

**Response to Request for Proposal**

**For**

**NJ TRANSIT Contract No. 14-033  
Integrity Oversight Monitoring Services  
Superstorm Sandy Recovery and Program-Wide  
Fraud Risk Assessment – Phase I**

**August 27, 2014**

**NJ Transit Contract No. 14-033  
Integrity Oversight Monitoring Services  
Response to Request for Proposal:  
Superstorm Sandy Recovery Program-Wide Fraud Risk Assessment – Phase I**

**Index**

<b>Tab 1</b>	Cover Letter
<b>Tab 2</b>	Fraud Risk Mitigation Strategy and Detailed Work Plan
<b>Tab 3</b>	Schedule of Performance Milestones
<b>Tab 4</b>	Reporting / Deliverables
<b>Tab 5</b>	Consultant and Sub-consultant Organization Chart and Resumes
<b>Tab 6</b>	Conflict Certification
<b>Tab 7</b>	DBE Program Requirements

August 27, 2014

Ms. Taishida Chapman  
New Jersey Transit Corporation  
One Penn Plaza East  
Newark, NJ 07105-2246

**Re: NJ TRANSIT Contract No. 14-033  
Integrity Oversight Monitoring Services  
Request for Proposal: Superstorm Sandy Recovery Program-Wide Fraud Risk  
Assessment – Phase I**

Dear Ms. Chapman:

We would like to thank you for this opportunity to submit our proposal to the New Jersey Transit Corporation (“NJ Transit”) to perform integrity oversight monitoring services for the Superstorm Sandy Recovery and Resiliency Integrity Oversight Monitoring Services Contract No. 14-033. The enclosed proposal was prepared in response to your request for proposal (“RFP”) for Superstorm Sandy Recovery Program-Wide Fraud Risk Assessment – Phase I. The proposal outlines information about our engagement team, our fraud risk assessment process and methodology and what deliverables you can expect to receive from our team in response to your RFP.

Our proposal describes our risk-based management approach which will result in a fraud risk assessment that evaluates the processes, procedures and controls that exist within NJ Transit and at the contractor/consultant level. Our fraud risk assessment process will seek to understand the facts and circumstances relevant to the work authorization, the scope and nature of the contract as well as the controls in place to address potential fraud risk schemes. After an assessment of all of these various data points, our fraud risk assessment will identify and prioritize the areas that represent the greatest fraud risk to NJ Transit and develop monitoring plans that respond to those risks.

Our engagement team will be led by the professionals at EisnerAmper LLP (“EisnerAmper”). The EisnerAmper team has extensive experience in integrity monitoring, conducting audits, forensic investigations and implementing fraud risk assessments and creating risk assessment matrices for construction projects. Our team will be supplemented and enhanced by Talson Solutions LLC (“Talsen”). Talson brings expertise from a technical standpoint and will enhance

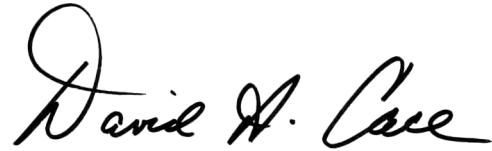
Ms. Taishida Chapman  
August 27, 2014  
Page 2

our team's ability to understand and assess aspects of a project, including architecture, construction management, engineering and quality management.

The attorney's at Chadbourne & Park ("Chadbourne") will advise us on legal and compliance matters. Chadbourne will also serve to provide our team with a unique perspective on potential criminal activity that may surface during our fraud risk assessment procedures.

We believe that we have assembled a team with the prerequisite knowledge, experience and abilities to perform the services you have outlined in the RFP. Thank you again for this opportunity to submit our proposal. We look forward to discussing our approach and process with you in further detail.

Sincerely,



David A. Cace  
Partner



Tim Van Noy  
Director

## **FRAUD RISK MITIGATION STRATEGY AND DETAILED WORK PLAN**

As outlined in EisnerAmper's response to the RFP No. 14-033, we will apply a risk-based management approach in creating and developing a fraud risk assessment for the Superstorm Sandy Recovery Program. EisnerAmper's fraud risk assessment takes a comprehensive approach to identifying fraud, waste, abuse and/or potential criminal activity. The objectives of our fraud risk assessment include:

1. Identifying the primary fraud risk areas inherent in the selected contract form and project type;
2. Determining the likely fraud schemes within those fraud risk areas;
3. Prioritizing those fraud risk schemes through assessing the relative likelihood that the identified fraud schemes could be accomplished within the existing operational and control environments and evaluating the likely impact to NJ Transit if the identified fraud schemes were perpetrated;
4. Adjusting auditing and monitoring programs to address areas identified as medium or high in likelihood and impact.

Our approach to performing a fraud risk assessment is comprised of two distinct but interrelated workstreams. The first workstream ("**Workstream I**") consists of a fraud risk assessment, within New Jersey Transit ("NJ Transit"), directed at the interface points between NJ Transit and Superstorm Sandy contractors/consultant(s) (prospective and awarded). The goal of Workstream I is to gain an understanding of NJ Transit's processes and procedures, inclusive of Superstorm Sandy project identification and technical definition, identify control deficiencies and weaknesses and make recommendations for improving controls that will detect, prevent and mitigate fraud, waste and abuse with respect to interactions with contractors/consultant(s).

The second workstream ("**Workstream II**") of our approach is to develop a fraud risk assessment framework that can be applied at the contractor/consultant(s) level for each project identified in Attachment 1 to the RFP. The fraud risk assessment framework in Workstream II will be supplemented by information gathered about NJ Transit's controls and procedures gained during Workstream I and provide a roadmap as to which areas may require more or less emphasis.

The framework developed in Workstream II will be designed to identify deficiencies and weaknesses in the contractor's/consultant'(s) operations. In addition, the framework will allow for the review of a project's technical scope, execution plan and related budget to identify potential weaknesses allowing for fraud, waste and abuse. This framework includes gaining an understanding of the individual contractor's/consultant'(s) organization, processes and procedures to identify control deficiencies and weaknesses that enable contractors/consultant(s) to perpetrate a specific fraud. This framework will also provide a mechanism to prioritize fraud

risk schemes and recommend areas that will require specific monitoring procedures. While these two workstreams exist individually, the information and controls identified during Workstream I will serve as a foundation for Workstream II.

**A. Workstream I: Review of NJ Transit Policies and Procedures for Interfacing with Contractors/Consultant(s)**

This first workstream of our fraud risk assessment is an evaluation of existing controls, processes and procedures within the NJ Transit organization that relate to the interface between NJ Transit and contractors/consultant(s) or other third party vendors. Workstream I of our fraud risk assessment consists of the following three interrelated tasks:

1. ***Understanding NJ Transit's Organization:*** This step includes obtaining an understanding of NJ Transit's organization, including the various departments and key employees involved in each step of awarding and implementing a Superstorm Sandy recovery and rebuild contract.
2. ***Reviewing Processes and Procedures:*** Conducting a detailed review of all documented policies, processes and standard operating procedures that exist for dealing with contractors/consultant(s) from beginning to end of a work authorization. This review will include a review of NJ Transit's procurement practices inclusive of bidder identification, bid solicitation/ RFP, bid de-scoping and award.
3. ***Interviewing Key Personnel:*** Meeting with key department personnel to gain an understanding of how written procedures and controls are actually implemented, project technical definitions and to supplement our knowledge of NJ Transit's current practices when interfacing with contractors/consultant(s).
4. ***Evaluating Fraud Risk Schemes:*** Using the information gained in steps one through three, the ability of NJ Transit's procedures and organization to prevent specific fraud schemes will be evaluated.

**1. Understanding NJ Transit's Organization**

During this task, our team will work to gain an understanding of the overall organization of NJ Transit, including the departments and key personnel having the primary responsibility for interfacing with contractors/consultant(s). This includes obtaining a detailed understanding of each functional area within NJ Transit to be reviewed including, but not limited to:

- Procurement
- Legal
- Engineering and design
- Project oversight/field management/reporting
- Contractor invoice and payment processing

- State and federal reporting compliance
- Project closeout, including contractor turnover to NJ Transit

## **2. Review of Process and Procedures**

This next task includes obtaining and reviewing the documented policies, procedures and controls currently used by each department or functional area within NJ Transit involved with overseeing contractors/consultant(s) in each phase of construction. We will review policy and procedure manuals, process documents and any other information that outlines the actions that NJ Transit undertakes when issuing work authorizations, awarding contracts and overseeing construction activities.

## **3. Interviews**

In addition to gaining an overall understanding of NJ Transit's organizational structure and our review of existing policies, procedures and controls, Workstream I also includes interviews of key personnel within NJ Transit at each of the functional areas identified above. Our team of professionals will meet with key employees within each of the functional areas as described above, including managers and supervisors, to gain an understanding of their roles and responsibilities, including how they implement and carry out the existing policies, procedures and controls as identified above.

Part of this interview process will also give us insight to what historically may have been problem areas that we may need to focus on during the second workstream of our fraud risk assessment. From these interviews and discussions, we will be able to identify specific areas that may present elevated levels of risk that warrant consideration during Workstream II of our fraud risk assessment.

## **4. Evaluating Fraud Risk Schemes**

Our fraud specialists will consider all information, procedures and discussions with key personnel to assess the current procedures that NJ Transit has in place to prevent specific fraud schemes and evaluate which fraud schemes pose the greatest threat to NJ Transit. This assessment will serve as a roadmap for which areas may have a greater susceptibility to fraud during Workstream II. Best practices identified in this process will be considered during Workstream II and leveraged to reduce procedures in areas where NJ Transit has strong controls and procedures. Additionally, we will make recommendations for increased or improved controls within NJ Transit in areas where we identify weaknesses.

Our evaluation of potential fraud risk schemes will be conducted based on the primary phases of construction, which includes the following:

- a. ***The Pre-Construction Phase:*** The Pre-Construction Phase includes both pre-bid and bid activities of NJ Transit and contractors/consultant(s). During this phase, applications for federal funds are prepared and submitted, project plans and specifications are developed and project management is established. This phase also encompasses the bidding process and project startup activities.
- b. ***The Construction Phase:*** The Construction Phase is concerned with activities between the notice to proceed and substantial completion. This phase focuses heavily on the contractor/consultant(s) organization, field work and project management.
- c. ***The Post-Construction Phase:*** The Post-Construction Phase is concerned with activities between substantial completion and the formal acceptance and close-out of the project.

**a. Pre-Construction Phase**

The primary types of fraud during the Pre-Construction phase relate to corruption, bid-rigging scenarios and procurement fraud. These types of frauds are often difficult to uncover without implementing a comprehensive monitoring program that focuses not only on the areas with weak controls, but also on the departments and personnel with the means and ability to perpetrate a fraud.

With respect to corruption, the most common offenses include bribery, extortion and conflicts of interest. Conversely, bid rigging schemes can take on several different forms, with some bid rigging schemes being more applicable to the pre-bid stage of the Pre-Construction Phase. Our evaluation will consider whether NJ Transit's controls and procedures address the following types of common bid rigging schemes:

- bid specifications tailored to fit a specific contractor/consultant(s), equipment supplier, or vendor (pre-bid);
- intentionally vague bid specifications (pre-bid);
- non-standard contractor/consultant(s) language favorable to a specific contractor/consultant(s) (pre-bid);
- bid rotation or other collusive behavior;
- advance or special information provided to winning bidder;
- bids of competitors supplied to winning bidder and
- low-ball bidding.

Another significant compliance issue and control procedure that will be evaluated includes procedures in place for compliance with federal grant and procurement requirements of the FTA and NJ Transit, the bidding process and project startup activities. FTA requirements encompass



a number of issues. Grant recipients must submit a grant application with a proposed list of projects and expenses to ensure all such projects are eligible for Emergency Relief funding. Fund recipients are required to maintain records to assist the FTA in validating eligibility and completeness of a recipient's reimbursement requests under the Improper Payment Information Act. Recipients must comply with post-award reporting requirements including monthly submissions of the Federal Financial Report and Milestone report, as well as other reports the FTA deems necessary. Additionally, project management plans must be approved by the FTA before any drawdown of awarded funds. FTA requirements also include compliance with other financial, accounting and budgeting reporting requirements.

