

**Response to Request for Proposal**

**For**

**NJ TRANSIT Contract No. 14-033  
Integrity Oversight Monitoring Services  
Superstorm Sandy Integrity Oversight Monitoring  
Services for the Substation Program**

**February 4, 2016**

**NJ Transit Contract No. 14-033  
Integrity Oversight Monitoring Services  
Response to Request for Proposal:  
Superstorm Sandy Integrity Oversight Monitoring Services for the  
Substation Program**

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# **Tab 1**

February 4, 2016

Ms. Taishida Chapman  
Principal Contract Specialist  
NJ Transit  
Procurement Department  
One Penn Plaza East, 6<sup>th</sup> Floor  
Newark, NJ 07105-2246

**Re: NJ TRANSIT Contract No. 14-033  
Integrity Oversight Monitoring Services  
Request for Proposal: Superstorm Sandy Integrity Oversight Monitoring Services  
for the Substation Program**

Dear Ms. Chapman:

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

Our proposal for conducting the integrity oversight monitoring of the Substation Program starts with conducting our fraud risk assessment procedures to the specific facts and circumstances of the Substation Program. This includes obtaining an understanding of the scope and nature of the Substation Program and the controls, policies and procedures that are maintained by the vendor/contractor to address potential fraud risk schemes. After considering these data points, our fraud risk assessment will identify and prioritize the areas that represent the greatest fraud risk to NJ Transit and develop monitoring plans that respond to those risks.

Our engagement team will be led by the professionals at EisnerAmper LLP (“EisnerAmper”). The professionals at EisnerAmper have extensive experience in integrity monitoring, conducting audits, forensic investigations and implementing fraud risk assessments and creating risk assessment matrices for construction projects. Our team will be supplemented and enhanced by

Ms. Taishida Chapman  
February 4, 2016  
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Talson Solutions LLC (“Talson”), Chadbourne & Parke (“Chadbourne”) and Stumar Investigations (“Stumar”).

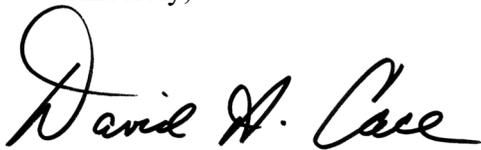
Talson brings expertise from a technical standpoint and will enhance our team’s ability to understand and assess aspects of the project, including engineering, electrical engineering, architecture, construction management and quality management. Talson’s team of professionals will apply their experience with DBE monitoring and reporting during the Substation Program to determine whether stated race conscious DBE goals are being met.

The attorneys at Chadbourne will advise us on legal and compliance matters. They will provide us with potential criminal and regulatory compliance perspectives when conducting our contract review and fraud risk assessments.

Stumar will provide our engagement team with the ability to conduct background and credential verification as well as surveillance and business intelligence.

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

Sincerely,



David A. Cace  
Partner



Tim Van Noy  
Director

# **Tab 2**

## II. QUALIFICATIONS OF INDIVIDUALS

The EisnerAmper proposal team is comprised of industry leaders in the applicable areas of fraud risk and internal control assessments, fraud prevention and detection, construction and engineering audit, forensic accounting, internal audit, and legal compliance.

### 1. EisnerAmper (Primary Consultant):

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

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

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

### 2. Talson (Sub-consultant and DBE):

**Robert S. Bright** – Mr. Bright, principal, has 34 years of experience and serves on the Board of Trustees for the Audit and Compliance Committee for Mercy Health System, a member of Trinity Catholic Health East and is a former director with PricewaterhouseCoopers LLP’s Construction Consulting practice. He has conducted construction audits, compliance reviews, developed internal audit plans for multi-billion dollar capital programs, performed investigations, conducted risk assessments, managed diversity monitoring and compliance programs and has served as a testifying expert.

**Martin Izaak** – Mr. Izaak, project manager, has 44 years of experience in program/construction management and has worked extensively on major capital construction and infrastructure projects, including rail transportation, roadways, bridges and tunnels. Mr. Izaak’s former

employees include Urban Engineers of New York, Fluor, Integral Construction of New York, and the Port Authority of New York and New Jersey. His experience also includes projects involving the design and construction of rail facilities, airports, nuclear and fossil fuel power plants, and rehabilitation of multiple-dwelling units.

**Norman Jones** – Mr. Jones, project manager, has 41 years of experience in progressively responsible positions in the areas of Program/Project Management, Quality Assurance, Manufacturing and Construction. His background and related experience include business startups, construction management, project coordination between government agencies and the private industry sector, course development for the National Training Institute, process development, system engineering, and implementation of computer systems and high reliable satellite systems. Mr. Jones is a graduate of General Electric’s Manufacturing Management and Aerospace Manager Development Programs and he a senior member of the American Society for Quality.

### **3. Chadbourne (Sub-consultant):**

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

**Jacob S. Falk** – Mr. Falk is in the Project Finance group in Chadbourne's Washington D.C. office. He represents clients in the development and financing of infrastructure projects, including U.S. transportation projects. Jake recently served in the Office of the U.S. Secretary of Transportation as the Director of the Office of Infrastructure Finance & Innovation, where he focused on the development of innovative grant and credit assistance programs. At the USDOT, Jake was very involved in the implementation of the American Recovery and Reinvestment Act of 2009 (“ARRA”). He was instrumental in establishing and managing the \$3.6 billion TIGER Discretionary Grant Program, a unique portfolio of performance-based USDOT investments in highway, transit, rail and port projects, which was initially established and funded through ARRA. Jake has developed considerable experience and knowledge of the transportation needs and priorities of communities across the country and efforts to incorporate resiliency and sustainability in the repair, replacement or expansion of transportation facilities and networks and in the development of major projects and capital programs.

#### **4. Stumar (Sub-consultant):**

*Stuart Drobny* – *Mr. Drobny* is a highly acclaimed investigator recently named the “William O’Neil Investigator of the Year” by the New Jersey Licensed Private Investigators Association and awarded the prestigious “Best Of” designation by The Legal Intelligencer, the oldest law journal in the country. Mr. Drobny provides a wide array of investigative services to clients nationwide, most notably in the areas of intellectual property fraud and anti-counterfeiting, insurance defense and claims, civil litigation and litigation support, financial fraud and labor, employment and family law.



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

**CERTIFICATIONS**

Certified Public Accountant (CPA)

**PROFESSIONAL AFFILIATIONS**

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

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

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

**WORK EXPERIENCE**

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

**EDUCATION**

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

**PUBLICATIONS**

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



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

**CERTIFICATIONS**

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

**PROFESSIONAL AFFILIATIONS**

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

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

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

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

**WORK EXPERIENCE**

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

**EDUCATION**

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

**OTHER**

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



## **ELLIOTT C. LEE**

**PARTNER**

**ELLIOTT.LEE@EISNERAMPER.COM**

**212.891.8047**

### **CERTIFICATIONS**

Certified Public Accountant (CPA)

Certified Fraud Examiner (CFE)

### **PROFESSIONAL AFFILIATIONS**

American Institute of Certified Public Accountants (AICPA)

New York State Society of CPAs (NYSSCPA)

Association of Certified Fraud Examiners (ACFE)

Adjunct Instructor – New York University

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

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

### **RELEVANT CASE EXPERIENCE**

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

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

### **WORK EXPERIENCE**

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

### **EDUCATION**

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

### **PUBLICATIONS**

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

# Robert S. Bright

President/Founder



**Talson Solutions, LLC**  
306 Market Street, Fourth Floor  
Philadelphia, PA 19106

## EXPERIENCE

- 34 Years
- PricewaterhouseCoopers, Director
- Exxon Corporation, Senior Engineer

## EDUCATION

MBA, Finance, The Wharton School,  
University of Pennsylvania

B.S., Mechanical Engineering,  
Rensselaer Polytechnic Institute

## AFFILIATIONS

- Board of Trustees, Integrity and Compliance Committee Member, Mercy Health System, Trinity Health
- Board of Directors, Pan-American Association
- Institute of Internal Auditors
- American Public Transportation Association
- Association of Healthcare Internal Auditors
- Association of College and University Auditors
- Rebuilding Together Philadelphia, Board of Directors
- Greater Philadelphia Chamber of Commerce
- Greater Philadelphia Hispanic Chamber of Commerce

## AWARDS

2014 Minority Business Leader Award, Philadelphia Business Journal

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

## RECORD OF PROFESSIONAL EXPERIENCE

Mr. Bright has 34 years of capital project consulting and financial experience in the design, development and execution of domestic U.S. and international capital projects. His experience includes auditing, budgeting, project control, quality auditing, contract development, estimating, forecasting, material management, procurement, readiness review, and the reporting of capital projects. Mr. Bright has testified as an expert witness on engineering and construction labor inefficiency and the verification of allowable cost using the Federal Acquisition Regulation as the evaluation guideline.

### Project Specific Information:

#### New Jersey Transit

**Principal:** Providing integrity oversight monitoring services for the Superstorm Sandy Recovery and Resiliency Program. Services include Disadvantaged Business Enterprise verification and monitoring of contract compliance and deliverables, cost analysis and financial evaluation, and contract risk assessment.

#### Port Authority of Allegheny County

**Engagement Director:** Reporting to the General Counsel, conducted readiness review of \$538 million North Shore Connector Project, Light Rail Transit System focusing on risk identification and program integrity. Evaluated compliance to the Project Management Plan. Led quality audit reviews for the implementation of the approved Quality Assurance Guidelines.

#### Pennsylvania Turnpike Commission

**Engagement Director:** Conducted construction contract audits inclusive of evaluating contractor compliance, project management oversight and inspection services, appropriateness of change orders, and evaluation of Prevailing Wage compensation activities.

#### Canal de Panamá

**Partner in Charge:** Provided construction audit planning and consulting services for various scopes of work for the \$5.2 billion expansion program for the Office of Inspector General. Services include business process and controls review for the Third Set of Locks contract, project team readiness, audit planning and review, construction audit training, project reporting and management system review, vendor reviews, and staff assessments and organization analysis.

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

**Project Executive:** Reporting to the Secretary of the Department of General Services, reviewed land acquisition and construction site costs, and participated in monthly progress meetings with design, construction management and owner personnel for the development of the \$750 million Pennsylvania Convention Center Expansion.

#### One World Trade Center/Integrity Monitoring

**Cost Analyst:** Provided cost analysis and other consulting services focused on detecting and reporting fraud, waste and abuse to the Office of the Inspector General. **Monitored contractors' compliance and procurement practices** and reviewed applications for payment processes and submittals.

## Talson Solutions, LLC

14 Penn Plaza, 9<sup>th</sup> Floor  
New York, NY 10122

### EXPERIENCE

- 44 Years
- Urban Engineers of New York, Sr. Project Management Consultant
- Fluor, Sr. Project Manager
- Integral Construction of NY, Project Director
- Port Authority of New York and New Jersey, Project Manager
- Triborough Bridge & Tunnel Authority, Construction Manager
- NYC Housing Preservation & Development Agency, Director of Construction Management
- New York Power Authority, Supervisor

### EDUCATION

MBA, Engineering Management, Long Island University

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

### CERTIFICATIONS

Project Management, Harvard University

### AFFILIATIONS

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

## RECORD OF PROFESSIONAL EXPERIENCE

Mr. Izaak has 44 years of experience as a project management professional, specializing in program/construction management, analyzing delay claims, reviewing critical path method schedules, directing professional staff, and interfacing with owners, architects, engineers, consultants, construction managers, and contractors. Mr. Izaak is skilled in resolving disputes among owners and contractors on capital projects.

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

### Project Specific Information:

#### New Jersey Transit

**Program Manager:** Providing integrity oversight monitoring services for the Superstorm Sandy Recovery and Resiliency Program. Services include Disadvantaged Business Enterprise verification and monitoring of contract compliance and deliverables, cost analysis and financial evaluation, and contract risk assessment.

### Prior Professional Experience:

#### Urban Engineers of New York

**Transportation Senior Project Management Lead Oversight Consultant; Various Projects:** Served as an extension of the FTA's Region II technical staff in assessing the grantee's project management, construction management, and technical capacity for building major capital projects. Prepared monthly progress reports and examined the adherence to the approved Project Management Plan (PMP), and the Construction Management Manual. Assisted in developing and executing the first Risk Analysis for the East Side Access project in New York, NY and the updated Risk Analysis/Mitigation Plan. He has also participated in triennial reviews that included preparation, desk reviews, site visits, and exit interviews of agencies within the FTA's Region II.

