



cutting through complexity

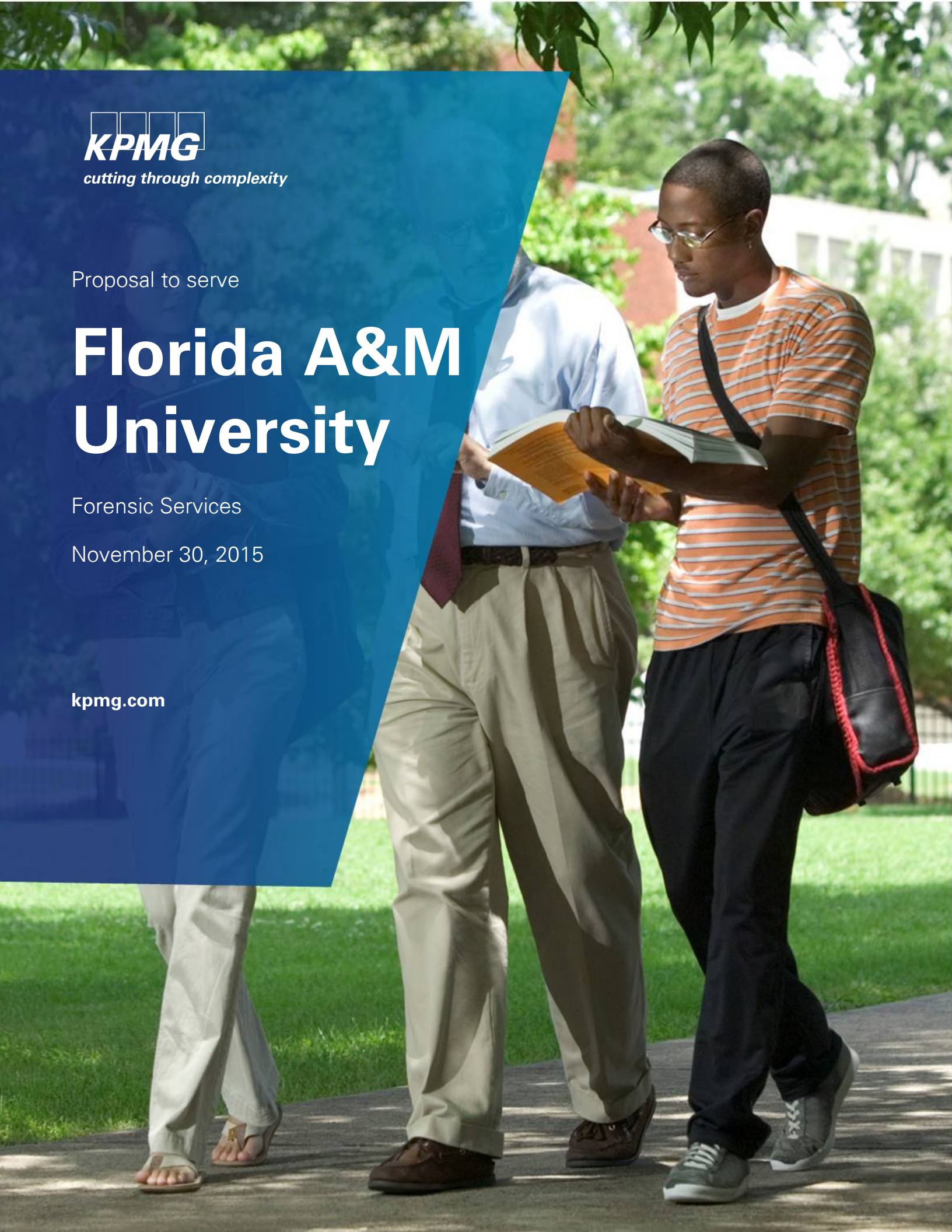
Proposal to serve

Florida A&M University

Forensic Services

November 30, 2015

kpmg.com





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November 30, 2015

Ms. Stephany R. Fall, MPA
Director of Procurement Services
Florida A&M University
2380 Wahnish Way, Suite 214
Tallahassee, FL 32307

Dear Ms. Fall,

KPMG LLP ("KPMG") is pleased to submit our statement of qualifications to provide forensic examination services to Florida A&M University ("FAMU" or "the University") related to bonus payments and various construction activities.

We understand the importance of this initiative and believe our ability to meet your needs is distinguished by our:

- **Targeted experience.** Our team of forensic accountants, certified fraud examiners, and construction specialists are well-positioned to help the University meet its objectives.
- **Sound methodology.** Our robust investigations and fraud risk management methodologies are designed to instill confidence and trust, both with respect to our approach and with regard to the final deliverables to assess compliance with policies and instances of fraud, waste and abuse.
- **Collaborative approach.** By leveraging our internal resources in the higher-education space as well as leading practices in the construction industry, we can address the concerns of the University in a cost-effective manner.

