

Thacher Associates - Perth Amboy Marina, Promenade and Bulkheads

State of New Jersey  
 Department of Treasury  
 Integrity Monitoring Reporting Model  
 For Quarter Ending: 09/30/2014

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
<b>A. General Info</b>			
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	\$4,974,787.55	
10.	Amount Provided to other State or Local Entities	None	
11.	Completion Status of Contract or Program	86%	Inclusive of original scope work and change order work completed.
12.	Expected Contract End Date/Time Period	December 31, 2014	Was originally projected to be complete by the end of July, but has been extended until the end of December.
<b>B. Monitoring Activities</b>			
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)	<p>Thacher Associates' quarterly activities focused on implementing a comprehensive monitoring program. This monitoring program was derived from our Project risk assessment and included 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.</p> <p>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.</p> <p>Thacher Associates conducted seven (7) site visits in July, seven (7) site visits in August, and four (4) site visits in September, 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 July 3, 7, 11, 15, 17, 22, and 24, August 7, 12-13, 15, 18, 21, and 29, and September 5, 12, 17, and 22.</p> <p>In addition to our regular and extensive site presence, our audit staff conducted a home office visit to a subcontractor on September 18 to review various documentation.</p>	
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.	Through the course of this engagement, Thacher Associates has requested numerous documents, including: 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.	

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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' audit activities for this quarter involved the review of requisitions, change order documentation, and prevailing wage documentation, including certified payroll reports and union benefit reports. Additionally, during this quarter, our audit staff performed an office visit to a subcontractor to review records and interview management level employees associated with the project to ensure the appropriateness of amounts billed and wages paid to workers. Our reviews, including those associated with the subcontractor office visit, did not uncover any integrity-related issues.	
17.	Have payment requisitions in connection with the contract/program been reviewed? Please describe	Thacher Associates have requested and reviewed requisitions through September 30, 2014. In conjunction with these requisition reviews, certified payroll reports for each period were also reviewed. The requisitions and certified payroll reports were reviewed for accuracy and compared to the on-site observations reported by our field engineer and investigator. Thacher Associates will continue these procedures through the next quarter.	
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, which included a visit to one of the project subcontractor's home office.	
19.	Provide details of any integrity issues/findings	Thacher Associates identified an electrical transformer with an enclosure label identified as manufactured in Canada representing a potential violation of the contract's Buy America provisions. Subsequently, the project's construction manager (CM) indicated sixty (60) percent of the transformer was manufactured in the United States and per trade agreements between the United States and Canada, the CM was satisfied the transformer complied with the requirements. Our on-site observations initially revealed potential prevailing wage violations and concerns with the charges for overhead and profit on contractor-owned equipment relative to a change order, specific to one subcontractor. In response, our audit team conducted a home office visit with this subcontractor and was able to resolve our initial concerns.	
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.	
<b>C. Miscellaneous</b>			
23.	Attach a list of hours and expenses incurred to perform your quarterly integrity monitoring review	For the period of July 1, 2014, through September 30, 2014, Thacher Associates expended 207 hours at a cost of \$39,305.64. We had no expenses. A brief summary of the services provided include conducting approximately eighteen (18) site visits and one (1) visit to a project subcontractor's home office. Thacher Associates also filed monthly reports to the Department of Treasury for the months of June, July, and August and a quarterly report for the period of April through June 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: *Joseph A. DeLuca* for JOSEPH A. DELUCA  
 Date: January 2, 2015



A Subsidiary of K2 Intelligence, Inc.

January 2, 2015

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](mailto: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 that reads "Joseph A. DeLuca".

Joseph A. DeLuca  
President

Enclosures