#### **b. Construction Phase Compliance Issues and Controls**

In assessing the fraud risks, scenarios and schemes during the Construction Phase, one of the most important considerations is the contract form (primarily fixed price in this RFP with possible instances of unit price, cost plus fixed fee, guaranteed maximum price). As contract form changes, the fraud schemes available to a perpetrator also change. We will evaluate NJ Transit's procedures and controls related to the construction phase with consideration to the contract form or forms to be used on Superstorm Sandy projects. However, regardless of the planned contract forms, our evaluation process will assess the following schemes, which based on our experience, have a higher probability occurrence:

*Change Orders:* Change orders always raise our awareness in connection with potential fraud. This risk is heightened in the presence of fixed price contracts as change orders are the primary mechanism used to commit fraud in such scenarios. Our evaluation will consider whether NJ Transit's process includes assessments of the facts and circumstances leading to a change order and assessing the reasonableness of each change order request. We will assess and evaluate whether cost verification and timing of cost and work against work tracking documents such as daily logs is part of the process used by NJ Transit.

*Labor Practices:* Labor costs are typically the largest single expense category in any construction project. Past experience has shown that various labor fraud schemes including failure to pay prevailing wage rates, failure to remit union burdens, failure to remit federal or state payroll withholding and "eight-plus-two" and other incentive compensations frauds can generate significant losses and waste. We will evaluate the ability of NJ Transit's procedures to address and identify these types of labor based fraud schemes.

*False Materials and Material Substitution:* During these projects, we expect a substantial amount of material procurement which highlights the possibility materials substitution fraud, falsified "buy American" recordkeeping and reporting, as well as falsified materials testing and certifications. Our assessment will consider the ability of NJ

Transit's procedures to address and identify these types of material related fraud schemes.

*Billing Practices:* In our experience contractors/consultant(s) will commit fraud in billing practices by generating applications for payment with completion percentages ahead of the actual percentage of completion. Similar to front-end-loading a bid, this practice allows the contractor/consultant(s) to collect its overhead and profit on the contract before work is complete; increasing the risk the contractor/consultant(s) will abandon the project before completion.

*Quality Management:* Contractors/consultant(s) are often faced with sacrificing the implementation of an agreed quality management plan for installed works in order to increase contractor profit. Agreed quality documentation for inspection and testing at various phases of construction/vendor activity may purposely be neglected or withheld potentially allowing for below standard/specification for installed works. In essence, NJ Transit may procure quality management activities that partially or never occur.

### **c. Post-Construction Compliance Issues and Controls**

The Post-Construction Phase includes various steps and procedures carried out by the contractor/consultant(s) and NJ Transit to ensure verification and completion of all project components in accordance with the plans and specifications. Our review will focus on whether the existing policies, procedures and controls capture each component of the formal close-out package and whether those policies, procedures and controls include documentation requirements which facilitate the transition from construction to operational and maintenance status. In our experience, the most common frauds encountered in the Post-Construction Phase include the following:

- bribery of agency personnel involved with final inspecting, testing and accepting the physical work;
- bribery of agency personnel tasked with reviewing and accepting project close-out documentation;
- falsified testing and performance reports;
- submission of false claims;
- submission of non-compliant or incomplete project documentation;
- contractor financial withholding from subcontractors, material suppliers and labor and
- falsified contractor / subcontractor lien waiver requirements / information

We will evaluate NJ Transit's procedures and process for addressing each of these potential fraud risk schemes.

Additionally, our evaluation process will include a technical assessment of the nature of the project and type of work to be performed. Leveraging the expertise of Talson, our DBE sub-consultants, we will seek to gain an understanding of the process that NJ Transit used to determine the scope of each project, why that specific project was undertaken and evaluate the technical scope of the project. This includes examination of engineer's conditions reports, maintenance history (if applicable), cost estimate / budget development, technical impact statements, etc.

### **Workstream I Results**

At the end of Workstream I, our team will have established a solid understanding of the process, controls and procedures used by NJ Transit when interfacing with contractors/consultant(s) or other third party vendors. We will have evaluated those procedures and controls in general and against specific fraud schemes. From this review and assessment process, we will identify any control gaps or weaknesses in NJ Transit's procedures and develop recommendations for NJ Transit's consideration. Our Workstream I fraud risk assessment will also be a key input into our overall monitoring. Finally, the knowledge gained in our review of NJ Transit's procedures will serve as a foundation for implementing Workstream II of our fraud risk mitigation strategy.

#### **B. Workstream II: Project/Contractor/Consultant(s) Specific Fraud Risk Assessments**

Workstream II of our approach is the development of a fraud risk assessment process that can be applied to each of the construction projects identified in Attachment 1 to the RFP and the respective contractors/consultant(s). This process has the following primary objectives/purposes:

- Allows the Integrity Oversight Monitor ("IOM") to gain a detailed understanding of the contractor's/consultant'(s): organizational and ownership structure and staffing; policies, procedures and internal control environment; and systems and processes used to account for and manage the construction work. After gaining this understanding, the IOM can identify weaknesses in the contractor's/consultant'(s) processes that could impact the successful completion of the project.
- Allows the IOM to evaluate and prioritize the various fraud schemes that can be perpetrated during the construction phase relative to the contractor's/consultant'(s) systems and personnel.
- Enables the IOM to develop specific audit testing methods and programs to address the weaknesses and risk areas identified.

The procedures to be performed during Workstream II are similar to that of Workstream I, however in Workstream II the focus will be on the process and procedures maintained by the contractor/consultant(s). The fraud risk assessment will include the following tasks: (1) gaining an understanding of the contractor's/consultant'(s) organization (2) reviewing the process and

procedures maintained by the contractor, (3) interviewing key personnel at the contractor/consultant(s) and (4) evaluating the fraud risk schemes.

In addition to understanding the organization structure of the contractor/consultant(s), an initial step in the fraud risk assessment process is to review all relevant contracts. The contract between NJ Transit and winning contractors/consultant(s) provides useful information in tailoring and implementing a fraud risk assessment, defining the scope of work, understanding the relationships between owners and contractors/consultant(s) and the nature of the risk/liability apportionment and the hierarchy of project documents. The contract will also provide key project dates such as notice to proceed, substantial completion and project duration, as well as identifying the process for which disputes are to be resolved. The contract will require critical technical and quality specifications including potential requirements to meet the FTA's 15 Quality Management System Guidelines.

The key difference during Workstream II is that in evaluation the fraud risk schemes during this Workstream will incorporate the specific facts and circumstances surrounding the work authorization. For example, our fraud risk assessment process will take into consideration the types of contract, or contract form (primarily Fixed Cost for this RFP, with possible instances of Cost-Plus), that governs the projects listed in Attachment 1 to the RFP. In our experience, the contract form establishes the types of fraud schemes contractors/consultant(s) commit and the methodologies by which these frauds are committed. This knowledge, paired with our understanding of specific controls that both NJ Transit and the contractor/consultant(s) may have in place to address these schemes will assist us in our prioritization and probability analysis of the fraud risks identified in each of the phases of construction discussed in detail below.

## **1. Implementation of the Fraud Risk Assessment Process**

The fraud risk assessment process we implement will identify the primary areas of fraud risk specific to the work authorization, determine the likely fraud schemes within those fraud risk areas, assess the relative likelihood that the identified fraud schemes could be accomplished within the existing operational and control environments and evaluate the likely impact if the identified fraud scheme was perpetrated.

### **a. Assessment Process of Contractor/Consultant(s)**

Unlike the departmental structure used in Workstream I, the fraud risk assessment of the contractors/consultant(s) will be organized by the primary functional areas that a contractor/consultant(s) could fulfill during the project, including field work management, project management, and financial management. Systems, procedures and fraud schemes are each organized and evaluated under these functional areas.

- *Field work management* encompasses the various operational and administrative aspects of a project, including safety training, work assignment, work documentation, timekeeping practices, equipment management, materials management, and crew supervision. Typical fraud scenarios evaluated under this function include:
  - Material substitution or substandard materials
  - Falsified Buy American reporting
  - Material supplier and/or sub-contractor kickback schemes
  - Falsified safety, environmental or other compliance documentation
  - Falsified equipment inspections/certifications
  - Falsified field reporting used to support claims and false change orders
  - Falsified labor certification, shift work hours, and site attendance
  - MBE/DBE fraud
  
- *Project management* encompasses ensuring that the actual scope of work as outlined in the contract is completed in compliance with the drawings and specifications. Systems and procedures evaluated in project management include issue identification and resolution, scope change identification and pricing, management of subcontracts and coordination of trades, scheduling, document control, drawing control, quality assurance and control and site control and security. Typical fraud scenarios evaluated under this function include:
  - False claims and change orders
  - Unilateral scope changes
  - Falsified inspection and testing reports
  - Falsified quality inspections and testing records including inspector qualifications and related certifications
  - Schedule manipulation
  - Collusive activities between contractor/consultant(s) and sub-contractors to support claims and changes
  
- *Financial management* encompasses procedures and controls directed at ensuring the project comes in on budget, costs are accurately recorded and invoices are accurately priced. Areas within the financial management process that require evaluation include purchasing and receiving, payroll processing, progress billing, job cost recording, processing of sub-contractor and material provider invoices, change order cost tracking, lien release procedures, maintenance of insurances, and job cost reporting. Typical fraud schemes evaluated under this function include:
  - Labor fraud schemes

- Advanced billing, including falsified stored materials
- Unbalanced bid
- Inflated costs and/or overheads
- Cost shifting to support false claims and change orders
- Pass-through of fraudulent sub-contractor claims, with or without kickbacks
- Recording of falsified or inflated costs, with or without sub-contractor collusion

**b. Policies and Procedures**

During our review of the contractor/consultant(s) policies, procedures and controls we will typically expect to see the following documents:

- *Contractor/Consultant(s) Policies and Procedures Manuals* – This is a critical document when performing a fraud risk assessment, providing a roadmap to contractor/consultant(s) systems, controls, forms and reports. The majority of contractors/consultant(s) have these manuals and more sophisticated contractors/consultant(s) may have several, including manuals for their home office, field office, design office, and manuals specifically designed for joint ventures.
- *Contractor/Consultant(s) Document Control* – Contractor/consultant(s) document control policies and procedures are important functions, especially on large complex construction projects. Document controls should include a centralized operation with all divisions, major subcontractors, and JV partners utilizing the same system. While more difficult to control, email documentation should also be maintained on the same system. Deficiencies and weaknesses in document controls can lead to:
  - project delays;
  - wasted time and materials
  - Cost overruns
  - Errors and omissions
  - Rework
  - Injuries
  - Claims; and
  - Financial Losses

A properly designed document control system should be automated to have all incoming correspondence initially pass through the document control system and assign unique numbers to be filed into a database. The document control system should also assign unique identifiers to all outgoing correspondence and be scanned and filed prior to distribution. In addition to correspondence, a

contractor's/consultant'(s) document control database should also maintain all design and drawing files, design revisions, distribution lists, reports, and meeting minutes.

- *Requests for Information (RFIs)* – Contractor's/consultant'(s) RFI's are important documents as most change orders, cost overruns and design modifications begin with an RFI. Contractors/consultant(s) should have systems in place to file RFIs and assign unique RFI numbers. Internal control assessments related to RFIs will include gaining an understanding of how contractors/consultant(s) initiate RFIs and track correspondence related to RFIs as they cycle between contractor/consultant(s) and designer. Deficiencies and weaknesses in RFI controls can result in construction delays, additional costs and change orders.
- *Modifications* – Modifications should be tightly controlled by contractors/consultant(s) with each modification dated, assigned a control number, and approvals logged. Modifications should also be filed with the costs of change estimates and change justifications.
- *Meeting Minutes* – Meeting minutes are a key project management control component and often provide important information for monitors/auditors related to fraud, waste and abuse. Meeting minute controls include recordation methods, approval processes, distribution processes, and processes for corrections, clarifications, complaints and resolutions. Detailed meeting minutes should be maintained by a contractor for the various project meetings, including:
  - Design meetings
  - Construction meetings
  - Schedule meetings
  - Project meetings
  - Specialty trade contractor/consultant(s) meetings
  - Progress meetings; and
  - Special issues meetings
- *Project Management Reports* – The object of project management report controls is to ensure that reports are created, distributed and filed accurately and in a timely manner. Project management reports should include information pertaining to financial/accounting, scheduling, progress/status, job costs, sub-contractors, change orders and designs/specifications.
- *Estimating* – Contractors/consultant(s) should have the appropriate processes and procedures in place for project estimating, including material, labor, equipment, sub-contractors, small tools and supplies, field and home office overhead, and profit.

