MEMORANDUM

TO:        David F. Simon, Chairman
           Jeffrey L. Nash, Vice Chairman
           Eugene DePasquale, Chairman, Audit Committee
           Ricardo V. Taylor, Jr. Vice Chairman, Audit Committee
           Audit Committee Members

FROM:      Thomas W. Raftery III
           Inspector General

SUBJECT:   Review of Salary Actions at DRPA and PATCO
           Policies, Procedures, and Approvals
           2007 to Present - Draft

DATES:     February 12, 2013 (Initial Report)
           May 15, 2013 (Final Report)

The following report references memorandums that should have been marked “confidential” but were not. Since this report involves personnel actions, it should be appropriately redacted prior to its release to the public.

I. Purpose:

The purpose of this review was to examine the manner in which salary increases/adjustments are handled at DRPA/PATCO (hereafter referred to as “the Authority”) and to ensure that the increases/adjustments are consistent with the Authority’s policies. This inquiry was initiated in response to multiple employee complaints concerning salary adjustments. This review does not evaluate the need for the salary actions. Rather, this report is to advise the Board of Commissioners (Board) that the lack of communication and lack of defined compensation policy has adverse effects on the Authority.

Currently, the Chief Executive Officer (CEO), Chief Administrative Officer (CAO), and Director, Human Resources Services (HRS) are the only individuals involved in the compensation decisions.
Chiefs, directors, and supervisors are not typically involved in the process, even for employees in their own department. This includes knowledge of the actual salary being offered to the supervisor’s own employees. While in private industry, issues of salary confidentiality could be an issue, there are no salary protection issues for a public agency and all salary actions are subject to public inspection.

As all salary adjustments and changes are available to the public and part of the monthly board package, it would seem prudent to have the CEO and/or the CAO communicate these changes to other management in advance. Better communication would make managers more effective and better able to respond to questions posed by their employees.

II. Background:

A. Complaints

One of the key functions of the Office of Inspector General (OIG), is to evaluate complaints for violations of Authority policies, procedures and respond to complaints filed on the EthicsPoint hotline. Prior to the creation of the OIG, complaints concerning salaries were directed to the CAO, HRS or management in general. In January 2012, complaints were received that had not yet been evaluated.

With the creation and staffing of the OIG office in February 2012, the OIG was tasked to review these complaints. Complaints were made in person and via EthicsPoint, the Authority’s hotline. Questions concerning HRS policy and procedure are automatically referred to HRS for response, with confirmation that the complaint was addressed by the Department.

Within the last eight months, the complaints began referencing violations of the Authority’s policies. The EthicsPoint hotline complaints during the summer months included issues that:

- Authority policies were being violated;
- Certain employees were granted salary increases/adjustments, while other employees were told that salary increases/adjustments were not authorized;
- Changes in pay within the grade levels in 2012. (OIG is aware that pay scales were adjusted to 2012 levels and then returned to 2011 pay grade levels. HRS advertised vacancies initially at 2012 pay grades, but made salary offers at the 2011 pay grade levels.)
- Employees being paid below the minimum pay scale for the advertised year.

In response to these complaints, OIG initiated a review of salary actions.
B. Current environment

The unrepresented employees of the Authority have not received a raise for approximately five (5) years. Combined with lower staffing levels, loss of free bridge toll passage, reduced benefits and increased contributions for healthcare, the lack of salary action has resulted in deteriorated employee morale. With limited opportunity for salary advancement, all issues surrounding pay adjustments are closely scrutinized by the staff.

Salary compression has been an ongoing concern for executive management and the Board. This problem exists across the entire Authority. It has been the subject of executive staff meetings, discussions and meetings with commissioners, and at least one (1) memorandum from the CEO to the Board.

Several recent events have further exasperated the situation within the Authority. With the increase in employee complaints, there have been additional filings of discrimination charges filed with the Equal Employment Opportunity Commission (EEOC). Reviewing how salary adjustments have been handled, there has been at least one determination by the Authority to modify the existing compensation structure for a department. While these settlements are deemed confidential, when other Authority employees reviewed pay actions and saw an adjustment in salary, new discrimination complaints were raised.

In addition, there were EthicsPoint complaints questioning the salary adjustment for two (2) secretaries in the Office of General Counsel (OGC), as well as the hiring of two (2) additional hires for positions that had been vacant for more than one year. OGC was unable to place qualified applicants in the position at the pay structure being offered and a request was made of HRS to evaluate the classification. Reviewing the job specification for the position, the duties and responsibilities for the positions were reclassified, a market study performed and adjustments made to be able to hire qualified candidates for the position. While all adjustments were necessary to maintain and hire these employees to fill positions that had been vacant for more than one (1) year, the lack of compensation review and appropriate classification of positions in advance of posting increased complaints.

During this same timeframe, two (2) foremen positions at PATCO were similarly evaluated and received significant salary increases. The justification for the adjustment was based upon safety considerations at PATCO. The original salary increase approved for PATCO foremen was $78,033. When DRPA foremen in similar positions became aware of the salary increases at PATCO, there were complaints that they had been treated differently. (It is important to note that DRPA foremen became aware of this salary increase by “rumor mill” and no communication was provided by any management or staff formally.) The DRPA bridge foremen requested a meeting with the CEO, DCEO, Chief Operating Officer (COO) and GC to address their concerns on the salary adjustment.

A meeting was held with the twenty-six (26) bridge foremen, attended only by the CEO and the DCEO. Neither the COO, responsible for the supervision of bridges and these employees, nor GC was allowed to attend this meeting.
During this meeting, the CEO reportedly promised similar salary adjustments/raises for the twenty-six (26) bridge foremen by the end of 2012. Specifically, the CEO indicated during his meeting with the bridge foremen that the salary adjustment for DRPA foremen would be $79,500. It is unclear whether the CEO misspoke when discussing the foremen salary or whether he wanted to create a separation in pay increases between DRPA and PATCO. However, it is important to note that discussions with Board members and the New Jersey Governor’s Authorities Unit (GAU) during committee meetings, along with the memorandum provided to the Commissioners, was inconsistent with final decisions made by CEO.

While this ongoing process was occurring, there was a lack of communication with the COO, as the party responsible for the supervision of these employees. After the CEO approved the DRPA foremen adjustments, the CAO refused to provide the COO with the approved list of those receiving increases/adjustments and referred the COO to the CEO to get a copy of the list. There was also no communication to the other Chiefs concerning the salary adjustments/raises. It is important to note that most Chiefs were receiving comments, questions and complaints from their staff as this was a highly discussed topic throughout the Authority, as well as the OIG.

III. Methodology:

A. Collection of Complaints

At time of hire, OIG had access to EthicsPoint, a complaint hotline. The OIG had this portal placed on both the intra and internet sites of the Authority to allow employees or any member of the public to file a complaint. OIG reviewed the unanswered complaints that had been received prior to OIG formation and all complaints since February 2012. OIG also collected information from face-to-face complaints for evaluation of the issues.

B. Collection of Information

The following documents were collected to evaluate the complaints:

- OIG reviewed a 9/11/12 memorandum from the CEO to the Vice Chair, Board. This memorandum was not provided by the CEO or CAO.

- OIG reviewed three (3) memorandums authored by HRS in August 2012 dealing with proposed salary adjustments at PATCO. The memorandums dealt with Purchasing Specialists and Storeroom Supervisors, Way & Power Electrical Foremen vacancies, and Dispatcher vacancies. OIG did not obtain these memorandums from HRS or the CEO.

- On 9/18/12, OIG requested the following information from HRS:

  1. List of all employees receiving salary adjustments or raises exceeding 8% of their base pay from 2007 to the present.
2. Reason for the adjustment/raise.

3. Copies of all approvals in support of these increases to include those from managers, directors, chiefs, Deputy Chief Executive Officer (DCEO), Chief Executive Officer (CEO), Chair, Vice-Chair, and Board.

- On 10/2/12, the CAO provided reports showing the requested salary adjustments above 8% from 2007 to 9/28/12, with an accompanying email advising that "all adjustments were done in accordance with our approval procedure, and the individual forms were signed off by all required chiefs and directors, and approved by the CEO." The CAO made no mention of Chair and Vice Chair approval and it is unclear whether the CAO is aware of the additional obligations included in the Side-letter (to be more fully discussed below).

- On 11/30/12, OIG requested documentation from the CEO establishing prior approval of Chair and Vice Chair for any promotion or salary increase/adjustment made in excess of 8%, as required by the Side Letter. The list of personnel actions obtained from HRS was attached to the request.

- On 12/4/12, the CAO provided an updated report of salary adjustments in excess of 8%, from 9/1/12 through 12/3/12, which reflects the increases/adjustments given to the PATCO and bridge foremen.

- On 12/19/12, the IG requested documentation from the CEO personally establishing consultation and/or approval from the Chair and Vice Chair.

OIG also reviewed confidential and privileged correspondence from outside counsel dated 8/27/03 to then Chief of Staff, Office of the Governor, and Chairman, Authority. The subject of the letter was changes to the DRPA organization announced by the CEO on 8/22/03. The legal opinion indicates that all changes announced by the CEO violated at least one provision of the By-laws, the Side Letter, or the historic and regular practice of obtaining Board approval before making changes to the DRPA Organizational Chart. Additionally, to the extent that any employees in grades E-1 and above were given promotions and/or raises in excess of eight percent, those changes violated Sections I.A.2. and 3. of the Side Letter\(^1\) (discussed below).

- OIG reviewed the Side Letter to the CEO employment contract. In relevant part, the Side Letter and Modification to April 1, 2003 Employment Agreement under the Powers and Authority section 1, Personnel Matter, paragraphs a. and b. outlined below:

\(^{1}\) 8/27/03 outside counsel letter, page 4.
1. Personnel Matters

a. The following provisions apply to all employees in Grade E 1 and above.

i. The Chief Executive Officer shall consult with and receive advance approval from the Chair and Vice Chair acting jointly prior to hiring any new employee at the DRPA or PATCO.

ii. The Chief Executive Officer shall consult with and receive advance approval of the Chair and Vice Chair acting jointly prior to promoting any employee at the DRPA or PATCO.

iii. The Chief Executive Officer shall consult with and receive advance approval of the Chair and Vice Chair acting jointly prior to granting any employee a raise in excess of 8%.

iv. The Chief Executive Officer shall consult with and receive advance approval of the Chair and Vice Chair acting jointly prior to terminating the employment of any employee.

b. The following provisions relate to personnel actions regarding employees in Grades 10, 11 and 12, it being the intent of the parties that the exchange of information which this provision requires and encourages will result in a strong understanding of the needs of the Authority with respect to employment.

i. Prior to offering employment to any potential employee in said grades, the Chief Executive Officer will meet and consult with the Chair and Vice Chair to discuss the position requirements, the reasons for filling the position, and any other matters related to the said position.

ii. Before promoting any employee at DRPA or PATCO in or into the said grades, the Chief Executive Officer will meet and consult with the Chair and Vice Chair to discuss the position requirements, the reasons for recommending the promotion, and any other matters related to the proposed action.

iii. Prior to granting any employee in one of the aforementioned grades a raise of eight per cent (8%) or more, the Chief Executive Officer will meet and consult with the Chair and Vice Chair to discuss the reasons for recommending the raise, the effect of the raise on other positions in the affected area, and any other matters related to the raise.

iv. Prior to approving the termination of any employee in one of the aforementioned grades, the Chief Executive Officer will meet and consult with the Chair and Vice
Chair to discuss the reasons for recommending termination, the information that supports the termination, and any other matters related to the said action.

IV. Respondents Statement:

On 4/23/13, OIG was provided with a response to this report. A deadline of 4/10/13 was established for any response to be received by OIG. The parties to the report chose to supply their response to the Audit Committee members, as well as the Chair and Vice Chair of the Board. The IG was not provided with a copy of the response. It is unclear why the respondents did not attempt to discuss their response with the IG and present relevant information in support of their position.

Upon direction of the Chair, Audit Committee, Board, the parties provided the IG with a copy of their response. OIG reviewed the response in detail. OIG also reviewed information developed during the audit. OIG requested and reviewed any information necessary to address the issues and positions of the respondents. OIG has addressed several issues raised by the respondents which are discussed below. OIG also provided the responses to its finding and commented on their relevancy.

1. **Page 1.** In response, the IG stated that he could not guarantee that the CEO's response would be included with his final report but that he would discuss the request with the Audit Committee members.

OIG reserves the right to decide whether to include any response to an audit in the final audit report. OIG was not presented with any information at the time of the request and was not in a position to determine whether the response would address issues raised in the report. OIG has adhered to this policy since its inception. Additionally, OIG has attached the response, in its entirety and unedited, as Attachment A.

2. **Pages 1-2.** The respondents raised concerns about the review process for the report, the non-disclosure agreement, and stated that most employee “likely would have been intimidated” in light of the recent memorandum concerning cooperation with the OIG.

   OIG is a relatively new function at the DRPA and the entire process development is ongoing. OIG is attempting to improve the process and acknowledges that the process can be improved upon. OIG has drafted a Standard Operating Procedure (SOP) which has not been endorsed by the Audit Committee. OIG intends to draft an Internal Audit Procedures Manual. The IG also agreed to proceed without the non-disclosure agreement as an accommodation to the respondents. This was done by the IG without any consultation with the GC, as suggested by the respondents.

   OIG disputes that the CEO, CAO, and DHRS were intimidated by the presence of the paralegal in the room during the review process. The CEO, CAO, and DHRS are including themselves in the “most employees” category to suggest intimidation. It is important to note that the opposite occurred. The
employee did, in fact, leave the room when requested. This employee, in her fourth day of employment, was shaken by the conduct and comments of one of the respondents in the room and, immediately notified the IG of what transpired. The IG documented the incident and immediately advised the GC of the incident.

3. **Page 2.** Later in this response we will note that neither the CAO nor the Director, HRS were interviewed and only a brief conversation took place between the CEO and IG regarding this audit. As a result, relevant documents were either not requested or ignored by the IG.

This statement is inaccurate. In 6/12, OIG sought information pertaining to the compensation policy at the DRPA. A meeting was subsequently initiated by either the CAO and/or the CEO to discuss this policy. This meeting occurred on approximately 6/12/12. It is important to note that OIG did not request this meeting but was invited by the CAO (6/11/12 email to IG from CAO). The email stated that the purpose of the meeting was personnel issues. Present at this meeting were the CEO, CAO, DHRS, GC, and the IG. The IG revealed that OIG had received complaints, via EthicsPoint and in person, concerning salary activities that reportedly violated policy. The IG requested clarification of the compensation policies at that meeting. The IG left the meeting with questions over the policy and with concerns that the policy was equitably applied throughout the Authority. This was consistent with the complaints received to date. OIG notes that the respondents do not address violations of the stated compensation policy in their response.

OIG disagrees that its conversation(s) concerning this audit with the CEO were “brief”. The CEO participated in a meeting on approximately 6/12/12. The CAO and DHRS were also present. The CEO also provided a response to the IG. The CEO and IG discussed the requested documentation as well as the process in place for salary actions requiring Chair and Vice Chair approval.

Throughout the response, the respondents state that they were unaware of the audit until later in 2012. OIG disagrees with this assertion. OIG made the respondents aware of the complaints received at the meeting on approximately 6/12/12. OIG requested information from the respondents particularly dealing with salary actions. Further, OIG reviewed a memorandum dated 7/3/12, prepared by the GC and CAO, and addressed to the CEO. On page 6 of the memorandum, the GC and CAO stated, in addition to other items, the following:

- 4 Recent EthicsPoint filings on salary issues;
- 4 EEOC cases in re: salary disparity;
- 3 Right to sue letters pending with the EEOC in Federal Court

OIG also requested documentation from the respondents. It is OIG’s position that the combination of these factors would/should lead a reasonable person to conclude that OIG was conducting an audit or inquiry.
The respondents state that relevant documents were not reviewed or ignored by the IG. The respondents provide no support for this statement, nor have they provided relevant documentation.

4. **Page 2.** It is imperative, in order to preserve the integrity of the audit, that the IG be thorough in his attempt to reveal the facts, that he act without bias and that he hold himself to an unquestionable standard of independence. On 9/18/2012, the IG sent an email to the CAO requesting salary documentation. (See initial email from the IG to the CAO dated 9/18/2012 attached hereto as Attachment #7) On that email the IG copied the General Counsel. It is not apparent why the General Counsel was copied, however, it appears that from the start the General Counsel has been aware of, and quite possibly involved in the conduct of the audit. The inclusion of General Counsel in the audit calls into question the independence of the IG and creates a conflict of interest for the General Counsel who represents the DRPA, not the IG.

OIG agrees that it should be held to an unquestionable standard of independence. OIG also agrees that the GC represents the DRPA. The GC provides legal guidance to the OIG since outside counsel is not available to the OIG. Board directives have required the IG to consult with the GC on a variety of issues. Further, OIG reports are reviewed by the GC prior to their release to the Board and/or respondents for form and legality. This is an Audit Committee directive which has been followed with prior IG reports. Consultation with the GC also ensures the privilege of sensitive communications, discussions, etc. involving the activities of the IG and OIG.

OIG disagrees that the involvement of the GC during the course of its audits impacts on the independence of the OIG and/or its work product. Rather, consultation with the GC, both during and after an audit, on legal matters strengthens OIG reports and is critical to ensure an appropriate legal standards are upheld.

5. **Page 2.** In light of the manner in which the purported audit was conducted, we wanted to make certain that our unedited and factual reply was provided in its entirety to the Audit Committee members. Accordingly, we have chosen not to send our response to or through the IG.

This statement is incorrect as this was an audit. It is unclear why the respondents chose not to follow the current audit procedures and respond to the IG. OIG notes that the CEO did follow this process with respect to two (2) other reports issued by OIG.

6. **Page 4.** Any suggestion by the IG that we did not fully cooperate with this audit by not providing certain documents is disingenuous and factually incorrect.

OIG stands by its statement that requested documents were not provided. In a 9/18/12 email to the CAO, the IG asked for the following items that were not provided:
Copies of all approvals in support of these increases to include managers, directors, chiefs, DCEO, CEO, Chair, Vice-Chair, and Board.

HRS did provide other documents in response to the request. OIG sought, obtained, and reviewed relevant memorandums, emails, etc. from other sources.

7. **Page 4.** The IG never asked HRS to provide him with copies of the relevant policies and SOPs. However, it should be noted that policies regarding compensation are completely accessible to all employees on the HRS intranet page. Salary increases were given for promotions, temporary upgrades, or the addition of increased work responsibilities. The salary adjustments were done in accordance with applicable policies, SOPs and the DRPA By-Laws.

As admitted by the CAO and DHRS in their response, both are unaware of the requirements of the Side Letter Agreement. Assuming that this statement is true, the scope of the policies and SOPs, referred to by the CAO and DHRS, are insufficient to document salary actions. OIG disagrees that the salary adjustments were done in accordance with applicable policies, SOPs and the By-Laws. While salary adjustments may be governed by these items, the discretionary application of policies impacting salary is a concern. The respondents do not address this concern.

8. **Page 4.** At no time has the CEO, CAO, or Director, HRS had access to the hotline, nor have we been made aware of the nature of any complaints that may have been filed through the hotline.

The EthicsPoint hotline is confidential and the CEO, CAO, DHRS, and others in executive management do not have access to the hotline. OIG disagrees that the respondents were unaware of the nature of the complaints. OIG noted earlier that the nature, specifically policy violations in salary actions, was discussed on approximately 6/12/12. Further, the 7/3/12 memorandum authored by the GC and the CAO to the CEO clearly indicates that the respondents were aware of the nature of the EthicsPoint hotline complaints.

9. **Page 4.** In February 2012, the IG assumed responsibility for monitoring the hotline. To date, the IG has not forwarded any salary complaints from the hotline or otherwise to the CEO, CAO, or the Director, HRS.

This statement is accurate. The EthicsPoint hotline is confidential and the complaints are not forwarded to the CEO, CAO, or the DHRS. This ensures anonymity in the process and protects the complainant from any retaliation by management. The hotline concept is universally used by for-profit corporations, public agencies, and non-profit organizations.