#### Fluor Corporation

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

#### Port Authority of New York and New Jersey

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

## Talson Solutions, LLC

14 Penn Plaza, 9<sup>th</sup> Floor  
New York, NY 10122

### EXPERIENCE

- 41 Years
- Synterra, Ltd.
- Lockheed Martin
- Unisys Corporation
- General Electric

### EDUCATION

B.S., Electronics, Virginia State University

General Electric's Manufacturing Management Program

General Electric's Aerospace Manager Development Program

### AFFILIATIONS

- Senior Member American Society for Quality
- National Transit Institute

## RECORD OF PROFESSIONAL EXPERIENCE

Mr. Jones has 41 years of experience in progressively responsible positions in the areas of Program / Project Management, Quality Assurance and Manufacturing. Service and product experience includes business startups, construction management, project coordination between government agencies and private industry, process development, system engineering, computer systems and high reliable satellite systems with associated test equipment.

### Professional Experience:

**Project Management/Quality Assurance, Project Management Oversight:** Lead Quality Manager on Urban Engineers' Federal Transit Administration Program Management Oversight Contractor (PMOC) assignments. He has assisted in Program Management at various transit agencies to develop, implement, and maintain a cost-effective quality management system at MTA in New York, NY; MARTA in Atlanta, GA; SFRTA in Pompano Beach, FL; DART in Dallas, TX; TRE in Forth Worth, TX; RTD in Denver, CO; RTC in Las Vegas, NV; and MTA in New York, NY. In addition to his contributions to the PMO Team, Mr. Jones is a Course Developer and Instructor for the National Transit Institute (NTI). Assisted in the development of a training course and the on-going teaching of the course to familiarize transit agencies with the Revised 2002 FTA Quality Assurance and Quality Control Guidelines. Participated in triennial reviews that included preparation, desk reviews, site visits, and exit interviews of **agencies within the FTA's Region II**. He has also participated in triennial reviews that included preparation, desk reviews, site visits, and exit interviews of **agencies within the FTA's Region II**.

**Project Manager, Communications and Power Center:** Key member of an implementation team charged with the responsibility to design and fast track construct a 350,000 square foot state-of-the-art satellite facility and the subsequent consolidation of capital equipment into the facility from two discontinued operations. Responsibilities included the optimization of the facility by product flow and space allocation, resolution of design issues, equipment relocation with special utility requirements, subcontract management and quality, cost and schedule control associated with each task.

**Program Manager, NASA Ground Station:** Directly responsible for the manufacturing of three complex satellite communication systems. The system provided up-link and down-link communications among various satellites, the shuttle and ground control. Responsibilities included quality/cost/schedule control, interfacing with internal functional units, senior management, NASA and various subcontractors. An aggressive outsourcing plan identified over \$613,000 in savings and the program was cited for positive and best practices during NASA audits.

**Operations Manager, Electrical Aerospace Ground Support Equipment:** Directed a multifunctional team of 70 employees in fabrication, integration and test of complex electronic equipment and systems utilized in testing of communication satellites. Functional area exceeded all quality, cost and schedule goals.

**Failure Analysis and Non-destructive Testing, Supervising Engineer:** Performed detailed failure investigations and managed the activity of eight engineers in the timely investigation of failed spacecraft hardware and three technicians in non-destructive testing of incoming material and fabricated components. Chaired the Failure Analysis Review Board and reviewed and approved over 250 failure analysis investigations for technical content and corrective action implementation resulting in concurrence from many diverse customers.



## KEITH M. ROSEN

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PARTNER

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United States of America

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### Practice Areas

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

### Regions

North America  
United States

### Admissions

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

### Practice Description

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

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

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

### Representative Matters

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

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

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

#### Activities and Affiliations

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

#### Publications

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

#### Education

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

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

#### Professional Background

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

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

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



# JACOB S. FALK

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## COUNSEL

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email [jfalk@chadbourn.com](mailto:jfalk@chadbourn.com)  
online [www.chadbourn.com/jfalk](http://www.chadbourn.com/jfalk)

### Practice Areas

**Project Finance**

**Industries**  
**Transportation**  
**Energy**  
**Renewable Energy**

**Regions**  
**North America**  
**United States**

**Admissions**  
**2005 District of Columbia**  
**2003 New York**

## Practice Description

Jake Falk represents clients in the development and financing of infrastructure projects in the United States and abroad. His practice focuses on structuring and negotiating concession and financing arrangements for the development of new projects and the refinancing or acquisition of existing facilities. Jake recently served in the Office of the U.S. Secretary of Transportation as the Director of the Office of Infrastructure Finance & Innovation where he advised on matters related to transportation financing, including public-private partnerships (PPPs). At the U.S. Department of Transportation (USDOT) Jake was involved in the development and administration of innovative credit assistance and grant programs, such as the TIFIA, PABs, and TIGER programs.

## Representative Matters

- Served as Director of the Office of Infrastructure Finance & Innovation and advised the USDOT on:
  - The expansion of the TIFIA (Transportation Infrastructure Finance and Innovation Act) program for FYs 2013 and 2014, which will provide up to \$17 billion of financing for such years.
  - Management of the PABs (Private Activity Bonds) program which allocates \$15 billion in tax-exempt financing authority for eligible surface transportation projects and freight transfer facilities.
  - The utilization of Federal credit assistance programs, including TIFIA, PABs and RRIF (Railroad Rehabilitation and Improvement Financing).
  - Management of the \$3.6 billion TIGER Discretionary Grant Program, a unique portfolio of performance-based USDOT investments in highway, transit, rail, and port projects.
  - Implementation of the PPP provisions in the 2012 surface transportation reauthorization bill known as MAP-21, including the development of best practices and model PPP contracts.
  - Proposals for reauthorization of the federal government's surface transportation programs and proposals for the development of a National Infrastructure Bank.
  - Implementation of discretionary grant programs managed by USDOT, such as the High Speed and Intercity Passenger Rail Program and the New Starts Transit Capital Program.

- Representation of a company formed by Brisa and CCR in connection with the concession to operate and maintain the Northwest Parkway Toll Road in Colorado and related financings. This deal was honored as "North American Transport Deal of the Year" for 2007 by *Project Finance* magazine.
- Representation of a consortium bidding for the concession to develop, design, construct, finance, operate and maintain the Port of Miami Tunnel Project.
- Preparation of a report and analysis for a consortium of companies regarding the U.S. toll road industry.
- Representation of an international geothermal energy developer on an initial public offering and listing on the NY Stock Exchange, and on a \$165 million refinancing of power projects through issuance of senior secured notes under Rule 144A and Regulation S.
- Representation of a bank on the financing of a portfolio of landfill gas-to-energy projects.
- Representation of multilateral and government-sponsored lenders on project financings.

#### Publications

- "P3 Update: TIFIA Program Developments (Special Update)," *Client Alert*, August 5, 2013
- "More Tolls on Interstate Highways?," *Project Finance NewsWire*, November 2006
- "Toll Road Update - State Developments and Private Activity Bonds," *Project Finance NewsWire*, March 2006
- "Toll Road Update - Looking Ahead to 2006," *Project Finance NewsWire*, January 2006
- "Toll Road Update - NAFTA Traffic," (co-author), *Project Finance NewsWire*, October 2005
- "Toll Road Update - State PPP Projects," [Reprinted in *Project Finance* magazine, October 1, 2005, as "Mix and Match"], *Project Finance NewsWire*, August 2005
- "Toll Road Update - New Legislation," [Portion reprinted in *EuroWatch*, June 15, 2005, as "Toll Roads in the EU"], *Project Finance NewsWire*, June 2005
- "Toll Road Update - US Federal and State Initiatives," *Project Finance NewsWire*, April 2005
- "Private Involvement in U.S. Roads," (co-author), *Project Finance International*, September 2004

#### Speeches and Events

Jake participates in a variety of conferences and industry events, and as Director of the Office of Infrastructure Finance & Innovation Jake regularly represented DOT as a speaker or presenter, and in meetings with stakeholders, including Congress, state and local governments, and the private sector.

#### Education

Yeshiva University, B.A., *cum laude*, 1999

Fordham University School of Law, J.D., 2002

**STUART DROBNY**  
**STUMAR INVESTIGATIONS**  
**SDROBNY@STUMARINV.COM**

**PROFESSIONAL AFFILIATIONS**

- New Jersey Licensed Private Investigators Association (NJLPIA ) - Executive Board Member and Treasurer
- Pennsylvania Association of Licensed Investigators (PALI)
- National Association of Investigative Specialists (NAIS)
- National Council of Investigation & Security Services (NCISS)
- International Anti-Counterfeiting Coalition (IACC)
- International Intelligence Network (INTELLENET)
- World Association of Detectives (WAD)

Stuart Drobny has over 25 years of experience as an investigator. Mr. Drobny founded the firm Stumar Investigations, which provides a wide array of investigative services to clients nationwide, most notably in the areas of intellectual property fraud and anti-counterfeiting, insurance defense and claims, civil litigation and litigation support, financial fraud and labor, employment and family law

Mr. Drobny has been a speaker at numerous seminars, including those sponsored by the Pennsylvania Bar Association (PBA), the Department of Homeland Security, the Philadelphia District Attorney's Office, INTELLENET, IACC, the Imaging Supply Coalition (ISC) and the World Investigators Conference.

**RELEVANT CASE EXPERIENCE**

Mr. Drobny conducted a federal investigation along with the Joint Terrorism Task Force (JTTF) involving the sale of stolen prepaid cellular phones that led to the arrest of 26 alleged Hezbollah operatives and sympathizers. His efforts in that case resulted in him being honored in 2010 by the Federal Bureau of Investigations (FBI) for helping to disrupt a counterfeit goods operation with links to terrorism in the Middle East.

Mr. Drobny collaborated with the Pennsylvania General Assembly, resulting in the recent passage of a new Trademark Counterfeiting Statute, 18 Pa.C.S. § 4119, that serves to criminalize the sale of counterfeit goods in Pennsylvania.

Mr. Drobny's firm, Stumar, also works with the U.S. Immigration and Customs Enforcement (ICE), postal inspectors and state and local law enforcement on various client matters.

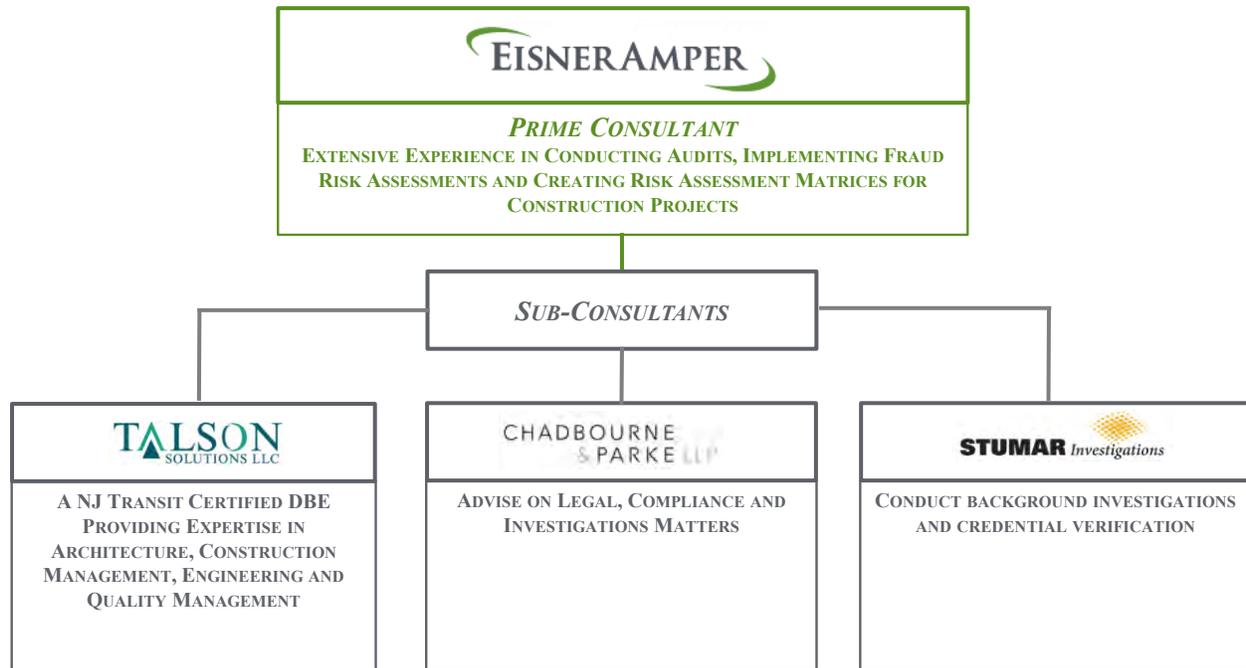
**EDUCATION**

- Temple University, Bachelor of Science in Political Science and Government

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### III. QUALIFICATION OF FIRM(S) AND RELATED EXPERIENCE

The following figure illustrates our project organizational structure:



Our team is led by the accounting and consulting firm of EisnerAmper LLP. EisnerAmper brings significant experience in providing integrity monitoring, fraud risk assessments, fraud prevention and detection, forensic accounting and internal and external audit services on construction projects. For over 50 years, EisnerAmper has been at the forefront of regulatory and compliance issues, fraud prevention and detection and internal auditing.