Stages of estimation of interest include the detailed internal bid estimates, the schedule of values submitted to NJ Transit, control/budget estimation processes, bid buyout analyses, and estimates to complete (ETCs) prepared as a management tool through the life of the project. Estimating procedures may also impact change order pricing.

- *Scheduling* – Scheduling processes and procedures can be complex and are critical to the successful management of a construction project. Schedules should interface with all facets of a project and consider each input (e.g., designs, estimates, procurement, job costs and material vendors) and output (e.g., management reports, completion forecasts, resource forecasts and schedule updates). The procedures and controls surrounding schedule updates are also important as they will impact the change orders and claims for additional time and the resulting delay costs.
- *Job Cost* – Project monitors/auditors will use job costs reports extensively. All projects should implement a job cost system that summarizes cost to date for all activities on either a weekly or monthly basis. Job cost reports should be organized by activity and by cost type within each activity (e.g., labor, material, etc.). For each cost type within a given activity, a job cost report should detail the control/budget estimate cost and quantity, actual cost and quantity to date, variances from estimate, estimates to complete, and productivity calculations.
- *Financial/Accounting* – Financial and accounting controls should be a separate function/module from the job cost system. Financial/accounting system controls relate to typical accounting functions including accounts payable, billing and accounts receivable, payroll, financial statements, cash flow analysis, financing/debt and profitability.

### c. **Prioritization**

As part of our process we will assess the fraud schemes in the context of “likelihood” and “impact.” The evaluation of likelihood represents the probability of the fraud scheme succeeding if attempted. The impact represents the effect to the organization if the scheme is/was successful.

Likelihood does not attempt to rate or imply the likelihood that anyone would actually attempt to commit the fraud scheme. It only assesses the likelihood that the fraud would be successful, if attempted. A successful fraud is one that is perpetrated and not timely detected. The possible likelihood ratings are:

- **Low**: indicates that the existing procedures and controls are adequate to either prevent or timely detect the particular fraud scheme;



- **Medium:** indicates that under the right circumstances the fraud scheme could be successful and
- **High:** indicates that the current controls and procedures may not prevent and/or detect the fraud scheme should it be attempted.

Impact to the organization considers both the monetary impact and the reputational impact to NJ Transit should the occurrence of the fraud become public. This can be rated as low, medium or high. The Fraud Risk Assessment also includes the rationale for the rating and/or the mitigating controls.

Workstream II will result in a fraud risk assessment matrix that will take into consideration the detailed understanding of the scope of the work authorization and determine which specific fraud risks are most relevant to the facts and circumstances, prioritize those risks and identify procedures to mitigate and respond to those risks.

**d. Fraud Risk Assessment Matrix**

Using the information gained through a review of the contractor’s/consultant’s(s) processes, procedures and from interviews conducted of key personnel, the IOM can identify fraud risk areas as well as weaknesses and gaps in the contractor’s/consultant’s(s) processes that could affect the successful completion of the project. Assessing the likelihood and impact of the identified fraud risk areas will serve as the basis for the design and implementation of monitoring procedures and related audit programs which will be communicated in the fraud risk assessment matrix. Table No. 1 below provides an example of our fraud risk assessment matrix to illustrate the deliverable we will provide to NJ Transit.

**Table No. 1  
Example  
Fraud Risk Assessment Matrix**

#	Identified Fraud Risks/Schemes	Likelihood	Impact	Department	Ratings Rationale/ Control Effectiveness	Control Gap/ Comments
1	False Materials and Material Substitution	Low	High	Field Work Management		
2	Material supplier and/or subcontractor kickback schemes	Medium	Low	Field Work Management		
3	Falsified safety, environmental or other compliance documentation	Medium	High	Field Work Management		

**Identified Fraud Risks/Schemes:** This column captures the fraud risks/schemes specific to the work authorization/project based on the execution of the procedures as set forth in Workstream I and II as outlined above.

***Likelihood and Impact:*** As noted above, the evaluation of likelihood represents the probability of the fraud risk/scheme succeeding if attempted. The impact represents the effect to the organization if the scheme is/was successful.

***Department:*** Represents the area that is affected by the identified fraud risks/schemes.

***Ratings Rationale/Control Effectiveness:*** This sets forth the basis for how we arrived at the assignment of a specific rating for both “Likelihood” and “Impact.” This column will also provide information regarding which controls, procedures and processes are in place which may mitigate the fraud risk/scheme identified.

***Control Gap/Comments:*** These are control, procedure and process deficiencies identified during our assessment.

The analysis of likelihood and impact will be utilized to prioritize fraud schemes and to develop specific audit testing methods and programs to address the weaknesses and risk areas identified in the fraud risk assessment process. For each fraud risk/scheme identified fraud schemes as medium or high in likelihood and impact should be addressed through additional monitoring, testing and audit programs to determine if any fraud has been perpetrated and ensure fraud risks are mitigated and prevent going forward. Conversely, if a fraud scheme ranks low in both likelihood and impact, no additional work related to this scheme is deemed necessary. Table No. 2 below outlines some examples of potential fraud risks/schemes that may arise during the actual implementation of this fraud risk assessment and the associated additional monitoring, testing and audit programs. The fraud risks/schemes noted Table No. 2 are not meant to be representative all of fraud risks/schemes or additional monitoring procedures we may encounter and conduct during the actual implementation of our fraud risk assessment.

**Table No. 2**  
**Example**  
**Fraud Risks/Schemes and Associated Procedures**

	Example Identified Fraud Risks/Schemes	Example Monitoring Procedures / Audit Programs
1	<p><u>False Materials and Material Substitution:</u> With any large infrastructure project like this, the chance for materials related fraud poses a high degree of risk. During these projects, we expect a substantial amount of material procurement which highlights the possibility materials substitution fraud, falsified “buy American” recordkeeping and reporting, as well as falsified materials testing and certifications</p>	<ul style="list-style-type: none"> <li>• Field observation of receiving and installing materials;</li> <li>• Tracing material invoices into job costs and payment records;</li> <li>• Comparing the materials purchased against project specifications to test compliance and</li> <li>• Comparison of materials testing requirements per specification to material test reports, verification of recorded test costs to job costs and ultimate payment.</li> </ul>
2	<p><u>Material supplier and/or subcontractor kickback schemes</u></p>	<ul style="list-style-type: none"> <li>• Confirm that subcontractors are approved by NJ Transit and that they comply with applicable training certifications and requirements;</li> <li>• Background checks;</li> <li>• Conflict of interest analysis and</li> <li>• Examine subcontract invoices and trace those amounts to job costs and payment records.</li> </ul>
3	<p><u>Falsified equipment inspections/certifications:</u> Compliance with equipment inspection and certification requirements is also an important monitoring consideration that has both safety and fraud related aspects.</p>	<ul style="list-style-type: none"> <li>• Monitor movement of equipment to and from the project site;</li> <li>• Review listing of inspected and approved equipment;</li> <li>• Monitor equipment time tracking and idle equipment and</li> <li>• Field observation and surveillance.</li> </ul>
4	<p><u>MBE/DBE fraud:</u> Ensuring that contractors comply with DBE program requirements. Frauds shemes may include falsification of DBE status, fraudulent DBE hours, among others.</p>	<ul style="list-style-type: none"> <li>• Reviewing DBE form submissions and</li> <li>• Comparison of estimated DBE hours to actual DBE hours.</li> </ul>
5	<p><u>False claims and change orders:</u> Change orders always raise our awareness in connection with potential fraud. This risk is heightened in the presence of fixed price contracts as change orders are the primary mechanism used to commit fraud in such scenarios. Change order fraud can relate to the specific task and/or the associated cost. Change orders are common in legitimate construction projects so detecting fraudulent change orders is more complex. Change order fraud is further complicated by the fact that project management faces contractual pressure to resolve changes quickly and that there are often economic impacts to delaying change order approvals.</p>	<ul style="list-style-type: none"> <li>• Understanding the facts and circumstances leading to a change order and assessing the reasonableness of each change order request;</li> <li>• Evaluation and testing both cost verification and timing of cost and work against work tracking documents such as daily logs;</li> <li>• Assess the level of cost segregation in the contractor’s job cost accounting system and adjust our testing procedures accordingly;</li> <li>• Monitor areas of large unfavorable variances;</li> <li>• Review technical issues with engineers and</li> <li>• Review correspondence related to issues underlying change order.</li> </ul>
6	<p><u>Falsified inspection and testing reports</u></p>	<ul style="list-style-type: none"> <li>• Random, unannounced observation of field inspections and testing and</li> <li>• Obtain and review inspection reports from testing or laboratory companies</li> </ul>

**Table No. 2 Cont'd**  
**Example**  
**Fraud Risks/Schemes and Associated Procedures**

	Example Identified Fraud Risks/Schemes	Example Monitoring Procedures / Audit Programs
7	<u>Schedule manipulation</u>	<ul style="list-style-type: none"> <li>• Random attendance at project status meetings or schedule meetings to obtain information regarding scheduling. Compare such information to the current schedule;</li> <li>• Match labor and other records against schedule updates;</li> <li>• Compare schedule updates to current status of the contract and</li> <li>• Analyze current schedules to what is requested in change orders.</li> </ul>
8	<u>Collusive activities between contractor and subcontractors to support claims and changes including pass-through of fraudulent subcontractor claims, with or without kickbacks</u>	<ul style="list-style-type: none"> <li>• Background checks;</li> <li>• Conflict of interest analysis;</li> <li>• Examine subcontract invoices and trace those amounts to job costs and payment records; and</li> <li>• See monitoring procedures and audit programs lists in false claims and change orders (Identified Fraud Risk/Scheme No. 5).</li> </ul>
9	<u>Labor fraud schemes:</u> Labor costs are typically the largest single expense category in any construction project. Past experience has shown that various labor fraud schemes including failure to pay prevailing wage rates, failure to remit union burdens, failure to remit federal or state payroll withholding and other incentive compensations frauds can generate significant losses and waste.	<ul style="list-style-type: none"> <li>• Comparison of time postings to observed and/or documented crews and headcounts to verify that time posting is for actual workers to confirm that accounting records and field records are consistent;</li> <li>• Testing time cards against pay records and job cost recording to ensure that there are no unexplained differences and variances;</li> <li>• Verifying certified payrolls;</li> <li>• Recalculating union burdens; and</li> <li>• Confirmation of timely and accurate payments to unions and state and federal agencies.</li> </ul>
10	<u>Advanced billing:</u> Prevalent in both fixed and cost-plus contracts, advanced billing schemes involve contractors billing for work not performed. Overstatements may include hours, materials purchased, materials in place and equipment.	<ul style="list-style-type: none"> <li>• Comparison of billed percent complete to scheduled percent complete and work in place;</li> <li>• Comparison of job cost reports and billings;</li> <li>• Comparison of labor cost distribution hours and billings;</li> <li>• Request supporting detail for billings; and</li> <li>• Field observations.</li> </ul>
11	<u>Unbalanced bid:</u> Typically found in Fixed price contracts, unbalanced bids involve the falsification of schedule of values which may include loading project overheads and profits on early items of work. Owner pays for work far in advance and bears the risk that the contractor will default.	<ul style="list-style-type: none"> <li>• Analyze schedule of values;</li> <li>• Comparison of bids to engineer's estimates;</li> <li>• Observing and documenting mobilization effort and early work items;</li> <li>• Comparison of amounts billed to work force levels;</li> <li>• Request and review bid estimate detail;</li> <li>• Analyze billings against Job Cost report; and</li> <li>• Field observations.</li> </ul>
12	<u>Inflated or falsified costs:</u> Can relate to quantity, amount and/or rate. This fraud must be considered with and without vendor involvement. With vendor involvement this fraud schedule typically includes some form of kickback.	<ul style="list-style-type: none"> <li>• Review cash payments to vendors and subcontractors;</li> <li>• Look for claims or issues that are dropped without resolution;</li> <li>• Review invoices/time cards for alteration and/or fabrication;</li> <li>• Confirm invoice numbers with vendor; and</li> <li>• Compare invoices to other quantity data (e.g. scheduling system).</li> </ul>

