Proposal to Provide Internal Audit, Business Risk, and Technology Risk Services

July 9, 2012

Solicitation Number: 13-12

For additional inquiries, please contact:

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Houston, TX 77002
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Understanding Your Needs

We understand that you would like a third party to provide multiple security products and services under this request for proposal. Protiviti provides clients with internal audit and business consulting services. With a dedicated focus on these types of services, Protiviti is able to offer clients independent audit services, which is key to ensuring objective audits are performed with the utmost integrity. As such, Protiviti is only bidding on the “Security Audit” services requested under the “Tab 5 – Products and Services” section of the request for proposal. By limiting our focus to only performing security audits, we may offer NCPA an audit solution that is independent from implementation of controls and configurations for security products in order to ensure compliance with Institute of Internal Audit (IIA) Standards.

We understand from the request for proposal that NCPA is requesting “Security Audit” services focused on each of the following areas:

1. Business Operations Improvement
2. Finance & Accounting Improvement
3. Information Technology
4. Internal Audit & Financial Controls
5. Litigation, Restructuring, & Investigative Services
6. Risk and Compliance

We have performed multiple types of IT and security audits and services for numerous organizations; therefore, our methodologies and deliverables are refined, streamlined, and offer valuable recommendations for improving the respective controls for each observation identified. Our tools, techniques, and workplans are tested and proven.

Also, we have formatted the proposal to align with the following sections as required in the request for proposal:

Tab 1 – Master Agreement General Terms & Conditions/Signature Form
Tab 2 – NCPA Agreement
Tab 3 – Vendor Questionnaire
Tab 4 – Vendor Profile
Tab 5 – Products and Services
Tab 6 – References
Tab 7 – Pricing
Tab 8 – Valued Added Products and Services
Tab 9 – Required Documentation

Ongoing communication throughout each project is vitally important to us to ensure we are delivering exactly what our clients expect. As such, we typically facilitate weekly status meetings to discuss achievements-to-date, issues encountered, next steps, and budgetary updates. This way, there will be no surprises as we conclude the engagement regarding scope, issues noted, and budgetary progress. We will work with NCPA and its members to determine the best approach towards providing its members with the information they need to understand our progress during execution.

Lastly, we want to thank you again for the opportunity to propose on this engagement. We are confident that we would provide world-class results that would be highly valuable to members of the NCPA, and we are anxious to demonstrate that on future endeavors.
Tab 1 – Master Agreement General Terms & Conditions/Signature Form

- **Customer Support**
  - The vendor shall provide timely and accurate technical advice and sales support. The vendor shall respond to such requests within one (1) working day after receipt of the request.

- **Assignment of Contract**
  - No assignment of contract may be made without the prior written approval of Region 14 ESC. Purchase orders and payment can only be made to awarded vendor. Awarded vendor is required to notify Region 14 ESC when any material change in operation is made.

- **Disclosures**
  - Respondent affirms that he/she has not given, offered to give, nor intends to give at any time hereafter any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor or service to a public servant in connection with this contract.
  - The respondent affirms that, to the best of his/her knowledge, the offer has been arrived at independently, and is submitted without collusion with anyone to obtain information or gain any favoritism that would in any way limit competition or give an unfair advantage over other vendors in the award of this contract.
  - **Renewal of Contract**
    - Unless otherwise stated, all contracts are for a period of one (1) year with an option to renew annually for an additional four (4) years if agreed to by Region 14 ESC and the vendor.

- **Funding Out Clause**
  - Any/all contracts exceeding one (1) year shall include a standard “funding out” clause. A contract for the acquisition, including lease, of real or personal property is a commitment of the entity’s current revenue only, provided the contract contains either or both of the following provisions:
    - Retains to the entity the continuing right to terminate the contract at the expiration of each budget period during the term of the contract and is conditioned on a best efforts attempt by the entity to obtain appropriate funds for payment of the contract.

- **Shipments (if applicable)**
  - The awarded vendor shall ship ordered products within seven (7) working days for goods available and within four (4) to six (6) weeks for specialty items after the receipt of the order unless modified. If a product cannot be shipped within that time, the awarded vendor shall notify the entity placing the order as to why the product has not shipped and shall provide an estimated shipping date. At this point the participating entity may cancel the order if estimated shipping time is not acceptable.

- **Tax Exempt Status**
  - Since this is a national contract, knowing the tax laws in each state is the sole responsibility of the vendor.

- **Payments**
  - The entity using the contract will make payments directly to the awarded vendor.

- **Pricing**
  - All pricing submitted to should include the administrative fee to be remitted to NCPA by the awarded vendor. It is the awarded vendor’s responsibility to keep all pricing up to date and on file with NCPA.
  - All deliveries shall be freight prepaid, F.O.B. destination and shall be included in all pricing offered unless otherwise clearly stated in writing.

- **Warranty**
  - Proposals should address each of the following:
    - Applicable warranty and/or guarantees of equipment and installations including any conditions and response time for repair and/or replacement of any components during the warranty period.
- Availability of replacement parts.
- Life expectancy of equipment under normal use.
- Detailed information as to proposed return policy on all equipment.

### Indemnity
- The awarded vendor shall protect, indemnify, and hold harmless Region 14 ESC and its participants, administrators, employees and agents against all claims, damages, losses and expenses arising out of or resulting from the actions of the vendor, vendor employees or vendor subcontractors in the preparation of the solicitation and the later execution of the contract.

### Franchise Tax
- The respondent hereby certifies that he/she is not currently delinquent in the payment of any franchise taxes.

### Supplemental Agreements
- The entity participating in this contract and awarded vendor may enter into a separate supplemental agreement to further define the level of service requirements over and above the minimum defined in this contract i.e. invoice requirements, ordering requirements, specialized delivery, etc. Any supplemental agreement developed as a result of this contract is exclusively between the participating entity and awarded vendor.

### Certificates of Insurance
- Certificates of insurance shall be delivered to the Public Agency prior to commencement of work. The insurance company shall be licensed in the applicable state in which work is being conducted. The awarded vendor shall give the participating entity a minimum of ten (10) days notice prior to any modifications or cancellation of policies. The awarded vendor shall require all subcontractors performing any work to maintain coverage as specified.

### Legal Obligations
- It is the Respondent’s responsibility to be aware of and comply with all local, state, and federal laws governing the sale of products/services identified in this RFP and any awarded contract and shall comply with all while fulfilling the RFP. Applicable laws and regulation must be followed even if not specifically identified herein.

### Protest
- A protest of an award or proposed award must be filed in writing within ten (10) days from the date of the official award notification and must be received by 5:00 pm CST. No protest shall lie for a claim that the selected Vendor is not a responsible Bidder. Protests shall be filed with Region 14 ESC and shall include the following:
  - Name, address and telephone number of protester
  - Original signature of protester or its representative
  - Identification of the solicitation by RFP number
  - Detailed statement of legal and factual grounds including copies of relevant documents and the form of relief requested

- Any protest review and action shall be considered final with no further formalities being considered.

### Force Majeure
- If by reason of Force Majeure, either party hereto shall be rendered unable wholly or in part to carry out its obligations under this Agreement then such party shall give notice and full particulars of Force Majeure in writing to the other party within a reasonable time after occurrence of the event or cause relied upon, and the obligation of the party giving such notice, so far as it is affected by such Force Majeure, shall be suspended during the continuance of the inability then claimed, except as hereinafter provided, but for no longer period, and such party shall endeavor to remove or overcome such inability with all reasonable dispatch.

- The term Force Majeure as employed herein, shall mean acts of God, strikes, lockouts, or other industrial disturbances, act of public enemy, orders of any kind of government of the United States or any civil or
military authority; insurrections; riots; epidemics; landslides; lighting; earthquake; fires; hurricanes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions, breakage or accidents to machinery, pipelines or canals, or other causes not reasonably within the control of the party claiming such inability. It is understood and agreed that the settlement of strikes and lockouts shall be entirely within the discretion of the party having the difficulty, and that the above requirement that any Force Majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes and lockouts by acceding to the demands of the opposing party or parties when such settlement is unfavorable in the judgment of the party having the difficulty.

- **Prevailing Wage**
  - It shall be the responsibility of the Vendor to comply, when applicable, with the prevailing wage legislation in effect in the jurisdiction of the purchaser. It shall further be the responsibility of the Vendor to monitor the prevailing wage rates as established by the appropriate department of labor for any increase in rates during the term of this contract and adjust wage rates accordingly.

- **Miscellaneous**
  - Either party may cancel this contract in whole or in part by providing written notice. The cancellation will take effect 30 business days after the other party receives the notice of cancellation. After the 30th business day all work will cease following completion of final purchase order.

- **Open Records Policy**
  - Because Region 14 ESC is a governmental entity responses submitted are subject to release as public information after contracts are executed. If a vendor believes that its response, or parts of its response, may be exempted from disclosure, the vendor must specify page-by-page and line-by-line the parts of the response, which it believes, are exempt. In addition, the respondent must specify which exception(s) are applicable and provide detailed reasons to substantiate the exception(s).
  - The determination of whether information is confidential and not subject to disclosure is the duty of the Office of Attorney General (OAG). Region 14 ESC must provide the OAG sufficient information to render an opinion and therefore, vague and general claims to confidentiality by the respondent are not acceptable. Region 14 ESC must comply with the opinions of the OAG. Region 14 ESC assumes no responsibility for asserting legal arguments on behalf of any vendor. Respondent are advised to consult with their legal counsel concerning disclosure issues resulting from this procurement process and to take precautions to safeguard trade secrets and other proprietary information.

**Process**

Region 14 ESC will evaluate proposals in accordance with, and subject to, the relevant statutes, ordinances, rules, and regulations that govern its procurement practices. NCPA will assist Region 14 ESC in evaluating proposals. Award(s) will be made to the prospective vendor whose response is determined to be the most advantageous to Region 14 ESC, NCPA, and its participating agencies. To qualify for evaluation, response must have been submitted on time, and satisfy all mandatory requirements identified in this document.

- **Contract Administration**
  - The contract will be administered by Region 14 ESC. The National Program will be administered by NCPA on behalf of Region 14 ESC.

- **Contract Term**
  - The contract term will be for one (1) year starting from the date of the award. The contract may be renewed for up to four (4) additional one-year terms.

- **Contract Waiver**
  - Any waiver of any provision of this contract shall be in writing and shall be signed by the duly authorized agent of Region 14 ESC. The waiver by either party of any term or condition of this contract shall not be deemed to constitute waiver thereof nor a waiver of any further or additional right that such party may hold under this contract.

- **Products and Services additions**
  - Products and Services may be added to the resulting contract during the term of the contract by written amendment, to the extent that those products and services are within the scope of this RFP.
• Competitive Range
  - It may be necessary for Region 14 ESC to establish a competitive range. Responses not in the competitive range are unacceptable and do not receive further award consideration.

• Deviations and Exceptions
  - Deviations or exceptions stipulated in response may result in disqualification. It is the intent of Region 14 ESC to award a vendor’s complete line of products and/or services, when possible.

• Estimated Quantities
  - The estimated dollar volume of Products and Services purchased under the proposed Master Agreement is $10 – $20 million dollars annually. This estimate is based on the anticipated volume of Region 14 ESC and current sales within the NCPA program. There is no guarantee or commitment of any kind regarding usage of any contracts resulting from this solicitation.

• Evaluation
  - Region 14 ESC will review and evaluate all responses in accordance with, and subject to, the relevant statutes, ordinances, rules and regulations that govern its procurement practices. NCPA will assist the lead agency in evaluating proposals. Recommendations for contract awards will be based on multiple factors, each factor being assigned a point value based on its importance.

• Formation of Contract
  - A response to this solicitation is an offer to contract with Region 14 ESC based upon the terms, conditions, scope of work, and specifications contained in this request. A solicitation does not become a contract until it is accepted by Region 14 ESC. The prospective vendor must submit a signed Signature Form with the response thus, eliminating the need for a formal signing process.

• NCPA Administrative Agreement
  - The vendor will be required to enter and execute the National Cooperative Purchasing Alliance Administration Agreement with NCPA upon award with Region 14 ESC. The agreement establishes the requirements of the vendor with respect to a nationwide contract effort.

• Clarifications/Discussions
  - Region 14 ESC may request additional information or clarification from any of the respondents after review of the proposals received for the sole purpose of elimination minor irregularities, informalities, or apparent clerical mistakes in the proposal. Clarification does not give respondent an opportunity to revise or modify its proposal, except to the extent that correction of apparent clerical mistakes results in a revision. After the initial receipt of proposals, Region 14 ESC reserves the right to conduct discussions with those respondent’s whose proposals are determined to be reasonably susceptible of being selected for award. Discussions occur when oral or written communications between Region 14 ESC and respondent’s are conducted for the purpose clarifications involving information essential for determining the acceptability of a proposal or that provides respondent an opportunity to revise or modify its proposal. Region 14 ESC will not assist respondent bring its proposal up to the level of other proposals through discussions. Region 14 ESC will not indicate to respondent a cost or price that it must meet to neither obtain further consideration nor will it provide any information about other respondents’ proposals or prices.

• Multiple Awards
  - Multiple Contracts may be awarded as a result of the solicitation. Multiple Awards will ensure that any ensuing contracts fulfill current and future requirements of the diverse and large number of participating public agencies.

• Past Performance
  - Past performance is relevant information regarding a vendor’s actions under previously awarded contracts; including the administrative aspects of performance; the vendor’s history of reasonable and cooperative behavior and commitment to customer satisfaction; and generally, the vendor’s businesslike concern for the interests of the customer.
Evaluation Criteria

- Pricing (40 points)
  - Electronic Price Lists
    - Products, Services, Warranties, etc. price list
    - Prices listed will be used to establish both the extent of a vendor’s product lines, services, warranties, etc. available from a particular bidder and the pricing per item.

- Ability to Provide and Perform the Required Services for the Contract (25 points)
  - Product Delivery within participating entities specified parameters.
  - Number of line items delivered complete within the normal delivery time as a percentage of line items ordered.
  - Vendor’s ability to perform towards above requirements and desired specifications.
  - Quantity of line items available that are commonly purchased by the entity.
  - Quality of line items available compared to normal participating entity standards.

- References (15 points)
  - A minimum of ten (10) customer references for product and/or services of similar scope dating within past 3 years

- Technology for Supporting the Program (10 points)
  - Electronic online catalog, order entry use by and suitability for the entity’s needs.
  - Quality of vendor’s online resources for NCPA members.
  - Specifications and features offered by respondent’s products and/or services.

- Value Added Services Description, Products and/or Services (10 points)
  - Marketing and Training
  - Customer Service
**Signature Form**

The undersigned hereby proposes and agrees to furnish goods and/or services in strict compliance with the terms, specifications and conditions at the prices proposed within response unless noted in writing. The undersigned further certifies that he/she is an officer of the company and has authority to negotiate and bind the company named below and has not prepared this bid in collusion with any other Respondent and that the contents of this proposal as to prices, terms or conditions of said bid have not been communicated by the undersigned nor by any employee or agent to any person engaged in this type of business prior to the official opening of this proposal.

Prices are guaranteed: **120 days**

<table>
<thead>
<tr>
<th>Company name</th>
<th>Protiviti, Inc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Address</td>
<td>711 Louisiana Street, Suite 1200</td>
</tr>
<tr>
<td>City/State/Zip</td>
<td>Houston/TX/77002</td>
</tr>
<tr>
<td>Telephone No.</td>
<td>713-314-5030</td>
</tr>
<tr>
<td>Fax No.</td>
<td>713-314-5350</td>
</tr>
<tr>
<td>Email address</td>
<td><a href="mailto:michael.porier@protiviti.com">michael.porier@protiviti.com</a></td>
</tr>
<tr>
<td>Printed name</td>
<td>Michael Porier</td>
</tr>
<tr>
<td>Position with company</td>
<td>Managing Director</td>
</tr>
<tr>
<td>Authorized signature</td>
<td></td>
</tr>
</tbody>
</table>
Tab 2 - NCPA Administration Agreement

This Administration Agreement is made as of July 16th, 2012, by and between National Cooperative Purchasing Alliance ("NCPA") and [Vendor], ("Vendor").

Recitals

WHEREAS, Region 14 ESC has entered into a certain Master Agreement dated July 16th, 2012, referenced as Contract Number NC74 pr-12, by and between Region 14 ESC and Vendor, as may be amended from time to time in accordance with the terms thereof (the "Master Agreement"), for the purchase of Network Security products and services;

WHEREAS, said Master Agreement provides that any state, city, special district, local government, school district, private K-12 school, technical or vocational school, higher education institution, other government agency or nonprofit organization (hereinafter referred to as "public agency" or collectively, "public agencies") may purchase products and services at the prices indicated in the Master Agreement;

WHEREAS, NCPA has the administrative and legal capacity to administer purchases under the Master Agreement to public agencies;

WHEREAS, NCPA serves as the administrative agent for Region 14 ESC in connection with other master agreements offered by NCPA

WHEREAS, Region 14 ESC desires NCPA to proceed with administration of the Master Agreement;

WHEREAS, NCPA and Vendor desire to enter into this Agreement to make available the Master Agreement to public agencies on a national basis;

NOW, THEREFORE, in consideration of the payments to be made hereunder and the mutual covenants contained in this Agreement, NCPA and Vendor hereby agree as follows:

• General Terms and Conditions
  - The Master Agreement, attached hereto as Tab 1 and incorporated herein by reference as though fully set forth herein, and the terms and conditions contained therein shall apply to this Agreement except as expressly changed or modified by this Agreement.
  - NCPA shall be afforded all of the rights, privileges and indemnifications afforded to Region 14 ESC under the Master Agreement, and such rights, privileges and indemnifications shall accrue and apply with equal effect to NCPA under this Agreement including, but not limited to, the Vendor’s obligation to provide appropriate insurance and certain indemnifications to Region 14 ESC.
  - Vendor shall perform all duties, responsibilities and obligations required under the Master Agreement in the time and manner specified by the Master Agreement.
  - NCPA shall perform all of its duties, responsibilities, and obligations as administrator of purchases under the Master Agreement as set forth herein, and Vendor acknowledges that NCPA shall act in the capacity of administrator of purchases under the Master Agreement.
  - With respect to any purchases made by Region 14 ESC or any Public Agency pursuant to the Master Agreement, NCPA (a) shall not be construed as a dealer, marketer, representative, partner, or agent of any type of Vendor, Region 14 ESC, or such Public Agency, (b) shall not be obligated, liable or responsible (i) for any orders made by Region 14 ESC, any Public Agency or any employee of Region 14 ESC or Public Agency under the Master Agreement, or (ii) for any payments required to be made with respect to such order, and (c) shall not be obligated, liable or responsible for any failure by the Public Agency to (i) comply with procedures or requirements of applicable law, or (ii) obtain the due authorization and approval necessary to purchase under the Master Agreement. NCPA makes no representations or guarantees with respect to any minimum purchases required to be made by Region 14 ESC, any Public Agency, or any employee of Region 14 ESC or Public Agency under this Agreement or the Master Agreement.

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This document is for your company’s internal use only and may not be distributed to any third party. © 2012 Protiviti Inc. EOE
- The Public Agency participating in the NCPA contract and Vendor may enter into a separate supplemental agreement to further define the level of service requirements over and above the minimum defined in this contract i.e. invoice requirements, ordering requirements, specialized delivery, etc. Any supplemental agreement developed as a result of this contract is exclusively between the Public Agency and Vendor. NCPA, its agents, members and employees shall not be made party to any claim for breach of such agreement.

- **Term of Agreement**
  - This Agreement shall be in effect so long as the Master Agreement remains in effect, provided, however, that the obligation to pay all amounts owed by Vendor to NCPA through the termination of this Agreement and all indemnifications afforded by Vendor to NCPA shall survive the term of this Agreement.

- **Fees and Reporting**
  - Vendor shall pay to NCPA a monthly/quarterly administrative fee based upon the total purchase price paid to Vendor for the sale of products and/or services pursuant to the Master Agreement based upon tiered fee schedule below. Vendor's annual sales shall be measured on a calendar year basis.

<table>
<thead>
<tr>
<th>Annual Sales Through Contract</th>
<th>Administrative Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 -- $50,000,000</td>
<td>2%</td>
</tr>
<tr>
<td>$50,000,001 -- $100,000,000</td>
<td>1.75%</td>
</tr>
<tr>
<td>$100,000,001 -- $150,000,000</td>
<td>1.5%</td>
</tr>
<tr>
<td>$150,000,001 -- $200,000,000</td>
<td>1.25%</td>
</tr>
<tr>
<td>$200,000,001 -- $500,000,000</td>
<td>1%</td>
</tr>
<tr>
<td>$500,000,001 -- $1,000,000,000</td>
<td>0.75%</td>
</tr>
<tr>
<td>$1,000,000,000+</td>
<td>0.5%</td>
</tr>
</tbody>
</table>

- Supplier shall maintain an accounting of all purchases made by Public Agencies under the Master Agreement. NCPA and Region 14 ESC reserve the right to audit the accounting for a period of four (4) years from the date NCPA receives the accounting. In the event of such an audit, the requested materials shall be provided at the location designated by Region 14 ESC or NCPA. In the event such audit reveals an underreporting of Contract Sales and a resulting underpayment of administrative fees, Vendor shall promptly pay NCPA the amount of such underpayment, together with interest on such amount and shall be obligated to reimburse NCPA's costs and expenses for such audit.

- The awarded vendor shall electronically provide NCPA with a detailed monthly or quarterly report showing the dollar volume of all sales under the contract for the previous month or quarter. Reports shall be sent via email to NCPA offices at reporting@ncpa.us. Reports are due on the fifteenth (15th) day after the close of the previous month or quarter. It is the responsibility of the awarded vendor to collect and compile all sales under the contract from participating members and submit one (1) report. The report shall include at least the following information as listed in the example below:

  Vendor Name
  NCPA Report
  Month or Quarter

<table>
<thead>
<tr>
<th>Entity Name</th>
<th>Zip Code</th>
<th>State</th>
<th>PO or Job #</th>
<th>Sale Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tr>
</tbody>
</table>

Total: ________________
• General Provisions
  - This Agreement supersedes any and all other agreements, either oral or in writing, between the parties hereof with respect to the subject matter hereof, and no other agreement, statement, or promise relating to the subject matter of this Agreement which is not contained herein shall be valid or binding.
  - Awarded vendor agrees to allow NCPA to use their name and logo within website, marketing materials and advertisement. Any use of NCPA name and logo or any form of publicity regarding this contract by awarded vendor must have prior approval from NCPA.
  - If any action at law or in equity is brought to enforce or interpret the provisions of this Agreement or to recover any administrative fee and accrued interest, the prevailing party shall be entitled to reasonable attorney’s fees and costs in addition to any other relief to which such party may be entitled.
  - Neither this Agreement nor any rights or obligations hereunder shall be assignable by Vendor without prior written consent of NCPA. Any assignment without such consent will be void.
  - This Agreement and NCPA’s rights and obligations hereunder may be assigned at NCPA’s sole discretion, to an existing or newly established legal entity that has the authority and capacity to perform NCPA’s obligations hereunder.
  - All written communications given hereunder shall be delivered to the addresses as set forth below.

National Cooperative Purchasing Alliance:  
Name: Matthew Alper  
Title: Director Business Development  
Address: P.O. Box 701773  
Houston, TX 77270  
Signature:  
Date: 7/16/2012

Vendor:  
Name: Michael Porier  
Title: Managing Director  
Address: 711 Louisiana Street, Suite 1200  
Houston, TX 77002  
Signature:  
Date: July 9, 2012
Tab 3 – Vendor Questionnaire

Please provide responses to the following questions that address your company’s operations, organization, structure, and processes for providing products and services.

- **States Covered**
  - Bidder must indicate any and all states where products and services can be offered.
  - Please indicate the price co-efficient for each state if it varies.

- **50 States & District of Columbia**

  - [ ] Alabama
  - [ ] Alaska
  - [ ] Arizona
  - [ ] Arkansas
  - [ ] California
  - [ ] Colorado
  - [ ] Connecticut
  - [ ] Delaware
  - [ ] District of Columbia
  - [ ] Florida
  - [ ] Georgia
  - [ ] Hawaii
  - [ ] Idaho
  - [ ] Illinois
  - [ ] Indiana
  - [ ] Iowa
  - [ ] Kansas
  - [ ] Kentucky
  - [ ] Louisiana
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  - [ ] Utah
  - [ ] Vermont
  - [ ] Virginia
  - [ ] Washington
  - [ ] West Virginia
  - [ ] Wisconsin
  - [ ] Wyoming

- **All US Territories and Outlying Areas**

  - [ ] American Somoa
  - [ ] Midway Islands
  - [ ] Federated States of Micronesia
  - [ ] Northern Marine Islands
  - [ ] Guam
  - [ ] Puerto Rico
  - [ ] US Virgin Islands

- **Minority and Women Business Enterprise (MWBE) and (HUB) Participation**
  - It is the policy of some entities participating in NCPA to involve minority and women business enterprises (MWBE) and historically underutilized businesses (HUB) in the purchase of goods and services.
- Respondents shall indicate below whether or not they are an M/WBE or HUB certified.
  
  o Minority/Women Business Enterprise
    ▪ Respondent Certifies that this firm is a M/WBE ☐
  
  o Historically Underutilized Business
    ▪ Respondent Certifies that this firm is a HUB ☐

- Residency
  
  - Responding Company’s principal place of business is in the city of Houston, State of Texas

- Felony Conviction Notice
  
  - Please Check Applicable Box;
    
    ☑ A publically held corporation; therefore, this reporting requirement is not applicable.
    ☐ Is not owned or operated by anyone who has been convicted of a felony.
    ☐ Is owned or operated by the following individual(s) who has/have been convicted of a felony.
  
  - If the 3rd box is checked, a detailed explanation of the names and convictions must be attached.