EisnerAmper’s professionals will be supplemented and supported by sub-consultants that possess specialized technical knowledge, contribute various perspectives and bring expertise in various fields.

- **Talson Solutions.** The professionals at Talson have domestic and international design and construction industry experience that joins auditing, financial and technical expertise with a thorough understanding of capital program development. Talson is a certified Disadvantaged Business Enterprise (DBE) in ten (10) states including New York and New Jersey and a certified Minority Business Enterprise (MBE) by the Port Authority of New York and New Jersey. Additionally, Talson is certified by NJ Transit to perform DBE contract monitoring services. With diverse backgrounds in accounting, architecture, construction management, engineering, finance and quality management, Talson staff have served the transportation, public works/ infrastructure, education, commercial real estate, healthcare and retail industries in the domestic United States and internationally. Talson currently supports Empresa de Transmisión Eléctrica, S.A. (ETESA) in

conducting a three-phase study on the performance of ETESA's Inspection and Quality Assurance Program. Talson's participation on other infrastructure and transportation projects include the North Shore Connector in Pittsburgh, PA, the East Side Access and Second Avenue Subway projects in New York, NY, Dulles Corridor Metrorail Phase 1 in Virginia, the Third Set of Locks Project, Panama Canal Expansion in Panama, and various highway infrastructure projects.

- **Chadbourne & Parke.** Our team also includes attorneys at the firm of Chadbourne, which provides our team a unique perspective from the legal compliance and investigations standpoint. Chadbourne brings a considerable depth of experience to the management and oversight of large public development projects and understands the efficiencies and best practices related to integrity monitoring. The attorneys at Chadbourne will provide advice throughout the fraud risk assessment process and during our monitoring procedures on legal and regulatory implications that are applicable to the contract and various fraud risks identified. Additionally, the Substation Program RFP makes reference to "hotlines" for reporting fraud and abuse that has been created by the NJ Office of the Attorney General. The attorneys at Chadbourne are well qualified to assist in reviewing any relevant reports that are received through the "hotline" to determine whether those reports affect our monitoring efforts and risk assessment.
- **Stumar Investigations.** As a leading provider of private investigative services in New Jersey, Stumar specializes in providing background and credential verification, surveillance and business intelligence. Throughout our fraud risk assessment process and implementation of our monitoring program, the professionals at Stumar will assist with conducting employee background verification procedures, site checks, licensing and permit checks and covert observations of site activity as necessary.

# Tab 4

#### IV. TEAM ORGANIZATION/RESOURCE ALLOCATION



##### A. Resource Allocation and Certification of Availability

EisnerAmper maintains full time offices throughout the Tri-State area and Philadelphia. Our geographic locations are perfectly situated to quickly mobilize our team and to have the necessary presence both at NJ Transit headquarters as well as in the field. We have major offices in Metropark, New Jersey (350 employees), New York City (590 employees) and Philadelphia (150 employees). In total, we have approximately over 1100 employees within an 80 mile radius of NJ Transit’s headquarters and we are conveniently located within minutes of the Northern, Central and Southern regions of New Jersey.

EisnerAmper and the proposed Engagement Team have the availability, capacity and staff resources to provide IOM services for the Substation Program as well as any future Work Authorizations issued by NJ Transit. We certify that the key personnel of EisnerAmper

illustrated above will be a committed resource, responsible for delivering on execution of services for the Substation Program. In no event will any of the key personnel presented be removed from the Engagement Team without written approval by NJ Transit. Should any of the key personnel noted within this proposal leave EisnerAmper during the Substation Program, NJ Transit will be notified in writing within five business days of such person's departure. In addition, EisnerAmper certifies that it will manage subconsultants during the engagement to ensure that their personnel and staff will be available for the duration of the project.

**B. DBE Identification**

The EisnerAmper team recognizes the importance of meeting the stated DBE goal that has been assigned to this project. As noted above, the EisnerAmper team is supported and supplemented by Talson in all aspects of this proposal. Talson is a certified DBE by NJ Transit.

**C. Detailed Work Plan**

Refer to Attachment 7 in Tab 11 of this proposal.

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## **V. TECHNICAL SECTION**

EisnerAmper will apply a risk-based management approach in creating and developing a fraud risk assessment for the Substation Program. EisnerAmper's fraud risk assessment takes a comprehensive approach to identifying fraud, waste, abuse and/or potential criminal activity by first obtaining a complete understanding of the facts and circumstances of the work authorization, the type of work that is being performed, the form of the contract as well as the vendors/contractors that are engaged to perform under contract. This assessment will provide a roadmap of the areas that may present a greater degree of fraud risk. Specifically, our fraud risk assessment will include the following components:

1. Identifying the primary fraud risk areas inherent in the selected contract form
2. Gaining a detailed understanding of the vendor/contractor's: organizational and ownership structure and staffing; policies, procedures and internal control environment and systems and processes used to account for and manage the construction work
3. Determining the likely fraud schemes that can be perpetrated relative to the contract form and the vendor/contractor systems and personnel
4. Evaluating and prioritizing those fraud risk schemes through assessing the relative likelihood that the identified fraud schemes could be accomplished within the existing operational and control environments and evaluating the likely impact to NJ Transit if the identified fraud schemes were perpetrated
5. Developing specific audit testing methods and programs to address the fraud risk schemes identified
6. Adjusting auditing and monitoring programs on an on-going basis

### **A. Fraud Risk Assessment**

Based on the Substation Program description and our understanding of the scopes of work per Attachment 1 of the RFP, our fraud risk assessment will primarily focus on the construction services contractors (the "Contractor") as well as Gannet Flemming (the "Design Consultant").

Given facts and circumstances specific to the Substation Program, we believe that the fraud risk assessment should include a review of the following specific NJ Transit processes as they are areas critical to the project scope that pose a greater degree of potential fraud, waste, abuse and/or potential criminal activity: (1) bidding and contract award (2) equipment ("Fixed Assets") procurement (3) Fixed Asset inventory processes and (4) substation equipment commissioning and acceptance.

## **1. Fraud Risk Assessment of Contractor's Operations**

### **a. Contract Form**

In assessing fraud risks, scenarios and schemes, one of the most important considerations is the contract form. As the contract form changes, the fraud risks to NJ Transit and the fraud schemes available to a perpetrator change. We understand that the contracts with the Contractors will be firm-fixed-price contracts. Consequently, we will initially focus our efforts on the types of fraud risks prevalent in this contract form. Although the contract form directs our initial focus on certain fraud schemes, the findings from the fraud risk assessment process may identify additional fraud risks to be addressed during the monitoring activities. Our contract review will be assisted by the attorneys at Chadbourne who have the expertise to assess any potential legal and regulatory issues that may be relevant based on the terms of the contract.

### **b. Procedures and Controls Evaluation**

The possibility for fraud, waste, abuse and/or potential criminal activity can either be amplified or mitigated by the policies, procedures and controls maintained by the Contractors. As part of our fraud risk assessment we will identify and evaluate the procedures and controls used by the Contractors to manage and account for the Substation Program. Our assessment will involve performing the following tasks:

- ***Understanding the Contractor's Organization:*** This step includes obtaining an understanding of the Contractor's organization, including the various departments and key employees involved in each step of managing and executing the Substation Program.
- ***Reviewing Processes and Procedures:*** Conducting a detailed review of all documented policies, processes and standard operating procedures that are used by the Contractor in the performance of its work on the Substation Program. These policies and procedures would cover areas such as field work documentation, document control, form and documenting of project meetings, scheduling, accounting and job costing, invoicing, purchasing and receiving and time keeping.
- ***Interviewing Key Personnel:*** Meeting with key Contractor personnel to gain an understanding of their role in the project, their understanding of the procedures and controls and whether the procedures and controls are implemented and functioning as stated.

### **c. Fraud Schemes**

The next step in our process is to compile all the information that has been obtained to determine which fraud risk schemes are more likely to occur based on the facts and circumstances. Using the information and knowledge gathered during the contract review as well as the procedures and controls evaluation, we will assess the potential fraud risks facing NJ Transit. The identified

fraud risks and related schemes will be categorized in three functional areas: (1) Fieldwork Management; (2) Project Management and (3) Financial Management. Each fraud risk scheme will be evaluated against the procedures and controls present at the Contractor within these functional areas. Based on a firm-fixed-priced contract form, we will begin the fraud risk assessment with a consideration of the following fraud schemes.

#### *Fieldwork Management*

- Material substitution or sub-standard materials
- Falsified material testing certifications or inspection documents
- Falsified equipment inspections/certifications
- Falsified field reporting and documentation
- Falsified labor certification, shift work hours and site attendance
- DBE Fraud/Contractor Non-Compliance

#### *Project Management*

- False claims and change orders
- Falsified compliance documents and reporting
- Schedule manipulation
- Collusive activities between the Contractor and its sub-contractors to support claims and changes

#### *Financial Management*

- Unbalanced bid
- Advanced billing/overstated completion percentages
- Cost shifting to support false claims and change orders
- Pass-through of fraudulent sub-contractor claims, with or without kickbacks

## **2. Fraud Risk Assessment of NJ Transit**

The Substation Program poses additional risks in that the design and construction of two of the substations involves existing NJT buildings, one of which is located within Hoboken Yard. As a result, our fraud risk assessment will encompass NJ Transit's process for (1) bidding and contract award (2) Fixed Assets procurement (3) Fixed Assets inventory processes and (4) substation equipment commissioning and acceptance process.

**a. Bidding and Contract Award Process**

Similar to the procedures above, the assessment of NJ Transit’s bidding and contract award process will include a review of NJ Transit’s existing policies and procedures and interviews with personnel at NJ Transit involved in the bid/contract award process. Our fraud assessment will include a review of NJ Transit’s contract procurement and award procedures and controls. The potential fraud schemes that may arise include:

- Collusion between contractor and procurement personnel
- Collusion between bidders
- Conflicts of interest
- Bid manipulation
- Overly narrow specifications
- Vague specifications and/or contracts

**b. Equipment and Furnishings Procurement Process**

As outlined in Attachment 1 of the RFP for the Substation Program, the procurement of equipment will be a significant component of the scope of this project. As such, we believe the fraud risk assessment should include NJ Transit’s equipment and furnishings procurement process. This assessment will include an identification and review of key documents, review of NJ Transit’s procurement procedures and controls and interviews of NJ Transit procurement management. The potential fraud schemes that may arise include:

- Bribes and kickbacks from vendors
- Fabricated bidders/bids
- Intentional selection of non-competitive bidders
- Conflicts of interest
- Narrow/burdensome pre-qualification criteria or specifications
- Vague specifications/contracts
- Bid manipulation
- Evasion of Federal Transit Administration (“FTA”) procurement guidelines

**c. Fixed Asset Inventory Control Process**

The fraud risk assessment for NJ Transit’s Fixed Asset procurement process includes an identification and review of key documents, review of procedures and controls related to

recording, changing and deleting Fixed Asset inventory, conducting an evaluation of system access controls and interviewing asset control personnel at NJ Transit. In connection with the Information Technology (“IT”) aspects of the Substation Program and to the extent the procurement of IT assets and implementation of the IT systems is complete, we will leverage the work we performed in connection with IT controls and procedures during the Program-Wide Fraud Risk Assessment. The potential fraud schemes that may arise include:

- Theft
- Improper disposal
- Falsified inventory recording or counts

#### **d. Equipment Commissioning and Acceptance Process**

Confirming that substation equipment is function within design parameters is a critical activity, both from a safety and an operational point of view. Testing conducted on substation equipment and controls must be performed in accordance with design specifications to ensure that equipment components and the system as a whole are operating within design parameters. Proper documentation of testing procedures and results is the basis for ultimate system acceptance and turnover. Due to the nature of electrical equipment, proper function cannot be observed. Consequently, bribes and kickbacks for falsified testing reports are a high risk. Additional monitoring, review and observation of testing are necessary to mitigate this type of risk.

### **3. Fraud Risk Assessment of the Design Consultant**

Given our understanding of the role of the Design Consultant, we will focus our fraud risk assessment on two specific areas: (1) the invoicing process and (2) the processes for interfacing with contractors.

Our fraud risk assessment of the Design Consultant’s invoicing process will encompass gaining an understanding of that process and the controls and procedures regarding how they accumulate costs, time and expenses to be invoiced to NJ Transit. Our assessment of their interface protocols/procedures with contractors will encompass contractor certifications, review of daily logs, scheduling, and approval procedures. While the scope of this assessment will be slightly different than the assessment of the Contractor, we will apply a similar framework in categorizing the possible fraud schemes and utilize the same metrics for determining the prioritization of such schemes and developing associated monitoring programs and audit plans as deemed necessary.

