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Proposal to Serve

# State of New Jersey Department of Treasury

EQ2014-004-P2&3:  
Middlesex County Utility Authority – Pumping Stations

Pool 3: Integrity Oversight and Anti-Fraud Monitor

April 16, 2014

[kpmg.com](http://kpmg.com)





**KPMG LLP**  
345 Park Avenue  
New York, NY 10154

Telephone 212 758 9700  
Fax 212 758 9819  
Internet [www.us.kpmg.com](http://www.us.kpmg.com)

April 16, 2014

State of New Jersey Department of Treasury  
Attn: Dave Ridolfino  
Associate Deputy State Treasurer  
33 West State Street, PO BOX 230  
Trenton, NJ 08625

Dear Mr. Ridolfino,

On behalf of KPMG LLP (KPMG), we thank you for the opportunity to present our proposal to the State of New Jersey Department of Treasury (the State or DOT) to provide integrity oversight and anti-fraud monitoring of the Middlesex County Utility Authority Pumping Station Projects. Our proposal demonstrates that KPMG has the resources, personnel, experience, and dedication to serve DOT and successfully provide the requested services during the course of the engagement.

Having had many of our colleagues, families and friends impacted by Hurricane Sandy, we are passionate about this opportunity to assist the State with its recovery efforts. We have assembled a team of professionals with significant experience in integrity oversight monitoring, disaster recovery, construction program and project management, waste water management, grants management, and organizational effectiveness. Below, we have summarized why KPMG is well suited to serve as your advisor and integrity monitor as you move forward with recovering and rebuilding.

### **The Right-Multi Disciplinary Team**

The strongest evidence of our commitment to DOT is through the experience of the engagement team that we have assembled to serve you. We are providing you with accomplished resources—people with direct experience in emergency situations, integrity monitoring, waste water management, grants management, program management, construction management, financial reporting, business process improvement, regulatory compliance, technology enablement and organizational effectiveness. The team presented to you is comprised of forensic accountants, fraud investigators, professional engineers, and subject matter specialists that provided integrity monitoring services and program design and implementation of federally funded programs developed in response to Superstorm Sandy and other major disasters. Our team will bring significant programmatic knowledge and innovative and cutting-edge processes, tools and technology to assist in monitoring the program and assessing compliance with federal requirements and optimizing DOT's allocation of FEMA funding.

### **An Established and Tested Approach**

We understand from our experience, the complexities and challenges associated with recovery efforts of this magnitude. This is a complex, fast paced and multi-faceted undertaking with numerous work streams, dependencies, and needs. KPMG has successfully implemented robust integrity monitoring controls to minimize the risk of deobligation, duplication of benefits, waste, fraud, abuse, malfeasance and mismanagement of funds. Our professionals leverage established methodologies, tools, templates, and work plans used for monitoring fraud, waste and abuse on similar programs. This allows for greater project efficiencies and potential cost savings for the DOT.



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Mr. Dave Ridolfino  
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### **A Reputation for Quality Client Service**

KPMG is committed to serving the public sector and has a long-standing relationship with the State of New Jersey. We stake our reputation on providing services that enhance the overall quality and performance of our clients' programs and projects. We are dedicated to delivering impartial and objective professional advice that will enable DOT to make decisions towards strengthening its recovery program and project management controls, reduce and recover costs, minimize risk and improve performance.

In closing, we would like to emphasize our excitement and desire to assist DOT with its recovery efforts and this integrity monitorship. Our commitment to New Jersey, local presence, qualified professionals, relevant experience, and our understanding of your needs are sure to benefit DOT as it moves to recover and rebuild. The attached proposal provides details regarding our approach and cost estimate.

Should you have any questions about our proposal or any other matter, please do not hesitate to contact me at 212-872-3873. Thank you for your time and consideration.

Very truly yours,

KPMG LLP

A handwritten signature in black ink, appearing to read 'S. M. Fishner', written over a light blue horizontal line.

Steven M. Fishner  
*Principal*

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# Our Understanding of Your Needs

We understand that the State of New Jersey is seeking the assistance of an external Integrity Oversight Monitor to provide ongoing monitoring of the Middlesex County Utility Authority Pumping Station projects funded by FEMA. The objective of these services is to help reduce the risks of deobligation, duplication of benefits, process and payment errors, waste, fraud, abuse, malfeasance and mismanagement of funds on the FEMA funded projects outlined in the Engagement Query – EQ2014-004-P2&3.

The Middlesex County Utility Authority (“MCUA”) engaged Allied Construction, Inc. and Cruz Construction, LLC to perform rehabilitation work on the Sayreville Pumping Station. In the aftermath of Superstorm Sandy, the two contractors were respectively awarded \$7.2 million and \$8.21 million of additional work, under emergency procurement procedures, to set up temporary bypass pumping work to continue the feed while areas of the plant are repaired. MCUA is receiving funding from FEMA to perform the additional work that resulted from Superstorm Sandy.

In addition to these temporary repairs, MCUA anticipates procuring two additional contracts for permanent repairs work at the Sayreville Pumping Station and the Edison Pumping Station. The scope is in the process of being finalized and includes tasks such as hazard mitigation, raising pumps to new flood levels and building a floodwall. MCUA anticipates the permanent repairs to be approximately \$75 million between both projects.

Consequently, it is our understanding that the DOT, through this Engagement Query, is currently seeking to retain the services of an external Integrity Oversight Monitor to be responsible for reviewing and evaluating approximately \$90.4 million of emergency FEMA-funded works. The external Integrity Oversight Monitor will review and evaluate financial and administrative functions, construction deliverables, and will develop recommendations and strategies to maximize Federal recoveries and reduce associated risks for the contractors and projects below:

Contractor	Original Contract Value and Change Orders Pre-Sandy	Change Orders Related to Sandy Work	Estimated Contract Value	Total Contract Value	Total Contract Value Subject to Risk Assessment
Allied Construction	\$9.3 mil	\$7.2 mil.	NA	\$16.54 mil.	\$7.2 mil.
Cruz Construction	\$9.8 mil.	\$8.21 mil.	NA	\$18.01 mil.	\$8.21 mil.
TBD - Sayreville Pumping Station Permanent Repairs	NA	NA	\$50 mil.	\$50 mil.	\$50 mil.
TBD - Edison Pumping Station Permanent Repairs	NA	NA	\$25 mil.	\$25 mil.	\$25 mil.
<b>Total</b>		<b>\$15.4 mil.</b>	<b>\$75.00 mil.</b>	<b>\$109.55 mil.</b>	<b>\$90.41 mil.</b>

The KPMG team is committed to helping DOT succeed in meeting its objectives. Our ability to accomplish this is grounded in our focus on the factors that will drive overall project success and our ability to utilize our tools, capabilities, and experience to serve your needs.



# Our Approach – Scope of Work (SOW) Requirements <sup>1</sup>

Based on our understanding of your needs, we have designed a customized approach, which will be further refined following project commencement. Our approach is based on our experience with similar projects, proven KPMG methodologies and our understanding of the Scope of Services provided within your Engagement Query. Our professionals are equipped with the requisite knowledge, expertise and tools to undertake all of the tasks specified in the Scope of Work. Our team has extensive experience and knowledge of federally funded program requirements and regulations, including the Federal Emergency Management Agency (FEMA). Our team has assisted states, cities and local municipalities with designing and implementing policies and procedures to manage and deliver FEMA funded programs and has acted as integrity monitors assessing program controls, monitoring high risk areas to deter waste, fraud and abuse, and developing recommendations to more effectively and efficiently manage programs and projects.

The table below includes a high-level overview of our approach to address Task A through Task E. Additional details regarding our approach and deliverables can be found thereafter.

Tasks	Summary of Activities
<b>A- Planning and Kick-Off Meeting</b>	<ul style="list-style-type: none"> <li>■ Meet with MCUA and DOT to reaffirm project goals, and approve the project workplan and deliverables.</li> <li>■ Discuss background and pertinent details of MCUA projects.</li> <li>■ Gain understanding of processes, policies and procedures that currently exist.</li> </ul>
<b>B – Review MCUA’s Financial and Administrative Functions</b>	<ul style="list-style-type: none"> <li>■ Review and leverage oversight activities, programmatic findings, reports and recommendation from project manager</li> <li>■ Review and leverage programmatic findings from NJEIT and Grant Thornton</li> <li>■ Assess whether these functions adhere to all grant/assistance program guidelines, procurement rules, and reporting requirements.</li> <li>■ Assess that the contracts were procured in accordance with Federal, State and Local laws, regulations, and ordinances.</li> <li>■ Assess that payments were disbursed consistent with applicable directives, and that there was no duplication of benefits, process and payment errors, waste, fraud, abuse, malfeasance or mismanagement of funds.</li> </ul>

<sup>1</sup> KPMG currently serves as financial statement auditor for the State of New Jersey, and as such, is committed to maintaining auditor independence as required by GAO Government Auditing Standards. KPMG will advise DOT as described in the tasks above with the expectation that client management will designate a qualified individual to be responsible and accountable for overseeing the engagement, will make all decisions that involve management responsibilities related to the engagement and accept full responsibility for such decisions and the results of the service, and will evaluate the adequacy of the services performed and any findings that result.

Tasks	Summary of Activities
<b>C – Review and Evaluate Construction Deliverables</b>	<ul style="list-style-type: none"> <li>■ Review and leverage oversight activities, programmatic findings, reports and recommendation from R3M.</li> <li>■ Review and leverage programmatic findings from NJEIT and Grant Thornton.</li> <li>■ Assess that construction plans, documentation, and permits are in compliance with all Federal, State and Local laws, regulations, and ordinances.</li> <li>■ Assess that all construction contract deliverables to date have been provided, and within acceptable timeframes.</li> <li>■ Report findings and develop recommendations when necessary.</li> </ul>
<b>D – Program and Contract Compliance</b>	<ul style="list-style-type: none"> <li>■ Perform detailed review of contracts and identify key requirements, terms and conditions.</li> <li>■ Conduct periodic site visits/inspections, inquiry and financial analysis to assess contractor compliance with all the terms and conditions of the contracts and agreements with MCUA.</li> <li>■ Assess whether contractor is in adherence with program guidelines and applicable State and Federal guidelines, regulations and laws.</li> <li>■ Identify potential duplication of benefits, fraud, waste, or abuse.</li> <li>■ Specific areas of focus include, but are not necessarily limited to, grant compliance, contract compliance, payment requisitions, change orders, cash inflows/outflows, travel/meals and entertainment, payroll, subcontractor approvals, licensing and permitting,</li> </ul>
<b>E – Reporting</b>	<ul style="list-style-type: none"> <li>■ Timely reporting to the State Comptroller and the Attorney General of actual or suspected misconduct, fraud, waste, or abuse consistent with the requirement of the Integrity Oversight Monitoring Act enacted on March 27, 2013.</li> <li>■ Monthly Status Reports</li> <li>■ Quarterly Status Reports</li> </ul>

<b>ENGAGEMENT QUERY</b>	<p><b>A. Attend a kick-off meeting with representatives from the Department to discuss the tasks and deliverables required under this work assignment.</b></p>
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The project team will meet with MCUA and other key project stakeholders to reaffirm project goals, and discuss the project schedule, draft workplan and required deliverables. We anticipate the attendees of this initial kick-off meeting will include key personnel of the project team, MCUA and other relevant management personnel involved with this project. We plan to use this meeting to gain a better understanding of the Project structure and some of the key processes, policies and procedures that are currently in place to manage the program and discuss areas of stakeholder concerns and any federal monitoring reports to date. During this kick-off meeting, we will introduce KPMG’s project management team and outline a high level work plan. The meeting will include discussions related to data needs and roles and responsibilities of the project team and MCUA. Our goal is to understand the resources that are in place and also the expectations of the MCUA relative to completion of the obligations under this Engagement Query. We will also discuss deliverable requirements which include content of reports listed in Engagement Query, format of reports, status meetings and any other anticipated meetings or

reports. We anticipate conducting separate kick-off meetings for the different projects outlined in the Engagement Query.

Within ten (10) days of the kick-off meeting, we will draft detailed notes from the kick-off meeting and submit them to the State Contract Manager.

Once the key objectives have been articulated, reviewed and accepted by DOT and MCUA, the project team will host an internal briefing with team members to help ensure consistency of the process and uniformity of documents/tools used. Once the work plan is approved, the project team will move forward with full implementation of the project tasks as outlined in the diagram above.

**ENGAGEMENT QUERY**

**B. Review MCUA’s financial and administrative functions for this contract.**

Based on our experience providing integrity monitoring services, KPMG anticipates employing a range of strategies and analyses to document if program requirements are being followed appropriately. At the onset of the project, we will assist in reviewing and assessing policies and procedures aimed at detecting and preventing inefficiencies, waste, fraud and abuse. Policies and procedures will be targeted at the inherent risk areas existing with large scale disaster recovery construction projects, as well as be tailored to include controls to prevent the specific types of fraud, waste and abuse we have observed during our previous Hurricane Sandy integrity monitorship experiences.

**B1 – Assess if functions adhere to grant/assistance program guidelines, procurement rules, and reporting requirements**

We will work with DOT to determine the applicable guidelines, regulations and laws that will be required under this program. Upon understanding those requirements, we will advise and report if the various controls in place will provide the foundation for an effective compliance system aimed at preventing and detecting instances of fraud, waste and abuse. We anticipate that that our review will include but will not be limited to, assessing that the functions comply with the following provisions:

■ FEMA 9500 Series Guidance	■ Hurricane Sandy Disaster Relief Bill
■ OMB Circular A-87 Revised, Cost Principles for State, Local, and Indian Tribal Governments	■ Robert T. Stafford Disaster Relief and Emergency Assistance Act, as amended
■ OMB Circular A-102, Grants and Cooperative Agreements with State and Local Governments	■ The Code of Federal Regulation, Title 44, Emergency Management and Assistance
■ FEMA 300 Series Guidance Documents	■ New Jersey Environmental Infrastructure Trust requirements
■ New Jersey Local Public Contracts Law N.J.S.A. 40A:11-1 et seq.	■

**B2 – Assess if the contract was procured in accordance with Federal, State and Local laws regulations, and ordinances**

We will assess the following components of the bidding and selection process to evaluate if the contract(s) was procured in accordance with the applicable guidelines, regulations and laws that will be required under this program:

- Bid solicitation and evaluation



- Contract approval and award
- Contract documentation

In addition, per 44 Code of Federal Regulations, we will review EPLS (Excluded Party List System) documentation to verify that vendors are not on the list.