**Table No. 2 Cont'd**  
**Example**  
**Fraud Risks/Schemes and Associated Procedures**

	Example Identified Fraud Risks/Schemes	Example Monitoring Procedures / Audit Programs
13	<u>Inflated overheads:</u> An issue on contracts involving overhead rates. This is also an issue with some change orders. This scheme can involve shifting costs to overheads and improper or fictitious costs.	<ul style="list-style-type: none"> <li>• Test validity and appropriateness of costs;</li> <li>• Monitor for fictitious employees and falsified invoices;</li> <li>• Ensure proper cost pools (e.g., field vs. home office); and</li> <li>• Ensure proper markups and markup applications.</li> </ul>
14	<u>Cost shifting between codes and/or jobs:</u> The purpose of this scheme is to move costs to claimable areas or reimbursable areas. Cost shifting can occur between different codes within one project and shifts between projects.	<ul style="list-style-type: none"> <li>• Review journal entry re-classes of labor and equipment;</li> <li>• Review changes on timecards and invoices;</li> <li>• Compare crew locations with engineers log;</li> <li>• Compare equipment locations with engineer's log;</li> <li>• Assess ship-to addresses for material and equipment; and</li> <li>• Monitor common staging areas for multiple projects.</li> </ul>
15	<u>Recording of falsified or inflated costs, with or without subcontractor collusion</u>	<ul style="list-style-type: none"> <li>• Background checks;</li> <li>• Conflict of interest analysis;</li> <li>• Examine subcontract invoices and trace those amounts to job costs and payment records; and</li> <li>• See monitoring procedures and audit programs lists in false claims and change orders (Identified Fraud Risk/Scheme No. 12).</li> </ul>
16	<u>Falsification of quality management system/testing program and inspector certifications</u>	<ul style="list-style-type: none"> <li>• Review contractor or third party independent inspector's training certificates and expiration dates;</li> <li>• Review inspection / testing record for proper signoff/ witness by NJT, contractors and/or vendors;</li> <li>• Review testing equipment application and verify calibration records;</li> <li>• Review inclusion of FTA Quality Management System Guidelines in contract agreements (if applicable);</li> <li>• Analyze testing records for changes in acceptance criteria and</li> <li>• Analyze contractor and third party inspector related parties/other project relationships</li> </ul>

**e. Training Programs (if applicable)**

For the large and complex construction projects listed in Attachment 1 to the RFP, the likelihood of certain frauds are very real and should be addressed proactively through training and awareness education. The EisnerAmper team understands from conducting compliance reviews in various contexts that there is more to fraud prevention than risk assessment and testing protocols. Since an organization's staff is the first line of defense against fraud, they must be trained not only in proper procedure, but in fraud awareness and appropriate fraud reporting. These staff members also need a variety of mechanisms available through which to report fraud concerns.

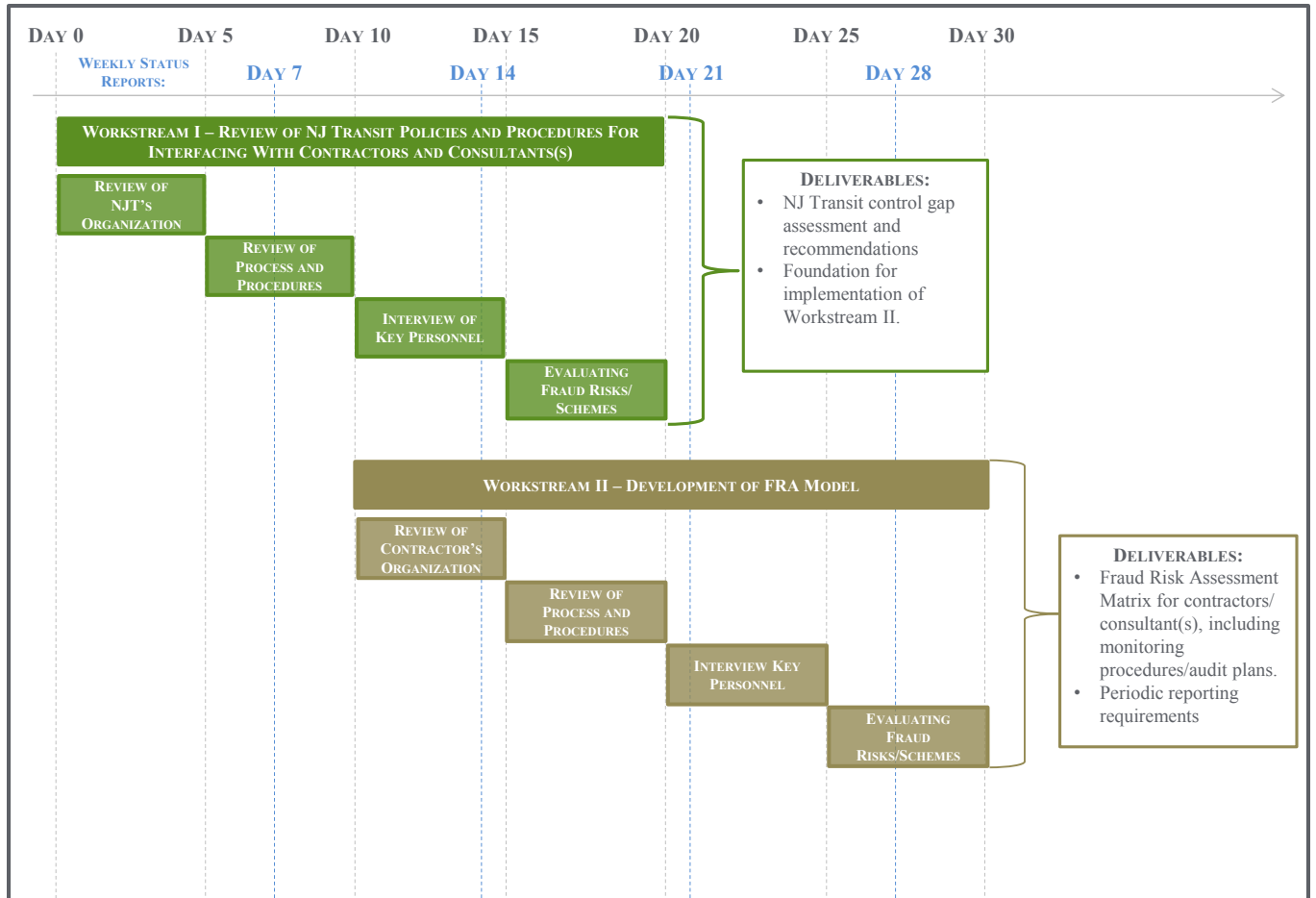
In our experience, the policies, procedures, practices and processes within a fraud risk assessment are only as effective as the means in which they are communicated and implemented. The first of line of defense in fighting fraud is the staff within the organization as well as

promoting appropriate fraud awareness and fraud reporting. Our team members, including the professionals at Chadbourne, have provided training and counsel to some of the world's largest companies on fraud and corruption compliance issues. Additionally, Talson can provide training in the areas of project and cost controls to assist in the early identification of adverse events and trends that may lead to fraud. We are prepared to develop tailored compliance and training programs aimed at building fraud risk awareness and compliance programs to mitigate fraud risks.

## SCHEDULE OF PERFORMANCE MILESTONES

Table No. 3 outlines a schedule of our procedures and the resulting deliverables we intend to provide to NJ Transit for both Workstream I and II fraud risk assessment.

**Table No. 3**  
**Performance Milestones**

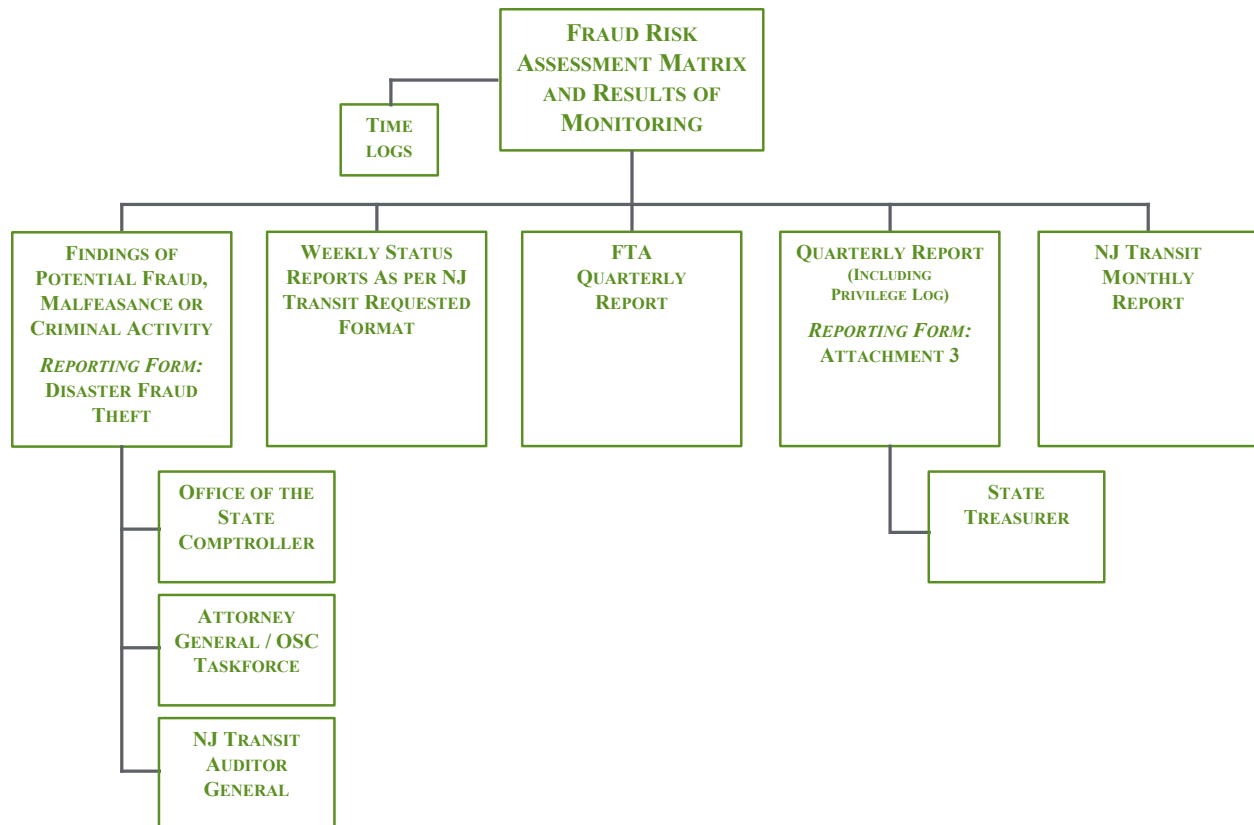


## REPORTING/DELIVERABLES

Our fraud risk assessment matrix and the results derived from the related monitoring procedures and audit programs will serve as the foundation for the various reports and templates that are required to be completed. Table No. 4 below outlines the various stakeholders and parties that we will be responsible for reporting.

