



Response to NJ TRANSIT

Request for Proposal
(RFP No. 14-033)

Volume 1: Technical Proposal
Integrity Monitoring and Auditing
Services

April 3, 2014

Submitted by:

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April 3, 2014

Ms. Taishida S. Chapman
Principal Contract Specialist
NJ TRANSIT, Procurement Department, 6th Floor
One Penn Plaza East
Newark, New Jersey 07105-2246
Attn: Bid Room
RE: RFP No. 14-033

Dear Ms. Chapman:

On behalf of CohnReznick, I am pleased to submit our proposal in response to Request for Proposal (RFP) No. 14-033 issued by the New Jersey TRANSIT Corporation (NJ TRANSIT). Recently named the 10th largest public accounting firm in the country, CohnReznick has provided accounting, audit, tax, and business consulting services to government and commercial sectors for nearly a century. Our resource capability, depth of personnel talent, and past performance experience of our proposed engagement team is well suited to perform the services requested in this RFP.

The value the CohnReznick team offers to NJ TRANSIT includes:

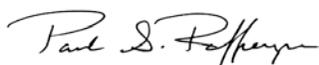
- ***Significant New Jersey Presence and Commitment.*** Founded in 1919, CohnReznick is fundamentally a New Jersey partnership. Our New Jersey presence includes more than 500 professionals located in four offices in Roseland, Princeton, Edison, and Eatontown. Our firm's co-CEOs made the staffing of Superstorm Sandy recovery programs a firm-wide priority beginning over one year ago; today, they remain resolute in that commitment.
- ***Current Work with State of New Jersey.*** For the past year, CohnReznick staff has provided integrity oversight monitoring services for the State's Division of Community Affairs (DCA), so we are familiar with the specific compliance requirements as outlined by the Integrity Monitor Oversight Act. Additionally, our work with the DCA does not present a conflict of interest on this opportunity. We have established working relationships with the Attorney General, Comptroller, Assistant Treasurer and multiple agencies.
- ***Forensic and Integrity Monitoring Expertise.*** CohnReznick has extensive forensic accounting and integrity monitoring experience throughout the region in the government and private sectors. Having served in this capacity for a number of New York City construction projects, including the World Trade Center Transit Hub, 130 Liberty Street Deconstruction, the World Trade Center Ground Zero Clean-up, and the New York City School Construction Authority, CohnReznick has developed industry-leading strategies to monitor a variety of private construction projects.

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- ***Proven Tools and Training Efficiencies.*** Our deep, firm-wide bench of resources includes a number of technologies that synthesize large volumes of information in concise, polished dashboards, cloud-based systems, and other user-friendly platforms. Ultimately, these industry-leading tools and productivity aids not only result in efficiencies throughout our programs, they help our clients operate with greater self-sufficiency. We have developed training programs and training ladders for our clients to leverage our work to their internal workforce.
- ***Engagement Team includes Former Inspector General.*** The Honorable Kenneth M. Donohue, former HUD Inspector General (IG), will serve as a senior advisor to our Key Personnel. Having served as IG over two different political administrations, Mr. Donohue shaped key, long-term policies that currently drive successful anti-fraud, waste, and abuse initiatives in government and has applied that influence to CohnReznick's firm-wide integrity monitoring best practices.
- ***Ability to Withstand Public Scrutiny.*** Our disaster recovery programs and deliverables have been scrupulously inspected by public officials, political appointees, state attorneys general, federal inspectors general, and New Jersey taxpayers. Though our high visibility work with the State of New Jersey has been and continues to be susceptible to top-down scrutiny, CohnReznick's programs and deliverables have repeatedly withstood top-down analyses without fail.
- ***Flexibility, Mobility, and Scalability.*** Our broad New Jersey presence allows us to effectively and economically coordinate our subject matter experts, technical leads, and qualified staff. These local resources give us the flexibility to quickly deploy – or scale back staff, as necessary – based on the requirements of each technical task order.
- ***Contract Manager.*** We have assigned a firm Contract Manager to monitor our compliance with the terms and conditions of our contract with NJ TRANSIT. This will ensure compliance and commitment to key contract terms such as minority, small business and disadvantaged subcontractor commitments, pricing, deliverables, and task order authorizations.

We agree to comply with the terms and conditions specified in the RFP, and thank you for the opportunity to submit our response to this opportunity. Please do not hesitate to contact me with any questions or concerns.

Sincerely,



Paul S. Raffensperger
Principal - Government Services
National Director - CohnReznick Advisory Group
www.cohnreznick.com

1.0 Firm and Project Organization

1.1 Firm Profile

Founded as a New Jersey partnership in 1919, CohnReznick maintains a proud presence in the state of New Jersey and is able to provide significant resources for this engagement.

While we have the technical talent and resource depth of a “Big Four” firm, our engagement teams operate with the efficiency of small, boutique firms. With four offices and more than 500 staff in Roseland, Princeton, Edison, and Eatontown, New Jersey, CohnReznick is able to meet the needs, staffing requirements, and timelines of NJ TRANSIT on time and within budget.

CohnReznick LLP	
<ul style="list-style-type: none"> • 10th largest audit, tax, and advisory firm in the U.S. • \$500M+ in annual revenue • 2,500+ employees • 26 offices (U.S. and International), including • 4 offices in New Jersey: <ul style="list-style-type: none"> - Roseland - Princeton - Edison - Eatontown 	

CohnReznick has broad and comprehensive experience performing audit services for government agencies that includes:

- Performing audits in conformance with **Generally Accepted Government Auditing Standards (GAGAS or Yellow Book)** as well as those promulgated by the **American Institute of Certified Public Accountants (AICPA)**;
- Extensive expertise with **Federal Acquisition Regulation (FAR)** and **Cost Accounting Standards (CAS)**; and
- Membership with the **Center for Public Company Audit Firms (CPCAF)** of the AICPA and the AICPA’s **Governmental Audit Quality Center**.

CohnReznick’s Audit Capabilities and Resources		
CPAs		Yellow Book Trained Professionals
800+		650+
Audits in Compliance with GAGAS (Annually)	Contract/Compliance Audits (Annually)	Financial Audits (Annually)
1,350+	2,000+	10,000+

1.2 CohnReznick Disaster Recovery Experience

CohnReznick has administered, managed, monitored, and/or overseen *more than \$15 billion in recovery program funds*. Specifically, our work has included:

- Managing large-scale recovery programs including full program and project management of highly regulated programs;
- Rapidly deploying professionals to establish recovery operations; grant administration and management; regulatory compliance; and anti-fraud, waste, and abuse programs; and
- Superior organizational and operational oversight skills implemented by experienced certified Project Management Professionals (PMPs) and Certified Public Accountants (CPAs).

In the aftermaths of Hurricanes Katrina, Rita, Dolly, Gustav, Ike, and Sandy, CohnReznick has taken part in disaster recovery contracts in Louisiana, Mississippi, Illinois, Texas, New York, and New Jersey and nationally under HUD and FEMA's joint Disaster Housing Assistance Program rendering program management services to various states and governmental entities. This body of work demonstrates our programmatic level capabilities, combined with our team members' experience on various New York/New Jersey projects such as:

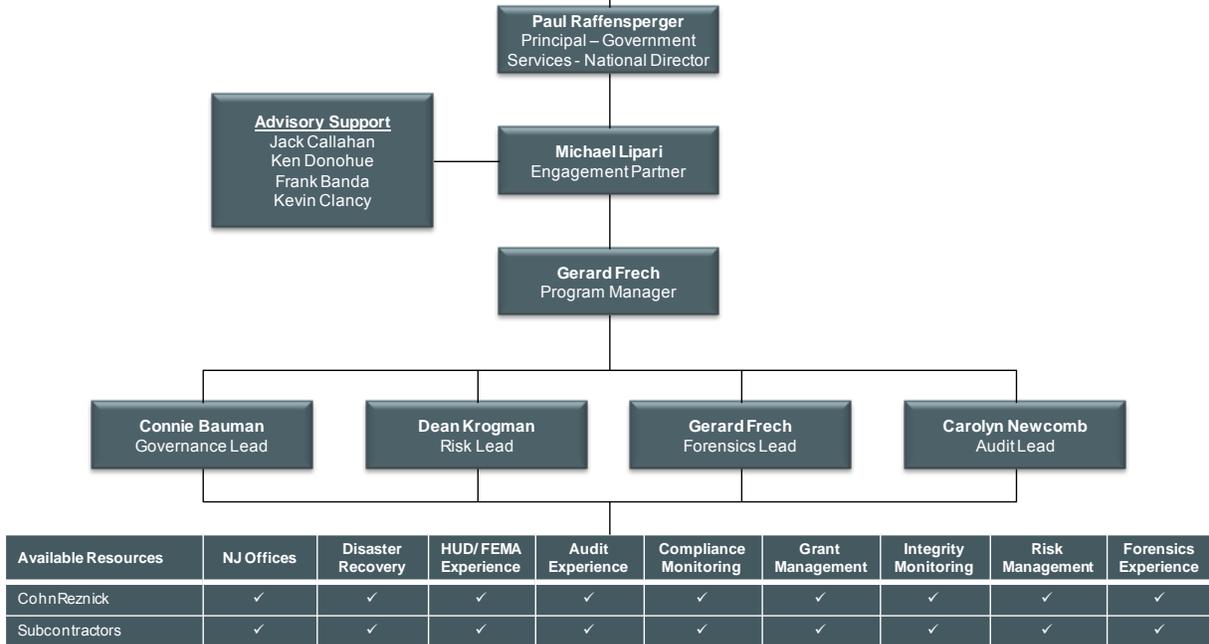
- Clean-up of Ground Zero,
- The decontamination and dismantling of 130 Liberty Street,
- The construction of the New York City Croton Water Treatment plant, and
- Various post-Sandy recovery projects (NYC Rapid Repair and Build It Back Programs, NJ DCA Build it Stronger Program).

CohnReznick's Proven Approach:

- ✓ Multidisciplinary team of legal, audit, investigative, and technical professionals.
- ✓ Team fully integrated into the life of the project.
- ✓ Deter and detect fraud, waste, corruption, and abuse.
- ✓ Monitor compliance with applicable laws, rules, regulations, and contractual obligations.

1.3 Project & Team Organization

Our organization is structured to provide flexibility, based on the task orders issued. Our team will be led and overseen by our Government Services National Director, Paul Raffensperger, who has over 30 years of experience managing disaster recovery projects. From his past roles in related engagements, Mr. Raffensperger has developed a proven ability to plan and implement large programs while managing risks and resolving issues.



Our Philosophy

- CohnReznick executives Tom Marino and Anthony Zecca are fully committed to assisting the State with its recovery efforts and offer their complimentary guidance.
- Paul Raffensperger and our Program Managers will be supported by our Project Managers and Subject Matter Experts who will be matched to each task order based on their expertise.
- Based on the needs of each task order, we will assign the appropriate resources to execute the requested services.

CohnReznick Organizational Chart

1.4 Disadvantaged Owned Business Enterprises (DBEs) Good Faith Effort

CohnReznick understands NJ TRANSIT’s goal with regard to maximizing the utilization of Disadvantaged Business Enterprises (DBEs). As an experienced government consulting firm, GSA schedule holder, and contractor performing integrity monitoring services under the State of New Jersey’s Department of the Treasury Blanket Purchase Agreement (BPA), we are experienced with managing and meeting federal, state, and local government set-aside compliance requirements. CohnReznick is fully committed to meeting NJ TRANSIT’s ten percent DBE goal.

As work assignments are issued, CohnReznick will assess the scope of work and determine the most appropriate DBE subcontractor to support our team. Our utilization of these firms’ capabilities and the teaming structure used will correspond with their respective qualifications depending on the scope of work issued and the specific experience and skill sets needed by NJ TRANSIT.

In addition to utilizing the subcontractors we are currently engaged with on the State of New Jersey’s Department of the Treasury BPA, as well as the research we performed during the BPA process, we have identified an additional subcontractor.

QuES&T is a unique company providing a full range of consulting, training, testing and laboratory services to the asbestos, lead, industrial hygiene and environmental remediation industry. QuES&T's professional staff possesses extensive experience in project design, risk assessment, project management, engineering controls, health physics, respiratory protection, environmental sampling, air sampling and laboratory services.



CohnReznick has and will continue to make a good faith effort to utilize subcontractors that are registered with the New Jersey Division of Revenue as Small Business Enterprises to meet NJ TRANSIT's goal for ten percent of the work we will perform on work assignments issued, depending on the scope of the work.

1.5 Key Personnel

The following table provides details of our Key Personnel and Advisory Support that will be utilized on work assignments depending on the scope of work. Resumes of our Key Personnel can be found in Section 6.0 of our proposal.

Personnel	Key Relevant Experience
Paul Raffensperger Principal Key Personnel	<ul style="list-style-type: none"> 30+ years of accounting and consulting services for disaster recovery housing and community development programs
Michael Lipari, CPA Partner Key Personnel	<ul style="list-style-type: none"> 25+ years of diversified public accounting expertise Leads firm's New Jersey-based Construction Industry Practice
Gerard Frech Program/Project Manager Key Personnel Point of Contact	<ul style="list-style-type: none"> 30+ years specializing in litigation consulting, integrity monitoring, and special counsel investigations
Constance Bauman Subject Matter Expert Key Personnel	<ul style="list-style-type: none"> 30+ years experience in integrity monitoring, process improvement initiatives, and budget oversight for international engineering companies
Dean Krogman, CPA Subject Matter Expert Key Personnel	<ul style="list-style-type: none"> 30+ years directing integrity oversight monitoring functions, risk assessments, and compliance monitoring for federal disaster relief funding Applied knowledge of universal standards (i.e., Sarbanes Oxley, GAAP, and SEC regulations)
Carolyn Newcomb, CPA Subject Matter Expert Key Personnel	<ul style="list-style-type: none"> 20+ years of accounting experience specializing in assurance, audit and review, and financial advisory services to construction community
Jack Callahan, CPA Subject Matter Expert Advisory Support	<ul style="list-style-type: none"> 25+ years of experience in accounting, corporate taxation, and business consulting matters within the construction community Extensive client service in private industry, government, and construction sectors implementing integrity monitoring programs
Kenneth Donohue Subject Matter Expert Advisory Support	<ul style="list-style-type: none"> 30+ years in compliance, fraud and abuse prevention, and protection controls, including as former HUD Inspector General for nine years

Personnel	Key Relevant Experience
Frank Banda CPA, CFE, PMP Subject Matter Expert Advisory Support	<ul style="list-style-type: none">• 25+ years of management, audit, accounting, and consulting expertise with keen insight into compliance standards, especially State of New Jersey requirements and regulations
Kevin Clancy CPA, JD, CIRA, CFF Subject Matter Expert Advisory Support	<ul style="list-style-type: none">• 15+ years of financial advisory and civil and criminal litigation support expertise in private sector, with strong command of forensic accounting and financial investigatory matters

1.5.1 Statement of Key Personnel Understanding

CohnReznick certifies that the Key Personnel listed in our proposal are employees of CohnReznick and will be assigned accordingly to the project upon contract award. We understand our Key Personnel shall not be removed from the contract without expressed written approval from NJ TRANSIT. Furthermore, we acknowledge our understanding that if a Key Personnel member leaves our firm, we will notify NJ TRANSIT in writing within five (5) business days of his/her termination/separation.

2.0 Management Approach

2.1 Managing the Performance of Tasks

A fundamental characteristic distinguishing CohnReznick from other firms is our team. Our personnel have collectively served in nearly every disaster recovery role possible. This diverse team provides us with the knowledge and skill sets to assist with planning, implementing, and monitoring grant funds to ensure accountability and compliance.

Through our work providing disaster recovery services to the States of Louisiana, Mississippi, Texas, Illinois, New York, and New Jersey, our team has gained experience in various disaster recovery programs. We've learned what works and what doesn't, and we are prepared to apply lessons learned to assist NJ TRANSIT in implementing the most successful, fraud-resistant programs possible.

Monitoring plays a critical role in any operation, but for an endeavor of the magnitude of the State of New Jersey's recovery efforts, it is indispensable. Monitoring accomplishes more than just reporting the results of operations. When performed with the highest level of transparency, monitoring can do much more to improve operations. Proper monitoring can:

- Remove bottlenecks;
- Reduce backlogs;
- Ensure the right people are performing the right tasks;
- Ensure quality;
- Foster the implementation of best practices across multiple operations;
- Mitigate risk; and
- Prevent and detect fraud, waste, and abuse.

Compounded, all of these benefits ultimately result in one thing: more taxpayer dollars being more efficiently spent on actual recovery for the residents of the State. Our team understands the importance of bringing the highest level of transparency to our monitoring efforts. Our previous experience with similar engagements has been subjected to intense public scrutiny. Our programs and deliverables have been inspected by public officials, political appointees, state Attorneys General, Inspectors General, and the general public. Without fail, our programs and deliverables have withstood this intense amount of scrutiny time and time again.

2.1.1 Responding to Work Assignment Requests

Our team will follow the process outlined below for managing our responses to NJ TRANSIT's work assignments.

All requests will be directed by our National Director of Government Services, Paul Raffensperger. Mr. Raffensperger will have responsibility for the overall execution and management of the contract. As such, he will serve as the point person for these requests and will ensure a timely and compliant response.

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Work Assignment Management

To properly manage work assignments, our team will analyze the requirements and determine which staff members are best suited to complete the work. The following table walks through the process our team will use to manage new work assignments:

Work Assignment Process	Actions
Step 1: NJ TRANSIT Need Determined	<ul style="list-style-type: none"> • Notification of NJ TRANSIT need • Research
Step 2: Draft Work Assignments	<ul style="list-style-type: none"> • Determine level of effort • Identify resource needs • Verify resource availability • Estimate dollars and timeline • Submit response to NJ TRANSIT
Step 3: Approved Work Assignment	<ul style="list-style-type: none"> • Schedule work sessions with the Agency to review • Finalize resource engagement • Submit final work assignment to the NJ TRANSIT • Receive approved work assignment

Work Assignment Processes

Execution

For the duration of each work assignment, our team will complete the following project management processes by coordinating resources in the most efficient and economical manner possible. Our Program Manager, Gerard Frech, will be responsible for ensuring the processes described below are managed and directed to meet the NJ TRANSIT's expectations.

Executing Process Element	Description
Integration Management	Integration management includes the processes needed to integrate various processes, programs, and project management activities required for program success.
Direct and Manage Project Execution	Direct and manage project execution includes the processes required to perform the work defined in the scope.
Perform Quality Assurance	Quality assurance includes the processes of reviewing the results of the measurements and processes we use to ensure quality.
Manage Project Team	Manage project team is the process of tracking the performance of the project team, providing feedback, quickly identifying and resolving issues, and making changes.
Manage Communications	Managing communications involves making relevant information available to team members and stakeholders and managing stakeholder expectations.

Executing Processes

Monitoring and Controlling

In ongoing efforts to ensure the successful completion of the scope of work, our team will implement monitoring and controlling processes to track, review, and regulate the progress and performance of all tasks. The following table describes the monitoring and controlling processes that our team will implement.

Monitoring & Controlling Process Element	Description
Monitor and Control Project Work	Monitoring and controlling project work includes the process of tracking and reviewing the project activities and objectives.
Change Control	Change control includes the review of change requests, approvals, and changes to resources, deliverables, documentation and work plans.
Scope Verification	Scope verification is the process of formalizing acceptance of completed deliverables.
Monitor and Manage Changes to Project Scope	This is the process of monitoring and managing changes to the project scope.
Monitor and Manage Changes to Schedule	This is the process of monitoring and managing changes to the schedule.
Monitor and Control Costs	This is the process of monitoring and controlling project costs to update the project budget.
Quality Control	Quality control includes the process of monitoring the results of quality control activities to assess performance and recommend changes.
Reporting	Reporting is the process of collecting and distributing important information regarding project statistics, progress, performance, budgetary info, and forecasts.
Monitor and Control Risks	Monitoring and controlling risk is the process of implementing risk management plans, tracking identified risks, monitoring risk, identifying new risk, and evaluating risk management effectiveness.