In situations where contractors were already under contract prior to Superstorm Sandy, such as Allied Construction and Cruz Construction, we will assess whether all change orders were competitively priced. We will assess the process used by MCUA and their contractors to obtain a competitive price and, in some instances; we will independently estimate the change order to determine whether the cost is reasonable.

**B3 – Test if payments were disbursed consistent with applicable directives, and that there were no duplication of benefits, process and payment errors, waste, fraud, abuse, malfeasance or mismanagement of funds**

KPMG will develop a customized work plan for the MCUA’s payments based on our experience delivering integrity monitoring services and on our understanding of the scope of work and mutual agreement with DOT.

KPMG has developed a data analysis software tool capable of analyzing large volumes of construction cost data to more effectively target potentially fraudulent transactions for detailed review. KPMG’s use of the tool on major construction projects has resulted in increased efficiency and increased the likelihood of recovering vendor overcharges. Benefits of utilizing data analysis include:

- Reduced time spent sorting transactions;
- Potentially increased project success rate through better targeting of questionable transactions
- More efficient identification of higher risk transactions
- Improved ability to identify the potential for cost reduction, avoidance and/or, recoveries

Specifically, as part of this payment application review, we will assess compliance with the processes for submitting, reviewing and approving contractor, consultant, and other vendor payments. The work will include an assessment of the following:

- Processes for submitting, reviewing and approving payment applications
- Contractor’s compliance with the contract terms with respect to submission of payment applications
- Existence of approvals and authorizations
- Timeliness of contractor submission and MCUA’s review, approval, and payment
- Adequacy of the payment application’s supporting documentation
- Reasonableness and accuracy of the payment application

We will also review contract change orders to determine whether the proposed change order is justified; the work proposed is not for work already covered by the contract; and the change order costs are reasonable, consistent with contract terms and adequately documented. KPMG will perform an estimate of a sample of change orders to assess whether the value of the change order was reasonable and whether the price was negotiated. For any time and material changes, we will assess whether material, equipment and labor, including build-up of labor rates, are accurate and adequately supported. Change order work will be reviewed and assessed in the field in order verify quality and reasonableness of change.

**B4 – If weaknesses, errors, etc. are detected, develop recommendations and strategies to maximize Federal recoveries, compliance with all laws, and prevention of associated risks through project closeout**

KPMG will work with DOT to develop a mutually agreeable protocol for identifying and reporting integrity issues. At a minimum, KPMG will present a case-specific investigative project plan for approval by DOT. All of our work will be performed at the direction of DOT and we will undertake only those tasks approved by DOT. Upon completion of our procedures, findings will be reported to DOT.

**ENGAGEMENT  
QUERY**

**C. Review and evaluate the construction deliverables for this contract.**

It is understood that the New Jersey Environmental Infrastructure Trust (NJEIT) hired an internal Oversight Monitor to provide technical oversight services. Both parties will jointly review construction design, monitor construction management, review request for reimbursement and the disbursement of funds to prevent, detect and remediate fraud, waste and abuse.

Furthermore, MCUA hired, prior to Superstorm Sandy, R3M Engineering, Inc. (“R3M”) to perform construction oversight management services for the rehabilitation works at the Sayreville Pumping Station. R3M is responsible for the:

- Construction oversight of Allied Construction and Cruz Construction;
- Initial coordination of contractors, suppliers, and vendors on site;
- Coordination with MCUA personnel;
- Engineering evaluations;
- Preparation of reports and recommendations for submittal to FEMA; and
- Overall program management of all Sayreville Pump Station restoration activities

KPMG will obtain and leverage any programmatic findings from both Grant Thornton and R3M, while developing a tailored workplan to assess the compliance with applicable regulations of all construction deliverables.

**C1 – Assess that construction plans, documentation, and permits are in compliance with all Federal, State and Local laws, regulations, and ordinances.**

KPMG will review the key contractual terms outlined in the construction contractor’s contract and assess whether the contractor was compliant with the deliverable requirements outlined in the contract. Some of the key deliverables that will be assessed include the following:

- Schedules (i.e., baseline, look-ahead, updates)
- Daily reports
- Daily sign-out logs
- Monthly status reports
- Subcontractor utilization reports
- Site safety plans
- Minority / Women / Locally Owned Enterprise utilization reports

- Insurance and bonding requirements
- As-built drawings
- Quality control plans
- Plan approval and permits
- Inspection reports
- Certificate of Substantial Completion
- Evidence of final punchlist

In addition, we will assess whether plans were reviewed, permits were issued and inspections were performed in accordance with relevant local, state and federal law outlined by some of the following governing agencies: Middlesex County, the State of NJ, Department of Environmental Protection (DEP), and Environmental Protection Agency (EPA).

**C2 – Assess that all construction contract deliverables to date have been provided, and within acceptable timeframes.**

KPMG will assess whether all deliverables outlined in the contract were submitted in a timely manner and in accordance with the requirements of the contract and federal, state and local law. We will also document that the appropriate permits were obtained prior to commencement of any work and that the required inspections were performed prior to approval of key milestones and close-out of the project

<b>ENGAGEMENT QUERY</b>	<b>D. Provide ongoing quality assurance/quality control reviews for the duration of this engagement.</b>
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Based upon the testing procedures described above, which will include a significant field presence, we will be able to appropriately monitor the contractor’s performance and compliance with the program. Throughout the life of the project, we will constantly evaluate the procedures and monitor the work being performed in order to help establish and implement leading practices for controlling costs, reducing fraud and obtaining reimbursement from FEMA. Some of the areas we anticipate monitoring include procurement, contractor payment requisitioning, quality control and construction progress.

**D1 – Assess that remaining payments are disbursed consistent with applicable directives, and that there is no duplication of benefits, process and payment errors, waste, fraud, abuse, malfeasance or mismanagement of funds.**

Throughout the project we will perform detailed reviews of the payment applications and change orders to assess whether the invoices are accurate, reasonable and billed in accordance with federal, state and local guidelines. The contracting strategy (i.e., fixed price, cost plus Guaranteed Maximum Price, time and materials, unit price) used by MCUA on each project will drive our work plan and the details of our payment application and change order reviews.

Some of the specific areas we plan to assess include:

[Review payment requisitions for accuracy](#)

As part of the ongoing payment requisitioning and construction progress review process, we will obtain and assess payment requisitions for the following:

- Compliance with program policies and guidelines related to the submission, review, and approval of payment applications;

- Compliance with contract terms with respect to submission of payment applications;
- Existence of required approvals and authorizations;
- Timeliness of contractor submission and review, approval, and payment;
- Completeness of payment application supporting documentation which includes schedule of values, job cost reports, certified payroll, timesheets, receipts, invoices, etc.;
- Accuracy of the payment application, which will include conducting field inspections to assess that the actual percentage of work complete is commensurate with the percentage of work noted in the corresponding payment application; and
- Assessment of other funding sources from insurances and other federal, state and local agencies to avoid duplication of benefits.

#### Review payrolls and refer anomalies to DOT

As part of this Integrity Monitorship, we plan to sample on an ongoing basis, contractor and subcontractor payroll documentation in order to identify potential anomalies. Specifically, we intend to perform the following:

- Compare project-specific information, such as general contract name, contract number, etc. to the selected sample of certified payrolls and daily sign in/out logs for consistency;
- Determine if daily sign in/out sheets are signed by employees;
- Conduct unannounced site visits to identify no-show employees and confirm employee job classification and pay rate;
- Reconcile certified payroll to daily sign-in sheets and employee payroll records;
- Determine if certified payrolls were authorized by the contractor and/or subcontractor;
- Assess whether union benefits were paid and compare wages paid to labor law prevailing wage rates;
- Assess whether subcontractors submitting certified payrolls are included in the contractor subcontracting plan.

#### Review subcontractor approval documents

As part of this monitorship, KPMG will assess whether contractors and subcontractors are adhering to MCUA guidelines and requirements for qualification and subcontractor approvals. KPMG will review whether:

- Subcontractors were approved by appropriate MCUA personnel prior to commencing work
- Required information and documentation was included with subcontractor approval forms such as appropriate insurances, bonds, licenses, etc.
- Deviations from the subcontracting plan obtained the appropriate level of review and approval

#### Review out of scope changes

As part of this Integrity Monitorship, we plan to sample on an ongoing basis, contractor and subcontractor change orders and assess whether they were:

- Appropriately reviewed and authorized;
- Not included in original scope of work;

- Sufficiently scoped and reasonably priced

### **D2 – Review remaining construction progress through project closeout to ensure compliance with contract.**

KPMG will work in collaboration with the MUA to walk the Sayreville Pumping Station (and the Edison Pumping Station, if included in the scope of work) as part of its ongoing monitoring program to detect and respond to possible non-compliance. KPMG will assess the actual progress of the selected projects, the quality, adherence to plans and specifications, and verification of labor reporting. The following tasks will be performed on a periodic basis:

- Perform scheduled and unannounced site visits to the project site to assess contractor's claims regarding quantity of men on-site their job classifications/trade, hours worked, and pay rate.
- Identify possible cash payroll through inquiry and review of payroll records.
- Reconcile payroll records and supporting time cards and site records/sign-in sheets, noting any discrepancies.
- Identify possible ghost employees through site visits and verification of employee identification.
- Identify possible no-show employees.
- Identify possible overcharges for labor through duplicate submissions, excessive submissions, fraudulent submissions or overcharges.
- Identify potential entertainment or gifts to government officials;
- Identify other possible misconduct which may come to our attention during the course of our work.

We will finally perform a final close out analysis between the amount billed by Allied Construction and Cruz Construction (and additional contractors, if applicable) and their internal job cost reports. The key tasks to be performed in the final close out analysis are summarized as follows:

- Obtain and review the final contractors' job cost report for accuracy, completeness and approvals
- Verify that amounts accord with amounts in the executed contracts and change orders/amendments
- Compare the job cost report amounts against costs from final application for payment to verify that they match.
- Summarize the results of the final cost reconciliation and report the results to the Owner.

In the event allegations of fraud are raised, KPMG will immediately notify the MUA, the State Comptroller and the Attorney General and will present a case-specific investigative project plan for approval.

### **D3 – Provide ongoing guidance and problem resolution to support account reconciliations, and other issues related to the payment processing and reporting.**

Based upon the testing procedures described above and based on our experience providing integrity monitoring services, KPMG will provide ongoing guidance on the payment application process, the project monitoring process, as well as other areas such as:

- Accuracy of program and project reporting;
- Quality of work based on specifications and program guidelines;
- Safety issues and concerns;

- Adherence to prevailing wage laws;
- Compliance with subcontracting goals;
- Compliance with insurance and bonding requirements.

ENGAGEMENT  
QUERY

**E. Provide deliverables as set forth in this Engagement Query**

During the course of the engagement, KPMG will work closely with MCUA personnel during the planning, execution and reporting phases of the oversight monitorship to provide necessary updates on how these FEMA projects are being managed. KPMG anticipates holding status meetings with MCUA and DOT to discuss progress, address questions, follow up on observations and discuss challenges to completing our work.

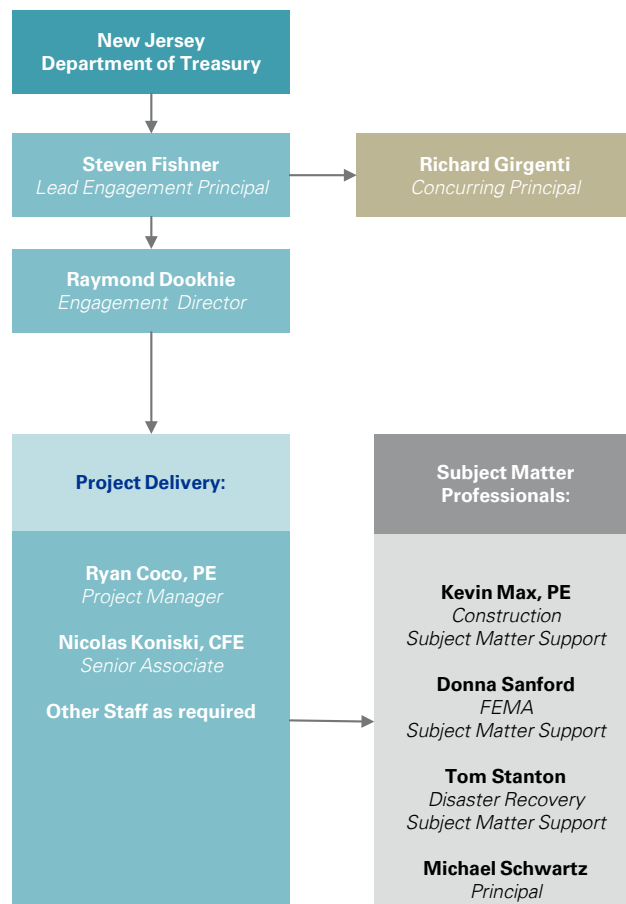
Key deliverables anticipated to be completed during the course of the engagement include the following:

- Ad-Hoc Report – Upon a finding, report findings to the State Comptroller and the Attorney General immediately consistent with the requirements of the Act.
- Kick-off Meeting Minutes – Meeting minutes summarizing the kick-off meeting with DOT, MCUA staff and contractors within ten (10) business days of receipt of the letter of engagement
- Monthly Status Reports - We will prepare a summary of activities conducted each month, results, recommendations, resolutions, and/or preventative measures; and follow-up on any previous outstanding issues. The monthly status report will be prepared to the attention of the State Contract Manager.
- Quarterly Report – We will prepare on the first business day of each calendar quarter, a report detailing KPMG’s provision of services during the three-month period second preceding the due date of the report and any previously unreported provision of services, which shall include, but not be limited to, detailed findings concerning the Contractor’s provision of services and recommendations for corrective or remedial action relative to findings of malfeasance and inefficiency.
- Time Logs – Copies (and upon request, originals) of time logs shall be maintained by KPMG and shall include information on the allocation of hours worked by KPMG to the respective federally-funded programs and all other data required in order to ensure compliance with all federal requirement.