- Distribution Channel
  
  - Which best describes your company’s position in the distribution channel:
    
    ☐ Manufacturer Direct
    ☐ Authorized Distributor
    ☐ Value---added reseller
    ☐ Certified education/government reseller
    ☐ Manufacturer marketing through reseller
    ☑ Other: Provider of independent security audit services

- Processing Information
  
  - Provide company contact information for the following:
    
    o Sales Reports/Accounts Payable
      
      Contact Person: Michael Porier
      Title: Managing Director
      Company: Protiviti
      Address: 711 Louisiana St., Ste 1200
      City: Houston State: TX Zip: 77002
      Phone: 713-314-5030 Email: michael.porier@protiviti.com

    o Purchase Orders
      
      Contact Person: Michael Porier
      Title: Managing Director
      Company: Protiviti
      Address: 711 Louisiana St., Ste. 1200
Sales and Marketing
Contact Person: Michael Porier
Title: Managing Director
Company: Protiviti
Address: 711 Louisiana St., Ste. 1200
City: Houston State: TX Zip: 77002
Phone: 713-314-5030 Email: michael.porier@protiviti.com

- Pricing Information
  - In addition to the current typical unit pricing furnished herein, the Vendor agrees to offer all future product introductions at prices that are proportionate to Contract Pricing.
  - If answer is no, attach a statement detailing how pricing for NCPA participants would be calculated for future product introductions.
    ☑ Yes ☐ No
  - Pricing submitted includes the required NCPA administrative fee. The NCPA fee is calculated based on the invoice price to the customer.
    ☑ Yes ☐ No
  - Vendor will provide additional discounts for purchase of a guaranteed quantity.
    ☐ Yes ☑ No

- Cooperatives
  - List any other cooperative or state contracts currently held or in the process of securing.

<table>
<thead>
<tr>
<th>Cooperative/State Agency</th>
<th>Discount Offered</th>
<th>Expires</th>
<th>Annual Sales Volume</th>
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Tab 4 – Vendor Profile

Company’s Official Registered Name

Protiviti, Inc. Protiviti is a wholly owned subsidiary of Robert Half International Inc., a $3.78 billion public firm listed on the New York Stock Exchange (NYSE symbol: RHI).

Company History

Protiviti is a global consulting and internal audit firm composed of experts specializing in risk and advisory services. The firm helps clients solve problems in finance, operations, technology, litigation, and Governance Risk and Control (GRC). Protiviti’s highly trained, results-oriented professionals serve clients in the Americas, Asia-Pacific, Europe and the Middle East and provide a unique perspective on a wide range of critical business issues.

Since the creation of our company in May 2002, thousands of companies have selected Protiviti as their provider for Business Risk, Technology Risk, and Internal Audit Services. Protiviti’s clients include, but are not limited to, government, public sector, education, engineering and construction, energy and utilities, entertainment and hotel industry, various domestic and international financial services companies; commercial and retail organizations, and pharmaceutical.

Several of our strengths include the following:

- Protiviti has developed organization-wide solutions tailored to meet your business, technology, and cost needs. Our process gives you the ability to not only identify risks, but to formulate an appropriate response within the context of your industry, business model, and long-term strategy.

- We have extensive experience providing organization-wide solutions to many clients, using a complete range of process and technology components that exceed industry standards.

- We are completely independent - We do not have conflicts of interest with a company’s external financial audit, nor do we have exclusive relationships with software vendors that limit our impartiality. Therefore, we provide unbiased solutions that meet your business needs.

- We have offices in 70 major markets in the United States, Europe, Asia and Latin America.

- Protiviti has more than 3,000 experienced professionals, many of which have “Big 5” experience. Our team has focused on the development and field-testing of our methodologies for over 20 years on thousands of client engagements.

Protiviti uses a world-class infrastructure, including technology, tools, methodologies and knowledge capital, which has been developed over the past 20 years beginning with our predecessor firm, to bring you real-world solutions. We are continually strengthening our industry perspective by growing our competencies and resources giving us a roadmap for rapid results.
Who we are

What we do

What makes us different

- 6th largest provider of business risk consulting and internal audit services
- 35% of the Fortune 100 are our clients
- Over 2,500 experienced professionals over 60 offices worldwide.
- Experienced locally based resources

Consulting Solutions
- Risk & Compliance
- Cost & Working Capital Optimization
- Litigation Restructuring and Investigative Services
- Risk Technology
- Finance & Accounting Excellence
- Information Technology Effectiveness & Control

Internal Audit & Financial Controls
- Sarbanes-Oxley Compliance
- Internal Audit
- Internal Audit Quality Assessment
- IT Audit Services
- COSO
- Financial Controls

We bring a unique blend of knowledge and experience to the table which combines the focus, dedication and independence of a specialist firm, with the methodologies & tools, global presence, and deep skill-sets of the Big 4 or larger consulting firm.
Company’s Dun & Bradstreet (D&B) Number
Protiviti’s D&B Number is: 11-270-6572

Company’s Organization Chart
People make the difference in the success of any engagement such as this. We organize strategic core teams for each individual engagement in order to create the right mix and balance of what you deem important to maximize the value you receive and to create a seamless delivery of services. We will interact and coordinate with NCPA and its members to ensure satisfaction, drive quality and consistency in our service, efficiently access the right resource needs for every engagement, and make the staffing process effortless for your management team.

The overall Engagement Relationship, Quality Assurance and Contracting Officer for Protiviti will be Michael Porier. Michael will oversee all Protiviti work activities and will have ultimate responsibility for ensuring quality of all client deliverables, managing the relationship with key NCPA and member points of contact, and handling project administration activities.

The primary Engagement Manager will be Barton Wright. Barton will coordinate with Michael and NCPA to identify scope of work and staffing needs for each individual security audit project. Protiviti will ensure each team includes individuals providing deep knowledge and skills in core competencies necessary to conduct each of the scope areas defined within the proposal. Each resource brings a unique and necessary skill set. Please see Appendix A for the resumes of these individuals.
Corporate Office Location
Protiviti’s Corporate Office is located in Menlo Park, California. See below for address and contact information:

2884 Sand Hill Road
Suite 200
Menlo Park, CA 94025

Phone: (650) 234-6000

Further, Protiviti (www.protiviti.com) is a global consulting firm that helps companies solve problems in finance, technology, operations, governance, risk and internal audit. Through our network of more than 70 offices in over 20 countries, we have served more than 35 percent of FORTUNE® 1000 and Global 500 companies. We also work with smaller, growing companies, including those looking to go public, as well as with government agencies. Protiviti is a wholly owned subsidiary of Robert Half International Inc. (NYSE: RHI). Founded in 1948, Robert Half International is a member of the S&P 500 index.

For all locations listed above, the key contacts are:

Michael Porier, Managing Director
711 Louisiana Street, Suite 1200
michael.porier@protiviti.com

Barton Wright, Associate Director
711 Louisiana Street, Suite 1200
barton.wright@protiviti.com

Standard Terms of Payment

Our standard terms of payment are “due upon receipt” or as negotiated.

Competition in the Marketplace

Our competition is highly dependent on the types of services provided. For our Internal Audit and Compliance services, our primary competition is the Big 4 Accounting Firms. For our security solutions, our competition is the large technology solution providers.
Annual Sales for Last 3 Years

As a wholly-owned subsidiary of Robert Half International Inc., a public company that is required to file reports with the SEC, Protiviti is limited by SEC regulations in the amount of financial information that it may disclose. Protiviti may provide total annual sales for the past three years, but may not provide sales broken down into sub-categories. That being said, Protiviti has sold services to clients across each of the categories noted in the request for proposal.

Substantially all of Protiviti’s revenue relates to consulting and internal audit services. Protiviti receives additional revenue from software licensing related to consulting services. We do not provide any external audit, legal, or tax consulting services.

Based on the publicly available financial statements of Robert Half International Inc. filed with the SEC, please find below Protiviti’s revenue for the past three years:

- 2011
- 2010
- 2009

What Differentiates Protiviti From Our Competitors

Protiviti is deeply appreciative of the opportunity to provide Internal Audit, Business Risk, and IT Risk consulting services to NCPA and its members. This proposal summarizes our understanding of your needs, our responses to those needs, and the factors that distinguish Protiviti as the clear choice for providing services through our deep process and technology competencies.

Industry Expertise – Education, Government, and Not-for-Profit

Protiviti works heavily with education, government and not-for-profit organizations to help them in many different capacities.

Protiviti’s Education industry practice focuses on assisting universities and school systems to identify, assess, prioritize and manage the risks inherent to their environment and organizations. Our practice is built on working with our core clients and is supported by our active participation in industry organizations like the Association of College and University Auditors (ACUA) and NACUBO.

Protiviti’s risk consulting approach starts with understanding each institution based on its particular mission, focus, organization, history and environment. We provide a range of consulting assistance, which are further detailed in section “Tab 5 – Products and Services/Scope.”

At Protiviti, we understand the various challenges facing education institutions. Thanks in part to a number of key trends which have altered the landscape of education, these institutions are operating in a significantly more challenging environment today. Some of these trends include:

- Significant reductions in funding for education that have challenged institutions to do more with less.
- Expansion of rules, regulations, and laws governing information security and data privacy.
- Changes to rules and funding levels for Title IV student financial aid programs like Pell Grants at the federal and state level.
- Increased emphasis on compliance with federal and state whistleblower laws.
- Increased scrutiny and pressure on executive compensation, faculty salaries, and retirement/pension plans.
As a result of these trends, institutions have been forced to find innovative ways to reduce operating cost while continuing to comply with federal and state regulations. Based on our experience, credentials, and expertise, we believe Protiviti can play a valuable role in assisting in many of these strategic initiatives.

Protiviti’s Education Industry team is comprised of seasoned professionals with extensive risk consulting, regulatory, audit and controls experience. With our risk management and internal audit heritage, we have gained unique perspectives on the challenges faced by education institutions. We use these perspectives not only to solve regulatory, risk and compliance problems, but also to help schools become more effective and productive. We recognize the information required for effective risk management also provides powerful insights about business which can drive enhanced performance and efficiency.

Protiviti works with a number of education institutions on a daily basis to proactively navigate through important areas of change impacting risk and control matters affecting their operations to offer value-added recommendations and solutions.

Our Education Industry experts can help you identify and address an array of industry-specific risks and challenges facing the organization, including, but not limited to:

<table>
<thead>
<tr>
<th>Compliance</th>
<th>Audit and Controls</th>
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<tbody>
<tr>
<td>• Federal and state regulations governing Direct Loans and various Grant</td>
<td>• Human resource management including executive compensation and expenses.</td>
</tr>
<tr>
<td>programs including the Higher Education Act.</td>
<td>• Procurement to payment processing activities.</td>
</tr>
<tr>
<td>• Federal and state healthcare requirements as well as medical center</td>
<td>• Endowment distribution and monitoring.</td>
</tr>
<tr>
<td>policies and procedures.</td>
<td>• Grant management.</td>
</tr>
<tr>
<td>• Inquiries from regulatory agencies such as the Department of Education</td>
<td>• Fraud, forensics, and internal investigations.</td>
</tr>
<tr>
<td>as well as from regional accreditation bodies.</td>
<td>• Information technology including disaster recovery, business continuity, project</td>
</tr>
<tr>
<td>• Federal regulations around data security, privacy, and record retention</td>
<td>management, application controls, and IT security.</td>
</tr>
<tr>
<td>including the Family Education Rights and Privacy Act (FERPA) the</td>
<td>• Facilities management including real estate and construction projects.</td>
</tr>
<tr>
<td>Gramm-Leach-Bliley Act (GLBA) or HIPAA.</td>
<td>• University/School operations including campus security and safety, program</td>
</tr>
<tr>
<td>• Requirements for federally-sponsored research.</td>
<td>development, transcript processing.</td>
</tr>
<tr>
<td>• NCAA intercollegiate rules and guidelines.</td>
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</tbody>
</table>
Further, we have experts in Protiviti Government Services, Inc. (PGS), a wholly-owned subsidiary of Protiviti. PGS was established to bring Protiviti’s leading edge, international internal audit, and technology and business risk consulting experience to the public sector. PGS directly supports federal, state, local and international governments with defined products and services that help in their efforts with issues like A-123 internal controls assessments, ITIL and IT Asset Management, improper payments identification, continuity of operations planning assessments, security assessments, and a broad variety of other solutions. Our goal at Protiviti and PGS is to help organizations deliver real value in making them more effective and efficient. We take great pride in our ability to deliver independent, unbiased analysis and guidance and to identify, source, measure, and prioritize risks and develop risk mitigation strategies.

**Education, Government, and Not-for-Profit Clients Served:**

Since its inception in May of 2002, Protiviti has been growing its practice, and continuing to add premier clients to its client base. The following listing represents a sampling of Protiviti’s Education, Government, Quasi-Government, and Not-for-Profit clients. Many clients prefer confidentiality; therefore, this is only a partial listing.

Select Education, Government, Quasi-Government, and Not-for-Profit Industry Clients:

- AARP
- Association of American Railroads
- Boy Scouts of America
- China EduCorporation
- Department of energy Bonneville Power Administration
- Department of Health and Human Services – National Institute of Health
- Education Development Center, Inc.
- Federal Communications Commission
- George Mason University
- Harris County
- ITT Educational Services, Inc.
- Los Angeles United School District
- Methodist Ladies College
- National Restaurant Association Solutions
- NetAid Foundation
- Princeton Theological Seminary
- Sound Transit
- University of California
- University of Kansas
- University of Phoenix (Apollo Group)
- University of Wisconsin Foundation
- American University
- Barry University
- Central Michigan University
- Dallas Independent School District
- Department of Energy Oak Ridge National Laboratories
- DePaul University
- Education Management Corp
- Gallaudet University
- Georgetown University
- Harris County Toll Road Authority
- KinderCare Learning Centers, Inc.
- Loyola Marymount University
- National Blood Authority
- National Student Clearinghouse
- The Ohio State University
- Regional University System of Oklahoma
- Texas Children’s Hospital
- University of Delaware
- University of Nebraska
- University of Texas, MD Anderson Cancer Center
- Vic Forests
- Apollo Group Inc.
- Board of Governors of the Federal Reserve
- Contra Costa County Sanitation District
- Department of the Treasury Internal Revenue Service
- Department of Homeland Security
- Drexel University
- Epilepsy Foundation
- General Services Administration
- Grand Canyon University
- Houston Metro
- Learning Tree Expansion Group, Inc.
- Maricopa County
- National Organization of Life and Health Insurance Guaranty Assoc.
- New York Medical College
- Oklahoma State University
- Rice University
- The California Endowment
- University of Denver
- University of Notre Dame
- University of Washington Medical Center
- Western International University

**Other Clients Served:**

Our internal controls consulting, internal audit and risk consulting client base represents a wide diversity of organizations and industries around the globe. It is this breadth and depth of diversity, combined with a focus on quality in execution over time that has enabled us to establish a services framework and reputation for continually meeting the needs and objectives of our clients. Below, we list some of our Fortune 500 and Fortune 1000 clients where we have provided Internal Audit, Governance, and Compliance services.

Select Fortune 500 and Fortune 1000 Internal Audit and Governance, Risk & Compliance Clients:

- Aetna, Inc.
- Amkor Technology, Inc.
- Alpha Natural Resources
- Appollo Group, Inc.
- Americredit Corporation
- Arch Coal, Inc.
Benefits of Working with Protiviti:

One of the key benefits of working with Protiviti is that we are dedicated to partnering with our clients. We view this engagement as an opportunity to demonstrate our capabilities to you so that you feel comfortable with the quality of our work, personnel, and level of value. Our goal is to develop an ongoing trusted advisor relationship that offers value by providing knowledge and expertise over a broad range of business and technical areas.

Further, Protiviti is independent in our evaluation of issues and recommendations for improvements. This means we are not tied to specific vendors, so you can be assured that our recommendations are not geared towards convincing you to buy a particular product. We simply offer our unbiased view of issues and suggested methods for improvement that are specific to your organization, culture, and appetite for risk management.

Some of the key reasons why companies have selected, and continue to select, Protiviti include:

- **Our People:** We have hundreds of senior professionals with deep experience gained from working with world-class global companies. These people have an unmatched commitment to client satisfaction.

- **Our Values:** Honest, open and ethical behavior is central to how we operate. The Protiviti name is derived from our values and commitment to our clients.

- **Our Perspective:** We are not a "Big Four" accounting firm, yet we are also not a boutique company. Protiviti has the breadth of perspective and services to deal with many issues facing companies today. We also have deep competencies to deliver outstanding results. Ultimately, our professionals reduce the potential for failure and create opportunities for success. We have the capability to strengthen industry-leading companies that are both value-driven and risk-aware.

- **Our Business Model:** Our business model is different than our competitors. The key elements of our business model emphasize our value proposition for clients. They include:
  - **Independence:** We deliver unbiased, objective advice in the best interest of our clients. No Conflicts of Interest.
  - **Focus:** Risk consulting and internal audit. It's what we do. It's all we do.
  - **Leadership:** Unrivaled experience from working with world-class companies.
  - **Change Agents:** We view change as an opportunity to define an exciting new future for our clients and ourselves.

- **Our Dedication to Quality:** Delivering quality service to our clients is a key value at Protiviti. We ensure that both our client's expectations and our quality standards are met. In an effort to consistently deliver our services, we employ the following quality control procedures:
  - **World-Class Methodology** – Protiviti has developed a “world-class” methodology that is used as the basis for every engagement. The Protiviti Key represents our overarching Solutions Methodology that we apply to every engagement we execute in order to unlock value for our clients. Comprising four
main components, it is a ‘best of breed’ methodology, which ingrains concepts of problem solving and benchmarking.

The “Protiviti Key” is comprised of the following 4 areas:

1. **Business Context** – Understanding the external (Business Landscape) and internal (Business Infrastructure) elements affecting our clients’ business at inception and throughout the lifecycle of the engagement.

2. **Phases** – High-level approach steps of engagement execution that our teams follow to ensure consistent value delivery.

3. **Enabling Competencies** – Key engagement enablers, exercised as themes across the lifecycle of an engagement, to enable flawless execution.

4. **Value Delivered** – Value tollgates interspersed between the phases, leading to eventual value delivery for our clients, in the form of efficiency, effectiveness and risk mitigation.

   - **Established Policies** – Detailed policies have been communicated to all of our professionals. These policies outline our quality standards and provide a basis for consistency in service. We conduct annual reviews of selected projects in each of our offices to ensure that engagement teams are adhering to internal procedures and quality standards.

   - **Quality Assurance Director and Subject Matter Specialist Involvement** – Our engagements are assigned a Quality Assurance Director. The role of a Quality Assurance Director is to consult with the engagement team on complex issues and provide an independent perception on the engagement, outside the day-to-day professional delivery of services. Subject Matter Specialist’s are also integrated into our service delivery to ensure efficient and effective risk and controls assessments in key areas.

   - **Team Training** – As a professional services organization, ultimately, the quality of our product and services resides in the capabilities and talent of our people. As such, we have and continue to make significant investments in the development of our personnel, along with the internal auditing methodology and tools provided to them. As mentioned previously, Protiviti owns the intellectual capital – training, methodology, and tools – developed and used by our professionals over the past 15 years, primarily in a “Big Four” environment.

   In addition to this “hands-on” training afforded our professionals, we have also established a centralized internal web-based training resource for our professionals called "Protiviti University." This site not only provides information on each of our in-house training programs and course curriculums, it also serves as the gateway to literally thousands of hours of specific on-line training courses and reference materials spanning all industries, business processes, information technology, specialized subject matter content, and leading risk management, control, and operational practices.

- **Our Focus on Continuous Improvement:** In order to ensure that we stay focused on our performance in the context of your expectations on an on-going basis, we use a client service model designed to ensure we continually meet your expectations. The specific steps of the client service model are:

   - **Understand Expectations** – We will meet with our client contact(s) initially and at regular intervals to understand his/her expectations and confirm these in writing.
— **Commit and Plan** – Based on our discussions, we prepare a plan to respond to your expectations.

— **Deliver and Improve** – We listen to you as we deliver our services to ensure that we are doing what is expected.

— **Measure Results** – At the end of each phase/project, we ask client personnel to participate in a client satisfaction survey to rate us on how we are doing overall and how we can continually improve.

**In Summary, Protiviti brings:**

- Deep skills in Internal Audit, Business Risk and Technology Risk services
- Combined strengths of Big 4 and Boutique alternatives – without compromise
- National, experienced risk consulting professionals
- Access to industry experts as required and world-class methodologies and tools
- Unbiased and independent advice
- Most importantly – we are eager to serve NCPA and its members

**Protiviti Marketing Strategy**

If Protiviti is given the opportunity to serve NCPA organizations and those organizations authorize Protiviti to share their name with current and future clients, Protiviti would be able to promote the potential client’s understanding of your organization since most will be ready to utilize your services without having to undergo a rigorous and time intensive RFP process. Many clients we speak to may not be aware that NCPA is an option that will benefit them. We intend to use this opportunity to assist as an introduction to further sales opportunities for both organizations. We have a defined marketing process utilizing SalesForce.com to track opportunities and potential leads. Upon being approved as a vendor, we will then be able to reach out to each of the educational institutions and districts to make them aware of the need for this service and the ease of the contracting process via the cooperative process.

**Introduction of NCPA within Protiviti**

The ability to perform work for governmental and educational entities via this cooperative arrangement will be of tremendous benefit to Protiviti and will allow us a vehicle to expedite the contracting process with new clients. We are excited about the opportunity and want to make sure we make the most of this award. In order to do so, we will need to communicate internally the nature of this arrangement, not only within our Houston office, but also to our other 35 offices within the United States. We have several communication channels within the organization to help expedite this message, consisting of items such as emails, newsletters, communication campaigns, etc. We expect this to be a popular program within Protiviti and one that will benefit us and our clients in ways previously unavailable to us.

**Capabilities/Functionality of Our Online Catalog/Ordering Website**

Since Protiviti is a services firm and we don’t sell products or equipment, each individual engagement will be scoped out and evaluated independently.

**Protiviti Customer Service**

Our managers and key leadership described in this proposal are available 24/7 to provide assistance and support on any of our engagements.

**Green Initiatives**

Our company is committed to being an environmentally responsible business partner. Because our core business is providing services, our operations create a relatively smaller footprint compared to many other large companies. However, with more than 400 offices worldwide (RHI and Protiviti), we have many opportunities to improve our operations, such as reducing paper use, minimizing employee travel, promoting public transit, and purchasing environmentally friendly office supplies and equipment.
In many areas of our operations – from procurement to paperless processes to telecommuting – we support a sustainable environment:

- Many of our internal processes have been reinvented as paperless, saving trees and money.
- For new office locations, a key criterion is proximity to public transportation.
- Our offices are constructed with recycled and/or sustainable materials as much as possible. For example, we currently purchase InterfaceFLOR climate-neutral Cool Carpet™ for all new or refreshed offices. The carbon emissions from making the carpet have been offset with verified projects, such as a wind farm in India and a small-scale hydroelectric project in China.
- We also purchase furniture that allows for maximum recycling and/or repurposing when it reaches the end of useful life.
- In North America, RHI stationery, business cards and marketing materials are printed on sustainable paper, certified by the Forest Stewardship Council (FSC) or Sustainable Forestry Initiative (SFI), using soy-based inks.
- When evaluating new IT equipment in North America, we purchase environmentally friendly, EPEAT-rated computers. EPEAT is an environmental rating system for electronics. Developed using an extensive stakeholder process, the EPEAT rating system is now used around the world by thousands of purchasers to identify green electronic products.

Robert Half was listed on the FTSE4Good Responsible Investment Index for the fifth consecutive year in 2012. The FTSE4Good Index Series was created to measure the performance of companies that meet globally recognized corporate responsibility standards.

Vendor Certifications

Our personnel are highly skilled and experienced in each of the solution areas presented within this proposal. Please find below examples of some of the certifications and credentials held by our people:

**Business Operations Improvement:**

- Operations Management Leadership Program
- Six Sigma Black Belt
- Six Sigma Green Belt
- FINRA Series 7
- FINRA Series 63
- Certified Construction Auditor
- Certified Professional EH&S Auditor
- Certified Investments and Derivatives Auditor

**Finance and Accounting Excellence:**

- Financial Risk Manager
- Certified Investments and Derivatives Auditor
- Certified Financial Services Auditor

**Information Technology:**

- Certified Information Systems Auditor
- Project Management Professional
- Business Continuity Professional
- Certified Information Systems Security Professional
- Certified Windows Security Administrator
- Checkpoint Certified Security Administrator
- Checkpoint Certified Security Engineer
- CISCO Certified Network Associate
- Certified Information Security Manager
- Qualified Security Assessor (PCI)
- Microsoft Certified Professional
- Microsoft Certified Systems Engineer
- Microsoft Certified Database Administrator
- Certified Information Privacy Professional
- Certified Information Security Manager
- Certified Penetration Tester
- Certified Ethical Hacker
- Global Information Assurance Certification (GIAC) Intrusion Detection Analyst
- IT Infrastructure Library Foundations
- IT Infrastructure Library Practitioner
- CobiT Foundations
- Entrust Public Key Infrastructure (PKI) Certified Consultant
- Entrust Public Key Infrastructure (PKI) Certified Implementer
- Global Information Assurance Certification
- SS Internet Scanner Certification

**Internal Audit and Financial Controls:**
- Certified Internal Auditor
- Certified Public Accountant
- Associate Chartered Accountant
- CA Application Performance Management
- Certified Financial Services Auditor
- Certified Professional Environmental Auditor

**Litigation, Restructuring, and Investigative Services / Risk and Compliance:**
- Certified Regulatory Compliance Manager
- Associate Business Continuity Professional
- Association of Strategic Alliance Professionals
- Certified Fraud Examiner
- Anti-Money Laundering Professional
- Consultants Competitive Negotiations Act
- Certification in Risk Management Assurance
- Disaster Recovery Institute Certified
**Tab 5 – Products and Services/Scope**

Outlined herein is the proposed approach for providing “Internal Audit, Business Risk, and Technology Risk Consulting Services” as requested under the “Tab 5 Products and Services” section within the request for proposal. Our approach to delivering high quality solutions follows strict methodologies based on industry standards, legal and regulatory requirements, and recommended best practices.

We have provided below a high-level “Overview and Approach” for each and every solution in the order requested under Tab 5 of the RFP. Also, for every solution, we have provided a “Case Study” example to demonstrate how each solution has been delivered to our clients. We have provided multiple case study examples for clients in the Education and Government industries as well as other industries to demonstrate how these services:

- Transcend across multiple industries and environments;
- Have been tailored to specifically meet each individual client’s needs;
- Have assisted other organizations with implementing more effective and productive processes; and
- Have provided significant value to other organizations.