Monitoring and Controlling Processes

Nature of the Required Work

The nature of disaster recovery work frequently requires various areas of expertise and disciplines. We have assembled a team with the experience necessary to meet the NJ TRANSIT's needs as work assignments are issued.

Having the necessary resources for a disaster recovery effort of this magnitude is just the start. The proper utilization and coordination of resources is equally important. To ensure efficient and economical use of resources, we will coordinate so that only the appropriate personnel for each particular task will be assigned.

Level of Effort Necessary

To address the different needs for each work assignment, we have structured our team, by functional areas, to best utilize our staff members' expertise and the firm's resources (see Organizational Chart above).

We have identified key personnel that have years of hands-on disaster recovery experience performing similar services in the states of Louisiana, Mississippi, Texas, Illinois, Iowa, New York, and New Jersey. Each work assignment will be overseen by these key personnel who have proven leadership abilities. These are the very same people who:

- **Prepared** this proposal;
- **Conducted** the work provided in our client references; and
- **Are responsible for executing** the requirements of this project.

Key Elements of Our Proven Management Approach:

- ✓ Coordination of staff between multiple simultaneous tasks
- ✓ Efficient and rapid deployment of resources
- ✓ Close attention to accuracy and timeliness
- ✓ Stringent cost controls
- ✓ Adaptable and flexible processes to ensure quality deliverables
- ✓ Proven fraud, waste, and abuse prevention and detection strategies

For purposes of resource planning, during our assessment of each work assignment, the key personnel will determine the appropriate skill sets and staffing levels needed. We will perform periodic reassessments of the changing contract environment to ensure we are providing the most efficient and economic use of resources.

Scalable Resources

With our large New Jersey presence, we have significant personnel resources at our disposal to support this engagement. As shown in the table below, our local resources provide our team the flexibility to deploy and scale down staff depending on the requirements of each work assignment.

New Jersey Offices	Roseland, Princeton, Edison, and Eatontown
Employees	500+
CPAs	200+

CohnReznick New Jersey Presence

2.1.2 Systems

CohnReznick invests a significant percentage of annual revenues in automation tools and technology to enable our professionals to work as efficiently and effectively as possible. Our focus on cutting edge workplace technology is a differentiator that delivers cost savings to our clients, streamlines work processes, enhances our ability to be responsive to client needs, and provides the ability to back up all work papers, tax

returns, and permanent files. We will use automated tools on the engagement, where possible, including:

IBM Blueworks Live CohnReznick utilizes industry-leading technology platforms, including IBM's Blueworks Live, a web-based project management tool that allows us to monitor project activities and tasks as well as maintain a project-based repository of documents, analyses and deliverables.

QlikView/QlikTech CohnReznick has partnered with QlikTech, the developers of the QlikView Business Analysis suite, to develop QlikView for construction companies. The QlikView business intelligence suite provides users with interactive and highly intuitive business performance management and analysis capabilities in a click-driven, visually interactive interface. This cost-effective, yet sophisticated analytic application is available in a matter of days, allowing for:

- **Fast time-to-value:** Clients are "live" in less than a week with the standard QlikView for Construction complement. New applications can be developed, deployed, and modified within 30 days, and most in just a few weeks.
- **Easy-to-use:** Patented technology makes QlikView applications easy to learn and use. End users require virtually no training.
- **Flexible:** Unlimited dimensions and measures that can be modified in seconds.
- **Integrated:** Fully integrated Business Analysis suite allows for power analysis, sophisticated applications, and simple reporting on a single architecture.
- **No Data Warehouse Required:** QlikView's patented technology pulls data directly from your system giving you a full view of your business, while avoiding the costly, time-consuming process of building a data warehouse.
- **Powerful:** Near-instant response time on massive data volumes.

TeamWork Live We also utilize and leverage the efficiencies of TeamWork Live, an intuitive, web-based, secure project management tool that allows for seamless online collaboration. This industry-leading "cloud" tool helps us and our clients:

- Assign and collaborate on project milestones and tasks;
- Track and manage budgets;
- Run projects as efficiently and effectively as possible; and
- Streamline and centralize information.

2.2 Task A: Monitoring Contractor/Vendor Compliance with Applicable Laws and Contract Requirements

A fundamental characteristic that distinguishes CohnReznick is our team. Our personnel have collectively served in practically every disaster recovery role possible. Our diversified knowledge and skill sets will assist us with planning, implementing, and monitoring grant funds to ensure accountability and compliance.

Approach

CohnReznick's compliance monitoring approach provides clients with proven processes to achieve compliance goals, as well as Subject Matter Experts (SMEs) who provide

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specific solutions for resolving compliance risks. Throughout all phases of the programs, our team will assist in complying with all work authorization requirements and regulations. Our team has extensive experience working with state agency compliance teams to improve overall monitoring approaches via the development of comprehensive monitoring strategies. We have assisted in numerous monitoring-driven activities to improve these monitoring approaches. Our approach includes: developing monitoring strategies, plans, risk assessments, checklists, and tracking and reporting systems; developing project performance monitoring process and tools to assist with project performance monitoring and reporting; and conducting monitoring resource analysis.

CohnReznick's compliance monitoring approach is designed to ensure programs are operating efficiently and effectively and funds are being used appropriately. Our team will leverage the experience we have gained collaborating with our clients providing functional and technical assistance in the development and implementation of monitoring plans and compliance tools for disaster recovery funded programs to monitor the activities of NJ TRANSIT's contractors, vendors, and consultants.

Methodology

CohnReznick will work with the NJ TRANSIT to determine the scope of monitoring, including identifying programs and monitoring objectives. We will use proven techniques to create a streamlined, all-encompassing monitoring strategy that can be adapted to address the compliance and performance monitoring of NJ TRANSIT's contractors, vendors, and/or consultants. Our risk-based strategy will focus on oversight, program/project management, and contractor monitoring to ensure compliance with mandatory state and federal laws, regulations and certifications, and program and financial and contractual requirements.

Utilizing our knowledge and understanding of the federally-funded disaster recovery programs, compliance requirements, existing systems, controls, and processes, our team will apply the risk-based strategy, industry-leading best practices and lessons learned to the results of the evaluation of current monitoring processes to determine the most efficient and effective approach to monitoring the project. The following task outline provides a descriptive overview of how we will manage the tasks detailed in the work assignment. Some tasks may be completed concurrently to reduce the overall process as necessary. They include:

- Collecting data and determining the most efficient and effective monitoring approach
- Establishing monitoring schedule
 - Validating the estimated duration of the monitoring review by breaking down the review into specific tasks (monitoring preparation, execute checklists, draw conclusions, review and approval, communicate results, and follow up)
- Conducting monitoring of NJ TRANSIT's contractors, vendors, and/or consultants
 - Selecting/approving project/program sample
 - Sending monitoring notification (30 days in advance of review)

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- Preparing for monitoring review
- Executing review
- Conducting on-site inspections of work and/or project
- Drafting, approving, and sending monitoring results letter
- Making recommendations (e.g., corrective action plan(s) if applicable)
- Following up to ensure resolution of corrective action plan(s) as necessary
- Conducting ongoing monitoring reviews
- Following up to ensure deficiencies are corrected
- Executing closeout/post-construction reviews, which include
 - Receiving notification of closeout request via submittal of closeout package
 - Ensuring all programmatic, federal, state, and contractual requirements are met
 - Ensuring reporting is complete (including audit and financial reporting)
 - Obtaining necessary approvals; drafting and sending closeout report/notification

2.3 Task B: Developing and Implementing Integrity Programs

CohnReznick has experience providing program management services to various states and governmental entities in the aftermaths of Hurricanes Katrina, Rita, Dolly, Gustav, Ike, and Sandy. Combined with our team members’ experience on various New York and New Jersey projects, CohnReznick can provide a perspective and depth of experience not shared by other integrity monitoring firms.

Such experience has taught us what works—and what can be done better. Our approach to developing and implementing integrity monitoring programs is always evolving and forward thinking. As discussed below, our approach for the NJ TRANSIT Sandy Recovery and Resiliency Integrity Monitoring project represents the latest evolution of our thinking.

CohnReznick’s Integrity Monitoring Team					
Attorneys	Certified Public Accountants	Certified Fraud Examiners	Certified Internal Auditors	Certified Financial Forensics Specialists	Certified Information Security Auditors
Certified Anti-Money Laundering Specialists	Civil Engineers	Electrical Engineers,	Environmental Specialists	Former Law Enforcement Personnel And Investigators	Subject Matter Experts

With the additional experience of a former Inspector General of HUD, we offer industry-leading knowledge in developing innovative prevention and detection programs for

numerous government agencies. Relying on years of experience and training, CohnReznick professionals will determine:

- What are the organization's integrity risks and exposures?
- How material are these risks and exposures?
- What is being done to mitigate these risks and exposures in terms of programs and controls?
- What is being done to prevent fraud, waste and abuse and minimize the organization's exposure to financial loss and scandals?

In addition to the traditional tools typically employed by most integrity monitors, such as risk assessments, audits, hotlines and head counts, CohnReznick's approach to developing and implementing integrity monitoring programs is a combination of education, training, technology, and teamwork. We will educate the project workforce about the insidious nature of fraud, waste, corruption and abuse, how it impacts all of us, and the "red flags" to watch out for, in order to enlist each worker in the fight against fraud. By leveraging the collective conscience of the workforce, we can increase our effectiveness and efficiency exponentially.

The latest technology will also be utilized to our advantage. Where warranted, we will employ the use of radio-frequency identification (RFID), bar code scanners, hand-held devices, GPS tracking, hi-resolution remote cameras, project management software and advanced information management (data analytics) software. The definition of "team" will also be viewed expansively to include professionals and other resources within the NJ TRANSIT and contractor organizations when available and appropriate. Other disciplines, skills and services that may prove useful—and help to reduce costs—include areas such as: procurement, security, loss prevention, progress photography, and environmental testing.

Methodology

There are five major phases to CohnReznick's integrity monitoring program:

- 1) Scope and Understand the Main Objectives;
- 2) Conduct Integrity Risk Assessment;
- 3) Develop a Project Work Plan;
- 4) Execute the Project Work Plan; and
- 5) Report on the result of the Project Work Plan.

Phase I: Scoping and Understanding Main Objectives

The first phase is focused on obtaining a clear understanding of the business environment, organizational structure, company culture, key objectives, communication channels, points of contact, and how the internal control structure is designed to operate in order to mitigate risk. This phase is accomplished by meeting with key management and other necessary stakeholders and reviewing appropriate documentation such as top level corporate policies and procedures, codes of conduct, contracts, funding mechanisms, financial plans, budgets and schedules.

This scoping exercise will provide a solid foundation for a comprehensive understanding of the internal control environment, conducting the integrity risk assessment, and preparing the Project Work Plan.

Phase 2: Integrity Risk Assessment

A proactive risk management program is a key element to success for large complex projects or programs. As projects grow larger and more complex, it is becoming common practice for the project team to establish a risk management process that is able to identify, track, manage and mitigate potential risks. It is also important to recognize that risk management is an ongoing project management function that is imperative given risk drivers evolve over the lifecycle of a project requiring new strategies to manage and mitigate the threats.

Our team has been an industry leader in conducting risk assessments, risk workshops and developing a well-defined and integrated risk management process that provides the project team the tools and procedures to manage risk. Depending on the project risk profile, the project team may decide to use a relatively simple and straightforward qualitative approach or a more rigorous quantitative assessment using modeling and simulation techniques. In either case, the process involves identifying and categorizing potential risks, assessing the likelihood of occurrence and magnitude of risk impacts and prioritizing and managing risks (i.e. avoid, mitigate, transfer, insure or accept). Typically, a risk register (matrix or spreadsheet) is developed to document, monitor and control risks during the project.

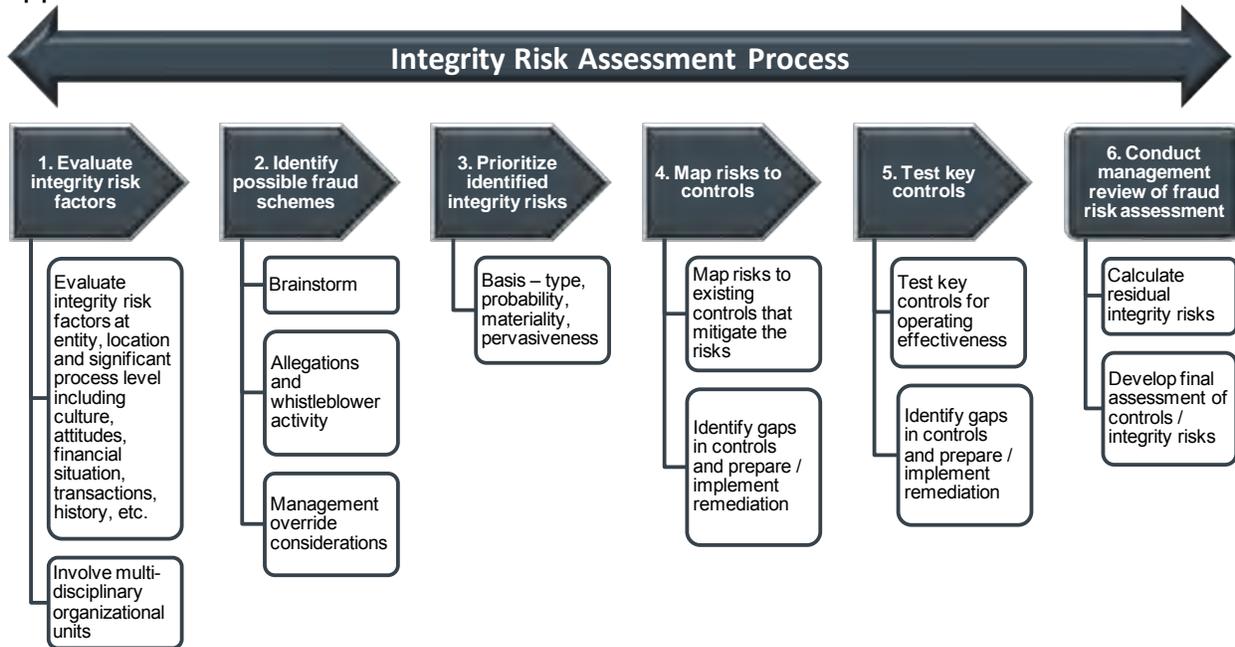
Our team has facilitated risk workshops with varied objectives in mind. Some risk workshops involved the front-end project team to develop qualitative risk assessment matrices for allocating contractual risks to the party best able to control and manage them. Other risk exercises have involved assessing risk impacts to budget, schedule and construction project integrity.

Risk is defined as an internal or external force that could impact the achievement of an entity's business objectives. The use of a risk assessment methodology allows risks to be more efficiently targeted and controlled, while providing senior management assurance that the internal audit plan has been properly designed to assist in mitigating risk.

To perform an integrity risk assessment, CohnReznick will interview key internal management personnel, review policies and procedures, and other relevant information obtained from the organization's staff and management. We will seek to determine whether the internal controls are operating as represented to us by management and are working effectively to protect critical business processes and mitigate integrity risks. Based on the information obtained from the business functions interviewed, a summary for important areas of risk is prepared. In addition, risk rankings are developed based on categories included in CohnReznick's Audit Risk Model.

Integrity Risk Assessment Process

CohnReznick's approach to conducting an integrity risk assessment is also a collaborative process to analyze risk exposure and the controls that mitigate such risk. We will work together to address the primary areas of concern with regard to integrity risk exposure - irrespective of functional boundaries - and identify the controls in place to mitigate the risks. Where controls are weak or absent, we will brainstorm ways to efficiently and effectively remediate the control deficiencies and improve the overall fraud prevention program. The diagram below page depicts the key steps in this approach.



The integrity/risk assessment process utilizes a standardized, qualitative and quantitative methodology to evaluate the integrity risk exposure of each relevant business process, and is designed to provide the organization's management with a tool to quantify the relative risk of specific business processes and functions. The purposes of the risk assessment are to:

- Identify the threats and vulnerabilities from both internal and external forces that could create opportunities for fraud, waste, corruption and abuse
- Identify integrity risk items that should be addressed by management
- Provide the foundation for developing the integrity monitoring program
- Provide assurance that the integrity monitoring program has been properly designed to assist in mitigating risk
- Identify key areas of risk and make recommendations for improvement and for future audit priorities.

We examine many areas of potential integrity risk including, but not limited to:

- Vendor selection/bidding
- Payroll fraud
- Fraudulent/inaccurate requisitions
- Lien releases
- MBE/WBE/DBE fraud
- COI mitigation

- Fraudulent billing for equipment and/or materials
- Insurance and bonding fraud
- General conditions
- Other direct costs and reimbursables fraud
- Change order fraud
- Charge back fraud
- Bribing of oversight personnel
- QA/QC material substitutions and workmanship
- Schedule manipulation
- Environmental compliance
- Site security

Phase 3: Develop the Project Work Plan

Once the integrity risk assessment is complete, we develop a Project Work Plan (PWP) based on the finalized audit universe and corresponding integrity risk audit and mitigation plan. The PWP will identify each integrity risk area, along with an assigned risk rating, mapping of the risk to key controls and recommended audit cycle. During this Phase, we will communicate closely with NJ TRANSIT management to ensure that the plan will meet its goals and objectives. During the course of our work, we will continue to review the PWP and update it as necessary to address evolving conditions.

Deliverables

- Integrity Risk Assessment
- Project Work Plan

Phase 4: Execute Project Work Plan -- Implement Procedures to Prevent and Deter Fraud, Corruption, Conflicts of Interest and Illegal Activity

In accordance with the PWP, we will audit selected areas of concern throughout the various phases of construction. Based on our initial assessment of the business under review and discussions with NJ TRANSIT, we anticipate our program will address the above mentioned integrity risks that typically plague a major construction project. The following are some of the procedures will be implemented to prevent and mitigate integrity risks. Please see Section 3.0 for further details.

- Requisition Testing
- Payroll Verification
- Equipment Monitoring
- Insurance and Bonding

Deliverables

- Status Reports

Phase 5: Findings and Reports

As noted above, CohnReznick will deliver status reports and key documents, such as the risk assessment and PWP, to NJ TRANSIT during the development and implementation of the program. During the course of any integrity monitoring program, however, issues will surely arise that were not anticipated. When such issues arise, CohnReznick will communicate these issues to management and progress through

each phase of the integrity monitoring program. If requested a report concerning such issues will be prepared.

Monthly Status Reports: On a monthly basis, CohnReznick will provide a status report identifying all current and upcoming activities, as well as notified findings to date.

Prepare and Issue Final Reports: We will also produce a Draft Preliminary Report based on the findings, conclusions, and recommendations from our audit procedures and submit same to NJ TRANSIT management for discussion purposes only. Any comments received will be incorporated into a report prepared pursuant to the Statements on Standards for Consulting Services (SSCS) which will then be submitted to NJ TRANSIT for final approval. Upon approval, CohnReznick will issue a Final Audit Report and distribute same as directed by NJ TRANSIT management.

Education and Training

Educating the workforce about fraud, waste and abuse and unethical conduct is one of the core components of our integrity monitoring program. With an effective training program, the breadth and strength of the program is increased geometrically. Every worker which “gets it” in effect becomes a deputy integrity monitor and another barrier against fraud, waste and abuse.

Our integrity monitoring team includes training experts with years of experience and in-depth knowledge of all aspects of training with regard to FEMA, CDBG, and other disaster recovery programs, fraud prevention and compliance with other requirements, such as prevailing wages, EEO and M/W/DBE laws.

Our team can quickly develop training curriculum in a variety of subject areas and our instructors are well versed in state-of-the-art methods for content and delivery. Our team is prepared to provide NJ TRANSIT with any requested training through a variety of delivery methods, including:

- Classroom training;
- Instructor-led virtual training (webinars);
- eLearning;
- Video; and
- Animated and video content elements for classroom and webinar uses.