# Our Core Service Team

KPMG has assembled a multi-disciplinary team of professionals who have successfully provided similar integrity monitor services in response to other Hurricane Sandy disaster recovery efforts. Our KPMG professionals understand MCUA's needs. Furthermore, these individuals understand the risk of fraud, waste, and abuse typically associated with large-scale, fast-paced, disaster recovery construction efforts.



## Leadership Team

**Steven Fishner, Principal**, will serve as the engagement lead principal. He will have primary responsibility for delivery of services. He will also be responsible for organizing the efforts of the entire team and for communication with DOT in a timely manner. Steve is an experienced integrity monitor, having been appointed to monitorships by the New York City Department of Investigation including the City of New York FEMA-funded Rapid Repairs Program Hurricane Sandy Recovery Programs, and the U.S. Housing and Urban Development CBDG-funded Build it Back program. Steve has also been appointed as integrity monitor by the New York School Construction Authority, New York City Department of Education, and Port Authority of New York and New Jersey Inspectors General. At KPMG, Steve assists government and industry clients in prevention, detection, and response to fraud by conducting fraud risk assessments, investigations, and development of ethics and integrity compliance programs. Prior to joining KPMG, Steve was a senior prosecutor in the New York County District

Attorney's Office where he served as that office's Administrative and Executive Assistant District Attorney. He served as the City of New York's Criminal Justice coordinator, where he was the Mayor's principal criminal justice advisor and was the Mayor's liaison to local, state, and federal law enforcement. Steve is a member of the International Association of Independent Private Sector Inspectors General ("IAIPSIG").

**Richard Girenti, Principal**, will serve as a concurring review principal. He will offer subject matter experience on this engagement and help ensure overall engagement quality. Rich is the National and Americas leader for KPMG's Forensic Advisory Services, the Global Network Leader for compliance and monitoring services and a member of the firm's Global Forensic Executive Committee. He has more than 30 years of experience both nationally and globally conducting investigations and providing fraud risk management advisory services to clients. Rich has served as a member of the Board of Directors for KPMG LLP and the Americas. He has chaired the Board's Governance Task Force, Professional Practice and Ethics & Compliance, and Nominating Committees. He has also served as a member of the Audit & Finance and Pension Committees.

**Raymond Dookhie, Director**, will serve as an engagement director and coordinate the team's day-to-day monitoring activities. Raymond is a Certified Public Accountant licensed in New Jersey and New York. He is a former Fraud Investigator with the New York County District Attorney's Office and the New York City Department of Investigation. He has approximately 20 years of experience investigating fraud and misconduct as well as assisting clients in their efforts to prevent, detect and respond to fraud and misconduct risk through the design, implementation and evaluation of antifraud programs and controls. This includes the implementation of fraud risk assessments, integrity monitoring and compliance review engagements. He recently served as the Engagement Director on integrity monitorships for the New York and New Jersey Port Authority and the City of New York.

### **Delivery Team**

**Ryan Coco, PE, Manager**, will serve as an engagement manager. He will coordinate much of the day to day activity monitoring this program. Ryan is a manager in the Major Projects Advisory practice in New York City with over 12 years of experience in construction consulting, engineering, and project management. He is a licensed professional engineer in the State of New York and a licensed home inspector in the State of New York. He has a strong construction background with experience in many areas throughout the construction project lifecycle including planning, design, procurement, contract administration, quality management and project controls. Ryan coordinated and managed the team of inspectors throughout the City of New York's FEMA-funded Rapid Repairs program integrity monitorship and is currently acting as manager monitoring the New York City HUD funded Build it Back Program. In addition, Ryan's knowledge of construction and disaster recovery efforts was leveraged significantly to assist the New York City Economic Development Corporation design and implement their \$110 million Business Resiliency Improvement Program.

**Nico Koniski, Senior Associate**, is a Civil and Environmental Engineering and worked prior to joining KPMG at Parsons Corporation, in the Water and Infrastructure group. He provided design and construction management services on multiple water treatment plants, waste water treatment plants, and booster pump stations for numerous municipal clients in Southern California. Nico is in the Major Projects Advisory practice in New York City with substantial experience in construction consulting, engineering, and project management. Nico actively coordinated filed activities for the City of New York's FEMA-funded Rapid Repairs Program integrity monitorship and the ongoing New York City HUD funded Build it Back Program.

### **Subject Matter Professionals**

The following subject matter professionals will be available on an as-needed basis:

**Kevin Max, PE, Director**, will serve as a subject matter specialist. Kevin is a director in the Major Projects Advisory practice and licensed professional engineer in the State of New Jersey. He has over 15 years of diverse experience in engineering, construction, and management consulting. Most recently, Kevin has specialized in the assessment of capital construction programs and projects, the development of project controls, and construction audits and reviews. Kevin was involved in the New



York City Rapid Repairs Integrity Monitorship engagement where he was a subject matter expert providing leading project management practices and identifying issues of fraud, waste and abuse.

**Donna Sanford, Director**, will serve as a subject matter specialist on an as-needed basis. Donna is the former Director of Disaster Recovery Division for the State of Mississippi. Donna served the State of Mississippi for over 26 years in various capacities. Donna managed all aspects of Mississippi's \$5.5 billion U.S. Department of Housing and Urban Development (HUD)-funded Katrina Disaster Recovery Program portfolio. Most recently, she managed a team of professionals developing and implementing the New York City Economic Development Corporation Business Resiliency Improvement Program. She has strong accounting, finance, and auditing management experience, specifically state and federal procurement, reporting, and cash management.

**Thomas Stanton, Director**, will serve as a subject matter specialist on an as-needed basis. Thomas is a Director in the Investigations practice and a Certified Fraud Examiner. Thomas is an experienced monitor that recently led the City of New York's FEMA-funded Rapid Repairs program integrity monitorship and is now involved with the HUD funded Build-it-Back Program. He has more than 15 years of experience conducting fraud investigations and specializes in due diligence assignments and internal control reviews.

**Michael Schwartz, Principal**, Michael will serve as a subject matter specialist on this engagement on an as-needed basis. Michael provides a broad array of professional services to clients by assisting them in preventing, detecting, and investigating fraud, waste and abuse. He performs investigative work and related analysis on behalf of corporate and public sector clients in matters pertaining to financial and other misconduct and is involved in proactive fraud risk management matters and the assessment of corporate compliance programs. Michael served as the principal -in charge of anti-fraud, waste and abuse programs and controls for the post Hurricane Katrina U.S. Department of Housing and Urban Development Community Development Block Grant Funded Louisiana Road Home Program, the largest housing disaster recovery housing program in U.S. history.

KPMG will assign staff and other professionals on an as-needed basis.

Please see Appendix A for a list of complete professional biographies of individuals KPMG may assign to this project.

## Team Skills Matrix

The following table summarizes the team’s skill set as it relates to the key requirements of this Engagement Query:

Key Resources	FEMA	Water Experience	Federal Grants Management	Regulatory	Compliance Monitoring	Integrity Monitoring	Program Design	Project Management
<b>Leadership Team</b>								
<b>Steve Fishner</b>	✓		✓	✓	✓	✓	✓	✓
<b>Richard Girgenti</b>	✓		✓	✓	✓	✓	✓	✓
<b>Raymond Dookhie</b>			✓	✓	✓	✓	✓	✓
<b>Delivery Team</b>								
<b>Ryan Coco</b>	✓	✓	✓	✓	✓	✓	✓	✓
<b>Nicolas Koniski</b>	✓	✓	✓	✓	✓	✓	✓	✓
<b>Subject Matter Professionals</b>								
<b>Kevin Max</b>			✓	✓	✓	✓	✓	✓
<b>Donna Sanford</b>	✓		✓	✓	✓	✓	✓	✓
<b>Thomas Stanton</b>	✓		✓	✓	✓	✓	✓	✓
<b>Michael Schwartz</b>			✓	✓	✓	✓	✓	✓



# Our Qualifications

## Our Qualifications

DOT's efforts to retain a highly qualified integrity monitor firm is critical to this initiative's success, and in our view, DOT can clearly benefit from the experience, resources, and insights that we are positioned to provide. We can help DOT to ensure that contractors maintain compliance with all aspects of the program and resolve issues if they occur. Our professionals draw upon skill sets and experience in the following areas:

- Integrity Monitoring
- Real estate & construction (engineers, architects, job costing, environmental & safety)
- Forensic accounting
- Law enforcement
- Fraud and misconduct control assessments

- Regulatory enforcement
- Legal damage quantification and analysis
- Expert witness testimony
- International arbitration
- Asset tracing

- Information management
- Computer forensics
- e-discovery
- Forensic data analysis
- Corporate intelligence (background checks and security screening)
- Security and loss prevention (physical security and surveillance).

This background and experience enables Forensic professionals to help discover the facts underlying concerns about fraud and misconduct, as well as assist clients in assessing and mitigating their vulnerabilities to such activities. Forensic professionals also deliver a broad range of services to help prevent and resolve commercial disputes, including the assessment of damages; the resolutions of accounting, audit, and finance-related issues; and expert witness services.

In addition to this experience and knowledge, Forensic technology teams supported by a dedicated Forensic Technology Center (CTEC) use our sophisticated technology tools and methodologies to help clients reduce litigation risks and costs in the areas of evidence and discovery management and the acquisition, management, and analysis of large data sets. Forensic Technology professionals also apply court-accepted forensic digital evidence recovery and preservation methodologies and data analysis techniques to assist with detecting fraud and misconduct.

## References

<b>Client Reference 1:</b>	New York City Department of Investigation -Rapid Repairs Program
<b>Contact Name:</b>	[REDACTED]
<b>Title:</b>	[REDACTED]
<b>Mailing Address:</b>	[REDACTED] [REDACTED]
<b>Phone:</b>	[REDACTED]
<b>Email:</b>	[REDACTED]
<b>KPMG Team Members:</b>	Fishner, Stanton, Coco, Koniski

### Scope of Services

KPMG served as the Integrity Monitor of two construction firms providing post Hurricane Sandy home repairs through the City of New York's \$500 million FEMA funded Rapid Repairs Program. KPMG was engaged to help deter acts of construction fraud, investigate instances of contractor/subcontractor waste and abuse, and provide various analyses around potential contractor overbilling to the City. We utilized Forensic professionals with subject matter expertise in the construction industry, including licensed engineers, to serve the City in the most efficient and effective way possible. Our professionals uncovered instances of contractor overbilling equating to substantial cost savings for the City of New York. The team's exceptional client services, along with real bottom line results, have led to the City to engage KPMG's assistance with a second phase of residential disaster recovery.

<b>Client Reference 2:</b>	New York City Department of Investigation – Build it Back Program
<b>Contact Name:</b>	[REDACTED]
<b>Title:</b>	[REDACTED]
<b>Mailing Address:</b>	[REDACTED] [REDACTED]
<b>Phone:</b>	[REDACTED]
<b>Email:</b>	[REDACTED]
<b>KPMG Team Members:</b>	Fishner, Stanton, Coco, Koniski

### Scope of Services

KPMG currently serves as Integrity Monitor selected by the NYC Department of Investigation for a construction firm providing post-Hurricane Sandy home repairs through the City's \$1.5 billion US Housing and Urban Development-funded Build-It-Back Program. The program funds rehabilitation or reconstruction of homes; reimbursement for repair work already carried out; and acquisition of homes. Similar to the Rapid Repairs Program, KPMG was engaged to help deter acts of fraud, investigate instances of contractor/subcontractor waste and abuse, and provide various analyses around potential contractor overbilling to the City. Some of the processes and controls assessed and tested throughout the program include program and project scoping, award determination, project management, quality management, cost management, schedule management, safety and disbursement of funds and project close-out. We are currently utilizing Forensic professionals with subject matter expertise in the construction industry, including licensed engineers, to serve the City in the most efficient and effective way possible.

<b>Client Reference 3:</b>	Atlantic Highlands Integrity Monitorship
<b>Contact Name:</b>	[REDACTED]
<b>Title:</b>	[REDACTED]
<b>Mailing Address:</b>	[REDACTED] [REDACTED]
<b>Phone:</b>	[REDACTED]
<b>Email:</b>	[REDACTED]
<b>KPMG Team Members:</b>	Fishner, Stanton, Coco, Koniski

**Scope of Services**

KPMG is currently engaged by the New Jersey Department of Treasury to provide integrity oversight and anti-fraud monitorship for the FEMA funded Atlantic Highlands Harbor Marina and Piers ("Borough"). As part of this review, KPMG is currently engaged to perform the following tasks:

- **Task 1: Financial and Administrative Review** – KPMG is reviewing and evaluating the Borough’s financial and administrative functions for this contract. We are ensuring that these functions adhere to all grant/assistance program guidelines, procurement rules, and reporting requirements. Additionally, KPMG is verifying that the contract was procured in accordance with all Federal, State and Local laws, regulations, and ordinances. Finally, KPMG is verifying that payments were disbursed consistent with applicable directives, and that there were no duplication of benefits, process and payment errors, waste, fraud, abuse, malfeasance or mismanagement of funds.
- **Task 2: Reviewing Construction Deliverables** – KPMG is verifying that construction plans, documentation, and permits are in compliance with all Federal, State and Local laws, regulations, and ordinances and that all construction contract deliverables to date have been provided, and within acceptable timeframes. We are developing recommendations and strategies to ensure maximum Federal recoveries, compliance with all laws, and prevention of associated risks through project closeout.
- **Task 3: Quality Assurance Service** – KPMG is providing ongoing quality assurance/quality control reviews for the duration of this engagement, which involves ensuring that remaining payments are disbursed consistent with applicable directives, and ensuring that there are no duplication of benefits, process and payment errors, waste, fraud, abuse, malfeasance or mismanagement of funds. Additionally, we are reviewing remaining construction progress through project closeout to ensure compliance with contract.