### **4. Prioritizing Fraud Schemes**

After identifying the various fraud schemes, the next step of our process includes assessing each scheme in the context of “likelihood” and “impact.” Assessing the likelihood of a fraud scheme

involves analyzing the probability that the fraud scheme could be successfully accomplished given the existing procedures, controls and personnel structure. Likelihood does not attempt to rate or imply the likelihood that anyone would actually attempt to commit the fraud scheme, rather it assesses the likelihood that the fraud would be successful, if attempted. The possible likelihood ratings and their meanings are:

- **Low:** indicates that the existing procedures and controls are adequate to either prevent or detect in a timely basis the particular fraud scheme
- **Medium:** indicates that under the right circumstances the fraud scheme could be successful
- **High:** indicates that the current controls and procedures may not prevent and/or detect the fraud scheme should it be attempted

Assessing the impact involves estimating the potential effect on NJ Transit and the Contractors should the specific scheme be successful. Impact to the organization considers both the monetary impact and the reputational impact to NJ Transit should the occurrence of the fraud become public. Impact is also rated as Low, Medium or High.

## **5. Fraud Risk Assessment Matrix**

The primary tool for evaluating likelihood and impact is the fraud risk assessment matrix. The matrix organizes the identified fraud schemes by functional area, presents the likelihood and impact ratings, lists the mitigating controls and/or deficiencies, and identifies the residual risks and control gaps which will require additional testing and attention during the monitoring process. The fraud risk assessment will result in EisnerAmper delivering a narrative report and the related fraud risk assessment matrix of the Contractors and the Design Consultant and specific NJ Transit processes as identified above. Table No. 1 below provides an example of our Fraud Risk Assessment Matrix to illustrate the format of this document.

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

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

**Identified Fraud Risks/Schemes:** This column captures the fraud risks/schemes.

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

**Department:** Represents the area within the contractor’s organization where the fraud risk exists.

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

**Control Gap/Comments:** These are control, procedure and process deficiencies identified during our assessment that should be strengthened and will require additional testing procedures during the monitoring process.

The analysis of likelihood and impact will be utilized to prioritize fraud schemes and determine which fraud risks warrant the development of specific monitoring programs and audit plans to address the weaknesses and risk areas identified in the fraud risk assessment process. For each fraud risk/scheme identified as medium or high in likelihood or impact, additional monitoring procedures will be developed to address the increased risks. Conversely, if a fraud scheme ranks low in both likelihood and impact, standard monitoring procedures will be applied and no additional procedures will be employed.

The fraud risk assessment process is not a “one and done” exercise. Construction projects are dynamic environments, with change and risk being the only constants. As such, our fraud risk assessment matrix will be periodically updated over the life of the Substation Program. These updates will consider the results of our field observations and audit testing, changes in project

activity or stage of construction and changes in the contractor's organization and staffing. As new risks are identified, the matrix will be updated, controls re-evaluated and any required adjustments to monitoring procedures and audit programs will be made. A deliverable to NJ Transit will be the fraud risk assessment matrix updates as well as any resulting changes to monitoring procedures and audit programs.

## **6. Management Plans**

Upon reviewing the scope and project description of the Substation Program, it is our understanding that at least two of the substations included within the Substation Program will be constructed within existing NJ Transit buildings with one of the two inside an active train yard. As a result, our assessment process will include a detailed review of facility access procedures and safety training. In this regard, the EisnerAmper team has identified the following areas for potential fraud, waste, abuse and/or criminal activities:

- Jobsite security plan
- Demolition and waste disposal
- Equipment procurement, receiving and storage plan.

To the extent that we identify potential weaknesses or gaps in the plans, EisnerAmper will discuss our findings with NJ Transit and make written recommendations to remediate these gaps.

### **B. Monitoring Plan and Audit Procedures**

Our monitoring plan and audit procedures will be driven by the results of our fraud risk assessment as well as the understanding we obtain of the various logistical management plans for the Substation Program. The monitoring plans and audit procedures set forth below are samples of the potential monitoring activities that we may perform. These plans are subject to change and revision once we obtain the actual facts and information from the execution of the actual fraud risk assessment and information gathering of the management plans and scheduling.

#### **1. Monitoring Activities Relative to the Contractor**

The potential monitoring activities related to the Contractor will be structured to address the same functional areas used in the fraud risk assessment to organize the fraud schemes: Fieldwork Management, Project Management and Financial Management. Within these functional areas, we will apply a combination of field observation, document review, transaction testing and analytics to identify the risk of fraud, waste, abuse and/or criminal activity in connection with the Substation Program. Although the specific monitoring programs and steps cannot be finalized until the fraud risk assessment is performed, the general activities applied in each functional area are outlined below by the planned frequency of the activity.

### **a. Fieldwork and Project Management Monitoring**

Fieldwork Management encompasses the various operational and administrative aspects of a project. This typically includes safety training, work assignment, work documentation, timekeeping practice, equipment and materials management and crew supervision. Project Management encompasses ensuring that the actual scope of work as outlined in the contract is completed in compliance with the drawings and specifications. Systems and procedures evaluated in Project Management include issue identification and resolution, scope change identification and pricing, management of subcontracts and coordination of trades, scheduling, document control, drawing control, quality assurance and control and site control and security. Our proposed monitoring and audit procedures surrounding these two areas are separated into initial activities and then periodic monitoring procedures to be performed on a weekly, monthly and quarterly basis.

#### **i. Initial Activities**

- Conducting an initial project assessment:
  - Participate in kick-off meetings with the Contractors and the Design Consultant
  - Review the Contractors' plans for health and safety controls including required professional personnel certifications, security, sequence of construction activities and ensuring compliance with approved project procedures
  - Assess the project team and the progress of work to determine how each team member delivers their committed assignment as part of the overall progress
- Review project procedures:
  - Assess established project procedures addressing the execution of work (e.g., procurement, construction, and turnover) and the role of the Contractors and the Design Consultant
  - Review role and activities of suppliers/fabricators and the Contractors' points of interface and approvals
  - Draft supplemental audit tasks focusing on fraud mitigation/monitoring activities for newly identified risks
  - Review roles and responsibilities of NJ Transit for approvals and sign-offs related to field activities and material substitution
  - Review of contract drawings and specifications
  - Review of materials to be procured
  - Review of plan for pre and post shipping procedures including required factory testing and approvals

## **ii. Weekly Activities**

- Monitor construction activities:
  - Observe construction activities and provide assessment as to whether activities are performed in accordance with the submitted approved Work Plan and in a safe manner
  - Monitor field submittal process and identify issues causing adverse impact
  - Monitor construction progress as compared to project schedule and meeting identified milestones
  - Monitor adverse changes in labor productivity/construction methodologies
  - Monitor review of proposed and approved changes to original plan/drawings
  - Identify potential project issues and mitigation plans going forward
  - Monitor coordination activities between key trades
  - Monitor coordination activities with local utilities
  - Witness select testing of systems and equipment
  - Prepare input to weekly, monthly and quarterly progress reports, depicting progress against project schedule, cost expenditures, and highlight issues
- Miscellaneous field monitoring activities:
  - Analyze changes in field conditions for impact on the Contractors' schedule and cost
  - Maintain daily logs and capture all site activities with specific attention to irregular construction activities and diversions from project procedures
  - Immediately report such incidents to NJ Transit management per established protocol

## **iii. Monthly Activities**

- Assess project schedule milestones for reasonableness of procurement and construction to existing site activities
- Ensure proper pay-items are tied to schedule milestones
- Verify quantities of demolition waste agree to disposal reports, hauling tickets and invoicing
- Verify demolition waste is disposed of at appropriate facilities
- Evaluate field labor manpower reports against actual field headcount

- Evaluate work performed by Contractors and Design Consultant relative to contract deliverables and obligations for construction administration support
- Review quality non-conformance reports for open rework and repair activities
- Review field correspondence and project reports for open requests for information, change orders or other documentation preventing successful project execution
- Prepare and submit monthly required reports to NJ Transit
- Review monthly project status and critical items lists generated by Design Consultant and the Contractors including key supplier/fabricator

#### **iv. Quarterly Activities**

- Review status of critical items lists generated by the Contractors and Design Consultant, including key supplier/fabricator
- Report on irregular activities by project team members, develop trends illustrating negative construction progress and provide recommendations to resolve issues for reporting to NJ Transit management and the New Jersey State Treasurer.

#### **v. Field Operations**

EisnerAmper recognizes that successful project monitoring requires our field personnel to be integrated into the construction project team to enable familiarity with daily work activities. In this manner, our field personnel can monitor activities as they are being performed and draw conclusions with respect to fraud, misuse of funds and/or incorrect charges against the project.

#### **b. Financial Management**

Financial Management encompasses procedures and controls directed at ensuring the project comes in on budget, costs are accurately recorded and invoices are accurately priced. Areas within the Financial Management process that require evaluation include purchasing and receiving, payroll processing, progress billing, job cost recording, processing of sub-contractor and material provider invoices, change order cost tracking, lien release procedures, maintenance of insurances and job cost reporting. Similar to the approach noted above, our monitoring program will be separated into initial activities and then periodic monitoring procedures to be performed on a weekly, monthly and quarterly basis.

#### **c. Initial Activities**

- Obtain access to and review the Contractors' cost estimates and perform the following:
  - Analyze distribution of overheads across pay items

- Review bid buyout analysis
- Gain an understanding of key job metrics such as production rates, crew compliments and major material unit pricing
- Gain an understanding of the linkage between the estimate and the bid pay items
- Review the Contractors’ job cost system and reporting and perform the following:
  - Gain an understanding of the linkage between the estimate and the job cost system and related reports
  - Gain an understanding of the linkage between the job cost system and the bid pay items
  - Determine if the Contractors’ cost system and reports track variances to the estimate and confirm that key job metrics (e.g. crew production rates, labor rates, equipment rates) are consistent between estimate and actual cost
  - Gain an understanding of the job cost reports that are available from the Contractors’ systems and identify the reports that the project team will use to manage and evaluate the project
- Review the project baseline schedule and perform the following:
  - Verify consistency with cost estimate if the schedule is cost-loaded
  - Identify major milestone dates
  - Gain an understanding of work sequences and activity relationships
  - Perform analytics of production rates and labor hours and schedule milestones for reasonableness if schedule is not cost-loaded
- Obtain a list of the Contractors’ active projects indicating the location of the project, the nature of the work being performed and the planned completion date to monitoring for potential cost shifting as well as verify that invoices have the correct “delivered to” address.

**d. Weekly**

- Prepare and submit weekly required reports to NJ Transit
- There are no anticipated scheduled weekly activities relative to the Contractors’ Financial Management area. Weekly activities may be added depending on the findings of the fraud risk assessment

**e. Monthly**

- Prepare and submit monthly required reports to NJ Transit

- Perform a walk-through of the project site within five calendar days of the end of the invoice period to confirm that project progress is consistent with amounts invoiced
- Review and confirm the arithmetic accuracy of the Contractors' invoice
- Confirm the invoice is processed in accordance with the Contractors' controls and procedures
- Confirm the invoice is in the required form and contains all required sign-offs and certifications and appropriately dated
- Confirm that proper subcontractor lien releases are included in the Contractors' invoice
- Obtain and review contractor monthly job cost report and assess cost incurred to-date against pay-item percent completion per the Contractors' invoice
- Obtain and review certified payroll and Contractors' labor distribution report (or other contractor report showing distribution of labor to job cost codes)
- Select a sample of worker hours from the Contractors' certified payroll and perform the following:
  - Verify hourly rate, burden rates, overtime and net pay calculation
  - Verify payment to copy of wire transfer or cancelled check
  - Confirm payments to unions
  - Agree hours to timekeeping records
  - Agree hours and rates to labor distribution report
  - Agree labor from labor cost distribution report to job cost report
  - Confirm that all Contractor procedures and controls were followed in the processing and payment of the worker
- Select a sample of material and subcontractor invoices and perform the following:
  - Verify invoice is from an approved vendor/subcontractor
  - Verify timely payment of invoice for appropriate amount
  - Verify invoice amount is recorded accurately in job costs as to amount and cost code
  - Confirm that all Contractor procedures and controls were followed in the processing and payment of the invoice
- For equipment owned by Contractor, select a sample of equipment time records and perform the following:
  - Agree day, hours and cost code charged to daily logs
  - Confirm that equipment has been approved for site and safety checked by NJ Transit

- Agree hours, rate, cost and charge code to job cost report
- Verify consistency of hourly overtime rates
- Confirm that all Contractor procedures and controls were followed in recording of equipment hours and cost

**f. Quarterly**

- Obtain most recent job cost to-date report from Contractors and perform the following:
  - Review and analyze major variances to the Contractors' cost estimate
  - Compare actual and estimated production rates
  - Compare job costs recorded to actual work areas per observations performed and/or daily logs
  - Compare costs incurred to billings to-date relating cost codes to pay items and related percent complete
- Analyze current project schedule against cost-to-complete indicated by the job cost reporting
- Perform a walk-through of the site comparing actual status to both current schedule and job cost reporting
- Update listing of Contractors' active projects to monitor for potential cost shifting

**g. Ad Hoc**

These procedures will typically include unannounced project walk-throughs of the site, covert observations of site activity, observation of pay check distribution and/or unannounced records testing or inspections. Beyond these typical activities, other ad hoc procedures may be required in response to findings from the fraud risk assessment or the periodic monitoring procedures. Issues in the field or change orders may also lead to additional ad hoc procedures. Change orders specifically, may require additional procedures to be performed.