Notice of training requirements can be provided to each worker at the time of first hire, with paycheck inserts or posted on bulletin boards at the work site.

Hotline

Our Construction Group, Government Services Group and Investigative Group have each worked on high profile fiscal and integrity monitoring projects. A significant part of that work has been establishing, promoting, and monitoring an 800 hotline number, then performing both forensic accounting and field investigation follow up on alleged improprieties. The work has been performed for various state, city and federal agencies

including the states of New Jersey, Illinois, Mississippi, the Port Authority of New York and New Jersey, and the City of New York Department of Investigations. Hotline and fraud prevention posters are prominently displayed at work locations and gathering places such as lunch rooms and training rooms and can be also be distributed with paychecks and electronically on project websites and via email alerts.

The major objectives of the hotline are to provide workers with a confidential means to report suspected occurrences of fraud, waste, and abuse, to investigate such occurrences to determine their validity and, if valid, to make appropriate recommendations to eliminate these occurrences. Callers are advised that the hotline is completely anonymous.

We maintain a log of all hotline calls, including the time/date, nature of the concern and to whom it was referred for handling. Each call is assigned a unique number which is used to track resolution and disposition of the concern. An investigation is undertaken to determine the authenticity of the allegations. If there is a reasonable possibility of fraud, the allegation will be referred to appropriate law enforcement authorities.

If the alleged fraud, waste or abuse is substantiated, we will track corrective action taken by the responsible agency, inform the caller of such measures and close the file. Pending final resolution, the caller is notified of the status of the investigation of his/her allegation every 60-days.

Deliverables

- Training Materials
- Training Attendance/Participation Logs
- Hotline Posters
- Hotline Procedure
- Hotline Caller Log
- Hotline Allegation Investigation Reports
- Quarterly Status Reports

2.4 Task C: Conducting Background Checks, Reviews of Documents and Investigations

Background Checks

Approach

Perhaps the greatest threat to any major construction project is opening the door to entities or individuals that do not share NJ TRANSIT's commitment to integrity and ethical dealings, who may be associated with, or vulnerable to, the influence of organized crime and conspirators, or less capable than they appear. Therefore, a critical component of any effective integrity monitoring program is to have the capability to dig beyond the surface of a seemingly qualified and trustworthy partner; not only to protect NJ TRANSIT from economic harm, but also to defend against reputational damage, as well.

Methodology

To assure that NJ TRANSIT fully understands the character and capability of the contractors, subcontractors and vendors bidding and/or working on the project, our integrity monitoring team will review the pre-qualification process, the scope and thoroughness of pre-existing background reviews, assess responses to pre-qualification questionnaires and review the list of pre-qualified bidders. When information is lacking, “red flags” appear or simply on a sample testing basis, we have the ability to verify professed qualifications and track records of companies or individuals seeking to work for NJ TRANSIT. We also check for inconsistencies, omissions or undisclosed controversies in their backgrounds. Particular emphasis is placed on issues bearing on integrity and reputation, such as:

<ul style="list-style-type: none"> • Legal disputes 	Have they been sued for fraud or performance by clients?
<ul style="list-style-type: none"> • Financial trouble 	Have they, or their key employees, filed for bankruptcy or been subject to claims from creditors?
<ul style="list-style-type: none"> • Regulatory actions 	Do public records reflect safety or regulatory issues?
<ul style="list-style-type: none"> • Media controversies 	Do historical press reports and industry media reflect other issues of concern associated with them and their management?
<ul style="list-style-type: none"> • Undisclosed relationships 	Do any of the individuals have a criminal record or associate with known criminal figures?

CohnReznick utilizes the background search services of Acumen Probe, a company which has conducted over 330 background checks on contractors for the Yankee Stadium construction project and more than 200 entities for the NYC Department of Environmental Protection in connection with the \$3 billion Croton Water Treatment Plant project. A typical Acumen Probe search examines the following:

Corporate Registrations and Identification Research

- Corporate Registrations
- Dun & Bradstreet
- Debarred Contractor Registries (e.g., US GSA SAM Registry)
- M/W/DBE Indexes
- VENDEX
- FEIN# Identification and Cross Referencing
- Regulatory sanctions (E.g., OSHA, ECB Violations)
- Licensing and certifications
- Media/Publicity
- US Courts via Pacer - Civil, Criminal and Bankruptcies
- Federal and State Tax Liens
- Identified Associated Principals / Individuals
- Associated Addresses
- Associated Phone Numbers

Individual Searches

- Education credentials
- Employment history
- Civil and criminal litigation
- Regulatory sanctions
- Licensing and credentialing
- Social media
- Media/Publicity
- Public profile
- Creditworthiness
- Controversies at current and prior employers, and on boards
- US Courts via Pacer – Civil, Criminal and Bankruptcies
- Federal and State Tax Liens
- Identified Associated Principals / Individuals
- Associated Addresses
- Associated Phone Numbers

A typical search can be supplemented with various other records, as necessary, e.g., copies of birth/death certificates, state and county records. When warranted, our field investigators, all former law enforcement personnel, are available to supplement the background report and check references, interviewing witnesses, conduct surveillances and obtain additional information from various sources not available on-line.

Review of Documents

Approach

Our document reviews are performed by team members who are intimately familiar with the vernacular, flow, paper and processes which are unique to a construction project. Most are certified fraud examiners. In addition to their substantive knowledge, their document reviews are performed with a fraud detection perspective and an instinctual skepticism that can only come with years of experience.

Methodology

Our team of fraud auditors review requisitions and other documents submitted in support of payment, such as certified payrolls, lien waivers, subcontractor invoices and general conditions expenses. A description of our review procedures in this regard is set forth above in the Task B section discussing our Project Work Plan. However, it should be pointed out that such documents are not only reviewed for substantive content, but also examined for proper execution, notarization and acknowledgments; inspected for irregularities and evidence of alteration/ fabrication; and tested for mathematical accuracy. Original documents are preferred whenever possible and when originals not available, spot checks for authenticity by comparing with other correlated records are required.

Additionally, documents, such as certified payrolls, are “masked” (templated) using data analysis software and exported to a database for analysis and comparison with other data sets, such as accounts payable and vendor history records, to reveal common addresses, phone numbers, or other identifiers.

Documents unrelated to payment requests will be reviewed by the team members most qualified to do so. For example, plans and specifications would typically be reviewed in the first instance by an engineer; safety records examined by our safety consultant, etc. However, because of the integrated, inter-disciplinary structure of our integrity

monitoring team, there will be occasions when our audit team members will be required to review technical documents and vice versa.

Investigations and Inquiries

Approach

One of the most important elements of our integrity monitoring program is an on-site investigative presence. CohnReznick's field investigative team members include former law enforcement personnel with the skill sets, instincts, and personalities which allow them to blend in and become part of the organization and culture of a project. Introducing our investigators into the project at the earliest possible date further enhances the prospects for success.

By embedding our investigators into the daily routine of a project, they are able to develop the necessary trust, respect and relationships with project personnel at all levels—from laborers to project executives. These relationships are essential to an effective integrity monitoring program and are one of the main means by which our investigators gather intelligence information about fraud, waste and abuse and other wrongdoing, such as theft, alcohol/drug use. Maintaining a site presence also provides us with the ability to obtain credible, real-time information about site activities which may not surface in memos or reports for days or weeks. Having such information at the earliest possible date allows our investigators or other team members to pursue leads and follow up before the information becomes stale or unavailable. Also, the extraordinary deterrent value created by being visible and making their presence known is immeasurable but not the less very real.

Because our investigative staff is familiar with the flow of a construction project, they also know how and when to conduct site investigations so as to not interfere with construction operations and to maximize cooperation and achieve desired objectives.

Methodology

Our on-site investigative team is involved in monitoring many different aspects of site operations with the main objective of deterring and detecting fraud, waste and abuse and other wrongdoing. Below is a list of some of the activities that they perform when on-site:

- **Security**
 - Check site perimeter and make sure that points of ingress/egress are secure and manned appropriately
 - Confer with guards concerning any incidents/unusual activity on previous shift
 - Review Incident/Accident reports
 - Verify operational status of security equipment (scanners, card readers, cameras, radios)
 - Review sign/ins-outs from previous shift
 - Review visitor log / verify access authorized
 - Observer muster and sign/ins-outs
 - Verify accuracy of sign/ins-outs

- Perform physical headcounts
- Review/prepare daily manpower report and reconcile any discrepancies
- Review/prepare daily equipment report, verify ownership/registration
- Monitor security cameras
- Verify accuracy and retrievability of security records (written and video)
- Test performance of guard force
- **Operations**
 - Confer with project management / staff re plan of the day, ongoing and future activities, schedules
 - Verify proper inventory control and storage of small tools and supplies - drills, saws, bits, blades, hard hats
 - Attend new hire orientation, introduce himself and explain his role on project
 - Monitor deliveries of equipment and materials
 - Check deliveries of materials for compliance with “Buy American” policy
 - Monitor outgoing shipments of equipment and materials
 - Monitor trucking operations / review manifests
 - Verify proper truck licensing/registration, BIC, DOT, HazMat
 - Review GPS report and monitor live GPS tracking
 - Conduct Prevailing Wage Verifications
 - Meetings with Shop Stewards and union business agents
 - Verify licenses/certifications of skilled tradesmen, e.g., crane operator, rigger, welder
 - Monitor compliance with union rules, e.g., “jump time,” “wash up” periods
 - Conduct DBE/commercially useful function verification
 - Monitor environmental cleanup, testing, disposal activities
 - Attend project management meetings
 - Observe change order negotiations
 - Attend “tool box” talks
 - Verify posting of official notices, hotline and fraud posters and maintain same
 - Verify daily safety inspection performed
 - Verify use of “BAT” (Best Available Technology)
 - Monitor significant construction activities, e.g., concrete pour, crane jump, heavy lifts
 - Observe independent testing/inspections, e.g. concrete field tests, weld inspections
 - Prepare a daily site activity report
- **Investigations /Surveillances**
 - Visits to waste disposal facilities
 - Tailing trucks to destination and verifying proper disposal
 - Visits to DBEs offices
 - Conduct prevailing wage investigation, e.g., surveillance at check cashing facilities
 - Checking the hotline daily
 - Conducting hotline investigations as required
 - Conducting investigations as required, e.g., thefts, drugs, kickbacks

- Prepare investigation reports
- Consult with SMEs as required, e.g., environmental consultant
- Coordinate and collaborate with NJ TRANSIT police and local law enforcement, Fire Department
- Liaise with regulatory agencies on site
- **Audits**
 - Confer with audit team as necessary to corroborate invoices for work performed, manpower, equipment and materials with independent record of site activity
 - Observe paycheck distribution
 - Assist with audits at subcontractor offices

Our investigators will be equipped with digital tablets which will allow them to scan documents, take photographs and video of site conditions and activities, as well as record site data, such as daily manpower, more quickly and efficiently than in previous engagements. Additionally, the captured information can be sent electronically to a shared database for review and analysis by both CohnReznick and authorized NJ TRANSIT personnel.

Not all of the above activities are performed at all locations at all times. Ideally, we would like to have one or more investigators on-site on a full-time basis. However, budget constraints may limit the amount of investigative resources that may be devoted to any particular project. The deployment of the investigative team, as well as the frequency and scope of activities to be performed by our investigators, will vary depending on the size and scope of the project, the configuration of the site, size of the workforce, regulatory and media interest and such other variables which may be relevant.

If our investigators identify any significant issues during the course of their work, we will promptly notify NJ TRANSIT management and take the necessary steps to preserve and further develop any information pertaining to such findings.

Deliverables

- Investigation Reports
- Daily Site Activity Reports
- Monthly Status Reports
- Quarterly Status Reports

2.5 Task D: Reporting

CohnReznick will provide quarterly reporting to the State Treasurer utilizing the prescribed forms, as we currently provide to the State Treasurer for the NJ DCA-SRD project. On a periodic basis as requested by NJ TRANSIT, the CohnReznick team will submit several reports to keep NJ TRANSIT abreast of the integrity monitoring efforts. These reports will include:

- **Activity Report:** Describes the status of integrity monitoring activities that are in progress and planned integrity monitoring activities for the next period.

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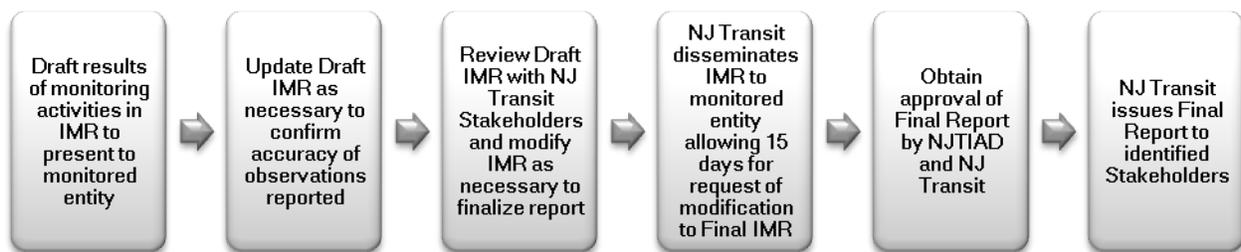
- **Fraud Management Report:** Describes any instances of fraud discovered and the corresponding management approach.
- **Resolution and Closure Report:** Utilized to track any issues resulting from our integrity monitoring activities and the implementation of any recommendations.

To address results of specific monitoring activities, CohnReznick will utilize the integrity monitoring reporting template developed during our work with NJ DCA-SRD to ensure full and open communication with NJ TRANSIT, NJTIAD, the State Treasurer, and any other identified stakeholders. Each Integrity Monitoring Report (IMR) will contain:

- 1) Introduction to the monitoring responsibility;
- 2) Background of the function, contractor, or process monitored;
- 3) General scope overview and detailed description of integrity monitoring activities performed;
- 4) Observations and comments regarding results of integrity monitoring activities; and
- 5) Recommendations to remediate issues or concerns, if any, described in the observations.

All recommendations related to respective observations reported in each IMR will be entered into a database to track the progress of implementing recommendations as appropriate.

We have established an integrity monitoring reporting protocol to formalize the process of disseminating the results of our integrity monitoring activities to applicable stakeholders, which will be mirrored for our NJ TRANSIT integrity monitoring efforts, while customized to meet NJ TRANSIT's needs. Our current process will be tailored to accommodate NJ TRANSIT's structure to include several layers of quality control review and approval sign-off by multiple parties, as necessary. An overview of the protocol is depicted below:



For instances in which serious issues, potentially resulting in a material impact, are identified during an integrity monitoring activity, we will utilize a Performance Alert reporting template, as an alternative to the IMR template, to immediately notify NJ TRANSIT and NJTIAD of the issue. A Performance Alert follows an abbreviated format of the IMR to address real-time concerns and allow immediate action to take course to mitigate any potential material repercussions identified.

We also have developed a Fraud Incident Report template that may be used to consistently report any identified criminal violation or lesser degree of waste, fraud or abuse, to the New Jersey Attorney General and Comptroller. The template captures information regarding applicable programs, applicable contacts, and a summary of the incident while categorizing the type of potential fraud.

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2.6 Task E: Preparing and Maintaining a Fraud Risk Assessment

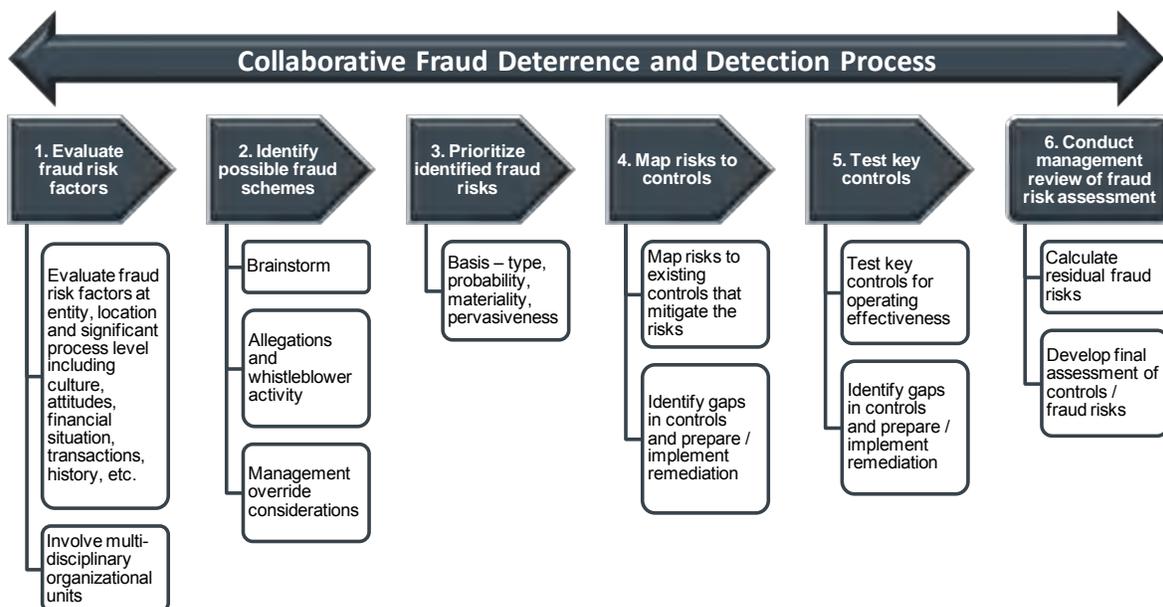
Through our work providing financial auditing, compliance and monitoring, and grant management to the states of Louisiana, Mississippi, Texas, Illinois, New York, and New Jersey, our team has gained experience in various disaster recovery program types: we've learned what works and what doesn't and we are prepared to share what we have learned to assist the NJ TRANSIT to implement the most successful, fraud-resistant programs possible.

Approach

CohnReznick will utilize our approach to conduct assessments of NJ TRANSIT's fraud, corruption, and bribery risk exposure as addressed Section 2.3. We will address the primary areas of concern with regard to fraud, corruption, and bribery risk exposure - irrespective of functional boundaries - and identify the controls in place to mitigate the risks. Where controls are weak or absent, we will brainstorm ways to efficiently and effectively remediate the control deficiencies and improve the overall fraud prevention program.

Methodology

Our methodology adopts a practical approach to create an effective program, or to improve upon an existing program, after duly assessing the exposure and fraud prevention program. We will work closely with management to identify and evaluate fraud, corruption, and bribery exposures at the organization or entity level. We will assess the likelihood and significance of the various potential fraud, corruption, and bribery risks having due regard to their quantitative and qualitative significance. We will then review the control universe to identify which existing controls would mitigate the various risks. We will recommend, when necessary, established additional controls to manage the fraud exposures. These steps will aid in ensuring effective management oversight. The diagram on the following page depicts the key steps in this methodology.



Deliverables

As an integrated part of our fraud risk assessment methodology, we will assist NJ TRANSIT's management in fulfilling its responsibility for establishing and monitoring all aspects of its fraud risk assessment and prevention activities. Our work can be leveraged by NJ TRANSIT in developing and maintaining a comprehensive and coordinated approach to deterring, detecting, and preventing fraud, corruption, and bribery. Our deliverables will include:

- Prioritization of Fraud Risks(Exhibit 1)
- Mapping of Fraud Risks to Controls (Exhibit 2)
- Testing of Fraud Risk Controls (Exhibit 3)
- Development of the Fraud Risk Register (Exhibit 4)
- Summary List of All Fraud Risk Scenarios (Exhibit 5)

2.7 Task F: Internal, IT and Construction Auditing

In response to Superstorm Sandy, New Jersey has proposed a variety of programs to meet its recovery needs. To effectively implement these programs, procedures must be developed and consistently audited to ensure the programs are administered in accordance with federal and state requirements. Throughout our disaster recovery and grant management experience, we have diligently worked to establish consistent oversight standards, proactive technical assistance and communication, centralized data and reporting, and effective quality management protocols in our operations. We will ensure these aspects of program management are embedded within the operations of work assignments for which we are selected for work.

