

Guidepost - Belmar

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 | Borough of Belmar ("Borough") | |
| 2. | Federal Funding Agency? (e.g. HUD, FEMA) | FEMA | |
| 3. | State Funding (if applicable) | Department of Treasury (disbursement of FEMA funds) | |
| 4. | Award Type | Construction | |
| 5. | Award Amount | \$7.5 million | |
| 6. | Contract/Program Person/Title | Colleen Connelly - Borough Business Administrator | |
| 7. | Brief Description, Purpose and Rationale of Project/Program | Reconstruction of a boardwalk on the Atlantic Ocean coastline between the northern to the southern borders of the Borough of Belmar. | |
| 8. | Contract/Program Location | Borough of Belmar, New Jersey | |
| 9. | Amount Expended to Date | \$7.5 million | |
| 10. | Amount Provided to other State or Local Entities | N/A | |
| 11. | Completion Status of Contract or Program | Completed in April 2013 | |
| 12. | Expected Contract End Date/Time Period | Completed in April 2013 | |
| B. Monitoring Activities | | | |
| 13. | If FEMA funded, brief description of the status of the project worksheet and its support. | The project worksheet has been completed and signed by the Borough and by FEMA. Supporting documentation is included which appears to be sufficient to meet FEMA requirements. | |

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| 14. | <p>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)</p> | <p>During the past two Quarters, Guidepost Solutions LLC ("Guidepost"), the integrity oversight monitor ("IOM"), met with Borough officials on one occasion. The meeting took place on April 2 with Borough Administrator, Colleen Connolly, and the Borough Director of Public Works, Michael Campbell. The IOM also had several telephone calls and email exchanges with Ms. Connolly, Ms. Kirk and Mr. Calabrese.</p> <p>The IOM made one visit to the project site during the quarter. The April 2 visit included inspection of the fully constructed boardwalk (the construction deliverables) and was attended by Guidepost's project manger, Guidepost's engineer and Jeffrey Burns from the Department of the Treasury.</p> <p>The IOM also visited the offices of Epic Management ("Epic"), the contractor, and Partner Engineering and Science Inc. ("Partner"), the successor to Birdsall Engineering Services ("Birdsall"), the project management and engineering firm retained to oversee the project. The IOM conducted in person and telephone interviews of members of Epic's project team and telephone interviews of members of Birdsall's project team.</p> | |

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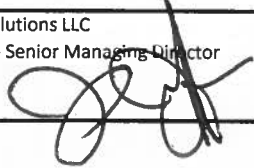
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| 15. | Brief Description to confirm appropriate data/information has been provided by recipient and what activities have been taken to review in relation to the project/contract/program. | <p>Borough officials and the Borough engineer generally were cooperative and provided the requested documentation. Delays in production of documentation were attributable to the requested information not being in the possession of the Borough. We have not encountered any notable resistance to our requests.</p> <p>The IOM requested, received from the Borough and reviewed contract documents, plans and specifications, information relating to the procurement process, the FEMA project worksheet, certified payrolls and other related documentation.</p> <p>The IOM sought, was granted access to and reviewed records maintained by Epic, including foreman reports and other relevant documentation.</p> <p>The IOM sought, was granted access to and reviewed certain records created by Birdsall, as well as documentation in possession of former Birdsall employees who were assigned to the project. These records included limited inspection reports, emails, meeting minutes and similar documentation. Telephone interviews were conducted of members of the Birdsall project team, as well. The IOM was not able to secure approximately 75% of the inspection reports created by Birdsall.</p> | <p>The IOM found that certain important documentation created by Birdsall was unavailable. Notably, daily inspection reports for more than 75% of the project duration were missing from the Birdsall files. It is notable that Birdsall filed for bankruptcy around the time of the project's completion and was later sold to Partner. Partner provided the IOM access to records it inherited from Birdsall; however, the inspection reports were not included in those files. The IOM's review did not find any indication that these files were intentionally not made available. However, absence of these files limited the extent to which project documentation and certified payrolls could be verified based on independent documentation.</p> |
| 16. | Description of quarterly auditing activities that have been conducted to ensure procurement compliance with terms and conditions of the contracts and agreements. | <p>The IOM continued its review of documentation relating to the procurement process to ensure compliance. This included the bid specification package, public notifications, bid leveling analyses and documentation of the contract award. The IOM also reviewed the Borough's procedures for ensuring proper procurement compliance.</p> | <p>The IOM's review did not identify any areas of concern with regard to procurement compliance.</p> |
| 17. | Have payment requisitions in connection with the contract/program been reviewed? Please describe | <p>The IOM completed a forensic review of payment requisitions to ensure accuracy and compliance with program requirements. This review included a comparison of progress meeting minutes to corresponding requisition dates to identify any inconsistencies. To the extent possible, comparisons were made between the certified payroll reports and other documentation which would be able to verify those reports such as inspection reports, foreman logs, etc. Additional documentation was provided to the IOM during the quarter; however, as noted above, many of the inspection reports prepared by Birdsall were unavailable for comparison to project documentation.</p> | <p>The Boardwalk contract was relatively straightforward. Work was billed based on a percentage completion basis which was tied to measureable installations, such as square footage of decking installed.</p> <p>The total payment requisitions were equal to the contract price, including change orders. Cancelled checks provided confirmation that the requisition payments were paid to the contractor. No deviations from the contract/program were noted in the payment requisitions.</p> |