We have organized this document to provide you with an overview of our qualifications and experience. We feel we can provide these services to the University in a cost-effective manner. We would be pleased to discuss your potential needs in greater detail or respond to any questions you may have.

This engagement is subject to KPMG's standard engagement acceptance procedures and negotiation of mutually acceptable terms and conditions.

If you have any questions concerning our qualifications, experience, or pricing, please feel free to contact me directly at 404-222-7375.

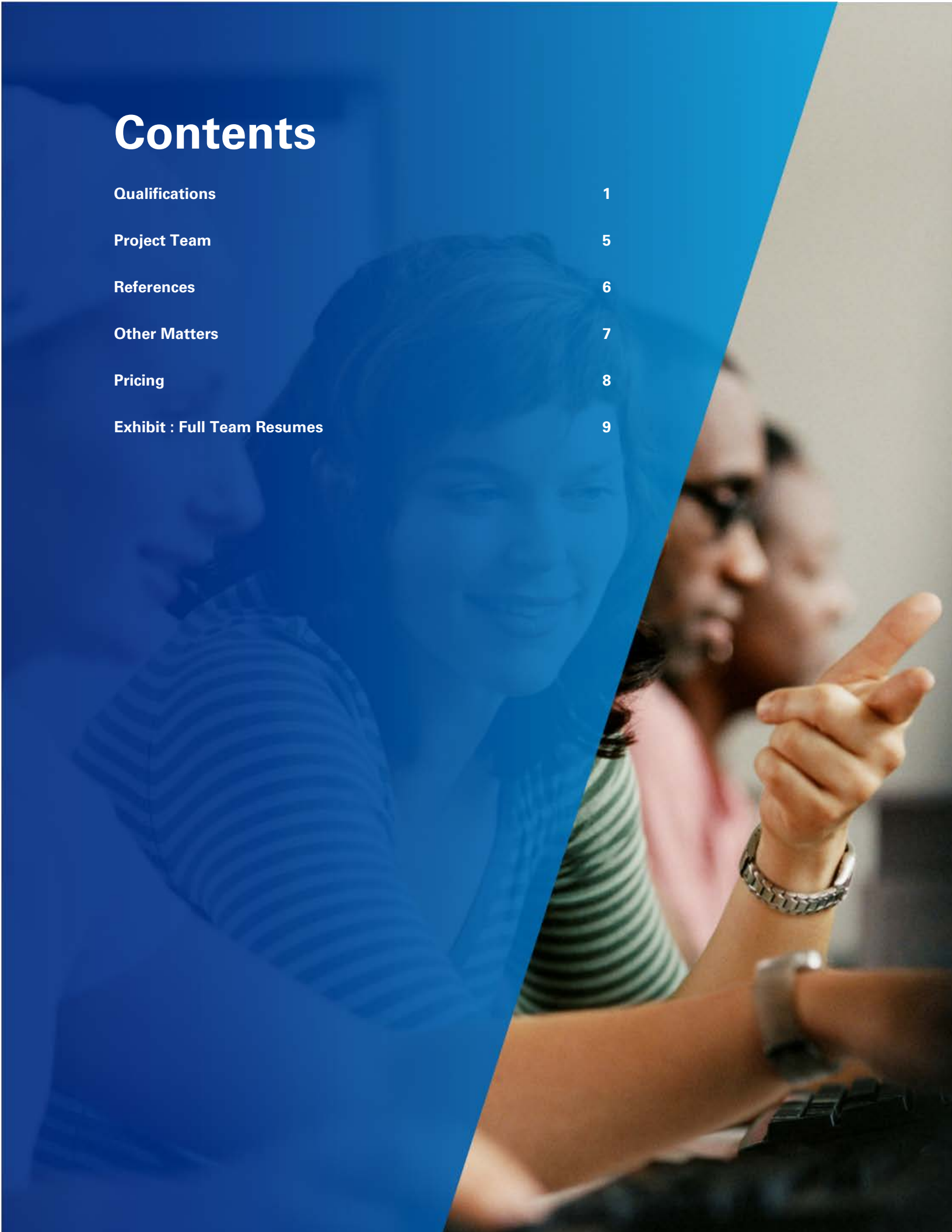
Sincerely,

KPMG LLP

Earl G. Fagan, Jr.
Managing Director

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Qualifications

KPMG has long been a leader in providing audit and advisory services to higher education institutions. We view service to higher education as significant to the overall success and continued growth of our firm. Now in our second century of serving schools, colleges and universities, KPMG continues to be committed to higher education as one of the core businesses of our Audit, Tax, and Advisory practices.

KPMG Forensic is especially proud of our work providing forensic accounting and investigations services to higher education, state and local government, and corporate clients. Included in this response are numerous projects which demonstrate our team’s qualifications related to providing forensic accounting services to other Universities and similar entities. We frequently work with internal or external counsel, in anticipation of litigation, or with an understanding that a regulator or even law enforcement authorities may examine our work.