One of the most valuable distinctions of our CohnReznick team is the vast subject matter expertise and versatility we offer in designing and deploying creative strategies to meet the specific needs of each entity to which we provide services. Our experience providing auditing services for disaster recovery efforts spans the states of Louisiana, Mississippi, Texas, Illinois, New York, and New Jersey. Within these states, we have provided a variety of services to improve organizational effectiveness, reduce risks, and ensure compliance with federal, state, and local regulations.

Approach

CohnReznick's approach to providing risk assessment and internal, IT and construction auditing is rooted in helping organizations such as NJ TRANSIT protect and enhance their value. Our risk assessment and audits are conducted in a consultative manner wherein as we review an area or process to determine whether controls are in place and operating effectively, we also simultaneously identify opportunities to improve business performance with the ultimate goal of delivering future value.

Opportunities For Fraud on Construction Projects

- Bidder collusion
- Billing for ghost employees
- Equipment double-billing
- Inflated materials pricing
- Billing for equipment and materials not on site
- Use of substandard materials
- Work slowdowns
- Use of unqualified subcontractors
- Concealed relationships between contractors and subs

We realize that NJ TRANSIT, as any organization, is committed to properly monitoring and managing its resources. We aim to help achieve these objectives while maintaining the highest level of professional standards. In addition to fulfilling your risk assessment and audit needs, we can deliver value-added insight on operational and management issues, such as:

Policies and Procedures - Compliance with well-documented and current policies and procedures is an important component of NJ TRANSIT's risk mitigation strategy. Policies and procedures help ensure functions, duties, and services are performed in a consistent manner and can provide proof that NJ TRANSIT has strict performance requirements for employees. As auditors, we will review NJ TRANSIT's policies, including those relating to the procedures that are in place in the event of an emergency.

Construction Monitoring - Fraud, waste, abuse of contracts, and other criminal behaviors have been shown to add as much as 25 percent to the total cost of construction projects. Perhaps more costly is the potential breach of public trust, increased scrutiny by regulators, and the negative publicity and tarnished image that may result. Our team offers fiscal and integrity monitoring services, and can help NJ TRANSIT establish protocols and internal controls to prevent and identify fraudulent, improper, and criminal behavior. These protocols serve as effective deterrents when the presence of monitors is communicated properly, and they provide protection throughout all stages of the construction lifecycle, from project design and approval, through project execution.

Business Intelligence - Through the use of business intelligence (i.e., dashboard technology), NJ TRANSIT can develop performance metrics for its critical financial and operational functions, and drive actionable information on the performance of those functions to decision-makers on a real-time basis. CohnReznick includes data architects and application developers that work with clients to integrate performance data from disparate sources into one easy-to-use application (QlikView).

IT Audit and Security - We can help NJ TRANSIT identify information security risks for all or part of its technology infrastructure. Our team has significant expertise in the following areas:

- IT General Controls
- IT Risk Assessments
- IT Infrastructure Assessments
- IT Governance
- Penetration Tests
- Network Vulnerability Assessments
- Fraud Audit
- Checkpoint and Cisco Firewall Audits
- Windows 2000/2003, Unix, AS/400 and S/390 Security Audits
- Technology Security Audit
- Enterprise Risk Management
- Documentation of Internal Controls

Process Optimization - In today's economic climate where most organizations find themselves having to "do more with less," few organizations can afford to waste resources on inefficient, ineffective processes. Our proven methodology will bring

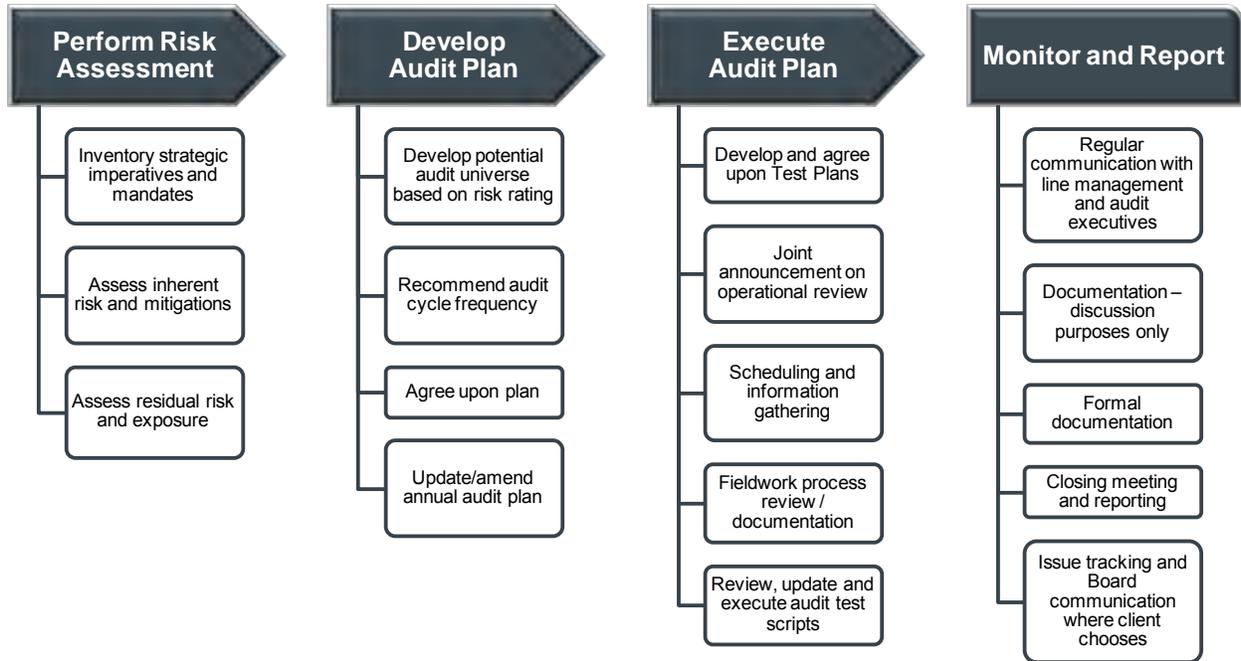
together process owners and key stakeholders to analyze the process and define the existing and potential future controls and process performance metrics used to measure, control, and improve its performance.

Our approach not only minimizes impact on the day-to-day activities of the process owners, but also is a valuable tool in identifying process improvement opportunities. It complements the “traditional” audit approach and offers a number of benefits because it:

- Breaks down functional silos, and fosters cross-functional collaboration, frank discussion, and consensus building
- Cuts through organizational complexity and ineffective communication that can often lead to an incorrect/incomplete understanding of the business process and its risks
- Identifies areas where risks are interrelated but have been traditionally managed as single impact events, thereby increasing the likelihood of fixing perennial issues
- Potentially reduces sample sizes of business processes chosen for an audit review
- Links business objectives, risks, and controls to the audit universe
- Eliminates redundant work - opportunities to improve process efficiency and mitigate risk are identified concurrently
- Complements the traditional internal audit approach by creating a collaborative aspect to the data gathering that adds a significant ROI potential in terms of identifying potential process improvement opportunities
- Establishes a common “language” and approach to addressing risk
- Decreases time required to effectively assess a business unit’s control environment

Methodology

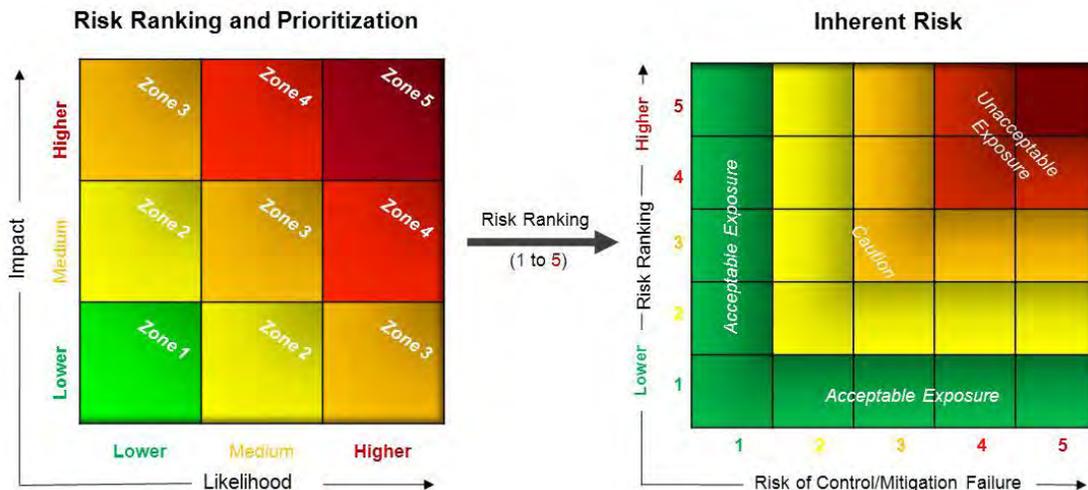
Our internal, IT and construction audit methodology includes the following phases:



Phase 1: Perform Risk Assessment

The use of a risk assessment methodology allows audit costs to be more efficiently controlled, while providing senior management assurance that the audit plan has been properly designed to assist in mitigating risk. We will interview key internal management personnel and review NJ TRANSIT’s policies and procedures and other related information obtained from the organization’s staff and management.

Based on the information obtained from the business functions interviewed, a summary of important areas of risk is prepared. In addition, risk rankings are developed based on categories included in CohnReznick’s Risk Ranking and Prioritization Model (see diagram below). Please note that a high-risk rating does not necessarily imply a problem with the operation of the business function, but may be due to the inherent risks involved with the process or the relative exposure created by the process within the entity.



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We will utilize our standard, qualitative and quantitative methodology to evaluate the risk exposure of each business function within the entity, examining many areas of potential risk, including internal and external factors.

Phase 2: Develop Internal, IT and Construction Audit Plan

The risk assessment process provides the foundation for developing an initial audit plan. Once the audit universe is assessed for risk, an internal audit plan will be developed. A validation process will be established and performed continuously to ensure that high risks are addressed in each current year's plan. Monitoring control activities will include qualitative and quantitative analysis. Unexpected results would trigger audit activities.

Phase 3: Execute Internal, IT and Construction Audit Plan

Our auditors will begin each audit by analyzing NJ TRANSIT's business processes. To do this, CohnReznick will lead process owners and participants in a collaborative review of NJ TRANSIT's core and enabling processes identified as having the greatest opportunities for improvement. During this process, we will:

- Document NJ TRANSIT's process in a collaborative fashion;
- Define the objectives at each stage of the process, including roles, accountabilities, and user requirements;
- Gain an understanding of the technology systems NJ TRANSIT uses to support the process;
- Understand the use of manual forms, reports, and other source documents; and
- Define existing and potential controls and process performance metrics used to measure, control, and improve process performance.

Upon gaining a foundation of process understanding, we will "walk the process" to observe it firsthand, and document it in flowchart form. The expected business benefits of our processes for NJ TRANSIT include:

- Identification of control weaknesses and redundant or ineffective controls;
- More effective use of technology to reduce manual processes;
- Reduced complexity and improved reliability of key business processes;
- Enhanced management understanding of the way a function or process actually operates; and
- Improved decision-making through the use of more timely, accurate, and actionable information.

Additionally, during this execution phase the audit team will continuously communicate with management as to progress, potential issues, and needs. We consider continuous communication to be a critical component in a successful audit function.

Phase 4: Monitor and Report

During the course of any audit, issues may arise. CohnReznick will report these issues in three ways:

- 1) Our audit team will continuously communicate with NJ TRANSIT's management as they progress through each audit.
- 2) The audit team will prepare a document (for discussion purposes only) that will reflect all of the issues noted during the course of the audit. This discussion document will be presented at a closing meeting with NJ TRANSIT to obtain clarification and agreement on the issues noted during the course of the audit and to identify possible action steps focused on remediation.
- 3) CohnReznick will draft a formal audit report that reflects all previously discussed issues, recommendations, and management's agreed-to action plans. The report will also reflect a rating. Once we have obtained approval from management, we will release the audit report to specific members of the management team.

CohnReznick's internal audit service also includes an effective issue tracking component. As the team executes the audit plan, issues identified will be captured, classified, reported, and monitored. The issues contained within any report will be added to an "Issue Tracking Document" for monitoring purposes. This document will enable the internal audit function to:

- Effectively monitor management's progress with respect to corrective action
- Report on outstanding issues
- Identify "repeat issues" from year to year

The documents discussed above (i.e., informal discussion document, formal report, and Issue Tracking Document) can all be customized as necessary to meet NJ TRANSIT's needs.

Deliverables

Risk Assessment Deliverables

- Develop a comprehensive risk assessment report that identifies and ranks relevant enterprise risks, including a quantitative assessment of the likelihood and impact of each risk.
- Map risk areas to processes and controls that mitigate or reduce the likelihood or impact of those risks.
- Develop an internal, IT and construction risk-based audit plan (a validation process will be established and performed continuously to ensure that high risks are addressed in each year's audit plan).

Internal, IT and Construction Audit Deliverables

- Develop a project plan with milestones and target delivery dates, as well as a preliminary audit plan.

- Create/update detailed flowcharts and/or process narratives to document the control processes and key financial and operational controls.
- Develop the final audit plan, execute testing, and create appropriate work papers in accordance with NJ TRANSIT'S standards.
- Draft an audit report detailing findings and recommendations and review it with appropriate NJ TRANSIT process owners and management.

3.0 Technical Approach

Preparing and Maintaining a Fraud Risk Assessment

CohnReznick will utilize our processes, as previously described, to prepare and maintain a fraud risk assessment. We will work closely with management to identify and evaluate fraud, corruption, and bribery exposures at the organization or entity level. We will identify and categorize potential risks, assessing the likelihood of occurrence and magnitude of risk impacts and prioritizing and managing risks. We will develop a risk register and determine the proper approach and techniques to be used depending on the project risk profile.

To perform the fraud risk assessment, CohnReznick will interview key internal management personnel, review policies and procedures, and other relevant information obtained from the organization's staff and management. We will assess internal controls to ensure they are operating as represented. Based on the information obtained during the interviews, all identified risks will receive a risk ranking and will then be summarized by the important areas of focus.

As previously discussed, CohnReznick implements a collaborative approach to conducting risk assessments that brings together key stakeholders to jointly analyze the company's risk exposure and the controls that mitigate such risk. We will work with NJ TRANSIT and discuss the primary areas of concern with regard to risk exposure and identify the controls in place to mitigate the risks. For areas lacking controls, we will provide recommendations to efficiently and effectively remediate deficiencies.

CohnReznick will prepare a PWP based on the agreed upon areas of concern. The PWP will identify risk areas and assign risk ratings, map the risk to key controls, and recommend a detailed strategy for the life of the project. The PWP will be used to manage resources, level of effort, and deliverables of each risk. The following describes potential procedures CohnReznick will employ to mitigate, minimize, and/or identify fraud for different risks, scenarios, or schemes.

Requisition Testing - CohnReznick will thoroughly review applications for payment. We will incorporate the following procedures designed to test the payment application process:

- Ensure that the Schedule of Values (SOV) is based on management's original estimates and supported by the budget and bid documents. Make sure that the schedule is properly updated for any change order additions or deducts.
- Monitor work completed on an ongoing basis against the original budget and identify and explain significant variances. Follow up on significant over or under-utilizations of pay items. (Under utilizations may highlight that certain services were not performed or quantities were not installed. Excessive actual over-budgeted amounts can identify inefficiencies and highlight the potential need for change orders later in the job).
- Compare work performed on projects to payment applications. On a sample basis, trace costs back to supporting documentation, including bank statements,

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checks, vendor invoices, contractor lien waiver forms, insurance policies, or other source documentation to ensure that costs being billed for have been incurred and are supported.

- Cross reference pay application line items from any subcontractor's requisitions to the general contractor's requisitions to ensure that subcontractor costs have been passed through correctly and charges are not being accounted for incorrectly or billed more than once.
- For pay items that are not clearly defined, such as mobilization, allowances, and general conditions, determine the types of costs that are allowable and not allowable and periodically review for costs that are being misclassified or should not be billed under the contract. Utilizing our field team, we will also verify that general conditions work, such as site maintenance, is not being performed by another subcontractor.
- Ensure that the progress payment applications are clerically accurate, that they properly roll-forward, and that fees and markups on labor and other direct costs have been calculated correctly and are in compliance with the provisions of the contract.

Payroll Verification - Payroll verification includes obtaining evidence that the payroll costs that have been billed have been incurred and paid to the workers as well as ensuring prevailing wage compliance and the physical existence of workers on site. We will incorporate the following procedures to test the payment verification process:

- Obtain certified payrolls from the contractor and all subcontractors and agree wage and benefit rates back to union agreements and/or current prevailing rate schedules. Verify that flat fees being charged for trucks and drivers include the proper rates.
- Compare certified payrolls or other documentation to the general ledger and payroll cost records to determine if the proper amount of contract labor costs has been charged to the job and to make sure that the workers are actually being paid the amounts that are being charged to the contract.
- Determine whether labor burden markups on executive and supervisory payroll are reasonable and billable under the contract. Determine whether benefits included in the labor markups are mandatory and allowable or discretionary and should either be approved in advance or excluded from the markup.
- Review payroll and disbursement records of the general contractor and subcontractors to determine whether employees are receiving payments in addition to payroll for possible wage and tax violation issues or other integrity issues.
- Periodically compare daily scan reports/site logs and daily foreman reports to the certified payrolls to ensure that workers who are being billed to the project are present at the job site and working on the proper contract. Workers on the certified payrolls who are not accounted for on the scan reports or daily logs could indicate ghost employees being billed to the job. In contrast, workers showing up on the daily scan reports or foreman reports who are not on the certified payroll reports could indicate workers are being billed to a different contract.

- Periodically interview workers regarding payment of their wages and benefits, obtain copies of their pay stubs; observe pay day check distribution by contractor; review of canceled checks.

Equipment Monitoring - CohnReznick's forensic auditors will coordinate with forensic engineers, site supervisors, safety consultants and others with daily oversight responsibility to ensure the physical existence and proper usage of equipment on site as proposed in the contracts, through the following procedures:

- Review contract agreement and bid documents to identify equipment and tasks budgeted for the project.
- Perform independent testing to confirm that equipment budgeted for the project has been delivered to the site and that the equipment is performing the tasks as agreed.
- Ensure that equipment on site that was budgeted for the contract is not being used on other contracts being performed by the same contractor.
- Ensure that idle equipment charges resulting from inefficiencies of the contractor do not end up being billed in the form of change orders.

Insurance and Bonding - Procedures will include the following:

- Review contract agreement for insurance and bonding requirements on the project.
- Contact the carrier to verify issuance of bonds and coverages in the appropriate amounts and the cost for same.
- Trace payments for insurance and bonding back to disbursement records and supporting policies to ensure that the contractor has paid its premiums and that amounts advanced by the owner are properly supported.
- Compare amounts billed to amounts paid to ensure that the contractor is not making a profit on insurance or bonds.
- Verify that coverage amounts are increased/decreased to reflect changes in scope.

Other Direct Costs and Reimbursables - In addition to payroll, contractors often incur costs related to their field operations known as other direct costs ("ODCs") or reimbursable costs. Such costs may include field office rent, travel and lodging expenses, union layoff checks or purchases for small tools and consumables, field office supplies, and other general conditions and contingency costs. Depending on the materiality of these costs, we may consider it necessary, during our review of a contract, to perform the following procedures:

- Determine what the definition of ODCs and reimbursable expenses is under the contract, and gain an understanding of what ODCs and reimbursable expenses are allowable and not allowable under the contract.
- Gain an understanding of the field administration procedures and internal controls utilized by the contractor surrounding these types of costs.