If selected as the preferred provider of Internal Audit, Business Risk, and Technology Consulting Services, we will work with NCPA and its members to tailor our solutions based on each organization’s individual needs and requirements to help the organization become more effective and productive, provide powerful insights that can drive enhanced performance, and ultimately deliver high quality solutions that meet your needs.

**BUSINESS RISK**

I. Business Operations Improvement

We help clients improve their business operations through reductions in working capital and improvements to cash flow, control and optimization of costs, and management of risk in their operations. We help drive performance of the supply chain through operations process improvements, strategic sourcing strategies, inventory management, contract management and enhancements to working capital. We assist organizations in improving their control over major capital and construction projects, creating more reliable project timelines and reducing exposure to cost overruns. Listed below are each of the solutions we may provide to NCPA and its members under the category of Business Operations Improvement.

A. Accounts Payable Recovery

**Overview and Approach:**

Protiviti’s Accounts Payable (AP) Recovery Solutions assist organizations by recovering financial leakage in the form of duplicate payments, overpayments, unused credit memos, lost/missed discounts, pricing errors, unclaimed property, outstanding checks, etc. As organizations continue to seek and identify opportunities to improve operations, considering a holistic approach to addressing their procure-to-pay process can yield substantial benefits. Today, many organizations are beginning to break down the barriers and share the benefits associated with a comprehensive review of the procure-to-pay process. By teaming their Procurement and AP departments, clients can take advantage of Protiviti’s end-to-end AP Recovery Assessment.

Utilizing our industry-leading web-based tool, Protiviti integrates advanced data analysis with visibility into 100% of payable transactions to produce bottom-line improvements while identifying cost saving opportunities within the procurement and AP processes. For many of our clients, we find financial leakage of .1 percent or more of the company’s total spend. These cash recoveries can be applied directly to a company’s bottom line.
In addition to bottom-line savings, AP Recovery and Procurement Assessment projects help identify process and system deficiencies, along with the root causes that are driving financial leakage and quantify potential cost-reduction opportunities. Our consultants have thorough knowledge of the procure-to-pay process and extensive experience implementing the right personnel, process and technology changes necessary to sustain improvements in the areas of:

- Working Capital/Cash Flow Management
- AP/PO Processing Analysis
- Vendor Master File and Risk Management
- Spend Analytics and Strategic Sourcing

**Client Case Study:**

**Client Description:**
Energy Utility Company

**Client Issues:**
- Ineffective contractor/vendor management processes
- Concern of a potential $1.3M in recoverable items
- Lack of standardized processes (A/P, Purchasing, Billing) and need for process and control recommendations to reduce future overpayments

**Protiviti Approach:**
- Phase 1 – Performed risk assessment of active contracts (both Capital and Expense) to identify and stratify contracts with the greatest potential for cost savings or recoveries.
- Phase 2 – Performed substantive cost savings/recovery audits, updating risk assessment and universe of contracts to select for audit based upon reward/effort criteria.
- Phase 3 – Reviewed client’s contract practices to identify areas for improvement to decrease the opportunity for contractor/vendor overcharges or other excess cost situations and assisted in implementation of proposed remediation actions.

**Benefits Achieved:**
- Vegetation Management – Identified and/or recovered $3.3M in overpayments for meals, mileage, vacation charges, overhead expenses, unsupported labor and equipment rates, unauthorized overtime, and warrant labor.
- Landscaping – Identified and/or recovered $1.7M in overpayments for incorrect labor hours, crew rates, markups on subcontractors and expenses, and identified missing supporting documentation.
- Snow Removal – Identified and/or recovered $437K in overpayments for travel time, inappropriate equipment charges, rate variances, overhead expenses, and missing timesheets and subcontractor invoices.

**B. Capital Projects and Contracts**

**Overview and Approach**

Protiviti’s Capital Projects and Contracts (CP&C) professionals help organizations manage and mitigate contract risks by:
- Detecting and recovering over-billed costs
- Identifying gaps in processes that prevent over-billed costs
- Improving processes to prevent over-billed costs
Proactively identifying risks that lead to over-billed costs
Recovering over-billed costs after a contract has been completed and in dispute
Preventing over-billed costs and detecting and recovering over-billed costs throughout the duration of a contract

Our CP&C professionals help organizations better align business processes, people and technology to maximize contract compliance and reduce cost over billings. Our experienced professionals use our proven methodology to assist companies in identifying, measuring and mitigating the risks inherent in contract activities. We help companies gain control of their contracts, processes and risks.

Protiviti’s CP&C practice focuses on the key project-related risk areas, issues, and reporting responsibilities facing boards, audit committees, senior executives and management, and operational leaders. Working closely with clients, we assess operational and financial processes and controls to provide insight into the following:

- Verifying that contractual obligations are appropriately fulfilled;
- Validating the adequacy and effectiveness of the policies, procedures, processes, and performance measures to properly control and manage operational costs, financial costs, schedule, quality, and safety;
- Confirming that processes are conducted in accordance with established policies and procedures; and
- Confirming that adequate measures are in place to reduce the risk of fraud, waste, or abuse.

In addition, Protiviti utilizes ProCAT (Protiviti Contract Analysis Tool) to efficiently analyze multiple lines of job cost data and identify potential exceptions as they relate to the associated contracts. ProCAT uses a combination of tools allowing for analysis of various types of data formats provided by different contractors.

Listed below are the key activities included in a standard CP&C project:

- Conduct an assessment of the project management and procurement procedures and controls.
- Conduct an assessment of control strengths, weaknesses and inefficiencies.
- Complete a list of recommendations to improve overall controls over the monitoring, tracking and payment of capital project related costs.
- Conduct a review of completed capital projects including all payments made in connection with the selected projects.
- Conduct internal audits of on-going capital projects including the review of contract terms and contractor compliance with these terms.
- Conduct internal audits of payment applications against these selected contracts prior to payment.
- Identify potential overpayments on capital/construction contractors in the following areas:
  - Inaccurate overhead mark-ups,
  - Unsupportable materials charges,
  - Personnel rates/prevailing wage issues,
  - Unallowable or unsupported charges,
  - Adherence to general conditions & covenants for hard bids,
  - Change order pricing and authorization,
  - Missing subcontractor bid documentation, and
  - Site inspection condition and work as contracted.
Client Case Study:

Client Description:
County Metropolitan Transit Authority

Client Issues:
- The client requested Protiviti’s assistance to assess contractual disputes for utility relocation and construction services provided by third party vendors for a New Light Rail Corridor Project ($1.2M Claim).

Protiviti Approach:
- Protiviti reviewed all contracts, contract amendments, invoices, and payments made for the entire project ($1.2M) to identify any expenses charged that did not align with contractual arrangements.

Benefits Achieved:
- Protiviti identified the following exceptions: $772K contractually unallowable expenses (64.3%), $424K unsupported expenses (35.3%).

C. Loss Prevention

Overview and Approach:
Protiviti’s Loss Prevention practice provides solutions that help organizations protect their most critical assets, reduce inventory and cash losses, and enhance profitability.

Losses from theft, shortage control, procedural error, underreporting of sales and brand degradation are an unnecessary drain on profitability. Our Loss Prevention consultants help companies design and employ world-class loss prevention programs and practices, including risk assessment, establishment of preventative controls and historical cost recovery. Each member of our loss prevention team has practical senior management experience, with a scope of responsibility that led to direct reporting relationships with executive management and boards of directors.

We understand that a one-size-fits-all approach to loss prevention rarely fits each and every industry segment. That is why we craft specialized programs for relevant sectors.
Protiviti provides the following services for Loss Prevention:

1) **Loss Prevention Assessments & Diagnostics**
   Protiviti’s Loss Prevention consultants provide you with an independent assessment of your loss prevention function. Our loss prevention diagnostic is a comprehensive review that examines five critical loss areas: theft (employee and customer), poor controls, systemic operational flaws, policy and procedure gaps and training deficiencies. Through stakeholder interviews, vulnerability assessments, statistical analysis, site reviews and investigations, the diagnostic compares the current state to an industry benchmark of the organization’s peers to gauge performance.

2) **Loss Prevention Consulting Services**
   Protiviti’s Loss Prevention consultants help clients develop and implement an array of cost-saving measures focused on historical cost recovery and strategic loss reduction.

   At its core, loss prevention is about establishing control checkpoints to monitor and minimize loss. There are many ways to approach this task: According to the University of Florida’s 2007 National Retail Security Survey, retailers experimented with 72 different loss prevention strategies. However, while there definitely is no shortage of ideas, there are rather clear restrictions on the resources available for such an effort.

   In order to craft and execute a comprehensive loss prevention strategy, there is a need for subject-matter expertise, specialized skills and a flexible complement of staff. By leveraging both our Loss Prevention professionals’ unique skills and our organization’s global reach, you can gain access to state-of-the-art technologies and subject-matter expertise from around the globe – without investing directly in their development or exposing your organization to unnecessary risk.

   Our services include:
   - Evaluation and Design of Shrinkage Programs
   - Fraud and Forensic Investigations
   - High-shrink Site Program Development
   - Exception-based Reporting
   - Training and Awareness
   - Scorecard Reporting
   - Operational Compliance Audits
   - Investigations and Royalty Assurance Auditing

**Client Case Study:**

**Client Description:**
Our team of professionals assisted a client with the development of IT security and loss prevention awareness training by providing training modules, web portals and printed materials.

**Client Issues:**
- A client engaged Protiviti to reinvigorate their employee IT Security and Loss Prevention Awareness Training programs to ensure that employees knew how to combat IT security risks and prevent the causes of shrink in their departments. They were seeking a partner that would be capable of developing custom, monthly on-line training modules and materials that would support their initiatives.

**Protiviti Approach:**
Protiviti delivered the following services to address the client need:
- Developed monthly on-line interactive training modules that educated over 23,000 employees across North America.
- Implemented a web portal to track participation and overall knowledge retention.
• Developed print materials that serve as a regular reminder to the monthly training topic.

**Benefits Achieved:**
Protiviti helped the client achieve the following benefits as a result of this engagement:

• Training programs were the primary communication vehicle to employees and heightened compliance with policies related to IT Security Risks and Loss Prevention.

• Over 50% of employees participated in training in the first week of its availability. After the first month, 90% of employees had participated in the training.

• Program will assist in achieving the company’s $5 Million shrink reduction goal.

**D. Policy and Strategy Communication**

**Overview and Approach:**
Protiviti’s communication and training group, Creative Options (www.creativeop.com), helps companies react to change by dealing effectively with shifts in strategy, organizational structure, policies or business processes.

In a rapidly changing operating environment, there is a presumption that the most successful organizations are the most adaptive and resilient in the face of change. The initial idea of change can be unsettling for a workforce comfortable in its established routine. That is why effective communication underlies every successful change effort. A behavior-focused approach creates sustainable change. It helps workers modify the way they feel and think about their jobs by aligning attitudes and behaviors with system and process changes, as well as the overall company direction.

Combining risk management and communication design expertise, Protiviti’s Communication and Policy professionals are able to help companies manage change and communicate compliance programs in the following areas:

• **Environmental Health and Safety:** Prevent accidents and reduce workers’ compensation and general liability costs with a risk-conscious culture.

• **Fraud Risk Management:** Create a culture of honesty and integrity that reflects the organization's code of conduct.

• **Information Technology (IT) Security Risk Management:** Secure sensitive information and prevent social engineering attacks through a heightened security consciousness.

• **Loss Prevention:** Strengthen profitability by engaging the individual employee in shrink reduction efforts.

• **Energy Management:** Create a proactive stance towards sustainability by engaging employees in energy conservation efforts.

• **Other Industry or Department-Specific Programs:** Protiviti’s Creative Options group can assist with developing training and communication programs for new or changed strategies, organizational structures, policies, procedures, and processes for any industry or department.

**Client Case Study:**

**Client Description:**
Large Automotive Parts Retail and Distribution Organization

**Client Issues:**

• The client feared that their employees had become disengaged from safety. They partnered with Protiviti to develop a communication program that connected with employees on a personal, individual level to ignite their interest in working safely.
Protiviti Proposal for NCPA

Protiviti Approach:
- Protiviti assisted the client by developing communication channels, including topic-specific posters, wall calendars, newsletters and decision-point stickers. Employee participation and comprehension were measured through online quizzing. Further, a recognition component was developed to reward employees for their participation in the program and for working safely.

Benefits Achieved:
- The performance results reveal that employees are re-engaged in workplace safety. Over a period of 24 months, the number of Workers’ Compensation Claims dropped by 18%; lost time claims dropped 29%, and the total value of annual claim payouts dropped by over $1 million.

E. Revenue Risk Management

Overview and Approach:
Protiviti’s Revenue Risk professionals help organizations reduce margin erosion in order to increase profits. Effective revenue risk management requires a methodology and thought process focused on activities that have a significant impact on revenue, as well as the cost-drivers required to generate that revenue. To have an impact, revenue risk management must extend far beyond finding “missing revenue.” Organizations must understand that margin erosion can occur at every point in the process.

Protiviti’s revenue risk management methodology helps clients reduce costs while increasing revenues and strengthening partner relationships. To assist clients with achieving these objectives, our Revenue Risk consultants apply their extensive experience in the relevant industries. Our intimate knowledge of the unique business processes within these industries enables us to tailor our revenue solutions for each organization.

We help our clients design a product strategy that can ultimately increase profits by as much as 5 percent, provide a focus on risk management, and reduce fraud.

Our specific services include:
- Data Mining and Analysis
- Business Intelligence
- Inventory Control
- Royalty Audits
- Spend Procurement Analysis

Client Case Study:

Client Description:
Large State University

Client Issues:
- The Client was a large state University that also runs a medical school all under the same governance structure. The Internal Audit department for the university does not have deep healthcare knowledge and expertise, so when the need to perform a specialized healthcare revenue audit arose, they turned to Protiviti.
Protiviti Proposal for NCPA

Protiviti Approach:

- The objective of the audit was to complete a high-level assessment of medical billing practices to provide reasonable assurance that claims submitted to third-party payers were accurate, complete, and properly supported by required clinical documentation. We evaluated a judgmental sample of seventy-one claims from six areas—Family Medicine, Internal Medicine, Obstetrics/Gynecology, Osteopathic Manipulative Medicine, Pediatrics, and Surgery. Significant steps in our audit process included interviewing staff, reviewing policies and procedures, testing clinic billing documentation such as fee sheets and physician progress notes, and observing processes.

Benefits Achieved:

- In one month of services Protiviti found 383 fee slips assigned to doctors had not been billed as of two months after the service provided. In response management has initiated a new process where patient financial counselors are responsible for tracking and redistributing fee slips daily. Measurement of lost fee slips became a standard measurement in the performance evaluation of PFC and an appropriate policy was added to the clinic policy and procedures manual.

- Evaluation and Management (E/M) Services were not coded to the maximum level supported by physician documentation in seven of the seventy-one encounters reviewed. In response, management deployed billing representatives to offices at the clinical location they serve. Billers began meeting with attending physicians and residents to increase provider understanding of guidelines for appropriate coding.
F. Supply Chain Risk Management

Overview and Approach:

Supply chains have become increasingly complex as companies work to compete in today’s business environment. Globalization has led to continuous downward cost pressures and higher customer demands in quality speed of delivery, and overall performance. To help organizations address these growing challenges and complexities, Protiviti’s team of supply chain consultants works closely with key stakeholders to integrate industry best practices and tailor business solutions to meet your organization’s goals and requirements.

Below is a diagram displaying a high-level overview of our Supply Chain Risk Management Methodology:

Our consultants take a holistic approach to managing the supply chain to assess, design and implement capabilities that enhance performance, reliability and control in a cost-effective and efficient manner. Our specific services include:

- Spend/Procurement Assessment
- Procurement Transformation
- Working Capital Improvement
- Strategic Sourcing
- Inventory Control
- Contract Management
- Global Sourcing
- Sales & Operations Planning
Client Case Study:

Client Description:
Leading University and Research Institution

Client Issues:
- Current Procurement processes are highly manual and decentralized across schools/departments
- Procurement processes are inconsistent across University due to lenient Procurement policies and lack of mandates
- Only 2% of annual spend is currently managed under contracts/strategic agreements
- Oracle R12 functionality is being underutilized across University
- Current skill sets in Procurement Organization do not align with long-term goals or vision

Protiviti Approach:
- Conducted interviews and activity analyses to document current requisition-to-pay processes for Central Procurement and department/school procurement functions
- Conducted comprehensive spend analysis to identify savings opportunities and develop a five year sourcing wave plan
- Performed skills assessments for Central Procurement resources to identify gaps against best practice organization structures
- Designed short and long-term Procurement Organization structures based on current state and best practices
- Designed conceptual Oracle R12 solution to optimize P2P processes across University

Benefits Achieved:
- Clearly identified current procurement pain points and process inefficiencies (including Oracle R12 functionality) across University
-Designed future state processes across Procure to Pay processes
- Developed five year sourcing wave plan that identified high priority sourcing categories and projected median savings of $53.5M (8%)
- Provided process and organizational performance benchmarking metrics against current state
- Provided multiple best practice Procurement Organization structures to reference during organization transformation
- Provided prioritized recommendations to achieve client’s targeted state
II. Finance and Accounting Improvement

A. Content, Records, and Data Management

**Overview and Approach:**

Protiviti’s Data and Information Governance professionals help management improve access to and the reliability of underlying data that is transformed into information for decision-making.

Organizations are operating in a business environment that has become more complex and risky due to the convergence of a global economy, sophisticated automation and an ever-increasing array of regulatory and legal requirements. Further complicating the need for better information, organizations are generating more and more data every day and they’re ability to retain that which is legally or regulatory required becomes more difficult. In this context, it is more critical than ever for executives to have the right information – immediately. Despite this need, many chief financial officers (CFOs) believe their staffs spend limited time providing advanced analytical services to their organizations. And according to Financial Executive International's annual report, well over half of survey respondents plan to spend money to address the need for better information.

Our Data and Information Governance consultants understand that an organization’s data is essential to its success. We help clients improve their entire information life cycle, including strategy, management and reporting, so decision-makers have the right information at the right time.

Our services include:
- Governance structures
- Information architectures
- Master data management
- Data quality and integrity

**Client Case Study:**

**Client Description:**
Large Credit Reporting Agency

**Client Issues:**
- The client approached Protiviti to increase visibility into its record management practices and e-discovery preparedness.
- Despite the fact that the company was subject to frequent regulatory compliance audits, it managed much of its data in ad hoc repositories with few mechanisms in place for identifying which systems and ownership applied to these repositories, leaving the organization vulnerable to regulatory inquiries and litigation involving the identification and production of large volumes of data.

**Protiviti Approach:**
- Protiviti’s EIM team worked with the client’s management to classify content and records, identify functional and system owners, and identify large volumes of data being retained for no business or legal purpose.

**Benefits Achieved:**
- Protiviti helped the client to adjust policy, process and technology to manage risks more efficiently and cost-effectively.
- It also helped the client become more responsive to regulatory requests and more prepared for litigation and investigation.
B. Data Mining & Analytics

Overview and Approach:

Protiviti has professionals with experience in planning, developing and executing computer assisted auditing tools and techniques and data analytic routines in support of improving the effectiveness and efficiency of finance, accounting, and other organization processes. The individuals with these skills are able to bring data analysis and testing capabilities to organization key processes, including planning, script development, data summarizations, data stratifications, anomaly identification, forensics, and ad-hoc audit testing development. Ultimately these capabilities help our clients to:

- Facilitate risk identification and risk measurement
- Increase audit quality by:
  - Testing 100% of populations instead of sampling
  - Providing true error rates rather than error estimates
  - Highlighting trends and factors that may not be noticed through conventional audit techniques
  - Providing stronger qualitative support behind findings and exceptions
- Increase productivity and efficiency by creating scripts that can be executed in multiple audit periods
- Assist in the identification and prevention of fraudulent transactions or activities
- Give value-added suggestions to management (e.g., provide analysis of cost savings opportunities)

Protiviti has developed its own proprietary data analysis project methodology. The methodology consists of the following four phases:

1. Planning and Data Request
2. Acquisition & Validation
3. Analysis and Testing
4. Wrap-up

Planning and Data Request
- Acquisition & Validation
- Analysis and Testing
- Wrap Up

Execution of all components of the methodology helps drive consistency in the delivery of our data analysis projects, and helps ensure a high level of integrity and value in the results that are generated.

Analysis Libraries

As mentioned above, Protiviti’s Discoveri application houses a set of standardized solutions which essentially consist of work-programs for executing data analysis tests in various business processes. These work-programs identify the data files and data fields requirements along with the detailed work steps necessary to execute each test.
In addition to these detailed work-programs, we have accumulated numerous other resources describing potential data analytic tests in (but not limited to) the following areas:

- Information Security
- Payroll
- Accounts Payable
- Cash Disbursements
- Financial Reporting
- General Ledger

**Examples of Data Analysis Uses**

Listed below are a few examples of different types of data analysis uses for information security:

1) Compare current employee/contractor lists to system user lists to identify terminated employees/contractors who should not have access;
2) Sort current system user lists by system privilege to identify people who have more access than required for job duties;
3) Compare current IT employee lists to system user lists to identify IT personnel who have more access than required for their job duties;
4) Identification of weak passwords;
5) Identification of corrupt files;
6) Identification of duplicate accounts or records; etc.

**Our Experience with Data Analytics Tools**

Our professionals also have access to and experience with several different data analytics tools, including:

1) **Audit Command Language (“ACL”)** – ACL is the preferred audit software tool of the global internal audit community for data extraction, data analysis, fraud detection, and continuous monitoring.
2) **KnowledgeStudio (“KST”)** – KST is a responsive data-mining workbench that delivers a rich set of predictive analytic capabilities. KST supports several data mining techniques, including decision trees, neural networks, clustering algorithms, regression analysis and time series analysis.
3) **Monarch** – Monarch is Windows-based, report mining software from Datawatch that extracts data from existing electronic reports created within any information system. It facilitates easy data analysis, graphing and data exporting to other applications.
4) **IDEA** – A powerful tool designed to help accounting and financial professionals extend their auditing and analytical capabilities, detect fraud and meet documentation standards. Allows for quickly importing, joining, and analyzing, sample and extract data from almost any source, including reports printed to a file.
5) **Protiviti’s SpendRiskAssessor** – Using our proprietary SpendRiskAssessor tool, we are able to manage enormous volumes of spend data, generate targeted lists of suspicious transactions, and minimize the burden on internal client staff while maximizing their spend recovery opportunities.
6) **Others** – We also have expertise in utilizing other common tools such as Microsoft Access, SQL, Fox Pro, and Visual Basic.

**Proprietary Training**

Protiviti has developed a number of proprietary training resources that would also be available to NCPA member. These resources include:

- **Beginner ACL Training** – a 2 day course that provides a basic overview of CDAA concepts, and provides hands-on training of core functionality in ACL.
- **Advanced ACL Training** – a 2.5 day course focused on providing participants with knowledge to be more efficient and powerful users of ACL.

- **Data Analysis Methodology Training** – provides an overview of basic data analysis concepts, common data analysis uses, the steps of the Protiviti Data Analysis methodology, differences between data analysis and data mining, and basic capabilities of the KnowledgeStudio data mining tool.

**Continuous Monitoring and Predictive Analysis**

To derive value from analytics, data must become actionable. To be actionable, data must become dynamic and interactive. Protiviti is on the leading edge of working with companies to move past historical, reactive analytics and into more proactive, future looking analytics. Protiviti can provide solutions that can bring your analysis to life, allowing trends and patterns to be identified and researched real-time.

We can create customized, web-based solutions that:

- Improve the efficiency and effectiveness of personnel.
- Generate powerful, easily interpreted, actionable visualizations.
- Provide research capability without requiring deep data analysis skills of the user.
- Are scalable as the organization, quantity of data, and user base grows.

Protiviti utilizes various methodologies, models and technologies to develop predictive models. Generally, these models are derived from proven correlation and regression (linear, logistic, and mixed) statistical models:

- Predictive modeling can exploit new, unforeseen opportunities or identify unwanted activities.
- Predictive models can be used to forecast business needs such as cash requirements, inventory levels, staffing, etc. Additionally, predictive models identify critical variables that drive certain outcomes and the probabilities of those outcomes occurring (e.g., the identification of customers who are likely to buy products, etc.).
- Predictive models clarify the strength of relationships among all the variables in the model and how those variable interact with each other. Also, they can quantify the potential exposure if certain events were to occur. As a result, predictive models can be used for scenario building and for optimization purposes.
- Predictive models can distinctly identify outliers that do not follow “normal” patterns.

*If at any point, during the proposal phase or in the future, NCPA and its members might be interested in discussing some of our innovative continuous monitoring or predictive analysis work, we can easily facilitate a meeting with our solution leaders.*
Client Case Study:

Client Description:
Fortune 500 Company

Client Issues:
- Our team of data analytic experts helped a Fortune 500 company recover $4 million from its supplier.
- Through the use of data analytic tools, the Protiviti team uncovered contract violation and also helped the company put better contract review procedures.

Protiviti Approach:
- Protiviti team used electronic data analysis tools to uncover the contract violation.

Benefits Achieved:
- Identified additional vendors for review
- Helped the client put in place better contract review procedures for the future

C. Enterprise Business Intelligence

Overview and Approach:
Protiviti’s Business Intelligence professionals help management improve strategic decision-making and operational and financial reporting through the use of available and new data resources. The data needed for strategic and operational decision-making is often stored in multiple applications, databases, spreadsheets and platforms. According to recent analysis, "Between year-end 2006 and year-end 2012, Global 1000 organizations will experience a threefold increase in data, content and application quality issues.” This challenge poses a considerable risk to organizations that increasingly leverage their evolving data ecosystems to provide a competitive advantage, improve operational efficiencies and meet compliance requirements. In addition, regulatory pressures are placing increased business risk on the reporting of financial results. Preparation efforts are being condensed into smaller time windows. Meanwhile, prolonged closing or planning cycles, changing business environments, outdated IT systems, mergers and acquisitions and rapid growth can all make it more difficult to create accurate reports.
Our Business Intelligence consultants blend business acumen with technology skills to deliver uniquely efficient solutions across an organization’s functional areas and initiatives. We work with clients to establish the strategic and operational information needed to make informed decisions and report on "one version of the truth" at the pace the market demands and to determine the key performance indicators that drive business outcomes. We help you streamline the acquisition, assimilation and reporting of financial and operational information through the adoption of standardized procedures and appropriate technology. Our experienced Business Intelligence professionals can help your business units focus on the analysis and integrity of information rather than the mechanical steps needed to produce various reports.