**2. Monitoring Activities Relative to the Design Consultant**

Relative to the Design Consultant, we may perform some or all of the following types of activities depending on the scope of services as detailed in its contract with NJ Transit.

- Reviewing Design Consultant's service contract with NJ Transit
- Review inspection procedures
- Review drawing revision and control procedures

- Selecting a sample of invoices and perform the following:
  - Review and confirm arithmetic accuracy of invoices
  - Confirm that the invoice was processed in accordance with NJ Transit’s controls and procedures
  - Confirm that the invoice is in required form and contains all required sign-offs and certifications and appropriately dated
  - Verify that the invoice is compliant with the contract requirements
- Review billings to date relative to the initial contract amount and review the basis for and approval of all change orders or other increases in contract amount
- Identify any remaining work tasks to be conducted during the construction phase of the overall project and develop additional monitoring activities relative to those tasks

### **3. Monitoring Activities Relative to NJ Transit**

Relative to the specific NJ Transit processes identified above, we may perform some or all of the following types of activities depending on the results of our fraud risk assessment.

#### **a. Bidding and Contract Award Process**

- Review of pre-qualification and background check procedures and associated documentation
- Review the interface with the Design Consultant, engineers and legal
- Review criteria established for evaluating and assessing vendors
- Review results of a competitive bid process
- Observation of bid opening
- Review bid award/evaluation of FTA guidelines and evaluation criteria

#### **b. Fixed Assets Procurement and Inventory Control Process**

##### **i. Initial Activities**

- Review equipment specifications
- Review acquisition planning process
- Review competitive bidding requirements and processes
- Review equipment procurement schedule
- Review equipment receipt requirements and processes

- Visit storage location to review size and layout
- Review the interfacing processes between procurement and receiving functions
- Review procurement scheduling procedures
- Review RFP's for compliance with design specifications
- Review PO's for compliance with RFP's and design specifications
- Observe receiving of purchased equipment
- Review and test receiving documentation
- Test vouchers and supporting documentation related to vendor payments for purchased equipment
- Evaluate system access controls
- Inspect and test inventory of stored equipment awaiting installation
- Review asset disposal programs and controls
- Review interface with receiving and procurement

## **ii. Weekly Activities**

- Review of procurement documentation and activity
  - Review equipment purchase initiation forms
  - Sample equipment purchase orders to ensure compliance with project design specifications and procurement schedule
  - Review timing of purchase orders relative to receipt of goods and payment
  - Determine if ordering and billing of equipment exceeds project requirements
  - Test bill of material documentation for accuracy, completeness and compliance with project design specification and budget
  - Analyze surplus requisitions and returns of equipment
- Review of receiving documentation for all equipment and furnishings placed into the custody of the Contractor
  - Ensure equipment received is within a reasonable time frame before installation
  - Analyze receipt of goods relative to purchase order date, invoice date and payment date
  - Review equipment inspection records
- Review instances of acceptance of early receipt of equipment

- Reconcile purchase orders, receiving documents, entry logs, storage tags, inventory records, and release forms
- Ensure billings are properly adjusted to account for any deficiencies identified in the procurement, receipt and storage of equipment
- Review purchase records to ensure ownership of equipment is accurate and appropriately recognized by receiving and storage
- Review dispatch/release records to ensure equipment is properly removed from storage
- Incorporate findings into weekly reports

### **iii. Monthly Activities**

- Observe receipt of equipment including inspection and storage procedures
- Observe physical inventory counts
- Test access controls to storage areas
- Observe release equipment from storage to jobsite for installation
- Observe equipment in transit
- Incorporate findings into monthly reports

## **4. Monitoring Activities Relative to the Demolition Waste Disposal and Abatement Plan**

The RFP did not identify any significant adverse environmental conditions related to the planned location. Therefore, the EisnerAmper team does not anticipate a significant level of effort for demolition, waste disposal and/or possible abatement activities. However, we may perform some or all of the following types of activities depending on the results of our fraud risk assessment.

- Participate in kick-off meetings with the Contractors and Design Consultant
- Review Contractors' demolition, abatement (if required) and disposal plan submittals including specifics for hazardous material handling
- Review certification of disposal contractors and location(s)
- Verify required permits are in-place
- Monitor adherence to safety, quality assurance and quality control procedures
- Assess demolition schedule including schedule of payments for work performed
- Attend progress meetings
- Review drawings and verify that each drawing is the latest revision;

- Observe that demolition activities are performed in accordance with the submitted approved Work Plan in a safe manner
- Monitor segregation of hazardous and non-hazardous waste prior to disposal/trucking
- Verify proper weighing and classification of hazardous materials
- Monitor disposal tickets to/from haul/disposal site and verify against Contractors' invoices

## **5. Monitoring Activities Relative to the Jobsite Security Plan**

Relevant to the jobsite security plan, we may perform some or all of the following types of activities depending on the existence of a security plan specific to the Substation Program.

### **a. Initial Activities**

- Review jobsite security plan specific to the Substation Program
- Ensure coordination of jobsite security with existing security policies, procedures and personnel at NJ Transit
- Ensure proper notice of jobsite security procedures to Contractors and Design Consultant
- Attend jobsite security plan training and orientation of contractor personnel

### **b. Weekly Activities**

- Review jobsite security reports, including daily contractor and visitor access logs, and security violation and incident reports.
- Review list of construction personnel with access during construction hours and after construction hours.

### **c. Monthly Activities**

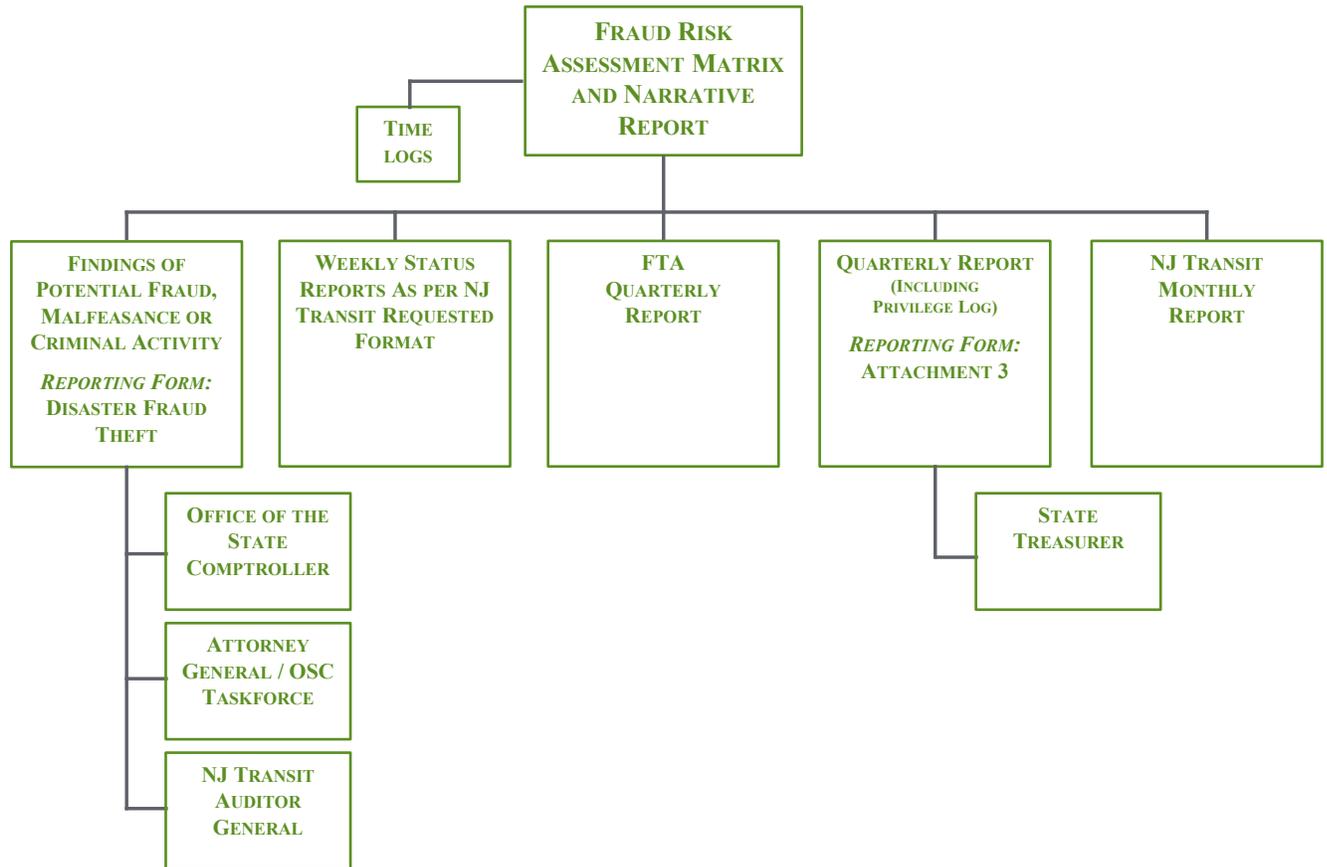
- Test access to jobsite areas from outside and inside of building
- Test access to storage areas designated for valuable equipment and materials
- Test access to areas outside of NJ Transit's facilities designated for the Substation Program (e.g., parking lot)
- Observe construction personnel to ensure use of proper jobsite credentials (i.e., access badges) for site access
- Inspect for appropriate signage at all access points.

### C. Deliverables and Required Reports and Documents

Our fraud risk assessment matrix and the results derived from the related monitoring procedures and audit programs will serve as the foundation for the various reports and templates that are required to be completed. Table No. 2 below outlines the various stakeholders and parties that we will be responsible for reporting.

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

**Table No. 2  
Reporting Requirements**



# Tab 6

## **VI. IOM FIRM DBE PROGRAM COMPLIANCE MONITORING OF CONTRACTORS**

EisnerAmper's approach to monitor that the Design Consultant and the Contractors are in compliance with the Race Conscious DBE goal of 10% as established by NJ Transit for the Substation Program includes ensuring that our methodology, deliverables, and communication with NJ Transit are of the highest quality. Our team will perform specific monitoring activities and have frequent discussions with NJ Transit to address potential non-compliance in a timely manner and ensure overall engagement objectives remain the primary focus. We will conduct internal quality assurance reviews of all engagement deliverables.

Our DBE monitoring program will be led by our subcontractor Talson. Talson is a DBE firm with extensive experience providing DBE compliance monitoring and reporting services. The proposed monitoring program is derived from Talson's knowledge of diversity reporting and the DBE Program Requirements specific to this Project. Our team will monitor, audit and report Gannet Fleming's and the Contractors', including the Construction Manager's, performance against the stated DBE requirements. Based on our team's experience the primary risks related to DBE program goals include, but are not limited to, the following:

- Falsification of certifications including firm ownership, ethnicity and gender, labor and financial reports
- Lack of Commercial Useful Function provided the DBE firm(s)
- Lack of timely payments to DBE firms preventing the continuation of work
- Contract changes excluding DBE participation
- Changes in DBE firm participation without owner/agency approval
- DBE firm kickbacks to prime contractors or acceptance of pass-throughs

To address the primary risks and DBE subcontractor performance for DBE Program compliance our proposed scope includes, but is not limited to, the following:

### **A. DBE Verification and Commercial Useful Function**

We will obtain all appropriate DBE certifications and verify registrations within the New Jersey Unified Certification Program database or other applicable certifying agency databases and directories for design, project management and construction management services for the Substation Program. We will also verify, if applicable, that the participant's partnership, sub-consultants and vendors are also registered as represented. For all DBE firms, a thorough review of the agreements (prime and/or subcontractor), and the Contractors' and Construction Manager's Field and Daily Manpower Reports, DBE certified payroll and trade activities

included in the Contractor's schedule of work and monthly invoices to NJ Transit will be assessed to ensure the DBE is a commercial useful function to the Project.

In addition, our team will review any Contractor's requests related to changes to its DBE plan and participant levels including the cumulative impact of approved contract change orders at various stages of the Contractor's progress (i.e., 20%, 40%, 60% and 80%). At the planned intervals, we will evaluate the risk that the Contractor is not meeting the established 10% DBE goal. Upon completion of each interval, we will reassess the risks and revise the compliance monitoring plan to address the risks accordingly.

The EisnerAmper team will gain an understanding of the performance since project inception to DBE requirements by the Design Consultants and the Contractors through a sampling of documentation inclusive of certification forms, subcontract agreements, manpower reports and contract deliverables.