- Perform testing to confirm that the goods or services have been delivered to the project. Determine whether the costs are allowable and properly being charged to the project in accordance with the contract. Confirm that the costs are properly supported and amounts are not being double billed to the contract or to more than one contract.

Change Orders/Scope Changes - Often there will be additions or deletions to the work scope as originally outlined in a contract. All major contract changes need to be understood and analyzed, especially additions. CohnReznick IMs will work with forensic engineers to evaluate change orders and extra work in order to determine the financial impact of the changes in scope and whether the additional costs are consistent with estimates and with the pricing in the original contract. Procedures may include the following:

- Ensure that all additional work has been properly proposed and approved prior to the work being performed and that cost estimates for the additional work, including fees and markups, are reasonable and in line with the original contract.
- Compare extra work proposed back to the base contract to ensure that the work was not already included in the base contract, and, therefore, a change order is not warranted.
- Monitor the field administration of the change order work and whether adequate supporting documentation is being obtained on a timely basis.
- Ensure that all work related to delays is performed in accordance with the contract, is properly approved, and that the costs incurred as a result of performing the additional work is supported by the books and records of the company.
- Determine that all contractor claims have been properly evaluated and approved before payments are made to avoid overpayment or unwarranted payment.
- Monitor contractors performing change order work, especially those with multiple contracts, to ensure workers are not billing the wrong contract or multiple contracts for the same work.

Charge Backs - Procedures will include the following:

- Identify and review all charge backs to the contractor for possible duplicate or inflated billings or other integrity issues.
- Ensure that the contract amount is reduced for any change order credits or deducts.

Payments to Vendors - When a payment application is submitted, a lien release for the amount requisitioned should be included. The lien release states that the requisition amount represents full payment for services provided and prevents liens from being filed against the job for non-payment. The following procedures will be performed to ensure that lien releases are obtained:

- Determine whether procedures are in place to ensure that lien release forms accompany all payment applications from the general contractor and also that the

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contractor is obtaining lien releases from subcontractors, vendors and suppliers when payments are made.

- Review payment applications previously submitted to test whether the contractor and subcontractors have been providing lien release forms for payments already made.
- If necessary, request and obtain missing lien releases for amounts previously paid that were not accompanied by a lien release form.
- Review disbursement records of the contractor to ensure that amounts paid to subcontractors, vendors, and suppliers agree to the lien releases provided.

Onsite Monitoring/Field Investigations - We will maintain an active full-time field presence, utilizing the resources of our forensic and engineering teams, and:

- Extensive worker interviews that can be performed to alert us to illegal activities affecting contract payment.
- Listening to field complaints, as late payments to subcontractors or employees may reveal problematic situations.

MBE/WBE/DBE Compliance - Procedures will include the following:

- Determine whether MBE/WBE/DBE program participation goals are being met.
- Determine whether entities being reported as MBE/WBE/DBE firms have been properly certified as such and have a physical presence on the project.
- Through our active field presence, determine whether MBE/WBE/DBE firms are performing a commercially useful function by supervising the work and utilizing its own workforce and equipment.
- Interview workers and confirm employment relationship with the MBE/WBE/DBE.
- Conduct site visits to home offices of MBE/WBE/DBE as required.

Conflict of Interest (COI) Mitigation - For entities working on multiple projects where COI mitigation is necessary, we would review the contract for the provisions of the COI mitigation and ensure the contractor is complying with the requirements.

Bribing of Oversight Personnel - Procedures will include the following:

Determine whether any inappropriate charges have been approved and billed by:

- Scanning job cost detail reports and disbursement records for unusual or unsupported charges, transactions or unapproved vendors, subcontractors or consultants.
- Reviewing reimbursable accounts and field checking accounts for unapproved or unusual transactions.

Environmental Compliance - Because soil and ground water in and around railroad tracks, train yards and substations typically are compromised by decades of exposure to hazardous substances, such as PHCs, VOCs, PCBs, heavy metals and asbestos, we anticipate that a significant amount of environmental testing and remediation may be required prior to and during construction. We therefore have added an environmental

consultant to our integrity monitoring team who will implement procedures to assure the contractor's compliance with environmental requirements. Procedures will include:

- Assess the adequacy of existing environmental controls.
- Conduct environmental compliance audits to verify:
 - Proper handling/transport/storage of contaminated/hazardous materials,
 - Proper licenses and certification of personnel,
 - Proper testing protocols and procedures, and
 - Proper disposal of hazardous materials/contaminated soil.
- Conduct inspections of disposal facilities to verify proper licensing, insurance and manifesting procedures; and observing waste handling and disposal operations for compliance with regulatory requirements.

Site Security - Members of our investigative team are former law enforcement personnel with experience in conducting site security surveys and can assist in identifying the security plan objectives, defining the site envelope, locating points of ingress/egress and determining the most efficient deployment of security equipment and personnel. Based on the scope of work and configuration of work sites which we may be required to monitor, our investigative team can also recommend the use of radio-frequency identification (RFID) tags, access cards, hand-held and stationary tag/card scanners, GPS tracking, and hi-resolution remote cameras.

Additionally, our investigative team will conduct audits to:

- Verify objectives of security plan, e.g. unauthorized access control, equipment/materials theft prevention, accident prevention, property damage prevention, labor cost verification.
- Assess security contractor's understanding of plan objectives;
- Assess security plan implementation.
- Conduct interviews and observations of security personnel.
- Verify accuracy and retrievability of security records (written and video).
- Test performance of guard force periodically.

If needed, our investigative team can be supplemented to monitor security cameras and maintain digital recording of site activity.

Vendor Selection/Bidding - To assure that NJ TRANSIT knows the character and integrity of contractors, subcontractors and vendors bidding and/or working on the project and to protect against bid collusion, our integrity monitoring team will:

- Assess the pre-qualification process and scope/thoroughness of background reviews.
- Review pre-qualification questionnaires and list of pre-qualified bidders.
- Assess historical contractor relationships and performance evaluations.
- Review detailed engineering estimates, bidding procedures, procurement functions and pool of qualified bidders.

- Perform supplementary background checks and other investigation as necessary.
- Perform a comprehensive comparison of the numbers of hard/low bids received (when required as well in all procurements), across competing submissions including analysis, compilation and presentation documents to clearly show the results and ultimately the grounds and reasoning behind the recommendation of award. Independent cost estimates may also be obtained if necessary.

As previously noted, CohnReznick understands that risk management is an ongoing project management function that is imperative given risk drivers evolve over the life of a project requiring new strategies to manage and mitigate the threats. During the course of our monitoring, we may identify other matters requiring investigation, or NJ TRANSIT may request that we perform procedures in other areas. If any additional procedures are warranted, we will inform NJ TRANSIT before commencing work in those areas.

Our team places a premium on effective communication during all phases of an engagement. The engagement partners will oversee every step of the engagement to ensure that the procedures are appropriately implemented. Our team also recognizes the strict confidentiality of our work tasks, work papers, and findings reports. We have strict educational programs and will have specific training for all members of this team. We will assure that everyone that will be in contact with the documents in this matter will share our overall commitment to security and confidentiality.

4.0 CohnReznick Affiliates

CohnReznick offers a wide range of audit, tax and accounting solutions to respond to our clients' ever-changing needs and have a number of affiliated companies that allow us to serve our clients beyond what an accounting and business advisory firm can provide. The following affiliated companies are independent, and none of them will be performing work under task orders issued after contract award.

- Integratec Holdings LLC
- Integratec Services LLC
- CohnReznick Think Energy LLC
- CohnReznick Professional Services PVT Ltd.
- Cohn Capital LLC
- CohnReznick (Cayman) Certified Public Accountants
- J.H. Cohn Software Associates, Inc.
- CohnReznick Holding LLC
- Videre Associates LLC
- CohnReznick Wealth Management LLC
- RFS S8 LLC

5.0 Full-Time Office Certification

As the 10th largest public accounting firm in the country, our New Jersey presence includes more than 500 professionals located in four offices in Roseland, Princeton, Edison, and Eatontown. CohnReznick certifies that a full time office will be maintained during the project period, and that Engagement Partner Paul S. Raffensperger, PMP, can be reached through this office during regular working hours.

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6.0 Individual Qualifications / Resumes

Key Personnel

Paul Raffensperger, CPA
CohnReznick Advisory Group Partner

Formal Education

- Pennsylvania State University: Bachelor of Science, Accounting
- George Washington University: MBA, Finance

Professional Licenses

- Project Management Professional (PMP)

Entire Work History

- CohnReznick - 1994 - Present
- George Hyman Construction Company - 1986 - 1994
- Rogers, Huber & Associates - 1982 - 1985
- Lewisburg High School - 1982 - 1985

Training in Industry Skills

- Managed Texas Development of Housing and Community Affairs, the State of Mississippi, and the State of Louisiana disaster housing grant programs distributing Community Development Block Grant (CDBG) funds to homeowners affected by Hurricanes Katrina, Rita, and Wilma.
- Supervised full compliance with federal, state, and local policies governing CDBG distribution.
- Under these programs, he oversaw the design of program policy and program requirements; establishment of the Project Management Offices (PMO); implementation of quality control and assurance programs, and development of approaches for application verification, grant approval, applicant notification, issue resolution, payment preparation, payment processing, and closeout.

Specific Skills/Other Relevant Experiences

- More than 25 years of experience in both public and private accounting, consulting, and program management.
- Currently leads the efforts of CohnReznick Advisory Group's government services delivery.
- Leads Firm engagements focused on organizational and business process development. These engagements often focus on technology assessment and development, work flows and procedures, process improvement, internal controls, budgeting processes, and financial and management reporting.

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Michael Lipari, CPA
CohnReznick Advisory Group Partner

Formal Education

- St. Peter's College: Bachelor of Science, Accounting

Professional Licenses

- Certified Public Accountant: Licensed in New Jersey and New York

Certifications

- N/A

Entire Work History

- Partner, CohnReznick - 2005 - Present
- Shareholder, Callahan & Company, PC - 1999 - 2005
- Manager, Callahan & Company, PC - 1996 - 1999
- Staff Account through Manager, Pascale, Callahan & Co - 1987 - 1996

Training in Industry Skills

- Specializes in advising construction contractors on complex accounting and tax matters, with an emphasis on heavy, highway and utility contractors.
- Provides independent audit and review services for a wide variety of construction clients.
- Provides consultative services, including overhead analyses, succession planning and construction claims review.

Specific Skills/Other Relevant Experiences

- Provided construction claim review services, representing both contractors and construction owners; developed and analyzed various components of contract claims.
- Led teams of forensic auditors on the fiscal monitoring of construction projects; conducted field audits of contractors under monitoring arrangements; reviewed and verified contractors records and documents to ensure compliance with contractual obligations

Gerard K. Frech, JD
CohnReznick Advisory Group Director

Formal Education

- B.A., Economics and Psychology, cum laude, Boston College;
- J.D., Seton Hall Law School

Professional Licenses

- Juris Doctorate

Entire Work History

- Director, CohnReznick - 2014 - Present
- Managing Director, Thacher Associates, LLC, 2007 to 2014
- Managing Partner, Stier Anderson, LLC, 1990 - 2007
- Partner, Frech & Rubin, Esqs., 1986 - 1990
- Regulatory Counsel/Litigation Associate, Kirsten Friedman, 1980-1986
- Counsel to the Chief Economist of New Jersey Board of Public Utilities, 1979 - 1980
- Law Clerk, NJ Board of Public Utilities, 1976-1979

Training in Industry Skills

- Specializes in conducting special counsel investigations and providing integrity monitoring services for government agencies and construction companies.
- Conducted numerous internal corporate investigations in the utility, insurance, oil and gas, textile and construction industries, many resulting in the savings of millions of dollars for project owners.
- Lecturer on Integrity Monitoring at the Columbia University Graduate School of Construction Management.
- Presented seminars on Conducting Internal Investigations for the Internal Audit and Legal Departments of major utility companies.

Specific Skills/Other Relevant Experiences

- Managed teams of forensic auditors, engineers, investigators, environmental and safety professionals to protect these projects from corruption, fraud, waste, and abuse and assure compliance with legal and contractual obligations.

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- Jerry's skills also include assessing internal controls, identifying risk areas, developing corruption prevention policies and procedures, work plans, budgets, reports and presentations, conducting interviews of confidential sources, as well as of corporate personnel at all levels -- from the field offices to the Board Room -- and interfacing with senior management of the client and responsible state and federal government entities, including regulatory and funding agencies, law enforcement, Inspectors General and prosecutorial offices.

Constance Bauman
CohnReznick Advisory Group Senior Manager

Formal Education

- B.A., English Literature, Syracuse University
- M.B.A., Columbia University Graduate School of Business, Full Academic Scholarship

Professional Licenses

- N/A

Certifications

- N/A

Entire Work History

- Senior Manager, CohnReznick, 1997 - Present
- Manager, Port Authority of NY & NJ, 1984 to 1996
- Manager, SCM Corporation, 1975 - 1984

Training in Industry Skills

- Extensive experience in monitoring and improving the financial and regulatory compliance control environment for major international engineering companies.
- Led integrity monitoring effort for disbursement of federal funds by local government agency/authority.
- Conducted numerous process improvement initiatives in engineering and construction companies.
- Provided operating and capital budget oversight over regional rail, surface and air transportation facilities

Specific Skills/Other Relevant Experiences

- Managed a team of integrity monitors to protect the disbursement of federal funds from fraud, waste, and abuse and assure compliance with legal and contractual obligations.
- Led a team of auditors in assessing internal controls, identifying risk areas and process weakness, and developing related policies, procedures and trainings to enable sustained improvement.
- Worked with various engineering and construction clients to develop improved financial transactional and reporting procedures.
- Managed the review of the annual operating budget, five-year capital plan, and major contracts for Port Authority transportation operations, including the PATH TRANSIT system and regional bridges, tunnels, and bus terminals.

Dean H. Krogman, CPA
CohnReznick Advisory Group Director

Formal Education

- Rutgers Graduate School of Management: Masters of Business Administration, Accounting
- Rutgers College: Bachelor of Arts, Economics

Professional Licenses

- Certified Public Accountant, 1977

Entire Work History

- Director, CohnReznick - 2003 - Present
- Vice President, Technical Activities, Financial Executives International - 2000 - 2003
- Asst. Corporate Controller, Thomas & Betts Corporation - 1996 - 2000
- Director of Internal Audit, Thomas & Betts Corporation - 1993 - 1996
- Director of Corporate Reporting, Thomas & Betts Corporation - 1990 - 1993
- Division Controller / Manager, Thomas & Betts Corporation - 1977 - 1990
- Internal Audit Senior, GAF Corporation, 1974 - 1977

Training in Industry Skills

- Experienced in directing government integrity oversight monitoring involving risk assessment, compliance monitoring and process effectiveness oversight relating to the dispensing of federal disaster relief funds;
- Process re-engineering, analyzing systems, processes and controls, and identifying and solving business problems for clients in industries ranging from multinational not-for-profit membership organizations to biotech, chemical and consumer products manufacturing;
- Directed internal audit and Sarbanes Oxley engagements for clients ranging in size from \$12 million to \$4 billion in revenue in numerous industries, including banking and finance, real estate, education, electronics manufacturing, publishing, retail, biotech, pharmaceutical marketing, manufacturing and product development, entertainment products, and equipment leasing.
- Experience in the application of GAAP standards for corporate external financial reporting, including consolidated financial statements, footnotes, and narrative analysis in Forms 10-K, 10-Q, and stock registration filings with the Securities and Exchange Commission (SEC) reporting and regulation.

Specific Skills/Other Relevant Experiences

- Experienced in directing government integrity oversight monitoring engagements involving Community Development Block Grant -Disaster Recovery funds.
- Leads performance consulting, corporate governance, regulatory compliance, and internal audit engagements.
- Broad experience in financial accounting and reporting, auditing, multinational operations, and treasury and tax issues.
- Experience in the application of financial accounting standards and Securities and Exchange Commission (SEC) reporting and regulation

Carolyn A. Newcomb, CPA
CohnReznick Advisory Group Manager

Formal Education

- University of Richmond: Bachelor of Science, Accounting, *magna cum laude*

Professional Licenses

- Certified Public Accountant

Entire Work History

- Manager, CohnReznick: 2010 - Present
- Manager, Callahan & Co., CPAs : 1999 - 2005
- Treasurer, Heights Industries, Inc.: 1996 - 1999
- Senior Accountant, Withum Smith & Brown, P.C.: 1990 -1995
- Staff Accountant, Ernst & Young: 1989 -1990

Training in Industry Skills

- More than 20 years of accounting experience and specializes in providing assurance services, including audit and review, and financial advisory services to the construction community.
- Construction expertise includes serving clients in the heavy construction sector, environmental services industry, and in the building trades.

Specific Skills/Other Relevant Experiences

- Reconstructs the financial activities associated with construction projects.
- Supervises the actions of staff accountants performing such activities as certified payroll reviews, examination of requisitions, change order monitoring, and analysis of performance to bid specifications and contractual agreements.
- Manager on the Firm's engagements with the New York City School Construction Authority that found deficiencies in subcontractor bonding requirements and documented irregularities in travel and entertainment policies.
- Worked in the private sector, serving in the role of Treasurer for a private, middle-market enterprise.

7.0 Firm Qualifications

7.1 Past Performances

1) New Jersey Department of Community Affairs

Work Performed: Integrity Oversight **Cost:** \$10,407,679.23

Monitoring Services

Performance Period: June 2013 - Present

In June of 2013, New Jersey's Department of Community Affairs (DCA) enlisted CohnReznick Government to serve as the Integrity Oversight Monitor to oversee \$1.8 billion of disaster recovery funds. Our work includes overseeing contractors and 19 disaster recovery programs. These programs provide a broad range of recovery support for homeowners and business owners as well as environmental recovery efforts, tourism promotion efforts, and other community services. As we monitor these contractors and programs, we provide program and process management auditing, financial auditing and grant management, and anti-fraud services to the state. Our real-time monitoring efforts ensure the money allocated through the programs goes only to applicants eligible to receive the funds and only in the appropriate amount. In overseeing the contractors, we review their performance and costs to ensure legal and contract compliance, to ensure invoices represent valid and approved costs, and to make recommendations for improvements. Our anti-fraud services include testing grant recipients' eligibility, the contractors approving the grants, and the state employees providing the grants to ensure fraud is not committed at any level. Lastly, we act as DCA's liaison with related state and federal regulatory agencies regarding any investigations or regulations that may affect DCA programs or recipients of DCA grants.

Description of Assignments:

- Integrity Monitoring/Anti-Fraud Services for Disaster Recovery Assistance (Hurricane Sandy)
- Program and Process Management Auditing
- Financial Auditing
- Monitoring of DCA-SRD subrecipients, contractors, and 19 disaster recovery programs to ensure:
 - Compliance with federal and state laws, regulations, policies and contracts;
 - Operational efficiency and effectiveness;
 - Financial management/internal controls efficiency and effectiveness; and
 - Prevention and detection of fraud, waste, and abuse.

Contact:

Robert J. Bartolone
Director, Office of Auditing
Department of Community Affairs
(609) 984-2698
Robert.Bartolone@dca.state.nj.us

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2) Louisiana Office of Community Development, Disaster Relief Unit (OCD/DRU)

Work Performed: Process Improvement **Cost:** \$6,000,000
and Grant Monitoring

Performance Period: August 2012 - Present

CohnReznick Government developed and implemented compliance and monitoring plans for CDBG-funded programs. This included developing the Road Home long-term monitoring plans and contractor compliance and monitoring plans, monitoring plans for the Gustav/Ike Parish Implemented Program, and 13 of the state's Katrina/Rita CDBG disaster recovery programs. CohnReznick Government's responsibilities included preparing and conducting risk assessment, compliance monitoring plan, and checklists development; developing and implementing tracking and reporting systems; and creating performance monitoring process and tools.