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| 18. | Description of quarterly activity to prevent and detect waste, fraud and abuse. | The IOM reviewed project documentation and conducted interviews in an effort to detect fraud, waste or abuse. As noted above, documentation was obtained from the Borough, Epic, Birdsall/Partner and former Birdsall employees. Reviews and interviews were conducted by the IOM's investigators, forensic accountant and engineer, as appropriate. Interviews were conducted of Borough officials, the Borough engineer, former Birdsall employees and Epic's project team. The IOM's review did not identify any instances of fraud, waste or abuse. | Because the project was completed and all billing had been processed, the IOM did not have the ability to take steps to prevent waste, fraud and abuse on the project. |
| 19. | Provide details of any integrity issues/findings | No notable integrity issues/findings were identified by the IOM. | |
| 20. | Provide details of any work quality or safety/environmental/historical preservation issue(s). | No significant issues were identified with respect to work quality, safety, environmental or historical preservation issues. | Our review identified deviations from the NJDEP recommended depths to which the wooden piles were driven; however, the Borough engineer and others advised that the deviations were authorized by a structural engineer, the project manager and/or the Borough engineer. There was limited, if any, documentation evidencing the reported authorizations for these changes or the rational for those authorizations. Nevertheless, we did not identify any concerns regarding the structural impact of these deviations. We note that the recommended depth was not incorporated into the project specifications. |
| 21. | Provide details on any other items of note that have occurred in the past quarter | No other items of note occurred during this quarter. | |
| 22. | Provide details of any actions taken to remediate waste, fraud and abuse noted in past quarters | The IOM's review did not identify any instances of fraud waste or abuse which required remediation. The IOM made recommendations to the Borough regarding enhancements that could be made for future projects to its record keeping practices, which would further guard against fraud, waste and abuse. | |
| C. Miscellaneous | | | |
| 23. | Attach a list of hours and expenses incurred to perform your quarterly integrity monitoring review | See Attachment A | |
| 24. | Add any item, issue or comment not covered in previous sections but deemed pertinent to monitoring program. | | |

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| Name of Integrity Monitor: | Guidepost Solutions LLC |
| Name of Report Preparer: | Joseph Jaffe - Senior Managing Director |
| Signature: |  |
| Date: | September 30, 2014 |



GUIDEPOST SOLUTIONS LLC

Quarterly Report of Integrity Oversight Monitor for the Belmar Boardwalk - June 30, 2014

Attachment A

Summary of Services Provided, Hours Incurred and Total Costs

Summary of Services

Guidepost Solutions LLC ("Guidepost") provided integrity oversight monitoring services ("monitorship") to the New Jersey Department of the Treasury ("Treasury") from April 2014 through June 2014 in connection with the completed replacement of a Boardwalk in the Borough of Belmar ("Borough")(the "Project"). The scope of work primarily included review and evaluation of Project and Borough controls in connection with the Project, verification of payments made in connection with the Project, review and evaluation of completed construction deliverables and assessment of effort to pursue Federal recovery opportunities. The monitorship tasks included conducting in person and telephone interviews with Borough officials, Treasury officials, the Borough engineer (outside firm), representatives of the contractor and the project management/engineering firm hired for the Project, as well as other individuals with knowledge relevant to the Project. Guidepost also conducted a review of a construction deliverables to evaluate conformance with applicable contractual and regulatory requirements, as well as adherence to FEMA requirements. In addition, Guidepost performed forensic accounting procedures on the Payment Applications, certified payrolls and other applicable financial documentation to ensure appropriate disbursement of Project funds and adequate documentation to support payments relating to the Project.

Hours Incurred

During the quarter ending June 30, 2014, Guidepost devoted 171.25 hours to the performance of the above described monitoring services.

Total Costs

The cost of the monitorship during the quarter ending June 30, 2014 consisted of professional fees of \$44,955. No travel expenses or other out-of-pocket costs were incurred during the quarter.