### **B. Contract Compliance and Deliverables**

Our procedures will include a review of design and project management agreements, subcontracts and purchase orders for DBE firms, which will include details of the level of anticipated DBE participation. All contracts will be reviewed for inclusion of all appropriate contract deliverables and a scope of work consistent with the DBE performing a commercially useful function. On a monthly basis, we will review contract deliverables, as appropriate for the defined scope of work, including but not limited to monthly invoices, installation and quality test reports, excavation quantities or disposal tickets, insurance forms, material certifications and other relevant documents.

### **C. Cost Monitoring and Financial Evaluation**

Select components of the Design Consultant's invoices as well as the Contractors' monthly applications for payment, inclusive of waivers of lien and subcontractor sworn statements (if applicable) will be reviewed to assess the timeliness of the payment of invoices and retainage. A review of payments to the project vendors (e.g., Design Consultant, Contractors) by NJ Transit as well as from the vendors to all DBEs will be conducted via bank statements, check registers, wire transactions, etc. to confirm payments are made to the appropriate party and DBE directly. The Contractors' subcontractor subledger detail reports and project general ledgers will be reviewed to assess the accuracy of contract commitment values, change orders, and disbursement data for all DBE participants. Change orders and revisions will be reviewed in depth to ensure proper classification of additional scope and to assess owner/contractor liability. Review of the aforementioned cost reports will also allow us to assess DBE contract award values in comparison to disbursements made to the DBE. This will ensure that the actual DBE work performed matches the credit received.

#### **D. Site Inspections**

The EisnerAmper team will conduct planned and unplanned site visits to ensure that DBEs are performing a commercially useful function to the project and observe DBE manpower headcount for verification against the DBE's certified payroll and other project reports which detail daily manpower. We will provide a Site Inspection Report specific to DBE compliance monitoring which details weather conditions, work observed, DBE subcontractors/firms on-site, and any areas of non-compliance.

#### **E. DBE Contract Risk Assessment**

Our team will work with the NJ Transit Internal Audit Department, the Contractor, Construction Manager, and other parties as needed to resolve potential non-compliance observations to DBE Program Requirements. Non-compliances will be documented utilizing a cumulative tracking log, which will prioritize each risk as high, medium, or low based on severity, time outstanding and overall impact to DBE Program Requirements. Corrective actions, and if necessary, a root-cause analysis will be provided to mitigate the deficiencies and resolve open non-compliance observations. The Cumulative Non-Compliance Tracking Log will be provided as an attachment to the appropriate Monthly Status Report which will summarize the status of open non-compliances and detail the corrective action implemented for observations closed during the period. Good faith efforts to resolve non-compliance will be considered when evaluating the need for further investigation or reporting.

#### **F. Compliance Monitoring Deliverables**

We will provide comprehensive reporting with sections for fieldwork monitoring observations, home office observations and DBE compliance monitoring observations. The contents for the weekly, monthly and quarterly status reports include, but are not limited to, the following:

##### **1. Weekly Status Reports**

We will provide NJ Transit with a weekly status report detailing the prior week's work. The report will include (at a minimum) the DBE compliance activities performed, status of any deliverables due, work-in-progress, upcoming compliance activities, significant risks identified, total weekly and cumulative hours by task, deliverables and persons, where appropriate, and any other information NJ Transit may require.

##### **2. Monthly Status Reports**

We will provide NJ Transit with a Monthly Status Report that will summarize activities performed including contract participation and cost documentation reviewed, analysis and results, recommendations/corrective actions, resolutions, and preventative measures for any non-compliance issues identified and follow up on any previous outstanding issues. A Site Inspection

Form for any inspections performed during the month will also be included and analyzed for comparison to other project documentation reviewed.

### **3. Quarterly Report**

We will provide a quarterly report detailing activities performed over the quarter describing findings and recommendations for corrective or remedial action. An analysis of DBE Construction Contracting will be provided as well as an overview of the change orders for the Substation Program's DBEs and disbursements made to DBEs for the period. The report will not include any proprietary or privileged information. The report will include a privilege log detailing each denial of sensitive information that our team exercises in preparing the report for transmission to the Legislature and the Governor.

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## **VII. IOM'S PLAN FOR MEETING DBE REQUIREMENTS**

The EisnerAmper team recognizes the importance of meeting the ten percent (10%) Race Conscious DBE goal that has been assigned to this project. As noted above, the EisnerAmper team is supported and supplemented by Talson in all aspects of this proposal. Talson is a certified DBE by NJ Transit. As per our Cost Proposal (separately provided), EisnerAmper has assigned no less than **20.2%** of this project to the professionals at Talson.

In order to ensure that Talson will achieve the estimated **20.2%** of the project, EisnerAmper will work closely with Talson seeking their guidance and support throughout the project. Our approach is using Talson as a practice partner rather than a service provider. Under this approach, Talson will be involved in each step of our process in order for the EisnerAmper team to meet the requirements of all the deliverables as outlined in this proposal.

# Tab 8

## VIII. SCHEDULE OF PERFORMANCE MILESTONES

Based on our understanding of the scope of this RFP and the Project Description and Details as outlined in Attachment 1 of the RFP, we anticipate that commencement of procedures will be on around August 2016. This date gives us sufficient time to complete our fraud risk assessments and review of the management plans before transitioning over to implementation of our monitoring and audit procedures. The schedule below outlines milestone activities by anticipated dates.

<b>Milestone Activity</b>	<b>Commencement Date</b>	<b>Completion Date</b>	<b>Deliverable/Result</b>
Commencement of Integrity Monitoring Procedures for the Substation Program	Date of EA NTP Date	Ongoing	Start date for implementation of EisnerAmper's Fraud Risk Mitigation Strategy and Detailed Work Plan
Fraud risk assessment of Design Consultant	+1 Week from EA NTP Date	+30 days from Commencement Date	Fraud Risk Assessment Matrix for Design Consultant
Review of Management Plans and conduct associated monitoring procedures	+2 Weeks from EA NTP Date	Ongoing	Recommendations (if any) and report on the results of our procedures.
Observe and monitoring bid opening process for the Contractors	Date NJT Releases RFP	Conclusion of the Bid Process	Report on the results of our procedures
Fraud Risk Assessments of the Contractor	+60 days from Contractor NTP Date	+30 days from Commencement Date	Fraud Risk Assessment Matrix for the Contractor
Fieldwork Monitoring Procedures	+90 days from EA NTP Date	Ongoing	Periodic reporting (weekly, monthly and quarter) to NJ Transit and other key stakeholders as noted below.

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## **IX. QUALITY ASSURANCE PLAN (QAP)**

### **A. Overview**

EisnerAmper is a member of the American Institute of Certified Public Accountants (“AICPA”) Center for Audit Quality and the AICPA Governmental Audit Quality Center and has agreed to establish policies and procedures to comply with the applicable professional standards and the membership requirements of the respective Centers. The firm is also registered with the Public Company Accounting Oversight Board and the Canadian Public Accountability Board. All employees of the firm are provided copies or access to the firm’s quality control policies and procedures.

The Quality Control Standards of the AICPA (“QC Standards”) define an accounting and auditing practice as all audit, attest, accounting and review and other services for which standards have been established under Rule 201 or 202 of the AICPA Code of Professional Conduct. The QC Standards broadly define a system of quality control as a process to provide the firm with reasonable assurance that its personnel comply with applicable professional standards and the firm's standards of quality. A firm's system of quality control encompasses the firm's organizational structure and the policies adopted and procedures established to provide the firm with reasonable assurance of complying with professional standards carried out within a framework which encourages personal professional initiatives.

Evidence of the strength of our quality control policies and procedures, EisnerAmper LLP has successfully completed two peer reviews since the combination of Amper Politziner & Mattia, LLP and Eisner LLP in August 2010. The two predecessor firms had successfully completed multiple peer reviews, a process whereby we have opened our firms to extensive review by another CPA firm. We are proud that all of our reviews have resulted in an unqualified report, the highest possible rating. Only a small percentage of firms in the United States have completed this process as successfully as EisnerAmper.

### **B. Review of Work Product and Managing Subconsultants**

EisnerAmper has designated Tim Van Noy as the lead project manager. The lead project manager will be tasked with overseeing and developing the work plan, executing the work plan and managing the staff assigned to the work plan. The project manager will also be responsible for working with and managing the work of all subconsultants assigned to the Substation Program.

The project manager will report to David Cace. Mr. Cace will be responsible for performing a complete review of the work performed by the project manager, including but not limited to gaining a full and complete understanding of the scope of work performed, the procedures employed and the results of such work.

EisnerAmper will utilize *ProSystem Engagement Fx* (“ProSystem”), its engagement management software, to manage work flow, work paper documentation and ensure that all workpapers are reviewed and signed off by the project manager and key personnel member. Each member of the Engagement Team will have a username and access to ProSystem. ProSystem will also house all documentation and reports created in connection with the Substation Program. The system maintains a record of who prepared the documentation, the time of last edit and the date and time when the workpaper was reviewed and who signed-off as reviewer. The system maintains user rights so that only one user can make changes to a document at any point in time. This facilitates quality control and eliminates any inefficiency.

# **Tab 10**

**X. CONFLICT CERTIFICATION**

EisnerAmper, Talson, Chadbourne and Stumar hereby certify that it, nor any of its affiliates or subsidiaries, currently provides, directly or indirectly, construction management services or similar or related services to the following vendors/contractors:

<b>Vendor</b>	<b>Contact</b>
Designer	Gannett Fleming

As noted in our April 3, 2014 response to NJ Transit’s request for proposals for Superstorm Sandy Recovery and Resiliency Integrity Oversight Monitoring Services RFP No. 14-033, Chadbourne has represented two entities that have previously received funding as part of a Superstorm Sandy recovery program (not from NJ Transit) against media outlets that have alleged such entities issued false reports concerning their receipt of that funding. Chadbourne also may represent clients who have received funding as part of a Superstorm Sandy recovery program (including from NJ Transit) in matters unrelated to the receipt of such funding. It is Chadbourne’s view that these representations do not pose a conflict of interest that would preclude Chadbourne from functioning as a subconsultant. While it is possible that future monitoring/oversight activities could entail the review of a then current Chadbourne client and could thereby raise the potential for a conflict of interest at that time, such a possibility is speculative at this stage and can readily be addressed if it comes to pass.

**A. Conflict of Interest with Future Contractors**

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

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**New Jersey Transit Corporation-Fraud Risk  
Monitoring Work Plan**

Project Name: Substation Projects

Contract No. 14-033B

IOM Firm EisnerAmper

Date: February 4, 2016

\* - An assessment of the likelihood and impact cannot be accurately determined until a complete fraud risk assessment of the Contractor has been completed.