Description of Assignments:

- Creating a streamlined, all-encompassing monitoring strategy for all OCD/DRU programs which resulted in an OCD/DRU Long-Term Monitoring Plan that is risk-based and focuses on oversight monitoring and program, grantee, contractor monitoring to ensure compliance with applicable regulations and requirements.
- Developing and implementing compliance and monitoring plans and tools utilized by the state to ensure compliance with federal and state requirements, including, accounting and financial requirements of more than \$597 million in disaster recovery CDBG funds.
- Reviewing internal controls in place to protect homeowners from fraud occurring when working with construction contractors
- Developing strategies and tools to track the performance and forecast expenditures of \$40 million in federally funded infrastructure, housing, economic development, and planning projects

Contacts:

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State of Louisiana, Former Chief of Staff
(225) 933-7678
rainwater97@gmail.com

Richard Gray, Director of Compliance
Louisiana Office of Community Development, Disaster Recovery Unit (OCD/DRU)
(225) 219-9600
Richard.Gray@LA.gov

3) 130 Liberty Street Deconstruction

Work Performed: Fiscal Monitor **Cost:** \$1,500,000
Performance Period: 2005 - 2010

CohnReznick was retained as a fiscal monitor as part of an agreement between the City of New York and a teaming partner in response to the 9/11 terrorist attacks. Our role was to oversee the financial and operating compliance on the deconstruction of the former Deutsche Bank building at 130 Liberty Street by the Lower Manhattan Development Corporation. In this role, CohnReznick monitored and investigated the operating and financial practices of Bovis Lend Lease and its subcontractors, employees, consultants, suppliers, vendors, and others; audited payroll reports, payment requisitions, and all other requests for payment of any kind submitted to the City in connection with Bovis Lend Lease's contract, ensuring payments were complete, accurate, and truthful; and reviewed all requests for reimbursement of expenses submitted for approval by Bovis Lend Lease and its subcontractors, employees, suppliers, vendors and others to protect against fraud and illegal or unscrupulous behaviors.

Description of Assignments:

- Monitored and investigated the operating and financial practices of Bovis Lend Lease and its subcontractors, employees, consultants, suppliers, vendors, and others.
- Audited payroll reports, payment requisitions, and all other requests for payment of any kind submitted to the City in connection with Bovis Lend Lease's contract, ensuring payments were complete, accurate, and truthful.
- Reviewed all requests for reimbursement of expenses submitted for approval by Bovis Lend Lease and its subcontractors, employees, suppliers, vendors and others to protect against fraud and illegal or unscrupulous behaviors.

Contact:

John T. Conroy
Security Operations Manager
National 911 Memorial and Museum, Inc.
(212) 238-4245
jconroy@911memorial.org

4) NYC Department of Investigation

Work Performed: Forensic Accounting **Cost:** \$1,500,000
Performance Period: 2001 - Present

Pursuant to a monitoring agreement between the City of New York and a teaming partner, CohnReznick was retained to serve as forensic accountants for the cleanup and recovery activities at the World Trade Center to protect against fraud, waste, and abusive practices. CohnReznick's duties, included, but were not limited to: monitoring and auditing the operating and financial practices of an engineering company and its subcontractors, consultants, and suppliers, including auditing of payroll reports,

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payment requisitions, and other requests for payment to ensure payments were complete, accurate, and truthful; designing and implementing internal controls and procedures to ensure suppliers, vendors, and subcontractors were qualified to perform work specified; and conducting onsite reviews of an engineering company and its subcontractors, suppliers, vendors, and others. Through our efforts, CohnReznick identified a confidential, but significant dollar volume of overbilling by contractors, revealed links between subcontractors and organized crime, specified problems with labor supervision, and documented a lack of control over the bidding process.

Description of Assignments:

- Monitoring and auditing the operating and financial practices of AMEC and its subcontractors, consultants, and suppliers, including auditing of payroll reports, payment requisitions, and other requests for payment to ensure payments were complete, accurate, and truthful.
- Designing and implementing internal controls and procedures to ensure suppliers, vendors, and subcontractors were qualified to perform work specified; and conducting onsite reviews of AMEC and its subcontractors, suppliers, vendors, and others.

Contact:

Steven Pasichow
Office of the Inspector General
Port Authority of New York and New Jersey
(973) 565-4366
spasichow@panynj.org

5) Boeing Company/Alpha Corporation

Work Performed: Auditing Services -
Construction

Cost: \$75,000 Originally, \$10,000
Approved Change Order

Performance Period: May 2013 - Present

CohnReznick was engaged, as part of an agreement with Alpha Corporation, to perform services over the construction and development of a \$200 million dollar building. As part of this engagement, CohnReznick conducted on-site reviews of contractor performance to contracts, testing payment applications, reviewing cash disbursements, developer costs and analyzing burden rates, among other procedures. The procedures performed by Cohn Reznick ensured that substantially all of the project costs were bona fide costs and recorded in accordance with the contract documents.

Contact:

Ghassan El Hudhud
Project Director, Alpha Corporation
(703) 450-0800
hudhudg@alphacorporation.com

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7.2 Integrity Monitoring and Audit Expertise

CohnReznick Integrity Monitoring Projects			
	New Jersey DCA	Louisiana OCD/DRU	New York City DOI
Primary Consultant	CohnReznick LLP	CohnReznick LLP	CohnReznick LLP
Project Manager	Paul Raffensperger	Paul Raffensperger	Jack Callahan
Date Started	June 2013	August 2012	October 2001
Completion Date	Ongoing Engagement	Ongoing Engagement	Ongoing Engagement
Total Construction Project Cost	Planned:\$1.8billion Final: Ongoing Programs	Planned: \$4billion Final: Ongoing Programs	Planned: \$700million Final: Ongoing Programs
Client	State of New Jersey	State of Louisiana	The City of New York
Contact Information	Robert Bartolone Director, Office of Auditing Department of Community Affairs (609) 984-2698 Robert.Bartolone@dca.state.nj.us	Paul Rainwater State of Louisiana, Chief of Staff (225) 342-7000 Paul.Rainwater@LA.gov	Steven Pasichow Office of the Inspector General Port Authority of New York and New Jersey (973) 565-4366 spasichow@panynj.org

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8.0 Quality Assurance Plan (QAP)

CohnReznick has implemented firm-wide quality control/quality assurance processes that have been systematically and thoroughly integrated into all of our engagement functions. These will apply to each scope of work and include, but are not limited to: hiring and training; independence checks and client acceptance; performing and documenting our procedures; engagement wrap-up and review; and issuing final issuance deliverables.

Our quality control measures are an integral function in the structure of the firm and are confirmed by our leadership. Highlighting our ability to manage multiple engagements of varying scopes, our quality control best practices are designed to encompass numerous reviews being conducted simultaneously because they are designed around iterative processes that can be adapted to NJ TRANSIT's needs. Our quality control practices consistently meet the requirements of the AICPA Professional Standards and GAGAS. This system of quality control is continuously monitored and has been repeatedly affirmed through ongoing practice office reviews and peer reviews.

Quality Control and Quality Assurance Processes

Our quality control practices ensure our services are completed and performed in accordance with the requirements of each engagement. At the outset, we develop and implement a Quality Control/Quality Assurance Plan (QCP/QAP) with the objective that the performance of all tasks and the development of all deliverables will meet or exceed expectations while fulfilling all applicable requirements. It will be focused on the prevention of errors and rework. As a result, quality deliverables are guaranteed to be produced in an efficient and timely manner. All tasks and activities will be appropriately planned, conducted, and completed at the expected high level of quality. A key component of our approach will be to integrate quality-based practices throughout the engagement, while maintaining compliance with all applicable requirements and regulations. To ensure quality results, our team will focus on:

- **Sufficient Planning.** Our team will develop a work plan that will clearly define objectives, scope, methodology, and assignments. Our team will consider internal and external constraints, while remaining flexible, and research applicable criteria and results of any previous relevant reviews, audits, and evaluations.
- **Following the Work Plan.** Throughout the contract, we will continually assess our work to ensure:
 - We are adhering to the applicable standards and requirements;
 - Operations are being performed effectively, efficiently, and with due care; and
 - We are completing work on time and within budget.
- **Meeting the Objectives.** Our team will use reasonable procedures and mechanisms to gather information that will ensure the information is sufficiently reliable and valid for use in meeting the objectives. In analyzing data, we will ensure gathered information is appropriately and logically presented in work papers to ensure supportable interpretations. Our procedures will ensure

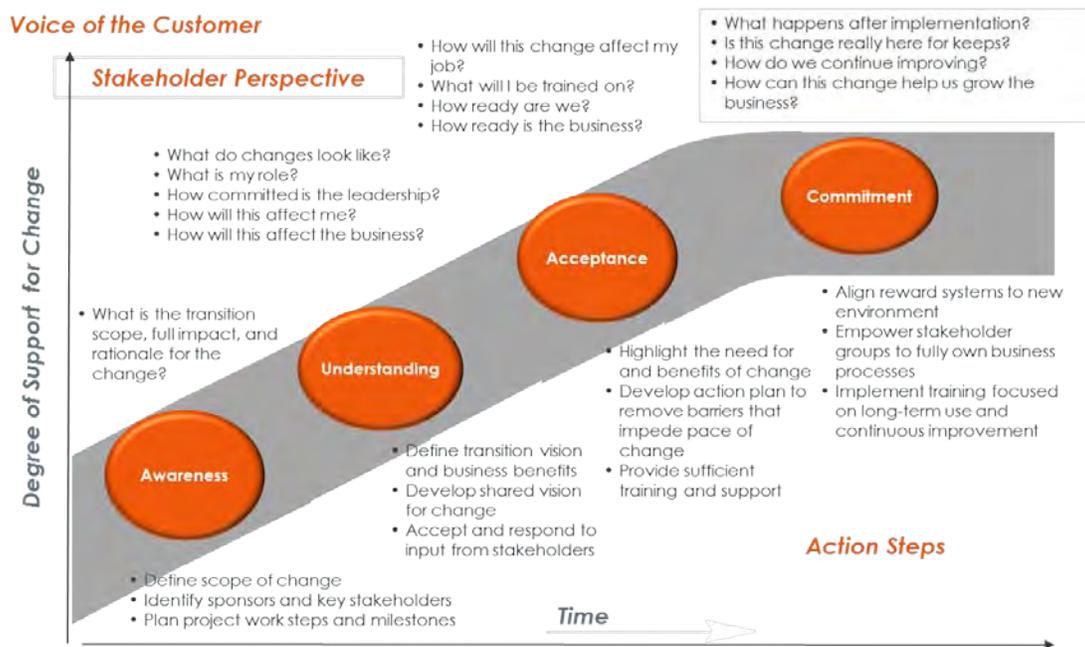
sensitive and confidential information is appropriately handled and all client deliverables are properly reviewed and approved prior to submittal.

- **Providing Proper Supporting Documentation.** Our team will present the necessary documents to support any issue. We will ensure the documents are relevant to the objectives, reliable, and sufficient to support any findings.

Our QCP/QAP will document the quality control/quality assurance review processes that will be used to detect and prevent errors from occurring and to ensure conformance with performance requirements. As part of our QCP/QAP, we will ensure NJ TRANSIT has access to all records. All working papers and reports will be reviewed by appropriate supervisory personnel prior to issuance of any report.

Change Management

Recognizing that our teams will identify NJ TRANSIT processes and procedures that require either remediation from the standard of control effectiveness or improvement in operating efficiency, the team assigned will employ strong change management competencies to their tasks. Central to our change management process will be helping NJ TRANSIT understand when change is needed and helping the organization effectuate such changes. An example of how we have helped organizations through this process follows:



9.0 Key Personnel Certification

Statement of Key Personnel Certification

To address NJ TRANSIT's Key Personnel Certification, CohnReznick includes a statement on the following page expressing our availability to negotiate during the appropriate period to manage the execution of the work.

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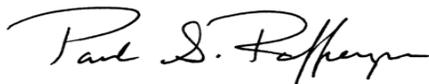
Key Personnel Certification

NJ TRANSIT

Request for Proposal No. 14-033

Integrity Monitoring Oversight Services

I, Paul Raffensperger, certify that I am a duly authorized officer of CohnReznick LLP and that all personnel offered in the proposal are, or will be, bona fide employees of the firm, and that sub-Consultants are available for the duration of the project. The appropriate officers and personnel of each firm will be available and ready to negotiate during the negotiating period. Finally, this statement certifies that I will be responsible for managing CohnReznick's execution of the work.



April 3, 2014

Paul S. Raffensperger
Principal - Government Services
National Director -
CohnReznick Advisory Group
Telephone: (301) 961-5539
Facsimile: (301) 280-2749
Paul.Raffensperger@CohnReznick.com

Date

10.0 Conflict of Interest Statement/Exceptions

10.1 Conflict of Interest

CohnReznick has performed a firm-wide conflict check and has determined we are free of conflict.

10.2 Exceptions

As suggested by CohnReznick's Legal Department, please find below our Exceptions for consideration.

_____ per year for a three (3) year contract term. Costs are subject to adjustment in accordance with Section 5, Modification of Agreement. NJ TRANSIT shall, subject to the availability of funds and audits, pay the Consultant for work identified in Exhibit A (Scope of Services). The Consultant's total costs and fees for these Project Services shall be in accordance with the schedule set forth in Exhibit B (Cost Information), annexed hereto and made part hereof. Payment shall be made only for work which is actually performed and approved by NJ TRANSIT. The Consultant shall render monthly invoices for all charges incurred pursuant to this Agreement no later than two (2) weeks after the end of the month. NJ TRANSIT will make payment within thirty (30) days after approval of the Consultant's invoice. The invoices shall be detailed in accordance with procedures and formats prescribed by NJ TRANSIT.

Page 84, Section 10, INDEMNIFICATION: The Consultant shall defend, indemnify and save harmless the USDOT, State of New Jersey, New Jersey Department of the Treasury, NJ TRANSIT, and their officers, employees, servants and agents ("Indemnified Parties") from all suits, actions, or claims of any character including, but not limited to, expenditures and costs of investigations, hiring of witnesses, court costs, counsel fees, settlements, judgments or otherwise, brought because of any injuries or damage received or sustained by any person, persons, or property on account of the operations of said Consultant or its sub-consultants in the performance of the work in this Agreement; or because of any negligent act or omission, neglect, or intentional misconduct of said Consultant or its sub-consultants in the performance of the work outlined in this Agreement; or from any claims or amounts arising or recovered under the Worker's Compensation Act, or any other law, ordinance, order, or decree. So much of the money due the said Consultant under and by virtue of this Contract as may be considered necessary by NJ TRANSIT for such purpose may be retained for the use of NJ TRANSIT; except that money due to the Consultant will not be withheld when the Consultant produces satisfactory evidence that it is adequately protected by public liability and property damage insurance. NJ TRANSIT shall, as soon as practicable after a claim has been made against it, give written notice thereof to the Consultant along with full and complete particulars of the claim. If the suit is brought against NJ TRANSIT, NJ TRANSIT shall immediately forward to the Consultant every claim, demand, complaint, notice, summons, pleading or other process received by NJ TRANSIT or its representatives. NJ TRANSIT shall have the right, but not the obligation, to participate, to the extent it deems appropriate, in the defense of the matter and must concur in the terms of any settlement or other voluntary disposition of the matter. In the defense of any such claims, demands, suits, actions and proceedings, the Consultant shall not raise or introduce, without the express written permission in advance of the Attorney General of the State of New Jersey, any defense involving in any way the immunity of NJ TRANSIT or the State of New Jersey, the jurisdiction of the tribunal over NJ TRANSIT or the State of New Jersey, or the provisions of any statutes respecting suits against NJ TRANSIT or the State of

New Jersey. **Notwithstanding the foregoing, the Consultant shall not be required to defend, indemnify or save harmless the Indemnified Parties from any suits, actions, or claims brought because of any negligent act or omission or intentional misconduct of any of the Indemnified Parties.**

Page 85, Section 11, INSURANCE:

The Consultant agrees to carry and shall require its assignees and subconsultants, if any, to carry professional liability insurance of the type necessary to protect the Consultant from any professional liability arising under this Agreement. Said insurance shall be in an amount not less than \$5,000,000 for any one claim and annual aggregate ~~with a deductible not to exceed \$50,000 for any one claim, unless approved otherwise by NJ TRANSIT.~~ The Consultant agrees to maintain this coverage for 3 years after completion of this Agreement including any amendments thereto. There shall be no exclusions in coverage for the insured's interest in a joint venture or Limited Liability Company or Limited Liability Partnership. ~~There shall be no exclusions in coverage for pollution, mold or asbestos.~~

The Consultant agrees to carry, and shall require its assignees and subconsultants, if any, to carry, commercial general liability insurance using ISO Occurrence Form CG0001 10/93 or equivalent. The policy shall provide a minimum amount of \$5,000,000 each occurrence, \$5,000,000 personal and advertising injury, \$5,000,000 general aggregate and \$5,000,000 products completed operations aggregate. Coverage provided under this liability policy shall be on an occurrence basis and shall include, but not be limited to, bodily injury and property damage coverage including products liability/completed operations coverage, premises operations liability, blanket contractual liability, personal injury liability, advertising injury coverage, independent contractors liability, ~~mobile equipment, damage from explosion, collapse and underground hazards,~~ and cross liability and severability of interests clause. Additional insured endorsement CG2026 11/85, CG 2010 11/85 or CG 2010 10/93 (but only if modified to include both ongoing and completed operations) ~~naming~~ **including** NJ TRANSIT and the Indemnified Parties and coverage must apply on a primary and noncontributory basis. The policy shall allow the Consultant to waive its and its insurer's rights of subrogation. ~~There shall be no coverage exceptions for property containing or adjacent to railroad facilities or other transportation facilities.~~ The Consultant shall furnish completed operations insurance written to the limits stipulated herein for Commercial General Liability Insurance. Coverage shall be required and maintained in force for a minimum of three years following acceptance of the overall Contract, regardless of any beneficial occupancy by NJ TRANSIT during the Contract term.

The Consultant agrees to carry, and shall require its assignees and subconsultants, if any, to carry automobile liability insurance applicable to all owned, non-owned, hired or leased vehicle with a minimum of \$1,000,000 combined single limit for bodily injury and property damage. With respect to said insurance, NJ TRANSIT and the indemnified parties shall be ~~named~~ **included** as an additional insured at no additional cost to NJ TRANSIT.

The Consultant shall take out, secure and maintain during the term of this Agreement and shall require its assignees and subconsultants, if any, to secure and maintain during the term of this Agreement, a policy of workers' compensation insurance in compliance with the laws of the State where the work is to be performed. In case any class of employees on the project under this Agreement is not protected under the Worker's

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Compensation Statute, the Consultant shall provide and shall cause each subconsultant to provide employer's liability insurance for the protection of each of its employees as are not otherwise protected. Limits of Employer Liability are as follows: Employer's Liability: \$1,000,000 each accident / \$1,000,000 each employee disease / \$1,000,000 policy limit - disease.

~~The Consultant agrees to carry, and shall require its assignees and subconsultants, if any, to carry, contractor's pollution liability insurance covering the liability arising out of any sudden and/or non-sudden pollution or impairment of the environment, including clean-up costs and defense that arise from the operation of Consultant or its subconsultants. Coverage under this policy shall have limits of liability with a minimum of \$2,000,000 per occurrence. This policy shall name NJ TRANSIT and the indemnified parties as additional insured at no cost to NJ TRANSIT.~~

~~The Consultant (or whomever is performing environmental removal or remediation work) must procure and maintain through the term of this Agreement Environmental Impairment Liability Insurance, including lead abatement if required, and removal operations in an amount of \$2,000,000 per occurrence and \$2,000,000 aggregate. Transport of any hazardous waste generated under this Contract shall require Hazardous Waste Haulers Insurance (MCS90) in an amount of \$2,000,000 per occurrence or statutory minimum, whichever is greater.~~

Should it be required, NJ TRANSIT will provide Railroad Protective Comprehensive General Liability Insurance coverage for this Contract.