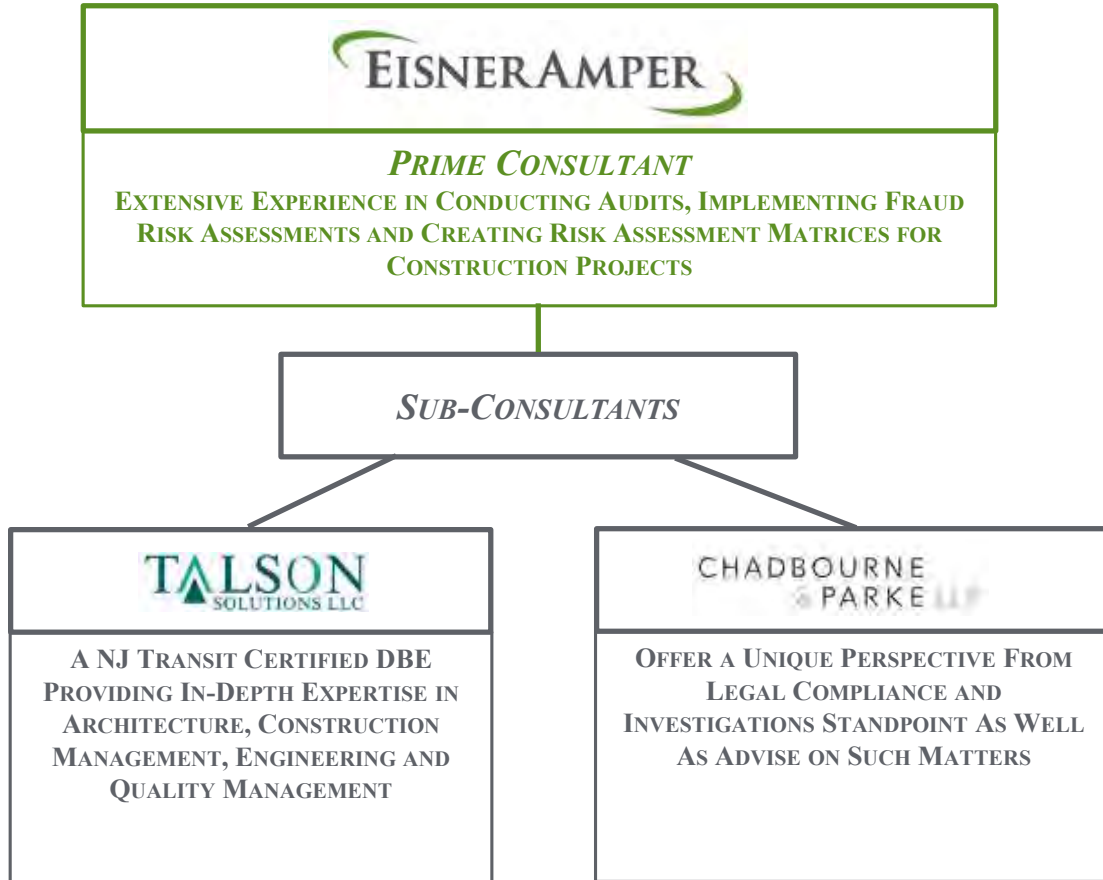
EisnerAmper’s current practice is to maintain detailed time records that include information on the allocation of hours by staff including detailed time entries describing the scope and nature of the tasks performed by such staff. EisnerAmper will ensure that all sub-contractors provide the same level of detail in their time reporting. These records will be maintained by EisnerAmper in the form of Time Logs.

**Table No. 4  
Reporting Requirements**





## CONSULTANT AND SUB-CONSULTANT ORGANIZATION CHART



The EisnerAmper proposal team is comprised of industry leaders in the applicable areas of fraud risk and internal control assessments, fraud detection, construction audit, forensic accounting, internal audit, legal compliance and engineering. Our team is led by the accounting and consulting firm of EisnerAmper LLP (“EisnerAmper”). EisnerAmper brings significant experience in providing integrity monitoring, fraud risk assessments, fraud detection, forensic accounting and internal and external audit services on construction projects. For over 50 years, we have been at the forefront of regulatory and compliance issues, fraud prevention and detection and internal auditing.

EisnerAmper’s professionals will be supplemented and supported by sub-consultants that possess specialized technical knowledge including professionals Talson Solutions, LLC (“Talson”), and Chadbourne & Parke, LLP (“Chadbourne”).

The professionals at Talson bring over 200 combined years of domestic and international design and construction industry experience that joins auditing, financial and technical expertise with a thorough understanding of capital program development. Talson is a certified Disadvantaged Business Enterprise (DBE) by the Southeastern Pennsylvania Transportation Authority (a Certifying Partner in the Commonwealth of Pennsylvania Unified Certification Program in

Talson’s home state), the Metropolitan Transportation Authority (a Certifying Partner in the New York State Unified Certification Program) and a certified Minority Business Enterprise (MBE) by the Port Authority of New York and New Jersey. Additionally, Talson is a certified DBE by NJ Transit. With diverse backgrounds in accounting, architecture, construction management, engineering, finance and quality management, Talson staff have served the transportation, public works/ infrastructure, education, commercial real estate, healthcare and retail industries in the domestic United States and internationally.

Our team also includes attorneys at the firm of Chadbourne, which provides our team a unique perspective from the legal compliance and investigations standpoint. Chadbourne brings a considerable depth of experience to the management and oversight of large public development projects and understand the efficiencies and best practices related to integrity monitoring.

**Key Engagement Team Members**



**EisnerAmper (Primary Consultant):**

**David A. Cace, CPA** – Mr. Cace is a senior partner in EisnerAmper’s Dispute and Investigations Group. He has over 35 years of accounting, auditing, financial reporting, forensic and internal control design, monitoring and implementation experience in a wide variety of industries that have ranged in size from small entrepreneurial companies to Fortune 100 companies. Mr. Cace

has extensive monitorship experience, serving as the partner-in-charge of the AIG and Symbol monitorships.

***Tim Van Noy, CPA, CFE*** – Mr. Van Noy is a director with extensive experience in construction disputes, damage measurement, forensic accounting and investigations. Mr. Van Noy has over 30 years of experience in the construction industry on a wide variety of domestic and international projects including: highway, bridge and dam construction; electrified and commuter rail projects; commercial, industrial and institutional building construction and renovation; utility and cogeneration projects; and shipbuilding.

***Elliott C. Lee*** – Mr. Lee, a partner in EisnerAmper’s Disputes and Investigations Group, has established a reputation as a project manager capable of overseeing and managing large, complex engagements. He has served as a primary project manager on the internal controls monitorship of AIG and has lead and executed numerous fraud and forensic investigations working directly with the New York State Attorney General. His experience includes creating workplans and procedures to identify instances of fraud and fraud schemes and developing and implementing monitoring programs.

***Nancy Brady, CISA, ABCP*** – Ms. Brady is a director of IT Risk Services at EisnerAmper. She has extensive experience as a senior audit professional specializing in internal controls and IT risk management. Ms. Brady has a broad range of expertise in external and internal audit, Sarbanes-Oxley, SAS 70/SSAE 16 internal control assessments, regulatory compliance and consulting. She has focused on reviews of business processes, application controls, IT general controls, information security, disaster recovery and business continuity planning, operations and regulatory compliance.

**Talson (Subconsultant and DBE):**

***Robert S. Bright*** – Mr. Bright, Principal, has 32 years of experience is a principal and serves on the Board of Trustees for the Audit and Compliance Committee for Mercy Health System, a member of Trinity Catholic Health East and is a former director with PricewaterhouseCoopers LLP’s Construction Consulting practice. He has conducted construction audits, compliance reviews, developed internal audit plans for multi-billion dollar capital programs, performed investigations, conducted risk assessments, managed diversity monitoring and compliance programs and has served as a testifying expert.

***Martin Izaak*** – Mr. Izaak, Project Manager, has 42 years of experience as a project management professional, specializing in program/construction management, analyzing delay claims, reviewing critical path method schedules, directing professional staff, and interfacing with owners, architects, engineers, consultants, construction managers, and contractors. Mr. Izaak worked extensively on major capital construction and infrastructural projects, including rail transportation, roadways, bridges and tunnels.

**Chadbourne (Subconsultant):**

***Keith M. Rosen*** – Mr. Rosen is a partner in Chadbourne’s White Collar Defense, Regulatory Investigations and Litigation Group, spent over ten years conducting investigations, litigating and supervising federal cases with the United States Department of Justice. In private practice, Mr. Rosen has counseled clients on the development and implementation of gold standard anti-corruption compliance programs. Mr. Rosen has handled a wide range of subject matters as both a prosecutor and defense counsel, including financial institution fraud, securities fraud, public corruption, export enforcement, tax fraud and economic espionage.



**DAVID A. CACE**  
**PARTNER**  
**DAVID.CACE@EISNERAMPER.COM**  
**212.891.4024**

**CERTIFICATIONS**

Certified Public Accountant (CPA)

**PROFESSIONAL AFFILIATIONS**

American Institute of Certified Public Accountants (AICPA)  
New Jersey State Society of CPAs (NJSSCPA)

David A. Cace is a partner in EisnerAmper's Disputes and Investigations Group and is the firm's advisor on audit and statistical sampling matters. He has over 35 years of accounting, auditing, financial reporting, forensic, and internal control design and implementation experience in a wide variety of industries that have ranged in size from small entrepreneurial companies to Fortune 100 companies, including specialized industries such as insurance, electric utilities, casinos, and claims processing, verification and management. He is a former member of the SEC Practice Section Executive Committee, the AICPA's most senior committee providing guidance to member accounting firms practicing before the Securities and Exchange Commission prior to the creation of the Public Company Accounting Oversight Board and has served on various SEC-related task forces.

Prior to devoting his full time to litigation consulting and forensic accounting matters, Mr. Cace was a member of EisnerAmper's Professional Practice Group where he was involved in all aspects of the Firm's audit practice including technical research, writing quality control policies and procedures and performing pre-issuance financial statement reviews.

**WORK EXPERIENCE**

Prior to joining EisnerAmper, Mr. Cace was an audit partner and technical review partner at two other major accounting firms. Previously, Mr. Cace was in the national office of a Big Four accounting firm working on national audit practice projects, including serving as a contributing author and the final technical reviewer of the tenth edition of *Montgomery's Auditing*. He was also a national consultant on electric utility accounting issues.

**EDUCATION**

St. Peter's College, Bachelor of Science Degree in Accounting

**PUBLICATIONS**

Reporting on Controls at a Service Organization, *EisnerAmper Trends & Developments*, 2012 and *Metropolitan Corporate Counsel*, 2012  
What a Buyer Must Know About Sarbanes Oxley, *Mergers & Acquisitions*, 2003  
No Wiggle Room with Sarbanes Oxley, *Mergers & Acquisitions*, 2003  
Contributing author to the Internal Control chapters of *Montgomery's Auditing*  
Foreword to Statistical Techniques for Forensic Accounting by Saurav Dutta, Ph.D., 2013  
A Brief History of Derivatives and Risk – From Aristotle to Merchant of Venice to Richard Nixon, *Eisner Trends & Developments*, April 2001



**TIM VAN NOY**  
**DIRECTOR**  
**TIMOTHY.VANNOY@EISNERAMPER.COM**  
**215.881.8118**

**CERTIFICATIONS**

- Certified Public Accountant (CPA)
- Certified Fraud Examiner (CFE)
- Certified in Financial Forensics (CFF)

**PROFESSIONAL AFFILIATIONS**

- American Institute of Certified Public Accountants (AICPA)
- PICPA
- NACVA
- Association of Certified Fraud Examiners (ACFE)

Tim Van Noy is a director at EisnerAmper with extensive experience in construction disputes, damage measurement, forensic accounting and investigations. He has testified as an expert witness in civil and criminal matters in state and federal courts.

Mr. Van Noy has over 30 years of experience in the construction industry on a wide variety of domestic and international projects including: highway, bridge and dam construction; electrified and commuter rail projects; commercial, industrial and institutional building construction and renovation; utility and cogeneration projects; and shipbuilding. On these projects, he has audited construction costs and change order requests, analyzed damage claims, conducted procedures and controls reviews and investigated fraud. He has assisted the U.S. Department of Justice in criminal and civil false claims investigations and has investigated fraud allegations for private owners.

Mr. Van Noy has presented to various professional groups, governmental agencies and private companies on topics related to construction damages and investigating fraud and corruption on major infrastructure projects and the Foreign Corrupt Practices Act.

**WORK EXPERIENCE**

Prior to joining the firm, he spent 10 years managing his own consulting practice. He is a former partner with Price Waterhouse LLP and has served as the chief financial officer for an infrastructure design and construction management corporation. He has also functioned as an owner's representative on construction projects, designed electrical systems for Navy ship overhauls and spent several years working in the construction trades.

**EDUCATION**

- Old Dominion University – Bachelor of Science Degree in Accounting, 1985.

**OTHER**

- LaSalle University Institute of Fraud and Forensic Accounting adjunct professor, 2010 - 2012.



## **ELLIOTT C. LEE**

**PARTNER**

**ELLIOTT.LEE@EISNERAMPER.COM**

**212.891.8047**

### **CERTIFICATIONS**

Certified Public Accountant (CPA)

Certified Fraud Examiner (CFE)

### **PROFESSIONAL AFFILIATIONS**

American Institute of Certified Public Accountants (AICPA)

New York State Society of CPAs (NYSSCPA)

Association of Certified Fraud Examiners (ACFE)

Adjunct Instructor – New York University

Elliott C. Lee is a partner in the Disputes and Investigations Group. Throughout his career with the firm, he has provided consulting services for cases involving small and large companies and not-for-profit organizations as well as individuals. His engagements cover a variety of areas including fraud investigations, auditing malpractice and damage analysis. While at EisnerAmper, Mr. Lee has established a reputation as a project manager capable of overseeing and managing large, complex matters. He has served as the primary project manager on the internal controls monitorship of AIG, which included coordination with executives at AIG on the development, execution and implementation of remediation plans focused on accounting policies, financial reporting and material weaknesses and significant deficiencies in internal control.