Our services include:

- Data warehouses
- Functional data marts
- Enterprise reporting infrastructures
- Executive dashboards

### Client Case Study:

**Client Description:** $2 Billion Publishing Company for Educational Products and Solutions (Grades Pre-K – 12)

**Client Issues:**

- Client was looking for a solution to plan and consolidate financial data from multiple groups and programs.
- Protiviti was selected by the client as the implementation partner to implement SAP’s Business Objects Planning and Consolidation system.
Protiviti Approach:

- Protiviti worked with the client to design and implement SAP’s Business Objects Planning and Consolidation system. This involved configuring SAP netWeaver® Business Warehouse (SAP netWeaver BW) and non-SAP sales software to aggregate information, such as sales orders, enrollment, market share by subject, books per student, economic factors, etc. to create forecasts by school grade level, create budgets, and forecast revenue and demand. The consolidated forecast is then sent to the SAP Advanced Planning & Optimization component to fulfill demand for the supply chain.

- Protiviti assisted the client with redesigning financial forecasting processes and business intelligence flows, supported by technology that consolidates data from multiple divisions into a unified sales and operations forecast.

Benefits Achieved:

- Annual, recurring inventory purchasing savings of 1% to 2% of sales
- 10% to 15% improvement in forecast accuracy
- Implementation paid for with 2 months of saved carrying costs
- Reduction in obsolescence costs (by almost 1% of sales)
- 70% to 80% increase in customer fill rates
- 8% reduction in on-hand inventory (in year in which sales increased 10%)
- 23% fewer incoming calls from customers with issues
- “What I really appreciated, and our team appreciated, is that Protiviti didn’t come in and tell us that technology was our solution. Instead, technology was a part of how we enabled process. We would never be where we are today if Protiviti had not helped lay out a path for us.”

“As a result of the re-designed forecast processes that have been enabled by SAP Business Objects Planning and Consolidation, we were able to forecast last year’s new product market demand to within 5% accuracy. Our competitors overshot by 20%, with all the costs that entails.” – Senior Vice President for Education Group of the Publishing Company.

D. Enterprise Risk Management

Overview and Approach:

Protiviti’s Enterprise Risk Management (ERM) professional’s partner with management to ensure that risk is appropriately considered in the strategy-setting process and is integrated with performance management.

According to a 2008 study by CFO Research Services, 72% of senior finance executives are concerned with their risk management practices. Too often risk is an afterthought to strategy setting and risk management is an appendage to performance management. Recent events have reminded management and directors that a comprehensive view of their risks is no longer a luxury, but a requirement, so that they can provide the appropriate incentives and controls to counter the potential for individuals to discount risks that are significant to their organizations.

Our consultants assist companies with implementing a practical approach to ERM that is integrated with existing management processes, with the goal of providing an enterprise-wide view of risk, improving information for decision-making, reducing the risk of costly surprises and positioning risk management as a differentiating skill. We work with companies to design, implement and maintain effective capabilities to manage their most critical risks and address cultural and other organizational issues that can compromise those capabilities. We help them evaluate technology solutions for reliable monitoring and reporting, and implement new processes successfully over time.
Our services include:

- Enterprise risk assessment – Here we help you identify the risks that really matter to the execution of your strategy
- Performance and risk integrated management – Here we help you integrate risk with strategy setting and risk management with performance management

The diagram below illustrates a standard approach for establishing an Enterprise Risk Management Framework:

Client Case Study:

Client Description:
Private Organization

Client Issues:

- At the request of the Board of Directors and Audit Committee, Protiviti was engaged to identify and prioritize the risks which could impact this private organization.

Protiviti Approach:

- Protiviti conducted Phase I Enterprise Risk Assessment to identify and prioritize the major risks to the organization. The results of the risk assessment served as the foundation for Protiviti to assist the client with designing and implementing an ERM framework and performing a gap analysis for three high priority risks (Phase II).
- Protiviti is currently engaged by the organization for Phase III of the work which includes implementing and operationalizing the framework and determining the need for a supporting ERM technology and risk based internal audit function.
Benefits Achieved:
Since the launch of the ERM project, the client has realized the following benefits:

- The development of an Enterprise Risk Management policy and framework document which outlines the organization’s approach to managing the key strategic risks and opportunities it encounters in its business environment. While the client acknowledges that it manages its risks and opportunities every day, the executive management wanted to place more structure around how the organization identified, assessed, managed and communicated both risks and opportunities across the organization.

- By focusing efforts on three high priority risk areas, the organization has developed and is in the process of implementing, a number of recommendations for formalizing the way they prevent and respond to the risks. For two out of the three risks, the work of ERM has been integrated into existing management initiatives. This integration has demonstrated that ERM “isn’t just about risk,” but about the way the business operates on a daily basis.

- Management has also begun the process of integrating the organization’s approach to risk management into its Balanced Scorecard reporting system. Not only is the organization graded on its ability to manage the high priority risks, but also on the organization’s ability to manage all risks and opportunities in its operating environment. This has provided the Board with a unique look at how the organization is operating.

- Finally, the organization has undertaken a significant communication initiative targeted at internal employees, volunteers and general membership. From an internal stakeholder perspective, the ERM communication and awareness has focused on how individual employees manage risk on a daily basis and has resulted in risks and opportunity discussions to become a part of standing management meetings and agendas. From a general membership perspective, the organization feels as if it is providing the members with the assurance that it is considering all of the appropriate risks and opportunities in the operating environment in order to ensure that it is meeting the members’ expectations.

E. Finance Optimization Services

Overview and Approach:
Protiviti’s Finance Process Optimization professionals help organizations reduce transaction processing time, cost and risk of errors, while increasing time spent on value-added activities.

Recent surveys have indicated that most finance organizations spend only 17 percent of their time on value-added activities, as much of the finance function’s capacity is devoted to transaction processing instead of providing insightful information for decision-making. Numerous manual tasks, proliferation of spreadsheets, informal hand-offs and inadequate status tracking drag on efficiency and increase the risk of errors. Organizations that lack sufficient time for value-added activities often require more than five days to close the books, use a spreadsheet-based financial consolidation process, need many manual journal entries or other manual activities to close the books and lack the capacity to analyze business drivers and identify root causes.

Our Finance Process Optimization consultants help organizations shrink transaction processing costs by up to 30 percent, reduce error rates by up to 90 percent and compress cycle times by up to 70 percent. We help clients implement standardization across business unit functions in processing information, submitting local ledgers and posting closing entries in order to lower exception rates and the level of rework needed.

Our services include:
- Targeted Process Improvement (Close & Report, Procure to Pay, Order to Cash, Budgeting and Planning)
- Shared Services, Process Standardization and Consolidation
- Outsourcing Non-core Transactions
Client Case Study:

Client Description: Major Metropolitan Independent School District (Grades K-12)

Client Issues:
- The School District was low on staff in their Finance/Budget group and requested additional assistance from Protiviti to augment their staff and help with Finance Transformation initiatives.

Protiviti Approach:
- Protiviti has been engaged by the School District to supplement the District’s staff as part of their Finance Transformation Initiatives. Protiviti professionals were instrumental in the following areas:
  - Three Annual Budget Cycles and one mid-cycle Re-budgeting process
  - Implementation of Oracle’s Public Sector Budgeting
  - OMB Circular A-133 Audit Readiness
  - Grant Compliance and Bi-annual Certification
  - Staffing Ratio Optimization
  - TEA’s Title I, Part A - Comparability of Services
  - State Compensatory Education Compliance
  - Purchasing and Disbursements Review
  - Fall Leveling
  - PEIMS Submission
  - Position Control Analysis
  - Bi-monthly Board Reporting

Benefits Achieved:
Protiviti was successful in helping the School District save money in a variety of ways. A few highlights include:
- Identified over $5 Million in annual savings by reviewing and optimizing Secondary School Staffing Formulas. These changes were adopted by the school board.
- Identified and recouped $350,000 in unapplied credits and duplicate payments.
- Developed Comparability of Services solutions safeguarding $90 Million in Title 1 Funding.

F. Finance Remediation and Reporting Compliance

Overview and Approach:
Protiviti’s Financial Reporting Remediation & Compliance consultants help companies reduce their risk of non-compliance, while limiting exposure to financial restatements and other costly non-routine situations. The conditions in today’s global business market, such as rapidly changing regulations, increased scrutiny of company financials, complex, nonrecurring business transactions, and a shortage of experienced finance and accounting professionals, strain the capabilities of many finance organizations. This amplified stress increases an organization’s exposure to mistakes, lost synergies and the inability to maintain base-level financial processes, and has led to more than 5,200 financial restatements in the United States since 2004. The risk of these errors is typically higher during the adoption of new accounting standards; embarking on significant business transactions; implementation of new IT/enterprise resources planning (ERP) systems; restructurings; changes in management; acquisitions and divestitures; and expansion into new markets or new businesses.
Our Financial Reporting Remediation & Compliance professionals provide the critical functional and project management expertise necessary to cost-effectively prepare for and manage non-routine situations such as restatements, system implementations/integrations, and changes in management. We proactively monitor new accounting rules, alert our clients to changing requirements and offer assistance with addressing complex accounting or reporting challenges, including the conversion to International Financial Reporting Standards (IFRS).

Our services include:

- Revenue Recognition Processes and Controls
- Stock-based Compensation
- Fair Value Accounting
- Purchase Accounting
- IFRS Conversion

**Client Case Study:**

**Client Description:** For-Profit Educational Services

**Client Issues:**

- Lack of visibility into the close process – no executive level dashboards or performance metrics in place to monitor the close process.
- High volume of manual tasks and spreadsheets used within the close process, especially related to recons and journal entries.
- Significantly aged reconciling items, potentially leading to write-offs.
- Lack of defined policies, limited documentation of desk procedures, and insufficient focus on related training
- Unbalanced workload among accounting staff and by day of close.

**Protiviti Approach:**

- Captured and validated the population of close tasks (recons, manual journal entries, analysis, etc.), and performed “deep dives” on select high risk areas.
- Assisted with account “clean-up” for certain areas with process deficiencies.
- Managed and supported the client’s software selection process to identify appropriate enabling technology for close tasks and reconciliations.
- Developed policies for overall close process and reconciliation management, and developed account specific desk procedures.
- Provided project management throughout each phase of this initiative, including the implementation of a new automated close and reconciliation tool.

**Benefits Achieved:**

- Optimized technology and reduced manual effort for the reconciliation and close tracking processes.
- Improved timeliness of preparation and review of account reconciliations.
- Improved procedures for assessing and clearing account reconciliation items.
- Improved reporting capabilities, providing management with automated real-time status of close tasks.
- Aligned separate methodologies (“One Close”) to unify the close process throughout the organization with consistency in approach and supporting tools.
- Established the preliminary foundation for seamless integration of future acquisitions into core financial reporting processes.
TECHNOLOGY RISK

Our IT consulting professionals partner with organizations to ensure they maximize the value of information systems investments, while mitigating key risks. Our IT consulting practice has served over 1,200 clients in at least 18 countries—including 15% of the Fortune global 500, and over 20% of the Fortune 1000.

Our IT consulting offerings fall into three focus areas:

- **Managing the Business of IT** – We help organizations set IT strategy in alignment with the business needs of their organization, establish IT governance and compliance, and manage IT processes efficiently and effectively.

- **Managing IT Security and Privacy** – We help organizations react to security incidents, establish security programs, manage identity access, and handle industry specific data security and privacy issues, including PCI, GLBA, HIPAA/HITRUST, state privacy laws, and others.

- **Managing Applications and Data** – We help organizations drive greater value from IT investments through a disciplined approach to the design, development, implementation, integration and testing of in-house and 3rd-party applications. We have strong credentials in strengthening project management, optimizing configurable controls, reducing costs and risks, enhancing quality, and driving sustainability.

I. **Managing the Business of IT Solutions**

Protiviti has a demonstrated ability to help companies set IT strategy in alignment with the needs of their organizations, establish IT governance, risk management, and compliance, and manage IT processes efficiently and effectively. Our service offerings are grouped in the following solution areas:

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The specific approach for each of the individual Managing the Business of IT solutions requested in the RFP are articulated below.

A. **IT Strategy and Alignment**

**Overview and Approach:**

Protiviti’s strategy and alignment professionals maximize the value of IT by helping you develop an IT strategic plan that is fully aligned with the strategic goals of the business.
IT–business alignment is a perennial top management priority for CIOs but remains elusive. Contributing factors include:

- Failure of the business to clearly communicate goals, strategy, and key success factors – approximately only 36% of organizations do so, according to a recent study by the IT Process Institute;
- IT is not sufficiently educated on the business in general; and
- IT efforts are overly fragmented from pursuing too many “top” priorities.

Whatever the various contributing factors to alignment failure, a fundamental prerequisite to successful alignment is recognizing there is no such thing as generic IT – you must verify you have the right type of IT organization for your type of company and business strategy. Barring that, no degree of IT-business alignment will bring success.

Protiviti’s IT Strategic Planning professionals use proven methodology and innovative tools to achieve IT–business strategic alignment. Using objective 3rd-party benchmarks, we establish mutual agreement about what type of IT organization you need to support the business strategy, and then help you create it. Using our IT Value Model, we help you articulate the value IT brings to the business, in business strategy terms. Using our innovative IT strategic planning tools, we help you design strategic plans that establish the correct priorities, stop unnecessary activities and spending, and maximize the value of the investment in IT. Throughout the process, we help you establish enduring and effective communication between IT and the business to ensure ongoing successful collaboration.

Our IT Strategic Plan Development Approach is specially designed to enable the alignment between the IT and Business Strategy. The pyramid below depicts our approach to determining and developing the IT Strategic Plan:

**Setting the Overall Technology Vision:**
At the highest level of the pyramid, the Board of Directors and Executive Management define their “vision” – setting goals for the organization as a whole. IT provides management with their vision of technologies that will be available in the future and the one’s latest in the market.

**Strategic Alignment:**

![Diagram of IT Strategic Planning Process](image-url)
Individual business units have specific targets, which tie into the overall organizational strategic plan. Hence, the second level of the pyramid entails aligning the IT strategy to ensure it facilitates the achievement of the goals of the individual business units.

**Implementation of IT Strategy for IT Operations and Infrastructure:**

Once the first two levels of the pyramid have been successfully executed and aligned, the organization must set up its IT infrastructure. The base of the pyramid is “broader” in its scope because at this stage not only does the organization ensure that the operations and infrastructure are providing the organization with benefits such as delivering organizational stability and cost containment BUT the organization must constantly evaluate whether it can leverage its existing IT operations and infrastructure to generate additional revenue streams.

**Client Case Study:**

**Client Description:**
State Insurance Company

**Client Issues:**
- Improvement in the overall effectiveness of its IT organization.
- The client wanted assistance in maturing all aspects of client’s IT, from governance and decision-making frameworks to organizational structures and operating processes.

**Protiviti Approach:**
- Performed initial analysis to define a detailed roadmap with multiple key initiatives in the areas of IT Governance; IT Security, Privacy, & User Administration; IT Change/SDLC; IT Operations/Support; Business Continuity/Disaster Recovery and Application Environment.
- Defined the specific level of effort required to make improvements using internal and external resources, identifying project dependencies and priorities and establishing an overall timeline.
- Protiviti established a PMO to oversee all initiatives and provided needed resources to support the initiatives.

**Benefits Achieved:**
- Assisted management in developing IT Steering Committee Charter.
- Identified the current state of IT organization to help the client with sourcing needs.
- Assisted management in developing IT roles and responsibilities (i.e., short-term IT organization structure).
- Assisted in building consensus across business leadership regarding IT roles/structure/governance model.

**B. Asset Lifecycle Management**

**Overview and Approach:**

Protiviti’s Asset Lifecycle Management professionals understand the entire life cycle of assets, from acquisition to disposition. Fixed assets such as end-user and mobile computing, network and data centers, software, wireless and wireline telecom network assets, and business operational assets are becoming more numerous and complex, making it increasingly difficult to manage, track and report on assets for timely and well-informed decisions. Each asset has operational, accounting and potential technical aspects that may increase cost, complexity and risk. The risks are typically higher if a company has experienced a failed audit, security or recovery incident, or poor integration between information technology (IT) tracking and financial accounting of assets.
Protiviti’s consultants identify potential cost savings that are often, in our experience, as much as 10 percent of the total asset expenditure of the organization. We can help clients design, develop and implement a phased solution – program, process, best practices and technology – to manage assets throughout the enterprise. In addition, we can assist with the implementation of processes and solutions that reduce risk and increase the utilization of the assets being managed.

**Client Case Study:**

**Client Description:**
National Wireline and Wireless Telecommunications Provider

**Client Issues:**
- Protiviti was engaged to assist in the assessment, design and implementation phases of Client’s asset lifecycle management (ALM) program.

**Protiviti Approach:**
- Protiviti assisted the client with re-designing processes and controls, data conversion efforts, working with external auditors in removing significant deficiencies and material weaknesses in existing ALM program, and development of a road map for implementing fully automated ALM processes and procedures. Key program activities included:
  - Assessment was performed on client’s current ALM program to develop a roadmap and high-level design to address key system and processes requiring remediation in order to clear current assessed material weakness.
  - Assisted engineering operations in establishing proper receipt, transfer, disposal and cycle counting policies and procedures as well as training materials to educate users on process changes. Designed and implemented an initial reconciliation process to reconcile $2.5 billion of client’s fixed asset base which established a reasonable level to aggregate equipment and establish a one-to-one linkage between the inventory system and fixed asset system. Interfaced with external auditors to establish a reasonable write-off for assets that were disposed but not properly reported in financial records resulting in a recurring material weakness.
  - Simultaneously worked with client in the development of a project roadmap to integrate fixed asset financial reporting and asset tracking and fully automate manual and semi-automated processes and procedures.
  - Established controls used to monitor, detect and communicate to client management and auditors the level of asset linkage deterioration resulting from new equipment entering the network and break downs in existing processes. Established repeatable process to establish one-to-one relationships for unlinked assets.

**Benefits Achieved:**
- Recovered over $115 million in lost assets
- Removed Material Weakness
- Reduced headcount by 30% required for physical inventory process with streamlined cycle counting process and tools
- Reduced secondary truck roll by 20%
- Reduced tax liabilities in excess of $3 million
- Reduced sparing levels by 10%
C. Business Continuity Management

Overview and Approach:

Protiviti’s Business Continuity Management (BCM) service offers solutions to organizations to assist them in the analysis, development and implementation of comprehensive business continuity plans to ensure the availability of critical business processes.

An increasing number of organizations and their executive management are recognizing the need for continuity planning, resiliency and crisis management as part of an overall risk management program. Many governmental – and virtually all regulatory – bodies around the globe have recognized and incorporated business continuity and crisis management planning into their requirements. Investors, as well as boards of directors, are increasingly interested in management’s capability to continue critical operations through a disruption and their plans to ensure a resilient enterprise.

Our approach to BCM is based upon the risks related to an organization’s key business-process drivers. We focus on the analysis and evaluation of strategies, development of approaches, and testing and implementation of plans that meet an organization’s continuity needs from a people, processes and IT infrastructure perspective. Our business continuity approach incorporates industry best practices and is constantly monitored to ensure adherence to regulatory requirements.

Client Case Study:

Client Description: Energy Supplier/Nuclear Processor

Client Issues:

- Client requested review of their current Business Continuity Program.

Protiviti Approach:

The client engaged Protiviti to review the following for their worldwide operations:

- Perform Current State Assessment of the Business Continuity Program
- Perform a Business Impact Analysis to identify critical business processes
- Present technical recovery strategies for ensuring the recoverability of data and processes

Benefits Achieved:

- Protiviti provided management with a site by site comparison of the existing state of their continuity procedures.
- Completed a Business Impact Analysis to indicate items such as:
  - Critical business processes by location
  - Document Recovery Time Objectives
  - Document Recovery Point Objectives
  - Identify process dependencies
  - Obtain management’s collective agreement on process criticality
- Prepared a presentation itemizing the various technical recovery options and relative costs. This information was presented to management along with the pros and cons of each potential resolution. Management then had the information, costs, risks, and comparative documentation to make the most informed decision on their recovery strategy.
During discussion with various personnel, we presented numerous recommendations regarding procedural modifications for backups, operational procedures, and logistics which allowed for easy “quick wins” for the organization to implement at low or no cost to further minimize their risk from a potential outage.

D. IT Service and Change Management

Overview and Approach:

Protiviti’s IT Service and Change Management team works with organizations to help them design integrated processes and deploy technologies to align IT services with business needs, strategic goals and the expectations of internal customers.

Organizations often struggle to maintain data integrity and system availability while delivering solutions to customers and business users. According to an IT Process Institute study, up to 80 percent of unplanned system downtime is spent trying to answer the question, "What changed?" Performance issues, frequent outages and long lead times to implement changes often cast a negative perception on the IT department. The risks are typically higher when there is a lack of documented, standardized policies and procedures, excessive unplanned work and emergency fixes, low customer satisfaction, an inability to identify undocumented changes, an excessive number of recurring incidents or failed changes and poor communication protocol for notifying end users about changes.

Protiviti’s IT Services and Change Management consultants employ their ITIL training and experience, proven technologies and comprehensive methodologies to help you decrease downtime and improve change success and incident resolution, all while achieving your audit and compliance objectives. The resulting gains and efficiencies allow IT personnel to focus on strategic projects rather than "firefighting." Our services include:

- ITSM business case assistance
- ITSM strategy, planning and mentoring
- ITSM implementation
- Benchmarking against industry peers and standards (ITIL change, control and release, COBIT, strategic alignment)
Client Case Study:

Client Description: Global Leader in Customer Care, Human Resources, and Billing Services ($2.8 billion in revenues, 74,000 employees)

Client Issues:
- The client sought Protiviti’s help to improve its core IT functions. Specifically, the IT department was looking to reduce high-impact customer system outages, improve IT change productivity and effectiveness, and reduce recurring customer IT problems.

Protiviti Approach:
Protiviti examined the client’s service support practices and developed a roadmap to integrate configuration management into their environment. Key activities included:
- Identified IT process improvements and integration points
- Guided Configuration Management Database (CMDB) selection process, including developing “scripts,” and coordinating software demonstrations
- Developed the architecture for the pilot CMDB environment
- Developed/presented a detailed implementation roadmap

Benefits Achieved:
Protiviti’s efforts positioned the client to derive more value from their IT function, including:
- Prepared the client for strategic decisions on how to enable IT transformation initiatives with configuration management
- Provided a roadmap for implementation of improved service support processes
- Provided a clear business case for these improvements, including an ROI model showing they could provide a 30% to 60% reduction in IT “firefighting” expenses over 5 years (up to $12M)

II. Managing Applications and Data Solutions
Protiviti helps organizations review their existing application portfolio and identify opportunities for cost savings and functionality improvements. We have strong credentials in strengthening project management for application implementations and establishing effective application controls. We invite you to explore the solutions we can provide to your organization:

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<th>Solution Segment</th>
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</table>
| ERP Solutions    | • Application Security and Segregation of Duties  
|                  | • Application/Configurable Controls Design and Enhancement  
|                  | • ERP Controls Assessment  
|                  | • ERP Selection and Solution Design  
|                  | • ERP Implementation Risk Management  
|                  | • GRC Implementation |
| eDiscovery       | • eDiscovery  
|                  | • Computer Forensics and Investigative Response  
|                  | • Records and Information Management |
The specific approach for each of the individual Managing Applications and Data solutions requested in the RFP are articulated below.

A. eDiscovery and Records Management

Overview and Approach:

Protiviti’s Electronic Discovery professionals help organizations institute a systematic and disciplined approach to evaluate and improve their electronic discovery (e-discovery) capabilities.

The pain and drain of e-discovery continues to have an impact on both the top and bottom lines. Every year, 9 out of 10 companies are pulled into lawsuits or investigations. On average, an organization spends more than 70 percent of its entire legal budget on litigation and regulatory actions. In a lawsuit, the discovery phase alone can represent over 50 percent of the total litigation costs, with e-discovery consuming more than half of that budget.

Our professionals provide services in the full spectrum of event-driven to process-driven environments around the world.

Event-driven. Getting ahead by reducing costs and consequences. The ability to respond quickly and decisively is critical to protecting enterprise value. When faced with a lawsuit or regulatory action, our consultants provide just-in-time resources with deep, relevant skills to meet the demands of e-discovery. Working with in-house and outside counsel, Protiviti can help establish and execute:

- E-discovery strategies (defense and offense)
- Electronically stored information (ESI) metrics and analysis
- Methodology to identify, preserve, collect, analyze, process and produce ESI
- Document review protocols and staffing
- On-demand e-discovery process and project management
- Expert testimony

Process-driven. Staying ahead by driving sustainability. The ability to sustain improvements in business processes is critical to enhancing enterprise value. Establishing defensible processes in everyday operations goes beyond responding to e-discovery demands on a project or event-driven basis. Our global team of professionals brings the necessary mix of industry and subject-matter experience, compliance and governance expertise and technology skills critical to driving sustainability. Working with key business units and stakeholders, Protiviti can help evaluate and implement the following:

- Discovery risk management program
Litigation readiness and effectiveness program
E-discovery readiness and effectiveness program
E-discovery technology and process integration
In-house, co-sourced and outsourced e-discovery functions
Records retention and disposition programs
Data security and governance programs
Ongoing compliance monitoring, training and change management programs

**Client Case Study:**

**Client Description: Fortune 100 Company**

**Client Issues:**
- A Fortune 100 company engaged Protiviti for assistance in dealing with a potential confidentiality breach of customer and employee data. The client needed a qualified third party to assist them in their response and support any potential legal proceedings. The initial response would need to include an investigation of their processes and computing systems.