All policies are to be written by insurance companies authorized to do business in New Jersey with an A.M. Best and Company rating of "A-" or better (or equivalent rating). ~~All policies shall contain an endorsement that if the policy is~~ **No policy shall be** canceled, non-renewed or is subject to any material reduction in limits, ~~the Insurer will provide~~ **unless** written notice to NJ TRANSIT's Contract Specialist for this project **is provided** at least thirty (30) days prior to the occurrence of such event. The foregoing insurance coverage is not intended to nor does it limit the liability of the Consultant to hold the State and NJ TRANSIT harmless.

Page 87, Section 12, AUDIT AND INSPECTION OF RECORDS, Insert as follows:

Notwithstanding anything contained in this Agreement, audit documentation, including work papers, shall remain property of the Consultant in accordance with applicable professional standards. Upon request, access to such audit documentation may be permitted provided such access does not undermine the independence or the validity of the audit process as determined by the Consultant.

Page 92, Section 18, PATENT RIGHTS AND RIGHTS IN DATA, A.) Rights in Data, 1.) The term "subject data" as used herein means recorded information, whether or not copyrighted, that is delivered or specified to be delivered under this Agreement. The term includes graphic or pictorial delineations in media such as drawings or photographs; text in specifications or related performance or design-type documents; machine forms such as punched cards; magnetic tape, or computer memory printouts; and information retained in computer memory. Examples include, but are not limited to, computer software, engineering drawings and associated lists, specifications, standards, process sheets, manuals, technical reports, catalog item identifications, and related information. The term does not include financial reports, cost analyses, and similar information incidental to contract administration **or audit documentation, including work papers, covered by applicable professional standards.**

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Page 101, Section 38, ~~PROJECT SUPERVISION:~~ **INTENTIONALLY DELETED**

Page 101, Section 39, ~~HISTORIC PRESERVATION:~~ **INTENTIONALLY DELETED**

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11.0 Key Personnel References

Key Personnel	Reference 1	Reference 2	Reference 3
Paul Raffensperger	Paul Rainwater Office of the Governor State of Louisiana Chief of Staff [REDACTED]	Michael J. Najjum, Jr. Federal Housing Finance Agency Office of the Inspector General 400 7th Street, SW Washington, DC 20024 [REDACTED]	Robert Bartolone State of New Jersey Department of Community Affairs (DCA) Sandy Recovery Division (SRD) Director, Office of Auditing [REDACTED]
Michael Lipari	Mr. Steven Pasichow Office of the Inspector General Port Authority of New York and New Jersey [REDACTED]	Mr. Michael Carroll Associate Commissioner NYC Department of Investigation 83 Maiden Lane New York, NY 10038 [REDACTED]	Mr. Michael P. Davis, P.E., Esq. Associate General Counsel Schiavone Construction Co. LLC [REDACTED]
Gerard Frech	Edwin H. Stier, Esq. EH Stier, LLC 176 Tamarack Circle Skillman, NJ 08558 [REDACTED]	Hon. Robert P. Contillo, J.S.C. Bergen County Courthouse 10 Main Street, 4th Floor Hackensack, NJ 07601 [REDACTED]	Hon. Peter A. Bogaard, J.S.C. Morris County Courthouse, 5th Floor Washington & Court Streets Morristown, NJ 07960 [REDACTED]
Constance Bauman	Susan Baer (former Director of Aviation, Port Authority of NY & NJ) Principal, Global Aviation Planning Leader ARUP 77 Water Street New York, NY 10005 [REDACTED]	Jim Bach Chief Operating Officer Berger Group Holdings, Inc. 412 Mt. Kemble Ave. Morristown, NJ 07960 [REDACTED]	Ray Daddazio President and CEO Weidinger Associates, Inc. 40 Wall Street, 18th Floor New York, NY 10005-1304 [REDACTED]
Dean Krogman	Robert Bartolone, Director, Office of Auditing New Jersey Department of Community Affairs 101 S. Broad Street, Trenton NJ [REDACTED]	John Delli Venneri, Managing Director and Legal Counsel American Society of Mechanical Engineers Two Park Avenue, New York, NY 10016-5990 [REDACTED]	John Ruane, Director of Finance Immunomedics, Inc 300 American Road, Morris Plains, NJ 07950 [REDACTED]
Carolyn Newcomb	Mr. Steven Pasichow Office of the Inspector General Port Authority of New York and New Jersey [REDACTED]	Mr. Michael P. Davis, P.E., Esq. Associate General Counsel Schiavone Construction Co. LLC [REDACTED]	Mr. Robert Bartolone, Director Department of Community Affairs Office of Auditing 101 S. Broad Street Trenton, NJ 08625 [REDACTED]

Exhibit 1

Prioritization of Fraud Risks

Payroll Process Fraud Risk Matrix								
Fraud Scheme	Fraud Scenario	Indicators of Fraud	Type of Fraud Misappropriation of Assets(M) Fraudulent Financial Reporting(F) Other(O)	Probability of Occurrence		Significant Fraud Risk (Yes/No) (See Note 1)	Has Management implemented controls to mitigate the Significant Fraud Risk? (Yes/No) (See Note 2)	If Yes, applicable Control # from the Payroll RCM
				Remote - 1 Possible - 2 Probable - 3	Inconsequential - 1 More than Inconsequential - 2 Material - 3			
Creation of Ghost or Fictitious Employees to the Payroll Master File	Creating fictitious employees on the payroll register and issuing their checks or direct deposits to a personal account/address	Increase in payroll expense without increase in volume or number of employees.	M				Yes	K-SA-14, K-AHX10, E-AHX36
Creation of Duplicate Employees	Creating a duplicate entry for a legitimate employee but send the new entrant's pay to another address	Duplicate payroll entries for the same employee.	M				Yes	K-SA-14, K-AHX36
Keeping Former Employees on the Payroll	Failure to delete employees who have left the company resulting in diversion of payments to other employees or co-conspirators inside or outside the company. Many times fraudulent disbursements are made for petty amounts in order to go "under the radar" of controls and reviews thereby not attracting management attention to the fraudulent transaction.	Increase in payroll expense without increase in volume or number of employees.	M				Yes	K-AHX 36

Exhibit 2

Mapping of Fraud Risks to Controls

PAYROLL RCM MAPPED TO COMMON FRAUD SCHEMES																	
Vulnerability																	
Process	IS/Process	Risk	Objective	Control/Control	Weak Control	Team (Owner)	Fraud Control	Related Fraud Control Assessment	Creation of Ghosted Employees on the Payroll Master File	Creation of Duplicate Employees	Keeping Former Employees on the Payroll	Falsification of time cards	Failure to investigate a current period valid expense for which benefit has already been received	Unauthorized changes are made to commission master file	Misuse of company credit card for personal purchases	Inappropriate Air expenses not incurred	Reimbursement for inflated expenses
Payroll	Time Personnel	Invalid or fraudulent employees are added to payroll master file	FR000	Addition to the payroll master file	FR000	Access rights to add, modify, and delete employee record in PeopleSoft are restricted to the Director of Compensation and Payroll Supervision. The VP of Human Resources has read only access.	Yes	Yes									
Payroll	Time Personnel	Invalid or fraudulent employees are added to payroll master file	FR000	Addition to the payroll master file	EA000	The Employee Status Change Form requires the VP of Human Resources and requires the department supervisor sign-off as evidence of review and approval.	No	Yes									
Payroll	Time Personnel	Invalid or fraudulent employees are added to payroll master file	FR000	Addition to the payroll master file	EA000	Monthly the VP of Human Resources reviews the Paid Cost Report, Employee Status Change Form and PeopleSoft Action Report.	No	Yes									
Payroll	Time Personnel	Invalid or fraudulent employees are added to payroll master file	FR000	Addition to the payroll master file	EA000	Access rights to add, modify, and delete employee record in PeopleSoft are restricted to the Director of Administration and Payroll Supervision. The VP of Human Resources has read only access.	Yes	Yes									
Payroll	Time Personnel	New employee not added to payroll master file	FR000	All new employees are added to the payroll master file	EA000	The Employee Status Change Form requires the VP of Human Resources and requires the department supervisor sign-off as evidence of review and approval.	No	Yes									

Mapping/Prioritizing Fraud Risk to Controls

Detail Risk Evaluation (Likelihood and Impact) compiled from sessions with Management - see Management Participants tab for schedule and participants.

Potential Fraud Risks	Process Area	Likelihood		Impact		Weighted Risk		Key controls identified to protect against risk
		Rating	#	Rating	#	Rating	#	
I. FINANCIAL STATEMENT MANIPULATION								
A. Improper Revenue Recognition								
Recording Fictitious Transactions	Finance	L	1	L	1	L	1	
Holding the Books Open for Extended Time After Period End to Include Additional Sales	Finance	L	1	L	1	L	1	
Related Party Receivables Recorded as Non Intercompany Transactions	Finance	L	1	L	1	L	1	
Total Improper Revenue Recognition		L	1	L	1	L	1	
B. Improper Valuation								
Improper disclosures about fair value of financial instruments.	Finance	M	2	L	1	L	1.5	
Improper conversion of physical retail inventory to cost	Finance	M	2	M	2	M	2	Inventory C5
Total Improper Valuation		M	2.0	L	1.5	L	1.8	
C. Leases								
Improper recognition of operating lease payments (escalation clauses)	Finance	L	1	M	2	L	1.5	
Improper classification of the nature of the lease (capital versus operating) / no recognition of minimum lease payment (including SFAS 13)	Finance	M	2	H	3	M	2.5	Fixed Assets C6
Improper lease term to amortize leasehold improvement	Finance	M	2	L	1	L	1.5	
Total Leases		L	1.7	H	2	L	1.8	
D. Overstatement of Assets/Understatement of Liability								
Receivables								
Fictitious Receivables	Finance	L	1	L	1	L	1	
Accrued Receivables	Finance							
Receivable from related parties	Finance							

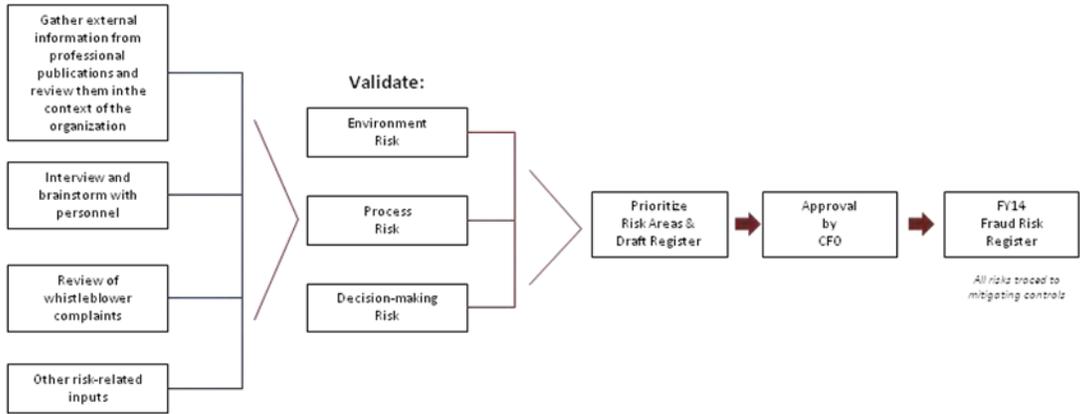
Exhibit 3

Testing of Fraud Risk Controls

PAYROLL RCM MAPPED TO COMMON FRAUD SCHEMES																
Vulnerability																
Process	IS/Process	Risk	Objective	Control/Control	Vulnerability	Fraud Control	Related Fraud Control Assessment	IF FRAUD RELATED CONTROL THEN IDENTIFY THE APPLICABLE FRAUD SCHEME THAT THE CONTROL ADDRESSES								
								Creation of Ghosted Employees on the Payroll Master File	Creation of Duplicate Employees	Keeping Former Employees on the Payroll	Falsification of time cards	Failure to investigate a current period valid expense for which benefit has already been received	Unauthorized changes are made to commission master file	Miscellaneous company credit card for personal purchases	Inappropriate for expenses not incurred	Reimbursement for inflated expenses
Payroll	Human Resources	Invalid or fraudulent employees are added to payroll master file	FR100	Addition to the payroll master file requires valid employee	CA00-14	Access agents to add, modify, and delete employee record in PeopleSoft as restricted to the Director of Compensation and Payroll Supervision. The VP of Human Resources has read only access	Yes	Yes	✓	✓						
Payroll	Human Resources	Invalid or fraudulent employees are added to payroll master file	FR100	Addition to the payroll master file requires valid employee	CA00-10	The Employee Status Change Form requires the VP of Human Resources and requires the department supervisor sign-off as evidence of review and approval.	No	Yes	✓							
Payroll	Human Resources	Invalid or fraudulent employees are added to payroll master file	FR100	Addition to the payroll master file requires valid employee	CA00-16	Monthly the VP of Human Resources reviews the Paid Cost Report, Employee Status Change Form and PeopleSoft Action Report.	No	Yes	✓	✓	✓					
Payroll	Human Resources	Invalid or fraudulent employees are added to payroll master file	FR100	Addition to the payroll master file requires valid employee	CA00-14	Access agents to add, modify, and delete employee record in PeopleSoft as restricted to the Director of Compensation and Payroll Supervision. The VP of Human Resources has read only access	Yes	Yes	✓	✓						
Payroll	Human Resources	New employee not added to payroll master file	FR100	All new employees are added to the payroll master file	CA00-10	The Employee Status Change Form requires the VP of Human Resources and requires the department supervisor sign-off as evidence of review and approval.	No	Yes	✓							

Exhibit 4

Development of the Fraud Risk Register



INPUT → **Planning Process** → **OUTPUT**

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Exhibit 5

Summary List of All Fraud Risk Scenarios

	Status	Fraud Category	Ref. No.	Fraud Control Ref #	Description
1	Active	Financial Statement Manipulation	1.01	9, 28, 68, 177, 259	Artificially improve financial results by failing to appropriately amortize capitalized expenses over the period of benefit to the Company (including software, interest, advertising, etc.)
2	Active	Financial Statement Manipulation	1.02	106	Manipulate bank reconciliations to increase cash balance by adding an unexplained "reconciling item" or by selecting and removing specific checks from the outstanding check registers.
3	Active	Asset Misappropriation	2.01	1, 27, 115, 135, 136, 137, 170, 172, 334	Employee theft of cash (via miscellaneous receipts process) through various schemes, including sales transactions, fictitious returns or customer payments on accounts and accompanying account write-offs.
4	Active	Asset Misappropriation	2.02	2, 13, 225, 252	Inappropriate revision to or manipulation of the established thresholds or calculation methods to determine bonus amounts as a means to secure payment of bonus or inflate amount of bonus.
5	Active	Other External Fraud	3.01	304, 305	Outsiders exploit weak firewalls and other penetration defenses to obtain, destroy or manipulate financial data residing on the Company's systems.
6	Active	Other External Fraud	3.02	Reliance placed on Company Level Controls	Frivolous or fraudulent workers compensation claims are established against the Company by employees.
7	Active	Other External Fraud	3.03	278	Frivolous or fraudulent general liability claims are established against the Company by outsiders.
8	Active	Commercial Bribery	4.01	2, 111, 292	Individuals in charge of procurement of services or supplies obtain kickbacks from suppliers.
9	Active	Commercial Bribery	4.02	2, 111, 124, 292	Individuals in charge of procurement of inventory obtain kickbacks from suppliers.



Volume 2: Cost Proposal

Request for Proposal
(RFP No. 14-033)

**Integrity Monitoring and Auditing
Services**

April 3, 2014

Submitted by:

Paul S. Raffensperger, PMP
Principal – Government Services
National Director -
CohnReznick Advisory Group
Telephone: (301) 961-5539
Facsimile: (301) 280-2749
Paul.Raffensperger@CohnReznick.com

CohnReznick LLP
www.CohnReznick.com

COPY

1.0 Cost Proposal

Staffing Category	CohnReznick Category	Year 1			Year 2			Year 3		
		Estimated Staff Hours	Rates	Cost	Estimated Staff Hours	Rates	Cost	Estimated Staff Hours	Rates	Cost
Partner/ Principal/ Director	Partner/ Principal/ Director	200	\$269.26	\$53,852.00	200	\$277.34	\$55,468.00	200	\$285.66	\$57,132.00
Program Manager/ Project Manager	Director/ Senior Manager/Manager	1,800	\$238.78	\$429,804.00	2,700	\$245.94	\$664,038.00	3,600	\$253.32	\$911,952.00
Subject Matter Expert	Partner/Principal/ Director/Senior Manager	3,600	\$245.94	\$885,384.00	4,000	\$253.32	\$1,013,272.80	5,500	\$260.92	\$1,435,047.60
Supervisory/ Senior Consultant	Senior Consultant	3,600	\$159.00	\$572,400.00	6,000	\$163.77	\$982,620.00	8,500	\$168.68	\$1,433,780.00
Consultant/ Associate/ Staff	Consultant	7,200	\$136.28	\$981,216.00	12,000	\$140.37	\$1,684,440.00	17,000	\$144.58	\$2,457,860.00
Administrative Support	Administrative Support	1,800	\$70.67	\$127,197.38	1,800	\$72.79	\$131,013.30	1,800	\$74.97	\$134,943.70
Total		18,200		\$3,049,853.38	26,700		\$4,530,852.10	36,600		\$6,525,162.70
Total Cost Years 1-3	<u>\$ 14,011,420.78</u>									

Travel allowances for all contracts for all Consultants are as follows:

Year 1:	\$75,000
Year 2:	\$130,000
Year 3:	<u>\$175,000</u>
Total:	\$380,000

2.0 Financial Capability

As we enter our 94th year in business, CohnReznick's revenue will exceed \$500 million, securing our firm as the 10th largest accounting, audit, tax and business advisory firm in the country. With 285 partners and principals, and more than 2,500 employees in 26 offices around the world, our clients have complete confidence in our financial stability. Our solvency is further evidenced by CohnReznick's balanced expansion over the years both organically and through acquisitions. Additionally, CohnReznick has an established history of providing reliable services to the State of New Jersey.

To ensure that we fully address your requirements, we remain available to discuss our financial condition, as well as our overall ability to perform the desired services as outlined in the RFP, in further detail. Because our financial information is proprietary, we are prepared to submit additional information as necessary to effectively complete an evaluation of our qualifications.

3.0 Consultant Certifications

As per the instructions as outlined in NJ TRANSIT's RFP, the following are the required forms.

COPY

3.1 Exhibit 5

Acknowledgment of Receipt of Addenda

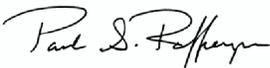
COPY

RFP NO. 14-033
ACKNOWLEDGMENT OF RECEIPT OF ADDENDA

Proposers are required to acknowledge receipt of all addenda issued prior to the proposal due date. This acknowledgment is made by the Proposer, if an individual; by a partner, if a partnership; or by an officer of the corporation, if a corporation.

The undersigned acknowledges receipt of the following addenda.

<u>Addendum Number</u>	<u>Date</u>
No. 1 _____	March 20, 2014 _____
No. 2 _____	March 27, 2014 _____
_____ _____	_____ _____

By: 

Signature of Company Official

Principal - Government Services - National Director

Official's Title

CohnReznick LLP

Company Name

3.2 Exhibit 6

Non-Collusion Affidavit

COPY

NON-COLLUSION AFFIDAVIT

STATE OF NEW JERSEY

SS:

COUNTY OF

I, Wendy P. Jasch of the City of Bethesda
in the County of Montgomery and the State of Maryland
of full age, being duly sworn according to law on my oath depose and say that:

I am Paul Raffensperger
of the firm of CohnReznick LLP

the bidder making the Proposal for the above named project, and that I executed the said Proposal with full authority so to do; that said bidder has not, directly or indirectly, entered into any agreement, participated in any collusion, or otherwise taken any action in restraint of free, competitive bidding in connection with the above named project; and that all statements contained in said Proposal and in this affidavit are true and correct, and made with full knowledge that the State of New Jersey relies upon the truth of the statements contained in said Proposal and in the statements contained in this affidavit in awarding the contract for the said project.