Mr. Lee has led and executed numerous fraud and forensic investigations for various entities during his career at EisnerAmper. His experience includes working directly with the New York State Attorney General's Charities Bureau.

### **RELEVANT CASE EXPERIENCE**

Lead project manager in the review and assessment of internal controls at AIG to determine best practice recommendations and oversaw the implementation of those recommendations.

Lead the forensic investigation of a charitable organization to conduct a full forensic examination of all cash disbursements made from a segregated, government funded account over a three year period to determine if any fraudulent transactions occurred. During the engagement, he identified various weaknesses in the organization's internal controls and provided recommendations to assist in the implementation of best practices.

### **WORK EXPERIENCE**

Mr. Lee's past experience spans both public and private accounting including auditing, mergers & acquisition due diligence consulting and corporate controllership in a large multi-national corporation. Prior to joining EisnerAmper, he was a manager in the Corporate Controllershship Department of American Express. Prior to that he was a Senior Consultant in the Forensic Investigations and Litigation Services Group of RSM McGladrey, Inc. Mr. Lee began his career with Deloitte & Touche where he worked on audits of broker-dealers and commercial banks.

### **EDUCATION**

New York University, Leonard N. Stern School of Business – Bachelor of Science Degree in CPA Accounting and Finance

### **PUBLICATIONS**

"The Business of Sports"- February 2014 issue of The Metropolitan Corporate Counsel



**NANCY BRADY**  
**DIRECTOR**  
**NANCY.BRADY@EISNERAMPER.COM**  
**212.891.8795**

**CERTIFICATIONS**

- Certified Information Systems Auditor (CISA)
- Associate Business Continuity Professional (ABCP)

**Specialties**

- IT Risk Services
- Internal Audit Services
- Information Security Services
- Internal Control Assessments
- Business Continuity Planning
- Vendor Management
- External Audit Support Services
- Governance, Risk & Compliance

**Professional Activities**

- Securities Industry Financial Markets Association (SIFMA)
- Internal Audit Society (IAS) – Executive Committee
- Information Systems Audit & Control Association (ISACA)
- Institute of Internal Auditors (IIA)
- Disaster Recovery Institute (DRI) International

Nancy Brady is Director of IT Risk Services within EisnerAmper’s Consulting Services Group. Ms. Brady brings with her extensive experience as a senior audit professional specializing in internal controls and IT risk management. She has a broad range of expertise in external and internal audit, SSAE 16 internal control assessments, Sarbanes-Oxley, regulatory compliance, and consulting. She has focused on reviews of business processes, application controls, IT general controls, information security, business continuity planning, vendor management, and regulatory compliance. Her clients include financial services institutions, commercial clients, and dot coms.

Ms. Brady co-hosts the Securities Industry Financial Markets Association Internal Audit Society (SIFMA IAS) periodic IT audit seminars and roundtables that provide continuing professional education opportunities to IT audit and risk professionals. In addition to being an Executive Committee member of SIFMA IAS, she is a member of Information Systems Audit & Control Association, Institute of Internal Auditors, and Disaster Recovery Institute International.

**WORK EXPERIENCE**

Before joining EisnerAmper, Ms. Brady was with PricewaterhouseCoopers for 15 years and two years as Head of IT Internal Audit at D. E. Shaw & Co., LLP. This enabled her to develop a broad and deep knowledge of the spectrum of financial services companies and their associated products, risks, and controls. Leveraging her deep IT, audit, internal controls, and risk management experience, she is able to work with our clients in a way to understand their risks and concerns, identify their issues, make recommendations that make sense from a risk cost benefit perspective, and overall add value.

**EDUCATION**

- Rutgers College of Engineering, Bachelor of Science in Ceramic Engineering
- NYU Stern School of Business, Master of Business Administration in Information Systems



# Robert S. Bright

President/Founder



**Talson Solutions, LLC**  
306 Market Street, 4<sup>th</sup> Floor  
Philadelphia, PA 19106

## EXPERIENCE

- 32 Years
- Talson Solutions, LLC, President (2001-Present)
- PricewaterhouseCoopers, Director (1994-2001)
- Exxon Corporation, Senior Engineer (1982-1994)

## EDUCATION

MBA, Finance, The Wharton School, University of Pennsylvania, 1994

B.S., Mechanical Engineering, Rensselaer Polytechnic Institute, 1982

## AFFILIATIONS

- Board of Trustees and Audit and Compliance Committee Member, Mercy Health Systems, Trinity Catholic Health East
- Institute of Internal Auditors
- Association of Healthcare Internal Auditors
- Association of College and University Auditors
- Rebuilding Together Philadelphia, Board of Directors
- Greater Philadelphia Chamber of Commerce
- Greater Philadelphia Hispanic Chamber of Commerce

## AWARDS

2004 Recipient of President's USA Freedom Corps Award for Volunteer Service

## RECORD OF PROFESSIONAL EXPERIENCE

Mr. Bright has 32 years of capital project consulting and financial experience in the design, development and execution of domestic U.S. and international capital projects. His experience includes auditing, budgeting, project control, quality auditing, contract development, estimating, forecasting, material management, procurement, readiness review, and the reporting of capital projects. Mr. Bright has performed contract audits and compliance reviews and due diligence reviews evaluating the risk associated with vendor contracts. His assignments have included visits to China, Germany, Guam, Indonesia, Italy, Netherlands, Panama, Peru, Spain and the United Kingdom.

Mr. Bright has testified as an expert witness on engineering and construction labor inefficiency and the verification of allowable cost using the Federal Acquisition Regulation as the evaluation guideline. Mr. Bright has directed contract audits and special investigations of contractors and design firms in the infrastructure, healthcare, education, mining, petroleum, power generation, retail and commercial real estate industries.

### Project Specific Information:

#### Canal de Panamá

**Partner in Charge:** Provided construction audit planning and consulting services for various scope of works including; business process and controls review for the Third Set of Locks contract, project team readiness, audit planning and review, construction audit training, project reporting and management system review, and staff assessments and organization analysis.

#### Integrity Monitoring/Freedom Tower, New York, NY

**Project Executive:** Provides ongoing oversight focusing on detecting and reporting fraud, waste, and abuse to the Office of the Inspector General, which includes participating in meetings with consultants and the construction manager and ensuring compliance with construction contracts and cost containment.

#### Port Authority of Allegheny County

**Engagement Director:** Conducted readiness review of North Shore Connector Project, Light Rail Transit System (\$530 million) focusing on risk identification and program integrity. Evaluated compliance to the Project Management Plan. Leading quality audit review over a two-year period for the implementation of the approved Quality Assurance Guidelines.

#### Commonwealth of Pennsylvania, Department of General Services

**Project Executive:** Provided oversight of the two-year engagement for Construction Project Management Services for the approximately \$750 million expansion of the Pennsylvania Convention Center. Talson reviewed land acquisition and site costs, and participates in monthly progress meetings with design, construction management and owner personnel.

#### Princeton University

**Engagement Director:** Directed contract compliance audits for capital projects totaling over \$600 million. Engagement outcomes included correction of unallowable costs, **reconciliation of contractor's insurance, contingencies, and allowances**, improved project controls, and mitigation of risk.

**Talson Solutions, LLC**

306 Market Street, Fourth Floor  
Philadelphia, PA 19106

**RECORD OF PROFESSIONAL EXPERIENCE**

**EXPERIENCE**

- 42 Years
- Urban Engineers of New York
- Fluor
- Integral Construction of NY
- Port Authority of New York and New Jersey
- Triborough Bridge & Tunnel Authority
- NYC Housing Preservation & Development Agency
- New York Power Authority

**EDUCATION**

MBA, Engineering Management, Long Island University

B.S., Electrical Engineering, New York Institute of Technology

**CERTIFICATIONS**

Project Management, Harvard University

**AFFILIATIONS**

- Construction Panel, American Arbitration Association
- Institute of Electrical & Electronics Engineers
- Society of American Military Engineers
- Claims & Litigation Management Alliance Construction Committee
- Construction Management Association of America

Mr. Izaak has 42 years of experience as a project management professional, specializing in program/construction management, analyzing delay claims, reviewing critical path method schedules, directing professional staff, and interfacing with owners, architects, engineers, consultants, construction managers, and contractors. Mr. Izaak is skilled in resolving disputes among owners and contractors on capital projects.

Mr. Izaak worked extensively on major capital construction and infrastructural projects, including rail transportation, roadways, bridges and tunnels. He also gained experience with projects involving the design and construction of nuclear and fossil fuel power plants, high voltage transmission lines, large and small hydroelectric plants, desalination plants, computer facilities, gut rehabilitation of multiple-dwelling units, airports, and rail facilities.

**Professional Experience:**

**Urban Engineers of New York  
Transportation Senior Project Management Lead Oversight  
Consultant, Various Projects:**

Served as an extension of the FTA's Region II technical staff in assessing the grantee's project management, construction management, and technical capacity for building major capital projects. Prepared monthly progress reports and examined the adherence to the approved Project Management Plan (PMP), and the Construction Management Manual. Assisted in developing and executing the first Risk Analysis for the East Side Access project in New York, NY and the updated Risk Analysis/Mitigation Plan.

**Fluor Corporation**

**Senior Project Manager, Various Projects:** Performed the oversight function for federally funded capital construction projects of the NYC Metropolitan Transportation Authority's Long Island Rail Road approximately \$150 million annually and the East Side Access project estimated at \$6.7 billion. Responsibilities included interfacing with the agency's management to develop procedures for monitoring the capital construction programs in order to meet the federal guidelines. Additionally, served as the Area Program Manager for constructing the new East and West Concourses at JFK's International Airport Terminal 4, a \$400 million project.

**Integral Construction of New York**

**Project Director, Various Projects:** Directed the construction management activities for the mentor program provided to the NYC School Construction Authority in connection with the renovation and upgrade of school facilities. Work included renovating existing school buildings and constructing a number of building additions for 85 projects valued at \$27.5 million.

**Port Authority of New York and New Jersey**

**Project Manager:** Responsible for the safe demolition and removal of the original Air Traffic Control Tower at JFK International Airport.

**Triborough Bridge & Tunnel Authority**

**Construction Manager, Various Projects:** Managed the engineering and construction activities for facility reconstruction and plant additions.



## KEITH M. ROSEN

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PARTNER

1200 New Hampshire Avenue,  
NW  
Washington, DC 20036  
United States of America

tel +1 (202) 974-5687

email [krosen@chadbourne.com](mailto:krosen@chadbourne.com)

online [www.chadbourne.com/krosen](http://www.chadbourne.com/krosen)

### Practice Areas

Commercial Litigation  
Securities Litigation and  
Regulatory Enforcement  
White Collar Defense,  
Regulatory Investigations  
and Litigation  
Litigation  
Appellate

### Regions

North America  
United States

### Admissions

2006 District of Columbia  
1997 Pennsylvania  
1998 U.S.D.C. - E.D. Pa.  
1998 U.S. Ct. App. - 3rd Cir.

### Practice Description

Keith M. Rosen is an experienced trial and appellate advocate who spent over ten years conducting investigations, litigating and supervising federal criminal cases with the United States Department of Justice. He has worked extensively on matters involving federal law enforcement agencies, the Securities and Exchange Commission, as well as other federal and state regulatory agencies. Mr. Rosen has successfully tried numerous complex criminal cases and has briefed and argued many federal appellate matters.

He has handled a wide range of subject matters as both a prosecutor and defense counsel, including financial institution fraud, securities fraud, public corruption, export enforcement, tax fraud and economic espionage. He has also represented public and private corporations and their chief executives, in connection with Congressional investigations. In addition, he has provided strategic advice on patent matters pending trial in the United States District Court for the District of Delaware.

Mr. Rosen's current practice focuses on civil and criminal litigation, special investigations, regulatory compliance and enforcement.

### Representative Matters

- Represented multiple corporations in connection with Congressional investigations into the administration of the Department of Energy's loan guarantee program.
- Advised Turkish corporation on anti-corruption and corporate governance issues.
- Advised South American consumer products company on U.S. export control issues.
- Representing foreign corporation in connection with civil asset forfeiture complaint.
- Represented AIPAC lobbyist charged under the Espionage Act.
- Represented private corporation in connection with public corruption investigation.
- Represented domestic energy company in connection with multi-jurisdictional securities fraud investigation concerning the sale of oil and gas prospects.
- Represented individual defendant charged with federal tax evasion and fraud offenses.