In the early part of 2012, the IG received several salary complaints that were focused on issues related to their managers. These complainants, all anonymous, were referred to HRS. When the complaints began to note policy violations, the IG began to examine actions the basis of the
complaints. OIG agrees that these complaints were not forwarded to HRS and does not believe they should be. This would affect the integrity of the hotline among employees.

10. **Page 5.** The IG states the deterioration of employee morale has resulted in increased EEOC filings. However, no statistics were provided to support this statement.

OIG confirmed the increase in EEOC complaints with the GC. OIG intentionally omitted the figures from this report. In fact, the 7/3/12 memorandum authored jointly by the GC and CAO and sent to the CEO noted that there were currently seven (7) EEOC matters.

11. **Page 5.** It should be noted that in a typical year, with approximately 900 employees, the DRPA receives on average five (5) Notices of Charges of Discrimination from the EEOC, and those charges are rarely salary-related. Generally, the EEOC charges are based on complaints regarding "failure to promote" or "wrongful termination." The IG reports that two salary adjustments of 25.91% and 28.69% were the result of mediation with the EEOC. The IG's statement implies that the EEOC required that we make these two salary adjustments. That was not the case. The EEOC charge was filed by a PATCO Purchasing Specialist. At the direction of the General Counsel, staff who attended the mediation (Assistant General Counsel, Law Clerk, and the Director, HRS) advised the mediator that they were authorized to settle the matter by increasing the salary of the PATCO Purchasing Specialist. The General Counsel unilaterally advised that the salary increase for the PATCO Purchasing Specialist would also be applied retroactively for three DRPA Purchasing Specialists who had not filed an EEOC charge. The settlement terms were authorized by the General Counsel without first consulting with the Assistant General Counsel, Law Clerk or the Director, HRS who attended the mediation. The General Counsel failed to consult with the CEO before directing staff to settle the matter. Since then, there have been no new EEOC filings concerning charges of salary inequities.

This statement is inaccurate. EEOC filings regarding "failure to promote" involve salary issues. The 7/2/12 memorandum noted four (4) salary related EEOC filings. The respondents also state that the IG reports that two (2) salary adjustments were the result of mediation with the EEOC. "The IG's statement implies that the EEOC required that we make these two salary adjustments. That was not the case." The documents provided by HRS list these adjustments and note under the reason section as "adjustment as per EEOC mediation". OIG relied on HRS documents to make this determination. In addition, a memorandum dated 9/11/12 from the CEO to the Vice Chair refers to the PATCO EEOC matter as a "mediated settlement" (Page 2). The respondents stated that this was not the case and that the GC authorized these settlement terms without first consulting staff who attended the mediation. The respondents also claim that the GC failed to consult the CEO before directing staff to settle the matter. The respondents also claim there have been no new EEOC filings since then.
These statements are not supported by the facts. The GC had informed the CEO and CAO previously that she had significant issues with this matter and desired to settle the matter. During a Finance Committee meeting on 8/1/12, the GC left to take a call from the DHRS who was at the EEOC mediation. The GC gave instructions to tentatively settle the matter and returned to the Board meeting to obtain CEO concurrence. The GC then obtained concurrence from the CEO and CAO, during the meeting, communicated it to staff at the EEOC, and confirmed the decision in an email dated 8/2/12. OIG reviewed emails involving this matter dated 8/1/12, 8/2/12, and 8/3/12 which clearly indicated what occurred and who was aware of the settlement.

12. Page 6. It is our opinion that the deterioration of employee morale has further been exacerbated by the recent increases in salaries for three secretaries and one legal assistant in the General Counsel's Office. Further, the recent hiring of an Internal Auditor at a salary that is significantly higher than the maximum salary designated for that position has further contributed to the decline in employee morale. As a result of that salary action, HRS was also directed to increase the salary of the incumbent Internal Auditor by 44.27% (an increase of $27,619) in order to match the salary of the newly hired Internal Auditor. These actions have left some employees feeling that there is a lack of process and that one has to be "connected" to get an increase in salary.

OIG acknowledges that these increases have occurred but the respondents fail to mention relevant facts pertaining to these salary actions. With respect to the legal secretaries and assistant, the respondents failed to mention that these actions were approved by the Board. In the 9/11/12 memorandum from the CEO to the Vice Chair noted above, the CEO stated on Page 1 that "for some time, we have been unable to recruit needed legal secretaries". The salary grades for these positions were incorrect and the GC was unable to fill these positions at those levels. In fact, the CEO ordered a Hay Study to reclassify the legal secretaries. The DHRS participated in the phone interview with a Hay representative and the GC. OIG also reviewed various emails in 7/12 where the reclassification of the legal secretaries was discussed. The parties on these emails were the GC, CEO and CAO. The Board approved the creation of a new job classification with appropriate duties and salaries of legal secretaries.

With respect to the OIG actions, the respondents again failed to mention the relevant facts. OIG sought and received approval for these actions from the Board. These actions were also presented by the CEO to the Labor Committee. In addition, the IG has argued that the Internal Auditor position needs to be reclassified given the professional qualifications required in the existing job description. Two (2) prior job postings resulted in a very small qualified applicant pool.

The respondents do not address the various salary actions taken without Board approval. OIG is concerned about the respondents' use of the term "connected" pertaining to salary increases. OIG agrees that this is the feeling among some employees. OIG is familiar with this concern as several complainants have raised this issue with OIG. OIG believes that any analysis of salary actions with "connected" as a factor would be difficult to perform, would be based on information that maybe
arbitrary and unquantifiable, and would result in findings that could further erode employee morale. OIG believes this analysis would produce results that are embarrassing to the Authority.

OIG acknowledges that the above salary actions, despite the fact that proper procedures were follow, may have contributed to a further decline in employee morale. This again raises the issue of adequate communication by executive management of salary actions and further highlights the need for a defined compensation policy.

13. **Page 14.** The IG’s draft report is flawed. The findings are not based on fact and are misleading. As part of his audit on salary actions, the IG failed to interview the CAO and the Director, HRS, both of whom could have provided copies of relevant policies and SOPs, would have given context for any and all salary actions, and answered any questions he may have had. The IG’s failure to solicit feedback, from CEO, CAO, and the Director, HRS, search pertinent records, and conduct a more complete review of all relevant documentation was unfair and is unacceptable. This lack of proper process raises serious doubt as to the integrity of the audit.

We believe our factual response calls into question all of the IG’s findings and recommendations, and the means and method by which this purported audit was conducted. We welcome the opportunity to meet with the Audit Committee members to discuss the IG’s report, our response thereto, and any other questions the Committee members may have.

OIG confirmed its findings and recommendations. As stated earlier, OIG reviewed the response in detail. OIG agreed with some statements made by the respondents which are acknowledged in the above paragraphs. The respondents did not provide any factual basis for changing the findings and recommendations outlined in the OIG report. The respondents made comments, representations, and interpretations which are inconsistent with the facts developed during the audit.

**V. Findings:**

**Finding 1: Personnel Actions Were Taken in Violation of Authority Policies and/or Procedures.**

Personnel actions have been made by the CEO without the required approval of the Chair and Vice Chair jointly as mandated in the Side Letter and Modification to April 1, 2003 Employment Agreement for the CEO under the Powers and Authority section, 1. Personnel Matters, paragraphs a. and b. Documentation provided by the CEO as well as during an interview revealed that it was the practice to obtain approval from representatives of the Chair and Vice Chair until the middle of 2010. It is important to note that the OIG only evaluated the pay raise/salary adjustment issue raised by employee complaints for this report and no conclusion is being reached as to whether other personnel actions similarly have not complied with the Side Letter and Modifications to April 1, 2003 Employment
Agreement for the CEO. OIG determined that the CEO does not keep adequate documentation of Chair and Vice Chair approval of required personnel actions.

OIG reviewed correspondence from outside counsel dated 8/27/03 to the then Chief of Staff, Office of the Governor, and Chairman, Authority. The subject of the letter was changes to the DRPA organization announced by the CEO on 8/22/03. The legal opinion provided indicates that all changes announced by the CEO violated at least one provision of the By-laws, the Side Letter, or the historic and regular practice of obtaining Board approval before making changes to the DRPA Organizational Chart. Additionally, to the extent that any employees in grades E-1 and above were given promotions and/or raises in excess of eight percent, those changes violated Sections I.A.2. and 3. of the Side Letter.

Recommendation:

The CEO, CAO, and HRS should ensure that personnel actions requiring the approval of the Chair and Vice Chair are approved as required and properly documented. This documentation should be maintained by HRS. The practice of obtaining approval from a representative of the Chair or Vice Chair is not consistent with the side letter agreement and should be eliminated.

Respondents' Statement:

All salary actions are taken consistent with Authority policies and HRS SOPs. In his report, the IG made reference to the "side letter" that is a part of the CEO's contract. The side letter has never been provided to the CAO or the Director, HRS, and thus, the terms of same have not been incorporated into any policies and/or SOPs regarding salary actions.

The IG further asserts that the CEO violated the side letter in making organizational changes on 8/22/2003. The IG's draft report examines salary actions from 2007-2012. It is therefore not clear to us why he spent any time discussing the organizational changes made in 2003, which were subsequently approved by the Board in 2004.

In addition to the "Jarin/Munley" opinion of 9/16/2003, we note that there were at least two other opinions and/or memoranda issued which clearly contradict the "Jarin/Munley" opinion. The first opinion/memo was issued by Christopher B. Craig, Esq. dated 9/17/2003, who, at that time, served as counsel to the Senate Democrat Appropriations Committee and is now serving as Chief Counsel and DRPA Board alternate to PA State Treasurer Robert McCord. The second opinion/memo was issued by DRPA Board Vice Chair Jeffrey Nash, Esq. to then-Pennsylvania Governor and Chair of the Authority. Both opinions conclude that the CEO did not violate the provisions of the Bylaws when he effected certain personnel changes on 8/22/03.
OIG Response:

OIG's finding and recommendation is not amended. Efforts to document the approval process, including those involving the side letter, are required. OIG did not assert that the CEO violated the side letter in making organizational changes in 2003. The 8/27/03 legal opinion was reviewed as part of the relevant documents governing the side letter and its application.

OIG was unaware of two (2) additional opinions involving the side letter. One (1) was issued by the then and current Vice Chair of the Board. This opinion has clear conflict of issues implications.

OIG agrees that it did not review the Craig memorandum and was unaware of its existence. This legal opinion states that "the side-letter is not binding". The respondents appear to be relying on this opinion. OIG believes that, if side agreements on personnel actions of two (2) parties, in this case the Chair and Vice Chair, are non-binding, this calls into questions other extension agreements authorizing personnel actions at the Authority.

Finding 2: There is no Compensation Evaluation or Policy within the Authority

The Authority lacks a defined compensation policy and a procedure(s) to implement such a policy. The lack of a defined policy has resulted in allegations of favoritism in personnel actions. Better communication between the CEO and management is needed so that management can more effectively deal with employees in their departments. Management is aware of the deteriorating morale problems at the Authority.

The salary increases and the manner by which the foremen positions at both PATCO and DRPA were handled underscore the need for consistent application of compensation policies. In this case, based upon issues at PATCO, PATCO foremen were provided with a significant salary adjustment. These adjustments were justified as necessary based upon safety considerations at PATCO. OIG could not locate evidence that approval of the Chair and Vice Chair was obtained as required under the side letter agreement.
DRPA foreman in similar positions became aware of the salary increases awarded at PATCO and complained that they had been treated differently. It is important to note that this communication to DRPA foremen was by “rumor mill” and not communicated to any management or staff formally. As a result of this complaint, a meeting was held with bridge foremen to address their concern about the PATCO increases/adjustments. This meeting was discussed previously. During this meeting, the CEO reportedly promised similar salary adjustments/raises for the twenty-six (26) bridge foremen by the end of 2012. Specifically, the CEO indicated during his meeting with the bridge foremen that the salary adjustment for DRPA foremen would be $79,500. Since the salary adjustment to DRPA foremen was $79,500 and the salary adjustments for PATCO was $78,033, a second adjustment was made to the agreed upon salary for the PATCO foremen to reach parody.

Discussions with Board members and the GAU during committee meetings were inconsistent with final decisions made by CEO. After the adjustments were approved, the CAO refused to provide the COO with the list of those receiving increases/adjustments and referred the COO to the CEO for the list. There was also never any communication to the other Chiefs concerning the salary adjustments/raises.

**Recommendation:**

Executive staff and the Board should accelerate discussions to address the deteriorating morale problem caused by ongoing reductions in employee benefits coupled with the lack of raises for non-represented employees over the past five (5) years. OIG, as well as some inside the Authority, believe that an improvement in the economy could lead to the significant loss of personnel. The Authority is already operating at significantly low employee levels with little ability to function in critical areas when employees leave and/or take necessary medical leaves. Given the lengthy hiring process, departments have been forced to operate at dangerously low employee levels, and may in some cases, have a corresponding decrease in safety for an extended period. This could have a disastrous impact on Authority operations.

The current practice of granting increases/adjustments has had a direct effect on employee morale. A comprehensive compensation policy should be developed to establish protocols for salary adjustments, hiring levels, and compensation valuations based upon job classification. Without these policies and protocols in place, these decisions are left to the sole discretion of the CEO and are subject to criticism.

A communication plan should be crafted by Executive management, with Board approval, to address the decision why salary increases can/cannot be awarded. Currently employees are being told by executive management that the reason for no salary increases is the result of opposition by the GAU. While it is true that the GAU has opposed any salary increases for Authority employees, inconsistency with certain positions/personnel receiving salary adjustments has led to mistrust by employees of management communications. It is important to note that all actions taken by the CEO were not provided to the GAU.
Respondents’ Statement:

The current morale problem is largely due to the fact that non-represented employees have not received raises in five years, coupled with the elimination of many benefits. As noted above, compensation policies and SOPs currently exist.

It should be noted that Hay Group is our current compensation consultant.

Despite the ongoing need for a comprehensive salary review, to our knowledge there has been no further discussion at the Board level about the need to implement such a study.

Despite compression challenges at the Authority, HRS continues to address salary issues using existing compensation policies and SOPs.

The respondents also discussed the situation involving salary actions for foremen at PATCO and the bridges.

The CEO briefed the Board about salary actions he believed were necessary to ensure operational safety at the DRPA and PATCO. He provided Board members with various memoranda (prepared by the CAO and the Director, HRS) outlining the proposed salary actions. The CEO recommended increasing the salaries of the DRPA and PATCO foremen to no less than $78,033. The recommendation was accepted, and the salary increases for all DRPA and PATCO foremen were made effective as of 9/11/2012. The accepted final offer of $79,500 ensured an adequate spread between the foremen and the highest paid represented employees that reported to them.

OIG Response:

OIG’s finding and recommendation is not amended. OIG agrees that the current morale problem is the result of lack of raises and reduced benefits. OIG has not seen any procurement process involving the selection of the Hay Group designating them as a compensation consultant.

The respondents refer on numerous occasions to existing compensation policies and SOPs. While these policies and SOPs may exist, they have not been modified to reflect the current environment, i.e. no raises. The policies and SOPs do not reflect the requirements of the side letter agreement and, as a result, salary actions are not properly documented.

The respondents state that “there has been no further discussion at the Board level about the need to implement a study”. Respondents are referring to a comprehensive salary review. OIG notes that the Board formed a Labor Committee to review and enforce consistent personnel actions.

OIG was present at a meeting of the Finance Committee on 10/3/12 where the CEO presented proposed salary actions for the bridge. The GAU was clear that no salary actions were authorized. PA Board members insisted that performance reviews be completed first for all of the foremen. Further,
the members made it clear that the performance reviews should not be the same. The CEO never disclosed that he had already authorized these salary increases.

OIG does not dispute the issues concerning the CEO’s obligation to fill necessary positions, particularly when safety is an issue. The issue is the acceptance of the original offer of $78,033 by the PATCO foremen which was ultimately changed by the CEO to $79,500. OIG reviewed a memorandum prepared by the CEO to the Vice Chair, dated 9/11/12, which dealt with compression issues. On page 3 of the memorandum, the CEO outlined the overall budget impact of making the salary adjustment for twenty six (26) foremen. The CEO used the salary of $78,033 in his calculation.

The respondents also represented that a meeting was scheduled by the CEO with the bridge foremen. OIG reviewed emails which clearly indicate that the meeting was requested by the bridge foremen. This occurred after the bridge foremen became aware of the PATCO salary adjustments. At this meeting, the CEO promised the bridge foremen $79,500 which resulted in another salary change to the PATCO foremen proposed compensation. All foremen received their salary adjustments retroactive to 9/1/12. The $79,500 salary adjustment was not brought to vote by the Board. As stated earlier, the GAU objected to any salary adjustments and the PA commissioners insisted on performance reviews prior to any adjustment.

**Finding 3:** There was a change in the minimum pay for grades during mid-year 2012.

Based upon review of memorandums and meetings attended by OIG, there was a change in the pay grades for 2012 that was implemented in January 2012. The minimum salaries for the pay grades were raised from 2011 pay scale. All positions posted from January through May of 2012 included the new pay range information. However, after the positions were posted and, in some cases, candidates selected, the pay scale was changed back to the 2011 scale. While the CAO indicates that no selected candidates were impacted and that there are no current employees compensated at the 2012 pay scale, it is important to note that this caused much confusion among the executive staff, managers and employees involved during the hiring process at the time. There were inconsistent expectations for compensation with job candidates and no communication to clarify the reason for change or that a change had even occurred.

In addition, there has been a change in the personnel actions listed in Board packets, with information concerning salary increases/adjustments no longer included in the monthly Board meeting packets and on the documents published for Board meetings on the Authority’s website. It is unclear who determined that this information should no longer be published.

**OIG Recommendation:**

The reforms adopted by the Board in 2010 were intended to ensure that the actions of the Board and the Authority are **open and transparent.** Clear communications for all employee classifications and pay grades should be available to all current and potential employees. These policies and communications should be available on the intranet and internet for everyone.
In addition, all salary issues should be posted and searchable to the public. The exclusion of salary adjustment language from Board materials and other Board publications is contrary to the intent of the reforms. The DRPA should resume publishing all changes in salary for the monthly Board meeting in the meeting packets distributed to the Board and be accessible on the Authority’s website.

Respondents Statement:

Every year HRS requests authorization to increase the salary grade ranges by 3% as recommended by our compensation consultant, Hay Group. When HRS increases the salary grade ranges staff prepares a report to determine what if any employees fall below the salary minimums for their positions. HRS then seeks and receives authorization to increase the salaries for the employees whose salaries fall below the new minimum for the salary grades. In 2012, HRS received authorization from the CEO to increase the salary grade ranges by 3%. Vacancies advertised subsequent to that authorization included the new salary grade ranges for 2012.

HRS staff subsequently prepared a report which revealed that a few employees fell below the minimum salaries for the new 2012 ranges. HRS requested but did not receive authorization from the CEO to increase those salaries to the new minimum salary levels. HRS recognized that offers could not be extended to new employees using the 2012 salary grade, as that would result in them earning salaries higher than incumbents. The CEO directed staff to resume using the 2011 salary ranges. In July 2012 a meeting was held at One Port Center which was attended by the CEO, CAO, CFO, General Counsel, the Board Chair, Vice Chair, the Deputy Chief of Staff to Pennsylvania Governor and a representative of the New Jersey Governor’s Authority’s Unit. At that meeting, the CEO and the CAO confirmed that since reverting back to the 2011 salary grades, there were no employees under the minimum salaries for the positions. Upon hearing that information, the Chairman indicated that the matter was “moot”.

With regard to the IG’s recommendation that "salary issues should be posted and searchable" to the public, we seek clarification from the IG regarding same. While all salary information is a matter of public record, "salary issues" could include an employee’s complaint regarding compensation. "Salary issues" could include a challenge that a newly promoted employee should receive a salary over and above the incumbents. How would those issues be documented and "posted" in a form that is "searchable" by the public? HRS is responsible for ensuring, to the greatest extent possible, that requests for salary information are handled according to specific protocol, i.e., policies and HRS SOPs. We believe appropriate protocols have been implemented not for the purpose of keeping information from those who request it, but rather, to make certain the information is properly safeguarded and accountability is clear.