**Protiviti Approach:**

Protiviti delivered the following services to address the client need:
- Identified, reviewed, and analyzed applicable logs and records relevant to the event under investigation.
- Helped clients properly preserve potentially relevant electronically stored information.
- Provided investigatory support to additional incident response team members conducting forensic system analysis.
- Executed the forensic acquisition and analysis of approximately 100 computing systems.
- Provided key eDiscovery services to help the client address their litigation demands.

**Benefits Achieved:**

Protiviti helped the client achieve the following benefits as a result of this engagement:
- Short-term Improvements:
  - Helped the client execute mission critical investigative tasks and demonstrate that required due diligence had been performed.
  - Identified malicious software and significant security vulnerabilities leading to the security incident.
– Identified process deficiencies that potentially contributed to the incident.

Long-term Benefits:
– Client was successful in the dismissal of a class-action lawsuit filed by persons potentially affected by the alleged information security breach. This dismissal would not have been possible without Protiviti’s investigative support.
– Client has implemented practices to ensure the most effective response, should a future incident occur.

B. End User Application Services

Overview and Approach:
Protiviti’s end-user application professionals help you manage the risks associated with end-user developed applications while maintaining the benefits these tools provide.

End-user developed applications, such as spreadsheets and databases, are everywhere. Users tend to place undue trust in the integrity of the analysis that these applications produce, often placing a level of reliance similar to what they would for formally developed or ‘off the shelf’ applications.

As end-users have become more IT proficient, their applications have become more complex. End-user applications, such as spreadsheets or desktop database and reporting tools, were never designed to be enterprise-level applications, but the growing use of complex and user-defined functions, lengthy macros and links to other systems has led to the development of highly complicated applications. In contrast to most other applications of this nature and criticality, end-user applications are rarely designed and developed by expert users or with controls in mind.

Increasing regulatory pressure, focus from auditors, and an awareness of the risk is forcing organizations to address the issue of end-user computing risk management, though few really understand what the issue is and what they need to do about it. While guidance exists, much of it is academic, providing little practical value to companies. Our approach represents a pragmatic response to end-user computing risk based on real business need and built on practical experience. We can help with all project phases, from building an application inventory and performing a risk assessment to implementing an effective yet pragmatic risk management framework and assisting with software selection and configuration. Protiviti remains vendor-independent but has thorough knowledge of the technology solutions available in the market.

Our services include:
– Spreadsheet Risk Management
– Desktop Database and Reporting Risk Management

Client Case Study:

Client Description:
Swiss Global Financial Services Company, which provides investment banking, asset management, and wealth management services for private, corporate, and institutional clients worldwide. It operates in more than 40 countries and considered as the world’s second largest manager of private wealth assets. The company is in all of the major financial centers worldwide with offices in over 50 countries and 64,000 employees around the world.

Client Issues:
– Swiss regulator had identified the company’s reliance on End User Applications (EUAs) as a key area of risk and had tasked the company’s external auditor with performing a detailed evaluation of the company’s EUA management activities.
Protiviti Approach:

- Client initiated a global project to implement processes, controls and technology solutions with the objective of improving their risk mitigation activities related to EUA usage and alleviate regulator concerns above the level of risk.

- Client was originally engaged with a Big 4 provider to manage certain aspects of the project but was dissatisfied with the advice that was provided. Subject Matter Experts from our EUA team contacted key individuals on the project and shortly thereafter we were engaged to lead three key project work streams:
  - Policy updates and operating model development
  - Technology solution implementation
  - Training and communications

- The Protiviti team consisted of two of our leaders in the EUA solution segment who worked very closely with the overall project lead, the Project Management Office and other work stream leads to get the project back on track. It was our significant experience in managing similar projects, knowledge of their technology solution and ability to bring templates and tools to the project that were significant differentiators for us.

- Protiviti was initially engaged to lead the three aforementioned work streams. We quickly established ourselves as core members of the project and were asked to take on increasing levels of responsibility, including ownership for finalizing the policy (which had proven problematic under the previous lead) and assisting with the transition by providing significant subject matter support to the EUA Governance Office.

Benefits Achieved:

- The primary benefits realized by the client related to risk mitigation in the form of a robust policy, supporting processes and organizational model (RACI).

- The client also realized efficiency gains in the performance of certain processes and control activities as a result of our suggestions related to the leverage of technology.

- Protiviti delivered the following during the course of the project:
  - Final EUA policy for the bank and EUA Operating Model and Guidance
  - Training and Communications including Computer-Based Training, desktop guides and interactive intranet content.
  - Technical specifications for technology solutions.
  - Numerous other deliverables during the course of the project.

C. ERP Solutions

Overview and Approach:

Protiviti’s ERP Solutions consultants assist clients with selecting application solutions and managing both their application security and control environment and the risks associated with complex software implementations.

The speed, accuracy and integrity of application information are essential to business success. Organizations that are selecting, implementing and managing today’s complex enterprise resource planning (ERP) systems face a significant challenge in identifying, measuring and managing the unique risks they face. Organizations surveyed in the Panorama Consulting Solutions 2012 ERP Report revealed that 54 percent of ERP implementation initiatives took longer than expected and 56 percent were over budget.
We help you choose application solutions, manage the significant risks of complex ERP implementations, evaluate and design effective segregation of duties (SoD) frameworks, optimize the configuration of automated ERP controls, and implement integrated governance, risk and compliance (GRC) solutions. We also provide ERP audits and quick diagnostics to help clients assess their existing automated ERP controls. Our relationships with Oracle, SAP and other solution providers give us a unique perspective on the nuances of these technologies. We help you avoid costs associated with project delays, execute projects that meet expectations, mitigate the risks of costly re-implementations and reduce the total cost of ongoing compliance activities.

Our services include:

- Application Security and Segregation of Duties
- Automated Application Controls Design and Enhancement
- ERP Controls Assessment
- ERP Selection and Solution Design
- Implementation Risk Management
- GRC Implementation

Below is a diagram illustrating these services:

**Client Case Study:**

**Client Description:**
One of the World's Largest Offshore Drilling Companies

**Client Issues:**
After Protiviti assisted for the prior 2 years on building their IT and business process internal controls infrastructure, the client communicated to Protiviti that they were concerned about how a global system implementation for their primary ERP system, including supply chain, human resources and financial system modules, would impact the stability of their internal controls environment for the business and IT departments.

**Protiviti Approach:**
- Protiviti assisted with a pre-implementation controls/risk review of their global ERP systems implementation replacement for over 1,000 international users. The areas of review included data integrity controls, security design, process control design, automated controls, functional readiness, systems cutover readiness and technical readiness. Protiviti worked with the 4 client implementation team leads (Finance/Supply Chain/Payroll/Technical) in addressing the key risk areas for each phase of the project.

**Benefits Achieved:**
- Assisted the client with integration of a sound control structure during the system implementation rather than attempting to retrofit controls after the system is live, built in appropriate segregation of duties within access groups before go-live, prepared a checklist template used in data conversion activities for team leads for each of the 30+ conversions that were to be run for cutover, provided assurance that test scripts and results from testing procedures that were to be provided to external auditors fully addressed business requirements and control standards, and prepared executive report providing an independent view of the global ERP implementation’s functional, technical and cutover readiness.

D. Portfolio, Program, and Project Management

**Overview and Approach:**
Protiviti’s Portfolio, Program, and Project Management professionals help you ensure your portfolio of IT projects, applications and infrastructure are providing cost-effective benefits to the organization, and enable your organization to successfully and efficiently execute complex programs and projects while mitigating your risks.

Organizations are confronted with a multitude of technological and organizational complexity across their portfolios applications, infrastructure, projects, and programs. Defining an organization’s technology road map and portfolio requires an effective architecture and set of standards, and managing the provisioning of these IT resources to satisfy demand according to business priorities can be onerous and complex. IT is further challenged in that organizations are becoming increasingly aware of the risks related to poorly-managed IT projects. Far too many projects undertaken by organizations lag behind desired delivery targets, exceed established budgets, or do not fulfill the original business requirements. Research by Gartner suggests that approximately 20 percent of IT investment is wasted.

Protiviti’s Portfolio, Program, and Project Management professionals can help your organization meet all these challenges. Our application portfolio optimization services include identifying opportunities for reducing application cost, ensuring that projects are delivering the intended business returns, and implementing metrics for monitoring portfolio performance.

Our IT Program Management Office professionals provide organizations with the tools to identify, address, and mitigate risks related to the management, execution, and control of complex programs and projects. We have extensive PMO experience across a wide variety of industries, technologies, and disciplines.

Our services include:
- IT Program and Project Management Office
- Application Portfolio Optimization
Client Case Study:

Client Description: Higher Education – Major University System

Client Issues:
- The recent enactment of the Program Integrity Regulations has required significant institutional changes for one of the largest universities in the country. The university had to consider substantial changes to the way their vital student systems captured data, several financial aid administrations polices/procedures, and the content they communicated to students via all media mediums.
- Due to the magnitude of changes required, the client reached out to Protiviti for assistance in leading the work streams.

Protiviti Approach:
- Protiviti professionals managed the high priority and critical areas of the implementation while providing support and learning opportunities to the University's personnel to better manage the projects costs and develop internal competencies for future projects.
- Protiviti worked hand-in-hand with the Compliance Department to provide PMO resources to establish and maintain the required work streams to accomplish the implementation of the required Program Integrity provisions.

Benefits Achieved:
- The university received a “Best of Breed” response from the Department of Education based on their implementation response to the Program Integrity Regulations.
- The university was able to improve their project management process to support initiatives that were starting after the Program Integrity implementation. Additionally, they were able to utilize the project plans and documentation templates to support the work streams and keep track of key requirements.
- Protiviti provided the following deliverables throughout the course of the project:
  - A comprehensive project plan detailing key tasks, deadlines, and milestones required to meet the regulatory requirements.
  - A list of recommendations to support the improvement of the project management methodology.
  - Detailed Post-Implementation Review to ensure quality and consistency of tasks performed.
  - Thorough documentation on decisions made during the implementation to address any potential Department of Education feedback in the future.
III. Security and Privacy

As the business world becomes more and more connected, it is critical to view information security and privacy as a business issue, not just an IT issue. Security threats, vulnerabilities and privacy exposures challenge every organization today, creating risks that must be understood and managed. Often organizations do not know what risks they face or how they will manage these risks. Equally important, good security and privacy practices can provide revenue growth opportunities by supporting personalized support to clients.

Protiviti provides a wide variety of security and privacy assessment, architecture, transformation and management services to help organizations identify and address security and privacy exposures (e.g., loss of customer data, loss of revenue, or reputation impairment to a customer) before they become problems.

We have a demonstrated track record of helping companies react to security incidents, establish security programs, deal with identity and access management, and handle industry specific data security and privacy issues. We invite you to explore the various IT security and privacy services we offer:

<table>
<thead>
<tr>
<th>Solution Segment</th>
<th>Service Offerings</th>
</tr>
</thead>
</table>
| Security Strategy and Program Management      | • Security Policy and Program  
• Security Strategy and Architecture  
• Security Implementation and Deployment  
• Security Metrics  
• Incident Response  
• Awareness and Training  
• Social Media Design and Implementation |
| Identity and Access Management                | • Access Mgmt Policy and Standards  
• IDAM Design and Implementation  
• Identity Credential Selection  
• Identity Federation Strategy and Implementation |
| Data Security and Privacy Management          | • Data Discovery  
• Data Classification  
• Data Leakage  
• Encryption and Storage Strategy and Implementation  
• Privacy Management/Implementation  
• PCI Compliance  
• HITRUST Compliance  
• Other Security & Privacy Compliance  
• Vendor Management/Due Diligence  
• Other Data Security & Privacy Mgmt |
| Vulnerability and Penetration Testing         | • Infrastructure Assessment  
• Application Assessment  
• Network Assessment  
• Database Assessment  
• Social Engineering |
NOTE: Please note that this is not a comprehensive list, as Protiviti provides information security and privacy services across most devices, operating systems, applications, databases, and other technologies. This list is intended to provide NCPA and its members with an idea of the level of effort, methodologies, and detailed steps followed by Protiviti when conducting security and privacy services.

The specific approach for each of the individual security and privacy solutions requested in the RFP are articulated below.

A. Data Security and Privacy

Overview and Approach:

Information is increasingly pervasive within the business enterprise. Management of the information flow within and beyond the organization requires special attention to information that is sensitive, such as personally identifiable information (PII) (e.g., social security numbers, credit card numbers, bank account information, etc.), protected health information (PHI), or other proprietary information. Businesses face potential litigation, operational and compliance issues, and damage to their reputations if they fail to properly protect critical information. Costs and losses may be significant but damage to reputation may be unrecoverable. Protiviti’s Data Security and Privacy Management professionals provide a full spectrum of assessment, transformation, and management services to help organizations identify and address privacy exposures before they become problems. We help companies identify the information they need to treat as private. We create the processes and metrics needed to manage the information to meet both business and regulatory requirements. We can also ensure there is operational alignment with existing records management policies and programs. If necessary, our e-Discovery and Forensics team can support you in any litigation activities you may pursue.

Our services include:
- Data Discovery
- Data Classification
- Data Leakage
- Encryption & Storage – Strategy & Implementation
- Privacy Management & Implementation
- PCI Planning, Readiness, & Compliance
- HITRUST Planning, Readiness & Compliance
- Vendor Management/Due Diligence
- Other Security & Privacy Compliance
- Other Data Security & Privacy Management Services

Client Case Study:

Client Description:
Large International Energy Corporation

Client Issues:
- The client experienced loss of more than one laptop containing sensitive employee information. Also, the client’s Legal Counsel and CIO expressed concern over the lack of procedures in place for handling of sensitive data within the organization.
Protiviti Approach:
Client engaged Protiviti to perform a data privacy assessment that included:

- Inventory of Sensitive Data
- Sensitive Data Flow Process Review
- Creation of Privacy Policies and Procedures

Benefits Achieved:
- Protiviti identified the following issues:
  - 46,000 data files containing sensitive information were found across the network file shares
  - Employee Social Security Numbers were routinely emailed to third-party service providers in an unencrypted format, resulting in increased risk of a data breach
  - 267 users across several departments (Accounting, Claims, Tax, Treasury, etc.) had access to view bank account information of suppliers and employees in the company’s ERP system
- Identified risks, controls, gaps, and recommendations for eight sensitive data processes
- Provided template for creating global Privacy policies and procedures

B. Identity & Access Management

Overview and Approach:
Organizations face significant challenges in identity and access management. The numbers of both both internal and external users are expanding. Being able to answer the question of “who are you?” is foundational to all digital and physical access management. Managing privileges and associating them with the provisioning of services, assets and access is a complex and difficult process. Shutting those privileges down when roles change or an employee leaves the organization is equally crucial to the security of your systems and information.

Protiviti’s Identity and Access Management professionals have extensive experience in a broad variety of identity environments; from highly trusted and proofed systems to those allowing unsubstantiated credentials. We can assist you in defining a strategy, establishing policies, certifying environments (and tools), federating partners, product selection, and system deployment.

Our services include:
- Access Management Policy & Standards
- Identity and Access Management Design & Implementation
- Identity Credential Selection
- Identity Federation Strategy & Implementation

Client Case Study:

Client Description:
$15 billion leading US Health and Life Insurance Provider

Client Issues:
- A $15 billion leading U.S. health and life insurance provider engaged Protiviti to analyze, plan and design their role-based access control environment to support more than 30,000 end-users.
Protiviti Approach:

- Protiviti analyzed, planned and designed a comprehensive role-based access control environment.
- Our team of professionals gathered requirements and performed vendor selection for the identity management provisioning tool to support the role-based model on an ongoing basis.
- Further, we performed cleanup of access and user access provisioning processes.

Benefits Achieved:

- Reduction in the average turnaround time from two weeks to three days for providing end-users complete access.
- Clean up of provisioning processes allowed for centralization and reduction of support staff.
- An auditing vehicle was implemented to monitor and maintain Sarbanes-Oxley compliance through timely activation and deactivation of user accounts and resolution of segregation of duties conflicts.

C. Security Strategy and Program Management

Overview and Approach:

As your organization becomes more and more connected, it is critical to view information security and privacy as a business issue, not just an IT issue. Security threats, vulnerabilities and privacy exposures challenge every organization today, creating risks that must be understood and managed. It is essential to establish and then continually improve a security program to maintain an effectively operating IT environment as well as comply with the many regulatory imperatives you face.

Protiviti information security professionals can assist you in defining security policies that align with your business goals and making them operational with a robust architecture, relevant deployment procedures, and meaningful controls. We can also help you build a sustainable program with creative awareness and training solutions. We can also help you prepare for responding to security events as well as provide incident response forensics and analysis expertise.

We offer the following security program management services:

- Security Policy & Program
- Security Strategy & Architecture
- Security Implementation & Deployment
- Security Metrics
- Incident Response
- Awareness & Training
- Other Security Services

Using Protiviti’s Risk Solutions Methodology, in conjunction with leading industry frameworks (e.g., ISO27002, NIST, etc.), Protiviti assists organizations with Security Strategy and Program Management services by assessing the organization’s current information security state, determining future direction, and developing a roadmap to accomplish the desired security strategic planning objectives. This may result in the development of a new security strategy and program or identifying opportunities to improving the existing security strategy and program. The key tasks required to complete a Security include the following:

- Task 1: Understand and Assess the Current Environment

  Protiviti will assess the organization’s security posture and control environment using Protiviti’s Solution Methodology and select industry frameworks to establish a baseline. To gain an understanding of current activities, controls, and business needs, the following activities are performed:

  - Interview key individuals across the various IT and Business areas to understand roles, responsibilities, processes, technologies, and related gaps and inefficiencies.
  - Perform a gap analysis to identify completeness and overall organizational maturity against objectives as defined by selected industry frameworks.
  - Leverage, to the extent possible, existing documentation, work efforts, and results from recent information security risk assessment activities performed within the organization’s environment.
Task 2: Establish Future State and Objectives
Protiviti will work with client management to establish a clear vision and high-level organizational security objectives that align with future technology plans and business needs. Activities include:

- Interview key individuals across the various IT and Business areas to understand future business needs and objectives and to identify upcoming projects.
- Establish consensus across IT and Security Management on perceived threats, high-risk areas, and capability maturity and process goals.
- Work with IT and Security Management to develop or revise the information security value statement and stated objectives of the security organization in potential areas including policy, organization, governance, architecture, process and controls.

Task 3: Develop Overall Security Strategy and Roadmap
Protiviti will leverage the results of the current state assessment, in conjunction with the established future business needs and goals, to develop a security roadmap. The roadmap will contain a prioritized list of initiatives to remediate identified gaps that further align the organization towards its stated goals and objectives. Activities include:

- Utilize the results of the security gap assessment to formulate a series of strategic projects and initiatives to build and sustain the organization’s future security program.
- Categorize developed initiatives and prioritize based on the high-risk areas identified during the assessment.
- Develop and document a roadmap detailing the timeline and approach to implementing an effective security strategy, identifying immediate, short-term, and long-term actions with associated roles and responsibilities.

Client Case Study:

Client Description:
Financial Services Industry Provider

Client Issues:
- This organization was facing challenges with understanding the investments in information technology; their need for these investments; and the value delivered.

Protiviti Approach:
- Protiviti was engaged by our client to assist with the development of an IT Strategic Plan. This plan addressed three key components of strategic planning: Vision, Alignment, and Infrastructure. To develop the IT Strategic Plan, we utilized the Six Disciplines framework. We evaluated business, organizational, customer, regulatory challenges to ensure that the plan would address the needs of the organization. In order to develop the strategic plan, we focused on the following 4 area and developed plans that provided cohesive strategies that were timely, specific, and measurable: Technology Vision, Strategic Alignment, IT Strategy, and IT Capacity Plan.

Benefits Achieved:
- Based on the results of our assessment, the organization was able to evaluate the challenges they were facing in development and execution of their strategy. Executive Management came to understand that their planning process was not addressing all the critical components of a strategic plan. For example: they did not have the appropriate level of rigor to sort through all of the initiatives and evaluate the financial, operational, security, and customer value of these initiatives to the organization; they were not able to prioritize initiatives to deliver those with the highest impact first; and they were not evaluate the time impact of these initiatives in the context of their strategic needs.
This project was very successful and well received by the client. The client was able to come to terms with their previous approach to strategy development and subsequently revised the entire IT strategic plan. It also provided Executive Management with visibility into their execution of strategies and the measurement of value of these strategies and it provided them the ability to monitor progress going forward.

D. Vulnerability and Penetration Testing

Overview and Approach:

Security threats are constantly changing – in their intent, their intensity, and their direction. Protiviti Vulnerability and Penetration Testing professionals use the latest tools and techniques to simulate the various approaches a hacker or disgruntled employee might use to enter your organization in an unauthorized way. Working as your partner and with your consent, we can provide a series of internal and external penetration tests of your IT infrastructure and/or your physical premises in order to test the strength of your defenses. If we are successful in gaining unauthorized entry, we will provide you with approaches to fix the issues we find. Our objective is to help you proactively protect your people and information assets by leveraging our knowledge of constantly changing exploits.

We offer the following services in this area:

- Infrastructure Assessment
- Application Assessment
- Network Assessment
- Database Assessment
- Penetration Testing

Protiviti performs both external and internal vulnerability assessments that address the network, operating system and application layers. These assessments consist of the following steps:

**Step 1 – Discovery/Footprint Analysis**

A complete profile or “footprint” is created of computer addresses and other information for the external network perimeter and/or internal network. This “footprint” details the ranges of potential systems available via the network and allows us to create a complete profile of the organization’s security posture. Protiviti security professionals will identify IP blocks owned by the client and provide to management for validation. The “footprint” ensures that there is a sound methodology for performing a deeper reconnaissance effort.

After the footprint has been established, the next step is to conduct a Network Discovery Scan to identify live hosts within the IP addresses identified. During Discovery, Protiviti will attempt to identify open ports, operating systems/versions, and applications.

**Step 2 – Enumeration**

The next step is to conduct a Network Enumeration to identify domain names and associated networks related to NCPA members. During enumeration, Protiviti will attempt to extract valid account or exported resource names from systems using both automated and manual exploitation techniques. The principle difference between discovery and enumeration lies in the level of intrusiveness.

Enumeration involves active connections to the systems and direct queries. Some operations and techniques used:

- Ping Sweep - identifies systems responding to ICMP requests;
- DNS Zone Transfer - identifies additional target machines;
- Network Mapping/Port Scan - identifies services running/open ports;
- www.netcraft.com and nmap - identifies what OS the target site is running;
- Bounced Mail Attack/Mail Relay; and
- Traceroute - identifies the "hops" between the target and destination.

Using the information gathered during discovery and enumeration (e.g., operating system versions, applications, and open services), the team will perform research for vulnerabilities that may affect the target systems. The team will then attempt to confirm if these vulnerabilities actually exist on the system during analysis.

**Step 3 – Vulnerability Scans**

In addition to identifying vulnerabilities based on the information gathered during the discovery and enumeration phases, Protiviti will programmatically scan the target systems using leading network security assessment software (NSAS), including publicly available commercial tools and Protiviti developed techniques. NSAS is a collection of computer programs that scan a range of computer IP addresses specified by the user from a node on an Intranet, extranet, or the public Internet. NSAS include tools such as the Nessus, QualysGuard, and others. NSAS scans each IP address for known vulnerabilities that can provide unauthorized access or cause system disruption. NSAS tools do not actually exploit vulnerabilities; rather, they identify vulnerabilities that could potentially be exploited by an unauthorized individual to gain access or cause disruption to the system, reveal sensitive information or cause a denial of service scenario. Although these tools will check for some of the same vulnerabilities, each tool tests unique aspects of a system or uses different methods of testing.

Sample vulnerabilities that may be tested by NSAS include, but are not limited to:

- Possible susceptibility to brute force attacks;
- Insecure ports and services;
- Outdated patches;
- Insecure TFTP and FTP implementations;
- NetBIOS/SMB vulnerabilities;
- RPC service vulnerabilities;
- HTTP/CGI vulnerabilities;
- IP spoofing/sequence prediction, denial of service, and many other attacks.

**Step 4 – Manual Validation and Analysis**

While commercial scanning tools provide a solid foundation for vulnerability detection, they have several limitations. Many of the tools generate inconclusive reports due to false positives, false negatives, and inherent ambiguity in automated scanning techniques. Protiviti will carefully evaluate the results of each tool and, where possible, manually verify and test the existence of difficult to detect vulnerabilities to ensure accurate reporting. Protiviti will conduct manual probes and interviews with client personnel to identify potential false positives. Protiviti security professionals will evaluate the results of each tool by reviewing the indicated vulnerabilities to assess the likelihood of exploitation; Protiviti will use databases of exploits and various security community resources to identify recently released vulnerabilities, especially those that have been discovered since the latest release of automated scanners.

Protiviti will then carefully evaluate the results of each tool and, where possible, manually verify the existence of difficult to detect vulnerabilities to ensure accurate reporting. Specifically, Protiviti will at a minimum perform false/positive reduction for Medium through Critical priority vulnerabilities and manual validation on select Critical and High priority vulnerabilities.

Protiviti security professionals will use a variety of tools and techniques, as it deems necessary to prove vulnerabilities exist; however, such proof does not require the full execution of the vulnerability where Protiviti believes that such a course of action may cause potential damage to NCPA member systems.

Protiviti will perform initial analysis of the vulnerabilities identified to highlight the key issues and will follow-up with key personnel as necessary to confirm vulnerabilities and the potential impact of the vulnerabilities on the NCPA member's network environment. Protiviti will analyze the results of the vulnerability scans, manual validation tests, and information provided by key NCPA member contacts and prioritizes observations accordingly.

Manual validation testing is critical to ensure that false positives are identified and removed so that only true and accurate findings are reported. During our manual validation tests, we take screen prints or
generate logs/reports of the results for a representative sample of vulnerabilities tested in order to provide the technical support to IT for research and remediation. By performing this additional level of testing and providing the technical evidence/proof of confirmed vulnerabilities, our clients are assured that they are receiving the highest quality results. We believe the work we perform as part of manual validation testing uniquely distinguishes us from our competition.