The professionals who will be providing services to FAMU have led teams responsible for reviewing hundreds of thousands of transactions related to improper accounting and compliance violations. Our analysis includes tracing funding streams for various aspects of payroll. This includes reviewing bonus structures, approvals, authorizations, and other payroll procedures and documentation. Our team frequently reviews supporting documentation and policy/procedures related to construction projects. These reviews cover the lifecycle of the construction process; from planning, design, bidding, and funding to completion and inspection. The approach incorporates the review of internal controls related to approvals, cash disbursements, thresholds, check signing authority, check request procedures, methods used to help ensure obligations and expenditures did not exceed funds available, payroll, invoices, and allowable costs and regulations. We also review contracts and trace entire purchases through the accounting and tracking systems (PO, invoice, cancelled check, approvals, etc.).

We leverage client and industry experiences providing forensic accounting and investigative services to help our clients improve their processes and internal controls.

Below you will find a list of some of the higher education clients we have served in the past few years:

Representative Client List (2009 – Present)	
Atlanta Board of Education	New Jersey Higher Education Student
Baylor College of Medicine	Northcentral University Inc
Bridgepoint Education	Northwestern University
Brown University	Northern Arizona University
Buena Vista University	Ohio Northern University
California State University System	Regents of the University of California
Carnegie Mellon University	Regent University
City Colleges of Chicago	The Research Foundation – City University
City University of New York	Rutgers, The State University of New Jersey
Chaminade University of Honolulu	Saint Joseph’s University
Columbia University	Siena College
Creighton University	St. Charles Community College
De Paul University	St. Johns University
Drake University	Trustees of Boston College
East Stroudsburg University Foundation	Trustees of Columbia University
Emory University	University of California System
Gemological Institute of America	University of California, San Francisco
Georgia Institute of Technology	University of Chicago

Representative Client List (2009 – Present)

Inter American University of Puerto Rico	University of Central Florida
Iowa State University	University of New Haven
Ivy Tech State College	University of North Florida
Lasell College	University of San Francisco
Laureate Education	University of South Florida
Logan University	University of Southern California
Loyola University of Chicago	University of Texas System
Masdar Institute of Science & Technology	University of Texas Southwestern Medical
Massachusetts Institute of Technology	Universal Technical Institute
Medical College of Wisconsin	Villanova University
Mercer University	Washington University
Metropolitan State College of Denver	Yeshiva University
National Collegiate Athletic Association	Xavier University

In addition to providing audit, tax, and advisory services to the higher education clients above, we have provided forensic accounting and investigations services as detailed in the engagement descriptions below:

A Large Public University

KPMG was retained by the Office of General Counsel of a public university to assist with respect to (i) reviewing the agreements and relationships between the University, their research foundation, and a third-party contractor; (ii) analyzing the financial and related-party transactions between the parties; (iii) assessing any actual and/or potential conflicts of interest regarding these relationships and transactions; and (iv) making recommendations for improvements to relevant controls and processes, as appropriate.

University of North Florida – Multiple Cost Analyses

A public university engaged KPMG to perform a construction cost analysis of three recently completed campus projects including a new classroom building and renovations of an existing classroom and administrative offices. KPMG performed a cost analysis to determine whether the costs billed by the contractor were adequately supported and consistent with contract terms and conditions. KPMG worked with the university to identify potential overpayments to contractors and provide recommendations regarding potential adjustments to the projects' final costs as appropriate.

Brown University – Multiple Services

KPMG currently provides construction advisory services to Brown University.

Work consists of:

- Performing construction program evaluations and contract compliance assessments.
- Assessing procurement and contracting procedures, costs and billings, change order controls, project reporting, and overall project management.
- Performing cost reviews to assess the processes used to procure and administer the project design and construction costs.
- Assessing the construction manager's and contractor's compliance with the contract terms including determining the reasonableness and accuracy of the request for payments to mitigate the risk of payment of unnecessary and/or unsubstantiated project costs.
- Reviewing the processes and procedures used by the project management team to manage activities throughout the project life-cycle.

University of Massachusetts Building Authority – Cost Analysis

The University of Massachusetts Building Authority (UMBA) will finance approximately \$1.7 billion in capital construction planned over the FY 2013 – 2017 period, and identified the need for guidance and assistance due to the risks associated with a large, complex and high profile large capital program. The client also realized it lacked any independent third party assessments of projects and internal construction management processes.

KPMG was engaged to perform a construction cost evaluation of the University of Massachusetts Medical School's \$400 million state of the art interdisciplinary and medical research facility including 1) state of the art wet and dry laboratory research space devoted to the investigation and application of stem cell and genetic therapies technologies, 2) parking facilities for approximately 1,200 vehicles to support campus operations, and 3) expansion of the existing co-generation power plant and utility loop connections.

