

For the Quarter Ending: 06/30/2014

No. Recipient Data Elements		Response	Comments
<b>A. General Info</b>			
1.	Recipient of funding	Atlantic Highlands Harbor	
2.	Federal Funding Agency? (e.g. HUD, FEMA)	FEMA	
3.	State Funding (if applicable)	Not Applicable	
4.	Award Type	Grant	
5.	Award Amount	\$19,315,327	
6.	Contract/Program Person/Title	PA-02-NJ-4086-PW-01733(0) - Atlantic Highlands Harbor Marina and Piers /Adam Hubeny / Borough Administrator; Task Order # Atlantic Highlands 3-1A-F Contract # T- 2939	
7.	Brief Description, Purpose and Rationale of Project/Program	Hurricane Sandy's combination of strong winds, waves and high tide resulted in an intense storm surge which submerged the piers and produced extremely high forces on the structural members. All twelve piers were significantly damaged. Damage included severely uplifted, misaligned and broken piles, several split or broken headers and stringers, missing or broken decking, and severely damaged secondary components including wave screens, railings, mooring piles and all utilities located on the piers (water, electric, sanitary and fuel system). Also damaged were the Americans with Disabilities Act (ADA) access ramps, observation decks, launching ramps and bulkheads	
8.	Contract/Program Location	PA-02-NJ-4086-PW-01733(0) / 2 Simon Lake Drive, Atlantic Highlands, NJ	
9.	Amount Expended to Date	JH Reid (including Skyline Steel): Payment Certificate No. 1 – No. 16 = \$15,376,829.09 T & M - \$1,111,186 Sullivan - \$403,925 Borough of Avon-By-The-Sea: \$24,500 <b>Total - \$16,916,440.09</b>	
10.	Amount Provided to other State or Local Entities	\$24,500 - Borough of Avon-By-The-Sea for 60 LF of Metal Sheeting	
11.	Completion Status of Contract or Program	100% Complete. J.H. Reid expects to conduct the final walkthrough on October 6th.	
12.	Expected Contract End Date/Time Period	Oct-14	
<b>B. Monitoring Activities</b>			
13.	If FEMA funded, brief description of the status of the project worksheet and its support.	On February 7, 2013, Atlantic Highlands Harbor ("the Harbor") completed the Project Worksheet ("PW") UEBHG20 for the rehabilitation of the Atlantic Highland Marina and Piers. The Harbor engaged T & M Associates of Middletown New Jersey to a prepare the site condition survey report for the PW and was also assisted by a FEMA project specialist and their FEMA representative. The PW was executed by FEMA PAC Crew Leader Charles Deason on February 26, 2013 in the amount of \$19,315,327	
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)	Site Visit with Deputy Office of Emergency Management (OEM) Coordinator – April 28, 2014; Meeting with Atlantic Highlands Administrator – April 28, 2014; Meeting with Atlantic Highlands Administrator – June 26, 2014; and Site Visit with Deputy Office of Emergency Management (OEM) Coordinator – June 26, 2014	

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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.	KPMG requested, obtained and reviewed the following documentation to assess if the appropriate information has been provided by the Atlantic Highlands Harbor: Monthly J.H. Reid Status Report; Quality Control Plans; J.H. Reid Unit Price Build up; J.H. Reid Detailed Scope Descriptions by line item; RFP for Engineering Services; T&M's proposal; RFP for General Contractor; J.H. Reid Proposal T&M and J.H. Reid's Contracts with Atlantic Highlands; FEMA Project Worksheets; and Liquidated Damages Analysis  In order to monitor and assess that construction contract deliverables to date have been provided, KPMG performed field site inspections.	

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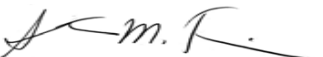
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<p>16. Description of quarterly auditing activities that have been conducted to ensure procurement compliance with terms and conditions of the contracts and agreements.</p>	<p>In order to monitor and assess if the Borough's financial and administrative functions adhere to grant/assistance program guidelines, procurement rules, and reporting requirements, KPMG requested, obtained and continued to review the following documentation:</p> <ul style="list-style-type: none"> <li>• FEMA Project Worksheets (PW) to determine whether PW elements were included in accordance with FEMA Fact Sheet 9580.5;</li> <li>• Cost Estimating Format Fact Sheets (CEF) to determine if CEF's met the standard operating procedures; and</li> <li>• Certified Payrolls to assess whether Prevailing Wage Requirements (N.J.S.A. 34.11-56.25, et seq.) were met.</li> </ul> <p>In order to monitor and assess if contract(s) with T&amp;M, J.H. Reid and Sullivan (contractor supplying floating docks) were procured in accordance with program requirements, KPMG obtained and continued to review the following procurement documentation:</p> <ul style="list-style-type: none"> <li>• Governing Body Approval Resolutions;</li> <li>• T&amp;M's Scoping Documents;</li> <li>• Bid packages for J.H. Reid and Sullivan;</li> <li>• T&amp;M's evaluation of bid packages for the reconstruction work; and</li> <li>• Bernard M. Reilly, LLC's evaluation of bid packages for supplying the floating docks.</li> </ul>	
<p>17. Have payment requisitions in connection with the contract/program been reviewed? Please describe</p>	<p>Yes. In order to monitor and assess whether payments and change orders were disbursed consistent with applicable directives, KPMG performed the following procedures for payment applications 13 and 14:</p> <ul style="list-style-type: none"> <li>• Analyzed documents provided for proper authorization of transactions;</li> <li>• Analyzed documents to assess proper segregation of duties. This included assigning different people the responsibilities of authorizing transactions, and recording transactions;</li> <li>• Obtained payment certification from contractor;</li> <li>• Obtained certified payrolls; and</li> <li>• Obtained wire transfer details or cancelled checks.</li> </ul>	