Security vulnerabilities will be placed into a matrix, prioritized by severity, which will include recommendations for addressing them. Critical vulnerabilities will be brought to the attention of management immediately. Close communications will be maintained with company resources throughout this step of the project to monitor any potential impact on network performance.

**Step 5 – Penetration Testing**

All identified vulnerabilities will be assessed as to the likelihood of exploitation. Close communications will be made with the NCPA member organization prior to any type of intrusive activity that could potentially impact network performance. Due to the limitations of scanning tools, the team will use both automated and manual methods to confirm and/or exploit these vulnerabilities. Exploitation will be limited to a specific subset of accessible systems; this subset will be defined with the cooperation of the client management team.

Protiviti security professionals will use tools from Protiviti database of exploits for recently released and little known vulnerabilities, especially those that have been discovered since the latest release of automated scanners. In addition, Protiviti will use a variety of tools and techniques such as: whisker (cgi scanner), nikto (cgi scanner), mail attacks, DNS attacks, web attacks, buffer overflows, session hijacking, brute forcing, and other techniques for conducting exploits. All intrusive techniques will be coordinated with management to minimize any potential impact on operations.

Protiviti will use such techniques, as it deems necessary to prove vulnerabilities exist; however, such proof does not require the full execution of the vulnerability where Protiviti believes that such a course of action may cause potential damage to systems.

As appropriate, Protiviti may attempt to gain unauthorized access to systems and map/explore the organization’s network. Close communications will be maintained with NCPA member resources throughout this phase of the project to monitor potential impact on network performance. Exploitation will be limited to a specific subset of systems; this subset will be defined with the cooperation of the client management team. **NCPA member organizations will identify any critical systems that should be removed from scope or noted for extreme caution.**

**Client Case Study:**

**Client Description:**
Media Group and the Global Publisher of a Leading Weekly News Magazine

**Client Issues:**
- The client was in need of identification and analysis of the information security threats and vulnerabilities which may pose a significant risk to their organization.
- Due to the inorganic growth of the group by acquisitions through years, IT and credit card payment infrastructure was diverse in platforms, applications, geographical location and security maturity.

**Protiviti Approach:**
- Conducted a Payment Card Industry Data Security Standard (PCI DSS) gap analysis through interviews, system settings and documentation review.
- Performed a holistic risk assessment of the systems security by reviewing the networks, platforms, web applications and processes.
- Conducted an online assessment through automated scanning of networks, manual testing and verification of vulnerabilities and interviews with system administrators, system owners and developers.
- Reported key gaps in policy, business process and technology against PCI DSS.
Benefits Achieved:

- Protiviti’s Qualified Security Assessor (QSA) benchmarked the organization against the PCI DSS and provided a prioritized list of actionable issues to address, to meet compliance obligations and avoid fines from their acquiring bank.

- The client also benefited from an increased security posture by addressing urgent remediation recommendations.

- A technical report was provided together with an executive summary highlighting key vulnerabilities and their potential route causes and prioritizing activities to address risks identified.

- Protiviti’s team of “ethical hackers” identified several severe vulnerabilities on public systems that needed to be fixed immediately and provided detailed remediation recommendations as well as vulnerability information, risk analysis and business impact of findings.

- An understanding of Internet security exposures and risks helped the client implement an effective vulnerability management program in addition to making improvements to their software development lifecycle and service provider management practices.
INTERNAL AUDIT AND FINANCIAL CONTROLS

We work with audit executives, management and audit committees at companies of virtually any size, public or private, to assist them with their internal audit activities. This can include starting and running the activity for them on a fully outsourced basis or working with an existing internal audit function to supplement their team when they lack adequate staff or skills.

Protiviti professionals have also assisted hundreds of companies with establishing first-year Sarbanes-Oxley compliance programs as well as ongoing compliance. We help organizations transition to a process-based approach for financial control compliance, identifying effective ways to appropriately reduce effort through better risk assessment, scoping and use of technology, thus lowering the cost of compliance. Reporting directly to the board, audit committee or management, as desired, we have completed hundreds of discrete, focused financial and internal control reviews and control investigations, either as part of a formal internal audit activity or apart from it.

The expertise we provide includes:

- Audit Committee Advisory
- Information Technology (IT) Audit Services
- Internal Audit Co-Sourcing
- Internal Audit Full Outsourcing
- Internal Audit Quality Assurance Reviews
- Internal Audit Technology & Tool Implementation
- Internal Audit Transformation
- Start-up & Development Advice
- High Value Auditing
- Data Mining & Analytics
- Financial Controls Reporting & Sarbanes-Oxley Compliance
- J-SOX Compliance

We provided further detail for a subset of these services in the following sections below.

I. Financial Controls Reporting Compliance

Overview and Approach:

Protiviti’s Financial Controls and Sarbanes-Oxley (SOX) Compliance professionals help companies establish effective internal control over financial reporting.

Whether your organization is just getting started or has complied for years, we help companies apply a top-down, risk-based approach, in accordance with the Securities and Exchange Commission’s interpretive guidance, to implement a cost-effective compliance process. We help rationalize the critical risks, identify the key controls, develop a credible body of evidence supporting controls design and operating effectiveness, drive accountability for compliance throughout the organization, and coordinate the optimization of the attestation process under Auditing Standard No. 5.

Our experience gained by working with hundreds of other companies gives us the knowledge to help organizations think longer-term, make the right choices and create value as sustainability improves. Our flexible, comprehensive approach is driven by a customized road map that addresses each client’s immediate priorities, planned improvements, longer-term strategic improvements and designated timetable.

Our specific services include:

- SOX compliance project planning and management
- Documentation, evaluation, testing and remediation of risks and controls
- Compliance cost reduction by rationalizing risks and controls and implementing risk-based testing
- Improvement of internal controls and the quality of key upstream business processes affecting financial reporting
- Governance Portal implementation and support
Client Case Study:

Client Description:
A $1 billion Health Care and Life Sciences company

Client Issues:
- The client wanted an Internal Audit service provider to allow greater flexibility on cost and talent, and help mitigate risks facing the company.
- The client opted Protiviti out of three consulting firms. The client saw the value and experience Protiviti could bring for assistance in the first year of SOX Compliance.

Protiviti Approach:
- Developed an internal audit approach and program that addressed enterprise, financial and operating risks including strengthening of the community audit program.
- Rationalized the number of key controls to appropriately fit the client given recent changes in size and strategy over the recent years.
- In the early stage of the audit program, Protiviti rebalanced the Internal Audit function to spend less time testing SOX controls and improve efficiency with greater automation and/or integration with other existing efforts and more time was spent executing high value Internal Audit reviews.

Benefits Achieved:
- Reduced and streamlined SOX compliance effort.
- Provided first year of Internal Audit and SOX Compliance.
- Identified opportunities to reduce the number of controls through the proven Protiviti SOX optimization methodology.
- Dedicated additional time to doing value-added audits, focused on key risks.
II. Internal Audit

Overview and Approach:

Our Internal Audit services are supported by a consistent, field-tested, risk-based and process-focused methodology derived from our experiences on thousands of internal audits. **Our methodology is consistent with the IIA Standards for the Professional Practice of Internal Auditing, aligns well with the Yellow Book Government Auditing Standards, and is linked to a number of supporting knowledge tools, frameworks, and databases. Our internal audit service approach is rooted in this methodology as outlined below.**

This methodology and audit approach is taught to all of our consultants throughout the world through our Internal Audit training schools. Our methodology can be used completely or in conjunction with your organization’s existing methodology as the framework to build, execute and track a risk-based internal audit plan. Our methodology is comprehensive, covering planning, execution, reporting and follow-up, and is built on The Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing (The IIA Standards). It uses widely accepted control frameworks and internal audit methods and is designed to add value. At the same time, it is flexible, allowing for creativity and customized approaches to meet any organization’s unique needs.

**The IIA Standards and Professional Frameworks:**

We follow The IIA Standards and The IIA Code of Ethics. We utilize a variety of internationally recognized professional frameworks in our internal audit work, the primary ones being COSO and COBIT in the United States.
**Internal Audit Risk Assessment:**

Protiviti has developed a world-class risk assessment methodology that includes a unified approach for addressing both IT and business risk. The table below shows the overall Protiviti risk assessment methodology:

<table>
<thead>
<tr>
<th>Strategic</th>
<th>Operational</th>
<th>Financial</th>
<th>Compliance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Identify Audit Universe</td>
<td>Risk Rank Audit Units</td>
<td>Map Risks and Determine Final Risk Assessment</td>
<td>Prioritize Business Risks</td>
</tr>
<tr>
<td>- Identify and link organization’s structure, locations and processes</td>
<td>- Assess risks in auditable units</td>
<td>- Map business risks to auditable units</td>
<td>- Understand entity-level control environment</td>
</tr>
<tr>
<td>- Inventory business operations, IT projects, applications and infrastructure components</td>
<td>- Prioritize and develop risk mitigation strategies</td>
<td>- Aggregate auditable unit risk with business risk</td>
<td>- Evaluate the risk of fraud</td>
</tr>
<tr>
<td>- Link IT applications to processes</td>
<td>- Consider history of problems and issues</td>
<td>- Identify aggregated stakeholders throughout the process</td>
<td>- Prioritize risks on inherent and residual basis</td>
</tr>
</tbody>
</table>

Risk assessment is a critical element of any world-class internal audit department’s responsibility and provides the opportunity to be "front and center" with senior management as a strategic partner in the company’s ability to manage and control business risks. The objective of a risk assessment is to develop the right internal audit plan for your organization, one focused on your most significant risks.

Our risk assessment methodology is built around the COSO Enterprise Risk Management (ERM) framework and, accordingly, recognizes the need to consider strategic, operational, financial reporting and compliance objectives in order to develop a comprehensive audit plan that focuses on all appropriate areas of risk. This methodology balances the need to perform compliance audits covering policy, laws, and regulations with the need for efficiency, cost control, quality, and other differentiators to help ensure value-added internal audit services are delivered to your organization.

As part of our risk assessment process, we will interview key individuals and identify financial, operational, and technology risks associated with your organization’s environment and information for decision making within the context of the Protiviti Risk Model. The Protiviti Risk Model is a comprehensive organizing framework for defining and understanding potential business risks. Protiviti will work closely with your to develop a customized Risk Model that reflects the institution’s unique operating environment, culture and management vernacular. Ultimately, this model helps to ensure your risk assessment is comprehensive and that the resulting audit plan is focused in the right areas.

A business is not successful by avoiding risk; rather, its success can be determined by how well it manages risk. In order to successfully manage risk, you must have a clear understanding of (a) what your risks are, and (b) the relative impact of each risk.
Below is an example of our Risk Model customized to fit the “Higher Education Industry,” which is based on our experience with several universities:

**Internal Audit Project Planning and Execution:**

Throughout the audit process, we encourage up-front and frequent communications with our clients to help ensure that no “surprises” are delivered in the final report/work product provided at the end of each project. This process begins with close communication, planning, project scoping, and scheduling with management. To this end, Protiviti will:

- Determine timing and specialized skill requirements of planned internal audit projects
- Establish an audit schedule with internal audit projects
- Define report formats and deliverables
- Conduct status meeting with management representatives
- Prepare detailed scope for planned internal audit projects
- Send announcement memos and develop a work program, which will assess the risk for fraud and non-compliance with laws, regulations, and policies and procedures
- Hold “kick-off” meetings with each of the key contacts identified by management to help support the audit efforts to both walk through the scope, timing, and schedule for the audit to be performed as well as introduce each of the respective project team members and their roles and responsibilities during the engagement
- Leverage Protiviti’s Intellectual Property, which includes a host of tools and resources for assisting companies with their internal audit needs
- Meet with your external auditor to facilitate knowledge sharing and communicate expectations between internal and external auditors
- Conduct status meetings with management representatives to formally communicate both the progress of the audit and to review any opportunities/risks identified that require further discussion and/or clarification
• Conduct an audit exit meeting with key process owners at the end of fieldwork to discuss observations and root causes to issues

We look forward to meeting with you and further elaborating on our approach to audit execution and how it would apply to projects identified at your organization.

Key benefits and value derived from Protiviti's methodology include:

• Close alignment with your needs to improve business performance and manage business risks
• A framework to continuously monitor and assess critical processes and controls
• Field-tested, fully developed methodology with a proven track record of success. We have leveraged this approach on every client we serve
• Effective integration of our Education, Government, and Not-for-Profit industry, process, and risk specialists. We involve specialists in specific areas of business processes, risks and related controls to add additional value during our evaluation of the control environment related to certain specialized processes
• Insightful deliverables regarding the source of risks, the identity and evaluation of risks and controls, and recommendations to increase your operating efficiencies through cost-effective control improvements
• Effective communications with the goal of working with the process owners as a value-added service

Client Case Study:

Client Description:
Higher Education – Large Nationwide Educational Institution. The organization is the premier provider of higher education programs for working adults.

Client Issues:
• The university system requested full outsourced internal audit services.

Protiviti Approach:
• Protiviti was selected as the outsourced internal audit services provider to the institution. Our work for them has included facilitating an organization-wide risk assessment, performing audits on all of the institution’s campuses, performing audits of on-line activities, auditing various corporate departments, and auditing the IT systems and processes in use.

Benefits Achieved:
• Protiviti redesigned the University’s campus audit process and work programs.
• Additionally, our team has assisted the institution in performing work related to Sarbanes-Oxley compliance.

III. Internal Audit Quality Assessment

Overview and Approach:

Protiviti’s Internal Audit Quality Assurance professionals help organizations evaluate conformance with The International Standards for the Professional Practice of Internal Auditing (Standards) and identify opportunities to improve internal audit performance and services.

The IIA Standards require an external review of the internal audit activity every five years. These reviews are designed to assess the activity’s conformance with the Standards and its effectiveness in providing assurance/consulting services to the organization’s board of directors, senior executives and other interested parties.
An external Quality Assessment Review can facilitate the transformation of an internal audit department into a more strategic business partner and value-added activity. The process can identify improvement opportunities and provide counsel to the chief audit executive and staff for improving their performance and services, as well as promoting the image and credibility of the internal audit activity. With more than 175 professionals accredited in Quality Assessment and Validation, Protiviti is well positioned to evaluate an organization’s conformance with The IIA Standards and suggest leading internal audit solutions to enhance the quality and effectiveness of internal audit.

Client Case Study:

Client Description:
Multiple Leading Fortune 1000 companies

Client Issues:
- Internal Audit departments often find it challenging to convey to company senior management the value that the internal audit activity provides, or is able to provide, to the organization at-large.
- Protiviti performed full-scope and self assessment validation QAR projects at leading Fortune 1000 companies in many industries, including consumer products and goods, manufacturing and pharmaceuticals.

Protiviti Approach:
- Review of the internal audit department’s charter and operating policies
- Review of a sample of audit project work papers
- Interviewing selected key stakeholders in the organization at-large
- Assessment of the internal audit department’s conformance with the IIA Standards
- Benchmarking the internal audit department against leading practices, and providing recommendations for improvement opportunities

Benefits Achieved:
- Protiviti QAR projects have resulted in a cross section of process improvements for Client internal audit departments, including: risk assessment and methodology delivery, staff recruiting and retention practices, IT audit integration and implementation of best practice Audit Committee reporting and performance measurements.

IV. IT Audit

Overview and Approach:

Protiviti’s Information Technology (IT) Audit professionals help organizations gain insight into the threats inherent in today’s highly complex technologies.

Protiviti conducts an annual survey of chief audit executives, as well as their internal audit directors, managers, and other professionals, to determine how they perceive their present capabilities, where they currently see need for improvement, and how they prioritize those needs. Respondents answer questions in three subject areas: General Technical Knowledge, Audit Process Knowledge and Personal Skills and Capabilities.

Within the subject area of Audit Process Knowledge, Auditing IT Program Development is rated as consistently having the lowest average competency of all the internal audit process skills listed in the questionnaire. The other areas of IT auditing pose similar challenges and are all perceived as having much lower competency than any other types of skills. These findings are consistent with the strongly expressed need for improvement in all aspects of IT audit.
A successful IT audit appropriately assesses technology risks and the control environment as they relate to critical business processes. Protiviti’s deep expertise in IT audit can help ensure the integrity, reliability and performance of these processes. Through our methodologies, our clients realize more effective and efficient technology controls that better align the internal audit function with their business and IT strategies.

Protiviti views the following activities as key execution steps specifically within the IT internal audit function. The first three elements (outlined in blue box) form the basis for an IT risk assessment. Our IT risk assessment approach closely aligns with the IT Risk Assessment/Audit Planning GTAG issued by the Institute of Internal Auditors (IIA).

**Step 1: Understand the Business**

An effective IT risk assessment and audit planning approach should begin with understanding the client’s business operations, organizational structure, and how IT is used to support the organization’s business strategy. Through conducting interviews, reviewing the organization’s business and IT strategies, business processes, and other information, Protiviti works with the client to understand:

- Attitude of senior management toward IT (e.g., IT is a strategic enabler vs. IT is a utility)
- How IT is leveraged across the business (e.g., core operations, compliance/risk management, financial reporting)
- Process maturity
- Significant operational risks
- Corporate business objectives and the implication for IT

Further, in order to assist with obtaining an understanding of the key “technology” risks, processes, projects, and systems in the environment, Protiviti has developed the Technology Risk Model (“wheel”), which depicts the risks and other aspects of an IT environment and can be used to help identify the auditable technology universe (see diagram below). Protiviti will work with the NCPA member to identify specific security risks, procedures, current projects, and tools/systems in support of identifying the auditable IT universe and how information technology is implemented at the organization.
**Technology Risk Model:**

After the IT Audit Universe has been identified, we prioritize the risks applicable to the audit universe components. In alignment with GTAG 11, we utilize a standard set of risk criteria to assist the organization in assessing the likelihood and impact of the inherent risk for each IT audit unit.

Key steps to evaluating risk:
- Collect data and rank the universe and IT risks
- Determine overall inherent risk rankings
- Develop reporting and deliverables to support audit planning process

Once the key risks are identified, they are tied to the IT Audit Universe and ranked based on likelihood of occurrence of key risks and overall impact to the organization. Auditable entities are ranked on a number of criteria based on the category of entity, as depicted below. In addition, risk criteria are ranked to help determine risk impact, as well as factoring in the ranking of the associated Technology Risk Model risk(s).

### IT Applications/Systems

<table>
<thead>
<tr>
<th>IT Applications/Systems</th>
<th>IT Processes</th>
<th>Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>System Changes</td>
<td>Reliability/Consistency</td>
<td>Criticality</td>
</tr>
<tr>
<td>Sensitivity</td>
<td>Technology Leverage</td>
<td>Project Management Experience</td>
</tr>
<tr>
<td>Availability/Stability</td>
<td>Results Management</td>
<td>Executive Ownership</td>
</tr>
<tr>
<td>Complexity</td>
<td>Resource Skill Level</td>
<td>Process &amp; Control Re-engineering</td>
</tr>
<tr>
<td>Level of Customization</td>
<td>Complexity/Coordination Level</td>
<td>Development Platform</td>
</tr>
<tr>
<td>Transaction Volume</td>
<td></td>
<td>Project Budget</td>
</tr>
</tbody>
</table>
Step 3: Formalize IT Audit Plan

Following the completion of the evaluation of risk and development of deliverables, Protiviti performs the following steps as part of formalizing the IT audit plan:

- Verify and review results with management
- Gain an understanding for other considerations relevant to audit planning, such as management priorities, planned initiatives/strategies, resource constraints, etc.

Many factors outside of the risk assessment results should be discussed with management and understood thoroughly in order to develop an IT audit plan that meets your needs. Below is a diagram depicting some of the key factors considered when we work with clients to assess risk and identify the key areas to include within scope for the IT audit plan:

Key Deliverables:

- **IT Audit Universe** – Chart showing population of applications, IT processes, IT projects, and supporting systems within the environment
- **Heat Map** – Provides a visual representation of the audit universe plotted to show the relationship of two values (“Likelihood of Occurrence” and “Impact”) that come together to form an overall risk score
- **IT Audit Plan** – Report showing list of IT audits selected prioritized by risk (e.g., High, Medium, Low)
Step 4: IT Audit Project Execution

Protiviti employs the following approach when executing an IT Audit Project:

Understand Activities & Objectives:
We start out scoping audits by understanding the activities of the process (inputs, outputs and systems) and identifying the audit objectives in collaboration with process owners and senior management. This includes reviewing policies and organizational structure.

Perform Project Risk Assessment:
We leverage information gathered in the IT risk assessment to perform a risk assessment at the project level by understanding the IT and business strategy, objectives and key processes of the area under review and identifying what risks may stand in the way of achieving those business strategies and objectives.

Plan Project:
Our planning and scoping memo contains pertinent information and decisions regarding the project and is approved before fieldwork commences. It delineates “what is in” and “what is out.” It narrows the IT audit focus to specific areas of significance (processes, transactions, locations, activities or systems) for the project objectives.

Understand & Analyze Activity:
If they are not already documented, we gain an understanding of the activities being audited. This documentation is created in the form of flowcharts and/or memoranda, and we confirm its completeness and accuracy with process owners.

Evaluate Design Effectiveness:
We evaluate the design effectiveness of the collection of controls for each IT risk before proceeding to testing of controls. In many cases, multiple controls are required to mitigate a risk; in some cases, one control may adequately mitigate multiple risks.

Test Operating Effectiveness:
Our work program is further built out when we develop the detailed test plan. We use standard sample sizes to test the operating effectiveness of controls and expand testing on daily controls when the error rate is non-negligible. Testing techniques may include inquiry, observation, inspection and re-performance.

Validate Findings:
We confirm all preliminary audit findings with personnel directly involved in the controls or transactions that gave rise to the preliminary issues in order to obtain agreement on the facts and to determine whether all pertinent factors have been considered.

Report Results:
We communicate factual findings of the design and operational effectiveness of internal controls and provide recommendations for process improvement. Working with management, we develop action plans and agree on owners and implementation dates.

**Follow-up on Findings:**
While ownership of implementation belongs to management, we perform follow-up with management on a timely basis to confirm that the agreed-upon action plans have been implemented.

**Client Case Study:**

**Client Description:** Large State University

**Client Issues:**
- The university has a complex IT environment and as a result they have needs for specialty IT audits skills each year.

**Protiviti Approach:**
Protiviti has provided IT audit co-sourcing services to the university for the past 12 years, including services provided as our legacy firm. Services performed in the last several years have primarily been IT security audits, including reviews of:
- PCI compliance
- QAR of the OSU PCI compliance office
- RACF Security
- Web server security
- Intrusion detection/prevention devices and processes
- Network vulnerability scans
- Financial information management IT controls

In addition, Protiviti is responsible for IT audit scoping, development of IT audit programs, execution of fieldwork, and developing IT audit reports.

**Benefits Achieved:**
- We provided valuable and actionable recommendations on how to improve the University’s IT control environment in an efficient and cost effective manner.
LITIGATION, RESTRUCTURING, AND INVESTIGATIVE SERVICES

We partner with General Counsel, outside legal counsel, CFOs, board members, and Senior Management to address legal, economic and unforeseen events that threaten enterprise value. We help clients assess their fraud and electronic discovery risks and implement solutions to better manage these risks. We also provide support for litigation matters, represent either the client or creditor side in financial restructurings and lead investigations into financial irregularities.

Our solutions include:

- Financial Investigations
- Fraud Risk Management
- Litigation Consulting
- Organization Restructuring & Recovery
- E-Discovery

I. Financial Investigations

Overview and Approach:

Protiviti’s Financial Investigations professionals work with organizations and counsel to protect enterprise value by independently uncovering the facts, reviewing and analyzing complex financial information, and providing insight based on experience, expertise and proven investigative practices.

In uncertain economic times, the incidence of white-collar crime and financial disputes escalates, which means companies need to be even more vigilant about the associated risks. The pressure to commit crimes such as bribery, kickbacks, and fraud is elevated and can occur anywhere and involve anyone – from management and staff to suppliers and creditors. Recent events have shown that ponzi schemes and other illegal acts and irregularities can go undetected for years, costing organizations and investors billions of dollars before being discovered.

Our Financial Investigations consultants are certified public accountants, certified fraud examiners, industry experts and computer forensic professionals who know how to effectively work with counsel, regulators and law enforcement. Our global team conducts the following types of investigations:

- Accounting Irregularities/Restatements
- Special Investigations for the Board or Audit Committee
- Foreign Corrupt Practices Act (FCPA) Violations
- Financial Statement Reconstruction
- Fidelity Bond or Director and Officer Claim Analysis
- Internal Investigations
- Money Laundering Investigations
- Regulatory Investigations

Client Case Study:

Client Description:

Private Retailer/Distributor Company
**Client Issues:**

- Protiviti was engaged with a private retailer/distributor Company with ~ $4 Billion in annual revenue who was in the process of filing an S-4 with the SEC when they discovered a significant inventory out-of-balance situation.
- Upon discovering the inventory out-of-balance situation, the Company’s Board of Directors immediately engaged Protiviti to help assess the situation, identify the root causes, quantify the impact, and assist with reconstructing and restating financial statement accounts.
- The restatement of the company’s financial statements led to various covenant defaults and certain lenders sought repayment of their outstanding debt.

**Protiviti Approach:**

- Protiviti assisted the client in negotiations with replacement lenders to facilitate the accelerated repayment, which resulted in the client obtaining more favorable terms and higher asset advance rates than initially offered.
- Developed a comprehensive model of integrated cash flow, balance sheet and income statement projections, financial ratios and metrics, and anticipated borrowing needs.

**Benefits Achieved:**

- Protiviti’s model, which included the capability to perform sophisticated sensitivity analyses driven by any number of key inputs, was used to determine the appropriate type and magnitude of a major refinancing.
- Led to the issuance of $300 million in senior secured notes and the syndication of a $300 million asset-based revolving line of credit.

**II. Fraud Risk Management**

**Overview and Approach:**

Protiviti’s Fraud Risk Management consultants help organizations build a solid infrastructure for evaluating, mitigating and monitoring their risk of fraud and misconduct.

Understanding vulnerabilities to fraud and misconduct is essential in today's global marketplace, as regulators are demanding more active management of fraud risk. With the average U.S. organization losing an estimated 5 percent of its annual revenue to fraud*, shareholders are increasingly interested in fraud risk management to help protect the bottom line.