KPMG's work included review of procurement and contracting, costs and billings, change order controls, project reporting, and overall project management. The objectives were to assess the processes used to procure and administer the construction costs, the construction manager's and contractors' compliance with the contract terms, assess the reasonableness and accuracy of the request for payments to mitigate the risk of payment of unnecessary and/or unsubstantiated project costs, and assess the processes used by the project management team to manage the project throughout the project life-cycle.

Beaufort County, SC

KPMG was engaged by the Beaufort County, SC Administrator and Solicitor to investigate allegations of embezzlement within the Treasurer's Office and quantify the loss of County funds.

KPMG performed a review of the county's policies and procedures around various finance and accounting functions as well as control testing within the County's information and accounting systems. KPMG also performed investigations into the alleged embezzlement and provided findings to the County attorney and sheriff's office.

Neighborhood Housing Services of South Florida

KPMG was engaged by Neighborhood Housing Services of South Florida (NHSSF) to perform financial monitoring, internal audit, and other forensic advisory services related to its \$90M HUD Neighborhood Stabilization Program grant. NHSSF led a consortium of housing corporations including:

- Opa-Locka Community Development Corporation
- Little Haiti Housing Authority
- Carrfour Supportive Housing
- St. John Community Development Corporation
- The Urban League of Greater Miami

KPMG assisted the consortium with evaluation of policies and procedures related to the construction, development, billing, and preparation of fund requests, supporting documentation, and financial monitoring for the NSP 3 program. KPMG also assisted the Consortium with ad-hoc investigative procedures related to construction costs, real estate transactions, and accounting issues.

State of Connecticut, Office of Policy and Management and Capital Region Development Authority

KPMG performed project monitoring and oversight of the funding for several large capital projects exceeding \$1 billion. The main component projects included a college football stadium, convention center, science center, a retail and entertainment area, and various capital improvements to the state's capital city. Oversight included a monthly review of the general contractors' payment applications, attendance at pencil draft meetings, reviewing contract amendments and change orders, and addressing specific project related matters that arise over the life of the project. Additional responsibilities included conducting a yearly evaluation of the projects incurred costs, auditing subcontractors' labor rates, and providing additional support to the state's project team as needed. Proactive change order pricing analyses have been used to help minimize the need for cost recoveries at project completion.

Project Team

KPMG believes one of the primary success factors of any project is the experience and skills of the personnel assigned, and the effective management and oversight of their efforts. Our team has specific hands-on experience providing forensic investigations services to higher education and government clients. Our team will bring their collective knowledge of leading practices and lessons learned to this project.

Full biographies of team members can be found in Appendix A.

Earl Fagan, Engagement Managing Director

Earl Fagan is a Managing Director in KPMG's Forensic Practice. He has over 15 years of experience assisting public sector and corporate clients in preventing, detecting, and investigating fraud, waste, abuse, and mismanagement. Earl has assisted companies and government entities with forensic investigations, fraud risk assessments, document recovery and assessment of financial and legal risks relative to fraud and poor internal controls. As a Managing Director in the Forensic Services practice, he is responsible for formulating KPMG service offerings, managing client engagements, and developing KPMG's Investigation Methodology.

Earl will serve as the Engagement Managing Director for this project and will have overall responsibility for delivery of our services.

Will Hanley, Engagement Manager

Will Hanley is a Director in KPMG's Forensic Practice. Will has over 10 years of experience providing forensic investigations services to various clients. Will has overseen numerous asset misappropriation investigations, internal control reviews, and anti-fraud, waste, and abuse services to various entities. Will will serve as the Engagement Director for this project and will be actively involved in the day-to-day performance of the engagement. He will supervise all investigation efforts and will be involved in the project planning, execution and reporting phases of proposed activities to support the team's achievement of key objectives.

Gordon Postle, Subject Matter Professional / Technical Resource (Construction)

Gordon Postle is a Director in KPMG's Major Projects and Construction Advisory Services practice, specializing in providing accounting and program management services to owners and contractors with emphasis on construction matters. He has over 25 years of experience including the development and implementation of project cost accounting and management reporting systems, construction project accounting services, project cost audits, project assessments, construction program and project management services, construction claims and litigation support services, and significant experience in business process improvement.

Gordon will serve as a Subject Matter Professional and Technical Resource. He will provide technical knowledge specific to construction. He will help direct the project team and help ensure the project meets objectives and expectations.

Additional Staff

KPMG plans to staff this forensic investigation with professionals from its Atlanta and Tallahassee offices. We have a staff pool of over 40 professionals with specialized forensic experience including forensic accounting, interviewing, data analytics, and forensic technology to meet the needs of the University.

