



Disaster recovery monitoring

**Fighting fraud, waste, and abuse
when a disaster strikes**





Disaster recovery monitoring services

KPMG LLP (KPMG) has deep experience in disaster recovery efforts and monitoring complex, large-scale government contracts in the context of fraud, waste, and abuse prevention. KPMG is able to provide professional services in various phases of a project, including strategy and development, procurement and risk assessment, project oversight and monitoring (cost, schedule, quality), contract compliance, audit and cost recoveries, and antifraud oversight. KPMG's monitoring methodologies and approaches have been brought forth before a number of federal and state regulatory bodies, including the U.S. Securities and Exchange Commission (SEC), U.S. Department of Justice (DOJ), United States Attorneys of the Southern and Eastern Districts of New York, and the New York County District Attorney's Office.

KPMG is currently monitoring New York City's Build-It-Back Program, the \$2.2 billion Hurricane Sandy Recovery Program, one of the largest construction projects that New York City has subjected to monitoring and oversight. This work is being conducted in accordance with both Federal Emergency Management Agency (FEMA) and Department of Housing and Urban Development (HUD) guidelines, and KPMG, as the Integrity Monitor, helps to ensure that construction activities, costs, and supporting documentation are in compliance with the guidelines of both agencies as well as Davis Bacon and local labor laws. In addition, we note operational deficiencies and make recommendations to streamline processes. Our compliance, operational, and active oversight services have been established to be a deterrent against fraud, waste, and abuse.

management firms and its electrical and plumbing subcontractors. Our work saved New York City millions of dollars in inflated billings and other irregularities.

- KPMG was engaged to provide integrity oversight and antifraud monitorship for two FEMA-funded projects. As part of this review, KPMG was engaged to perform financial and administrative reviews where KPMG reviewed and evaluated the financial and administrative functions for the contracts and helped functions adhere to grant/assistance program guidelines, procurement rules, and reporting requirements. Additionally, KPMG verified that the contract was procured in accordance with federal, state, and local laws, regulations, and ordinances. Finally, KPMG assessed whether payments were disbursed consistent with applicable directives, and that there were no duplication of benefits, process and payment errors, waste, fraud, abuse, malfeasance, or mismanagement of funds.
- KPMG was hired to conduct an independent review into the billings of a specific contractor related to work performed under the HUD-funded Hurricane Sandy programs for New York State. Utilizing data analytics, KPMG's review focused on instances of overbilling, billing irregularities, and/or fraudulent billing schemes. Our analysis was utilized by outside and internal counsel to support their position in litigation. The team's analysis and attention to detail led to New York State's favorable settlement in the dispute.
- KPMG was engaged by a major oil and gas company to review, assess, and validate over \$1 billion of expense associated with responding to a major environmental incident in the Gulf of Mexico. Through close interaction with our client and its vendors and contractors, KPMG brought transparency and accountability to the response expenditures. Our efforts consisted of the following: provided a rapid response to the crisis; established a process for assessing the appropriateness of invoices and supporting documentation; brought accountability to the vendors and contractors that worked on the response; facilitated the timely and appropriate payment to vendors and contractors; and documented inappropriate, duplicative, and unsupported billing.
- KPMG developed antifraud programs and controls and provided related services for the Louisiana Road Home Program, the State of Louisiana's post-Hurricane Katrina program for distribution of \$6.5 billion in HUD Community Development Block Grant Funds. This included assessing all policies and procedures from a fraud prevention perspective and embedding antifraud measures as appropriate; conducting fraud awareness training for employees; performing forensic data analytics and data mining across more than 150,000 applications to identify possible patterns and instances of fraud or duplication of benefits; assisting with the



Engagement summaries

- KPMG played leading roles in monitoring New York City's \$500 million Rapid Repairs Program (Rapid Repairs), which was the FEMA-funded Partial Repair and Essential Power for Sheltering (PREPS) program put in place after Hurricane Sandy to restore electricity, heat, and hot water to thousands of single-family homes in the immediate aftermath of that hurricane. KPMG took part in designing and implementing a monitoring and oversight program to provide real-time monitoring of the work of one of the world's largest construction

development of a compliance program, including standards of ethical conduct, conflict of interest policies, investigative protocols, whistleblower and hotline procedures, and a process to refer matters to federal and state law enforcement authorities; investigating allegations of fraud and misconduct; acting as a liaison with federal and state law enforcement authorities; and assessing and testing selected information technology controls.

- KPMG provided oversight services to the New York City Department of Investigation during the subsequent \$1 billion cleanup at Ground Zero, and for the rebuilding projects sponsored by the owner of the World Trade Center site. A significant portion of funding for those rebuilding projects came through the Federal Transit Administration (FTA), and all monitoring and oversight activities were conducted in a manner consistent with FTA regulations.



The integrity monitor team

KPMG's vast experience with emergency and disaster recovery projects, and its methodology of combining on-site observations, operational improvements, and investigative processes, has enabled KPMG to combat fraud, waste, and abuse in the government's administration of disaster recovery, construction, and reconstruction projects. KPMG's Integrity Monitor Team comprises:

- Forensic accountants with extensive experience analyzing construction projects to detect overbilling and double-billing schemes, change order issues, procurement schemes, payment procedures, and compliance with wage and hour requirements
- Construction engineers with extensive experience detecting materials substitution schemes and Buy America violations, front-loading and mark-up schemes, change order fraud, falsified inspection reports, hazardous materials handling issues, and procurement schemes
- Former prosecutors and investigators, with law enforcement backgrounds and construction experience, who work hand-in-hand with the accountants and engineers, and are also adept at detecting illegal job-site activities and gathering needed evidence and witnesses regarding unethical and illegal conduct
- Project managers, all of whom are experienced in managing disaster recovery work and bring direct experience with the numerous FEMA and HUD provisions.



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