As the Chief of the Criminal Division for the United States Attorney's Office for the District of Delaware, Mr. Rosen managed the legal work of the Criminal Division and supervised all appeals in criminal cases before the United States Court of Appeals for the Third Circuit. He also coordinated the District's Anti-Terrorism Advisory Committee. His work as an Assistant United States Attorney included the following:

- Prosecuted one of the early cases under the Economic Espionage Act, involving theft of proprietary pricing trade secret information.
- Conducted securities fraud investigation involving manipulation of the over-the-counter stock market.
- Investigated and prosecuted insider trading case against network security manager of major corporate law firm.
- Prosecuted multi-million dollar fraud case involving small-business credit operations of major U.S. financial institution.
- Prosecuted fraud case involving syndicated loan operations of major U.S. financial institution.
- Conducted public corruption investigation and trial of president of municipal services organization.

#### Activities and Affiliations

- As an Assistant United States Attorney, Mr. Rosen was a member of the U.S. Department of Justice Securities and Commodities Fraud Working Group and a participant in the SEC Mid-Atlantic Regional Enforcement Conference.

#### Publications

- "Brazil Kicks Off New Year with Clean Companies Act," *Client Alert*, February 24, 2014

#### Education

Brown University, A.B., *magna cum laude*, 1993

Yale Law School, J.D., Senior Editor, *Yale Law Journal*, 1997

#### Professional Background

Law clerk to the Honorable Edward R. Becker, United States Court of Appeals for the Third Circuit, 1997-1998

Assistant United States Attorney, Criminal Division, United States Attorney's Office for the District of Delaware, 1999-2005

Chief, Criminal Division, United States Attorney's Office for the District of Delaware, 2007-2012

## **CONFLICT OF INTEREST**

EisnerAmper, Talson and Chadbourne hereby certify that it, nor any of its affiliates or subsidiaries, currently provides, directly or indirectly, construction management services or similar or related services that could be in conflict with providing IOM services to NJ Transit other than previously disclosed in EisnerAmper's original response dated April 3, 2014.

As noted in our April 3, 2014 response, Chadbourne is currently representing two clients who have previously received funding as part of a Superstorm Sandy recovery program (not from NJ Transit) against media outlets that have issued false reports concerning these clients' receipt of that funding. Chadbourne also may represent clients who have received funding as part of a Superstorm Sandy recovery program (including from NJ Transit) in matters unrelated to the receipt by those clients of such funding. It is Chadbourne's view that these representations do not pose a conflict of interest that would preclude Chadbourne from functioning as a subconsultant. While it is possible that future monitoring/oversight activities could entail the review of a then current Chadbourne client and could thereby raise the potential for a conflict of interest at that time, such a possibility is speculative at this stage and can readily be addressed if it comes to pass.

Further, in an effort to maintain full transparency, EisnerAmper is disclosing that it currently provides audit services to Hill International. It is EisnerAmper's position that these services do not pose a conflict of interest that would preclude it from providing IOM services to NJ Transit.

### **Conflict of Interest with Future Contractors:**

EisnerAmper utilizes a multi-layered review system to detect, avoid and address potential conflicts of interest. The detection and avoidance process includes an automated review of EisnerAmper's client database, as well as a written notice to all professionals within each firm. The data generated by this step is personally reviewed by a member of the client team to identify and resolve any potential conflicts at the outset. We have undertaken a reasonable review of our records to determine our professional relationship with NJ Transit and related entities. We are not aware of any current or reasonably foreseeable general conflicts of interest or relationships that would preclude us from performing the services as outlined in this RFP. Should any general conflicts arise during the course of our engagement, we will notify NJ Transit immediately. EisnerAmper also maintains a position that the firm will not accept any work against any New Jersey State agency. As such, potential conflicts arising from such matters will be a non-issue.

## **DBE PROGRAM REQUIREMENTS**

The EisnerAmper team recognizes the importance of meeting the ten percent (10%) Race Conscious DBE goal that has been assigned to this project. As noted above, the EisnerAmper team is supported and supplemented by Talson in all aspects of this proposal. Talson is a certified DBE by NJ Transit. A copy of Talson's DBE certification is provided in this Tab. As per our Cost Proposal (separately provided), EisnerAmper has assigned no less than 42% of this project to the professionals at Talson.

In order to ensure that Talson will achieve the estimated 42% of the project, EisnerAmper will work closely with Talson seeking their guidance and support throughout the project. Our approach is using Talson as a partner rather than a service provider. Under this approach, Talson must be involved in each step of our process in order for the EisnerAmper team to meet the requirements of all the deliverable as outline in this proposal.

# New Jersey Unified Certification Program NJ UCP



THE PORT AUTHORITY OF NY & NJ

## CERTIFIED DISADVANTAGED BUSINESS ENTERPRISE


### TALSON SOLUTIONS, LLC

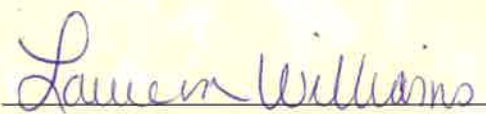
This certificate acknowledges that the above named firm is certified as a Disadvantaged Business Enterprise as defined in Title 49, Part 26 of the US Code of Federal Regulations. This certificate will remain in effect for three years from the certification date and must be updated annually. **NJ TRANSIT** must be notified within 30 days of any changes in the business that may affect ownership and control.

Your firm will be listed in the NJ UCP directory under the following NAICS Code(s).

<b>NAICS CODE</b>	<b>541219</b> Other Accounting Services	<b>541618</b> Other Management Consulting Services	<b>541990</b> All Other Professional, Scientific, and Technical Services	<b>541611</b> Administrative Management and General Management Consulting Services	<b>541690</b> Other Scientific and Technical Consulting Services
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**NJ TRANSIT** certified your firm as a DBE on behalf of all NJ UCP partners.

Signed:   
L.A. Hernández, Manager, Certification & Outreach  
Office of Civil Rights

Signed:   
Lauren Williams, S.B.D.S.  
Office of Civil Rights

**ISSUE DATE: May 1, 2014**

**ANNIVERSARY DATE: May 1st**

NJ TRANSIT Contract No. 14-033  
 Integrity Oversight Monitoring Services  
 Attachment 5 - Cost Proposal Format REVISED

Firm Name: EisnerAmper

Staffing Category	Task	Workstream I		Total Hours Per Staff Category	Total \$ Per Staff Category
	Hourly Billing Rate (\$)	Hours	Amount (\$)		
Partner/Principal/Director	\$ 330.00	26	\$ 8,580.00	26	\$ 8,580.00
Program Manager/Project Manager	290.00	182	52,780.00	182	52,780.00
Subject Matter Expert	320.00	8	2,560.00	8	2,560.00
Supervisor/Senior/Consultant	225.00	94	21,150.00	94	21,150.00
Consultant/Associate/Staff	160.00	50	8,000.00	50	8,000.00
Administrative Support	\$ 70.00	25	1,750.00	25	1,750.00
<b>TOTALS</b>		<b>385</b>	<b>\$ 94,820.00</b>	<b>385</b>	<b>\$ 94,820.00</b>

Total Direct Cost	\$ 94,820.00
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Total Travel Cost	\$ 1,500.00
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<b>GRAND TOTAL</b>	<b>\$ 96,320.00</b>
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NJ TRANSIT Contract No. 14-033  
 Integrity Oversight Monitoring Services  
 REVISED Cost Proposal Detail

Firm Name: EisnerAmper

Workstream 1

Member	Company	Title	Rate	Task 1		Task 2		Task 3		Task 4		Total	
				Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$
David Cace	EA	Partner/Principal/Director	\$ 330.00	2.00	\$ 660.00	4.00	\$ 1,320.00	0.00	\$ -	2.00	\$ 660.00	8.00	\$ 2,640.00
Tim Van Noy	EA	Program Manager/Project Manager	\$ 290.00	8.00	2,320.00	30.00	8,700.00	20.00	5,800.00	12.00	3,480.00	70.00	20,300.00
Elliott Lee	EA	Program Manager/Project Manager	\$ 290.00	4.00	1,160.00	20.00	5,800.00	8.00	2,320.00	8.00	2,320.00	40.00	11,600.00
Jeff Buchakjian	EA	Supervisor/Senior/Consultant	\$ 225.00	2.00	450.00	8.00	1,800.00	8.00	1,800.00	4.00	900.00	22.00	4,950.00
Nancy Brady	EA	Supervisor/Senior/Consultant	\$ 225.00	2.00	450.00	8.00	1,800.00	8.00	1,800.00	4.00	900.00	22.00	4,950.00
Marisol Gonzalez	EA	Administrative Support	\$ 70.00	0.00	-	5.00	350.00	5.00	350.00	5.00	350.00	15.00	1,050.00
Robert Bright	Talson	Partner/Principal/Director	\$ 330.00	2.00	660.00	8.00	2,640.00	4.00	1,320.00	4.00	1,320.00	18.00	5,940.00
Martin Izaak	Talson	Program Manager/Project Manager	\$ 290.00	10.00	2,900.00	30.00	8,700.00	20.00	5,800.00	12.00	3,480.00	72.00	20,880.00
Branden Grove	Talson	Supervisor/Senior/Consultant	\$ 225.00	8.00	1,800.00	16.00	3,600.00	16.00	3,600.00	10.00	2,250.00	50.00	11,250.00
Charnee Foston	Talson	Consultant/Associate/Staff	\$ 160.00	8.00	1,280.00	16.00	2,560.00	16.00	2,560.00	10.00	1,600.00	50.00	8,000.00
Administrative	Talson	Administrative Support	\$ 70.00	0.00	-	3.00	210.00	3.00	210.00	4.00	280.00	10.00	700.00
Keith Rosen	Chadbourne	Subject Matter Expert	\$ 320.00	0.00	-	0.00	-	0.00	-	8.00	2,560.00	8.00	2,560.00
				<b>46.00</b>	<b>\$ 11,680.00</b>	<b>148.00</b>	<b>\$ 37,480.00</b>	<b>108.00</b>	<b>\$ 25,560.00</b>	<b>83.00</b>	<b>\$ 20,100.00</b>	<b>385.00</b>	<b>\$ 94,820.00</b>

NJ TRANSIT Contract No. 14-033  
 Integrity Oversight Monitoring Services  
 Attachment 5 - Cost Proposal Format OPTIONAL

Firm Name: EisnerAmper

Staffing Category	Task	Workstream II		Total Hours Per Staff Category	Total \$ Per Staff Category
	Hourly Billing Rate (\$)	Hours	Amount (\$)		
Partner/Principal/Director	\$ 330.00	24	\$ 7,920.00	24	\$ 7,920.00
Program Manager/Project Manager	290.00	138	40,020.00	138	40,020.00
Subject Matter Expert	320.00	8	2,560.00	8	2,560.00
Supervisor/Senior/Consultant	225.00	60	13,500.00	60	13,500.00
Consultant/Associate/Staff	160.00	38	6,080.00	38	6,080.00
Administrative Support	\$ 70.00	25	1,750.00	25	1,750.00
	<b>TOTALS</b>	<b>293</b>	<b>\$ 71,830.00</b>	<b>293</b>	<b>\$ 71,830.00</b>

Total Direct Cost	\$ 71,830.00
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Total Travel Cost	\$ 1,000.00
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<b>GRAND TOTAL</b>	<b>\$ 72,830.00</b>
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NJ TRANSIT Contract No. 14-033  
 Integrity Oversight Monitoring Services  
 OPTIONAL Cost Proposal Detail