References

KPMG is often engaged through counsel to provide investigations services. These engagements are privileged and strictly confidential. Below you will find references for three projects where we have performed similar services to those requested by the University

**W.C. “Chip” Hood, Jr., General Counsel
Clemson University**

chip@clemson.edu
Phone: (864) 656-3414
Fax: (864) 656-7739
207 Sikes Hall
Clemson, SC 29634

**Utibe Offiong, Chief University Auditor
Brown University**

Utibe_Offiong@brown.edu
Phone: (401) 863-1593
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P.O. Box 1898
Providence, RI 02912

**Zak Ovadia, Director of Campus Planning
University of North Florida**

zovadia@unf.edu
Phone: (904) 620-3978
Fax: (904) 620-2573
1 UNF Drive – The Commons, Suite 3200
Jacksonville, FL 32224-5095

**Joanna Aalto, Treasurer
University of Massachusetts**

JAalto@umassp.edu
Phone: (617) 287-3200
Fax: (774) 455-7592
225 Franklin Street, 12th Floor
Boston, MA 02110

Other Matters

KPMG will provide our services in accordance with the terms and conditions of this letter. Our services as outlined in this letter constitute an Advisory Engagement conducted under the American Institute of Certified Public Accountants ("AICPA") Standards for Consulting Services. According to the AICPA Statement on Standards for Consulting Services No.1, in a consulting service, the practitioner develops the findings, conclusions, and recommendations presented. The nature and scope of work is determined solely by the agreement between the practitioner and the client. Generally, the work is performed only for the use and benefit of the client. Such services are not intended to be an audit, examination, attestation, special report or agreed-upon procedures engagement as those services are defined in AICPA literature applicable to such engagements conducted by independent auditors. Accordingly, these services will not result in the issuance of a written communication to third parties by KPMG directly reporting on financial data or internal control or expressing a conclusion or any other form of assurance. KPMG's services will not be conducted under the AICPA Standards for Attestation Engagements. We feel that this approach will provide the University with its desired outcome and meet its expectations. We are glad to further discuss this approach with the University.

If selected, we anticipate negotiating mutually acceptable terms and conditions.

Pricing

Our estimated fees are based on our current understanding of the work to be performed and the assumptions as stated within this proposal. Should your needs differ from our assumptions or understanding of the work, KPMG is willing to discuss those differences and make changes accordingly.

KPMG understands that the University’s decision to hire a professional services firm is based on several considerations and not solely based on cost. KPMG’s team further understands it is a question of value and return on investment. We have seen lower cost selections end-up costing clients much more in the end, because of the re-work due to a provider who simply does not understand the technical requirements and cannot provide the depth or breadth of experienced team members similar to the team KPMG has assembled to serve you.

We request an opportunity to further discuss any questions you might have regarding our proposal or fees.

Note that the rates provided below do not include travel or out-of-pocket expenses. KPMG will bill the University for all actual travel and out of pocket expenses separately. We believe this approach is in the best interest of the University. We will make all reasonable efforts to perform on-site visits in an efficient manner. KPMG is glad to discuss alternative pricing structures with the University.

Level	Cost / Hour (\$)
Partner	\$425
Director	\$400
Manager	\$360
Sr. Associate	\$275
Associate	\$175

Exhibit A: Team Resumes





EARL G. FAGAN, JR.

Managing Director

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Suite 2000
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Fax 404-521-4882
Cell 404-931-9681
Email efagan@kpmg.com

Professional Associations

- AICPA
- Georgia Society of CPAs
- Association of Certified Fraud Examiners
- National Association of Black Accountants (Board of Directors)
- Kappa Alpha Psi Fraternity, Inc.
- J.R.E Lee Sr. Lodge #122 -F&AM

Languages

English

Education, Licenses & Certifications

- BS-Accounting, Florida A&M University
- Certified Public Accountant – Georgia Licensed
- Certified in Financial Forensics

Background

Earl has over fifteen years of accounting, audit, and advisory services experience with public accounting firms and in private industry. He specializes in forensic accounting with a focus on investigations, anti-bribery and corruption, and corporate intelligence.

He currently serves KPMG as a Managing Director in the Investigations Service Network and coordinates the development and application of KPMG's Global Investigation Methodology. His international experience includes matters in Brazil, China, Czech Republic, India, Mexico, and Russia.

Earl specializes in performing financial, accounting and regulatory investigations on behalf of public and private companies, organizations, audit committees, special committees and their counsel. These matters have included allegations of financial mismanagement and earnings manipulation, schemes to defraud auditors, misappropriations of cash and other assets, violations of company policy, bribery, kickbacks, and self-dealing. He has also served as a consultant to a wide variety of litigation matters including post acquisition disputes, insurance claims, breach of contracts, lender liability and securities matters. Earl provides forensic services in a wide variety of industries. His larger matters have been with energy and technology companies. He also has extensive experience in the manufacturing sector, and has served other clients from health care, local governments, construction, technology, consumer and industrial markets.

