

TA Thacher Associates

A Subsidiary of K2 Intelligence, Inc.

July 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

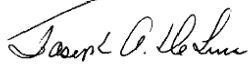
Dear Mr. Ridolfino:

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.

Notably, while both reports cover the period beginning January 1, 2014, and ending March 31, 2014, Thacher Associates was not engaged at either project for the entirety of this period. Our engagement at the City of Elizabeth began on January 10, 2014, and at the City of Perth Amboy on March 11, 2014. 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. The results of that risk assessment are included in the report for the City of Elizabeth, however, will be reported in the next quarterly report for the City of Perth Amboy. 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,


Joseph A. DeLuca
President

Enclosures

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 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 distinct(7) locations at the Marina.	
8.	Contract/Program Location	Perth Amboy Marina	
9.	Amount Expended to Date	\$280,277.86	
10.	Amount Provided to other State or Local Entities	None	
11.	Completion Status of Contract or Program	6%	Inclusive of original scope work and change order work completed.
12.	Expected Contract End Date/Time Period	July 31, 2014	The south portion of the marina could be complete by July 4, 2014; it is possible that the project could extend to the first week of August.
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 began this engagement on March 11, 2014. The methodology we employed for this project integrity monitoring assignment 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 the risk assessment, Thacher Associates began regular visits to the project site 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. Thacher Associates attended one (1) kick-off meeting during this quarter. On March 11, 2014, Thacher Associates met with State of New Jersey Department of Treasury (Treasury) officials, Ernst & Young (E&Y), Perth Amboy officials, and representatives from the design and engineering firm responsible for the project design and to oversee aspects of the project construction - Hatch Mott McDonald - to discuss the monitorship, reporting requirements, and other matters related to Thacher's contract. Thacher Associates conducted four (4) site visits led by either our Forensic Engineer, Investigator or both. At these visits Thacher Associates performed any combination of the following tasks: meet with contractor personnel to discuss status of project; interview general contractor staff regarding site activities and standard procedures, conduct prevailing wage interviews, spot check pile driving operations, confer with inspectors monitoring vibrations from pile driving operations, and request and review relevant documentation (e.g., change order logs, sign-in sheets, request for information). These site visits occurred on March 14, 19, 21, and 28. In addition to our kick-off meeting, Thacher Associates met with, or engaged in substantive communication on at least one (1) additional date. On March 19, 2014, Thacher Associates met with Perth Amboy city officials and representatives from Hatch Mott McDonald to discuss our scope of work.	

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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 the following documents during our risk assessment and our review of the first submitted requisition, the latter of which occurred after March 31, 2014. These documents include requisitions, certified payroll reports, 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.	We received the bulk of requested documentation timely. However, when requesting documentation from Bird Construction supporting prevailing wage, such as cancelled checks and support for union benefits, there was a lag of approximately a month where our repeated attempts to obtain the documentation went unanswered. Eventually, we received the requested documentation. This lag was subsequent to the end of the quarter, but centered around documentation pertaining to the quarter.
16.	Description of quarterly auditing activities that have been conducted to ensure procurement compliance with terms and conditions of the contracts and agreements.	Thacher Associates' auditing activities for the quarter ending March 31, 2014, focused on the performance of a risk assessment. Subsequent to March 31, 2014, requisitions, certified payroll reports, and supporting documentation for prevailing wage were provided.	Thacher Associates provided a risk assessment to Treasury officials in May 2014, details of which will be provided in subsequent quarterly reports.
17.	Have payment requisitions in connection with the contract/program been reviewed? Please describe	For the quarter ending March 31, 2014, payment requisitions have not yet been reviewed.	Requisitions were requested and subsequently provided covering the period up to March 31, 2014. Thacher Associates' analysis will be covered in the next quarterly report.
18.	Description of quarterly activity to prevent and detect waste, fraud and abuse.	Thacher Associates has conducted meetings with Perth Amboy officials and contractors to discuss project controls, scope and other integrity concerns. We have 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, including but not limited to prevailing wage, design specifications, and change order procedures.	
19.	Provide details of any integrity issues/findings	None	
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	

State of New Jersey
 Department of Treasury
 Integrity Monitoring Reporting Model
 For Quarter Ending: 03/31/2014

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No.	Recipient Data Elements	Response	Comments
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 January 1, 2014, through March 31, 2014, Thacher Associates expended 111.25 hours at a cost of \$21,628.12. We had no expenses. A brief summary of the services provided include attending substantive meetings and conducting site visits as described in detail above. Because of the start date of this engagement, the first monthly report was filed on April 1, 2014, outside of the reporting period for his report.	
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: Bradley J. Breslin, Esq.

Signature: *Bradley J. Breslin*

Date: July 1, 2014