KPMG is currently still performing services for the NJ Department of Treasury and remains at budget.

<b>Client Reference 4:</b>	New York City Economic Development Corporation
<b>Contact Name:</b>	[REDACTED]
<b>Title:</b>	[REDACTED]
<b>Mailing Address:</b>	[REDACTED] [REDACTED]
<b>Phone:</b>	[REDACTED]
<b>Email:</b>	[REDACTED]
<b>KPMG Team Members:</b>	Sanford, Coco

## Scope of Services

KPMG was engaged by the New York City Economic Development Corporation to assist with planning, design and development of a program management office (PMO) related to their Business Resiliency Investment Program (BRIP). BRIP is a \$150 million program funded by Community Development Block Grants – Disaster Recovery (CDBG-DR) issued by HUD. The intent of the Program is to fund business projects that make businesses more resilient from major storms and catastrophic events. Some of the eligible projects include completing building-based resiliency measures, such as elevating mechanical systems; protecting critical building systems; flood-proofing of buildings, structurally reinforcing wood-framed buildings; and/or completing other, business-based resiliency measures, such as creating business disaster preparedness plans, elevating or flood-protecting business equipment/inventory, elevating or flood-protecting data systems, etc.

As part of this review, KPMG was engaged to perform the following tasks:

- **Task 1: Program Design Refinement** – KPMG assisted with refining the BRIP design to address policy, procedures, systems and methodologies with special consideration given to critical program components.
- **Task 2: PMO Development** – KPMG leveraged leading PMO practices from other successful projects to help establish processes, controls, reporting and tracking tools and templates based on the BRIP's goals and objectives, government policies and standards. Community Development Block Grant compliance and financial reporting requirements will also be a critical consideration for all PMO activities.
- **Task 3: Request for Proposal (RFP) Development Support** – KPMG utilized a well established set of methodologies to support the activities necessary to develop an RFP to select a Program Management Office vendor.

Some of the key process areas that were designed and implemented included applicant intake, applicant and project eligibility, sizing of awards, construction management, fraud, waste and abuse oversight, and disbursement of funds. As the NYCEDC engages their PMO and construction contractors, KPMG anticipates being an advisor throughout much of the Program.



## Other Water Treatment and Integrity Monitorship Engagements

- **Global EPC Contractor (Australia):** External auditors requested the services of KPMG’s Major Projects Advisory group to review the cost and schedule performance of an engineering, procurement and construction (EPC) contractor on a \$4.6 billion three-stream water desalination plant located in southern Australia. Project cost growth on this fixed price contract required validation of multiple components of the estimate at completion and valuation of loss reserves material to the EPC contractor’s financial statement. KPMG prepared a memorandum of findings for the external auditors identifying the driving factors of the project’s cost growth and providing a range of potential project losses based on aggressive, mid-range, and conservative scenarios.
- **American Water:** Following the construction of a new 15 million gallon-per-day LEED certified drinking water treatment facility by a national water company; KPMG performed an audit of the general contractor’s costs and compliance with the contract agreement.
- **Port Authority of New York and New Jersey:** KPMG recently served as the integrity monitor for a construction contractor providing construction services on several aspects of World Trade Center projects. KPMG was tasked with assessing the company’s continued compliance with the terms of its monitoring agreement with the Port Authority. Specifically, KPMG designed and implemented an anticorruption program for the contractor including a “zero-tolerance” policy and code of business ethics. KPMG also conducted audits, investigations and due diligence to assess whether the company had engaged in bribery, corruption, fraud, waste and abuse.
- **State of Louisiana, Department of Administration’s Office of Community Development:** KPMG developed antifraud programs and controls and provided related services for the Louisiana Road Home Program, the State of Louisiana’s post-Hurricane Katrina program for distribution of \$6.5 billion in HUD Community Development Block Grant Funds. This included assessing all policies and procedures from a fraud prevention perspective and embedding antifraud measures as appropriate; conducting fraud awareness training for employees; performing forensic data analytics and data mining across more than 150,000 applications to identify possible patterns and instances of fraud or duplication of benefits; assisting with the development of a compliance program including standards of ethical conduct, conflict of interest policies, investigative protocols, whistleblower and hotline procedures, and a process to refer matters to federal and state law enforcement authorities; investigating allegations of fraud and misconduct; acting as a liaison with federal and state law enforcement authorities; and assessing and testing selected information technology controls.
- **Major Oil and Gas Company:** Through close interaction with our client and its vendors and contractors, KPMG brought transparency and accountability to the response expenditures. Our efforts consisted of the following: provided a rapid response to the crisis; established a process for assessing the appropriateness of invoices and supporting documentation; brought accountability to the vendors and contractors that worked on the response; facilitated the timely and appropriate payment to vendors and contractors; and documented inappropriate, duplicative, and unsupported billing. Donna Sanford served as a claims liaison for this engagement communicating the claims process to State and local governments and assisting in the review of supporting documentation for government claims submitted.
- **New York City Department of Design and Construction:** In the wake of the September 11, 2001 terrorist attacks on the World Trade Center, KPMG was engaged by the New York City Department of Design and Construction (“DDC”) project to establish internal controls, provide financial oversight, and prevent fraud during the FEMA-funded emergency debris removal and disposal operations at the World Trade Center site. KPMG developed internal controls and project-specific policies and procedures to facilitate the review of more than \$500 million of construction manager payment requisitions. KPMG also conducted 24-hour field monitoring to verify laborers at work, track the existence and operational status of equipment, verify receipt of material deliveries, and monitor the overall progress of the project.

- **New York City Department of Investigation:** KPMG appointed by the New York City Department of Investigation as integrity monitor for a national telecommunications consultant providing services to the City Department of Information Technology and Telecommunications (“DOTTT”), Police and Fire Departments regarding 311, 911, and emergency dispatch systems. In this capacity, KPMG assisted with monitoring the company’s operations with an emphasis on compliance with applicable laws and regulations governing bidding on and execution of City contracts.
- **New York City Department of Education:** KPMG served as the integrity monitor for four school bus companies contracted by the City’s Department of Education to provide transportation services to students. In this capacity, KPMG is working with each company to develop a corruption prevention program, code of business ethics, “zero-tolerance” policy, and communication and training plan. KPMG also worked with the Department to implement its corruption prevention program and oversee the ongoing monitoring of the companies compliance with the terms of various monitoring agreements.
- **New York County District Attorney and New York State Supreme Court:** KPMG was appointed as an Independent Private Sector General (IPSIG) to monitor a major interior construction company’s affairs, books, and records. In this capacity, KPMG oversaw the risk assessment and diagnostic evaluation of internal controls as they related to the subcontractor, vendor, and consultant procurement process. KPMG also supervised the examination of the company’s programmatic efforts to manage risks and made recommendations to address weaknesses identified. Based on the recommendations, KPMG worked with the company to revise its policies and procedures and to design and implement a compliance program. In addition, KPMG helped the company design and implement a vendor prequalification program, including a code of conduct, communication protocols, and training that used electronic databases to perform in-depth personal and corporate background checks and develop financial and operating profiles of companies. This included the design of an application to elicit information regarding a vendor’s organizational history, key personnel, and business operations. Finally, KPMG conducted an employee benchmarking survey to provide the company with a baseline measure of employee knowledge, perceptions, and behavior with regard to ethical and legal risks in order to measure the effectiveness of the company’s compliance program. Three years after the completion of the monitorship, KPMG was subsequently engaged by the company on a voluntary basis. In this engagement, KPMG performed an assessment of the organization’s Ethics and Compliance program including essential areas such as policies and procedures, education and training, and auditing and monitoring. The assessment entailed a review of documentation related to the design and implementation of the company’s Ethics and Compliance program. Additionally, members of the company’s management were interviewed to obtain information about the design and implementation of the Ethics and Compliance Program. KPMG issued a report highlighting strengths and opportunities for improvement. It is our understanding that the report was used to brief members of the company’s senior management at a management retreat.
- **U.S. District Court (Eastern District of New York):** KPMG was appointed by the U.S. District Court for the Eastern District of New York to serve as the monitor of three painting construction companies to help ensure compliance with the terms of a plea agreement in settlement of criminal and civil actions. The companies and their owners were indicted on charges that they did not make appropriate benefit contributions on behalf of their union employees. As monitor, KPMG was charged with helping to ensure and promote defendants’ compliance with terms of the plea agreement, and with determining which union members and benefit funds should be reimbursed from court-ordered restitution of \$1 million.
- **U.S. District Court (Southern District of New York):** KPMG was retained by the court-appointed monitor of several trash haulers, including Suburban Carting. This included a review of the company’s books and records to identify possible money laundering activity, payments to government officials or union officials, and payments to organized crime members.
- **Court Appointed Receiver:** KPMG was retained by the court-appointed receiver for six carting companies in the City who were prosecuted and subsequently convicted of racketeering by the New York County District Attorney’s Office. The work involved reviewing the company’s books and records and monitoring their operations to help ensure that none of the company’s assets were



hidden, diverted, or dissipated in anticipation of civil asset forfeiture proceedings.

- **New York City School Construction Authority Inspector General:** KPMG was engaged as an IPSIG to monitor a structural engineering firm pursuant to an agreement between the firm and the New York City School Construction Authority, Inspector General (“SCA” and “IG”). KPMG was responsible for the following: examination of the firm’s business operations in order to develop and implement a business management and ethics program; audit, examine, and monitor the implementation of the ethics program for compliance in connection with all work performed by the firm; conduct audits and investigations of payments, requisitions, invoices, payroll reports, and other requests for payment by the firm and its subcontractors for completeness and accuracy; review claims and change order requests and any other reports submitted or invoiced by the firm and its subcontractors for completeness and accuracy; and establish and maintain a “hotline” telephone number to facilitate reports of allegations of improper and illegal conduct directly to the KPMG monitorship team.
- **New Jersey School Development Authority: KPMG was engaged by** the New Jersey School Development Authority, which was undertaking an \$8.6 billion multiyear capital construction plan, to perform an overall risk assessment of current capital budgeting and construction management processes. In addition to identifying and prioritizing all of the process functions involved in the development and execution of the capital program, KPMG provided recommendations regarding organizational structure which would mitigate the exposure for risk, both from a fraudulent- and a financial and market-impact perspective. The initial phase of work involved an analysis of the integrity of the current capital budget. This involved, but was not limited to, identification of project cost estimating control weaknesses, component assumptions, potential claims estimates, and identification of high-risk variable elements, such as land purchase cost assumptions. The remainder of the engagement involves development of a recurring audit plan that include reviews of land acquisition, project management, procurement, contract administration, real estate management, capital planning, etc.
- **New York City School Construction Authority:** KPMG was engaged by the New York School City School Construction Authority, with a \$13 billion five-year capital construction plan, to perform its internal audit function. This included a dedicated team of KPMG construction professionals performing an overall assessment of current construction management process. The result of this effort identified and prioritized all of the process functions involved in the life cycle of the capital program. KPMG’s specific methodology segregated those processes that possessed the highest exposure for risk, both from a fraudulent and a financial and market impact perspective. The testing and analysis procedures focused on contract compliance, identifying potential construction fraudulent activities, labor law compliance, project control weaknesses, authorization requirements, change management, external reporting verification, and potential damage and claims investigations.

## Our Firm

KPMG LLP (KPMG) is the U.S. member firm of KPMG International Cooperative (KPMG International). KPMG International's independent member firms have nearly 152,000 professionals, including 8,600 partners. Its professionals work together to provide clients access to global support, industry insights, and a multidisciplinary range of services.

KPMG's corporate headquarters is located in New York City, and consists of professional and administrative personnel strategically aligned by function and industry knowledge, helping clients address a wide range of business issues. KPMG LLP is a limited liability partnership, with approximately 23,000 employees in 87 office locations nationally. The New York City-based practice serves numerous public sector, not-for-profit and publicly and privately owned businesses of all sizes throughout both the State of New York and New York City.





# Budget

The three tables below present the estimated hours by labor category required to complete each task as requested in the engagement query. The level of effort, mix of experienced professionals and timeline are the required elements driving the overall fees. We are providing three price lines for your consideration:

- **\$173,335** is to include costs for integrity oversight monitoring services for the Sayreville Pumping Station (the \$7.2-million Allied Construction change orders and the \$8.21-million Cruz Construction change orders procured on an emergency track for Superstorm Sandy-related works.);
- **\$328,400** is to include costs for integrity oversight monitoring services for the \$15-million Allied Construction and Cruz Construction emergency change orders and the \$50-million Sayreville Pumping Station Permanent Repairs contract; and
- **\$437,000** is to include costs for integrity oversight monitoring services for the \$15-million Allied Construction and Cruz Construction emergency change orders, the \$50-million Sayreville Pumping Station Permanent Repairs contract, and the \$25-million Edison Pumping Station Permanent Repairs contract.

We believe our pricing structure for the second and third price quotes is aggressive as there are many unknowns including but not limited to the number of contractors performing the works, the different site locations (price quote #3), and the construction schedules for permanent works.

Our hourly rates and overall fees above do not include other direct expenses incurred for travel, meals, lodging, printing, copying, shipping, and other administrative expenses, which will be billed as incurred. Our total direct and travel expenses will not exceed ten percent (10%) of our professional fees. We will submit documentation to support our other direct expenses for your review with our progress bills.