Professional and Industry Experience

- Performed an investigation of allegations of conflict of interest for a top tier University regarding intellectual property and the terms of an agreement with a third party licensee
- Lead investigation of \$50M fraud and embezzlement scheme related to real estate development for a major municipality
- Lead and executed an investigation of a quasi-governmental Rapid Transportation System to assess allegations of asset misappropriation and breach of fiduciary duty
- Lead and executed delivery of fraud risk management and investigative services for a major oil and gas company. Coordinated analysis of transactions in excess of \$600M across five jurisdictions resulting in \$100M of potential savings
- Performed anti bribery and corruption risk assessment at a leading air line. Activities included identifying and assessing relevant policies and procedures to understand the FCPA and related anti-bribery and corruption compliance and ethics program elements. Conducted targeted interviews with key employees in various geographies and across all business units.
- Performed cross-border investigation to address allegations of Trade Sanction violations by a major food and beverage corporation. The engagement required investigative services in the US, Mexico, and Argentina.
- Assisted in the coordination and delivery of an investigation to assist a company in the metal finishing industry with an investigation of allegations of fraud and misconduct at its facility in Shandong Province, China.

- Coordinated investigation of a Fortune 100 consumer products company to address allegations of fraud and misconduct involving India, China, Malaysia, UAE and the United States
 - Performed review of commercial and mortgage loans at a regional bank as part of an investigation of allegations of improper influence by management resulting in improper accounting
 - Team lead for an investigation of accounting irregularities at a leading global outsourcing company in India with operations in over 60 countries to investigate allegations of inflated earnings, overstated assets, and fictitious accounts in excess of \$1 billion USD.
 - Performed risk assessment and investigation of procurement and disbursement violations for government entity
 - Analyzed loan activity, performed risk assessment, and conducted investigation of fraudulent transactions of a \$1 billion portfolio at a major financial institution
 - Reviewed and assessed a stock option back-dating investigation and analysis for a global electronic manufacturing company and a software development company
 - Coordinated and led investigation of payroll and procurement fraud at a major state university
 - Performed inventory valuation, fraud investigation, and review of internal controls for a major logistics corporation
 - Investigated grant and lending activities at a financial services institution involving alleged misconduct of senior leadership
 - Conducted investigation for large healthcare facility identifying control issues, investigating specific transactions and performing analysis relative to the purchase, receipt, payment, and safeguard of selected items
 - Lead diverse teams of professionals in an investigation of revenue recognition activities at a major healthcare information solutions company assisting with the development, implementation and execution of overall investigation activities
 - Investigated potential financial statement fraud at a national restaurant chain involving manipulation of accounting reserves, improper cost capitalization, compensation and asset management
 - Investigated loan activities, asset valuation and alleged misconduct of senior leadership at a major telecommunications company
 - Conducted complex damage calculations to analyze lost sales, lost profits, incremental profits, manufacturing and marketing capacity, product line profitability, royalties, and business interruption
 - Audit of construction management program and related construction projects for a major public schools system covering a three-year period. Analyzed pre-contract and contracting procedures, authorized documentation, management controls, disputes, and budget and expense analysis
 - Performed fraud diagnostic for major college to investigate and assess activities of president and other key college officials relative to abuse of authority
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- Performed audit of Department of Energy under the direction of the Office of Inspector General. Level Q security clearance required to access sensitive and confidential data
- Conducted fraud and embezzlement investigations for the Miami Dade County US Attorney's Office to detect major Medicare fraud
- Assisted Miami Dade County Office of Inspector General and FBI with an investigation of the awarding and execution of contracts at local healthcare facilities

Publications and Speaking Engagements

- 2014 AICPA Forensic and Valuation Services Conference: "Cross-Border Investigations: Are you prepared for the challenge?" KPMG's new study reveals common challenges with investigations in foreign countries.
- 2014 Global Investigation Methodology (GIM) - coordinated and facilitated trainings worldwide. The GIM provides a global framework for performing investigation services, managing risks, promoting global consistency, and improving efficiencies
- Cross-Border Investigations White Paper entitled Effectively Meeting the Challenge

Other Activities

- Leader of the internal communications workstream for Regional Service Specialist (RSS) Global Investigations team
 - Assisted in the coordination, development and disbursement of the FCPA Due Diligence Survey
 - Industry Captain for the Southeast Forensic practice responsible for developing and coordinating forensic/advisory service offerings to consumer market targets
 - Advisory University Certified Instructor. Courses include: GIM for Staff and Managers, GIM for Directors and Partners, Interview Training for Auditors
 - Completed Director Leadership Forum (DLF) program designed to assist directors in building relationships, improve leadership skills, and develop new skills to enhance career development
- Participated in the Global Awareness Seminar (GAS) in Montreux, Switzerland for high performing senior managers to broaden business perspectives and enhance leadership skills
-



WILLIAM L. HANLEY, III

Director

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Function and Specialization

- Investigations
- Forensic Technology
- Forensic Data Analysis

Professional Associations

- Association of Certified Fraud Examiners
- Institute of Internal Auditors (IIA)
 - Former VP of the Middle Georgia Chapter

