

State of New Jersey
Department of Treasury
Integrity Monitoring Reporting Model
For Quarter Ending: 06/30/2014

Reports required under A-60 will be submitted by Integrity Monitors on the first business day of each calendar quarter to the State Treasurer and will contain detailed information on the projects/contracts/programs funded by the Disaster Relief Appropriations Act.

No.	Recipient Data Elements	Response	Comments
A.	General Info		
1.	Recipient of funding	Perth Amboy (Middlesex)	
2.	Federal Funding Agency? (e.g. HUD, FEMA)	Federal Emergency Management Agency	
3.	State Funding (if applicable)	N/A	
4.	Award Type	Public Assistance - Category G	
5.	Award Amount	\$5,183,472.44 (estimated)	90% of total original Project Cost of \$5,759,413.83 per FEMA Project Worksheet (PW) 5820012 (dated 4/5/2013)
6.	Contract/Program Person/Title	Marina, Promenade Walk and Bulkheads	
7.	Brief Description, Purpose and Rationale of Project/Program	The Perth Amboy Marina project involves permanent repairs to walkways, bulkheads, marina, and fishing piers and other appurtenant structures at the Perth Amboy Marina and Park. Storm related damage was identified at seven (7) distinct locations at the Marina.	
8.	Contract/Program Location	Perth Amboy Marina	
9.	Amount Expended to Date	\$4,017,659.96	
10.	Amount Provided to other State or Local Entities	None	
11.	Completion Status of Contract or Program	77%	Inclusive of original scope work and change order work completed
12.	Expected Contract End Date/Time Period	October 31, 2014	The project was originally projected to be complete by the end of July 2014, but has been extended until the end of October 2014.
B.	Monitoring Activities		
13.	If FEMA funded, brief description of the status of the project worksheet and its support.	The PW was submitted on April 5, 2013. There have been no amendments to date.	
14.	Quarterly Activities/Project Description (include number of visits to meet with recipient and sub recipient, including who you met with, and any site visits warranted to where work was completed)	Thacher Associates' quarterly activities focused on performing a comprehensive risk assessment for the Project. This risk assessment highlighted eleven (11) broad areas of potential integrity risks, including Procurement, Insurance, Permitting, Requisitions/Payments, Payroll Fraud, Fraudulent Billings for Materials and Equipment, Change Order Fraud, Schedule, Safety, QA/QC, and Environmental. Each of these potential risk areas were analyzed in the context of the specific controls in place for the Project and a monitoring approach to mitigate these risk areas was devised. Our methodology outlining our activities was derived from our Project risk assessment, which was delivered to the Department of Treasury on May 5, 2014. This included providing an extensive on-site monitoring presence with our forensic engineer and investigator to detect and deter fraud, waste or abuse on this Project and supporting this on-site presence with our forensic audit capabilities. The monitoring approach for each potential risk area is distinct, however, some examples of the monitoring approach employed include: select a sample of contracts and verify accuracy and completeness of information submitted during the procurement process and verify that knowledgeable City officials reviewed the documentation; spot check to ensure required permitting for subcontractors is accurate and complete; perform regular requisition reviews and test selected supporting items; spot check costs billed were actually incurred, properly supported and reasonably priced; and perform spot checks of worker licenses and qualifications. Thacher Associates conducted eight (8) site visits in April, nine (9) site visits in May, and eight (8) site visits in June, led by either our Forensic Engineer, Investigator or both. At these visits Thacher Associates performed any combination of the following tasks: observe work in progress; perform worker headcounts; conduct prevailing wage interviews; meet with contractor personnel to discuss status of project; confer with Department of Treasury OEM Coordinator; photograph and document work performed to date and work currently being performed; and request and review relevant documentation (e.g., change order logs, sign-in sheets, request for information). These site visits occurred on April 1, 4, 7, 14, 18, 21, 23, 25, May 1-2, 6, 9, 13, 20, 23, 28, 30, June 3, 6, 10, 12, 17, 20, 24, and 27. In addition to our regular and extensive site presence, our staff attended two (2) substantive meetings during this quarter to interview various officials with respect to preforming the risk assessment. These meetings occurred on April 1 and 14.	