**1. Sayreville Pumping Station (Allied Construction and Cruz Construction Contracts) Budget**

Tasks	Principal	Director	Program Manager	Project Manager	Subject Matter Professional	Senior Consultant	Consultant	Total Hours
<b>Task A: Kick Off Meeting</b>								
Attend a kick-off meeting with representatives from the Department to discuss the tasks and deliverables required under this work assignment. The Contractor is responsible for documenting and providing minutes of the meeting to the State Contract Manager within ten (10) days of the meeting	2	0	2	4	0	4	0	<b>12</b>
<b>Task A Total</b>	<b>2</b>	<b>0</b>	<b>2</b>	<b>4</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>12</b>
<b>Task B: MCUA's Internal Controls Assessment</b>								
Review the MCUA's financial and administrative functions for this contract. As part of this review we will assess the following:								
Adherence to grant/assistance program guidelines, procurement rules, and reporting requirements.	0	0	4	6	2	8	8	<b>28</b>
Assess that the contracts were procured in accordance with all Federal, State and Local laws, regulations, and ordinances.	0	0	4	6	2	8	8	<b>28</b>
Assess that payments were disbursed consistent with applicable directives, and that there was no duplication of benefits, process and payment errors, waste, fraud, abuse, malfeasance or mismanagement of funds.	2	0	4	6	0	8	8	<b>28</b>
Develop recommendations and strategies to help ensure maximum Federal recoveries, compliance with all laws, and prevention of associated risks through project closeout.	2	0	6	6	2	8	8	<b>32</b>
<b>Task B Total</b>	<b>4</b>	<b>0</b>	<b>18</b>	<b>24</b>	<b>6</b>	<b>32</b>	<b>32</b>	<b>116</b>
<b>Task C: Construction Contract Compliance</b>								
Review and evaluate the construction deliverables for this contract.								
Assess that construction plans, documentation, and permits are in compliance with all Federal, State and Local laws, regulations, and ordinances.	1	0	5	8	6	16	16	<b>52</b>
Assess that construction contract deliverables to date have been provided, and within acceptable timeframes.	1	0	5	8	6	16	16	<b>52</b>
<b>Task C Total</b>	<b>2</b>	<b>0</b>	<b>10</b>	<b>16</b>	<b>12</b>	<b>32</b>	<b>32</b>	<b>104</b>

<b>Task D: Ongoing Quality Assurance/Quality Control Reviews</b>								
Provide ongoing quality assurance/quality control reviews for the duration of this engagement.								
Assess that remaining payments are disbursed consistent with applicable directives, and that there is no duplication of benefits, process and payment errors, waste, fraud, abuse, malfeasance or mismanagement of funds.	2	0	10	20	8	40	60	<b>140</b>
Review remaining construction progress through project closeout to assess compliance with contract.	2	0	10	20	8	40	60	<b>140</b>
Provide ongoing guidance and problem resolution to support account reconciliations, and other issues related to the payment processing and reporting.	2	0	10	20	8	20	20	<b>80</b>
<b>Task D Total</b>	<b>6</b>	<b>0</b>	<b>30</b>	<b>60</b>	<b>24</b>	<b>100</b>	<b>140</b>	<b>360</b>
<b>Task E: Provide deliverables as set forth in this Engagement Query</b>								
Task B	1	0	2	5	2	8	5	<b>23</b>
Task C	1	0	2	5	2	8	5	<b>23</b>
Investigation Reports	2	0	5	8	2	8	5	<b>30</b>
Monthly Status Reports	4	0	8	8	2	8	5	<b>35</b>
Quarterly Reports	4	0	8	8	2	8	5	<b>35</b>
<b>Task E total</b>	<b>12</b>	<b>0</b>	<b>25</b>	<b>34</b>	<b>10</b>	<b>40</b>	<b>25</b>	<b>146</b>
Total Project Hours	26	0	85	138	52	208	229	<b>738</b>
Project Rate per Hour	\$325	\$325	\$285	\$265	\$285	\$220	\$190	
<b>Total Project Budget</b>	<b>\$8,450</b>	<b>\$0</b>	<b>\$24,225</b>	<b>\$36,570</b>	<b>\$14,820</b>	<b>\$45,760</b>	<b>\$43,510</b>	<b>\$173,335</b>

**2. Sayreville Pumping Station (Allied Construction and Cruz Construction Contracts) and Sayreville Pumping Station Permanent Repairs Budget**

Tasks	Principal	Director	Program Manager	Project Manager	Subject Matter Professional	Senior Consultant	Consultant	Total Hours
<b>Task A: Kick Off Meeting</b>								
Attend a kick-off meeting with representatives from the Department to discuss the tasks and deliverables required under this work assignment. The Contractor is responsible for documenting and providing minutes of the meeting to the State Contract Manager within ten (10) days of the meeting	4	0	4	8	0	8	0	<b>24</b>
<b>Task A Total</b>	<b>4</b>	<b>0</b>	<b>4</b>	<b>8</b>	<b>0</b>	<b>8</b>	<b>0</b>	<b>24</b>
<b>Task B: MCUA's Internal Controls Assessment</b>								
Review the MCUA's financial and administrative functions for this contract. As part of this review we will assess the following:								
Adherence to grant/assistance program guidelines, procurement rules, and reporting requirements.	2	0	8	8	4	12	16	<b>50</b>
Assess that the contracts were procured in accordance with all Federal, State and Local laws, regulations, and ordinances.	2	0	8	8	4	12	16	<b>50</b>
Assess that payments were disbursed consistent with applicable directives, and that there was no duplication of benefits, process and payment errors, waste, fraud, abuse, malfeasance or mismanagement of funds.	2	0	8	10	0	12	16	<b>48</b>
Develop recommendations and strategies to help ensure maximum Federal recoveries, compliance with all laws, and prevention of associated risks through project closeout.	2	0	8	10	2	12	16	<b>50</b>
<b>Task B Total</b>	<b>8</b>	<b>0</b>	<b>32</b>	<b>36</b>	<b>10</b>	<b>48</b>	<b>64</b>	<b>198</b>
<b>Task C: Construction Contract Compliance</b>								
Review and evaluate the construction deliverables for this contract.								
Assess that construction plans, documentation, and permits are in compliance with all Federal, State and Local laws, regulations, and ordinances.	2	0	8	16	8	28	28	<b>90</b>
Assess that construction contract deliverables to date have been provided, and within acceptable timeframes.	2	0	8	16	8	28	28	<b>90</b>
<b>Task C Total</b>	<b>4</b>	<b>0</b>	<b>16</b>	<b>32</b>	<b>16</b>	<b>56</b>	<b>56</b>	<b>180</b>

<b>Task D: Ongoing Quality Assurance/Quality Control Reviews</b>								
Provide ongoing quality assurance/quality control reviews for the duration of this engagement.								
Assess that remaining payments are disbursed consistent with applicable directives, and that there is no duplication of benefits, process and payment errors, waste, fraud, abuse, malfeasance or mismanagement of funds.	2	0	16	40	12	100	120	<b>290</b>
Review remaining construction progress through project closeout to assess compliance with contract.	2	0	16	40	12	100	120	<b>290</b>
Provide ongoing guidance and problem resolution to support account reconciliations, and other issues related to the payment processing and reporting.	2	0	16	40	12	40	40	<b>150</b>
<b>Task D Total</b>	<b>6</b>	<b>0</b>	<b>48</b>	<b>120</b>	<b>36</b>	<b>240</b>	<b>280</b>	<b>730</b>
<b>Task E: Provide deliverables as set forth in this Engagement Query</b>								
Task B	2	0	4	10	2	15	10	<b>43</b>
Task C	2	0	4	10	2	15	10	<b>43</b>
Investigation Reports	4	0	8	20	2	15	10	<b>59</b>
Monthly Status Reports	6	0	12	20	2	15	10	<b>65</b>
Quarterly Reports	8	0	16	20	2	15	10	<b>71</b>
<b>Task E total</b>	<b>22</b>	<b>0</b>	<b>44</b>	<b>80</b>	<b>10</b>	<b>75</b>	<b>50</b>	<b>281</b>
Total Project Hours	44	0	144	276	72	427	450	<b>1413</b>
Project Rate per Hour	\$325	\$325	\$285	\$265	\$285	\$220	\$190	
<b>Total Project Budget</b>	<b>\$14,300</b>	<b>\$0</b>	<b>\$41,040</b>	<b>\$73,140</b>	<b>\$20,520</b>	<b>\$93,940</b>	<b>\$85,500</b>	<b>\$328,440</b>

### 3. Sayreville Pumping Station, Sayreville Permanent Repairs and Edison Pumping Station Budget

Tasks	Principal	Director	Program Manager	Project Manager	Subject Matter Professional	Senior Consultant	Consultant	Total Hours
<b>Task A: Kick Off Meeting</b>								
Attend a kick-off meeting with representatives from the Department to discuss the tasks and deliverables required under this work assignment. The Contractor is responsible for documenting and providing minutes of the meeting to the State Contract Manager within ten (10) days of the meeting	6	0	6	12	0	12	0	<b>36</b>
<b>Task A Total</b>	<b>6</b>	<b>0</b>	<b>6</b>	<b>12</b>	<b>0</b>	<b>12</b>	<b>0</b>	<b>36</b>
<b>Task B: MCUA's Internal Controls Assessment</b>								
Review the MCUA's financial and administrative functions for this contract. As part of this review we will assess the following:								
Adherence to grant/assistance program guidelines, procurement rules, and reporting requirements.	0	0	8	12	4	16	20	<b>60</b>
Assess that the contracts were procured in accordance with all Federal, State and Local laws, regulations, and ordinances.	0	0	8	12	4	16	20	<b>60</b>
Assess that payments were disbursed consistent with applicable directives, and that there was no duplication of benefits, process and payment errors, waste, fraud, abuse, malfeasance or mismanagement of funds.	3	0	8	12	0	16	20	<b>59</b>
Develop recommendations and strategies to help ensure maximum Federal recoveries, compliance with all laws, and prevention of associated risks through project closeout.	3	0	10	12	4	16	20	<b>65</b>
<b>Task B Total</b>	<b>6</b>	<b>0</b>	<b>34</b>	<b>48</b>	<b>12</b>	<b>64</b>	<b>80</b>	<b>244</b>
<b>Task C: Construction Contract Compliance</b>								
Review and evaluate the construction deliverables for this contract.								
Assess that construction plans, documentation, and permits are in compliance with all Federal, State and Local laws, regulations, and ordinances.	3	0	12	20	10	36	36	<b>117</b>
Assess that construction contract deliverables to date have been provided, and within acceptable timeframes.	3	0	12	20	10	36	36	<b>117</b>
<b>Task C Total</b>	<b>6</b>	<b>0</b>	<b>24</b>	<b>40</b>	<b>20</b>	<b>72</b>	<b>72</b>	<b>234</b>



<b>Task D: Ongoing Quality Assurance/Quality Control Reviews</b>								
Provide ongoing quality assurance/quality control reviews for the duration of this engagement.								
Assess that remaining payments are disbursed consistent with applicable directives, and that there is no duplication of benefits, process and payment errors, waste, fraud, abuse, malfeasance or mismanagement of funds.	2	0	24	50	16	140	160	<b>392</b>
Review remaining construction progress through project closeout to assess compliance with contract.	2	0	24	50	16	140	160	<b>392</b>
Provide ongoing guidance and problem resolution to support account reconciliations, and other issues related to the payment processing and reporting.	2	0	24	50	16	50	50	<b>192</b>
<b>Task D Total</b>	<b>6</b>	<b>0</b>	<b>72</b>	<b>150</b>	<b>48</b>	<b>330</b>	<b>370</b>	<b>976</b>
<b>Task E: Provide deliverables as set forth in this Engagement Query</b>								
Task B	2	0	6	12	3	20	14	<b>57</b>
Task C	2	0	6	12	3	20	14	<b>57</b>
Investigation Reports	8	0	12	25	3	20	14	<b>82</b>
Monthly Status Reports	12	0	16	25	3	20	14	<b>90</b>
Quarterly Reports	16	0	24	25	3	20	14	<b>102</b>
<b>Task E total</b>	<b>40</b>	<b>0</b>	<b>64</b>	<b>99</b>	<b>15</b>	<b>100</b>	<b>70</b>	<b>388</b>
Total Project Hours	64	0	200	349	95	578	592	<b>1878</b>
Project Rate per Hour	\$325	\$325	\$285	\$265	\$285	\$220	\$190	
<b>Total Project Budget</b>	<b>\$20,800</b>	<b>\$0</b>	<b>\$57,000</b>	<b>\$92,485</b>	<b>\$27,075</b>	<b>\$127,160</b>	<b>\$112,480</b>	<b>\$437,000</b>

## Assumptions

1. The three price lines were computed based on the table provided on page 3/12 of the Engagement Query. It is assumed that the project costs will not change and the project construction schedule will not be extended. Our fees may need to be readjusted, should there be any substantive change orders and/or changes in the construction cost or schedule for the Sayreville Pumping Station and/or the Edison Pumping Station.
2. DOT is aware that KPMG may provide assurance, tax, and/or advisory services to potential vendors. At the point that DOT identifies vendors for consideration, KPMG will perform an internal search for conflicts or other professional relationships with the vendors selected for RFP distribution by DOT. KPMG will advise DOT of the general nature of services provided to the vendor, as permitted. However, you acknowledge that we are a large firm that is engaged by new clients on a daily basis and as a result, we cannot guarantee that following our initial relationship search, an engagement for a vendor under consideration will not be accepted somewhere else in our firm. Should any new information come to KPMG's attention, KPMG will promptly inform you.
3. KPMG's services as outlined in this proposal constitute an advisory engagement conducted under the American Institute of Certified Public Accountants ("AICPA") Standards for Consulting Services. Such services are not intended to be an audit, examination, attestation, special report, or agreed-upon procedures engagements as those services are defined in AICPA literature applicable to such engagements conducted by independent auditors. Accordingly, these services shall not result in the issuance of a written communication to third parties by KPMG directly reporting on financial data or internal control or expressing a conclusion or any other form of assurance.
4. KPMG currently serves as financial statement auditor for the State of New Jersey, and as such, is committed to maintaining auditor independence as required by GAO Government Auditing Standards. KPMG will advise DOT as described in the tasks above with the expectation that client management will designate a qualified individual to be responsible and accountable for overseeing the engagement, will make all decisions that involve management responsibilities related to the engagement, and accept full responsibility for such decisions and the results of the service, and will evaluate the adequacy of the services performed and any findings that result.
5. The scope of work does not require that KPMG make any legal interpretations or render any legal advice, and the parties hereby agree that in connection with KPMG's performance of the services under this engagement shall not include or be construed to include the provision by KPMG of legal advice or legal services. KPMG is prohibited from giving legal advice or performing legal services of any kind or nature, and all legal interpretations and rendering of legal advice shall be Counsel's responsibility. KPMG will refer any such questions to Counsel.
6. This proposal is made by KPMG LLP, a Delaware limited liability partnership and the U.S. member firm of KPMG International Cooperative ("KPMG International"), and is in all respects subject to our client and engagement acceptance procedures as well as the negotiation, agreement, and execution of a specific engagement letter or contract.
7. If selected, KPMG will ask DOT to acknowledge that in connection with the performance of services under the Agreement, KPMG uses vendors within and without the United States to provide at KPMG's direction administrative and clerical services to KPMG. These vendors may in the performance of such services have limited access to information, including but not limited to confidential information, received by KPMG from or at the request or direction of the State. KPMG represents to the State that each such third party service provider has agreed to conditions of confidentiality with respect to the State's information to the same or similar extent as KPMG has agreed to pursuant this Agreement. KPMG has full responsibility to cause these vendors to comply with such conditions of confidentiality and KPMG shall be responsible for any consequences of their failure to comply. Accordingly, the State consents to KPMG disclosure to a third party service provider and the use by such third party service provider of data and information, including but not

limited to confidential information, received from or at the request or direction of the State City for the purposes set forth herein.