Languages

English

Education, Licenses & Certifications

- BGS, Louisiana State University
- Mechanical Engineering
- Business Administration
- Technical Transactions
- Certified Fraud Examiner (CFE)

Background

Will Hanley is a Director in KPMG's Forensic practice in Atlanta. Will's focus is reviewing allegations of financial statement fraud, asset misappropriation, employee misconduct, SEC accounting violations, intellectual property theft, and identity theft. He has helped clients and counsel collect, aggregate, and analyze large data sets to identify and investigate potential fraud, waste, abuse, and mismanagement. He has also assisted clients with hardcopy and electronic document collection, processing, hosting, and review during the discovery process. Will has also assisted numerous companies with regulatory compliance and monitoring matters, accounting dispute assistance, bankruptcy assistance, and corporate financial and operational restructuring.

Prior to joining KPMG, Will held an internal audit position in state government. He also has prior experience working in the engineering design and retail shipping industries.

Professional and Industry Experience

- Led investigations and interviews for outside counsel related to misappropriation of assets of over one million dollars by a sole perpetrator who was embezzling company funds through a fictitious customer.
- Led investigations and interviews for outside counsel related to an employee allegedly embezzling tens of thousands of dollars from the company to pay outstanding gambling debts.
- Led investigations and interviews for a large government entity related to whistleblower allegations involving conflicts of interest, circumvention of bid processes, and kickbacks from vendors.
- Performed investigations and interviews surrounding misappropriation of assets, internal fraud, and process flaws for a large consulting client.
- Led a team of professionals tasked with reviewing more than 300,000 emails to identify and document embezzlement schemes for a global media publishing company.
- Performed investigations and interviews surrounding credit card identity theft occurring at a regional construction materials company.
- Performed investigations related to revenue recognition and accounting of supplier credits in response to an SEC subpoena for an automotive client.
- Identified and investigated fraud outliers using data analytics techniques related to insurance overpayment, falsified documents, and ownership fraud for a Federal grant program.
- Performed investigations related to insider trading, inappropriate business expenses, and misdirected financial investments for a large information and marketing company.
- Performed an investigation related to the embezzlement of non-profit funds by an employee paying phantom vendors.
- Led an internal audit effort for a state government agency that uncovered the source of a multi-million dollar improper financial transfer.
- Provided fraud, waste, and abuse prevention and detection services for a client administering an \$8 billion dollar Federal disaster relief program (the largest such program in U.S. history).

- Helped design an anti-fraud hotline used to report fraud, waste, and abuse for a state government agency.
 - Designed anti-fraud internal audit plans and conducted fraud risk assessment procedures for a state government agency.
 - Designed anti-fraud procedures and internal controls used by a retail packing and shipping facility.
 - Organized a team of more than 25 professionals in multiple locations across the country responsible for performing a court-ordered remediation of trade secret information for a global pharmaceutical client involved in a litigation matter.
 - Organized a team responsible for collecting, processing, and hosting more than 12 terabytes of emails and documents related to multiple litigation matters.
 - Coordinated a team of more than 50 forensic technology professionals providing end-to-end e-discovery services to a global automotive manufacturer.
 - Designed analytical queries to investigate a web-based security breach and vulnerability for a large consulting client.
 - Designed relative local comparison queries using GPS coordinates to analytically identify cost anomalies totaling more than \$50M among more than 175,000 data points.
 - Designed analytical benchmarking models to identify and stratify strong and poor working capital performers based on DSO, DPO, and DIO using real-time data feeds and user-provided data points.
 - Helped design analytical queries and an interactive financial model to identify substantial direct cost and revenue trends for an international marketing agency undergoing a restructuring effort.
 - Performed a process analysis for a large consulting client to help streamline productivity and deliver a product more quickly.
 - Mapped a manual/electronic process with 3000+ paths using data analytics to identify bottlenecks by assigning unique number sequences to specific transactions/paths.
-



GORDON L. POSTLE

Director

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Function and Specialization

Mr. Postle is a member of the Forensic practice and specializes in Major Projects Advisory (MPA) services.

Professional Associations

- American Institute of Certified Public Accountants
- Greater Washington Society of Certified Public Accountants
- Project Management Institute
- Construction Financial Management Assoc
- Construction Management Association of America
- Association of Certified Fraud Examiners

Languages

English

Education, Licenses & Certifications

- Bachelor of Accountancy George Washington University
- Certified Public Accountant – Commonwealth of Virginia & District of Columbia

Background

Gordon Postle is a director in KPMG LLP's Forensic Advisory Services practice, where he is a member of the Major Projects Advisory group (MPA), providing accounting and advisory services to owners and contractors with an emphasis on construction matters, including long-term contract accounting. He has thirty years of program management, project accounting and management experience, including the development, integration, and implementation of administrative, accounting and management reporting systems, program management, dispute advisory and business process improvement services. His experience prior to KPMG includes seven years with a local accounting firm focusing on project monitoring and claims analysis, and seven years in engineering design, project management and capital project accounting functions with a Federal Government agency.

