurance claims.

Ms. Powell has developed and delivered presentations and taught training courses on a variety of topics including: lost profits and business interruption claims and mitigating loss in complex insurance claims.

Selected previous experience in completing similar contracts

- ▶ Mercy Health 2011 to present
 - ▶ Jill served as an engagement Senior Manager for the Mercy Health contract to assist with the calculation and analysis of its FEMA and property claim assembly, hazard mitigation grant assistance, and alternate grant funding assistance.
 - ▶ Mercy Health, 14528 South Outer Forty Road, Suite 100, Chesterfield, MO 63017, Stephanie King, VP Finance, +1 314 628 3693

Professional qualifications

- ▶ B.S. from Boston College
- ▶ Member of the Association of Certified Fraud Examiners
- ▶ Associate Member of the Risk and Insurance Management Society (RIMS)



Amit Rahane, B.Com, CA, CISA, CFE

Senior Manager



Amit Rahane is a Senior Manager in Ernst & Young's Fraud Investigation & Dispute Services (FIDS) Practice in New York with over 11 years of professional experience.

He has extensive experience in fraud investigations, investigations into siphoning of funds, forensic accounting and in setting up procedures to combat fraud. He has worked in the forensic domain for more than 8 years and has a total work experience of more than eleven years.

Prior to joining Ernst & Young US, Amit was an Associate Director with EY's India FIDS practice and an Associate Director at KPMG's Forensic practice prior to that. Amit has led the management assurance function for two operating areas at BPL Mobile (a cellular mobile company now part of the Vodafone group). During his articleship for his Chartered Accountancy he has worked with Citibank and Ghadiali & Associates.

Professional qualifications

- ▶ Bachelor of Commerce - Bombay University
- ▶ Chartered Accountant
- ▶ Certified Information Systems Auditor
- ▶ Certified Fraud Examiner