8. Third Party Usage - Any advice, recommendations, information, deliverables or other work product provided to the State under this Contract is for the sole use of the State, and is not intended to be, and may not be, relied upon by any third party, and all advice, recommendations, information, deliverables, or other work product may be marked to so indicate. Except for disclosures that are required by law or that are expressly permitted by this Contract, the State will not disclose or permit access to such advice, recommendations, information, deliverables, or other work product to any third party without the Contractor’s prior written consent.

## Contract Schedule

As requested per this Engagement Query, we have included an estimated timeline with the performance milestones and their associated deliverables.

Task	Deliverable	Milestone Date
Task A	Kick-off Meeting Minutes	Within ten business (10) days of the kick-off meeting.
Task B	Review and evaluate financial & administrative functions	Within 40 business days of receipt of the kick-off meeting.
Task C	Review and evaluate the construction deliverables	Within 40 business days of receipt of the kick-off meeting.
Task D	Ongoing Quality Assurance / Control reviews	Immediately upon a finding of a likely criminal violation or lesser degree of any malfeasance, inefficiency, waste, fraud, abuse or mismanagement of funds
Task E	Monthly Status Report	Monthly
Task E	Quarterly Status Report	On the first business day of each calendar quarter





## STEVEN M. FISHNER

[Redacted]

### Function and Specialization

Forensic Advisory Services

### Professional Associations

- Association of Certified Fraud Examiners
- International Association of Independent Private Sector Inspectors General
- New York State Bar Association
- Association of the Bar of the City of New York

### Education, Licenses & Certifications

- Juris Doctor – Hofstra University School of Law
- Bachelor of Arts – George Washington University
- Licensed Attorney
- Member of New York State and U.S. Supreme Court Bars

## Background

Steven Fishner is a principal in KPMG LLP’s Forensic Advisory Practice. He provides investigative and integrity advisory services including fraud risk assessments, investigations, development of compliance and ethics programs, and ethics and integrity monitoring for clients in industry and government.

## Professional and Industry Experience

### Selected Engagements

- Currently serving as Integrity Monitor appointed by the NYC Department of Investigation for a construction firm providing post-Hurricane Sandy home repairs through the City’s \$2 billion US Housing and Urban Development-funded Build-It-Back Program. The program funds rehabilitation or reconstruction of homes; reimbursement for repair work already carried out; and acquisition of homes.
- Served as engagement lead partner and integrity monitor of two construction firms providing FEMA-funded post-Hurricane Sandy home repairs through the City of New York’s FEMA-funded \$500 million Rapid Repairs Program.
- Conducted investigation of allegation of fraud by a regional medical center’s construction manager in the construction of a \$250 million hospital project.
- Served as an Independent Private Sector Inspector General (IPSIG) monitoring ethics and integrity compliance of national telecommunications consultant appointed by the New York City Department of Investigation.
- Served as an IPSIG-monitoring ethics and integrity compliance of a construction company appointed by the Port Authority of New York and New Jersey Inspector General.
- Conducted investigation of allegations of misappropriation of assets and procurement fraud by public school administrators and conducted gap analysis of school district’s internal financial controls.

## Other Experience

### ***Criminal Justice Coordinator – Office of the Mayor of the City of New York***

- Served as principal criminal justice advisor to Mayor Rudolph W. Giuliani. Coordinated policy, strategy, technology, budget and legislation pertaining to the city’s public safety agencies.

### ***Assistant District Attorney – New York County District Attorney’s Office***

- Served in a number of capacities including positions of Administrative and Executive District Attorney. Investigated and tried major felony matters and represented District Attorney Robert M. Morgenthau in intergovernmental affairs at City Hall, Albany and Washington.

### ***Assistant District Attorney – New York County District Attorney’s Office***

## Other Activities

- Board Member and Treasurer, Center for Employment Opportunities



## RICHARD H. GIRGENTI

### Function and Specialization

Mr. Girgenti specializes in fraud and misconduct investigations, fraud risk management, and compliance and monitoring advisory services in the private, public and not-for-profit sectors.

### Professional Associations

- American Bar Association
- New York State Bar Association
- New York City Bar Association
- Association of Certified Fraud Examiners

### Education, Licenses & Certifications

- Juris Doctor, Georgetown University Law Center
- Bachelor of Arts, Seton Hall University
- Licensed Attorney, New York State
- Admitted to Practice, Supreme Court of the State of New York; United States District Court, Southern District of New York; and US Court of Appeals, Second Circuit
- Certified Fraud Examiner (CFE)

### Background

Richard H. Girgenti is the National and America's Chair for KPMG LLP's ("KPMG") Forensic Advisory Services and a member of the firm's Global Forensic Executive Committee. He serves as the global leader of KPMG's Compliance and Monitoring Network, which includes all proactive antibribery and corruption services, including risk assessments, due diligence, review of compliance controls and program reviews and the design, implementation and monitoring of Antibribery Programs and Controls. He has more than 35 years of experience both nationally and globally conducting investigations and providing fraud risk management advisory services to public and private corporations, as well as federal and state government entities and not-for-profit organizations.

Richard has served as a member of the Board of Directors for KPMG LLP and the Americas. He has chaired the Board's Governance Task Force, Professional Practice and Ethics & Compliance, and Nominating Committees. He has also served as a member of the Audit & Finance and Pension Committees.

Richard is the coauthor of a comprehensive book on preventing, detecting and responding to fraud and misconduct—*Managing the Risk of Fraud and Misconduct: Meeting the Challenges of a Global, Regulated and Digital Environment* (The McGraw-Hill Companies, Inc., March 2011).

### Professional and Industry Experience

Prior to joining KPMG, Richard held a number of high-level legal and law enforcement positions. He served as New York State Director of Criminal Justice and Commissioner of the Division of Criminal Justice Services, where he oversaw and coordinated the policies and initiatives of all of the state's criminal justice agencies and worked closely with all federal and state law enforcement agencies. He is a former veteran state prosecutor in the Office of the Manhattan District Attorney, where he handled investigations, trials, and appeals in both the state and federal courts, including investigations and prosecutions of white collar, violent and major narcotics organized crime cases.

### Sample Client Engagements

- Conducted fraud and misconduct investigations and risk assessments for major public sector organizations and multi-national corporations in all areas of operations, including purchasing, sales and inventory and involving all major industries within the FORTUNE 500.
- Led investigations of financial reporting fraud allegations with major public companies, including the improper recognition of revenue, the improper restructuring of loans, improper reserving for bad debt and other restructuring charges.
- Conducted international investigation of suspected multimillion dollar supply chain diversion of key components for a global FORTUNE 100 telecommunications company.
- Served as an independent monitor overseeing consent decrees, settlements and pleas entered into with government regulatory and prosecutorial agencies.
- Oversaw investigations of alleged bribes and kickbacks involving former City officials, contractors and public utility employees, and made recommendations for internal control improvements.
- Conducted investigation for multinational company involving improper reimbursements and tax avoidance.

## **RICHARD H. GIRGENTI**

*Principal*

### **Publications and Speaking Engagements**

- Former adjunct professor, law school lecturer and instructor for trial advocacy.
- Publishes extensively on a wide range of criminal justice, white-collar, anti-bribery and corruption and fraud-related topics.
- Lectures frequently and conducts training programs and workshops on all aspects of fraud investigations, anti-bribery and corruption and the evaluation, development and implementation of integrity programs.
- Analyst and consultant for television, radio and print media.

### **Other Activities**

#### ***Boards of Directors***

- International Association of Independent Inspector Generals
- Citizen Crime Commission, New York City
- John Jay College of Criminal Justice Foundation (Treasurer)
- Fund for Modern Courts
- Economic Crime Institute (Emeritus)



## RAYMOND DOOKHIE



### Function and Specialization

Mr. Dookhie specializes in FCPA Investigations and Remediation, Integrity Monitorship, fraud and misconduct investigations and fraud risk management.

### Professional Associations

- Member, New York State Society of Certified Public Accountants
- Member, American Institute of Certified Public Accountants
- Associate member, Association of Certified Fraud Examiners

### Education, Licenses & Certifications

- Bachelor of Arts, Accounting, Queens College - City University of New York
- Certified Public Accountant, licensed in New York and New Jersey
- Certified in Financial Forensics

### Background

Ray is a Director with KPMG's Forensic Service practice in New York City. Ray, a Certified Public Accountant and former Fraud Investigator with the New York County District Attorney's Office and the New York City Department of Investigation, assist clients with the prevention, detection and response to fraud, misconduct, waste, abuse and regulatory noncompliance. Ray has over 15 years of experience in conducting complex investigations in multi-national jurisdictions. He also has comprehensive background in global regulatory and compliance frameworks. Additional core competencies include forensic accounting, forensic data analytics, FCPA investigations/remediation, fraud risk assessment / remediation, anti-fraud programs & controls, fraud and compliance awareness training, continuous auditing/monitoring, compliance and integrity monitoring, and project management and planning assistance.

### Professional and Industry Experience

***Fraud Risk Management - Assist clients in their continuous efforts to strengthen internal controls through the design, implementation and evaluation of anti-fraud programs and controls. Specific areas of focus include:***

- Currently working a fortune 500 retail client to enhance its Anti-bribery and Corruption Financial Controls globally in all major markets.
- Assisted with the design and implementation of Anti-Bribery and Corruption Awareness training programs for global fortune 500 clients in various industries including Financial Services, Retail, Manufacturing and Pharmaceuticals.
- Assisted a pharmaceutical company with the design of enhanced anti-bribery and anti-corruption controls. Also provided training relating to the enhanced controls.
- Completed a current-state assessment of anti-fraud programs and control for a Top 10 financial institution.
- Developed recommendations regarding key anti-fraud programs and controls for a major air cargo transportation company.
- Evaluated anti-fraud programs and controls for a major construction equipment rental company
- Performed fraud risk assessment for clients in various industries
- Conducted data mining and analysis for clients in various industries

***Fraud and Misconduct Investigations – Investigation of alleged fraud and misconduct including theft or misappropriation of assets, regulatory noncompliance and fraudulent financial reporting for companies in various industries and not-for-profit organizations. Investigations have included, but are not limited to, the following:***

- Conducted a procurement fraud risk assessment for one of the Nation's top watch manufacturer
- Retained by the Chief Compliance Officer of a major hospital to investigate alleged theft of assets and waste and abuse of hospital and government funds.
- Retained by the General Counsel of a Diversified Industrial Company with global operations to investigate various allegations of employee misconduct including bribery and corruption payments, employee theft, waste and abuse and receipt of kickback payments from a supplier.
- Assisted the Audit Committee of a Global Manufacturing Company with the investigation of possible financial reporting concerns relating to accounting for income taxes.



- Retained by external counsel of a manufacturing client to assess possible revenue recognition concerns at a subsidiary company.
- Retained by the General Counsel of a national bill payment company to investigate allegations of misappropriation of assets and possible identity theft.
- Retained by the General Counsel of a national equipment rental company to investigate possible misconduct with respect to executive travel and entertainment expenditures.
- Retained by the Audit Committee for a major janitorial services company to investigate concerns regarding possible revenue recognition issues and possible improper payments to secure customer contracts.
- Retained by the Internal Audit group of a major manufacturing client to assist in the investigation into allegations that the sales manager of a Russian subsidiary embezzled funds from the Company.
- Investigated allegations that rebate claims submitted by a distributor of major lighting company were inflated.
- Investigated allegations that the president of an airline parts manufacturing company was misappropriating the company's assets.
- Investigated waste and abuse of government funds by not-for-profit organizations including home healthcare providers, schools and pupil transportation.
- Retained by the Finance Committee for the nation's largest not-for-profit radio stations to investigate the facts surrounding the alleged theft of member identification information such as credit card and checking account numbers by a former employee.

***Compliance and Monitoring - Monitor compliance with laws, standards, or regulations. Selected Monitorship experience are as follows:***

- Assisted an airline company with monitoring business activities of a third-party agent
- Worked with the Port Authority of New York and New Jersey and the New York City School Construction Authority to monitor business activities of a construction sub-contractor providing services at the World Trade Center Site and several public schools throughout New York City.
- Worked with the Special Commissioner of Investigations for the New York City Department of Education to monitor the activities of certain bus companies providing transportation services for the Office of Pupil Transportation.
- Assisted Court appointed Monitor in reviewing the financial activities for a major union and various companies within the painting, plumbing, construction and private sanitation industries.
- Performed Compliance Audits for the New York City Board of Education.



## KEVIN J. MAX

[REDACTED]

[REDACTED]

[REDACTED]

### Function and Specialization

Kevin is a Director in KPMG's international Major Project Advisory practice where he specializes in providing real estate and construction advisory services.