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<p>18. Description of quarterly activity to prevent and detect waste, fraud and abuse.</p>	<p>In order to prevent and detect, fraud waste and abuse KPMG performed continuous monitoring of the project. Some of the specific activities performed this quarter included the following:</p> <p>Performed site visits to assess whether work completed in the field was reasonable and was accurately reflected in payment applications and change orders;            Reviewed quality of work in field to assess whether it aligned with specifications and contract documents;            Documented the names and classification of laborers in field and reconciled with certified payrolls to assess whether laborers were certified to perform work and whether they were receiving prevailing wages; and            Made recommendations to enhance the Borough of Atlantic Highlands project management controls.</p>	
<p>19. Provide details of any integrity issues/findings</p>	<p><b>General Findings</b>            Based upon procedures performed, KPMG found that the Borough has made significant efforts to comply with requirements outlined in the FEMA Public Assistance Program and implemented controls to oversee and monitor the construction of the Atlantic Highlands Harbor Reconstruction Project. KPMG has made the following recommendations to the Borough which, if properly implemented, should improve the Borough's internal controls for this program:</p> <p><b>Labor Reporting</b> – The Harbor was not recording data pertaining to the contractor resources on site each day to complete the last few punch list items. This is extremely important in order to verify prevailing wage is being paid and whether contractor's doing the work are actually union employees with the appropriate classification. At the time of our field visit, KPMG requested the names, union classification and union name of all contractors in the field. None of the laborers had their union cards available for review. All contractors should be required to sign in each day and have their union cards available. The Harbor Project Manager was told to walk the site and verify that individuals on the sign-in log were actually out in the field.</p> <p><b>Punch list</b> – The Harbor Project Manager did not have a formal, documented punch list that outlined all outstanding items that JH Reid needed to finalize on the project. Although only a few items needed to be closed out, they should have a documented punch list that is maintained by the Harbor. The punch list should clearly outline the work items that need to be completed, location, responsible party (e.g., JH Reid, sub, Harbor), targeted completion date, actual completion date and estimated value of work to be completed. This list should be circulated to T&amp;M, Reid, and Harbor Maintenance and Facilities to make sure all items are included on the list and closed in a reasonable time frame.</p>	

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20. Provide details of any work quality or safety/environmental/historical preservation issue(s).	On our June 26, 2014 site visit, KPMG identified three of the four laborers in the field were not wearing hard hats. Also, one was not wearing a shirt or vest. Since T&M was not out in the field, it is the Harbor's responsibility to remind the contractor's of the importance of Personal Protection Equipment (PPE). This safety issue was immediately communicated to the Atlantic Highlands Harbor Manager and Borough Supervisor and was remediated.	
21. Provide details on any other items of note that have occurred in the past quarter	J.H. Reid commenced mobilization on April 28, 2014 for the remaining work necessary to complete the project which includes punch-list items and the replacement of the bulkhead	
22. Provide details of any actions taken to remediate waste, fraud and abuse noted in past quarters	<p><b>Tracking of Payments:</b> T&amp;M is the Borough's engineer and is also performing non-Super Storm Sandy Projects for the Borough. The Borough did not issue separate checks for Super Storm Sandy related work and other work being performed by T&amp;M (i.e., General Services). Instead the Borough combined invoices/vouchers and issued one check. The Borough now issues separate checks for Super Storm Sandy related work for tracking purposes.</p> <p><b>Document Retention:</b> The Borough is obtaining detailed records from T&amp;M as recommended.</p>	
<b>C. Miscellaneous</b>		
23. Attach a list of hours and expenses incurred to perform your quarterly integrity monitoring review	See Time and Expense Tab	
24. Add any item, issue or comment not covered in previous sections but deemed pertinent to monitoring program.	Covered in Previous Sections.	

Name of Integrity Monitor:	KPMG
Name of Report Preparer:	Steven Fishner
Signature:	
Date:	9/30/2014

Resource	Title	Rate	Hours Incurred (Apr - June)	Summary of services provided
Anh Nguyen	Associate	\$ 150	8.5	Payment Application and Change Order Reviews.
Nicolas Koniski	Sr. Associate	\$ 220	38	Attended meetings; conducted site inspections; assisted with Contract Assessments (e.g., JH Reid, Sullivan and T&M); Procurement Reviews; and Payment Application and Change Order Reviews.
Ryan Coco	Manager	\$ 265	100	Attended meetings; conducted site inspections; performed Contract Assessments (e.g., JH Reid, Sullivan and T&M); Procurement Reviews; and Payment Application and Change Order Reviews.
Thomas Stanton	Director	\$ 325	34	Attended meetings, conducted site inspections, reviewed Contract Assessments (e.g., JH Reid, Sullivan and T&M); and reviewed procurement and payment application analyses
Steve Fishner	Principal	\$ 325	1	Reviewed Reports
<b>Grand Total</b>			<b>181.5</b>	

Resource	Expense Amount	Summary of Expenses (April - June)
Nicolas Koniski	\$52	Ferry Service
Ryan Coco	\$121	Tolls / Mileage
<b>Grand Total</b>	<b>\$173</b>	