The IG’s report further asserts that the format of reporting personnel actions to the Board has changed. Specifically, the IG states that the reports no longer provide information concerning salary adjustments. We reviewed the CEO Personnel Action Reports for the years 2007-2013. The only changes have been in the form of enhancements to ensure even more transparency in the reporting of all personnel actions. Prior to October 2008, if there was no action to report in a given personnel
category, the category was not listed. Since October 2008, all categories of personnel actions are listed irrespective of whether any action was taken for that month in that category. For instance, if there were no temporary appointments for the month then the word "None" appears after that category. This enhancement is best illustrated in the CEO Report of November 19, 2008. (See copies of Personnel Action Reports for Months of May 2007-2012 and March 2013 attached hereto as Attachment #12).

**OIG Response:**

OIG's finding and recommendation is not amended. It is OIG position that any and all modifications, adjustments, changes, including temporary or permanent personnel actions should be included in the Board packet and available to the public. OIG also believes that job descriptions, grade levels, and salary information should be available to the public as a matter of policy eliminating any "right to know" requirement to obtain this information. This will ensure more openness and transparency in Authority actions.

The respondents refer to a 7/12 meeting where the CEO and the CAO confirmed that since reverting back to the 2011 salary grades, there were no employees under the minimum salaries for the positions. This statement is not supported by the facts. OIG confirmed through interviews that the Vice Chair and Chair were not present at this meeting. The respondents refer to a comment made by the then Chair of the Board, the PA Governor, who was not in attendance. OIG also noted that at the meeting on approximately 6/12/12, there was a discussion of over twenty (20) employees being below the minimum salary level. The respondents were all present at this meeting. It was recommended that the CEO make salary adjustments to correct the problem. The CEO refused to make these adjustments citing criticism from the Board for such action. OIG noted that the adjustments represented an insignificant amount of money. In comparison, these adjustments were considerably less than the adjustments for the foremen.

OIG also noted the following in response to the respondents' statements:

1. HRS never had Board authorization to adjust salary levels by 3% for 2012. There was no Board action to revert salary levels back to 2011 figures after six (6) of utilizing 2012 figures.

2. As the Hay study relies upon assumptions from years ago, it is questionable whether these assumptions would be appropriate under current financial and/or market conditions.

3. The statement does not address who authorized the 3% salary adjustment to 2012 levels? This raises the question of who is authorized to implement salary figures?

OIG recommends that the Authority’s compensation program be evaluated.
OIG agrees that salary adjustments were not included in Board packets as originally believed. However, the issue is why they are not included. All other personnel actions are listed. The respondents state that changes were made to ensure more transparency but salary adjustments are not listed. OIG maintains that including salary adjustments in the PARs is essential to ensure more transparency which is consistent with the 2010 reforms adopted by the Board and strengthened in 2012.

**Finding 4: The hiring and promotion process is flawed.**

It is the practice of the Authority that only the CEO can select candidates for positions and determine the salary for each position. Authority managers conduct the interviews and rate the prospective candidates. The same procedure is followed for employees considered for promotion. The manager may have a preference for a candidate/employee but the ultimate decision is made by the CEO. While there is some input by HRS, the hiring manager has little to no involvement in the salary discussions of the prospective or current employees.

**Recommendation:**

The current practice of hiring and promoting has also had a direct effect on employee morale. Unless the position is a director or above, the manager should be free to decide who to hire and promote within their areas of responsibility. The manager should also be involved in the salary decision actions taken by the manager can then be reviewed by the CEO with assistance from HRS.

This is also an area where management efficiency is a concern. OIG determined that the CEO's involvement with these personnel decisions is an inefficient use of his time. The CEO can ensure that the Authority’s policies are being followed when the personnel decisions of the managers are reviewed and approved by him. Should the CEO determine that the personnel action contradicts Authority policy; the CEO can take corrective action at that time.

**Respondents Statement:**

The procedures supporting the hiring, promotion and compensation processes are set forth in policies and HRS SOPs. In various stages of these processes, the participation of the departmental director and/or manager and departmental staff (as selected by its chief and/or director) has been standardized and incorporated into those processes. From the updating of the job specifications and test content, to the selection of the interview panels, to the preparation of the candidate assessment for the CEO's selection, departmental staff is involved in every step of the process. Oversight of these processes by HRS is essential to ensure overall consistency and fairness, and to make certain due consideration is given to other factors such as EEO policies and union contract provisions, especially as they relate to areas such as seniority.

With regard to the actual selection of candidates for hire and promotion, the DRPA By-Laws make clear that the CEO has been conferred with the authority to "recruit, appoint, discharge,
promote, demote, transfer and effect all personnel actions for all personnel other than Officers listed in Article III and those on the Excepted List established by the Board of Commissioners. " (DRPA By-Laws Article XII A. 2. "Administrative Powers"). We believe this authority is conferred upon the CEO as a final step to ensure overall consistency and fairness of the hiring, promotion and compensation processes. To allow individual directors and managers to decide who is hired and promoted and what salary should be offered has the potential to erode the Authority's goals of consistency and fairness, and is in direct conflict with the aforementioned Article. In almost all cases, after reviewing the written assessment, the CEO solicits the recommendation of the chiefs or directors before selecting a candidate.

**OIG Response:**

OIG's finding and recommendation is not amended. The CEO retains control over the hiring and firing process under OIG's recommendation. The decision process would begin at a lower level of management which represents a more efficient use of the CEO's time. As OIG noted above, the CEO can ensure that the Authority's policies are being followed when personnel decisions of the managers are reviewed and approved by him. Should the CEO determine that the personnel action contradicts Authority policy, does not adhere to EEOC policies, or contradicts union contract provisions, the CEO can take corrective action at that time. OIG does not believe this position is inconsistent with the By-Laws.

Currently, the chief and/or manager, along with the selection committee, recommend two (2) or three (3) candidates which are referred to the CEO. The same process occurs for promotions. The CEO then selects the candidate to be hired or employee to be promoted. OIG finds that this is an inefficient use of the CEO's time.

**Finding 5:** There is a lack of understanding of the function of OIG throughout the Authority.

OIG was provided with only the specifically requested documents during this audit by HRS. OIG was unaware of the existence of the memorandums, noted above, concerning salary adjustments at PATCO. OIG is concerned that there is other material that may be available and should be included in this audit, but at this time, is not known to OIG. It is important to note that this problem is not specific to HRS. OIG has experienced the same difficulty during audits of economic development and insurance. In both situations, OIG obtained documents from sources other than the areas being audited. Specific to the insurance audit, OIG was informed that certain information was unavailable or limited, but OIG was able to obtain some of the needed information from other sources. OIG has not received the level of cooperation that it requires to complete necessary reviews and audits.

**Recommendation:**

A statement or communication from the Board should be issued directing the CEO and all staff to fully cooperate in providing the OIG access to all necessary documentation and personnel. There is a perception by certain executive staff that the OIG should not be included in meetings, emails, or
provided with documentation and that the OIG’s role is contrary to that of the Authority. Rather, the communication should be to all employees that the Authority has pledged transparency and change, with the role of the OIG to assist with this transparency. Rather than embracing this change and fully cooperating with OIG requests, there have been particular instances where departments and employees are less than forthcoming with information. The CEO should re-instruct and reinforce to all departments of the need to cooperate fully with OIG during an audit and/or investigation. The CEO should instruct the department heads to inform OIG of the universe of documents in its possession that might be beneficial to the request. In addition, the CEO should advise the department heads that the requirement to provide OIG with information is ongoing until advised by OIG that the audit/investigation is completed.

Respondents Statement:

On March 19, 2013, through the CEO, the Board Chair and Chair and Vice Chair of the Audit Committee issued a written directive to all Authority employees explaining the purpose and critical importance of the OIG and directing them to cooperate fully with the OIG whenever requested.

We dispute the fact that the HRS and Risk Management have been "less than forthcoming" in response to requests for information from the IG. HRS, through the CAO, did provide to the IG all information he requested. The provision of the requested information was completed without delay but without the benefit of knowing the context in which the request was made.

The CAO first learned about an insurance audit by way of an email dated 9/12/2012, which was sent to the Director, Risk Management & Safety (Director, Risk) and the CAO. (See a copy of the email from IG to the CAO and Director, Risk dated 9/12/2012 attached hereto as Attachment #13.) In that email, the IG advised the CAO and Director, Risk that his office was conducting an audit of the insurance policies that cover the DRPA/PATCO. The IG asked that they provide his office with certain information. The Director, Risk forwarded the requested information to the IG on 9/18/2012. (See email from Director, Risk to the IG 9/18/2012 attached hereto as Attachment #14.) On that same day, the CAO provided the IG with the Schedule of Insurance for the DRPA’s Health & Welfare Benefits Program. (See a copy of the email from the CAO to the IG dated 9/18/2012 attached hereto as Attachment #15.) Since receiving the initial email request from the IG, the CAO has not been contacted by the IG, and has not been asked to provide any additional documentation in support of the IG’s efforts in that insurance audit.

It is very clear that the IG should review, audit and otherwise investigate matters within DRPA without the need to make known his activities to anyone other than to whom he reports. However, to suggest as he does that HRS, Risk Management, or any other department should advise the IG of the "universe of documents" in its possession that "might" be beneficial to the original request is too heavy of a burden. Without context or other guidance regarding the scope of information that "might be beneficial" to the IG, departments would be held to a standard that is unreasonable and difficult, if not impossible, to meet.
**OIG Response:**

OIG's finding and recommendation is not amended. This report was completed and dated 2/12/13, over one (1) month prior to 3/19/13 statement noted above by the respondents. The insurance audit was suspended due to staffing but has recently resumed. OIG was not provided with requested information during that audit. OIG will provide more information on that matter as included in a pending Insurance Audit report to be issued by OIG.

OIG recognizes that making the universe of documents known to the auditors is an ongoing process. However, the department being audited is in the best position to describe the universe of documents available to OIG. The auditor can then narrow the document request to fit the audit. OIG disagrees that this is a difficult and unreasonable standard for the audited department to meet, as we have undergone more comprehensive management and financial audits making the departments familiar with the process.

**VI. Information in Support of Findings and Recommendations:**

OIG reviewed the information provided by the CEO and CAO. OIG also reviewed memorandums dealing with compression and/or salary issues which were obtained by other sources. OIG conducted informal interviews of staff and reviewed EthicsPoint complaints.

OIG reviewed a 9/11/12 memorandum from the CEO to the Vice Chair, Board. On page 2 of the memorandum, the CEO stated that he authorized the increases to PATCO foremen to a salary of $78,033 which were accepted. On page 3, the CEO advised that he intended to adjust the DRPA foremen salaries to no less than $78,033.

OIG requested information from HRS on the policy for establishing salaries at the Authority. OIG then attended a meeting with the CEO, GC, the CAO and the Director, HRS, where salary actions were discussed. It was unclear from this meeting how the policy for salary actions was determined and/or applied. In fact, during this meeting, the CEO refused to take action to raise the salary of approximately twenty four (24) employees who were below the minimum for their pay range. This action was within the authority granted to the CEO by the Board. The CEO stated that he “did not want to take action to correct the problem and then be blamed by the Board.”

OIG conducted an analysis of the salary increases/adjustments over 8% for the time period 2007 to the present. Tables 1 and 2 illustrate personnel actions involving over 8% increases for all grade levels. Table 1 illustrates the activity over this period for the DRPA. Table 2 illustrates the activity over this period for PATCO. **Note:** The Charts below include the recent salary activity involving the DRPA/PATCO foremen, engineers and managers.
Table 1 – Personnel Actions for DRPA:

<table>
<thead>
<tr>
<th>YEAR</th>
<th>TEMP ASSIGNMENT</th>
<th></th>
<th></th>
<th>PROMOTIONS</th>
<th></th>
<th></th>
<th>SALARY ADJUSTMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
<td>High %</td>
<td>Low %</td>
<td>No.</td>
<td>High %</td>
<td>Low %</td>
<td>No.</td>
</tr>
<tr>
<td>2007</td>
<td>7</td>
<td>19.71</td>
<td>11</td>
<td>8</td>
<td>20</td>
<td>11</td>
<td>6</td>
</tr>
<tr>
<td>2008</td>
<td>9</td>
<td>14</td>
<td>9</td>
<td>9</td>
<td>27</td>
<td>10</td>
<td>1</td>
</tr>
<tr>
<td>2009</td>
<td>8</td>
<td>15</td>
<td>10</td>
<td>11</td>
<td>35</td>
<td>10</td>
<td>1</td>
</tr>
<tr>
<td>2010</td>
<td>38</td>
<td>25</td>
<td>10</td>
<td>18</td>
<td>27</td>
<td>8</td>
<td>2</td>
</tr>
<tr>
<td>2011</td>
<td>78</td>
<td>25</td>
<td>10</td>
<td>25</td>
<td>43</td>
<td>8</td>
<td>1</td>
</tr>
<tr>
<td>2012</td>
<td>22</td>
<td>14</td>
<td>10</td>
<td>13</td>
<td>30</td>
<td>10</td>
<td>18</td>
</tr>
<tr>
<td>TOTAL</td>
<td>162</td>
<td>25</td>
<td>9</td>
<td>84</td>
<td>43</td>
<td>8</td>
<td>23</td>
</tr>
</tbody>
</table>

Table 1 indicates that there were 84 promotions with percentage increases ranging from 8% to 43% since 2007 at DRPA. There were 162 temporary salary increases with percentage increases ranging from 9% to 26%. There were also 29 salary adjustments with percentage increases ranging from -14% to 39%. The negative adjustment involved an employee who initially received a 14% increase but was returned to their original salary. The salary adjustment for 2012 includes 11 bridge foremen who received adjustments ranging from 9.02% to 12.38% which were retroactive to 9/1/12. Two (2) engineers received 15.58% adjustments.
<table>
<thead>
<tr>
<th>YEAR</th>
<th>TEMP ASSIGNMENT</th>
<th>PROMOTIONS</th>
<th>SALARY ADJUSTMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
<td>High %</td>
<td>Low %</td>
</tr>
<tr>
<td>2007</td>
<td>5</td>
<td>16</td>
<td>10</td>
</tr>
<tr>
<td>2008</td>
<td>4</td>
<td>15</td>
<td>11</td>
</tr>
<tr>
<td>2009</td>
<td>9</td>
<td>15</td>
<td>9</td>
</tr>
<tr>
<td>2010</td>
<td>4</td>
<td>14</td>
<td>9</td>
</tr>
<tr>
<td>2011</td>
<td>3</td>
<td>14</td>
<td>9</td>
</tr>
<tr>
<td>2012</td>
<td>5</td>
<td>14</td>
<td>10</td>
</tr>
<tr>
<td>TOTAL</td>
<td>30</td>
<td>16</td>
<td>9</td>
</tr>
</tbody>
</table>

Table 2 indicates that there were 26 promotions with percentage increases ranging from 9% to 73% since 2007 at PATCO. There were 30 temporary salary increases with percentage increases ranging from 9% to 16%. There were also 7 salary adjustments with percentage increases ranging from 25.91% to 28.69%. Two (2) adjustments at 25.91% and 28.69% were the result of mediation with the EEOC. The salary adjustments for 2012 include 5 foremen who received adjustments ranging from 9.02% to 30.49% which were retroactive to 9/1/12.

**Required Approvals:**

OIG contacted the CAO about documentation that raises, salary adjustments, and promotions were approved by the Chair and Vice Chair jointly. The CAO advised that HRS does not maintain any documentation concerning Chair and Vice Chair approval of personnel actions. HRS relies on the CEO to obtain the necessary approvals and does not confirm that the CEO has received this authority prior to processing salary adjustment paperwork.

On 11/30/12, OIG spoke to the Chief Financial Officer (CFO) and the Payroll Manager, Finance, about salary activity. The Payroll Manager advised that HRS makes the salary change and paperwork eventually is forwarded to payroll for processing. The Payroll Manager stated that no justification and/or approval information is provided with the paperwork.

On 11/30/12, OIG requested documentation from the CEO concerning the approval of required personnel actions by the Chair and Vice Chair. The CEO clarified the terms of the “Side Letter and Modification to April 1, 2003 Employment Agreement” between the Authority and CEO. Under the terms of the existing side letter, prior approval was not required for "any" promotion or salary increase/adjustment. The "side letter" among other terms, requires that the CEO, for all employees
Grade E1 and above, consult with and receive advance approval of Chair and Vice Chair acting jointly prior to granting any promotion or raise in excess of 8%. For employees in Grades 10, 11 and 12, the CEO will meet and consult with the Chair and Vice Chair to discuss the reasons for any promotion or raise in excess of 8%. It was the CEO's position that other promotions and raises were not subject to Chair and Vice Chair input, but were pursuant to the terms of the By-Laws and established HRS past practices. OIG has not discussed with the Chair and Vice Chair their position as it relates to their expectation for how the Authority should be establishing salary levels and adjustments.

On 12/19/12, the IG requested documentation from the CEO personally establishing consultation and/or approval from the Chair and Vice Chair.

This content of this report was finalized on 01/04/13. As of that date, the CEO had not provided the requested documentation concerning the approval of personnel actions by Chair and Vice Chair.

On 1/9/13, the CEO provided information concerning the approval of personnel actions by the Chair and Vice Chair. The information provided was for personnel actions as of 9/28/12. The audit was expanded, as noted previously, after the personnel actions involving the foremen at the DRPA and PATCO. This report was amended to include the information provided by the CEO which is summarized in the following pages.

Tables 3 and 4 illustrate personnel actions made at the DRPA and PATCO through 9/28/12. These tables were adjusted to reflect promotions and salary increases at Grades 10, 11, 12, E1 and above and with increases over 8%. These tables do not include personnel actions below Grade level 10. These tables were adjusted to allow for a direct comparison with the information provided by the CEO.
Table 3 – Personnel Actions for DRPA:

<table>
<thead>
<tr>
<th>YEAR</th>
<th>TEMP ASSIGNMENT</th>
<th>PROMOTIONS</th>
<th>SALARY ADJUSTMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
<td>High %</td>
<td>Low %</td>
</tr>
<tr>
<td>2007</td>
<td>6</td>
<td>19.71</td>
<td>11</td>
</tr>
<tr>
<td>2008</td>
<td>7</td>
<td>14</td>
<td>9</td>
</tr>
<tr>
<td>2009</td>
<td>7</td>
<td>16</td>
<td>10</td>
</tr>
<tr>
<td>2010</td>
<td>7</td>
<td>26</td>
<td>10</td>
</tr>
<tr>
<td>2011</td>
<td>57</td>
<td>26</td>
<td>10</td>
</tr>
<tr>
<td>2012</td>
<td>15</td>
<td>14</td>
<td>10</td>
</tr>
<tr>
<td>TOTAL</td>
<td>99</td>
<td>26</td>
<td>9</td>
</tr>
</tbody>
</table>

Table 4 – Personnel Actions for PATCO:

<table>
<thead>
<tr>
<th>YEAR</th>
<th>TEMP ASSIGNMENT</th>
<th>PROMOTIONS</th>
<th>SALARY ADJUSTMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
<td>High %</td>
<td>Low %</td>
</tr>
<tr>
<td>2007</td>
<td>3</td>
<td>11</td>
<td>10</td>
</tr>
<tr>
<td>2008</td>
<td>3</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>2009</td>
<td>2</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>2010</td>
<td>2</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>2011</td>
<td>2</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>2012</td>
<td>2</td>
<td>14</td>
<td>10</td>
</tr>
<tr>
<td>TOTAL</td>
<td>13</td>
<td>14</td>
<td>10</td>
</tr>
</tbody>
</table>

As you see, DRPA had 38 promotions and 6 salary increases that would require the CEO to discuss with and/or obtain approval from the Chair and Vice Chair acting jointly for the period 1/1/07 through 9/28/12. For the same period, PATCO had 15 promotions and 1 salary adjustment resulting from an EEOC matter. Deducting this matter since the DRPA had little alternative but to implement it,
the CEO would either need approval and/or discuss with the Chair and Vice Chair on 15 personnel matters.