Firm Name: EisnerAmper

			Workstream II - Optional Procedures										
Member	Company	Title	Rate	Task 1		Task 2		Task 3		Task 4		Total	
				Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$
David Cace	EA	Partner/Principal/Director	\$ 330.00	2.00	\$ 660.00	4.00	\$ 1,320.00	0.00	\$ -	2.00	\$ 660.00	8.00	\$ 2,640.00
Tim Van Noy	EA	Program Manager/Project Manager	\$ 290.00	8.00	2,320.00	20.00	5,800.00	16.00	4,640.00	8.00	2,320.00	52.00	15,080.00
Elliott Lee	EA	Program Manager/Project Manager	\$ 290.00	4.00	1,160.00	8.00	2,320.00	8.00	2,320.00	8.00	2,320.00	28.00	8,120.00
Jeff Buchakjian	EA	Supervisor/Senior/Consultant	\$ 225.00	2.00	450.00	4.00	900.00	4.00	900.00	4.00	900.00	14.00	3,150.00
Nancy Brady	EA	Supervisor/Senior/Consultant	\$ 225.00	2.00	450.00	4.00	900.00	4.00	900.00	4.00	900.00	14.00	3,150.00
Marisol Gonzalez	EA	Administrative Support	\$ 70.00	0.00	-	5.00	350.00	5.00	350.00	5.00	350.00	15.00	1,050.00
Robert Bright	Talson	Partner/Principal/Director	\$ 330.00	2.00	660.00	4.00	1,320.00	8.00	2,640.00	2.00	660.00	16.00	5,280.00
Martin Izaak	Talson	Program Manager/Project Manager	\$ 290.00	8.00	2,320.00	20.00	5,800.00	20.00	5,800.00	10.00	2,900.00	58.00	16,820.00
Branden Grove	Talson	Supervisor/Senior/Consultant	\$ 225.00	4.00	900.00	8.00	1,800.00	10.00	2,250.00	10.00	2,250.00	32.00	7,200.00
Charnee Foston	Talson	Consultant/Associate/Staff	\$ 160.00	4.00	640.00	8.00	1,280.00	16.00	2,560.00	10.00	1,600.00	38.00	6,080.00
Adminstrative	Talson	Administrative Support	\$ 70.00	0.00	-	3.00	210.00	3.00	210.00	4.00	280.00	10.00	700.00
Keith Rosen	Chadbourne	Subject Matter Expert	\$ 320.00	0.00	-	0.00	-	0.00	-	8.00	2,560.00	8.00	2,560.00
				<b>36.00</b>	<b>\$ 9,560.00</b>	<b>88.00</b>	<b>\$ 22,000.00</b>	<b>94.00</b>	<b>\$ 22,570.00</b>	<b>75.00</b>	<b>\$ 17,700.00</b>	<b>293.00</b>	<b>\$ 71,830.00</b>

First Tier DBE UTILIZATION - FORM A

Project Name: Superstorm Sandy Recovery Program - Wide Fraud Risk Assessment - Phase I

NJT Contract No: 14-033

Assigned DBE Goal %: 10 NJT Procurement Specialist: Taishida Chapman

Contract Value (\$): \$94,820

First Tier DBE must perform at least 51% of its subcontract value if subcontracting to a Second -Tier DBE or Non-DBE. Do not count Non-DBE portion toward the goal.

Name, Address and Telephone # of DBE Subcontractor/Subconsultant	Provide <u>Detailed</u> Scope of Work to be Performed (Identify all suppliers)	Dollar Value of Subcontract/Sub-consultant Work (\$) Awarded	Percentage of Subcontract Work (%)
Talsen Solutions, LLC 306 Market Street, 4th floor Philadelphia, PA 19106	Talsen Solutions, LLC will provide construction audit services including construction contract audits, federal grant compliance, and fraud risk assessments.	\$40,860	43.1 %
			%
			%
			%
			%
For DBE suppliers, show original subcontract value multiplied by 60% (\$2,000*60%=\$1200). For DBE portion of work, subtract Non-DBE portion of work from original subcontract value.	<b>TOTALS</b>	\$ 40,860	43.1 %

The undersigned will enter into a formal agreement with the DBE(s) listed in this schedule conditioned upon execution of a contract with NJ TRANSIT for the above referenced project. The undersigned understands that removal/replacement of the DBE(s) listed is **NOT PERMISSIBLE** for any reason (pre or post-award), without submitting a written request to the Office of Business Development and receiving **WRITTEN APPROVAL** from the Office of Business Development. Failure to obtain written approval shall result in the breach of contract and subject to corrective action to be determined by NJ TRANSIT.

Company Name: EisnerAmper LLP

Authorized Signature: \_\_\_\_\_

Company Address: 111 Wood Avenue South, Suite 600, Iselin, NJ 08830

Print Name: David A. Cace

Title: Partner

Federal Tax ID #: [REDACTED]

Prime Contractor's DBE Liaison Officer: David A. Cace

Company Tel #: 212.891.4024

Date Signed: 10/1/14

**BIDDER SOLICITATION & CONTRACTOR INFORMATION - FORM A1**

NJT Contract No: 14-033  
 Prime Contractor: EisnerAmper LLP  
 Date: October 1, 2014

Project Title: Superstorm Sandy Recovery Program - Wide Fraud Risk Assessment - Phase I  
 Telephone #: 212.891.4024

*Complete the information below for Bidder/Proposer/Prime(s) working on the project. Use Page 2 for all subcontractors/subconsultants participating on or solicited for this project.*

	Bidder/Proposer/Prime	Bidder/Proposer/Prime	Bidder/Proposer/Prime
Company's Full Name	EisnerAmper LLP		
Address	111 Wood Avenue South, Suite 600		
City	Iselin, NJ		
Zip	08830		
County	Middlesex		
Phone	212.891.4024		
Fax	[REDACTED]		
E-mail	david.cace@eisneramper.com		
Owner	Partnership		
Date Established	1963		
Date Certified	N/A		
Ethnicity	Comprised of various ethnicities		
Gender	Male and Female		
Certification Status: <b>DBE or Non-DBE</b>	Non-DBE		
Federal Tax ID # / SSN #	[REDACTED]		
Annual Gross Receipts: A - Less than \$500K B - \$500K to \$1M C - \$1M to \$2M D - \$2M to \$5M E - \$5M and over <b>indicate the letter that applies</b>	E		
Primary NAICS Code:	541211		

**BIDDER SOLICITATION & CONTRACTOR INFORMATION - FORM A1**

NJT Contract No: 14-033  
 Prime Contractor: EisnerAmper LLP  
 Date: October 1, 2014

Project Title: Superstorm Sandy Recovery Program - Wide Fraud Risk Assessment - Phase I  
 Telephone #: 212.891.4024

*Complete the information below for "all" subcontractors/subconsultants solicited for or participating on this project.*

	Subcontractor/Subconsultant	Subcontractor/Subconsultant	Subcontractor/Subconsultant
Company's Full Name	Talson Solutions, LLC	Chadbourne & Parke LLP	
Address	306 Market Street, 4th Fl	1200 New Hampshire Avenue, NW	
City	Philadelphia, PA	Washington, DC	
Zip	19106	20036	
County	Philadelphia	Washington	
Phone	215.592.9634	202.974.5687	
Fax	[REDACTED]	202.974.5602	
E-mail	rbright@talsonsolutions.com	krosen@chadbourne.com	
Owner	Robert S. Bright	Partnership	
Date Established	May 18, 2001	1902	
Date Certified	May 1, 2014	N/A	
Ethnicity	African American	Comprised of various ethnicities	
Gender	Male	Male and Female	
Certification Status: <b>DBE or Non-DBE</b>	DBE	Non-DBE	
Federal Tax ID # / SSN #	[REDACTED]	13-4990295	
Annual Gross Receipts: A - Less than \$500K B - \$500K to \$1M C - \$1M to \$2M D - \$2M to \$5M E - \$5M and over <b>indicate the letter that applies</b>	D	E	
Primary NAICS Code:	541611	541110	

NON-DBE SUBCONTRACTOR UTILIZATION - FORM A2


*Directions: To be completed by any Bidder/Proposer/Prime for "all" subs including suppliers participating on this contract.*

NJ Transit Contract No: 14-033

Date: October 1, 2014 Prime Contract Value: \$48,760

Bidder/Proposer Prime Name: EisnerAmper LLP

Project Title: Superstorm Sandy Recovery Program - Wide Fraud Risk Assessment - Phase I

Name, Address and Telephone # of all Subcontractor/Subconsultants	FEIN #	Provide Detailed Scope of Work to be Performed	Dollar Amount of Subcontractor/Sub-consultant Work (\$) Awarded	Percentage of Subcontract or Work (%)
Chadbourne & Parke LLP 1200 New Hampshire Avenue, NW Washington, DC 20036 202.974.5687		Chadbourne & Parke LLP will provide legal compliance and legal investigative services.	\$ 5,200	5.5 %
			\$	%
			\$	%
			\$	%
			\$	%
Must provide a detailed scope of work; one-word descriptions are not acceptable.		<b>TOTALS</b>	\$ 5,200	5.5 %

INTENT TO PERFORM AS A 1st TIER DBE – FORM B

The Bidder/Proposer/Prime is prohibited from completing any portion of this form and directing the DBE to sign a blank form.

**DIRECTIONS:** DBE(s) listed on the Form A must complete all information on this form.

EisnerAmper  
Name of Bidder/Proposer/Prime:

Talson Solutions, LLC  
Name of DBE Firm:

Project/Contract Name: Integrity Oversight Monitoring Services  
Request For Proposal: Superstorm Sandy Recovery Program-Wide  
Fraud Risk Assessment – Phase I

IFB/RFP Contract Number: 14-033

Does the undersigned DBE (Answer Accordingly):

Intend to perform subcontract work in connection with the above-mentioned project as a Joint Venture? Circle one. (Yes or No)

Intend to subcontract any portion of its scope of work to a DBE(s)?  
*If yes, DBE Sub-Primes must complete and submit Form AA.*

Circle one. (Yes or No)  
At what percent? \_\_\_\_\_%

Intend to subcontract any portion of its scope of work to a Non-DBE(s)?  
*If yes, must complete and submit Form AA2.*

Circle one. (Yes or No)  
At what percent? \_\_\_\_\_%

The undersigned will perform the following described work on the above-referenced project: (Provide a detailed description of the type of work you will perform on your subcontract. Attach a copy of quote approved and signed by Bidder (optional)).

Talson Solutions, LLC will provide construction audit and risk assessment activities for integrity oversight monitoring services.

Dollar Value of DBE Subcontract: \$40,860

Total Quantity/Units (if applicable): \_\_\_\_\_ Per Unit Cost (if applicable): \$ \_\_\_\_\_

The undersigned based the above scope of work and subcontract value on detailed project specs received from the Bidder contractor named above. Circle one. (Yes or No)

The Prime Contractor projected the following commencement and completion date for such work as follows:

DBE Contract Start Date: 10/1/14 DBE Contract Completion Date 11/1/14

The undersigned DBE will enter into a formal agreement for the above work with the Prime Contractor conditioned upon execution of a contract with NJ TRANSIT. As a DBE subcontractor, I will cooperate with the certification, compliance and monitoring process set forth by NJ TRANSIT. I attest that I will perform at least 51% of my subcontract with my own workforce for the referenced project.

[Signature] \_\_\_\_\_  
Signature of 1<sup>st</sup> Tier DBE Date 10/1/14

Vice President of Operations  
Title

Jeffrey W. Simpson  
Print Name

215-592-9634  
Telephone #:

failure to adhere to these instructions or the falsification of any information on this form shall result in breach of contract and subject to the appropriate penalties to be determined by NJ TRANSIT.



New Jersey Unified Certification Program  
**NJ UCP**



**THE PORT AUTHORITY OF NY & NJ**

**CERTIFIED  
DISADVANTAGED BUSINESS ENTERPRISE**


**TALSON SOLUTIONS, LLC**

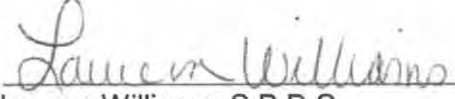
This certificate acknowledges that the above named firm is certified as a Disadvantaged Business Enterprise as defined in Title 49, Part 26 of the US Code of Federal Regulations. This certificate will remain in effect for three years from the certification date and must be updated annually. **NJ TRANSIT** must be notified within 30 days of any changes in the business that may affect ownership and control.

Your firm will be listed in the NJ UCP directory under the following NAICS Code(s).

<b>NAICS CODE</b>	<b>541219</b> Other Accounting Services	<b>541618</b> Other Management Consulting Services	<b>541990</b> All Other Professional, Scientific, and Technical Services	<b>541611</b> Administrative Management and General Management Consulting Services	<b>541690</b> Other Scientific and Technical Consulting Services
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**NJ TRANSIT** certified your firm as a DBE on behalf of all NJ UCP partners.

Signed:   
L.A. Hernández, Manager, Certification & Outreach  
Office of Civil Rights

Signed:   
Lauren Williams, S.B.D.S.  
Office of Civil Rights

**ISSUE DATE: May 1, 2014**

**ANNIVERSARY DATE: May 1st**