### Professional Associations

- Structural Engineering Institute
- American Society of Civil Engineers
- Association for the Advancement of Cost Engineers International
- Association of Certified Fraud Examiners

### Education, Licenses & Certifications

- Professional Engineer, P.E. (Civil, New Jersey)
- Certified Fraud Examiner
- Professional Project Manager
- Masters of Business Administration, MBA Finance – Rutgers Graduate School of Management
- Bachelors of Engineering, Civil and Environmental Engineering – Rutgers College of Engineering
- Adjunct Professor, Fairleigh Dickinson University

## Background

Kevin is a Director in the KPMG LLP's Major Projects Advisory practice. As a licensed Professional Engineer, Project Management Professional and Certified Fraud Examiner, he has almost 20 years of diverse construction industry, project management and fraud investigation experience. His professional resume is highlighted by extensive civil engineering and construction management experience and consulting credentials in the areas of construction risk management, contract administration and compliance, litigation support and fraud investigation. He has advised clients on a wide range of large-scale capital projects and programs for FORTUNE 500 companies, government entities, and private institutions.

## Professional and Industry Experience

- Kevin was part of the team of investigators and engineers acting as Integrity Monitors for New York City's FEMA-funded Rapid Repairs Program. He assessed contractors' compliance with program and contract requirements and reviewed the quality of work.
- Kevin's team was appointed by a major metropolitan U.S. city as the Integrity Monitor for the construction manager overseeing the restoration of heat, hot water, and power under an unprecedented emergency repair program to enable residents to safely inhabit damaged dwellings. The team monitored damage assessments, demolition work, and construction activities, reporting to city officials. The work included developing a process for reviewing invoices and supporting documentation; establishing system of accountability for work performed; facilitating the timely and appropriate payment to the contractor; and documenting inappropriate, duplicative, and unsupported billing.
- As part of team of investigators, forensic accountants, and construction professionals, Kevin investigated allegations of a multimillion dollar bribery/kick-back fraud scheme at a regional energy provider. The allegations came to light as part of an investigation of the federal government and implicated utility construction management personnel. His work included a quantification of the losses to the company resulting from the illicit activities and the provision of improved processes to mitigate the risks of recurrence of similar actions.
- Kevin led an investigation and cost audit of a \$7 billion, 10-year capital construction project. The investigation was initiated by allegations of kickbacks paid by contractors to utility employees on the multiphase construction of an electrical generating station.
- Kevin conducted a risk assessment of a state government agency with an \$8 billion capital construction program. The assessment included a review of all the functional and operational units with specific focus on "no-risk" contracts the agency awarded to third-party construction management firms. Risks identified were classified based on the likelihood of occurrence and the potential impact.
- Kevin's team was engaged to perform a contract compliance review and due diligence assessment for a \$100 million maintenance operation of an oil-drilling ship – partly-owned by global energy financing concern and operating off the coast of Brazil. He led an international team in a review of the ship operator's overall organization, structure, policies, procedures, and controls to identify high-risk areas for potential further analysis and process improvement. The team also analyzed and evaluated internal accounting and control processes used for preparing project budgets, tracking project costs, validating capital expenditure, analyzing budgeting/forecasting data, inventory, work schedule, and indemnifications and insurances.

## KEVIN J. MAX

Director

- Kevin performed an audit of a \$600 million marine construction project in the Indian Ocean off Western Australia. The project was part of a larger program to construct a liquefied natural gas facility on an island near a sub-sea gas field. He audited and assessed the valuations reported by the contractor for contract work, the out-of-scope work performed, and the potential additional owner-directed work.
- Kevin was part of the team appointed by the Inspector General of a city agency to monitor and approve requests for payments submitted by a design consultant. The consultant had submitted over \$1 million in unsubstantiated invoices. The work included a detailed review of all invoices submitted to the agency over a three-year period.
- Kevin analyzed claims submitted to a major resource provider for damages incurred during a major oil disaster. Claims were primarily related to lost income during a period of business interruption resulting from the event. He evaluated the claims and provided recommendations for claims handling and cost reduction.
- Kevin performed a claims cost assessment for a transportation holding company with railroad investments in the United States, Mexico and Panama. On June 30, 2010, Hurricane Alex damaged the company's primary Mexican rail subsidiary service in northern Mexico causing considerable track damage on key transportation corridors. KPMG assisted in evaluating the \$70 million in total insurance claims submitted by the company to their insurance carrier for physical damage, reconstruction, and business interruption losses.
- Kevin managed an integrated team of professionals working for a large New York City agency with a \$13 billion capital construction program. He has been responsible for the overall management of the oversight program including leading the risk assessment process, the development of the multi-year audit program, and the execution of more than 80 internal reviews and assessment. He has managed assessments of the authority's core business processes including project planning and initiation, real estate selection, technical design, procurement management and sourcing, contract administration and compliance, emergency response, safety and environmental compliance, insurance and risk management, change management and project closeout.
- Kevin performed a gap analysis of the internal guidelines, procedures, and documented policies of an Eastern university hospital medical center. In addition, his team provided a road map and prioritization schedule for the development and implementation of leading practices related to project management and execution.



## DONNA SANFORD

[Redacted]

[Redacted]

[Redacted]

### Education, Licenses & Certifications

- BA degree, University of Mississippi

### Background

Donna is a Director in KPMG's Advisory Practice in Jackson, Mississippi. Prior to joining KPMG in July 2008, Donna served the State of Mississippi for over 26 years in various capacities. She assists government clients to improve performance, meet regulatory or standards compliance, and enhance accountability and reporting.

### Relevant Experience

Donna has extensive accounting, finance and auditing management experience, specifically related to State and Federal reporting, compliance, procurement and cash management.

#### **Disaster Recovery**

- Managed all aspects of Mississippi's \$5.5 billion U.S. Department of Housing and Urban Development (HUD) Community Development Block Grants (CDBG) funded Katrina Disaster Recovery Program portfolio.
- Initiated and implemented policies and procedures for the \$2 billion Mississippi Homeowners Assistance Program. This program provided compensation grants to homeowners whose primary residence received flood damage as a result of Hurricane Katrina. Donna was responsible for the development and implementation of a Programmatic Agreement, Environmental Broad Review and Site Specific Checklist in compliance with HUD's environmental regulations for Mississippi's Elevation Grant and Small Rental Assistance Disaster Recovery Programs. The State was required to address matters such as activities within a flood plain and coastal high hazard zones. Developed and implemented policies and procedures for programs providing disaster relief to local units of government for community revitalization, economic development and infrastructure. Oversaw the scoring of over 230 applications and approved the resulting grant agreements for these programs with a budget of over \$1 billion.

#### **State Government**

- As controller for the MS Development Authority was responsible for all accounting, finance and budget functions and federal and state reporting. This included oversight of state funded transactions for two major economic development projects totaling \$490 million.
- Served as Bond Advisory Director for the State of Mississippi coordinating the issuance of state bonds. Prepared monthly analysis and forecasts of state revenues and cash flows for the Governor and Legislative Budget Office.
- Responsible for compiling the Mississippi's Comprehensive Annual Financial Statements and maintaining the state's Accounting, Policies and Procedures Manual for state fiscal years 1994–1998.
- Prepared the annual budget and monthly forecasts for the Mississippi's Department of Human Services.
- Planned and implemented the merging of four offices: internal audit, fraud investigations, client hearings and quality control to create the Division of Program Integrity.
- State of Louisiana, Department of Administration's Office of Community Development
- Served as engagement manager to assist in the prevention and detection of fraud, waste and abuse in connection with multiple HUD funded disaster recovery programs for more than 20 distinct programs. These programs ranged from infrastructure repair to workforce development to rental housing incentives and homelessness support.

***State of Mississippi, Department of Finance and Administration***

- Served as engagement manager to assist the State with having internal controls in place and complying with the requirements for receiving and implementing American Recovery and Reinvestment Act (ARRA) funds. This engagement involves the review of internal controls and program compliance of ARRA funds received by 16 state agencies.

***State of Mississippi, Mississippi Insurance Department***

- Served as engagement manager to assist the Department in documenting and assessing internal controls related to all functions and programs of the agency.

***State of Mississippi, Department of Education***

- Served as engagement manager for the monitoring of 81 local education districts' ARRA awards. ARRA programs include Title I Part A, Homeless Assistance, Idea Part B, Title II Part D (E2T2), State Fiscal Stabilization Funds and Ed Jobs. This engagement involves assisting the State with the development of a monitoring template, monitoring results reporting and a system for distributing reports to the local districts electronically. The 81 site visits provided monitoring of general controls related to receipts, disbursements, reporting and accounting for fixed assets. Districts were monitored for compliance with procurement regulations, cash management and ARRA reporting requirements.

***State of Florida, Department of Community Affairs***

- Served as engagement manager to assist the State in monitoring real estate transactions and financial controls for the 24 subrecipients of the HUD Neighborhood Stabilization Program.

***Gulf of Mexico Oil Spill***

- Engaged by a major oil and gas company to serve as a claims liaison communicating the claims process to industry associations and state and local government officials. Assisted in the review supporting documentation for state and local government claims submitted.

***New York City Economic Development Corporation's Business Resilience Investment Program (BRIP)***

- Serving as engagement manager to assist with planning, design and development of a program management office (PMO) related to their Business Resiliency Investment Program. This Program is funded through HUD Community Development Block Grant Disaster Recovery. The three phases of our assistance to the program are: (1) Program Design Refinement – assisting with refining the BRIP design to address policy, procedures, systems and methodologies with special consideration given to critical program components; (2) PMO Development – KPMG is leveraging leading PMO practices from other successful projects to help establish processes, controls, reporting and tracking tools and templates based on the BRIP's goals and objectives, government policies and standards; and (3) Request for Proposal (RFP) Development Support – utilizing KPMG established set of methodologies to support the activities necessary to develop an RFP to select a Program Management Office vendor.



## THOMAS F. STANTON



### Function and Specialization

Thomas specializes in Financial Reporting Investigations, Fraud and Misconduct Investigations, Fraud Risk Management and Sarbanes-Oxley advisory services.

### Professional Associations

- Associate member of the National Association of Certified Fraud Examiners

### Education, Licenses & Certifications

- BBA degree, in Accounting, Siena College

## Background

Thomas is a director in KPMG's Forensic practice with more than 15 years of experience managing complex accounting, financial reporting, and Securities and Exchange Commission (SEC) and auditing matters. He has directed and conducted investigations into financial statement matters and performed due diligence assignments, internal control reviews and other projects requiring financial and forensic skills

Thomas' forensic accounting experience includes analysis of historical accounting records, including: analysis of transactions, general ledger detail, journal entries, customer documentation, contracts, email activity and other information in connection with various earnings management and fraudulent financial reporting schemes, fraud and misconduct investigations and costs and expenses paid under cost reimbursement contracts.

## Professional and Industry Experience

- Currently serving as the engagement lead director in an integrity monitorship of numerous construction firms providing post-Hurricane Sandy home repairs through the City of New York's HUD funded \$2 billion Build-It-Back Program.
- Served as engagement lead director in an integrity monitorship of two construction firms providing post-Hurricane Sandy home repairs through the City of New York's FEMA-funded \$500 million Rapid Repairs Program.
- Assisted a global oil and gas company in establishing a process to receive claims for alleged damages under the Oil Pollution Act 1990. The responsibilities included but were not limited to providing feedback on issues and questions that surfaced concerning the claims process, communicating with local stakeholders and providing advice with regard to supporting documentation needed for individual, business and government claims
- Led investigations of a number of New York metropolitan area hospitals in connection with alleged procurement fraud.
- Served as team lead for an earnings management investigation which concluded that management manipulated company accounts to hit quarterly performance goals. The responsibilities included identifying potentially questionable journal entries, and adjustments to various liability accounts. Additional responsibilities included investigation of matters of apparent interest to the SEC, identification, determination of potential new issues, data/fact gathering analysis, authoring of issue memorandums, and participating in various meetings with representatives of the investigative law firm, the company, the company's outside auditors, and the SEC.
- Served the leading global investment banking, securities and investment management firm, providing technical expertise in a number of areas including internal control design, the design and evaluation of tests of internal controls, and documentation.
- Served one of the nation's largest telecommunication companies by performing a comprehensive forensic data analysis on the organization's vendor, accounts receivable, accounts payable, and payroll data files identifying anomalies and irregularities in their system and investigating the possibility of fraudulent activity. This engagement allowed management to establish a reliable, predictable, and consistent investigative process that examines the root causes of fraud and misconduct and recommends business improvements.
- Investigated accounting improprieties in particular, revenue recognition practices, of a technology-based organization resulting in civil action against the

## THOMAS F. STANTON

Director

company and certain employees.

- Served one of the nation's largest not-for-profit organizations in comprehensive investigation of fraud, waste and abuse resulting in the criminal prosecutions of numerous white-collar professionals.
- Conducted a due diligence review of the antimoney- laundering policies and procedures and designed a comprehensive set of anti-money laundering recommendations for a financial institution subsequent to the discovery of a money laundering operation that had infiltrated the institution. Advised senior management with respect to policies, procedures, controls and information technology systems.
- Conducted audits and applied knowledge of GAAP, SEC and NASD regulations to the investment partnerships of one of the nation's largest discount broker/dealers in securities.
- Conducted a corporate investigation on behalf of a financial institution with accounts, each in the name of different individuals and entities that were actually owned and/or controlled by one individual who had allegedly defrauded several other financial institutions in amounts exceeding several millions of dollars.

### Technical Skills

IDEA, Microsoft Office, and Access

### Publications and Speaking Engagements

- **NEW YORK UNIVERSITY – New York, NY**  
**Lecturer, Certificate in Forensic Accounting Program.** Prepared and gave guest lectures for the course Introduction to Investigative and Forensic Accounting on techniques for using information technology to understand, detect, and prevent financial fraud throughout the modern business organization. Course included information technology theory relating to fraud, as well as examples drawn from actual investigations. Provided live demonstrations during lecture of actual information technology techniques used to detect fraud in "dummy" data.



## MICHAEL B. SCHWARTZ

### Function and Specialization

Mr. Schwartz specializes in investigative and integrity advisory services and is the national lead for Forensic services related to the public sector and the Foreign Corrupt Practices Act (FCPA).