As you can see from the information provided by the CEO in the following pages, approval was obtained for 26 personnel actions. Four (4) were approved by the Board leaving a total of 22 requiring Chair and Vice Chair approval. One (1) was noted as approved by the Chair and Vice Chair. OIG noted that, on most entries, approval was obtained from a representative of the Chair and/or Vice Chair. OIG has learned that the DRPA used to employ assistants to the Chair and Vice Chair as employees. OIG assumed that the reference to representatives involved approval from with these individuals.

On 1/10/13, the IG spoke with the CEO. The CEO advised that the practice was to meet weekly with the Chair and Vice Chair representatives. During these meetings, the CEO would discuss pending personnel actions and obtain approval of those actions. The CEO further advised that the practice stopped in middle of 2010 with the firing of the Vice Chair’s assistant. The CEO further advised that he has some notes since then but has not retained any records of meetings with the representatives.

OIG reviewed the side letter agreement which does not include any reference to obtaining approval from a representative of the Chair and Vice Chair. While that may have been the practice of the DRPA, OIG concluded that the practice was not consistent with the terms of the side letter agreement and should be eliminated.
CEO Response:

In an email on 1/9/13, the CEO stated the following:

As previously noted, the terms of the "Side Letter and Modification to April 1, 2003 Employment Agreement" between the Authority and CEO and referred to in your original email, prior approval was not required for "any" promotion or salary increase/adjustment. The "side letter" among other terms, requires that the CEO, for all employees Grade E 1 and above, to consult with and receive advance approval of Chair and Vice Chair acting jointly prior to granting any promotion or raise in excess of 8%.

The "side letter" further requires that employees in Grades 10, 11 and 12, the CEO will meet and consult with the Chair and Vice Chair to discuss the reasons for any promotion or raise in excess of 8%. Other promotions and raises including temporary assignments are enacted pursuant to the terms of the By-Laws, collective bargaining agreements or established HR past practices and SOP's.

DRPA/PATCO Personnel Actions - January 1, 2007 to September 28, 2012 - Promotions/Salary increase greater than 8%- Grade 10, 11, 12, E1 and above.2

<table>
<thead>
<tr>
<th>Employee</th>
<th>Position</th>
<th>Date</th>
<th>Notification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brooks, William</td>
<td>Chief Engineer</td>
<td>8/11/07</td>
<td>Board Approved</td>
</tr>
<tr>
<td>Imperatore, Kathleen</td>
<td>Director, Internal Audit</td>
<td>9/29/07</td>
<td>Met with Chair &amp; Vice-Chair representatives</td>
</tr>
<tr>
<td>Hunter, Danielle</td>
<td>Manager, Corporate</td>
<td>1/19/08</td>
<td>Met with Chair &amp; Vice-Chair representatives</td>
</tr>
<tr>
<td></td>
<td>Communications</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brown, Toni</td>
<td>Chief Administrative</td>
<td>1/19/09</td>
<td>Board Approved</td>
</tr>
<tr>
<td></td>
<td>Officer</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Joyce, Michael</td>
<td>Chief Public Safety</td>
<td>12/16/09</td>
<td>Board Approved</td>
</tr>
<tr>
<td></td>
<td>Officer</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bollendorf, Jr., George</td>
<td>Lieutenant of Police</td>
<td>5/1/10</td>
<td>Met and discussed with Chair and Vice-Chair representative. Chairman, may have been present for some or all of the swearing-in ceremony(s)</td>
</tr>
<tr>
<td>Cobbs, Jr., Edward W.</td>
<td>Lieutenant of Police</td>
<td>5/1/10</td>
<td>Met and discussed with Chair and Vice-Chair representative. Chairman, may have been present for some or all of the swearing-in ceremony(s)</td>
</tr>
<tr>
<td>Finnegan, Sr., Robert J.</td>
<td>Lieutenant of Police</td>
<td>5/1/10</td>
<td>Met and discussed with Chair and Vice-Chair representative. Chairman, may have been present for some or all of the swearing-in ceremony(s)</td>
</tr>
<tr>
<td>Luonge, Matthew M.</td>
<td>Lieutenant of Police</td>
<td>5/1/10</td>
<td>Met and discussed with Chair and Vice-Chair representative. Chairman, may have been present for some or all of the swearing-in ceremony(s)</td>
</tr>
</tbody>
</table>

---

2 CEO response received 1/9/13
<table>
<thead>
<tr>
<th>Employee</th>
<th>Position</th>
<th>Date</th>
<th>Notification</th>
</tr>
</thead>
<tbody>
<tr>
<td>O'Neill, Joseph M.</td>
<td>Lieutenant of Police</td>
<td>5/1/10</td>
<td>Met and discussed with Chair and Vice-Chair representative. Chairman, may have been present for some or all of the swearing-in ceremony(s)</td>
</tr>
<tr>
<td>Santiago, Johnny E.</td>
<td>Lieutenant of Police</td>
<td>5/1/10</td>
<td>Met and discussed with Chair and Vice-Chair representative. Chairman, may have been present for some or all of the swearing-in ceremony(s)</td>
</tr>
<tr>
<td>Smith, Gary Smith</td>
<td>Captain of Police</td>
<td>5/1/10</td>
<td>Met and discussed with Chair and Vice-Chair representative. Chairman, may have been present for some or all of the swearing-in ceremony(s)</td>
</tr>
<tr>
<td>Stief, John L.</td>
<td>Captain of Police</td>
<td>5/1/10</td>
<td>Met and discussed with Chair and Vice-Chair representative. Chairman, may have been present for some or all of the swearing-in ceremony(s)</td>
</tr>
<tr>
<td>Venuto, Michael P.</td>
<td>Director of Engineering/Chief Engineer</td>
<td>1/1/11</td>
<td>Board Approved</td>
</tr>
<tr>
<td>Trum, Henry L.</td>
<td>Director of Fleet Management</td>
<td>6/4/11</td>
<td>Discussed with Chair's Representative &amp; Vice-Chair</td>
</tr>
<tr>
<td>Viniski, John</td>
<td>Manager, Planning &amp; Design</td>
<td>11/12/11</td>
<td>To the best of my knowledge discussed with Chair's Representative &amp; Vice-Chair</td>
</tr>
<tr>
<td>Griffey, Patricia A.</td>
<td>Manager, Revenue Audit</td>
<td>4/28/12</td>
<td>To the best of my knowledge discussed with Chair's Representative &amp; Vice-Chair</td>
</tr>
<tr>
<td>Squillace, Susan</td>
<td>Manager, Procurement &amp; Stores</td>
<td>5/26/12</td>
<td>Discussed with Chair's Representative &amp; Vice-Chair</td>
</tr>
<tr>
<td>Meroney, Christina M.</td>
<td>Manager, Special Projects</td>
<td>8/11/07</td>
<td>Discussed with Chair &amp; Vice-Chair representative</td>
</tr>
<tr>
<td>Auletta, Daniel J.</td>
<td>Bridge Director</td>
<td>12/6/08 &amp; 11/29/09</td>
<td>Discussed with Chair &amp; Vice-Chair representative, Chair, Vice-Chair and Board</td>
</tr>
<tr>
<td>Graziani, Jesse</td>
<td>Toll Manager</td>
<td>1/16/10</td>
<td>Discussed with Chair &amp; Vice-Chair representatives</td>
</tr>
<tr>
<td>Bradford, Valerie</td>
<td>Bridge Director</td>
<td>5/14/11</td>
<td>Discussed with Chair's Representative &amp; Vice-Chair</td>
</tr>
</tbody>
</table>

**PATCO:**

<table>
<thead>
<tr>
<th>Employee</th>
<th>Position</th>
<th>Date</th>
<th>Notification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shaw, William</td>
<td>Electrical Foreman Way &amp; Power</td>
<td>2/17/07</td>
<td>Discussed with Chair &amp; Vice-Chair</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5/26/12</td>
<td>Discussed with Chair's Representative, Vice-Chair and subsequently discussed with Board in Executive Session</td>
</tr>
<tr>
<td>Rink, John</td>
<td>General Manager</td>
<td>12/8/11</td>
<td>Board Approved</td>
</tr>
<tr>
<td>Lotterzo, John</td>
<td>Director, Finance</td>
<td>6/23/12</td>
<td>Discussed with Chair's Representative and Vice-Chair</td>
</tr>
<tr>
<td>Karpov, Brandy</td>
<td>Payroll Administrator</td>
<td>8/1/09</td>
<td>Discussed with Chair and Vice-Chair Representatives</td>
</tr>
</tbody>
</table>
ATTACHMENT A

RESPONSE TO OIG AUDIT
RESPONSE TO OFFICE OF INSPECTOR GENERAL'S DRAFT SALARY REVIEW REPORT

Submitted by:
John J. Mathenussen, Chief Executive Officer
Toni P. Brown, Chief Administrative Officer
Kelly L. Forbes, Director Human Resource Services
# TABLE OF CONTENTS

I. Introduction .................................................................................. 1

II. Documentation and Interviews Referred by the Inspector General ........................................ 3

III. IG's Stated Justification for the Audit .................................................. 3

IV. Responses to Findings and Recommendations

   Finding #1: Personnel actions were taken in violation of Authority policies and procedures ............... 6
   Finding #2: There is no compensation evaluation or policy within the Authority; communication is lacking ........ 7
   Finding #3: There was a change in the minimum pay for grades during mid-year 2012 ......................... 10
   Finding #4: The hiring and promotion process is flawed ................................................................. 12
   Finding #5: There is a lack of understanding of the function of the OIG throughout the Authority .............. 13

V. Conclusion .................................................................................. 14

ATTACHMENTS

Attachment #1- Email dated April 1, 2013 from Thomas Raftery, III
Attachment #2- Email dated April 2, 2013 from John Matheussen
Attachment #3- Email dated April 2, 2013 from Thomas Raftery, III
Attachment #4- Email dated April 4, 2013 from Thomas Raftery, III
Attachment #5- Email dated April 4, 2013 from John Matheussen
Attachment #6- Memorandum from Chairman David F. Simon, Esq, et al. dated March 19, 2013
Attachment #7- Email from Thomas Raftery III to CAO dated 9/18/2012
RESPONSE TO OFFICE OF INSPECTOR GENERAL'S
DRAFT SALARY REVIEW REPORT

I. INTRODUCTION

This is a collaborative response prepared by the Chief Executive Officer (CEO), the Chief Administrative Officer (CAO) and the Director of Human Resource Services (HRS). This response was drafted after being given the opportunity to review the Inspector General's (IG) draft salary review report on Wednesday, April 4, 2013.

The opportunity to review the draft report came in the form of an email from the IG on Monday April 1, 2013. The email contained certain conditions under which the draft would be reviewed (See copy of 4/1/2013 email from IG attached hereto as Attachment #1). Said conditions included reviewing the draft report in the Office of the Inspector General. No copies of the report were to be provided to us for independent review and response outside the Office of the Inspector General. Notes were permitted to be taken. Finally, each of us was expected to sign a non-disclosure agreement.

In response to the email invitation, the CEO sent an email to the IG (copying the members of the DRPA Board’s Audit committee, the CAO, the Director, HRS and the IG’s secretary) confirming his attendance with the CAO and the Director, HRS on Thursday April 4th to review the report and indicating his intention to prepare a response thereto “on the condition that it be included in your final report unedited”. The CEO noted that if the IG could not honor that condition, he would submit his response as a public record directly to the Board (See copy of email dated 4/2/2013 from CEO attached hereto as Attachment #2).

In response, the IG stated that he could not guarantee that the CEO’s response would be included with his final report but that he would discuss the request with the Audit Committee members. The IG also recognized the CEO’s right to make any public statement to the Board regardless of the IG’s position (See copy of IG’s response dated 4/2/2013 attached hereto as Attachment #3).

On April 4, 2013 the CEO, CAO and Director, HRS met in the Legal conference room to review the draft report. Before the review could begin, the IG’s paralegal presented each of us with a copy of a non-disclosure statement which was signed by the IG and which was to be signed by each of us. The non-disclosure statement emphasized the need for confidentiality, and among other things gave the IG authority to conduct an investigation and take “injunctive action”
if he knows or thinks he has reason to believe that any one of us communicated the contents of the draft report to anyone. None of us felt comfortable signing the form and so advised the IG. We all agreed with the need to keep the document confidential until its final release to the Board, but noted that the conditions of the non-disclosure form were “heavy-handed”. After consultation with the General Counsel, the IG agreed that the non-disclosure form would not have to be signed, and instead, sent to the three of us an email setting forth our agreement of the conditions under which we would review the draft report (See copy of email from IG dated 4/4/2013 attached hereto as Attachment #4). The CEO responded to the IG’s email and further, to the Chair and Vice-Chair of the Board and the Chair and Vice-Chair of the Audit Committee (See copy of email from CEO dated 4/4/2013 attached hereto as Attachment #5).

Each of us was then given a copy of the draft report to review. The IG’s paralegal remained in the conference room while we reviewed the report and as we took notes. We were not comfortable discussing with each other the contents of the draft in light of the paralegal’s presence, which it should be noted, contributed to an atmosphere that was for the three of us who are attorneys, at best, unsettling and distracting. It is our opinion that most employees sitting in that room likely would have been intimidated, and in light of the recent memorandum issued by the Board Chair, Chair and Vice-Chair of the Audit Committee on March 19, 2013 directing all employees to cooperate fully and to be open and honest when dealing with the Office of the Inspector General, would have felt compelled to sign the non-disclosure statement. (A copy of said memorandum is attached hereto as Attachment #6).

Later in this response we will note that neither the CAO nor the Director, HRS were interviewed and only a brief conversation took place between the CEO and IG regarding this audit. As a result, relevant documents were either not requested or ignored by the IG.

It is imperative, in order to preserve the integrity of the audit, that the IG be thorough in his attempt to reveal the facts, that he act without bias and that he hold himself to an unquestionable standard of independence. On 9/18/2012, the IG sent an email to the CAO requesting salary documentation. (See initial email from the IG to the CAO dated 9/18/2012 attached hereto as Attachment #7) On that email the IG copied the General Counsel. It is not apparent why the General Counsel was copied, however, it appears that from the start the General Counsel has been aware of, and quite possibly involved in the conduct of the audit. The inclusion of General Counsel in the audit calls into question the independence of the IG and creates a conflict of interest for the General Counsel who represents the DRPA, not the IG.

In light of the manner in which the purported audit was conducted, we wanted to make certain that our unedited and factual reply was provided in its entirety to the Audit Committee members. Accordingly, we have chosen not to send our response to or through the IG.

The remainder of this response will address the findings and recommendations of the draft report. It should be noted that this response is being drafted based on notes taken from our
II. DOCUMENTATION AND INTERVIEWS REFERRED TO BY THE INSPECTOR GENERAL IN THE DEVELOPMENT OF HIS DRAFT REPORT

In preparing the draft report, the IG notes that he considered the following:

(1) a memorandum from the CEO to Vice Chair and Board dated 9/11/2012;

(2) three memoranda prepared by the CAO and Director, HRS in August 2012 regarding: proposed PATCO salary adjustments for one Purchasing Specialist and a Storeroom Supervisor; Way & Power Electrical Foremen vacancies and the need to adjust the positions’ salaries and PATCO Dispatcher vacancies and the need to adjust those salaries. The IG stated that he did not receive copies of these memoranda from HRS or the CEO;

(3) reports from 2007-12/4/2012 from HRS documenting raises or other salary adjustments exceeding 8% of an employee's base pay, including promotions and temporary assignments to higher classification. It should be noted that any requests for information from the IG came in the form of emails to the CAO. (See initial email from the IG to the CAO dated 9/18/2012 attached hereto as Attachment #7);

(4) a “side letter” between the CEO and the Board dated 4/1/2003;

(5) interviews in November 2012 with the CFO and the DRPA Payroll Manager. At no time did the IG request an opportunity to meet with the CAO or the Director, HRS as part of his audit. The IG and the CEO did have a brief “impromptu” meeting following an email exchange on November 30, 2012 (See email exchange between IG and CEO attached hereto as Attachment #8). Contrary to the representations made by the IG in his email that he met with the CAO and Director, HRS, at no time did the IG meet with or otherwise advise the CAO or Director, HRS that a salary review audit was in progress; and

(6) outside counsel’s opinion letter dated 8/27/2003 to then-Pennsylvania Governor and Chair to the DRPA.

III. IG’s STATED JUSTIFICATION FOR THE AUDIT

In the draft report the IG states that the “inquiry” was initiated in response to “multiple employee complaints” concerning salary adjustments. At no time during the process, including when he requested reports from HRS, did the IG mention to the CAO or the Director, HRS that an audit
The notated purpose of the IG's draft report was to examine the manner in which salary increases and adjustments were handled at the DRPA and PACTO from January 2007 to December 2012. At the outset, the report indicates that its overall finding is a lack of communication of and involvement in salary decisions by chiefs, managers and directors below the CEO, CAO and the Director, HRS. In addition, the report concludes that there are no defined compensation policies. **We strongly disagree with both conclusions.** While we address these findings in greater detail in this response, we want to be clear that there are numerous policies and standard operating procedures (SOPs) related to compensation. The IG never asked HRS to provide him with copies of the relevant policies and SOPs. However, it should be noted that policies regarding compensation are completely accessible to all employees on the HRS intranet page. Salary increases were given for promotions, temporary upgrades, or the addition of increased work responsibilities. The salary adjustments were done in accordance with applicable policies, SOPs and the DRPA By-Laws.

The IG further notes that prior to the creation of the OIG, complaints concerning salaries were directed to the CAO, HRS, or management in general. When complaints were directed to the CAO or to the Director, HRS they were always addressed, and when appropriate, forwarded to the CEO for his review, response, and action. It should be noted that employees can and often do bypass the CAO and Director, HRS, and take their salary concerns directly to the CEO through the Open Door Policy.

According to the draft report, the IG notes that in January 2012 there were employee complaints made in person and through EthicsPoint, the DRPA’s anonymous complaint hotline and that the CEO, CAO, and Director, HRS, failed to evaluate these complaints. At no time has the CEO, CAO, or Director, HRS had access to the hotline, nor have we been made aware of the nature of any complaints that may have been filed through the hotline. Prior to the IG's arrival, the only employees who had access to the hotline were the CFO and the former General Counsel. Neither the CFO nor the former General Counsel reported complaints from the hotline to the CEO, CAO, or Director, HRS. In February 2012, the IG assumed responsibility for monitoring the hotline. To date, the IG has not forwarded any salary complaints from the hotline or otherwise to the CEO, CAO, or the Director, HRS.
The nature of the complaints filed (presumably in person and on the hotline) as stated by the IG, related to: 1) compensation policies being violated; 2) certain employees being granted salary increases while others were not, and; 3) the reversion of the 2012 salary grade ranges back to the 2011 salary grade ranges. The IG’s report also noted that the complaints were a result of the overall deterioration of the employees’ morale based on a number of reasons including, no pay raises for non-represented employees for five (5) years, salary compression, the increase in bridge tolls, the revocation of free bridge and transit passage, including free daily commutation.

The IG states the deterioration of employee morale has resulted in increased EEOC filings. However, no statistics were provided to support this statement. It should be noted that in a typical year, with approximately 900 employees, the DRPA receives on average five (5) Notices of Charges of Discrimination from the EEOC, and those charges are rarely salary-related. Generally, the EEOC charges are based on complaints regarding “failure to promote” or “wrongful termination.” The IG reports that two salary adjustments of 25.91% and 28.69% were the result of mediation with the EEOC. The IG’s statement implies that the EEOC required that we make these two salary adjustments. That was not the case. The EEOC charge was filed by a PATCO Purchasing Specialist. At the direction of the General Counsel, staff who attended the mediation (Assistant General Counsel, Law Clerk, and the Director, HRS) advised the mediator that they were authorized to settle the matter by increasing the salary of the PATCO Purchasing Specialist. The General Counsel unilaterally advised that the salary increase for the PATCO Purchasing Specialist would also be applied retroactively for three DRPA Purchasing Specialists who had not filed an EEOC charge. The settlement terms were authorized by the General Counsel without first consulting with the Assistant General Counsel, Law Clerk or the Director, HRS who attended the mediation. The General Counsel failed to consult with the CEO before directing staff to settle the matter. Since then, there have been no new EEOC filings concerning charges of salary inequities.