Risk Category	Program Wide Risk Ref.	Program Wide Fraud Scheme Description	Program Wide Likelihood/ Impact	Potential Fraud Risk Description and Application to Substation Projects	Likelihood/ Impact (Substation Projects)	Monitoring Procedures (Substation Projects)
Grant Management	A.1	Falsified Application Documents	L/H	N/A	N/A	N/A
Grant Management	A.2	Falsified Reporting	L/M	N/A	N/A	N/A
Grant Management	A.3	Budget Manipulation	M/L	N/A	N/A	N/A
Disbursement	B.1	Payment Charged to Incorrect Grant Code	M/L	N/A	N/A	N/A
Disbursement	B.2	Billing Schemes	L/M	N/A	N/A	N/A
Procurement - Contractor bid frauds	C.1.1	Bid Suppression	H/M	<p><b><u>NJT's bidding and contract award process:</u></b></p> <ul style="list-style-type: none"> <li>• Collusion between contractor and procurement personnel</li> <li>• Collusion between bidders</li> <li>• Overly narrow specifications</li> <li>• Vague specifications and/or contracts</li> <li>• Bid manipulation</li> </ul> <p><b><u>Equipment and furnishings procurement process:</u></b></p> <ul style="list-style-type: none"> <li>• Bribes and kickbacks from vendors</li> <li>• Fabricated bidders/bids</li> <li>• Intentional selection of non-competitive bidders</li> <li>• Conflicts of interest</li> <li>• Narrow/burdensome pre-qualification criteria or specifications</li> <li>• Vague specifications/contracts</li> <li>• Bid manipulation</li> <li>• Evasion of Federal Transit Administration ("FTA") procurement guidelines</li> </ul> <p><b><u>Fixed asset inventory control process:</u></b></p> <ul style="list-style-type: none"> <li>• Theft</li> <li>• Improper disposal</li> <li>• Falsified inventory recording or counts</li> </ul> <p><b><u>Equipment commissioning and acceptance process:</u></b></p> <ul style="list-style-type: none"> <li>• Due to the nature of electrical equipment proper function cannot be observed. Consequently, bribes and kickbacks for falsified testing reports are a high risk.</li> </ul> <p><b><u>Financial Management:</u></b></p> <ul style="list-style-type: none"> <li>• Unbalanced bid</li> <li>• Advanced billing/overstated completion percentages</li> <li>• Cost shifting to support false claims and change orders</li> <li>• Pass-through of fraudulent sub-contractor claims, with or without kickbacks</li> </ul>	TBD*	<p><b><u>Monitoring activities relative to the Design Consultant:</u></b></p> <ul style="list-style-type: none"> <li>• Reviewing Design Consultant's service contract with NJ Transit</li> <li>• Review inspection procedures</li> <li>• Review drawing revision and control procedures</li> <li>• Selecting a sample of invoices and perform the following: <ul style="list-style-type: none"> <li>- Review and confirm arithmetic accuracy of invoices</li> <li>- Confirm that the invoice was processed in accordance with NJ Transit's controls and procedures</li> <li>- Confirm that the invoice is in required form and contains all required sign-offs and certifications and appropriately dated</li> <li>- Verify that the invoice is compliant with the contract requirements</li> </ul> </li> <li>• Review billings to date relative to the initial contract amount and review the basis for and approval of all change orders or other increases in contract amount</li> <li>• Identify any remaining work tasks to be conducted during the construction phase of the overall project and develop additional monitoring activities relative to those tasks</li> </ul> <p><b><u>Monitoring activities relative to NJ Transit:</u></b></p> <ul style="list-style-type: none"> <li>• Review of pre-qualification and background check procedures and associated documentation</li> <li>• Review the interface with the Design Consultant, engineers and legal</li> <li>• Review criteria established for evaluating and assessing vendors</li> <li>• Review results of a competitive bid process</li> <li>• Observation of bid opening</li> <li>• Review bid award/evaluation of FTA guidelines and evaluation criteria</li> </ul> <p><b><u>Fixed Assets Procurement and Inventory Control Process:</u></b></p> <p>a) <i>Initial activities:</i></p> <ul style="list-style-type: none"> <li>• Review equipment specifications</li> <li>• Review acquisition planning process</li> <li>• Review competitive bidding requirements and processes</li> <li>• Review equipment procurement schedule</li> <li>• Review equipment receipt requirements and processes</li> <li>• Visit storage location to review size and layout</li> <li>• Review the interfacing processes between procurement and receiving functions</li> <li>• Review procurement scheduling procedures</li> <li>• Review RFP's for compliance with design specifications</li> <li>• Review PO's for compliance with RFP's and design specifications</li> <li>• Observe receiving of purchased equipment</li> <li>• Review and test receiving documentation</li> <li>• Test vouchers and supporting documentation related to vendor payments for purchased equipment</li> <li>• Evaluate system access controls</li> <li>• Inspect and test inventory of stored equipment awaiting installation</li> <li>• Review asset disposal programs and controls</li> <li>• Review interface with receiving and procurement</li> </ul>
Procurement - Contractor bid frauds	C.1.2	Complementary Bidding	H/M		TBD*	
Procurement - Contractor bid frauds	C.1.3	Bid Rotation	H/M		TBD*	
Procurement - Contractor bid frauds	C.1.4	Unbalanced Bids	H/M		TBD*	
Procurement - Conflicts of interest	C.2	Conflicts of Interest	H/M		TBD*	
Procurement - Bribery / kickbacks	C.3	Bribery/Kickbacks	H/M		TBD*	
Procurement - Contract frauds	C.4.1	Rigged Specifications	M/M		TBD*	
Procurement - Contract frauds	C.4.2	Manipulation of Contract Terms	M/M		TBD*	
Procurement - Contract frauds	C.4.3	Intentionally Vague Scope Definition	H/H		TBD*	
Procurement - Contract frauds	C.4.4	Unreasonable Prequal Requirements	M/M		TBD*	
Procurement - Bid Information Frauds	C.5.1	Leaked Bid Information	H/M		TBD*	
Procurement - Bid Information Frauds	C.5.2	Accepting Late Bids	M/M		TBD*	
Procurement - Bid Information Frauds	C.5.3	Improper Disqualification	M/M		TBD*	
Procurement - Bid Information Frauds	C.5.4	Unjustified Sole Source Contracts	H/M		TBD*	
Task Order Contractors (TOC's)	D.1	Bribes/ Kickbacks	H/H	TBD*		
Task Order Contractors (TOC's)	D.2	Falsifying Records	M/M	TBD*		
Task Order Contractors (TOC's)	D.3	Conflicts of Interest	H/M	TBD*		

New Jersey Transit Corporation-Fraud Risk  
Monitoring Work Plan

Project Name: Substation Projects

Contract No. 14-033B

IOM Firm EisnerAmper

Date: February 4, 2016

\* - An assessment of the likelihood and impact cannot be accurately determined until a complete fraud risk assessment of the Contractor has been completed.

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						<p>b) Weekly activities:</p> <ul style="list-style-type: none"> <li>• Review of procurement documentation and activity</li> <li>- Review equipment purchase initiation forms</li> <li>- Sample equipment purchase orders to ensure compliance with project design specifications and procurement schedule</li> <li>- Review timing of purchase orders relative to receipt of goods and payment</li> <li>- Determine if ordering and billing of equipment exceeds project requirements</li> <li>- Test bill of material documentation for accuracy, completeness and compliance with project design specification and budget</li> <li>- Analyze surplus requisitions and returns of equipment</li> </ul> <ul style="list-style-type: none"> <li>• Review of receiving documentation for all equipment and furnishings placed into the custody of the contractor</li> <li>- Ensure equipment received is within a reasonable time frame before installation</li> <li>- Analyze receipt of goods relative to purchase order date, invoice date and payment date</li> <li>- Review equipment inspection records</li> <li>• Review instances of acceptance of early receipt of equipment</li> <li>• Reconcile purchase orders, receiving documents, entry logs, storage tags, inventory records, and release forms</li> <li>• Ensure billings are properly adjusted to account for any deficiencies identified in the procurement, receipt and storage of equipment</li> <li>• Review purchase records to ensure ownership of equipment is accurate and appropriately recognized by receiving and storage</li> <li>• Review dispatch/release records to ensure equipment is properly removed from storage</li> <li>• Incorporate findings into weekly reports</li> </ul> <p>c) Monthly activities:</p> <ul style="list-style-type: none"> <li>• Observe receipt of equipment including inspection and storage procedures</li> <li>• Observe physical inventory counts</li> <li>• Test access controls to storage areas</li> <li>• Observe release equipment from storage to jobsite for installation</li> <li>• Observe equipment in transit</li> <li>• Incorporate findings into monthly reports</li> </ul>

New Jersey Transit Corporation-Fraud Risk  
Monitoring Work Plan

Project Name: Substation Projects

Contract No. 14-033B

IOM Firm EisnerAmper

Date: February 4, 2016

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						<p><u>Financial Management:</u></p> <p>a) Initial activities:</p> <ul style="list-style-type: none"> <li>• Obtain access to and review the Contractor's cost estimates and perform the following:               <ul style="list-style-type: none"> <li>- Analyze distribution of overheads across pay items</li> <li>- Review bid buyout analysis</li> <li>- Gain an understanding of key job metrics such as production rates, crew compliments and major material unit pricing</li> <li>- Gain an understanding of the linkage between the estimate and the bid pay items</li> </ul> </li> <li>• Review the Contractors' job cost system and reporting and perform the following:               <ul style="list-style-type: none"> <li>- Gain an understanding of the linkage between the estimate and the job cost system and related reports</li> <li>- Gain an understanding of the linkage between the job cost system and the bid pay items</li> <li>- Determine if the Contractors' cost system and reports track variances to the estimate and confirm that key job metrics (e.g. crew production rates, labor rates, equipment rates) are consistent between estimate and actual cost</li> <li>- Gain an understanding of the job cost reports that are available from the Contractors' systems and identify the reports that the project team will use to manage and evaluate the project</li> </ul> </li> <li>• Review the project baseline schedule and perform the following:               <ul style="list-style-type: none"> <li>- Verify consistency with cost estimate if the schedule is cost-loaded</li> <li>- Identify major milestone dates</li> <li>- Gain an understanding of work sequences and activity relationships</li> <li>- Perform analytics of production rates and labor hours and schedule milestones for reasonableness if schedule is not cost-loaded</li> </ul> </li> <li>• Obtain a list of the Contractors' active projects indicating the location of the project, the nature of the work being performed and the planned completion date to monitoring for potential cost shifting as well as verify that invoices have the correct "delivered to" address.</li> </ul> <p>b) Weekly:</p> <ul style="list-style-type: none"> <li>• Prepare and submit weekly required reports to NJ Transit</li> <li>• There are no anticipated scheduled weekly activities relative to the Contractors' financial management area. Weekly activities maybe added depending on the findings of the fraud risk assessment</li> </ul>

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						<p><i>c) Monthly:</i></p> <ul style="list-style-type: none"> <li>• Prepare and submit monthly required reports to NJ Transit</li> <li>• Perform a walk-through of the project site within five calendar days of the end of the invoice period to confirm that project progress is consistent with amounts invoiced</li> <li>• Review and confirm the arithmetic accuracy of the Contractors' invoice</li> <li>• Confirm the invoice is processed in accordance with the Contractors' controls and procedures</li> <li>• Confirm the invoice is in the required form and contains all required sign-offs and certifications and appropriately dated</li> <li>• Confirm that proper subcontractor lien releases are included in the Contractors' invoice</li> <li>• Obtain and review contractor monthly job cost report and assess cost incurred to-date against pay-item percent completion per the Contractors' invoice</li> <li>• Obtain and review certified payroll and Contractors' labor distribution report (or other contractor report showing distribution of labor to job cost codes)</li> <li>• Select a sample of worker hours from the Contractors' certified payroll and perform the following: <ul style="list-style-type: none"> <li>- Verify hourly rate, burden rates, overtime and net pay calculation</li> <li>- Verify payment to copy of wire transfer or cancelled check</li> <li>- Confirm payments to unions</li> <li>- Agree hours to timekeeping records</li> <li>- Agree hours and rates to labor distribution report</li> <li>- Agree labor from labor cost distribution report to job cost report</li> </ul> </li> <li>- Confirm that all Contractor procedures and controls were followed in the processing and payment of the worker</li> <li>• Select a sample of material and subcontractor invoices and perform the following: <ul style="list-style-type: none"> <li>- Verify invoice is from an approved vendor/subcontractor</li> <li>- Verify timely payment of invoice for appropriate amount</li> <li>- Verify invoice amount is recorded accurately in job costs as to amount and cost code</li> </ul> </li> </ul> <ul style="list-style-type: none"> <li>- Confirm that all Contractor procedures and controls were followed in the processing and payment of the invoice</li> <li>• For equipment owned by Contractor, select a sample of equipment time records and perform the following: <ul style="list-style-type: none"> <li>- Agree day, hours and cost code charged to daily logs</li> <li>- Confirm that equipment has been approved for site and safety checked by NJ Transit</li> <li>- Agree hours, rate, cost and charge code to job cost report</li> <li>- Verify consistency of hourly overtime rates</li> </ul> </li> <li>- Confirm that all Contractor procedures and controls were followed in recording of equipment hours and cost</li> </ul>

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						<p>d) Quarterly:</p> <ul style="list-style-type: none"> <li>• Obtain most recent job cost to-date report from Contractors and perform the following:               <ul style="list-style-type: none"> <li>- Review and analyze major variances to the Contractors' cost estimate</li> <li>- Compare actual and estimated production rates</li> <li>- Compare job costs recorded to actual work areas per observations performed and/or daily logs</li> <li>- Compare costs incurred to billings to-date relating cost codes to pay items and related percent complete</li> </ul> </li> <li>• Analyze current project schedule against cost-to-complete indicated by the job cost reporting</li> <li>• Perform a walk-through of the site comparing actual status to both current schedule and job cost reporting</li> <li>• Update listing of Contractors' active projects to monitor for potential cost shifting</li> </ul> <p>e) Ad hoc:</p> <p>Unannounced project walk-throughs of the site, covert observations of site activity, observation of pay check distribution, and/or unannounced records testing or inspections.</p>
Task Order Contractors (TOC's)	D.4	Schedule Manipulation	M/M	<p><b>Fieldwork Management:</b></p> <ul style="list-style-type: none"> <li>• Material substitution or sub-standard materials</li> <li>• Falsified material testing certifications or inspection documents</li> <li>• Falsified equipment inspections/certifications</li> <li>• Falsified field reporting and documentation</li> <li>• Falsified labor certification, shift work hours, and site attendance</li> </ul>	TBD*	
Task Order Contractors (TOC's)	D.5	Change Order Manipulation	H/H	<p><b>Project Management:</b></p> <ul style="list-style-type: none"> <li>• False claims and change orders</li> <li>• Falsified compliance documents and reporting</li> <li>• Schedule manipulation</li> <li>• Collusive activities between the Contractor and its sub-contractors to support claims and changes</li> </ul>	TBD*	
Outsource Programs	E.1	Duplicate Billings	H/H	N/A	N/A	N/A
Outsource Programs	E.2	Cost Shifting	H/H	N/A	N/A	N/A
Disadvantaged Business Enterprise (DBE) - False Submission	F.1.1	False Certification Documentation	H/H	Refer to DBE Workplan		
Disadvantaged Business Enterprise (DBE) - False Submission	F.1.2	False Compliance Documentation	H/H	Refer to DBE Workplan		