I further warrant that no person or selling agency has been employed or retained to solicit or secure such contract upon agreement or understanding for a commission, percentage, brokerage or contingent fee, except bona fide employees or bona fide established commercial or selling agencies maintained by CohnReznick LLP

(Name of Contractor).

Paul Raffensperger

(Also type or print name of affiant under signature)
Paul Raffensperger

Subscribed and sworn to before me this
2nd day of April, 2014

Wendy P. Jasch
Notary Public of



Wendy P. Jasch
NOTARY PUBLIC
Montgomery County
State of Maryland
My Commission Expires
September 16, 2014

My commission expires 09/16 2014

3.3 Exhibit 7

Ineligible Contractors Certificate

COPY

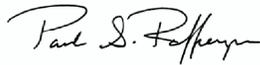
INELIGIBLE CONTRACTORS CERTIFICATE

The CohnReznick LLP **(Name of Contractor)**

hereby certifies that it is not listed on the "Report of Suspensions, Debarments and Disqualifications of Firms and Individuals" published by the State of New Jersey Department of the Treasury in accordance with New Jersey Executive Order No. 34.

CohnReznick LLP

Company

By: 

Paul Raffensperger

Name

Principal-Government Services-National Director

Title

7501 Wisconsin Ave, Suite 400E, Bethesda, MD 20814

Address

Date: April 2, 2014

3.4 Exhibit 8

Affidavit of Compliance

COPY



**IMPORTANT NOTICE
TO
ALL CONTRACTORS AND CONSULTANTS**

NJ TRANSIT is an instrumentality of the State of New Jersey and its employees and officers, including members of the NJ TRANSIT Board of Directors, are public servants. NJ TRANSIT, its employees and officers are governed by a number of civil and criminal laws which control how NJ TRANSIT and its personnel do business with contractors and consultants. These provisions include the Conflicts of Interest Law, N.J.S.A. 52:13D-12 and contain unequivocal and stringent restrictions relating to gifts and gratuities.

Be advised that the law prohibits the receipt of gifts and gratuities by any NJ TRANSIT employee or officer from any person, company or entity doing business - or wanting to do business - with NJ TRANSIT. Concomitantly, NJ TRANSIT's own Code of Ethics and Code of Ethics for Vendors, prohibits NJ TRANSIT employees from accepting gifts and prohibits you, the contractors and consultants, from offering any gifts to any NJ TRANSIT employee.

The term "gift" is broadly and widely defined. It includes all things and objects, tangible or intangible, including services, gratuities, meals, entertainment, tickets to events, access to membership clubs, travel costs, and lodging. Simply put, a "gift" is any thing of value.

Do not, under any circumstance, tempt or put an NJ TRANSIT employee in the awkward position of having to refuse a gift or return a gift, no matter how well intentioned or innocuous the gift may be in your eyes.

The bright line rule for you and your staff in doing business with NJ TRANSIT is simple: Offer nothing and give nothing to any NJ TRANSIT employee or officer. It is your responsibility to circulate this Notice in your company and educate accordingly all personnel who do business with NJ Transit.

52:13D-24. Solicitation, receipt or agreement to receive, thing of value for service related to official duties; exceptions

a. No State officer or employee, special State officer or employee, or member of the Legislature shall solicit, receive or agree to receive, whether directly or indirectly, any compensation, reward, employment, gift, honorarium, out-of-State travel or subsistence expense or other thing of value from any source other than the State of New Jersey, for any service, advice, assistance, appearance, speech or other matter related to the officer, employee, or member's official duties, except as authorized in this section.

b. A State officer or employee, special State officer or employee, or member of the Legislature may, in connection with any service, advice, assistance, appearance, speech or other matter related to the officer, employee, or member's official duties, solicit, receive or agree to receive, whether directly or indirectly, from sources other than the State, the following:

(1) reasonable fees for published books on matters within the officer, employee, or member's official duties;

(2) reimbursement or payment of actual and reasonable expenditures for travel or subsistence and allowable entertainment expenses associated with attending an event in New Jersey if expenditures for travel or subsistence and entertainment expenses are not paid for by the State of New Jersey;

(3) reimbursement or payment of actual and reasonable expenditures for travel or subsistence outside New Jersey, not to exceed \$500.00 per trip, if expenditures for travel or subsistence and entertainment expenses are not paid for by the State of New Jersey. The \$500 per trip limitation shall not apply if the reimbursement or payment is made by (a) a nonprofit organization of which the officer, employee, or member is, at the time of reimbursement or payment, an active member as a result of the payment of a fee or charge for membership to the organization by the State or the Legislature in the case of a member of the Legislature; or (b) a nonprofit organization that does not contract with the State to provide goods, materials, equipment, or services.

Members of the Legislature shall obtain the approval of the presiding officer of the member's House before accepting any reimbursement or payment of expenditures for travel or subsistence outside New Jersey.

As used in this subsection, "reasonable expenditures for travel or subsistence" means commercial travel rates directly to and from an event and food and lodging expenses which are moderate and neither elaborate nor excessive; and "allowable entertainment expenses" means the costs for a guest speaker, incidental music and other ancillary entertainment at any meal at an event, provided they are moderate and not elaborate or excessive, but does not include the costs of personal recreation, such as being a spectator at or engaging in a sporting or athletic activity which may occur as part of that event.

c. This section shall not apply to the solicitation or acceptance of contributions to the campaign of an announced candidate for elective public office, except that campaign contributions may not be accepted if they are known to be given in lieu of a payment prohibited pursuant to this section.

d. (1) Notwithstanding any other provision of law, a designated State officer as defined in paragraph (2) of this subsection shall not solicit, receive or agree to receive, whether directly or indirectly, any compensation, salary, honorarium, fee, or other form of income from any source, other than the compensation paid or reimbursed to him or her by the State for the performance of official duties, for any service, advice, assistance, appearance, speech or other matter, except for investment income from stocks, mutual funds, bonds, bank accounts, notes, a beneficial interest in a trust, financial compensation received as a result of prior employment or contractual relationships, and income from the disposition or rental of real property, or any other similar financial instrument and except for reimbursement for travel as authorized in subsections (2) and (3) of paragraph b. of this section. To receive such income, a designated State officer shall first seek review and approval by the Executive Commission on Ethical Standards to ensure that the receipt of such income does not violate the "New Jersey Conflicts of Interest Law," P.L.1971, c. 182 (C.52:13D-12 et seq.) or any applicable code of ethics, and does not undermine the full and diligent performance of the designated State officer's duties.

(2) For the purposes of this subsection, "designated State officer" shall include: the Governor, the Adjutant General, the Secretary of Agriculture, the Attorney General, the Commissioner of Banking and Insurance, the Secretary and Chief Executive Officer of the Commerce and Economic Growth Commission, the Commissioner of Community Affairs, the Commissioner of Corrections, the Commissioner of Education, the Commissioner of Environmental Protection, the Commissioner of Health and Senior Services, the Commissioner of Human Services, the Commissioner of Labor, the Commissioner of Personnel, the President of the State Board of Public Utilities, the Secretary of State, the Superintendent of State Police, the Commissioner of Transportation, the State Treasurer, the head of any other department in the Executive Branch, and the following members of the staff of the Office of the Governor: Chief of Staff, Chief of Management and Operations, Chief of Policy and Communications, Chief Counsel to the Governor, Director of Communications, Policy Counselor to the Governor, and any deputy or principal administrative assistant to any of the aforementioned members of the staff of the Office of the Governor listed in this subsection.

e. A violation of this section shall not constitute a crime or offense under the laws of this State.

52:13D-14. State officer or employee or member of legislature; acceptance of thing of value to influence public duties

No State officer or employee, special State officer or employee, or member of the Legislature shall accept from any person, whether directly or indirectly and whether by himself or through his spouse or any member of his family or through any partner or associate, any gift, favor, service, employment or offer of employment or any other thing of value which he knows or has reason to believe is offered to him with intent to influence him in the performance of his public duties and responsibilities. This section shall not apply to the acceptance of contributions to the campaign of an announced candidate for elective public office.

AFFIDAVIT OF COMPLIANCE

I, Paul Raffensperger (name of individual), executing this document on behalf of the undersigned company, partnership, corporation, or entity hereinafter referred to as "Contractor", presently seeking to do business with NJ TRANSIT by way of a Request for Proposals ("RFP") or Invitation for Bids ("IFB"), hereby warrant and affirm to NJ TRANSIT as follows:

1. I warrant and affirm that Contractor has received a copy of NJ TRANSIT's Code of Vendor Ethics and that I have read and studied this document and distributed this document to all of Contractor's personnel involved in seeking to do business with NJ TRANSIT and required said personnel to fully read this document. In addition, I further warrant and affirm that Contractor has received from NJ TRANSIT a document entitled "Important Notice to All Contractors and Consultants" and that I have read and studied this document, including the page setting forth various New Jersey statutory provisions, and that Contractor has distributed this document to all of Contractor's personnel involved in seeking to do business with NJ TRANSIT and required said personnel to fully read this document.

2. Contractor warrants and affirms that it has issued written instructions to all of Contractor's personnel involved in seeking to do business with NJ TRANSIT instructing and requiring same to strictly adhere to the Contractor's responsibilities as set forth in NJ TRANSIT's Code of Vendor Ethics and in the "Important Notice to All Contractors and Consultants".

3. Contractor warrants and affirms that during the bidding or proposal process for the contract with NJ TRANSIT, no gratuities or other inducements have been offered or given or will be offered or given in any form including gifts, gratuities, benefits, inducements, meals (other than *de minimis* valued snacks such as coffee, tea, soda, pretzels, cookies, or similar non-meal items), entertainment, or any other thing of value or favors of any kind to any member of NJ TRANSIT's Board of Directors, officer or employee of NJ TRANSIT.

4. The Contractor warrants and affirms that during the RFP or IFB process for the contract with NJ TRANSIT, Contractor has not and will not make any offers of employment to any member of the NJ TRANSIT Board of Directors, officer or employee directly involved with this contract or solicit or interview therefor, directly or indirectly, without first seeking and obtaining written approval from NJ TRANSIT's Ethics Liaison Officer.

5. The Contractor warrants and affirms that during the RFP or IFB process for the contract with NJ TRANSIT it has and shall promptly report in writing to NJ TRANSIT every instance that comes to the Contractor's attention and knowledge regarding any member of NJ TRANSIT's Board of Directors, officer or employee of NJ TRANSIT who has solicited or asked Contractor to provide gifts, gratuities, benefits, inducements, meals (other than *de minimis* valued snacks such as coffee, tea, soda, pretzels, cookies, or similar non-meal items), entertainment or any other thing of value or favors of any kind or has made any solicitation or request, directly or indirectly, for employment with or through the Contractor.

6. The Contractor acknowledges and accepts that for breach or violation of the foregoing warranties and affirmations, NJ TRANSIT shall have the discretion and legal right to disqualify Contractor from bidding or proposing for a contract between the Contractor and NJ TRANSIT.

CohnReznick LLP

(Print Name of Contractor)



(Signature of Authorized Principal or Officer)

Paul Raffensperger, Principal-Government Services- National Director

(Print Name and Title of Signator)

3.5 Exhibit 9

Certification of Grants, Loans, and Cooperative Agreements

COPY

NEW JERSEY TRANSIT CORPORATION

RFP NO. 14-033

**CERTIFICATION FOR CONTRACTS, GRANTS, LOANS
AND COOPERATIVE AGREEMENTS**

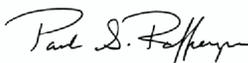
The undersigned certifies, to the best of his or her knowledge and belief, that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal Contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal Contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal Contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit "Disclosure of Lobbying Activities," in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.



Signature of Authorized Official

Paul Raffensperger

Print Name

Principal -Government Services- National Director

Title

CohnReznick LLP

Firm

April 2, 2014

Date

3.6 Exhibit 10

Ownership Disclosure

COPY

THIS FORM CONTAINS PERSONAL AND/OR PROPRIETARY COMMERCIAL
AND/OR FINANCIAL INFORMATION AND HAS BEEN REMOVED

3.7 Exhibit 11

State of New Jersey Division of Purchase and Property-Disclosure of Investment Activities in Iran

COPY

STATE OF NEW JERSEY -- DIVISION OF PURCHASE AND PROPERTY
DISCLOSURE OF INVESTMENT ACTIVITIES IN IRAN

Quote Number: RFP No. 14-033 Bidder/Offeror: CohnReznick LLP

PART 1: CERTIFICATION

BIDDERS MUST COMPLETE PART 1 BY CHECKING EITHER BOX.
FAILURE TO CHECK ONE OF THE BOXES WILL RENDER THE PROPOSAL NON-RESPONSIVE.

Pursuant to Public Law 2012, c. 25, any person or entity that submits a bid or proposal or otherwise proposes to enter into or renew a contract must complete the certification below to attest, under penalty of perjury, that neither the person or entity, nor any of its parents, subsidiaries, or affiliates, is identified on the Department of Treasury's Chapter 25 list as a person or entity engaging in investment activities in Iran. The Chapter 25 list is found on the Division's website at <http://www.state.nj.us/treasury/purchase/pdf/Chapter25List.pdf>. Bidders must review this list prior to completing the below certification. Failure to complete the certification will render a bidder's proposal non-responsive. If the Director finds a person or entity to be in violation of law, s/he shall take action as may be appropriate and provided by law, rule or contract, including but not limited to, imposing sanctions, seeking compliance, recovering damages, declaring the party in default and seeking debarment or suspension of the party.

PLEASE CHECK THE APPROPRIATE BOX:

I certify, pursuant to Public Law 2012, c. 25, that neither the bidder listed above nor any of the bidder's parents, subsidiaries, or affiliates is listed on the N.J. Department of the Treasury's list of entities determined to be engaged in prohibited activities in Iran pursuant to P.L. 2012, c. 25 ("Chapter 25 List"). I further certify that I am the person listed above, or I am an officer or representative of the entity listed above and am authorized to make this certification on its behalf. I will skip Part 2 and sign and complete the Certification below.

OR

I am unable to certify as above because the bidder and/or one or more of its parents, subsidiaries, or affiliates is listed on the Department's Chapter 25 list. I will provide a detailed, accurate and precise description of the activities in Part 2 below and sign and complete the Certification below. Failure to provide such will result in the proposal being rendered as non-responsive and appropriate penalties, fines and/or sanctions will be assessed as provided by law.

PART 2: PLEASE PROVIDE FURTHER INFORMATION RELATED TO INVESTMENT ACTIVITIES IN IRAN

You must provide a detailed, accurate and precise description of the activities of the bidding person/entity, or one of its parents, subsidiaries or affiliates, engaging in the investment activities in Iran outlined above by completing the boxes below.

EACH BOX WILL PROMPT YOU TO PROVIDE INFORMATION RELATIVE TO THE ABOVE QUESTIONS. PLEASE PROVIDE THOROUGH ANSWERS TO EACH QUESTION. IF YOU NEED TO MAKE ADDITIONAL ENTRIES, CLICK THE "ADD AN ADDITIONAL ACTIVITIES ENTRY" BUTTON.

Name _____	Relationship to Bidder/Offeror _____
Description of Activities _____	

Duration of Engagement _____	Anticipated Cessation Date _____
Bidder/Offeror Contact Name _____	Contact Phone Number _____

ADD AN ADDITIONAL ACTIVITIES ENTRY

Certification: I, being duly sworn upon my oath, hereby represent and state that the foregoing information and any attachments thereto to the best of my knowledge are true and complete. I attest that I am authorized to execute this certification on behalf of the above-referenced person or entity. I acknowledge that the State of New Jersey is relying on the information contained herein and thereby acknowledge that I am under a continuing obligation from the date of this certification through the completion of any contracts with the State to notify the State in writing of any changes to the answers of information contained herein. I acknowledge that I am aware that it is a criminal offense to make a false statement or misrepresentation in this certification, and if I do so, I recognize that I am subject to criminal prosecution under the law and that it will also constitute a material breach of my agreement(s) with the State of New Jersey and that the State at its option may declare any contract(s) resulting from this certification void and unenforceable.

Full Name (Print): Paul Raffensperger

Signature: *Paul S. Raffensperger*

Title: Principal-Government Services-National Director Date: April 2, 2014

3.8 Exhibit 12

Source Disclosure Certification Form

COPY

N.J.S.A 52:34-13.2 CERTIFICATION

SOURCE DISCLOSURE CERTIFICATION FORM

Consultant: CohnReznick LLP

Contract Number: RFP No. 14-033

I hereby certify and say:

I have personal knowledge of the facts set forth herein and am authorized to make this Certification on behalf of the Consultant.

The Consultant submits this Certification as part of its proposal in response to the referenced solicitation issued by NJ TRANSIT, in accordance with the requirements of N.J.S.A. 52:34-13.2.

The following is a list of every location where services will be performed by the consultant and all subconsultants.

<u>Consultant or Subconsultant</u>	<u>Description of Services</u>	<u>Performance Location[s] by Country</u>
CohnReznick LLP	Integrity Oversight Monitoring Services	CohnReznick Offices in Roseland, Edison, Princeton, and Eatontown, NJ

Any changes to the information set forth in this Certification during the term of any contract awarded under the referenced solicitation or extension thereof will be immediately reported by the Consultant to the Director of Contracts, NJ TRANSIT Corporation, One Penn Plaza East, Newark, NJ 07105.

I understand that, after award of a contract to the Consultant, it is determined that the Consultant has shifted services declared above to be provided within the United States to sources outside the United States prior to a written determination by the Contracting Officer, that the services can not be performed in the United States, the Consultant shall be deemed in breach of contract, which contract will be subject to termination for cause pursuant to Article 14 of the Professional Services Agreement.

I further understand that this Certification is submitted on behalf of the Consultant in order to induce NJ TRANSIT to accept a proposal, with knowledge that NJ TRANSIT is relying upon the truth of the statements contained herein.

I certify that, to the best of my knowledge and belief, the foregoing statements by me are true. I am aware that if any of the statements are willfully false, I am subject to punishment.

Consultant: CohnReznick LLP
[Name of Organization or Entity]

By: *Paul S. Raffensperger*

Title: Principal-Government Services- National Director

Print Name: Paul Raffensperger

Date: April 2, 2014

3.9 Business Registration Certificate

	STATE OF NEW JERSEY BUSINESS REGISTRATION CERTIFICATE
Taxpayer Name:	COHNREZNICK LLP
Trade Name:	
Address:	4 BECKER FARM RD ROSELAND, NJ 07068-1739
Certificate Number:	1185136
Effective Date:	October 13, 2005
Date of Issuance:	December 20, 2012
For Office Use Only:	20121220085334604

COPY

3.10 DBE Forms and Affidavits

As noted within our Technical Response, CohnReznick is fully committed to meeting NJ TRANSIT's ten percent DBE goal. As an experienced government consulting firm, GSA schedule holder, and contractor performing integrity monitoring services under the State of New Jersey's Department of the Treasury Blanket Purchase Agreement (BPA), we are experienced with managing and meeting federal, state, and local government set-aside compliance requirements. In addition, CohnReznick's Contract Manager will monitor our compliance with the terms and conditions of our contract and ensure compliance with NJ TRANSIT's DBE goals and requirements.

As work assignments are issued, CohnReznick will assess the scope of work and determine the most appropriate DBE subcontractor to support our team. Our utilization of these firms' capabilities and the teaming structure used will correspond with their respective qualifications depending on the scope of work of issued and the specific experience and skill sets needed by NJ TRANSIT. If execution of DBE forms and affidavits is needed prior to the issuance of a work assignment, CohnReznick is happy to provide. If not, CohnReznick will select subcontractors that will to meet the NJ TRANSIT's qualifications and experience needed per work assignment and execute the forms and affidavits accordingly.