The IG’s draft report further notes that salary compression and the failure to appropriately classify salary grades in advance of job postings have resulted in increased employee complaints. We agree that salary compression is an issue due in large part to non-represented employees not receiving raises for five years, while most represented employees have received some raises. With appropriate written justification and Board approval, the CEO has addressed the more egregious cases of compression.

The IG further reports that HRS failed to appropriately classify salary grades in advance of job postings. We disagree with that finding. Before any job vacancy is posted, HRS sends the existing job specification (which includes the salary grade) to the division chief and/or department director for review and comment. If the chief or director questions the salary grade or anything else related to the job specification, they are advised to notify HRS and appropriate action is taken.
It is our opinion that the deterioration of employee morale has further been exacerbated by the recent increases in salaries for three secretaries and one legal assistant in the General Counsel’s Office. Further, the recent hiring of an Internal Auditor at a salary that is significantly higher than the maximum salary designated for that position has further contributed to the decline in employee morale. As a result of that salary action, HRS was also directed to increase the salary of the incumbent Internal Auditor by 44.27% (an increase of $27,619) in order to match the salary of the newly hired Internal Auditor. These actions have left some employees feeling that there is a lack of process and that one has to be “connected” to get an increase in salary.

IV. FINDINGS AND RECOMMENDATIONS

The following portion of our response will address each of the IG’s findings and recommendations.

Finding #1: Personnel actions were taken in violation of Authority policies and procedures.

IG Recommendation: CEO, CAO, and Director, HRS should ensure that personnel actions requiring Chair/Vice Chair approval are approved as required and properly documented. Documentation should be maintained by HRS.

Our Response: All salary actions are taken consistent with Authority policies and HRS SOPs. In his report, the IG made reference to the “side letter” that is a part of the CEO’s contract. The side letter has never been provided to the CAO or the Director, HRS, and thus, the terms of same have not been incorporated into any policies and/or SOPs regarding salary actions.

The IG further asserts that the CEO violated the side letter in making organizational changes on 8/22/2003. The IG’s draft report examines salary actions from 2007-2012. It is therefore not clear to us why he spent any time discussing the organizational changes made in 2003, which were subsequently approved by the Board in 2004. Notwithstanding the relevancy of the IG’s look-back to 2003, it should be noted that the CEO consistently has abided by the terms and spirit of the side letter although the very validity of the letter has been questioned as the side letter was never adopted by the Board.

The IG bases his assertion on a noted legal opinion dated 8/27/2003 which was authored by outside counsel and addressed to then-Pennsylvania Governor and Chair of the Authority. The CEO has no record of an 8/27/2003 opinion, however, he does have an opinion letter dated 9/16/2003 authored by outside counsel (Kenneth Jarin, Esq. and Bernardine Munley Esq.) who served the Pennsylvania delegation of the Board. The “Jarin/Munley” opinion letter sets forth a similar conclusion as noted in the 8/27/2003 legal opinion referred to by the IG. In addition to the “Jarin/Munley” opinion of 9/16/2003, we note that there were at least two other opinions
and/or memoranda issued which clearly contradict the "Jarin/Munley" opinion. The first opinion/memo was issued by Christopher B. Craig, Esq. dated 9/17/2003, who, at that time, served as counsel to the Senate Democrat Appropriations Committee and is now serving as Chief Counsel and DRPA Board alternate to PA State Treasurer Robert McCord. The second opinion/memo was issued by DRPA Board Vice Chair Jeffrey Nash, Esq. to then-Pennsylvania Governor and Chair of the Authority. Both opinions conclude that the CEO did not violate the provisions of the Bylaws when he effected certain personnel changes on 8/22/03 (See copies of the Craig/Nash opinions/memoranda attached hereto as Attachment #9).

**Finding #2**: There is no compensation evaluation or policy within the Authority and communication is lacking between the CEO and management concerning salary adjustments and increases.

**IG Recommendation**: Executive staff and the Board should accelerate discussions to address the morale problem caused by ongoing reductions in employee benefits coupled with lack of raises for non-representatives over the past five years. A comprehensive compensation policy should be developed to establish protocols for salary adjustments, hiring levels, and compensation valuations based upon job classification. Without these policies and protocols in place, these decisions are left to the sole discretion of the CEO and are subject to criticism.

**Our Response**: The current morale problem is largely due to the fact that non-represented employees have not received raises in five years, coupled with the elimination of many benefits.

**As noted above, compensation policies and SOPs currently exist.** It is our opinion that a comprehensive compensation review is long overdue. In fact, this was also the opinion of the Board. At the direction of the Board, the CAO drafted an RFP for a Professional Compensation & Benefits Consultant. The RFP was posted on DRPA's website, and responses were due on January 14, 2011. We received three responses. The RFP expectations and core deliverables included:
o Conducting a study of direct compensation, benefits, and perquisites for all employees (represented and non-represented);

o Preparing a comprehensive report that would benchmark the Authority’s direct compensation, benefits, and perquisites to those offered by private sector employers and those offered by peer transit entities;

o Determining the relative worth of each job by using job sampling, job grading, factor comparison, or other methods determined by the consultant, and using that data to establish the appropriate pay level for each job;

o Analyzing the Authority’s existing pay range structure, job evaluation and classification method, job descriptions and corresponding position grades, as well as all collective bargaining agreements, and providing recommendations for improvement;

o Reviewing salary compression issues that were (and still are) impacting represented and non-represented employees, and recommend specific strategies for addressing these significant issues;

o Recommending the frequency with which the Authority’s salary ranges should be considered and adjusted;

o Review the Authority’s existing compensation policies, and make recommendations pertaining to starting salaries for new employees, salaries for employees promoted from represented positions to management positions;

o Reviewing existing recruitment and retention policies, and recommending improvements in keeping with industry “best practices”;

o Since key positions at DRPA and PATCO often remain vacant for lengthy periods of time due to salary compression issues, the consultant was expected to assist staff in the development of a comprehensive strategy to address important succession issues; and

o The Authority’s Merit Increase/Performance Review process was predicated on the principle of pay-for-performance, as such the consultant was expected to recommend improvements to the program to reinforce this principle.

The staff review team consisted of the following individuals: CAO, CFO, COO, former General Counsel, former PATCO GM, former Assistant PATCO GM, Director, HRS, Director, Engineering/Chief Engineer and an Insurance Administrator. The Contract Administration Department had oversight responsibility for the process. After carefully considering each proposer’s technical ability to perform the services required by the RFP, past experience conducting and delivering a top-to-bottom review for similar governmental entities, innovative ideas to accomplish the goals of the study, the relevant experience of the project manager and support team, as well as the proposed timeline, the review team recommended The Hay Group.

It should be noted that Hay Group is our current compensation consultant.
On May 13, 2011, the CAO presented the review team’s recommendation to the Board’s Compensation Committee. Commissioners Lisboa, Frattali, D’Alessio and Fentress participated. The Commissioners agreed with staff’s recommendation, and voted for it to be presented to the full Board. At the June 8, 2011 Board meeting, the Board tabled the matter. (See a copy of the Board minutes attached hereto as Attachment #10). Despite the ongoing need for a comprehensive salary review, to our knowledge there has been no further discussion at the Board level about the need to implement such a study.

Despite compression challenges at the Authority, HRS continues to address salary issues using existing compensation policies and SOPs. However, the fact that the non-represented employees have not had raises in five years, while represented employees have continued to receive salary increases has further exacerbated the issue, thereby minimizing the effectiveness of the policies and SOPs.

The compression issue made it difficult to fill key foreman positions at DRPA and PATCO for a number of years. The salary compression issue is best illustrated with the Way & Power Electrical Foremen positions at PATCO. For some time, the department was facing a serious shortage of electrical foremen and that shortage caused a detrimental and potentially hazardous impact on PATCO operations. The shortage was cited in July 2011 by the NJ DOT’s Office of Safety and Security Oversight. To address the issue, PATCO management proposed increasing the salary offers that were made to two employees who were selected for the foremen position, and who had declined to accept same based on the salary offered. The PATCO General Manager, after consulting with the Director, Way & Power, provided a specific salary recommendation for HRS’ consideration. In making the recommendation, the General Manager wrote, “We recognize this is above some of the other Foremen salaries but we (PATCO Management) do not believe we can continue to operate Way & Power under such deficit conditions of 75% vacancy rate for Electrical Foremen and no Electrical Foremen for the day shift.” After considering the salary proposal, HRS presented same to the CEO for consideration, and he, in turn discussed the proposal with the Board Chair’s representative and Board Vice Chair and the Vice Chair of the Finance Committee (See J. Matheussen memorandum dated 9/11/2012 attached hereto as Attachment #11). Subsequent to that discussion, the CEO took the necessary steps to fill the critical staffing void, which required that the original salary offers be increased. The CEO directed HRS to increase the two salary offers, which were accepted by the employees.

The salary accepted ($79,500) by the two newly promoted Way & Power electrical foremen immediately put them at salaries higher than 26 incumbent PATCO and DRPA foremen who had not received a salary increase in four years. Recognizing this salary action may likely lead to a morale problem, the PATCO General Manager met with the remaining PATCO foremen to explain the salary action that was taken. During that meeting he explained that he expected that the salaries of all PATCO and DRPA foremen would be reviewed, and that additional salary adjustments might be made. “Rumors” then spread that PATCO foremen were given raises. The
COO approached the CEO to inquire why the DRPA foremen were not receiving raises. The CEO explained what occurred with the two newly promoted W&P Electrical Foremen, and the resulting need for the salary increases for all foremen. He also explained that at that time no other PATCO foremen had received salary adjustments, but that salary adjustments for all DRPA and PATCO foremen were being considered. Since the PATCO GM had already met with the PATCO foremen to explain the salary issue, the CEO scheduled similar meetings with the DRPA foremen.

The CEO briefed the Board about salary actions he believed were necessary to ensure operational safety at the DRPA and PATCO. He provided Board members with various memoranda (prepared by the CAO and the Director, HRS) outlining the proposed salary actions. The CEO recommended increasing the salaries of the DRPA and PATCO foremen to no less than $78,033. The recommendation was accepted, and the salary increases for all DRPA and PATCO foremen were made effective as of 9/1/2012. The accepted offer of $79,500 ensured an adequate spread between the foremen and the highest paid represented employees that reported to them.

Finding #3: There was a change in the minimum pay for grades during mid-year 2012. All positions posted from January-May 2012 included the 2012 pay range. After positions were posted, in some cases selected, the pay scale was changed back to the 2011 scale. While CAO indicates that no selected candidates were impacted and no current employees were compensated at the 2012 pay scale, this caused much confusion among executive staff, managers, and employees, which led to inconsistent expectations and no communication to clarify the reason for change.

IG Recommendation: Classifications and pay grades should be available to all current and potential employees on the intranet and Internet. All salary issues should be posted and searchable to the public.

Our Response: Every year HRS requests authorization to increase the salary grade ranges by 3% as recommended by our compensation consultant, Hay Group. When HRS increases the salary grade ranges staff prepares a report to determine what if any employees fall below the salary minimums for their positions. HRS then seeks and receives authorization to increase the salaries for the employees whose salaries fall below the new minimum for the salary grades. In 2012, HRS received authorization from the CEO to increase the salary grade ranges by 3%. Vacancies advertised subsequent to that authorization included the new salary grade ranges for 2012.

HRS staff subsequently prepared a report which revealed that a few employees fell below the minimum salaries for the new 2012 ranges. HRS requested but did not receive authorization from the CEO to increase those salaries to the new minimum salary levels. HRS recognized that
offers could not be extended to new employees using the 2012 salary grade, as that would result in them earning salaries higher than incumbents. The CEO directed staff to resume using the 2011 salary ranges. In July 2012 a meeting was held at One Port Center which was attended by the CEO, CAO, CFO, General Counsel, the Board Chair, Vice Chair, the Deputy Chief of Staff to Pennsylvania Governor and a representative of the New Jersey Governor’s Authority’s Unit. At that meeting, the CEO and the CAO confirmed that since reverting back to the 2011 salary grades, there were no employees under the minimum salaries for the positions. Upon hearing that information, the Chairman indicated that the matter was “moot”.

Between December 2011 and May 2012, HRS posted 9 positions using the 2012 ranges. All employees hired as a result of those processes were informed of the reversion of the salary pay grades back to the 2011 rates and accepted the salary offers made to them with the exception of one employee who was hired as an internal auditor after working for the DRPA in a temporary capacity. He submitted a counter-offer to the salary offer made to him and ultimately accepted a salary that was approved by the IG, Chairman of the Audit Committee, and the CEO, which exceeded the minimum salary of the 2011 and 2012 salary pay grades.

The IG recommends that all classifications and pay grades should be available to all current and prospective employees on the internet and intranet. If by classification, the IG means job descriptions, HRS maintains all job descriptions and makes same available to all employees upon request. In addition, whenever a position vacancy is posted on the Authority’s website, the posting includes the job description. HRS also has made job descriptions available to the public, when directed by the General Counsel and in response to Right to Know requests.

With regard to salary pay grades, that information is always available to all employees upon request. In addition, at the direction and with the approval of General Counsel, this information has been provided to the public upon request.

With regard to the IG’s recommendation that “salary issues should be posted and searchable” to the public, we seek clarification from the IG regarding same. While all salary information is a matter of public record, “salary issues” could include an employee’s complaint regarding compensation. “Salary issues” could include a challenge that a newly promoted employee should receive a salary over and above the incumbents. How would those issues be documented and “posted” in a form that is “searchable” by the public? HIRS is responsible for ensuring, to the greatest extent possible, that requests for salary information are handled according to specific protocol, i.e., policies and HRS SOPs. We believe appropriate protocols have been implemented not for the purpose of keeping information from those who request it, but rather, to make certain the information is properly safeguarded and accountability is clear.

The IG’s report further asserts that the format of reporting personnel actions to the Board has changed. Specifically, the IG states that the reports no longer provide information concerning salary adjustments. We reviewed the CEO Personnel Action Reports for the years 2007-2013.
The only changes have been in the form of enhancements to ensure even more transparency in the reporting of all personnel actions. Prior to October 2008, if there was no action to report in a given personnel category, the category was not listed. Since October 2008, all categories of personnel actions are listed irrespective of whether any action was taken for that month in that category. For instance, if there were no temporary appointments for the month then the word “None” appears after that category. This enhancement is best illustrated in the CEO Report of November 19, 2008. (See copies of Personnel Action Reports for Months of May 2007-2012 and March 2013 attached hereto as Attachment #12).

**Finding #4:** The hiring and promotion process is flawed.

**IG Recommendation:** Unless the position is a director or above, the manager should be free to decide who to hire and promote. Managers should also be involved in the salary decisions made.

**Our Response:** The procedures supporting the hiring, promotion and compensation processes are set forth in policies and HRS SOPs. In various stages of these processes, the participation of the departmental director and/or manager and departmental staff (as selected by its chief and/or director) has been standardized and incorporated into those processes. From the updating of the job specifications and test content, to the selection of the interview panels, to the preparation of the candidate assessment for the CEO’s selection, departmental staff is involved in every step of the process. Oversight of these processes by HRS is essential to ensure overall consistency and fairness, and to make certain due consideration is given to other factors such as EEO policies and union contract provisions, especially as they relate to areas such as seniority.

With regard to the actual selection of candidates for hire and promotion, the DRPA By-Laws make clear that the CEO has been conferred with the authority to “recruit, appoint, discharge, promote, demote, transfer and effect all personnel actions for all personnel other than Officers listed in Article III and those on the Excepted List established by the Board of Commissioners.” (DRPA By-Laws Article XII A. 2. “Administrative Powers”). We believe this authority is conferred upon the CEO as a final step to ensure overall consistency and fairness of the hiring, promotion and compensation processes. To allow individual directors and managers to decide who is hired and promoted and what salary should be offered has the potential to erode the Authority’s goals of consistency and fairness, and is in direct conflict with the aforementioned Article. In almost all cases, after reviewing the written assessment, the CEO solicits the recommendation of the chiefs or directors before selecting a candidate.
Finding #5: There is a lack of understanding of the function of the OIG throughout the Authority. The problem is not specific to HRS, as the OIG has experienced the same difficulty during audits of economic development and insurance.

IG Recommendation: The Board of Commissioners needs to issue a statement emphasizing the need for staff to fully cooperate with the Office of the Inspector General. Additionally, department-heads need to advise the OIG of the "universe of documents" in its possession that might be beneficial to the request.

Our Response: On March 19, 2013, through the CEO, the Board Chair and Chair and Vice Chair of the Audit Committee issued a written directive to all Authority employees explaining the purpose and critical importance of the OIG and directing them to cooperate fully with the OIG whenever requested.

We dispute the fact that the HRS and Risk Management have been "less than forthcoming" in response to requests for information from the IG. HRS, through the CAO, did provide to the IG all information he requested. The provision of the requested information was completed without delay but without the benefit of knowing the context in which the request was made.

The CAO first learned about an insurance audit by way of an email dated 9/12/2012, which was sent to the Director, Risk Management & Safety (Director, Risk) and the CAO. (See a copy of the email from IG to the CAO and Director, Risk dated 9/12/2012 attached hereto as Attachment #13). In that email, the IG advised the CAO and Director, Risk that his office was conducting an audit of the insurance policies that cover the DRPA/PATCO. The IG asked that they provide his office with certain information. The Director, Risk forwarded the requested information to the IG on 9/18/2012. (See email from Director, Risk to the IG 9/18/2012 attached hereto as Attachment #14.) On that same day, the CAO provided the IG with the Schedule of Insurance for the DRPA's Health & Welfare Benefits Program. (See a copy of the email from the CAO to the IG dated 9/18/2012 attached hereto as Attachment #15.) Since receiving the initial email request from the IG, the CAO has not been contacted by the IG, and has not been asked to provide any additional documentation in support of the IG's efforts in that insurance audit.

It is very clear that the IG should review, audit and otherwise investigate matters within DRPA without the need to make known his activities to anyone other than to whom he reports. However, to suggest as he does that HRS, Risk Management, or any other department should advise the IG of the "universe of documents" in its possession that "might" be beneficial to the original request is too heavy of a burden. Without context or other guidance regarding the scope of information that "might be beneficial" to the IG, departments would be held to a standard that is unreasonable and difficult, if not impossible, to meet.
V. CONCLUSION

The IG's draft report is flawed. The findings are not based on fact and are misleading. As part of his audit on salary actions, the IG failed to interview the CAO and the Director, HRS, both of whom could have provided copies of relevant policies and SOPs, would have given context for any and all salary actions, and answered any questions he may have had. The IG's failure to solicit feedback, from CEO, CAO, and the Director, HRS, search pertinent records, and conduct a more complete review of all relevant documentation was unfair and is unacceptable. This lack of proper process raises serious doubt as to the integrity of the audit.

We believe our factual response calls into question all of the IG's findings and recommendations, and the means and method by which this purported audit was conducted. We welcome the opportunity to meet with the Audit Committee members to discuss the IG's report, our response thereto, and any other questions the Committee members may have.
John/Toni/Kelly:

The Office of Inspector General has completed a draft confidential report on salary activities at the Authority. The report is now available for your review and comment. The following procedures are to be followed to review this report:

1. The report can be reviewed at OIG. A copy will not be provided directly to you. You will not receive a copy of the report until approved by the Board. Please contact Yvette Martelli to make arrangements to review the report if you so desire.
2. You can make notes to assist in preparing a response to the report.
3. This is a confidential report which has been preliminary reviewed by some members of the Board, including the Audit Committee. Since it not be approved for release yet, you will need to sign a non-disclosure agreement which is self-explanatory.