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Risk Category	Program Wide Risk Ref.	Program Wide Fraud Scheme Description	Program Wide Likelihood/ Impact	Potential Fraud Risk Description and Application to Substation Projects	Likelihood/ Impact (Substation Projects)	Monitoring Procedures (Substation Projects)
Disadvantaged Business Enterprise (DBE) - False submission	F.1.3	False or Manipulated DBE Pricing	H/H	Refer to DBE Workplan		
Disadvantaged Business Enterprise (DBE) - Pass-Through	F.2	Pass-Through	H/H	Refer to DBE Workplan		
Disadvantaged Business Enterprise (DBE) - Fronting	F.3	Fronting	H/H	Refer to DBE Workplan		
Change Orders	G.1	False Submissions	M/H	<p><b>Fieldwork Management:</b></p> <ul style="list-style-type: none"> <li>• Material substitution or sub-standard materials</li> <li>• Falsified material testing certifications or inspection documents</li> <li>• Falsified equipment inspections/certifications</li> <li>• Falsified field reporting and documentation</li> <li>• Falsified labor certification, shift work hours, and site attendance</li> </ul> <p><b>Project Management:</b></p> <ul style="list-style-type: none"> <li>• False claims and change orders</li> <li>• Falsified compliance documents and reporting</li> <li>• Schedule manipulation</li> <li>• Collusive activities between the Contractor and its sub-contractors to support claims and changes</li> </ul>	TBD*	<p><b>Fieldwork and Project Management Monitoring:</b></p> <p><i>a) Initial activities</i></p> <ul style="list-style-type: none"> <li>• Conducting an initial project assessment: <ul style="list-style-type: none"> <li>- Participate in kick-off meetings with the Contractors and the Design Consultant</li> <li>- Review the Contractors' plans for health and safety controls including required professional personnel certifications, security, sequence of construction activities and ensuring compliance with approved project procedures</li> <li>- Assess the project team and the progress of work to determine how each team member delivers their committed assignment as part of the overall progress</li> </ul> </li> <li>• Review project procedures: <ul style="list-style-type: none"> <li>- Assess established project procedures addressing the execution of work (e.g., procurement, construction, and turnover) and the role of the Contractors and the Design Consultant</li> <li>- Review role and activities of suppliers/fabricators and the Contractors' points of interface and approvals</li> <li>- Draft supplemental audit tasks focusing on fraud mitigation/monitoring activities for newly identified risks</li> <li>- Review roles and responsibilities of NJ Transit for approvals and sign-offs related to field activities and material substitution</li> <li>- Review of contract drawings and specifications</li> <li>- Review of materials to be procured</li> <li>- Review of plan for pre and post shipping procedures including required factory testing and approvals</li> </ul> </li> </ul>

**New Jersey Transit Corporation-Fraud Risk  
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Change Orders	G.2	Cost Shifting	H/H			<p><i>b) Weekly activities</i></p> <ul style="list-style-type: none"> <li>• Monitor construction activities: <ul style="list-style-type: none"> <li>- Observe construction activities and provide assessment as to whether activities are performed in accordance with the submitted approved Work Plan, and in a safe manner</li> <li>- Monitor field submittal process and identify issues causing adverse impact</li> <li>- Monitor construction progress as compared to project schedule and meeting identified milestones</li> <li>- Monitor adverse changes in labor productivity/construction methodologies</li> <li>- Monitor review of proposed and approved changes to original plan/drawings</li> <li>- Identify potential project issues and mitigation plans going forward</li> <li>- Monitor coordination activities between key trades</li> <li>- Monitor coordination activities with local utilities</li> <li>- Witness select testing of systems and equipment</li> <li>- Prepare input to weekly, monthly and quarterly progress reports, depicting progress against project schedule, cost expenditures, and highlight issues</li> </ul> </li> <li>• Miscellaneous field monitoring activities: <ul style="list-style-type: none"> <li>- Analyze changes in field conditions for impact on the Contractor's schedule and cost</li> <li>- Maintain daily logs and capture all site activities with specific attention to irregular construction activities and diversions from project procedures</li> <li>- Immediately report such incidents to NJ Transit management per established protocol</li> </ul> </li> </ul>
Change Orders	G.3	Cost Inflation	H/H		TBD*	<p><i>c) Monthly activities</i></p> <ul style="list-style-type: none"> <li>• Assess project schedule milestones for reasonableness of procurement and construction to existing site activities</li> <li>• Ensure proper pay-items are tied to schedule milestones</li> <li>• Verify quantities of demolition waste agree to disposal reports, hauling tickets and invoicing</li> <li>• Verify demolition waste is disposed of at appropriate facilities</li> <li>• Evaluate field labor manpower reports against actual field headcount</li> <li>• Evaluate work performed by Contractors and Design Consultant relative to contract deliverables and obligations for construction administration support</li> <li>• Review quality non-conformance reports for open rework and repair activities</li> <li>• Review field correspondence and project reports for open requests for information, change orders or other documentation preventing successful project execution</li> <li>• Prepare and submit monthly required reports to NJ Transit</li> <li>• Review monthly project status and critical items lists generated by Design Consultant and the Contractors including key supplier/fabricator</li> </ul>
Change Orders	G.4	Scope Manipulation	M/H		TBD*	<p><i>d) Quarterly activities</i></p> <ul style="list-style-type: none"> <li>• Review status of critical items lists generated by the Contractors and Design Consultant, including key supplier/fabricator</li> <li>• Report on irregular activities by project team members, develop trends illustrating negative construction progress and provide recommendations to resolve issues for reporting to NJ Transit management and the New Jersey State Treasurer.</li> </ul>
Claims Management	H.1	Overpayment of Settlement Amounts	L/M	N/A	N/A	N/A

**New Jersey Transit Corporation-Fraud Risk  
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<b>Risk Category</b>	<b>Program Wide Risk Ref.</b>	<b>Program Wide Fraud Scheme Description</b>	<b>Program Wide Likelihood/ Impact</b>	<b>Potential Fraud Risk Description and Application to Substation Projects</b>	<b>Likelihood/ Impact (Substation Projects)</b>	<b>Monitoring Procedures (Substation Projects)</b>
Claims Management	H.2	Fraudulent Settlement Bases	L/M	N/A	N/A	N/A

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Risk Category	Program Wide Risk Ref.	Program Wide Fraud Scheme Description	Program Wide Likelihood/ Impact	Potential Fraud Risk Description and Application to this Project	Likelihood / Impact (This Project)	Monitoring Procedures (Modify to address the risks identified for this project.)
Substation Program specific risks	I.1	N/A	N/A	<p><b>Management plans:</b></p> <ul style="list-style-type: none"> <li>- Demolition and waste disposal</li> <li>- Jobsite security plan</li> <li>- Equipment procurement, receiving and storage plan.</li> </ul>	TBD*	<ul style="list-style-type: none"> <li>• Review the Contractors' plans for health and safety controls including required professional personnel certifications, security, sequence of construction activities and ensuring compliance with approved project procedures</li> <li>• Observe construction activities and provide assessment as to whether activities are performed in accordance with the submitted approved Work Plan, and in a safe manner</li> <li>• Verify quantities of demolition waste agree to disposal reports, hauling tickets and invoicing</li> <li>• Verify demolition waste is disposed of at appropriate facilities</li> </ul> <p><b>Monitoring activities relative to the demolition waste disposal and abatement plan:</b></p> <ul style="list-style-type: none"> <li>• Review Contractors' demolition, abatement (if required) and disposal plan submittals including specifics for hazardous material handling</li> <li>• Review certification of disposal contractors and location(s)</li> <li>• Verify required permits are in-place</li> <li>• Monitor adherence to safety, quality assurance and quality control procedures</li> <li>• Assess demolition schedule including schedule of payments for work performed</li> <li>• Attend progress meetings</li> <li>• Review drawings and verify that each drawing is the latest revision;</li> <li>• Observe that demolition activities are performed in accordance with the submitted approved Work Plan in a safe manner</li> <li>• Monitor segregation of hazardous and non-hazardous waste prior to disposal/trucking</li> <li>• Verify proper weighing and classification of hazardous materials</li> <li>• Monitor disposal tickets to/from haul/disposal site and verify against Contractor's invoices</li> </ul> <p><b>Monitoring activities relative to the jobsite security plan:</b></p> <p><i>a) Initial activities:</i></p> <ul style="list-style-type: none"> <li>• Review jobsite security plan specific to the Substation Program</li> <li>• Ensure coordination of jobsite security with existing security policies, procedures and personnel at NJ Transit</li> <li>• Ensure proper notice of jobsite security procedures to Contractors and Design Consultant</li> <li>• Attend jobsite security plan training and orientation of contractor personnel</li> </ul> <p><i>b) Weekly activities:</i></p> <ul style="list-style-type: none"> <li>• Review jobsite security reports, including daily contractor and visitor access logs, and security violation and incident reports.</li> <li>• Review list of construction personnel with access during construction hours and after construction hours.</li> </ul> <p><i>c) Monthly activities:</i></p> <ul style="list-style-type: none"> <li>• Test access to jobsite areas from outside and inside of building</li> <li>• Test access to storage areas designated for valuable equipment and materials</li> <li>• Test access to areas outside of NJ Transit's facilities designated for the Substation Program (e.g., parking lot)</li> <li>• Observe construction personnel to ensure use of proper jobsite credentials (i.e., access badges) for site access</li> <li>• Inspect for appropriate signage at all access points.</li> </ul>



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

Firm Name: EisnerAmper

Employee Name	Staffing Category	Fill in Work plan Risk Categories	Task C1.1 - 1.4: Procurement - Contractor Bid Frauds		C2: Procurement - Conflicts of Interest		C3: Procurement - Bribery/Kickbacks		C4.1 - 4.4: Procurement - Contract Frauds		C5.1-5.4: Procurement - Bid Info. Frauds		D: Task Order Contractors (TOC's)		F1-3: Disadvantage Business Enterprise (DBE)		G: Change Orders		I: Substation Program Specific Risks		Total Hours	Total \$ Amount
			Hours	Amount (\$)	Hours	Amount (\$)	Hours	Amount (\$)	Hours	Amount (\$)	Hours	Amount (\$)	Hours	Amount (\$)	Hours	Amount (\$)	Hours	Amount (\$)	Hours	Amount (\$)		
	Partner/Principal/Director	330.00	4.00	1,320.00	20.00	6,600.00	6.00	1,980.00	8.00	2,640.00	8.00	2,640.00	24.00	7,920.00	80.00	26,400.00	8.00	2,640.00	46.00	15,180.00	204.00	67,320.00
	Program Manager/Project Manager	290.00	40.00	11,600.00	26.00	7,540.00	120.00	34,800.00	120.00	34,800.00	140.00	40,600.00	140.00	40,600.00	230.00	66,700.00	92.00	26,680.00	260.00	75,400.00	1,168.00	338,720.00
	Subject Matter Expert	320.00	10.00	3,200.00	6.00	1,920.00	-	-	12.00	3,840.00	12.00	3,840.00	-	-	-	-	-	-	8.00	2,560.00	48.00	15,360.00
	Supervisor/Senior Consultant	225.00	32.00	7,200.00	38.00	8,550.00	30.00	6,750.00	60.00	13,500.00	56.00	12,600.00	65.00	14,625.00	-	-	20.00	4,500.00	84.00	18,900.00	385.00	86,625.00
	ConsultantAssociate/Staff	160.00	80.00	12,800.00	65.00	10,400.00	160.00	25,600.00	160.00	25,600.00	140.00	22,400.00	240.00	38,400.00	340.00	54,400.00	100.00	16,000.00	310.00	49,600.00	1,595.00	255,200.00
	Administrative Support	70.00	40.00	2,800.00	10.00	700.00	40.00	2,800.00	40.00	2,800.00	60.00	4,200.00	60.00	4,200.00	140.00	9,800.00	40.00	2,800.00	80.00	5,600.00	510.00	35,700.00
<b>TOTALS</b>			<b>206.00</b>	<b>38,920.00</b>	<b>165.00</b>	<b>35,710.00</b>	<b>356.00</b>	<b>71,930.00</b>	<b>400.00</b>	<b>83,180.00</b>	<b>416.00</b>	<b>86,280.00</b>	<b>529.00</b>	<b>105,745.00</b>	<b>790.00</b>	<b>157,300.00</b>	<b>260.00</b>	<b>52,620.00</b>	<b>788.00</b>	<b>167,240.00</b>	<b>3,910.00</b>	<b>798,925.00</b>

Total Direct Cost	798,925.00
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Total Travel Cost	-
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<b>GRAND TOTAL</b>	<b>798,925.00</b>
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