Professional and Industry Experience

Gordon has substantial experience leading and coordinating construction advisory engagements across a variety of client industries, focusing on state and local entities.

- Project assessment of a large regional distribution center including an initial assessment of the project agreements, subcontractor and supplier buy-outs, schedule quality, construction expenditures, and change orders to date, including the landlord's and design-builder's compliance with commercial agreements. KPMG also performed change order assessments as requested throughout the project to assess labor pricing and that material, equipment, and subcontractor costs were documented and appeared appropriate for the scope of work.
- Project cost analysis of a new national distribution center assessing labor, material, equipment, subcontractor, indirect and project related soft costs, as well as evaluating change orders for compliance with contract terms and conditions, identifying questionable costs of approximately \$200,000.
- Project analysis of the cost to terminate and complete city streetcar project that included analysis of work completed to date, range of costs to be incurred if project was terminated and reasonableness of the cost to complete the project. Work had to be completed to meet a deadline to continue Federal funding.
- Assisted a global entity with monitoring its anti-bribery and corruption program with respect to facility construction activities, including development of review procedures for each team, coordination of monitoring teams in each country, reporting identified potential exceptions to senior management, and successfully transitioning the processes to client resources at the end of our work.
- Project analysis of a \$150 million performing arts center including project administration and organization, risk, schedule, and cost management for a county government.
- Performance audit of Phase I of a two phase, 23 mile extension to a subway system. Phase I is 11.5 miles of the extension including five stations, and related guideway, tunnel and station construction. The objectives were to: assess accuracy and reliability of budget, schedule and cost reports; assess effectiveness and efficiency of controls over design and construction of Phase I; assess ability to detect overcharges and errors in design-build contract invoices, and compliance with contract provisions to enhance cost controls including change order pricing clauses, change-order administration, definition of reimbursable costs, and rights to audit records; and assess reliability of reporting processes for safety controls.
- Root cause analysis for a design contract for the main terminal station of an airport people mover train system that significantly exceeding the approved budget. This included reviewing the contract, conducting interviews with key

project personnel, analyzing and testing contract charges for compliance with the contract terms and conditions, including a cost analysis to determine if unallowable costs were billed to the client.

- Capital construction program assessments for a private research university as part of providing internal audit outsourcing services to this client, evaluating over a dozen projects valued at approximately \$500 million over a five year period.
- Capital construction program assessment of a public university as part of an enterprise wide risk assessment for the university. The university is part of one of the largest state university systems in the United States.
- Fraud risk management engagement for a Florida metropolitan housing agency. The first phase involved an assessment of policies and procedures for disbursement of the agency's surtax funds from the state for redevelopment projects of low-income housing. The second phase was a fraud risk assessment and investigation of specific development projects identified by the agency.
- Assessment of program controls, project risks and delivery strategy of a \$6.1 billion airport redevelopment program. This included reviewing planning and design, estimating and scheduling, procurement, contract administration, the appropriateness of invoices approved for payment, use of contingency, and a review of the program's project and construction management procedures.
- Work with internal audit engagement teams and client teams with internal audits of construction projects. This includes leading and performing audits, leading or assisting co-sourced teams, or functioning as a subject matter professional.
- Lead engagement teams conducting audits of construction projects, including change order analyses for owners. These audits identify project and financial controls, unallowable and questionable costs for potential recovery, areas of project risks possibly requiring additional or modified financial controls, assessing the reliability of the estimate at completion, assessing the risks to the completion schedule for the project and providing recommendations to the client for process improvements and areas to consider improving contract terms and conditions.
- Assist owners with change order reviews during and at project completion to identify change order improprieties in change orders currently being considered, or change orders already processed by the owner, including state departments of transportation, building owners, Federal, state and local government entities.
- Better practices project management and control framework for use by a Fortune Global 100 entity for its construction-related divisions. This document incorporated leading practices in the areas of bidding and estimating; risk management; planning and scheduling; cost management, controls and reporting; subcontractor and contract management; project quality and safety; and resource management. As requested by the entity, the framework is scalable so each business unit can incrementally implement the practices based on the project management maturity of the business unit. The framework was used as a guide by the entity to mandate changes throughout the organization.

Publications and Speaking Engagements

- "A Controls-Focused Approach to Construction Risk Management" – Construction Management Association of America
 - "Fraud and Misconduct – Prevention, Detection and Response" – Florida Institute of Certified Public Accountants
 - "Financial Controls, Enhancing Revenue and Cost Containment" – KPMG Higher Education Webcast
 - "Construction Fraud – Risk Mitigation and Fraud Identification Techniques" – American Association of State Highway and Transportation Officers
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