You have the option to submit a response. However, you must review the draft confidential report and submit your response to me by COB 4/10/13. Let me know if you have any questions.

Tom

Thomas W. Raftery III
Inspector General
Delaware River Port Authority/PATCO
Office of the Inspector General
One Port Center
2. Riverside Drive
P.O. Box 1949
Camden, NJ 08101-1949
(Direct) 856-968-2190
(Cell) 856-261-7287
(Fax) 856-968-2153
(Email) twraftery@drcpa.org

Office of the Inspector General
Tom,

I acknowledge your email of April 1st [see below] regarding the OIG’s draft confidential report on salary activities and your notice of the availability of the draft report for my review. You have indicated that a copy of the draft report will not be provided to me directly nor will I be provided a copy until such time as the report is approved by the Board and that I will need to make arrangements to review the draft through your office under certain conditions including the allowance for me to make notes and that I execute a non-disclosure agreement.

I understand the critical nature and importance of the OIG and appreciate the need to implement procedures to safeguard your duties and responsibilities. Although I would prefer to have a copy of the draft report so that I may have a better opportunity to prepare a more thoughtful and comprehensive response, I will join Toni Brown and Kelly Forbes and arrange to review the draft report through your office this Thursday between 10 am and noon.

It is my understanding that I may submit a response and if do, according to your email, I must do so through your office by close of business, April 10th. If I submit a response through your office, be advised that I will do so on the condition that the response will be included in your final report unedited. If you cannot honor that condition, I will submit my response as a public record directly to the Board.

Please advise and let me know if you have any questions or concerns.

John

From: Thomas W. Raftery III
Sent: Monday, April 01, 2013 3:40 PM
To: John Matheussen; Toni Brown; Kelly Forbes
Cc: Yvette Martelli
Subject: Salary Review Report

John/Toni/Kelly:

The Office of Inspector General has completed a draft confidential report on salary activities at the Authority. The report is now available for your review and comment. The following procedures are to be followed to review this report:

1. The report can be reviewed at OIG. A copy will not be provided directly to you. You will not receive a copy of the report until approved by the Board. Please contact Yvette Martelli to make arrangements to review the report if you so desire.
2. You can make notes to assist in preparing a response to the report.
3. This is a confidential report which has been preliminary reviewed by some members of the Board, including the Audit Committee. Since it not be approved for release yet, you will need to sign a non-disclosure agreement which is self-explanatory.
You have the option to submit a response. However, you must review the draft confidential report and submit your response to me by COB 4/10/13. Let me know if you have any questions.

om

Thomas W. Raftery III
Inspector General
Delaware River Port Authority/PATCO
Office Of the Inspector General
One Port Center
2 Riverside Drive
P.O. Box 1949
Camden, NJ 08101-1949
(Direct) 856-968-2190
(Cell) 856-261-7287
(Fax) 856-968-2153
(Email) twraftery@drpa.org

Office of the Inspector General
John:

Thank you for your email and I will attempt to discuss it with the Audit Committee tomorrow. The procedures I put in place are intended to protect the information contained in the reports. I cannot guarantee that your response will be included in the report because I have not yet seen it. It is my intention to include the responses when they address the issues raised by the report. I believe this is consistent with my stance in the other reports. Certainly, as CEO, you have the right to make any public statement to the Board that you choose. You have that right regardless of whether or not your response appears in the report. I hope this clarifies my position on this matter. Let me know if you have any other questions or concerns.

Tom

From: John Matheussen
Sent: Tuesday, April 02, 2013 6:07 PM
To: Thomas W. Raftery III; Toni Brown; Kelly Forbes
Cc: Yvette Martelli; Eugene DePasquale - PA Auditor General (auditorgen@auditorgen.state.pa.us); Kathryn Bookvar (kbookvar@auditorgen.state.pa.us); Ricardo V. Taylor (PennsaukenRick@gmail.com); Simon, David F. (SimonD@JHSMail.org); Joanna Cruz; rsweeney.ironworkers@verizon.net; Denise Mason (denise.y.mason@us.hsbc.com); Dawn Whiton
Subject: FW: Salary Review Report

Tom,

I acknowledge your email of April 1st (see below) regarding the OIG's draft confidential report on salary activities and your notice of the availability of the draft report for my review. You have indicated that a copy of the draft report will not be provided to me directly nor will I be provided a copy until such time as the report is approved by the Board and that I will need to make arrangements to review the draft through your office under certain conditions including the allowance for me to make notes and that I execute a non-disclosure agreement.

I understand the critical nature and importance of the OIG and appreciate the need to implement procedures to safeguard your duties and responsibilities. Although I would prefer to have a copy of the draft report so that I may have a better opportunity to prepare a more thoughtful and comprehensive response, I will join Toni Brown and Kelly Forbes and arrange to review the draft report through your office this Thursday between 10 am and noon.

It is my understanding that I may submit a response and if do, according to your email, I must do so through your office by close of business, April 10th. If I submit a response through your office, be advised that I will do so on the condition that the response will be included in your final report unedited. If you cannot honor that condition, I will submit my response as a public record directly to the Board.

Please advise and let me know if you have any questions or concerns.
From: Thomas W. Raftery III  
Sent: Monday, April 01, 2013 3:40 PM  
To: John Mathausen; Toni Brown; Kelly Forbes  
Cc: Yvette Martelli  
Subject: Salary Review Report

John/Toni/Kelly:

The Office of Inspector General has completed a draft confidential report on salary activities at the Authority. The report is now available for your review and comment. The following procedures are to be followed to review this report:

1. The report can be reviewed at OIG. A copy will not be provided directly to you. You will not receive a copy of the report until approved by the Board. Please contact Yvette Martelli to make arrangements to review the report if you so desire.
2. You can make notes to assist in preparing a response to the report.
3. This is a confidential report which has been preliminary reviewed by some members of the Board, including the Audit Committee. Since it may not be approved for release yet, you will need to sign a non-disclosure agreement which is self-explanatory.

You have the option to submit a response. However, you must review the draft confidential report and submit your response to me by COB 4/10/13. Let me know if you have any questions.

Tom

Thomas W. Raftery III  
Inspector General  
Delaware River Port Authority/PATCO  
Office Of the Inspector General  
One Port Center  
2 Riverside Drive  
P.O. Box 1949  
Camden, NJ 08101-1949  
(Direct) 856-968-2190  
(Cell) 856-261-7287  
(Fax) 856-968-2153  
(Email) twraftery@drpa.org

Office of the Inspector General
John/Toni/Kelly:

This email will serve to confirm our agreement on the confidentiality review of the salary review report. This in lieu of the confidentiality agreement that was not executed. Based on our discussion, the following conditions will apply:

1. The information contained in the report is confidential and not to be discussed with staff. Staff can be used to assist you in preparing a response provided the purpose and issues raised by the report is not discussed.
2. You have the opportunity to review the report as many times as you like but you must provide a response by COB 4/10/13.
3. You have the opportunity to discuss the report with the Chair, Vice Chair, as well as the Chair and Vice Chair of the Audit Committee.
4. You have the opportunity to discuss the report with outside counsel although doing so may not delay the release of the report. That decision will be made by the Chair, Vice Chair, and Chair and Vice Chair of the Audit Committee. Please see Danielle McNichol if you want counsel to be paid by the DRPA.
5. You have the opportunity to submit your response directly to the Board, if you so choose.

Please let me know sometime today if these conditions are acceptable or you have any changes. The intention is to ensure that the information remains confidential until final approval of Audit Committee is received.

Tom

Thomas W. Raftery III
Inspector General
Delaware River Port Authority/PATCO
Office Of the Inspector General
One Port Center
2 Riverside Drive
P.O. Box 1949
Camden, NJ 08101-1949
(Direct) 856-968-2190
(Cell) 856-251-7287
(Fax) 856-968-2153
(Email) twraftery@drpa.org

Office of the Inspector General
The reference to outside counsel came as a result of the IG initially attempting, before we were given a copy of the report, to have Kelly Forbes, Toni Brown and me execute, at minimum, an overly restrictive non-disclosure agreement. I along with Kelly and Toni advised the IG that the terms of the agreement were completely unacceptable and it would not be executed by any of us.

I advised the IG that I would not disclose the content of the draft report but that I reserved my right to speak to the Board and that if I so decided after reading the report, to speak with counsel. By “counsel” I was referring to an outside attorney, not to represent me personally, but rather to give advice to me as the CEO regarding the potential content of the report and my responsibilities to act. Since DRPA General Counsel has already been involved with this IG draft report and since the CEO is the subject of this report, I am of the opinion General Counsel is in conflict with providing further counsel to the CEO on this matter. Under the circumstances and particularly the manner in which this matter is unfolding, I believe the CEO is entitled to and may require legal representation.

Thanks for the information. The only comment I don’t understand is the reference to outside counsel. Rather than debating the point now, if that issue does in fact arise I think it needs to go to the Audit Committee in the first instance. - David

For your information.
Tom,

As we discussed, the intent is to ensure that the information contained in your draft report that Toni, Kelly and I had an opportunity to review earlier today, remains confidential. We all agreed to that position.

At the time of our discussion, we agreed to the terms noted in paragraph 1 and 2 however I did advise that I reserved the right to discuss the report with the Board not just Chair, Vice Chair and Chair and Vice Chair of the Audit Committee. It was my understanding from your earlier email that the entire Audit Com’t along with other Board members received your report – please advise.

As to paragraph 4, if I choose to discuss this matter with outside counsel, I will be guided accordingly and act in accordance with appropriate procedure.

As to paragraph 5, we agree and acknowledge the CEO’s authority to communicate directly with the Board.

Thank you.

John

From: Thomas W. Raftery III
Sent: Thursday, April 04, 2013 10:55 AM
To: John Matheussen; Toni Brown; Kelly Forbes
Cc: Danielle McNichol
Subject: Salary Review

John/Toni/Kelly:

This email will serve to confirm our agreement on the confidentiality review of the salary review report. This is in lieu of the confidentiality agreement that was not executed. Based on our discussion, the following conditions will apply:

1. The information contained in the report is confidential and not to be discussed with staff. Staff can be used to assist you in preparing a response provided the purpose and issues raised by the report is not discussed.

2. You have the opportunity to review the report as many times as you like but you must provide a response by COB 4/10/13.

3. You have the opportunity to discuss the report with the Chair, Vice Chair, as well as the Chair and Vice Chair of the Audit Committee.

4. You have the opportunity to discuss the report with outside counsel although doing so may not delay the release of the report. That decision will be made by the Chair, Vice Chair, and Chair and Vice Chair of the Audit Committee. Please see Danielle McNichol if you want counsel to be paid by the DRPA.

5. You have the opportunity to submit your response directly to the Board, if you so choose.

Please let me know sometime today if these conditions are acceptable or you have any changes. The intention is to ensure that the information remains confidential until final approval of Audit Committee is received.

Tom

Thomas W. Raftery III
Inspector General
Delaware River Port Authority/PATCO
Office Of the Inspector General
MEMORANDUM

TO: All Authority Employees
FROM: David F. Simon, Esq.,
Chairman, Board of Commissioners
Hon. Eugene DePasquale, Auditor General of Pennsylvania
Chairman, Audit Committee
Ricardo V. Taylor, Jr.
Vice Chairman, Audit Committee

SUBJECT: The Office of Inspector General

DATE: March 19, 2013

In January, 2012, the Board of Commissioners appointed the first Inspector General for the DRPA and PATCO as part of the Board’s commitment to transparency and accountability. The Inspector General is an independent and objective position which directs, conducts and supervises a comprehensive program of internal audits and investigations, as well as professional evaluations of operations, programs, and policies. The Inspector General’s mission is to promote economy, efficiency and effectiveness, and to detect and deter fraud and abuse.

We would like to reinforce to all employees the critical importance of the Office of the Inspector General. Please treat all requests for information and documentation as direct requests on behalf of the Board and assist the Office of the Inspector General in performing its mission critical function. We would ask the Chief Executive Officer and all other Authority executives to instruct and reinforce the role of the Office of the Inspector General to all personnel, instruct personnel to cooperate fully with the Office of the Inspector General whenever requested, and to be open and honest when dealing with the Office of the Inspector General.

Authority personnel are reminded that reports of waste, fraud, abuse, and corruption, as well as violations of DRPA and PATCO policies, can be made directly to the Inspector General or anonymously through the DRPA and PATCO websites. Personnel can access the EthicsPoint Hotline through the OIG tab on both websites or by contacting the EthicsPoint Hotline directly at (Toll Free) 855-284-6743 or via email at https://secure.ethicspoint.com/domain/en/report_company.asp. This is a completely confidential process.
From: Thomas W. Raftery III  
Sent: Tuesday, September 18, 2012 9:08 AM  
To: Toni Brown  
Cc: Danielle McNichol  
Subject: Request for information

Toni:

Please provide me with the following information:

1. List of all employees receiving salary adjustments or raises exceeding 8% of their base pay from 2007 to the present.
2. Reason for the adjustment/raise.
3. Copies of all approvals in support of these increases to include managers, directors, chiefs, DCEO, CEO, Chair, Vice-Chair, and Board.

This request should be considered confidential and should not be disclosed to anyone. I assume you may need Kelly Forbes' assistance in this matter and you are authorized to disclose this request to her. You should advise her of the confidential nature of this request. If you have any questions please do not hesitate to contact me. You may also seek any guidance required from General Counsel if you believe it is required.

Thank you for your assistance.

Tom

Thomas W. Raftery III  
Inspector General  
Delaware River Port Authority/PATCO  
Office Of the Inspector General  
One Port Center  
2 Riverside Drive  
P.O. Box 1949  
Camden, NJ 08101-1949  
(Direct) 856-968-2190  
(Cell) 856-261-7287  
(Fax) 856-968-2153  
(Email) twraftery@drpa.org

Office of the Inspector General
John Matheussen

From: Thomas W. Raftery III
Sent: Friday, November 30, 2012 2:50 PM
To: John Matheussen
Cc: SimonD@jhsmail.org; Jeffrey Nash (jnash@cozen.com); Robert_Teplitz@auditorgen.state.pa.us; 'denise.y.mason@us.hsbc.com'; Fleck, Teresa; Amy.Witmer@auditorgen.state.pa.us
Subject: RE: OIG Salary Audit

John:

Thank you for the clarification and I will note your response. With respect to the audit, we met with Toni Brown, Kelly Forbes, John Hanson — I believe, and Dani to discuss how salaries were determined. I advised everyone at that time that complaints were received by OIG and that this was the reason for the inquiry. I look forward to your response.

Tom

From: John Matheussen
Sent: Friday, November 30, 2012 2:27 PM
To: Thomas W. Raftery III
Cc: SimonD@jhsmail.org; Jeffrey Nash (jnash@cozen.com); Robert_Teplitz@auditorgen.state.pa.us; 'denise.y.mason@us.hsbc.com'; Fleck, Teresa; Amy.Witmer@auditorgen.state.pa.us
Subject: RE: OIG Salary Audit

Tom,

Thank you for passing on this information. Actually, I don't believe that I or anyone in my office was aware of the employee complaints made to or an audit being conducted by the OIG however please be assured that I will review the material and respond accordingly.

By way of this preliminary response I would like to take the opportunity to clarify the terms of the “Side Letter and Modification to April 1, 2003 Employment Agreement” between the Authority and CEO and referred to in your email. Prior approval was not required for “any” promotion or salary increase/adjustment. The “side letter” among other terms, requires the that CEO, for all employees Grade E 1 and above, to consult with and receive advance approval of Chair and Vice Chair acting jointly prior to granting any promotion or raise in excess of 8%. For employees in Grades 10, 11 and 12, the CEO will meet and consult with the Chair and Vice Chair to discuss the reasons for any promotion or raise in excess of 8%. Other promotions and raises are pursuant to the terms of the By-Laws and established HR past practices.

John

From: Thomas W. Raftery III
Sent: Friday, November 30, 2012 11:24 AM
To: John Matheussen
Cc: SimonD@jhsmail.org; Jeffrey Nash (jnash@cozen.com); Robert_Teplitz@auditorgen.state.pa.us; 'denise.y.mason@us.hsbc.com'; Fleck, Teresa; Amy.Witmer@auditorgen.state.pa.us
Subject: OIG Salary Audit

John:
As you may be aware, OIG has conducted an audit of salary adjustments from 2007 to the present. For your information, several complaints were received by this office, in person and via Ethics Point, that the DRPA was violating its policies with respect to salary increases and adjustments. OIG discounted some complaints since they appeared to be disputes between the employee and the manager. The employees were directed to HR for assistance. OIG is also aware that some adjustments have been the results of safety concerns at PATCO and EEOC decisions.

In order to complete the audit, please provide documentation that prior Chair and Vice Chair approval was obtained for any promotion or salary increase/adjustment made in excess of 8%. This is required under the terms of your side letter agreement to your employment contract. I have attached the list I received from Toni Brown to assist you in complying with this request. Brown advised that this documentation is not maintained by HR.

Thank you for your cooperation.

Tom

Thomas W. Roftery III
Inspector General
Delaware River Port Authority/PATCO
Office Of the Inspector General
One Port Center
2 Riverside Drive
P.O. Box 1949
Camden, NJ 08101-1949
(Direct) 856-968-2190
(Cell) 856-261-7287
(Fax) 856-968-2153
(Email) twroftery@drpa.org

Office of the Inspector General

CONFIDENTIAL NOTICE
THIS ELECTRONIC MAIL, INFORMATION AND ANY DATA OR ATTACHMENTS ACCOMPANYING THIS TRANSMISSION MAY CONTAIN INFORMATION THAT IS PRIVILEGED, CONFIDENTIAL, AND/OR OTHERWISE PROTECTED FROM DISCLOSURE TO ANYONE OTHER THAN THE INTENDED RECIPIENT(S) IDENTIFIED ABOVE. IF YOU ARE NOT A DESIGNATED RECIPIENT OR HAVE OTHERWISE RECEIVED THIS MESSAGE IN ERROR, PLEASE NOTIFY ME IMMEDIATELY BY REPLY EMAIL AND DELETE THE ORIGINAL MESSAGE. ANY DISCLOSURE, DISSEMINATION, COPYING OR USE OF THIS ELECTRONIC MAIL, ITS CONTENTS OR ITS ATTACHMENTS BY PERSONS OTHER THAN THE INTENDED RECIPIENT(S) IS STRICTLY PROHIBITED.
September 17, 2003

MEMORANDUM

TO: Senator Vincent J. Fumo, Chairman
    Senate Democratic Appropriations Committee

FROM: Christopher B. Craig, Counsel
      Senate Democratic Appropriations Committee

SUBJECT: Proposed DRPA Organizational Changes
MEMORANDUM

TO: The Honorable Edward G. Rendell, Chairman
FROM: Jeffrey L. Nash, Vice Chair
DATE: September 17, 2003
RE: August 22, 2003 Personnel Changes

I have reviewed your memorandum of September 16, 2003 in which you instruct John J. Matheussen, Chief Executive Officer of the Delaware River Port Authority ("DRPA"), to communicate to all DRPA employees that certain personnel changes made by Mr. Matheussen on August 22, 2003 are rescinded effective immediately. I have conferred with DRPA counsel, who has advised that you, in your capacity as Chairman of the DRPA, do not have the authority under the DRPA’s By-Laws to unilaterally rescind the CEO’s personnel changes pending their review and approval by the Board of Commissioners.

Your memorandum indicates that you received advice from the DRPA’s Pennsylvania counsel that the personnel actions implemented by the CEO on August 22, 2003 are invalid absent approval from the Board of Commissioners. New Jersey counsel may have a different opinion. Article XII(A)(1) of the DRPA By-Laws expressly authorizes the CEO to unilaterally create temporary positions and to make appointments to those positions. Mr. Matheussen made the personnel changes on a temporary basis pending their conversion to permanent positions upon approval by the Board.