Our Fraud Risk Management consultants assist organizations with building sustainable fraud risk assessment processes and developing anti-fraud programs and controls to meet fiduciary and regulatory responsibilities. We support organizations in their efforts to prevent and detect fraud risk at every level, from fraud risk governance and employee training to fraud audits and fraud monitoring programs.

Our solutions include development, assessment and collaboration on:

- Fraud Control Policy
- Fraud Risk Committees
- Anti-Fraud Programs
- Fraud Risk Assessment
- Corruption and FCPA Risk Evaluation
- Fraud Risk Awareness Programs
- Fraud Prevention / Detection Controls
- Investigation and Response Protocols
- Fraud Audits
- Fraud Risk Monitoring
**Client Case Study:**

**Client Description:**
Private Educational Institution

**Client Issues:**
- The Board of Trustees of a private educational institution received anonymous complaints of inappropriate spending by the University President over a multiple-year period. The Board engaged Protiviti through Independent Counsel to investigate the complaints, which required assistance in the area of forensic accounting.

**Protiviti Approach:**
- Protiviti’s investigative steps included document collection, financial analysis and interviews which resulted in evidence of wrongdoing by the University President.

**Benefits Achieved:**
- The Board of Trustees for the University demanded the resignation of the University President after hearing the evidence accumulated by Protiviti investigators.
- The results of the Protiviti investigation and related investigative report were used by the government to initiate a grand jury investigation involving the University President and to commence a Congressional Inquiry into abusive spending at Universities.

### III. Litigation Consulting

**Overview and Approach:**
Protiviti’s Litigation Consulting professionals support organizations and counsel through all phases of litigation to help ensure a successful outcome.

In uncertain economic times, contracts are broken, employees are laid off, supply chains are disrupted, pension plans lose money, intellectual property rights are violated, professionals are sued for malpractice, and shareholders demand accountability and regulators become more aggressive. Regardless of the type of business dispute, Protiviti can help.

Our Litigation Consulting professionals draw upon their deep expertise and qualifications in finance, accounting and valuation, as well as advanced skills in technology, e-discovery, and computer forensics and database analysis. We can provide assistance during all phases of a matter, from early complaint and discovery through damage analysis, trial preparation and expert testimony. Our team provides damages analyses and expert testimony in commercial disputes, including:

- International Arbitration
- Domestic Alternative Dispute Resolution
- Accounting and Auditing Matters
- Accountant Liability
- Breach of Contract
- Directors’ and Officers’ Liability
- Insurance Claims/Recovery
- Purchase Price/Post-acquisition
- Securities Fraud
- Preference and Fraudulent Conveyance Actions
Client Case Study:

Client Description:
Major U.S. Company

Client Issues:
- Lack of understanding of the updated Federal Rules of Civil Procedure (the “Rules”), which went into effect in the United States on December 1, 2006, as a result of which the company:
  - Lacks confidence in its ability to comply with the rules
  - Had concerns that the opportunity to reduce cost or reduce litigation by taking advantage of certain rights has not been leveraged
  - Is not sure when or how it can destroy electronic data, so everything is kept
- Recent litigation led to a loss or unfavorable settlement, due to inability to properly produce electronic data
- The client was subject to high-dollar and/or frequent litigation
- Legal or regulatory risk was considered high for the company or industry in which they operate

Protiviti Approach:
- The client’s executives understood the high-level implications of the updated Federal Rules of Civil Procedure (FRCP), but they were concerned with their internal ability to implement a compliance program.
- Protiviti assisted the company with the development and maintenance of a records retention program that helped balance the ongoing compliance, operational and technology needs of the organization.

Benefits Achieved:
- With the help of the Protiviti team, the client was able to develop a records retention program that helped balance the ongoing compliance, operational and technology needs of the organization.
- Processes to prepare for the implementation were also identified.

IV. Organization Restructuring and Recovery

Overview and Approach:

Protiviti’s Organization Restructuring and Recovery consultants partner with any party in a restructuring or recovery situation to create favorable outcomes.

In today’s economy, more and more businesses face financial difficulties caused by increasing competitive, environmental and regulatory challenges. For this reason, organization restructuring has become an unwavering fixture in the business world and affects all professionals.

Our Organization Restructuring and Recovery professionals provide a wide range of consulting, tax and financial services to debtors, committees of unsecured creditors, secured lenders, bankruptcy trustees, individual creditors and other interested parties to help navigate clients through the complexities associated with corporate restructuring. We understand the complex issues involved in distress situations and help bring order, clarity and direction under otherwise tumultuous circumstances. We recognize that it is essential to utilize financial strategies that will protect and enhance the interests of the company, its creditors and other interested parties. Our team combines financial advisory and business management experience to implement solutions for clients involved in either out-of-court or court-supervised proceedings.

Protiviti brings together Certified Fraud Examiners, Certified Insolvency and Restructuring Advisors, and Certified Valuation Analysts along with other certified professionals. In addition, our consultants have served with the approval of the United States Bankruptcy Courts in fiduciary roles such as trustee, examiner, receiver, chief restructuring officer and plan administrator.
Our capabilities include:

- Managing complex financial, tax and legal regulatory challenges
- Negotiating with creditors, suppliers, shareholders and other corporate stakeholders
- Developing and evaluating restructuring plans
- Identifying options to improve liquidity
- Providing expert testimony, financial valuations and bankruptcy administrative services

**Client Case Study:**

**Client Description:**
Retail Organization

**Client Issues:**
- The client filed for Chapter 11 bankruptcy

**Protiviti Approach:**
- Our Protiviti professionals prepared the bankruptcy schedules, Statement of Financial Affairs, and monthly operating reports for the 13 affiliated Debtor entities
- Provided the debtor’s accounting and treasury departments with assistance and guidance regarding the Chapter 11 processes, protocols, and policies
- Currently providing the data mining and financial analysis needed to quantify and pursue preference and other avoidance actions on behalf of the Debtors’ estates.

**Benefits Achieved:**
- The Debtors reported their financial conditions to stakeholders on a timely basis and consistent with Court deadlines.
- The Debtors wound down their operations as smoothly as possible, especially in light of the size and complexity of the businesses.
- The Debtors are engaged in the pursuit of over $300 million in recovery actions, the proceeds from which will enhance the return to the Debtors’ creditors.
RISK AND COMPLIANCE

We partner with management, board members and outside counsel to help organizations comply with regulatory requirements, respond to situations of noncompliance, and improve the processes around information systems supporting governance, risk and compliance (GRC). We help clients take a disciplined approach to managing credit, market and operational risks through a combination of assessments, process improvement, and model review and validation.

Below are the overview, approach, and a sample client credential for each of the individual risk and compliance solutions requested in the RFP.

I. Credit Risk

Overview and Approach:

Protiviti’s Credit Risk consultants help many of the world’s leading organizations reduce costs and improve returns while matching credit risk strategies to our clients’ risk appetites.

The credit crunch and ensuing write-offs of more than $400 billion dollars in 2008 serve as painful reminders of the importance of carefully managing credit risk. Even in non-crisis periods, credit losses cost organizations tens of billions of dollars annually. These costs can intensify with suboptimal underwriting, pricing and portfolio monitoring methodologies; inefficient credit and collection processes; and ineffective or outdated technology. High credit risk is typically indicated by increasing credit losses in the form of charge-offs, write-offs, or higher loss provisions, high cost of funding and flat or declining net interest margins.

Our Credit Risk professionals improve your economic returns by helping to implement more effective risk-rating methodologies, enhance revenue through risk-based credit origination and pricing strategies, and improve risk-adjusted return on capital through better allocation methodologies. We also help you reduce risk management process costs by as much as 40 percent and implement enhanced reporting tools and methodologies for better decision-making.

Our credit risk team regularly delivers the following services to our clients:

- Model Governance, Development and Validation
- Credit Operations Assessment, Design and Implementation
- Loan Review Services
- Transaction and Lender Due Diligence
- Credit Process Internal Audit Reviews
- Credit Risk Software and Tool Assistance
- Capital Allocation Methodology Assessment and Design, including Basel II
Client Case Study:

Client Description:
Leading Provider of Property & Casualty and Life Insurance

Client Issues:
- The client implemented a new agent compensation model and management desired to better match compensation to industry benchmarks/standards as well as minimizes the short-term economic impact to agents.

Protiviti Approach:
Protiviti performed the following for the client:
- Assessed the new agent compensation model and performed characteristic sensitivity analysis compared to the legacy model
  - Interviewed selected senior executives including the CFO and other compensation stakeholders
  - Developed models to predict the conversion impact on agent commissions for two of the client’s largest markets
  - Provided agent- and portfolio-level view of total compensation changes versus time; and
  - Identified compensation change drivers and determined their sensitivity
- Determined gaps and recommended short- and long-term options
  - Summarized gaps in the new compensation model
- Defined and recommended short- and long-term payout change options

Benefits Achieved:
- Protiviti’s work enabled the client to better understand the conversion impact on agent commissions and come up with suitable strategies to mitigate negative short-term impact to agents with different portfolio characteristics. The client originally engaged Protiviti to work on its second largest market. The successful completion of that engagement led to the rehiring of Protiviti to work on the client’s largest market.
III. OMB A-123 Internal Controls Assessment

Overview and Approach:

Protiviti’s approach for compliance with OMB A-123 includes the following five phases: planning, evaluating controls at an entity level, evaluating controls at the process level, testing the control design and effectiveness, and concluding, reporting and correcting. Concurrent with these phases, Protiviti provides seasoned project management, knowledge sharing, relevant reporting and a pursuit of continuous improvement for both project related work and operational improvements.

In addition to our approach for compliance with OMB A-123, Protiviti brings over 9 years of assisting clients with similar projects in their OMB A-123 and Sarbanes Oxley compliance efforts. Our professionals are experienced with this methodology and also with the templates, standards and similar examples in use at over hundreds of clients nationwide.

Below is a snapshot of the methodology to assist NCPA members with their OMB A-123 compliance efforts:

<table>
<thead>
<tr>
<th>Planning</th>
<th>Evaluate Controls at an Entity Level</th>
<th>Evaluate Controls at the Process Level</th>
<th>Test Control Design and Effectiveness</th>
<th>Conclude, Report &amp; Correct</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Confirm scope of the program</td>
<td>✓ Identify and evaluate entity level controls</td>
<td>✓ Perform risk assessment of inherent risks within each applicable process</td>
<td>✓ Create test plans and sampling approach</td>
<td>✓ Provide interim internal controls reports</td>
</tr>
<tr>
<td>✓ Develop detailed work plan</td>
<td>✓ Document the scope and supporting methodology</td>
<td>✓ Rationalize controls</td>
<td>✓ Test operational effectiveness of controls</td>
<td>✓ Facilitate the development and communication of corrective action plans</td>
</tr>
<tr>
<td>✓ Define roles, responsibilities and resources</td>
<td>✓ Perform an assessment of the entity level controls</td>
<td>✓ Update/Create the documentation for key business and IT processes</td>
<td>✓ Document results of work performed</td>
<td>✓ Obtain ownership by appropriate personnel</td>
</tr>
<tr>
<td>✓ Finalize reporting requirements</td>
<td>✓ Validate with management and external auditors</td>
<td>✓ Evaluate process design effectiveness</td>
<td>✓ Validate results with management and external auditors</td>
<td>✓ Assist with the roll-out of improvements</td>
</tr>
<tr>
<td>✓ Confirm materiality levels and other risk assessment criteria to enable a top-down approach to the program</td>
<td>✓ Identify and evaluate entity level controls</td>
<td>✓ Document results of work performed</td>
<td>✓ Facilitate the development and communication of corrective action plans</td>
<td>✓ Monitor the implementation of corrective actions</td>
</tr>
<tr>
<td>✓ Identify financial significant applications and related IT processes</td>
<td>✓ Perform risk assessment of inherent risks within each applicable process</td>
<td>✓ Validate results with management and external auditors</td>
<td>✓ Test corrected control failures</td>
<td>✓</td>
</tr>
</tbody>
</table>
Planning:
In the Planning phase, Protiviti will organize and initiate the assessment for the scope of work designated by the NCPA member. Not only do we create a detailed work plan, but we define all of the critical elements necessary to support the execution of the detailed work plan. Throughout our approach, we look for opportunities to improve an organization across the six key elements of internal controls compliance infrastructure as our goal is to create a sustainable process with objectives that represent your organization (See diagram below for Six Key Elements of Infrastructure).

The key tasks we will perform during the planning phase include:

- Confirm scope of the program – A firm scope definition will be confirmed to guide the on-going work efforts.
- Develop detailed work plan – In the detailed work plan we establish the integration, scope, time, cost, quality, human resource, communications, management plans, procedures, protocols, and forms to be used during the project. Based on the required deliverables and respective due dates, we will define the specific work packages, level of effort, and durations to arrive at a work plan. From this we will establish the critical path, milestones, and checkpoints.
- Outline roles, responsibilities and resources – With an agreement on the work to be completed and the timing of the work, we can finalize the definition of roles and responsibilities and align them with the resources needed and available and organize the team structure. This effort will also include confirming the roles and activities of the Management team related to this project.
- Finalize reporting requirements – Reporting requirements include status reports, assurance statements and formats as designated by management. It is here that we confirm the form and content of reports and protocol for report development.
- Corroborate materiality levels and other risk assessment criteria – Materiality is based on both quantitative and qualitative measures such as susceptibility to fraud, complexity of accounting, subjectivity of journal entries, and volume of transactions. As annual guidance and other publications provide insight, we will work with management to determine if changes to the materiality levels and risk assessment criteria require adjustments necessary to ensure consistency and efficiency in the assessment process.

- Confirm financial significant applications and identified key IT processes – Utilizing relevant IT control frameworks and other authoritative internal control guidance (e.g., FISCAM, COBIT, the IIA’s GAIT...
principles, etc.), we will confirm the financially significant applications and focus the assessment effort around the security, change management, and operations of those critical financial applications.

- Confirm financial statement elements and the key business processes – We will confirm with management the Financial Reporting Element (“FRE”) or account scoping. For each in-scope FRE or account, the most relevant financial statement assertions and key business processes will also be confirmed.

- Confirm sampling criteria and testing strategy – We will work with management to understand the approach followed in prior years to outline the preliminary design effectiveness and entity-level assessments. For the evaluation of operational effectiveness, we will work to understand the existing standards in place to address when sampling is to be used; when 100% review is warranted; in what situations statistical instead of random sampling is required; required sample sizes; incremental sample sizes if exceptions are noted, and other differing requirements based on the type of control, the frequency of the control, and the attributes being evaluated.

- Develop controls documentation standards – Since it is assumed that an automated tool is in use to capture the A-123 planning, documentation, validation, testing, and corrective action planning results, we will seamlessly transition onto the project by utilizing the standards defined by management. During the Planning phase, these standards will be agreed upon, published and communicated across client management, Protiviti, and applicable key process owners.

**Evaluating Internal Controls at an Entity Level:**

In the Evaluating Internal Controls at an Entity Level phase, we will conduct a top-down, risk-based scope assessment. It is in this phase that you have the greatest impact on the work that follows the rest of the year. By identifying and monitoring controls that address risks across multiple process areas, the organization may dramatically reduce the level of effort downstream. The key tasks that we may perform to assist management during this phase include:

- Identify and evaluate entity level controls – The evaluation of entity level controls is important for two reasons. The first is to evaluate the overall control environment which provides the context for the risk assessment. The second is to identify any monitoring controls that are at a sufficient level of detail that key financial reporting risks are mitigated and therefore, the amount of testing required at the process level is decreased. We will evaluate entity level controls to identify those monitoring controls that are already being evaluated at the entity level and may be relied upon to further mitigate risks at the process level. Note: General IT controls at the entity-wide/installation level will also be evaluated as part of the process level assessment.

- Document the scope and supporting methodology – To assist your organization with ensuring the top-down, risk-based approach is a continuous and sustainable effort, we will document the scope, approach and methodology applied in performing the entity level controls assessment noted above.

- Perform an assessment of the entity level controls – An initial assessment will be made of the identified entity level controls to provide a basis for the A-123 work efforts downstream. The assessment will be performed applying the assessment strategy outlined in the Planning phase and using documented validation steps.

- Validate with management and external auditors – The results of the entity level controls assessment will be summarized and published for reporting to management and to the external auditors upon request by the client.

**Evaluating Internal Controls at the Process Level:**

We can provide further support to NCPA members by assisting with the overall evaluation of Internal Controls at the Process Level across the in-scope processes. In the Evaluating Internal Controls at the Process Level phase, the key tasks we will perform during this phase include:

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**Capability Maturity Model**

Protiviti uses the perspective provided by the Capability Maturity Model to understand and communicate the maturity and sustainability of an organization’s internal control structure and assist management in progressing from the initial/ad-hoc stage toward the managed/optimized state.
• Perform risk assessment of inherent risks within each applicable process – We will utilize our experience from previous clients in evaluating the six defined processes and associated risks within those processes. We will also utilize applicable internal control frameworks (e.g. COSO, COBIT, etc.), risks identified from prior years’, and relevant findings for designated processes to support risk identification and control assessment. Also, iShare, our proprietary internal knowledge sharing engine, provides templates of existing risks applicable to processes identified in the scope of work. An assessment of the identified risks and associated controls will be performed to provide the basis for the A-123 work efforts downstream.

• Rationalize controls – Protiviti will review the controls at the process level to identify those controls to be of the greatest importance to the process. As all subsequent work downstream relies on the number of key controls, it is during this activity that we are able to find the greatest opportunities to save your organization time and money.

• Update/Create the documentation for key business and IT processes – For each in-scope business process, any existing process narrative descriptions, flowcharts, and control matrices will be reviewed to determine if the documentation can be updated or if it needs to be created. Per the standards and formats defined in the Planning phase, these critical documentation elements will be updated or created.

• Evaluate process control design effectiveness – Walkthroughs will be conducted with process and control owners to assess the design of the controls. We will work with management to conduct walkthroughs in a manner consistent with management’s overall approach. Just as a note, our standard approach is to observe at least one occurrence of the control procedure during the walkthrough to ensure the control is in place and all key attributes of the control that are required to pass operating effectiveness testing are in place. This approach ensures that the control procedure is designed appropriately and ensures the process and control owner are fully aware of each key attribute of the control procedure that will be tested.

• Document results of work performed – All work will be documented and any issues identified at a level of significance to require remediation will have corrective action plans developed in coordination with the process and control owners.

• Validate results with management and external auditors. – Results of the design assessments will be reviewed and validated with process owners, management, and other parties upon request by management.

• Prepare results for management – Once the results of the design effectiveness are validated, they will be prepared in the format defined in the Planning phase.

**Testing Control Design and Operating Effectiveness:**

A balanced control test plan consists of three elements – process owner self-assessment, monitoring (both entity-level and process-level) and independent testing (both automated and manual controls). Tests of controls are only one element of the body of evidence available to management in completing its assessment. The stronger an organization’s compliance environment (i.e., its self-assessment program and monitoring capabilities) and the greater the maturity of its processes (i.e., the extent to which they are defined and managed), the less independent testing is needed to support management’s assertion regarding the effectiveness of the internal controls over financial reporting.

Once the design of controls has been evaluated, the validation of controls operation will be completed. There are many different methods of testing operating effectiveness ranging from 100% review of control
activities to various methods of sampling including statistical monetary, statistical attribute, judgmental, and random. The key tasks we will perform during this phase are:

- Create test plans and sampling approach – Once the design assessment is completed and any necessary corrective actions initiated, the sampling strategy defined in the Planning phase will be applied to the specific controls requiring testing to define a sampling approach and a test plan that maximizes the value of each test.

- Test operational effectiveness of controls – With the sampling approach defined and test plans documented, we can proceed with the execution of the test plans.

- Document results of work performed – All work will be documented and any issues identified at a level of significance to require remediation will have corrective action plans developed in coordination with the process and control owners.

- Validate results with management and external auditors - Results of the operational effectiveness assessments will be reviewed and validated with process owners, management, and other parties per request by management. Once the results of the operating effectiveness are validated, they will be prepared in the format defined in the Planning phase for management.

**Concluding, Reporting and Correcting:**

We are frequently called upon to provide reports to management summarizing the work we have completed. In the Planning phase, we will confirm the reporting requirements for the A-123 program. We will also issue weekly progress, issues and status reports as warranted by project work. We will review samples of the desired reports to confirm the LANL expectations.

Among others, we anticipate the following key deliverables will be produced during the various phases of work:
Quality Assurance and Engagement Management Plan:

Delivering consistent, high-quality service to our clients is a core value shared across throughout Protiviti. We will apply a proven client service model to meet management’s expectations for quality and on-time delivery. During the Planning phase, we will meet with key management personnel to understand expectations and measures of project success and confirm them in writing. We will integrate meeting these expectations into our project management plan; provide regular intervals to obtain feedback on whether expectations are being met and will make revisions as needed; incorporate the measures of success into our status reporting; and employ the following quality control procedures for the execution of our work:

- **Established Policies** – Documented policies outlining the team’s quality standards and project performance standards will be communicated to each team member during the on-boarding process and on a regularly scheduled basis thereafter.

- **Work Product Review** - All of our reports, analyses, and assessments will be reviewed, at a minimum, by one level higher than the individual who performed the work. All reports are reviewed by a Project Manager or a Project Managing Director, as appropriate, for compliance with documented quality and performance standards as well as substantive content.

- **Team Training** - Each member of our project team has received extensive training in the assessment methodology. In addition to learning and practicing the methodology, this training provides each individual with a complete package of methodology reference materials that they retain.

Our project management approach is designed to ensure that each project is treated consistently through a sustainable process that enables successful planning upon project onset, execution according to agreed-upon schedules, and on-going control monitoring to ensure that milestones, timelines, and deliverables are met to management’s satisfaction. We incorporate appropriate review/checkpoints throughout the process to effect continual client involvement and minimize the likelihood of surprises being discovered at the end of the project.
Client Case Study:

Client Description: Higher Education – Private University

Client Issues:
- OMB Circular A-123 Compliance and Internal Audit services for the University’s Government Funded Research Lab Facility

Protiviti Approach:
- Protiviti assisted the Lab in complying with OMB Circular A-123 requirements for the travel process. This includes identification and documentation of the risks and controls associated with the travel process.
- Protiviti also assisted the Lab in complying with OMB Circular A-123, by testing high, medium, and low risk controls over the travel process. This included testing transactions related to all travel processes.
- Protiviti’s work included review of policies and procedures to ensure they were in compliance with DOE guidelines and FAR regulations.

Benefits Achieved:
Protiviti identified recommendations to enhance internal controls and process efficiency:
- Identified the need to implement controls over system access and to ensure the appropriateness of access and to identify potential segregation of duties issues
- Recommended enhancement opportunities over controls on reconciliations and documentation
- Recommended development of pertinent policies
- Identified a segregation of duties issue and provided a process enhancement recommendation to address the issue
- Noted automation opportunities to improve process efficiency

III. Operational Risk

Overview and Approach:
Protiviti’s Operational Risk professionals help organizations to drive operational performance, enhancing regulatory standing and shareholder confidence.

Most major financial incidents result from operational risk issues that could have been mitigated or even prevented. For example, a $7.2 billion trading loss was attributed to lack of risk detection protocols, poor risk reporting and failed policy enforcement. Because operational risks are often interrelated with other risks, such as, credit risk and subprime issues, Operational Risk Management (ORM) leaders must translate business issues into ORM actions.

Protiviti is known for our collaborative approach towards helping leading institutions build and evolve their ORM programs so that tangible benefits are realized, including:
- Reduced Operational Risk Losses
- Improved Operational Performance
- More Accurate Economic Capital Levels
- Enhanced Regulatory Standing, Rating Agency Grades and Shareholder Confidence

Protiviti can provide your organization with a broad range of services to help manage operational risk. Our professionals include a mix of former business line managers, operations managers, regulators, risk managers and Ph.D.-level quantitative analysts who are experienced in implementing ORM programs across the globe.
We focus strategically and act tactically to ensure the vision is set, gaps are known and actions quickly deliver value. Our passion is delivering pragmatic solutions that improve decision-making and change the behaviors of executive leaders and line managers. We understand the importance of regulatory hot-buttons like scenario analysis as well as the challenges institutions face to implement key ORM initiatives due to complexity, cost and awareness.

Client Case Study:

Client Description: Higher Education – Major University

Client Issues:
- This large for-profit university developed a model to measure the impact of financial counseling initiatives on student borrowing trends. The model compared the amount of student loans to relative financial need in determining if a student borrowed "responsibly".
- Protiviti was engaged by management to perform a review of the general approach, assumptions and mechanics of the model. This included a detailed review of the database and SQL logic used to extract and compile source data, as well produce the final output of the model.

Protiviti Approach:
- Conducted interviews of financial aid and business intelligence personnel to understand the model's underlying principles and identify key assumptions.
- Leveraged the collective knowledge of Protiviti's Higher Education team to review management's approach considering relevant regulatory requirements and financial aid processing practices.
- Performed detailed testing to validate database schema and SQL logic used to compile source data and execute model calculations.
- Presented an alternative model for management's consideration.

Benefits Achieved:
- Our client was able to develop a unique model to quantitatively measure a student's borrowing decisions.
- The client was able to gain insights into the tangible impacts of financial counseling initiatives undertaken by the university.
- Validation of the accuracy of model data and assumptions.
- The following deliverables were provided to the client over the course of the project:
  - Summary of observations and recommendations related to approach, assumptions and model sustainability
  - Recommended edits to SQL logic
  - Alternative model with supporting rationale

IV. Regulatory Compliance

Overview and Approach:

Protiviti’s Compliance professionals help organizations develop a sustainable and cost-effective solution to regulatory compliance.

As the global financial crisis has deepened, the high cost of regulatory compliance has grown more burdensome for organizations. Looking ahead, regulatory changes for financial services organizations are a foregone conclusion, and many executives wonder what and how spillover of regulation will touch their industries. In addition, most companies anticipate or are already dealing with heightened environmental requirements and a growing focus on sustainability.
Protiviti’s Regulatory Compliance consultants help organizations take a systematic, risk-focused approach to managing their compliance efforts. Our professionals work with clients around the world, and appreciate the diverse, complex challenges global companies must address.