### Professional Associations

- International Association of Independent Private Sector Inspectors General
- State Bar of Texas
- Bar of the District of Columbia
- Houston Bar Association
- American Bar Association

### Education, Licenses & Certifications

- Cornell University, College of Arts and Sciences; A.B. Economics; 1978
- Emory University School of Law; J.D.; 1981

### Background

Michael B. Schwartz is a Principal in KPMG LLP's Forensic Advisory Services practice in Houston, Texas. He assists corporate and public sector clients in preventing, detecting and investigating fraud, waste, abuse and other misconduct. Mr. Schwartz is the forensic coordinating partner nationally for the public sector and the national and global coordinator for anti-bribery and corruption and Foreign Corrupt Practices Act (FCPA)-related forensic services. Prior to joining KPMG in 2002, Mr. Schwartz had over twenty years of trial and other legal experience as an Assistant United States Attorney, in law firms and corporate legal departments. He is a frequent speaker nationally on fraud, misconduct and compliance-related topics.

### Professional and Industry Experience

Mr. Schwartz has investigated allegations of fraud and misconduct for clients in almost all industry sectors, and his experience includes the following:

- In charge of anti-fraud, waste and abuse programs and controls for the Louisiana Road Home Program, the largest disaster recovery housing program in U.S. history, which involved the distribution of billions of dollars of HUD funds to Louisiana residents whose homes were damaged by Hurricanes Katrina and Rita
- Investigations, acquisition diligence, risk assessments and compliance matters related to the FCPA and other bribery and corruption statutes in the technology, aviation, energy, hospitality, mining and telecommunications industries
- Anti-bribery and corruption and fraud awareness training in 22 countries for a global payroll and human resources services provider
- Assessments of the completeness and effectiveness of compliance programs at several entities based inside and outside the U.S.
- Multiple matters involving investigations of alleged fraudulent financial schemes and other misconduct

### Other Relevant Experience

- From 1991–2002, Mr. Schwartz was an Assistant U.S. Attorney in the U.S. Attorney's Office in Houston, Texas. In June 2001, he was one of six finalists for the position of U.S. Attorney, Southern District of Texas. In early 2002, Mr. Schwartz was briefly a member of the Enron Task Force. As a prosecutor, Mr. Schwartz led investigations, prosecutions and trials of complex white-collar fraud and forfeiture matters, including Ponzi and investment schemes. He received numerous awards and commendations from the U.S. Attorney and the FBI.

### Other Activities

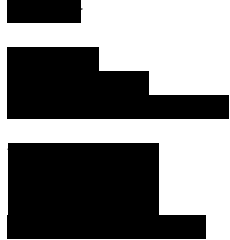
Mr. Schwartz's employment history is as follows:

- KPMG LLP (Principal, 2003–present; Director, 2002–2003).
- U.S. Department of Justice/U.S. Attorney's Office (Assistant United States Attorney, 1991 – 2002).
- System One Corporation/Continental Airlines, Inc. (Staff Vice President and Assistant General Counsel, 1988–1991).
- Mayor, Day & Caldwell (Attorney, 1987–1988).
- Butler & Binion (Attorney, 1981–1987).





## RYAN E. COCO, P.E.



### Function and Specialization

Ryan is a member of the Forensic Major Projects Advisory practice specializing in Real Estate and Construction.

### Professional Associations

- Member, Association of Certified Fraud Examiners
- Member, Institute of Electrical and Electronic Engineers (IEEE)
- Member, Power and Energy Society

### Education, Licenses & Certifications

- BS, Villanova University
- Professional Engineering (PE) Licensure (NY)
- Licensed Home Inspector (NY)
- Certified Project Management Professional (PMP)

## Background

Ryan is a manager in KPMG's Forensic Major Projects Advisory practice with more than 12 years of construction consulting experience. Ryan is a Licensed Professional Engineer and a Licensed Home Inspector in the State of New York. He has a strong construction background with experience in many areas throughout the construction project lifecycle including planning, design, procurement, contract administration, and project controls. Some of the industries that Ryan has construction experience include home construction, educational facilities, commercial office, hospitals, transportation, and heavy industrial structures.

## Professional and Industry Experience

Ryan has significant experience in the construction consulting industry where he has provided various construction services that include construction internal audit, contract compliance and cost recovery analyses, capital construction program evaluations, construction project reviews, program and project controls assessments, and project oversight and monitoring. Ryan has provided design services on buildings, bridges and highways which entailed the production and review of proposals, contracts, plans, specifications, schedules, and estimates as well as construction support services. Ryan also has financial claims consulting experience, specifically in the construction and government contracting practice areas. Ryan performed project cost analyses, construction document assessments, and schedule analyses to identify financial damages, delays, and productivity loss on various construction projects.

### ***Disaster Recovery Program Design and Monitoring Experience***

- Ryan was a manager on the team of investigators and engineers acting as Integrity Monitors for New York City's Rapid Repairs Program, a \$500 million FEMA funded program. The NYC Rapid Repairs Program was a free program to assist residential homeowners impacted by Super Storm Sandy. The objective of the program was to restore heat, hot water, electrical and repair weather exposures to homes devastated by the Storm. As Integrity Monitor, KPMG monitored the work of the construction contractors and their subcontractors performing repairs and monitored and investigated allegations of fraud by other parties in connection with the program. As part of this review, Ryan lead the day to day activity of the field teams which assessed program and contract compliance, quality of work, safety, code compliance, close-out documentation, and whether the billings were in accordance with the program guidelines and accurately reflected the work completed in the field.
- Ryan is currently manager on a project where KPMG was engaged by the NYC Department of Investigations to act as integrity Monitor for the NYC Build it Back (BIB). This \$1.5 billion HUD funded program allows for residents with homes damaged by Super Storm Sandy to apply for repair, elevation, rebuilding and reimbursement for costs of work already performed. He is managing a team of engineers and forensics investigators monitor one construction contractor and their subcontractors. The team is responsible for assessing program guidelines, identifying gaps and monitoring compliance in all areas of the program some of which include project eligibility, scoping and estimating, unit pricing, award determination, construction management, quality inspection, permitting, and project close-out.
- Ryan is currently a manager and construction subject matter professional assisting New York City Economic Development Corporation (NYCEDC) with the planning, design and development of a program management office (PMO) related their Business Resiliency Investment Program (BRIP). The BRIP is a \$150

million program funded through HUD Community Development Block Grant Disaster Recovery. The three phases of our assistance to the program are: (1) Program Design Refinement – assisting with refining the BRIP design to address policy, procedures, systems and methodologies with special consideration given to critical program components; (2) PMO Development – KPMG is leveraging leading PMO practices from other successful projects to help establish processes, controls, reporting and tracking tools and templates based on the BRIP's goals and objectives, government policies and standards; and (3) Request for Proposal (RFP) Development Support – utilizing KPMG established set of methodologies to support the activities necessary to develop an RFP to select a Program Management Office vendor. Ryan deep construction experience, project management background and understand of other disaster related programs was leveraged significantly throughout the delivery of this engagement.

***Construction Program/Project Evaluations and Monitoring Experience***

- Ryan served as manager of the Internal Audit Division at a public agency with a \$13 billion and \$11.3 billion capital construction budget for building schools on behalf of the Director of Internal Audit Services and the Audit Advisory Committee. In this role, Ryan managed the daily internal audit activities, which include planning audits, performing fieldwork and reporting to management. Ryan lead a team of internal auditors and subject matter professionals on multiple construction related reviews and audits. Some of the audits that were lead by Ryan included contractor and consultant payment application review process, time and materials/emergency contract payment application review process, change order audit, testing consultant qualifications assessment, building code compliance and construction inspection division process assessment, project reviews assessment, procurement process assessment, and limited bidders list assessment.
- KPMG was engaged to perform a construction program evaluation of an Ivy League University's \$800 million capital program. Ryan lead and performed a detailed construction program assessment, conducted contract compliance assessments of several specific projects, and provided ongoing project monitoring and oversight services for all projects included in the University's capital construction plan. Ryan's team is currently engaged to monitor all ongoing projects which includes the review of project infrastructure and set-up, budget monitoring, records review and documentation compliance, payment review and cost oversight, and schedule management.
- Ryan managed an assessment of a \$2.3 billion construction project for a large financial institution. Ryan reviewed the processes and controls related to contract administration, procurement, change management, remittance of payment to contractors and consultants, project reporting, safety, scheduling, quality assurance, insurance and project closeout.

***Previous Construction and Engineering Experience***

***Multi-National Bridge Design Firm:***

Ryan was a project engineer for a multi-national bridge design firm. On numerous projects he was the lead design engineer, coordinating and producing many

## RYAN E. COCO, P.E.

Manager

components of a construction project that include cost estimating, design calculations, plans, scheduling, and specifications. Ryan was the liaison between clients, contractors, sub-consultants, vendors, marketing personnel, and many engineering disciplines. He also provided on-site surveying, inspections, and construction support services on movable bridges and heavy movable structures. Much of Ryan's construction consulting services were conducted for the New York City Department of Transportation (NYCDOT), New York State Department of Transportation (NYSDOT), Michigan Department of Transportation (MDOT), as well as many other government agencies.

### ***Global Consulting Firm:***

Ryan worked in the government contracting and construction practice where he worked directly with various professionals including engineers, attorneys, and contractors in order to settle litigation disputes. Ryan performed project cost analyses, construction and procurement schedule analyses, field inspections, and in depth document reviews. As part of review process, Ryan assessed contracts, specifications, contract drawings, applications for payment, change orders, extra work orders, and requests for information. Ryan determined financial damages that resulted from delays, design flaws, and productivity issues on different construction projects.

### ***Full-Service Multi-Disciplined Consulting Engineering Firm:***

As an electrical engineer at a full-service multi-discipline consulting engineering firm, Ryan conducted on-site surveying and inspections as well as designed numerous electrical systems that were implemented on schools, colleges, libraries, correctional/judicial facilities, municipalities, office buildings, and waste water treatment plants. Ryan worked with energy management and conservation, lighting and power distribution, control systems and emergency power systems. Ryan's electrical design responsibilities included producing contract plans, calculations, cost estimates, and specifications.



## NICOLAS KONISKI

[Redacted]

[Redacted]

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### Function and Specialization

Nicolas is a member of the Forensic -Major Projects Advisory services group (MPA)

### Professional Associations

- Association of Certified Fraud Examiners

### Languages

English, French, German, Arabic

### Education, Licenses & Certifications

- Master of Science in Civil & Environmental Engineering University of California Los Angeles
- Bachelor's of Science in Civil Engineering, École Spéciale des Travaux Publics Paris, France
- Certified Fraud Examiner (CFE)

## Background

Nicolas Koniski is a Senior Associate in the Forensic Practice of KPMG LLP, where he is a member of the Major Projects Advisory services group (MPA). Nicolas has substantial experience in construction management, construction procurement management, and dispute resolution. Nicolas has worked in the United States, the Middle East and France. Prior to joining KPMG, Nicolas worked as a Project Engineer at Parsons Corporation in Southern California where he was supervising the design of water and wastewater treatment facilities..

## Professional and Industry Experience

While at KPMG, Nicolas has primarily worked for large private firms and major public sector entities advising their Real Estate, Construction and Facilities departments on the following types of engagements:

- Project Oversight and Monitoring
- Cost Analysis/Contract Compliance Audits
- Dispute Advisory, Fraud and Forensic Investigation Services

### *Project Oversight and Monitoring*

- Nicolas is currently engaged on an integrity monitorship of numerous construction firms providing post Hurricane Sandy home repairs (rehabilitation, elevation, reconstruction) through the City of New York's HUD funded \$2 billion Build-It-Back Program.
- Appointed by a major metropolitan US city as the Integrity Monitor for a major national construction company selected to restore heat, hot water, and power under an unprecedented \$500 million emergency repair program to enable residents to safely inhabit dwellings damaged by Hurricane Sandy.
- Mobilized on site with the General contractor to monitor field site assessments, demolition, and construction activities, and to identify and report on quality and safety issues to city officials.
- Established a process for assessing the appropriateness of T&M invoices and supporting documentation; brought accountability to the contractor and subcontractors that worked on the repairs; facilitated the timely and appropriate payment to the contractor; and documented inappropriate, duplicative, and/or unsupported billing.

### *Cost Analysis/Contract Compliance Audit*

- Performed a contract compliance and cost analysis of four selected vendors providing engineering and construction services as part of a \$6-billion Capital Program of a transportation agency in Pennsylvania. Analyzed costs incurred and billed in order to assess whether the services provided and amounts billed to the agency were allowable and in compliance with the contract terms and conditions.
- Worked at the direction of Counsel to perform the cost audit of a \$258-million Master Facilities Planning project for a private healthcare institution in New York State, in preparation for a potential cost claim against the main contractor. The cost audit conducted a detailed review of payment applications submitted to date, owner approved change orders, subcontractor invoices and payments to date, and subcontractor change orders approved to date.
- Assessed processes used by a school development authority for monitoring the contracts and ensuring compliance with contract terms of capital projects. Selected a sample of Environmental Services Consultant task orders issued to

test compliance with invoice processes and timeliness of deliverables. Assessed existing relationships with State Agencies supporting Environmental Services including roles and responsibilities defined in a Memorandum of Agreement and compliance with terms for a sample of projects.

***Dispute Advisory, Fraud and Forensic Investigation Services***

- Investigated a major public power and utility company in relation to employee misconduct. Allegations include kickbacks and bribes from major contractors.
- Investigation procedures include the review of employee files, interviewing employee personnel and analyzing invoice payments. Traditional forensic analysis of identified projects resulted in quantification of damages and a deeper understanding of opportunities for internal process improvements.
- Assisted Federal investigators with review of personal effects from arrested individuals;
- Collected more than 200,000 emails from server for arrested individuals and reviewed about 30,000 emails using Clearwell;
- Provided assistance with background checks of company's employees and contractors;
- Collaborated with Assistant US Attorney to prepare evidence binders for arrested individuals' trial;
- Assisted the Law Department in compiling an inventory of documents received for discovery.
- Investigation has led to the successful indictment and sentencing of former employees.

**For more information, please contact:**

**Steven M. Fishner**



**[kpmg.com](http://kpmg.com)**