You may disagree with the CEO’s understanding of his authority under the By-Laws to effect temporary personnel actions. Indeed, there may be room for varying interpretations of the By-Laws and I look forward to hearing your views on the matter at the meeting of the special committee referenced in your memorandum. In the meantime, however, you do not have the authority under the By-Laws to unilaterally rescind the CEO’s personnel actions. Therefore, by copy of this memorandum, I am instructing Mr. Matheussen not to take any steps at this time to reverse the August 22, 2003 personnel changes.

cc: DRPA Board of Commissioners
    Manuel N. Stamatakis, Chair Designee
    John J. Matheussen, Chief Executive Officer
    Paul Fader, Director of Governor’s Authorities Unit (State of New Jersey)
DELAWARE RIVER PORT AUTHORITY
Minutes of the June 8, 2011 Board Meeting
One Port Center, Camden, New Jersey
Wednesday, June 8, 2011, 9 a.m.

PRESENT

PENNSYLVANIA
Governor Tom Corbett, Chair
Robert Teplitz, Esquire (Wagner)
John Lisko (McCord)
William Sasso, Esquire (absent)
Walter D’Alessio
David Simon, Esquire (absent)
Joanna Cruz, Esquire
Joann Bell

NEW JERSEY
Jeffrey L. Nash, Esquire, Vice Chair
E. Frank DiAntonio
Richard Sweeney
Albert F. Frattali
Charles Fentress
Rick Taylor
Tamarisk Jones
Denise Y. Mason (absent)

Counsel
Christopher Gibson, Archer & Greiner, NJ Counsel
Alan Kessler, Duane Morris, PA Counsel

OTHERS
David Reiner, NJ Gov. Authorities Unit
Jared Curcio, NJ Gov. Authorities Unit
Kathleen Duffy Bruder, PA Governor’s Office (via telephone)
Kevin Harley, PA Governor’s Office
Tyler Laughlin, PA Governor’s Office
Adam Gattuso, PA Governor’s Office
Tom Ellis
Julie Still, CAC
Joanne Bernier, CAC
Richard Skiers
Otto Gollon
Prank Williamson
Haneef Nelson
Ed Nesmith
Jon Stephenson

DRPA STAFF
Jennifer DePoder, Financial Analyst
Fran DiCicco, Administrative Coordinator
Mike DiGiamberardino, Reproduction Tech.
Sylvia Gray-Newman, Administrative Coord.
Aan DuVall, Executive Assistant to CEO
Joe Egan, Manager, Special Projects
Nancy Farning, Executive Secretary, CFO
Telete Garrison, Administrative Coordinator
Ronnie Gilbert, Manager, Accounting
Karen Jacobson, Assistant General Counsel
Edward Kusuba, Director of Corp. Comm.
Lisa Kneic, Assistant General Counsel
Howard Korsan, Manager, Contracts Admin
Mark Lopez, Manager, Gov. Relations
John Lotitozro, Senior Accountant
Joel Maldonado, Reproduction Tech.
Christina Maroney, Manager, Special Proj.
Dave McClintock, Chief, DRPA Police
Fran O’Brien, Mgr., Cust/Comm. Rel.
Robert O’Reilly, Director, Homeland Security
Orville Parker, Manager, Budget

DRPA STAFF (cont’d)
Mark Saquella, Blag. Services Clerk
Fritz Sims, Supervisor, Print Shop
Cheryl Spicer, Asst. Gen. Manager,
PATCO
John Stephenson, Reproduction Tech.
Steve Suder, Manager, Purchasing
Charles Thompson, Graphic Design Spec.
James White, Director, Finance
Dawn Whiton, Administrative Coordinator
Mike Williams, Graphic Design
Administrator
This concluded the Report of the CEO.

On motion duly made and seconded, the Report of the CEO was approved.

Report of the Audit Committee
Commissioner Teplitz stated that the Audit Committee's next meeting will be held Friday, June 17 at 10 am at One Port Center. He invited all Commissioners to attend and participate and welcomed all members of the public to attend. He explained that the Committee is making progress on its various projects. He then asked CFO Hanson to comment on those issues.

CFO Hanson stated that the Committee recently sent the Inspector General job description to Toni Brown for submission to the Hay Group for salary analysis. He also stated that the RFP for the forensic audit will be published June 17.

This concluded the Report of the Audit Committee.

On motion duly made and seconded, the Report of the Audit Committee was approved.

Report of the Compensation Committee
Commissioner Lisko stated that the Compensation Committee had nothing to report today. He further asked that DRPA-11-045 be tabled.

This concluded the Report of the Compensation Committee.

On motion duly made and seconded, the Report of the Compensation Committee was approved.

Adopt Resolutions Approved by Compensation Committee of April 6, 2011

DRPA-11-045     Compensation & Benefits Consultant

This item was tabled.

Approval of May 18, 2011 Board Meeting Minutes
The Minutes of the May 18, 2011 Board Meeting of the Delaware River Port Authority were previously mailed to the Governor of New Jersey and the DRPA Commissioners and there were no comments.

On motion duly made and seconded, the Minutes of the May 18, 2011 Board Meeting were approved.

Approval of Operations & Maintenance Committee Report of May 18, 2011
The Report of the Operations & Maintenance Committee Meeting of May 18, 2011 was previously mailed to all Commissioners and there were no comments.
CONFIDENTIAL

Pursuant to our conversation at the Board Meeting this past Wednesday, please find enclosed the memo that I referenced and had previously sent to Vice-Chairman Nash dated September 11, 2012 as well as noted back-up documentation. (Hey Memo re: Legal Administration dated June 29, 2012; Memo from Toni Brown and Kelly Forbes to John Matheussen re: Purchasing Specialist dated August 22, 2012; Memo from Toni Brown to John Matheussen re: PATCO Electrical Foreman dated August 9, 2012; Memo from Toni Brown to John Matheussen re: PATCO Train Dispatcher dated August 15, 2012; a listing of 26 DRPA/PATCO Foreman with salary and tenure information.

At the suggestion of the Chair and Vice-Chair of the Finance Committee, this matter is scheduled to be discussed at the next Finance Committee Meeting to be held on October 3, 2012 at 9:30 a.m. In addition, at that time, a status update will be provided by General Counsel regarding ongoing negotiations over labor Agreements.

All Commissioners are invited to join the meeting either in person or telephonically.

In the interim, please advise if you have any questions or comments.

Since this matter concerns personnel matters, I would ask that it be treated as confidential material.

P.O. Box 1949, Camden, New Jersey 08101-1949
Phone: 856-969-2444 and Fax: 856-968-2433
MEMORANDUM

DELAWARE RIVER PORT AUTHORITY
of Pennsylvania & New Jersey

To: Jeff Nash
From: John Mathiessen
Subject: Compression Issues
Date: September 11, 2012

Pursuant to our telephone discussion this morning, please find enclosed a series of memos which I delivered to Kathy Bruder and David Simon when we met two weeks ago. I walked Kathy and David through the actions taken to date and what I plan to do barring any serious objections by the Board. My plan is to forward this same packet of memos with a summary to the Board before their next meeting on September 19th. On the 19th, it is my intent that the Board meet in closed session to discuss.

Since you received Toni Brown and Danielle McNichols’ memo dated July 3, 2012, addressing compression issues, several steps have been taken in order to rectify some concerns noted therein:

1. For some time, we had been unable to recruit needed legal secretaries. We recently adjusted the salary of one Administrative Secretary and one Legal Assistant, both in the Legal Department to $48,000 (the mid-range of the pay scale) based on a Hay Group evaluation (See attached memo dated June 29 from Hay) and increased the salary offer to a new qualified secretarial applicant to match the two incumbent salaries;
4. For several years we have been unable to successfully recruit candidates for PATCO Transit Dispatcher due to the lower than average salary offered. Qualified, a salary of $75,000, the mid-range of the salary scale for a Transit Dispatcher and the offer was accepted. As a result, we have adjusted the salary of the most junior Dispatcher who was hired in March of 2004, earning $72,925 and increased his salary to $75,000 to match the newly hired dispatcher. (See Toni Brown’s memo dated August 15, 2012.

5. Attached is a list of the 26 Foremen (Grade 11) indicating salaries, years of employment, and experience as foremen. You will note all 26 foremen salaries range from a high of $76,185 to
a low of $60,923, all lower than what was offered to the two electrical foremen we promoted at PATCO at mid-range of $76,033. After meeting with all 26 foremen personally and listening to their concerns and complaints, it is my strong recommendation and, barring any Board objection, it is my intent to adjust the salaries of all 26 foremen to no less than $75,033. The overall budget increase in making the salary adjustments to $75,033 for all 26 foremen will be $47,718 (plus an increase in fringe benefits) effective September 3 through December 31; $145,662 (plus fringe) when annualized. We have available funds in the 2012 budget to make this adjustment.

Of the 400 +/- non-represented employees at DRPA/PATCO who have not had a salary increase in at least four years, there are other adjustments that should be made soon to at least several other employees’ salaries. There will undoubtedly be justifiable concerns raised by many of the 400 +/- employees, who may not receive an adjustment at this time, however, for now, without further Board consultation, we are limiting our review to the 26 foremen and next to a few other positions (several manager/foremen and two engineers). I will make recommendations for the manager/foremen and engineers in the near future and later, proposals intended to address our other employees during deliberations leading up to the 2013 budget.

JMMcC
dwcritical

wd1 attachments
Memo

To: Kelly Forbes, Director, Human Resource Services, DRPA
Toai P. Brown, Chief Administrative Officer, DRPA

From: Theresa Magum, Hay Group

Date: June 29, 2012

Ref: Legal Administrative roles

This memo is in response to the request for a re-evaluation of the Administrative Secretary role within the Legal Department at the DRPA. Based on discussions with General Counsel, it seems the incumbents classified as Administrative Secretaries in Legal, currently at a grade 6, are in practice expected to perform work that is above and beyond typical administrative duties characteristic of a grade 6. The incumbents in this role are charged with performing research on claims and bylaws; and interacting and exchanging information with deputies and other internal and external contacts regarding the status of claims, investigations, SSIs, etc. These duties are in addition to the responsibilities of Administrative Secretaries elsewhere at the DRPA, e.g., answering phones, scheduling meetings, drafting correspondence, file maintenance and so on.

I understand the Legal Administrative Secretary position requires some legal knowledge and awareness as well as experience with contract work. Although the design and the performance of the legal admin roles are unique, I believe the primary purpose of the role is still supportive and administrative in nature. However, per the General Counsel, only 30% of the time is spent on typical administrative duties, whereas 70% of the incumbents’ time is spent on the more complex research and legal activities, which require a higher level of influencing and legal knowledge/experience. Therefore, I support moving the Administrative Secretaries within the Legal Department, currently at a grade 6, to a grade 7.

The revised evaluation is as follows:

<table>
<thead>
<tr>
<th>Know How</th>
<th>Problem Solving</th>
<th>Accountability</th>
<th>Grade</th>
</tr>
</thead>
<tbody>
<tr>
<td>132</td>
<td>22% (29)</td>
<td>+1 (33)</td>
<td>= 194</td>
</tr>
</tbody>
</table>

You have also asked us to provide updated market data for administrative roles at this level to ensure the DRPA
rages are in-line with the market for similar roles. The current DRPA salary range for a grade 7 is as follows:

Minimum = $37,583
Midpoint = $46,978
Maximum = $56,375

Hay Group's General Market PayNet database for administrative roles at 132 know-how job evaluation points within the Legal function suggest the following market reference. The "general market" represents national data for all organizations, both for profit and not-for-profit.

<table>
<thead>
<tr>
<th>Market 25th</th>
<th>Market 50th</th>
<th>Market 75th</th>
</tr>
</thead>
<tbody>
<tr>
<td>$45,027</td>
<td>$52,784</td>
<td>$60,350</td>
</tr>
</tbody>
</table>

The market data for Legal Administrative roles at this level is above DRPA's current grade 7 pay range. Our market data suggests there is a premium on administrative roles within the Legal function.

Kelly, I hope this information clearly outlines the recommendations for the suggested evaluation and grade of this position. If you have any questions regarding the evaluation, please feel free to give me a call at 213.861.2332.
MEMORANDUM

To: John J. Matheussen, Chief Executive Officer
From: Toni P. Brown, Chief Administrative Officer
       Kelly L. Forbas, Director, Human Resource Services
Re: Proposal to Adjust Salaries
Date: August 22, 2012

Introduction

The following is being submitted in support of a proposal to adjust the salaries of the DRPA and

Background
<table>
<thead>
<tr>
<th>Employee Name</th>
<th>Current Salary</th>
<th>Time in Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nelson, Kaitlyn P.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dinella, Michelle</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mencio, Karen L.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Keifer, Constance A.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Betis, Richard</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Willow, Linda Marie</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

DRPA/PATCO Purchasing Specialists
DELAWARE RIVER PORT AUTHORITY  
of Pennsylvania & New Jersey

MEMORANDUM

To:      John J. Matheussen, Chief Executive Officer
From:    Toni P. Brown, Chief Administrative Officer
Subject: 
Date:    August 9, 2012

Overview

Background
The Way and Power department’s operating budget includes four (4) Electrical Foreman positions. Three positions are assigned to day shift, and one position is assigned to night shift. When fully-staffed, the three day shift foremen supervise 22 Maintainers and eight (8) Electronic Technicians. The night shift foreman supervises seven (7) Maintainers.

Each day shift Foreman is responsible for maintenance of either the signal systems, power systems, or communication systems. The primary responsibility of the one night shift Foreman is to support the maintenance of the signal system. All Electrical Foreman—day and night—oversee preventive and emergency maintenance, and also support ongoing capital improvement.
Longstanding salary compression problems have resulted in little to no interest from internal applicants for promotional opportunities. The starting salary for a PATCO Electrical Foreman is $62,426 (we’ve been offering $70,000). That salary, when compared to the pay scales for Teamster-represented skilled positions, which include significant overtime opportunities in support of ongoing capital projects (and no obligation to contribute to health benefits and pension), has left many employees uninterested in that promotional opportunity.
MEMORANDUM

TO: John J. Matheussen, Chief Executive Officer
FROM: Toni P. Brown, Chief Administrative Officer
SUBJECT: 
DATE: August 15, 2012

Overview

For the reasons that follow, I am proposing that we increase the salary offer recently made to one employee who was selected to fill one of several vacancies, and who in turn responded with a counter-offer.

To work effectively, a dispatcher must be able to multitask, think clearly under pressure, analyze situations, take control, follow procedures, and give precise directions. The dispatcher must be totally familiar with PATCO facilities, equipment, and procedures and be totally engaged at all times while on duty.

PATCO dispatchers work eight-hour shifts without a break. They eat their meals at their work stations. Because of the critical nature of the job and because they often work alone, the dispatchers cannot leave their position for more than a few minutes, and then only when absolutely necessary, to ensure safety on the main line and that all radio and telephone calls are answered. The majority of the time, PATCO Center Tower is staffed by only one dispatcher and
one customer service agent. It is only during peak period that there is more than one dispatcher on duty.

Since the early 1980s, as a result of the aging of the system, PATCO has continually performed capital or major maintenance projects on the right-of-way. The dispatcher is responsible for coordinating and organizing the work. This involves removing track from service, power removal, movement of work equipment, issuing wayside restrictions, and routing in-service trains around work areas. The dispatcher has the responsibility of minimizing impact to PATCO customers despite the many challenges resulting from these projects.

The Transit Services department budget includes nine (9) dispatcher positions. Currently, there are only three (3) full-time dispatchers and one (1) part-time dispatcher.

Attempts to Recruit and Train Dispatcher Candidates
In recent years for various reasons, including new collective bargaining agreements and lack of raises for non-represented employees, the salary gap between the train operator position and the dispatcher position has dramatically decreased.

Results of the Training Program, in chronological order, are as follows:

- Candidates to be Trained: In January 1999, six individuals were hired and began training in the first Dispatcher Training Program. Four of the trainees were from the outside with some transportation experience. Two of the trainees were internal candidates: one from the Way & Power Department and one from the Equipment Department. The program was intended to train and qualify a candidate to the dispatcher position within eighteen months. Results: Of the six trainees who began the training program, two resigned from the program before they began the actual dispatching phase of the training program. Of the four remaining trainees, one qualified as a dispatcher but resigned a short time later. The three remaining trainees completed the program and qualified as dispatchers.
• Candidates to be Trained: In March of 2001, the second Dispatcher Training Program began. Five candidates, all from the outside, were hired for the program. Results: Of the five candidates who were hired, two did not complete the training program; one was reassigned to a supervisor position and one was removed from the program due to lack of progress. He applied for and was hired as a train operator. All three remaining trainees completed the training program and qualified as dispatchers.

• Candidates to be Trained: In March 2004, a third Dispatcher Training Program was started. Three candidates, two from the outside and a former DRPA employee, were hired to take part in the training program. Results:

The Challenge of Staffing and Pay Grade Dilemma
When employees have been questioned as to the reason for the lack of interest in becoming a dispatcher, the reason most commonly given is that the pay is not commensurate with the working conditions or responsibilities of the position. The employees have stated that there is no incentive to take on the additional responsibilities they cite the poor work shifts, the inability to take breaks, and all of the stress associated with the dispatcher position without adequate monetary compensation.
Last year, with overtime, the average train operator earned between $58,000 and $64,000.

The dispatcher position is a Grade 11, and the salary range is between $62,426 and $93,639. The dispatcher position is an exempt position, and as such is not eligible for overtime. The annual salaries for the dispatchers currently employed range from $72,925 and $83,008. Under current conditions, the salary difference between train operator and dispatcher will continue to narrow.

Summary
As indicated above, the major reason many internal applicants have little to no interest in the dispatcher Position stems from longstanding salary compression issues. A thorough working knowledge of PATCO’s facilities, equipment, and procedures is a necessity.