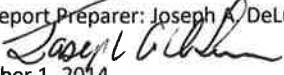
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No.	Recipient Data Elements	Response	Comments
15.	Brief Description to confirm appropriate data/information has been provided by recipient and what activities have been taken to review in relation to the project/contract/program.	Thacher Associates requested a variety of documents related to the performance of our risk assessment. These documents included requisitions, certified payroll reports, change order documentation, union benefit remittance reports, union identifications cards for workers, policies and procedures, state audit/A-133 reports, general contractor and engineering firm contracts, key personnel listings/contact lists, FEMA project work sheet, listing of all subcontractors/sub-consultants/vendors/suppliers/other service providers, insurance certificates, budget estimates, construction schedule, procurement files, permits/licenses, any material submittals, change order documentation, cancelled checks supporting payments to workers as reported on certified payroll reports, and cancelled checks supporting union benefit remittance reports paying benefits on behalf of workers.	
16.	Description of quarterly auditing activities that have been conducted to ensure procurement compliance with terms and conditions of the contracts and agreements.	The majority of Thacher Associates auditing activities during the quarter ending June 30, 2014, focused on the performance of the risk assessment, the review of requisitions, change order documentation, and prevailing wage documentation (certified payroll reports, union benefit remittances).	
17.	Have payment requisitions in connection with the contract/program been reviewed? Please describe	Thacher Associates has performed spot reviews of requisitions submitted through June 30, 2014. Requisitions were reviewed for accuracy and compared to on-site observations. Thacher Associates is continuing the process of reviewing change order documentation, subcontractor documentation, and prevailing wage documentation.	
18.	Description of quarterly activity to prevent and detect waste, fraud and abuse.	Thacher Associates conducted regular site visits to the project site for the purposes of determining compliance with contractual and legal requirements and monitor for known integrity risks identified through our comprehensive risk assessment, including but not limited to prevailing wage, design specifications, and change order procedures. Thacher Associates also performed a variety of audit activities outlined in more detail in box 16 above.	
19.	Provide details of any integrity issues/findings	On June 13, 2014, Thacher Associates notified City of Perth Amboy officials of a potential Buy American Act violation. The potential violation involved the utilization of hex bolts and associated hardware, described as manufactured in China, to install the floating docks. Upon this notification, the manufacturer of the hardware was notified, the bolts were removed and replaced with domestically produced hardware.	
20.	Provide details of any work quality or safety/environmental/historical preservation issue(s).	None.	
21.	Provide details on any other items of note that have occurred in the past quarter	None.	
22.	Provide details of any actions taken to remediate waste, fraud and abuse noted in past quarters	None.	
C.	Miscellaneous		
23.	Attach a list of hours and expenses incurred to perform your quarterly integrity monitoring review	For the period of April 1, 2014, through June 30, 2014, Thacher Associates expended 329.75 hours at a cost of \$80,521.28. We had no expenses. A brief summary of the services provided include conducting approximately twenty-five (25) site visits and conduct two (2) substantive meetings with City and Project officials. Thacher Associates also filed monthly reports to the Department of Treasury for the months of March, April and May and a quarterly report for the period of January through March 2014.	
24.	Add any item, issue or comment not covered in previous sections but deemed pertinent to monitoring program.	None.	

Name of Integrity Monitor: Thacher Associates LLC

Name of Report Preparer: Joseph A DeLuca

Signature: 

Date: October 1, 2014



A Subsidiary of K2 Intelligence, Inc.

October 1, 2014

Mr. Dave Ridolfino, Associate Deputy State Treasurer
State of New Jersey
Department of the Treasury
Division of Administration
PO BOX 002
Trenton, NJ 08625
via email – IntegrityOversightMonitor@treas.state.nj.us

Re: Integrity Oversight Monitoring Quarterly Reports –
City of Elizabeth Veterans Memorial Waterfront Park – EQ2013-001-P3
City of Perth Amboy Marina, Promenade and Bulkheads – EQ2013-005-P3

Dear Mr. Ridolfino:

In accordance with A-60, enclosed please find Quarterly Reports for the above-referenced projects wherein Thacher Associates, LLC (“Thacher Associates”) serves as integrity oversight and anti-fraud monitor pursuant to P.L. 2013, Chapter 37.

The methodology we employed for both project integrity monitoring assignments began with the performance of an initial risk assessment designed to assess the potential integrity risks to the project, the controls currently in place to mitigate those risks, and provide recommendations to enhance project controls. Concurrent with the performance of these risk assessments, Thacher Associates began regular visits to both project sites to ensure opportunities for waste, fraud and abuse were mitigated, to test the controls currently in place, and to audit the project participants’ compliance with the stated controls.

We thank you for the opportunity to serve the citizens of the State of New Jersey in this important capacity and we look forward to continuing in this role through the completion of these projects. Please contact me at any time with questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Joseph A. DeLuca'.

Joseph A. DeLuca
President

Enclosures