Traditionally, the career path to dispatcher was from train operator to supervisor and then to the Dispatcher Training Program. Under this scenario, potential candidates for the position possessed a good understanding of what was involved with the position, brought considerable experience with them, and in turn, management, through observing the candidates as a supervisor, could assess the likelihood of a potential candidate successfully completing the Dispatcher Training Program.
<table>
<thead>
<tr>
<th>Employee</th>
<th>Date of Hire</th>
<th>Dispatcher</th>
<th>Current Salary</th>
</tr>
</thead>
</table>

Please let me know if I can answer any questions or provide additional information. Thank you.
### ACTIONS OF THE CHIEF EXECUTIVE OFFICER
COMMISSION MEETING MAY 16, 2007
ARTICLE XII-A
ATTACHMENT 2

### PERSONNEL

**INTERAGENCY TRANSFERS to DRPA from PATCO (APPOINTMENTS)**

<table>
<thead>
<tr>
<th>Name</th>
<th>From</th>
<th>To</th>
<th>Eff.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Denise Andrews</td>
<td>HRS Administrator BD, EEO &amp; Personnel Division Human Resource Services (PATCO)</td>
<td>HRS Administrator BD, EEO &amp; Personnel Division Human Resource Services (OPC)</td>
<td>04/21/07</td>
</tr>
<tr>
<td>Ruth H. Glover</td>
<td>Administrative Secretary BD, EEO &amp; Personnel Division Human Resource Services (PATCO)</td>
<td>Administrative Secretary BD, EEO &amp; Personnel Division Human Resource Services (OPC)</td>
<td>04/21/07</td>
</tr>
<tr>
<td>James J. Fischer</td>
<td>Sergeant of Police Public Safety Division Transit Unit (PATCO)</td>
<td>Sergeant of Police Public Safety (BFB)</td>
<td>04/28/07</td>
</tr>
<tr>
<td>Michael E. Yip</td>
<td>Sergeant of Police Public Safety Division Transit Unit (PATCO)</td>
<td>Sergeant of Police Public Safety Division Office of the CPSO (BFB)</td>
<td>04/28/07</td>
</tr>
</tbody>
</table>

**TEMPORARY ASSIGNMENT TO HIGHER CLASSIFICATION**

<table>
<thead>
<tr>
<th>Name</th>
<th>From</th>
<th>To</th>
<th>Eff.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gail Polk</td>
<td>Central Stores Clerk Finance Division Purchasing (WWB)</td>
<td>Acting Supervisor, Central Store Room Finance Division Purchasing (WWB)</td>
<td>03/31/07 to 07/15/07</td>
</tr>
</tbody>
</table>

**PROMOTIONS**

<table>
<thead>
<tr>
<th>Name</th>
<th>From</th>
<th>To</th>
<th>Eff.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gail Polk</td>
<td>Central Stores Clerk Finance Division Purchasing (WWB)</td>
<td>Supervisor, Central Store Room Finance Division Purchasing (WWB)</td>
<td>04/28/07</td>
</tr>
</tbody>
</table>
TEMPORARY APPOINTMENTS

Lynn E. Jordan  
Temporary No Benefits  
Executive Division  
Office of the Corporate Secretary (OPC)
Eff: 03/29/08 to 05/02/08

Linda S. Kelley  
Temporary No Benefits  
Finance Division  
Revenue -- Director's Office (OPC)
Eff: 04/05/08 to 04/25/08

TEMPORARY ASSIGNMENT TO HIGHER CLASSIFICATION

Kevin A. LaMarca  
From: Manager, Production Systems  
Finance Division  
Information Services - Production Systems (OPC)
To: Acting Director, Information Services  
Finance Division  
Information Services -- Director's Office (OPC)
Eff: 04/07/08 to 10/10/08

PROMOTIONS

Charlene E. McPhelin  
From: Administrative Secretary  
Operations Division  
Bridge Director's Office (BRB)
To: Legal Assistant - Claims  
General Counsel Division  
Office of the General Counsel (OPC)
Eff: 04/26/08

Sheila D. Milner  
From: Legal Assistant - Claims  
General Counsel Division  
Office of the General Counsel (OPC)
To: Administrative Coordinator  
Executive Division  
Office of the Corporate Secretary (OPC)
Eff: 04/26/08

RESIGNATIONS

Warren Price Brannon  
Director, Information Services  
Finance Division  
Information Services -- Director's Office (OPC)
Eff: 04/04/08
PERSONNEL

TEMPORARY APPOINTMENTS
None

APPOINTMENTS
None

TEMPORARY ASSIGNMENT TO HIGHER CLASSIFICATION
None

PROMOTIONS
None

TRANSFERS
None

RETIREMENTS
None

RESIGNATIONS
Ruth H. Glover  Administrative Secretary  Eff: 10/17/08
BD, EEO & Personnel Division
Human Resource Services (OPC)

DECEASED
None
**TEMPORARY APPOINTMENTS** - None

### APPOINTMENTS

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Division</th>
<th>Effective Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Suryakant T. Patel</td>
<td>Associate Engineer</td>
<td>Operations Division</td>
<td>04/13/09</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Engineering - Construction &amp; Maintenance (OPC)</td>
<td></td>
</tr>
<tr>
<td>Christopher A. Caruso</td>
<td>Dispatcher</td>
<td>Public Safety Division</td>
<td>04/20/09</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Public Safety - Administration (BFB)</td>
<td></td>
</tr>
<tr>
<td>Jeffrey R. Hartnett</td>
<td>Dispatcher</td>
<td>Public Safety Division</td>
<td>04/20/09</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Public Safety - Administration (BFB)</td>
<td></td>
</tr>
<tr>
<td>Dillon K. LaRoc</td>
<td>Dispatcher</td>
<td>Public Safety Division</td>
<td>04/20/09</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Public Safety - Administration (BFB)</td>
<td></td>
</tr>
<tr>
<td>Peter J. Fischer</td>
<td>Toll Collector</td>
<td>Operations Division</td>
<td>04/27/09</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Bridge/Toll (WBB)</td>
<td></td>
</tr>
<tr>
<td>Michele S. Kanavel</td>
<td>Dispatcher</td>
<td>Public Safety Division</td>
<td>04/27/09</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Public Safety - Administration (BFB)</td>
<td></td>
</tr>
<tr>
<td>Tina L. Leuzzi</td>
<td>Administrative Secretary</td>
<td>General Counsel Division</td>
<td>04/27/09</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Office of the General Counsel (OPC)</td>
<td></td>
</tr>
<tr>
<td>Colin W. Mitchell</td>
<td>Toll Collector</td>
<td>Operations Division</td>
<td>04/27/09</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Bridge/Toll (BFB)</td>
<td></td>
</tr>
<tr>
<td>Erin M. Watterson</td>
<td>Administrative Secretary</td>
<td>Operations Division</td>
<td>04/27/09</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Bridge Director's Office (BRB)</td>
<td></td>
</tr>
</tbody>
</table>
**TEMPORARY APPOINTMENTS** - None

**APPOINTMENTS**

- Larry M. Goodwin, Jr.
  - Police Officer
  - Public Safety Division
  - Public Safety (BFB)
  - Eff: 04/12/10

- Mark A. DeRocini
  - Project Manager
  - Executive Division
  - Office of the CEO
  - Eff: 04/26/10

**TEMPORARY ASSIGNMENT TO HIGHER CLASSIFICATION** - None

**PROMOTIONS**

- Robert F. Tricocci
  - From: C&M Mechanic Operations Division
  - Construction & Maintenance (WWB)
  - To: Auto Technician Operations Division
  - Construction & Maintenance (WWB)
  - Eff: 04/03/10

- Daniel P. Zellner
  - From: C&M Mechanic Operations Division
  - Construction & Maintenance (WWB)
  - To: Auto Technician Operations Division
  - Construction & Maintenance (WWB)
  - Eff: 04/03/10

**TRANSFERS** - None

**RETIRED**

- Mario Tonzelli
  - HVAC Foreman
  - Operations Division
  - Construction & Maintenance (WWB)
  - Eff: 04/09/10

- Albert P. DeColli, Jr.
  - Lieutenant of Police
  - Public Safety Division
  - Public Safety (WWB)
  - Eff: 04/30/10
PERSONNEL

TEMPORARY APPOINTMENTS

Kourtney L. Kalbach  Temporary No Benefits  Eff: 04/02/11 to 05/13/11
Public Safety Division
Public Safety Administration (BFB)

APPOINTMENTS

Tyshia L. Ramos  Administrative Secretary  Eff: 04/25/11
Public Safety Division
Public Safety Administration (BFB)

TEMPORARY ASSIGNMENT TO HIGHER CLASSIFICATION

Chong H. Young  From: Auditor  To: Acting Information Technology Auditor
Executive Division
Executive Division
Internal Audit (OPC)
Internal Audit (OPC)
Eff: 02/26/11 to 07/01/11
[retro]

Stephanie C. Byrd  From: Police Officer  To: Acting Corporal of Police
Public Safety Division
Public Safety Divisions
Public Safety (BFB)
Public Safety (BFB)
Eff: 04/09/11 to 06/10/11

Denise S. Kelley  From: Construction & Maintenance Mechanic  To: Acting Maintenance Foreman
Operations Division
Operations Division
Construction & Maintenance (BFB)
Construction & Maintenance (BFB)
Eff: 04/09/11 to 04/22/11

Mark S. Lopez  From: Manager, Government Relations  To: Acting Director,
Executive Division  Government Relations
Government Relations (OPC)
Executive Division
Government Relations (OPC)
Eff: 04/16/11 to 10/14/11
INTERAGENCY TRANSFERS to DRPA - from PATCO (continued)

Steven L. Pantisano  
From: Systems Administrator 
Information Services 
PATCO

To: Systems Administrator 
Finance Division 
Information Services - 
Production Systems (OPC) 
Eff: 04/29/11

TRANSFERs - DEPARTMENTAL

Christopher F. Borgesi  
From: Plaza Supervisor 
Operations Division 
Bridge/Toll (BFB)

To: Revenue Auditor 
(Temporary Lateral) 
Finance Division 
Revenue Audit (OPC) 
Eff: 04/02/11 to 09/30/11

RETIREMENTS

Michael J. Crowther  
Sergeant of Police 
Public Safety Division 
Public Safety - Transit Unit

Eff: 04/01/11

Jerome F. Jones  
Corporal of Police 
Public Safety Division 
Public Safety – WWB

Eff: 04/12/11

Charlene E. McPhelin  
Legal Assistant – Claims 
General Counsel Division 
Office of the General Counsel (OPC)

Eff: 04/29/11

RESIGNATIONS – None

DECEASED – None
**DELAWARE RIVER PORT AUTHORITY**  
**ACTIONS OF THE CHIEF EXECUTIVE OFFICER**  
**COMMISSION MEETING MAY 16, 2012**  
**ARTICLE XII-A**  
**ATTACHMENT 2**  
**PERSONNEL**  

**TEMPORARY APPOINTMENTS - None**

**APPOINTMENTS**

<table>
<thead>
<tr>
<th>Name</th>
<th>Position and Division</th>
<th>Effective Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Danielle L. McNichol</td>
<td>Deputy General Counsel General Counsel Division Office of the General Counsel (OPC)</td>
<td>04/02/12</td>
</tr>
<tr>
<td>Courtney L. McHugh</td>
<td>Dispatcher Public Safety Division Public Safety - Administration (BFB)</td>
<td>04/09/12</td>
</tr>
<tr>
<td>Mecca M. Muse</td>
<td>Dispatcher Public Safety Division Public Safety - Administration (BFB)</td>
<td>04/09/12</td>
</tr>
<tr>
<td>David L. Schwartz</td>
<td>Dispatcher Public Safety Division Public Safety - Administration (BFB)</td>
<td>04/09/12</td>
</tr>
</tbody>
</table>

**TEMPORARY ASSIGNMENT TO HIGHER CLASSIFICATION**

<table>
<thead>
<tr>
<th>Name</th>
<th>From: Position and Division</th>
<th>To: Position and Division</th>
<th>Effective Dates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alfred J. Caruso</td>
<td>Revenue Auditor Finance Division Revenue Audit (OPC)</td>
<td>Acting Supervisor, Revenue Audit Finance Division Revenue Audit (OPC)</td>
<td>03/31/12 to 06/30/12</td>
</tr>
<tr>
<td>Robert A. Crean, Jr.</td>
<td>Police Officer Public Safety Division Public Safety (BFB)</td>
<td>Acting Corporal of Police Public Safety Division Public Safety (BFB)</td>
<td>04/07/12 to 07/06/12</td>
</tr>
<tr>
<td>Artemio Santiago</td>
<td>Police Officer Public Safety Division Public Safety (WWB)</td>
<td>Acting Corporal of Police Public Safety Division Public Safety (WWB)</td>
<td>04/07/12 to 07/06/12</td>
</tr>
<tr>
<td>Matthew S. Weachter</td>
<td>Police Officer Public Safety Division Public Safety (WWB)</td>
<td>Acting Corporal of Police Public Safety Division Public Safety (WWB)</td>
<td>04/07/12 to 10/05/12</td>
</tr>
</tbody>
</table>
TEMPORARY APPOINTMENTS - None

APPOINTMENTS

Tiffany N. Wright  Toll Collector  Eff: 02/25/13
Operations Division
Bridge/Toll (WWB)

Daniel R. Batdorf  Police Officer  Eff: 02/28/13
Public Safety Division
Public Safety - Administration (BFB)

Michael L. Cook  Police Officer  Eff: 02/28/13
Public Safety Division
Public Safety - Administration (BFB)

Randy A. Lee-Roberts  Police Officer  Eff: 02/28/13
Public Safety Division
Public Safety - Administration (BFB)

Kevin M. McClintock  Police Officer  Eff: 02/28/13
Public Safety Division
Public Safety - Administration (BFB)

Andre J. Parisella  Police Officer  Eff: 02/28/13
Public Safety Division
Public Safety - Administration (BFB)

TEMPORARY ASSIGNMENT TO HIGHER CLASSIFICATION

Amy L. Ash  From: Administrative Secretary  To: Acting Contract Administrator
Executive Division  Finance Division
Office of the Chief Engineer (OPC)  Contract Administration (OPC)
Eff: 02/02/13 to 06/02/13

Brian J. Heebner  From: Maintenance Technician  To: Acting Maintenance Foreman
Operations Division  Operations Division
Construction & Maintenance (WWB)  Construction & Maintenance (WWB)
Eff: 02/23/13 to 04/19/13
TEMPORARY ASSIGNMENT TO HIGHER CLASSIFICATION (continued)

Anne M. Kublak
From: Administrative Secretary
General Counsel Division
Office of the General Counsel (OPC)
To: Acting Claims Administrator
General Counsel Division
Office of the General Counsel (OPC)
Eff: 10/20/12 to 12/29/2012 [retro]

Tina L. Leuzzi
From: Administrative Secretary
General Counsel Division
Office of the General Counsel (OPC)
To: Acting Claims Administrator
General Counsel Division
Office of the General Counsel (OPC)
Eff: 10/20/12 to 12/29/2012 [retro]

PROMOTIONS

John J. Caporelli
From: C&M Mechanic
Operations Division
Construction & Maintenance (CBB)
To: C&M Technical Assistant
Operations Division
Construction & Maintenance (WWB)
Eff: 02/02/13

John Woosley
From: Toll Collector
Operations Division
Bridge/Toll (WWB)
To: Plaza Supervisor
Operations Division
Bridge/Toll (WWB)
Eff: 02/02/13

Scott M. Hillman
From: Toll Collector
Operations Division
Bridge/Toll (WWB)
To: C&M Mechanic
Operations Division
Construction & Maintenance (BRB)
Eff: 02/09/13

Richard Betts
From: Purchasing Specialist
Finance Division
Purchasing (OPC)
To: Purchasing Agent
Finance Division
Purchasing (OPC)
Eff: 02/23/13

Robert A. Crean, Jr.
From: Police Officer
Public Safety Division
Public Safety (BFB)
To: Corporal of Police
Public Safety Division
Public Safety (BFB)
Eff: 02/23/13
From: Thomas W. Raftery III  
Sent: Wednesday, September 12, 2012 10:35 AM  
To: Toni Brown; Marianne Staszewski  
Cc: Chong Young  
Subject: Insurance Audit

The OIG is conducting an audit of the Insurance Policies that cover the DRPA/PATCO. Please provide this office with the following information from 2007 to the present:

1. List of brokers/insurance carriers for each line of insurance.

2. Any and all instructions given to the brokers/carriers whether by mail/email/telephone. This should include the assignment/selection of law firms as well as the assignment of law firms on various projects and the authority under which these law firms were selected/assigned.

3. A list of all settlements authorized by the DRPA for all claims against the DRPA/PATCO. This should include the identity of the individual authorizing the settlement, the authority under which this settlement was approved, and the specifics of the settlement to include the nature of injury/damage, the identity of the individual/company the settlement was reached with.

If you have any questions, please do not hesitate to contact me or Chong Young. Chong will be conducting the audit on behalf of OIG.

Thomas W. Raftery III  
Inspector General  
X2190
Marianne:

We are looking to complete this audit in the short term and need to get access to these documents. If you need assistance in retrieving the necessary documents, please advise.

Tom

From: Marianne Staszewski
Sent: Wednesday, September 12, 2012 3:43 PM
To: Thomas W. Raftery III; Toni Brown
Cc: Chong Young
Subject: Insurance Audit

I have a new insurance policy for the warehouse of the company. I will send you the details and documents by email. We will review the insurance policy and ensure it meets our requirements. We will schedule a meeting to discuss the insurance policy in detail.

Marianne
Director, Risk Management & Safety
m_staszewski@drpa.org
(856) 968-2421 (P)
(856) 968 2424 (F)
Delaware River Port Authority of PA & NJ
One Port Center, 2 Riverside Drive
P. O. Box 1949
Camden, NJ 08101

We Keep the Region Moving!

From: Thomas W. Raftery III
Sent: Wednesday, September 12, 2012 10:35 AM
To: Toni Brown; Marianne Staszewski
Co: Chong Young
Subject: Insurance Audit

The OIG is conducting an audit of the Insurance Policies that cover the DRPA/PATCO. Please provide this office with the following information from 2007 to the present:

1. List of brokers/insurance carriers for each line of insurance.

2. Any and all instructions given to the brokers/carriers whether by mail/email/telephone. This should include the assignment/selection of law firms as well as the assignment of law firms on various projects and the authority under which these law firms were selected/assigned.

3. A list of all settlements authorized by the DRPA for all claims against the DRPA/PATCO. This should include the identity of the individual authorizing the settlement, the authority under which this settlement was approved, and the specifics of the settlement to include the nature of injury/damage, the identity of the individual/company the settlement was reached with.

If you have any questions, please do not hesitate to contact me or Chong Young. Chong will be conducting the audit on behalf of OIG.

Thomas W. Raftery III
Inspector General
X2190
Tom Brown

From: Marianne Staszewski
Sent: Tuesday, September 18, 2012 3:05 PM
To: Thomas W. Raftery III
Cc: Chong Young; Toni Brown
Subject: Insurance Audit
Attachments:


Tom,

Per your request,

1. List of brokers/insurance carriers for each line of insurance.

2. Any and all instructions given to the brokers/carriers whether by mail/email/telephone. This should include the assignment/selection of law firms as well as the assignment of law firms on various projects and the authority under which these law firms were selected/assigned.
Toni Brown

From: Toni Brown
Sent: Tuesday, September 18, 2012 4:49 PM
To: Thomas W. Raftery III
Cc: Chong Young; Marianne Staszewski
Subject: RE: Insurance Audit
Attachments: Healthcare Providers from 2004 - 2012.xlsx

Tom,

Attached please find the names of the health and welfare program insurance carriers that have serviced our account from 2004-present.

Toni

From: Marianne Staszewski
Sent: Tuesday, September 18, 2012 3:05 PM
To: Thomas W. Raftery III
Cc: Chong Young; Toni Brown
Subject: Insurance Audit

Tom,

Per your request,

1. List of brokers/insurance carriers for each line of insurance.

2. Any and all instructions given to the brokers/carriers whether by mail/email/telephone. This should include the assignment/selection of law firms as well as the assignment of law firms on various projects and the authority under which these law firms were selected/assigned.
3. A list of all settlements authorized by the DRPA for all claims against the DRPA/PATCO. This should include the identity of the individual authorizing the settlement, the authority under which this settlement was approved, and the specifics of the settlement to include the nature of injury/damage, the identity of the individual/company the settlement was reached with.

Thank you.

Marianne

Director, Risk Management & Safety

m_staszewski@drpa.org
(856) 968-2421 (P)
(856) 968 2424 (F)
Delaware River Port Authority of PA & NJ
One Port Center, 2 Riverside Drive
P. O. Box 1949
Camden, NJ 08101

We Keep the Region Moving!

From: Thomas W. Raftery III
Sent: Wednesday, September 12, 2012 3:47 PM
To: Marianne Staszewski; Toni Brown
Cc: Chong Young
Subject: RE: Insurance Audit
Marianne:

We are looking to complete this audit in the short term and need to get access to these documents. If you need assistance in retrieving the necessary documents, please advise.

Tom

From: Thomas W. Raftery III  
Sent: Wednesday, September 12, 2012 10:35 AM  
To: Toni Brown; Marianne Staszewski  
Cc: Chong Young  
Subject: Insurance Audit

The OIG is conducting an audit of the Insurance Policies that cover the DRPA/PATCO. Please provide this office with the following information from 2007 to the present:

1. List of brokers/insurance carriers for each line of insurance.

2. Any and all instructions given to the brokers/carriers whether by mail/email/telephone. This should include the assignment/selection of law firms as well as the assignment of law firms on various projects and the authority under which these law firms were selected/assigned.

3. A list of all settlements authorized by the DRPA for all claims against the DRPA/PATCO. This should include the identity of the individual authorizing the settlement, the authority under which this settlement was approved, and the specifics of the settlement to include the nature of injury/damage, the identity of the individual/company the settlement was reached with.

If you have any questions, please do not hesitate to contact me or Chong Young. Chong will be conducting the audit on behalf of OIG.

Thomas W. Raftery III  
Inspector General  
X2190