Our approach is to understand your strategic business objectives and determine how regulatory requirements might have an impact on them. Whether addressing one compliance area or taking an enterprise-wide view, we ensure the risk of noncompliance is addressed, and looks to improve the effectiveness and help you lower the cost of compliance activities. We work with you to integrate your compliance activities and address problems with a streamlined set of control activities. By connecting activities under a common compliance framework, we are able to consolidate compliance-related data and provide management with better monitoring tools and information for decision-making.

Our Regulatory Compliance professionals specialize in the following areas:

- Compliance Function Design
- Privacy
- Foreign Corrupt Practices Act (FCPA)
- Environmental, Health and Safety Risk Services (EH&SRS)

**Client Case Study:**

**Client Description:** Higher Education – Medium-Sized University

**Client Issues:**

- The university was concerned about the current effectiveness of its Compliance and Government Regulation Management function prior to the introduction of a new Compliance database system.
- Protiviti was called upon to assess the current state of the compliance function by analyzing the controls and procedures used to identify and monitor compliance with applicable laws and regulations. This included procedures around identifying new and applicable regulations, understanding how they relate to the university, designing and implementing policies, compliance training and awareness activities, and the ongoing monitoring and reporting of the university's compliance.

**Protiviti Approach:**

- Protiviti evaluated current policies and procedures for compliance with rules and regulations and developed a comprehensive list of missing or ineffective objectives.
- The team leveraged Protiviti tools and methodologies to assist the client with categorizing and ranking the relevant compliance categories and the processes and attributes that supported compliance for a future project. The team also provided a compliance inventory log of applicable laws and regulations and a sample responsibility matrix to provide insight into leading industry practices and to assist the university in the development of its compliance function.

**Benefits Achieved:**

- The client was able to gain insights to leading industry practices alongside the implementation of a new Compliance system.
- Protiviti was able to provide sample compliance tools, such as Compliance Responsibility Matrices and Compliance Risk Tables.
- The following deliverables were provided to the client over the course of the project:
  - Gap analysis and remediation action plans
  - Inventory of applicable laws and regulations
Tab 6 – References

Please find below 10 client references as requested in the RFP. We have provided a variety of different client references across K-12, Higher Education, Government, and Quasi-Government entities in order to demonstrate a large variety and breadth of experience across relevant industries.
## Tab 7 - Pricing

<table>
<thead>
<tr>
<th>Service Description</th>
<th>Initial Cost</th>
<th>Additional Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service 1</td>
<td>$1200</td>
<td>$50/HR</td>
</tr>
<tr>
<td>Service 2</td>
<td>$1500</td>
<td>$75/HR</td>
</tr>
<tr>
<td>Service 3</td>
<td>$2000</td>
<td>$100/HR</td>
</tr>
<tr>
<td>Service 4</td>
<td>$2500</td>
<td>$125/HR</td>
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</tbody>
</table>
Tab 8 – Value Added Products and Services

Overview of Protiviti Solutions

Protiviti helps companies around the globe identify, measure, and navigate the risks they face, within their industries and throughout their systems and processes, using proven value-added solutions. Below is a high level overview of the portfolio of solutions we provide to our clients:

<table>
<thead>
<tr>
<th>Internal Audit and Financial Controls</th>
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<tbody>
<tr>
<td>• Audit Committee Advisory</td>
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<tr>
<td>• IT Audit Services</td>
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<tr>
<td>• Internal Audit</td>
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<tr>
<td>• Start-up and Development Advice</td>
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<tr>
<td>• High Value Auditing</td>
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<tr>
<td>• Data Mining and Analytics</td>
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<tr>
<td>• J-SOX Compliance</td>
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<tr>
<th>Finance and Accounting Excellence</th>
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<tbody>
<tr>
<td>• Performance and Information Management</td>
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<tr>
<td>• Finance Process Optimization</td>
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<tr>
<td>• Financial Reporting Remediation and Compliance</td>
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<tr>
<td>• International Financial Reporting Standards (IFRS)</td>
</tr>
<tr>
<td>• Financial Controls and Sarbanes-Oxley Compliance</td>
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<tr>
<td>• Enterprise Risk Management</td>
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<thead>
<tr>
<th>Business Operations Improvement</th>
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<tbody>
<tr>
<td>• Supply Chain</td>
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<tr>
<td>• Capital Projects and Contracts</td>
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<tr>
<td>• Loss Prevention</td>
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<tr>
<td>• Revenue Risks</td>
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<tr>
<td>• AP Recovery Services</td>
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<table>
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<tr>
<th>Information Technology Consulting</th>
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<tr>
<td>• Strategy and Alignment</td>
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<td>• IT Operations Improvement</td>
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<tr>
<td>• IT Governance and Risk Management</td>
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<tr>
<td>• Security Strategy and Program Management</td>
</tr>
<tr>
<td>• Identity and Access Management</td>
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<tr>
<td>• Data Security and Privacy Management</td>
</tr>
<tr>
<td>• Vulnerability and Penetration Testing</td>
</tr>
<tr>
<td>• ERP Solutions</td>
</tr>
<tr>
<td>• eDiscovery and Records Management</td>
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<tr>
<td>• Risk Technologies</td>
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<tr>
<td>• Software Services</td>
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<tr>
<td>• End-User Applications Services</td>
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<tr>
<td>• Portfolio, Program and Project Management</td>
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<table>
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<tr>
<th>Risk and Compliance</th>
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<tbody>
<tr>
<td>• Risk Strategy and Management</td>
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<tr>
<td>• Credit Risk</td>
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<td>• Market and Commodity Risk</td>
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<td>• Model Risk</td>
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<td>• Operational Risk</td>
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<tr>
<td>• Policy and Strategy Communications</td>
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<td>• Compliance</td>
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<tr>
<th>Litigation, Restructuring and Investigative Services</th>
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<tr>
<td>• Corporate Restructuring and Recovery</td>
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<td>• E-Discovery</td>
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<tr>
<td>• Financial Investigations</td>
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<tr>
<td>• Fraud Risk Management</td>
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<tr>
<td>• Litigation Consulting</td>
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<tr>
<th>Transaction Services</th>
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<tbody>
<tr>
<td>• Merger and Acquisition Services</td>
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<tr>
<td>• Public Company Transformation</td>
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</tbody>
</table>

Additional details on methodology and approach for each of the solutions noted above may be provided upon request.
Tools and Resources

KnowledgeLeader℠

KnowledgeLeader is a platform, with which we share our knowledge with our clients and other companies. This is a subscription based website with tools, best practices, white papers, risk models, and other materials that you can use on a daily basis to manage risk and improve your company’s business processes. KnowledgeLeader will help you save time, stay abreast of business and technology risks, and improve your internal controls.

Information is updated weekly and offers access to hundreds of tools, samples, and templates including:

- Audit work programs
- Risk assessment tools
- Information technology guidance
- Policies and procedures
- Process auditing methodologies
- Pre-formatted questionnaires/surveys

Topics addressed by KnowledgeLeader include:

Internal audit best practices
Fraud and business ethics
Control self assessment

Corporate governance
Technology audit
Risk assessment

Audit committees
Security and privacy
Business continuity

What customers have to say about KnowledgeLeader:

"As an individual interested in the broad areas of risk and control, I find KnowledgeLeader to be the one site that I always look at - without fail - when a new issue comes out. The articles and research are both insightful and helpful. There are many imitators, but in my view, this is one of the very best sites addressing these important issues, as well as internal audit, on a regular basis."

- Larry Rittenberg, COSO Chairman and Ernst & Young Professor of Accounting
  University of Wisconsin-Madison

30-day free trials are available. Subscription discounts are given to Protiviti clients.
KLplus is the combined offering of KnowledgeLeader's standard subscription service plus online CPE Courses and Risk Briefs. The courses are a collection of interactive, Internet-based training courses offering a rich source of knowledge on internal audit and business and technology risk management topics.

**Add value to your organization**

Discover how access to the breadth of internal audit, technology security and risk management training will improve your daily operations.

**Topics covered with KLplus include:**

- Internal audit
- Sarbanes-Oxley Act
- COSO
- Business Continuity
- Technology
- Security
- Enterprise risk management
- Internal controls

**Protiviti's Business Intelligence Tool**

- Business intelligence is the practice of knowing one's own business and using this knowledge to make informed decisions that create a competitive advantage. Our Discoveri™ Tool provides a web-enabled, integrated application suite designed to link risk intelligence management and data analysis/mining techniques with internal audit execution. Supported by proven data analysis and data mining methodologies, Discoveri™ enables Protiviti professionals to analyze and "mine" data for the purpose of...
mitigating new and changing business risks, and uncovering and transforming data into profitable information for our clients.

- **Discover™** utilizes ACL® (Audit Command Language) and ANGOSS KnowledgeSTUDIO® to enable standardized solutions and analyze or model client data. These tools offer comprehensive data analysis, data modeling, reporting and scoring capabilities, enabling our professionals to analyze data and identify the business trends and risks that lay ahead for our clients. The strength of the insight gained through this type of analysis impacts a company’s profitability and improves business performance, giving our clients a competitive advantage.

**Protiviti’s Business Continuity Tool**

**Business Continuity Management** (BCM) is the development of strategies, plans and actions which provide protection or alternative modes of operation for those activities or business processes which, if they were to be interrupted, might otherwise bring about a seriously damaging or potentially fatal loss to the enterprise. Protiviti has developed PACEmaker (Planning and Continuity Executed) a web-based tool-set to assist our consultants with the consistent execution of BCM-related diagnostics, risk assessments, business impact analyses, and plan documentation efforts.

**Key Benefits of PACEmaker include:**

- Defines a task-oriented, business continuity planning work-flow, compliant with industry best practices and applicable regulatory requirements
- Aids the planner with the identification of critical business processes, functions and assets
- Organizes business continuity-related data in one single repository
- Maintains analytic conclusions and serves as a knowledge transfer vehicle
- Enables initial recovery plan documentation and long term plan maintenance
- Enables a recurring analytic process
- Ensures complete data collection and generates key reports that influence recovery strategy decision-making

**Protiviti Governance Portal**

The Protiviti Governance Portal provides organizations with a technology platform that facilitates a common approach to risk management. Leveraging our market-leading SarbOx Portal technology, Protiviti has developed an integrated technology platform that will enable organizations to create a sustainable, repeatable, and cost-effective compliance and risk management program.

Our solution supports creation of a common language through simple, user-defined frameworks that serve as the organizing principle for entity-wide documentation, control evaluation and testing, risk assessment, remediation and integrated reporting.
IA Portal

The IA Portal is a proprietary web-based electronic work paper tool which facilitates risk assessment, findings/issue and incident management. The tool is deployed at over 350 leading companies world-wide for their Internal Audit and has been recognized as amongst ‘best in class* by Gartner (Gartner’s Magic Quadrant for Finance Governance, Risk and Compliance Software) and Forrester.

Spend Risk Assessor

The Spend Risk Assessor (“SRA”) is a proprietary web-based software application designed to analyze performance and assess risk across an organization’s purchase to payment process. The SRA aggregates spend data across multiple systems, business units, divisions, locations, etc. and creates dashboard reports for your review. These reports are created in a “live” format which enables users to change criteria, timeframes, etc., on the fly and then automatically update the dashboards.

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Protiviti SAP Assure tool

Protiviti is a preferred provider of SAP implementation services, an SAP Services Partner, and the only current member of the SAP Consulting Partner Program.
### Tab 9 – Required Documents

- Clean Air and Water Act/Debarment Notice
- Contractors Requirements
- Antitrust Certification Statements
- ARRA Standard Terms and Conditions Addendum for Contracts and Grants
- FEMA Standard Terms and Conditions Addendum for Contracts and Grants
- Required Clauses for Federal Assistance by FTA
- State Notice Addendum
Clean Air and Water Act & Debarment Notice

I, the Vendor, am in compliance with all applicable standards, orders or regulations issued pursuant to the Clean Air Act of 1970, as Amended (42 U.S. C. 1857 (h), Section 508 of the Clean Water Act, as amended (33 U.S.C. 1368), Executive Order 117389 and Environmental Protection Agency Regulation, 40 CFR Part 15 as required under OMB Circular A--102, Attachment O, Paragraph 14 (1) regarding reporting violations to the grantor agency and to the United States Environment Protection Agency Assistant Administrator for the Enforcement.

I hereby further certify that my company has not been debarred, suspended or otherwise ineligible for participation in Federal Assistance programs under Executive Order 12549, “Debarment and Suspension”, as described in the Federal Register and Rules and Regulations.

Potential Vendor: Michael Porier
Title of Authorized Representative: Managing Director
Mailing Address: 711 Louisiana Street, Suite 1200; Houston, TX 77002

Signature:

Contractor Requirements

Contractor Certification

Contractor’s Employment Eligibility

By entering the contract, Contractor warrants compliance with the Federal Immigration and Nationality Act (FINA), and all other federal and state immigration laws and regulations. The Contractor further warrants that it is in compliance with the various state statues of the states it is will operate this contract in.

Participating Government Entities including School Districts may request verification of compliance from any Contractor or subcontractor performing work under this Contract. These Entities reserve the right to confirm compliance in accordance with applicable laws.

Should the Participating Entities suspect or find that the Contractor or any of its subcontractors are not in compliance, they may pursue any and all remedies allowed by law, including, but not limited to: suspension of work, termination of the Contract for default, and suspension and/or debarment of the Contractor. All costs necessary to verify compliance are the responsibility of the Contractor.

The offeror complies and maintains compliance with the appropriate statutes which requires compliance with federal immigration laws by State employers, State contractors and State subcontractors in accordance with the E-Verify Employee Eligibility Verification Program.
Contractor shall comply with governing board policy of the NCPA Participating entities in which work is being performed

Fingerprint & Background Checks
If required to provide services on school district property at least five (5) times during a month, contractor shall submit a full set of fingerprints to the school district if requested of each person or employee who may provide such service. Alternately, the school district may fingerprint those persons or employees. An exception to this requirement may be made as authorized in Governing Board policy. The district shall conduct a fingerprint check in accordance with the appropriate state and federal laws of all contractors, subcontractors or vendors and their employees for which fingerprints are submitted to the district. Contractor, subcontractors, vendors and their employees shall not provide services on school district properties until authorized by the District.

The offeror shall comply with fingerprinting requirements in accordance with appropriate statutes in the state in which the work is being performed unless otherwise exempted.

Contractor shall comply with governing board policy in the school district or Participating Entity in which work is being performed

Business Operations in Sudan, Iran
In accordance with A.R.S. 35-391 and A.R.S. 35-393, the Contractor hereby certifies that the contractor does not have scrutinized business operations in Sudan and/or Iran.

Signature of Respondent

7/9/2012
Date

Antitrust Certification Statements (Tex. Government Code § 2155.005)

I affirm under penalty of perjury of the laws of the State of Texas that:
(1) I am duly authorized to execute this contract on my own behalf or on behalf of the company, corporation, firm, partnership or individual (Company) listed below;
(2) In connection with this bid, neither I nor any representative of the Company has violated any provision of the Texas Free Enterprise and Antitrust Act, Tex. Bus. & Comm. Code Chapter 15;
(3) In connection with this bid, neither I nor any representative of the Company has violated any federal antitrust law; and
(4) Neither I nor any representative of the Company has directly or indirectly communicated any of the contents of this bid to a competitor of the Company or any other company, corporation, firm, partnership or individual engaged in the same line of business as the Company.
ARRA Standard Terms and Conditions Addendum for Contracts and Grants

If a contract or grant involves the use of funds from the federal American Recovery and Reinvestment Act of 2009, Pub. L. 111-5 ("Recovery Act"), the following terms and conditions apply. As used in this Section, "Contractor/Grantee" means the contractor or grantee receiving Recovery Act funds under this agreement.

1. The Contractor/Grantee specifically agrees to comply with each of the terms and conditions contained herein.

2. Contractor/Grantee understands and acknowledges that the federal stimulus funding process is still evolving and that new requirements for Recovery Act compliance may still be forthcoming from federal government. Accordingly, Contractor/Grantee specifically agrees that both it and subcontractors/subgrantees will comply with all such requirements during the contract period.

AVAILABILITY OF FUNDING

Contractor/Grantee agrees that programs supported with temporary federal funds made available from the Recovery Act may not be continued once the temporary federal funds are expended.

BUY AMERICA REQUIREMENT

Contractor/Grantee agrees that pursuant to Section 1605 of Title XV of the Recovery Act, neither Contractor/Grantee or its subcontractors/subgrantees will use Recovery Act funds for a project for the construction, alteration, maintenance, or repair of a public building or public work unless all of the iron, steel and manufactured goods used in the project are produced in the United States in a manner consistent with United States obligations under international agreements. This requirement shall be applied unless the use of alternative materials has been approved by a federal agency pursuant to Section 1605.
CONFLICTING REQUIREMENTS

Contractor/Grantee agrees that, to the extent Recovery Act requirements conflict with the participating agencies requirements, the Recovery Act requirements shall control.

FALSE CLAIMS ACT

Contractor/Grantee agrees that it shall promptly refer to an appropriate federal inspector general any credible evidence that a principal, employee, agent, subgrantee, subcontractor or other person has submitted a claim under the federal False Claims Act, as amended, 31 U.S.C. §§3729–3733, or has committed a criminal or civil violation of laws pertaining to fraud, conflict of interest, bribery, gratuity, or similar misconduct involving those funds.

Contractor/Grantee agrees that if Contractor/Grantee or one of its subcontractors/subgrantees fails to comply with all applicable federal and state requirements governing the use of Recovery Act funds, the participating agency may withhold or suspend, in whole or in part, funds awarded under the program, or recover misspent funds following an audit. This provision is in addition to all other remedies available to participating agency under all applicable state and federal laws.

INSPECTION OF RECORDS

Contractor/Grantee agrees that it shall permit the United States Comptroller General or his representative or the appropriate inspector general appointed under section 3 or 8G of the federal Inspector General Act of 1978, as amended, 5 U.S. App. §§3 and 8(g), or his representative to: (1) examine any records that directly pertain to, and involve transactions relating to, this contract; and (2) interview any officer or employee of Contractor/Grantee or any of its subcontractors/subgrantees regarding the activities funded with funds appropriated or otherwise made available by the Recovery Act.

JOB POSTING REQUIREMENTS

Section 1512 of the Recovery Act requires states receiving stimulus funds to report on jobs created and retained as a result of the stimulus funds. Contractors/Grantees who receive Recovery Act funded contracts are required to post jobs created and retained as a result of stimulus funds.

PROHIBITION ON USE OF RECOVERY ACT FUNDS

Contractor/Grantee agrees that none of the funds made available under this contract may be used for any casino or other gambling establishment, aquarium, zoo, golf course, swimming pools, or similar projects.

REPORTING REQUIREMENTS

Pursuant to Section 1512 of Title XV of the Recovery Act, entities receiving Recovery Act funds must submit a report to the federal government no later than ten (10) calendar days after the end of each calendar quarter. This report must contain the information outlined below. Accordingly, Contractor/Grantee agrees to provide the County with the following information in a timely manner:

a. The total amount of Recovery Act funds received by Contractor/Grantee during the Reporting Period;
b. The amount of Recovery Act funds that were expended or obligated during the Reporting Period;
c. A detailed list of all projects or activities for which Recovery Act funds were expending or obligated, including:
   i. the name of the project or activity;
   ii. a description of the project or activity;
   iii. an evaluation of the completion status of the project or activity; and
   iv. an estimate of the number of jobs created and the number of jobs retained by the project or activity;
d. For any subcontracts or subgrants equal to or greater than $25,000:
   i. The name of the entity receiving the subaward;
ii. The amount of the subaward;

iii. The transaction type;

iv. The North American Industry Classification System (NAICS) code or Catalog of Federal Domestic Assistance (CFDA) number;

v. Program source;

vi. An award title descriptive of the purpose of each funding action;

vii. The location of the entity receiving the subaward;

viii. The primary location of the subaward, including the city, state, congressional district and country; and

ix. A unique identifier of the entity receiving the subaward and the parent entity of Contractor/Grantee, should the entity be owned by another.

x. The names and total compensation of the five most highly compensated officers of the company if it received: 1) 80% or more of its annual gross revenues in Federal awards; and 2) $25M or more in annual gross revenue from Federal awards.

e. For any subcontracts or subgrants of less than $25,000 or to individuals, the information required in d may be reported in the aggregate and requires the certification of an authorized officer of Contractor/Grantee that the information contained in the report is accurate.

f. Any other information reasonably requested by the County or required by state or federal law or regulation. Standard data elements and federal instructions for use in complying with reporting requirements under Section 1512 of the Recovery Act, are pending review by the federal government, and were published in the Federal Register, 74 Federal Register, 14824 (April 1, 2009), and are to be provided online at www.FederalReporting.gov.

SEGREGATION OF FUNDS

Contractor/Grantee agrees that it shall segregate obligations and expenditures of Recovery Act funds from other funding. No part of funds made available under the Recovery Act may be comingled with any other funds or used for a purpose other than that of making payments for costs specifically allowable under the Recovery Act.

Contractor/Grantee agrees that it shall include these standard terms and conditions, including this requirement, in any of its subcontracts or subgrants in connection with projects funded in whole or in part with funds available under the Recovery Act.

WAGE REQUIREMENTS

Contractor/Grantee agrees that, in accordance with Section 1606 of Title XVI of the Recovery Act, both it and its subcontractors shall fully comply with this section in that, notwithstanding any other provision of law, and in a manner consistent with the other provisions of the Recovery Act, all laborers and mechanics employed by contractors and subcontractors on projects funded in whole or in part with funds available under the Recovery Act shall be paid wages at rates not less than those prevailing on projects of a character similar in the locality, as determined by the United States Secretary of Labor in accordance with Subchapter IV of Chapter 31 of Title 40 of the United States Code.

WHISTLEBLOWER PROTECTION

Contractor/Grantee agrees that both it and its subcontractors/subgrantees shall comply with Section 1553 of the Recovery Act, which prohibits all non--federal Contractor/Grantees of Recovery Act funds from discharging, demoting or otherwise discriminating against an employee for disclosures by the employee that the employee reasonably believes are evidence of (1) gross mismanagement of a contract or grant relating to Recovery Act funds; (2) a gross waste of Recovery Act funds; (3) a substantial and specific danger to public health or safety related to the implementation or use of Recovery Act funds; (4) an abuse of authority related to implementation or use of Recovery Act funds; or (5) a violation of law, rule, or regulation related to an agency contract (including the competition for or negotiation of a contract) or grant, awarded or issued relating to Recovery Act funds. In addition, Contractor/Grantee agrees that it and its subcontractors/subgrantees shall post notice of the rights and
remedies available to employees under Section 1553 of Title XV of the Recovery Act.

**FEMA Standard Terms and Conditions Addendum for Contracts and Grants**

If any purchase made under the Master Agreement is funded in whole or in part by Federal Emergency Management Agency (“FEMA”) grants, Contractor shall comply with all federal laws and regulations applicable to the receipt of FEMA grants, including, but not limited to the contractual procedures set forth in Title 44 of the Code of Federal Regulations, Part 13 (“44 CFR 13”).

In addition, Contractor agrees to the following specific provisions:

1) Pursuant to 44 CFR 13.36(i)(1), University is entitled to exercise all administrative, contractual, or other remedies permitted by law to enforce Contractor’s compliance with the terms of this Master Agreement, including but not limited to those remedies set forth at 44 CFR 13.43.

2) Pursuant to 44 CFR 13.36(i)(2), University may terminate the Master Agreement for cause or convenience in accordance with the procedures set forth in the Master Agreement and those provided by 44 CFR 13.44.

3) Pursuant to 44 CFR 13.36(i)(3)–(6)(12), and (13), Contractor shall comply with the following federal laws:
   a. Executive Order 11246 of September 24, 1965, entitled “Equal Employment Opportunity,” as amended by Executive Order 11375 of October 13, 1967, and as supplemented in Department of Labor (“DOL”) regulations (41 CFR Ch. 60);
   b. Copeland “Anti-Kickback” Act (18 U.S.C. 874), as supplemented in DOL regulations (29 CFR Part 3);
   c. Davis–Bacon Act (40 U.S.C. 276a–276a–7) as supplemented by DOL regulations (29 CFR Part 5);
   d. Section 103 and 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-30) as supplemented by DOL regulations (29 CFR Part 5);
   e. Section 306 of the Clean Air Act (42 U.S.C. 1857(h), section 508 of the Clean Water Act (33 U.S.C. 1368), Executive Order 11738, and Environmental Protection Agency regulations (40 CFR part 15); and

4) Pursuant to 44 CFR 13.36(i)(7), Contractor shall comply with FEMA requirements and regulations pertaining to reporting, including but not limited to those set forth at 44 CFR 40 and 41.

5) Pursuant to 44 CFR 13.36(i)(8), Contractor agrees to the following provisions regarding patents:
   a. All rights to inventions and/or discoveries that arise or are developed, in the course of or under this Agreement, shall belong to the participating agency and be disposed of in accordance with the participating agencies policy. The participating agency, at its own discretion, may file for patents in connection with all rights to any such inventions and/or discoveries.

6) Pursuant to 44 CFR 13.36(i)(9), Contractor agrees to the following provisions, regarding copyrights:
   a. If this Agreement results in any copyrightable material or inventions, in accordance with 44 CFR 13.34, FEMA reserves a royalty-free, nonexclusive, and irrevocable license to reproduce, publish or otherwise use, for Federal Government purposes:
      1) The copyright in any work developed under a grant or contract; and
      2) Any rights of copyright to which a grantee or a contactor purchases ownership with grant support.

7) Pursuant to 44 CFR 13.36(i)(10), Contractor shall maintain any books, documents, papers, and records of the Contractor which are directly pertinent to this Master Agreement. At any time during normal business hours and as often as the participating agency deems necessary, Contractor shall permit participating agency, FEMA, the Comptroller General of United States, or any of their duly authorized representatives to inspect and photocopy such records for the purpose of making audit, examination, excerpts, and transcriptions.
8) Pursuant to 44 CFR 13.36(i)(11), Contractor shall retain all required records for three years after FEMA or participating agency makes final payments and all other pending matters are closed. In addition, Contractor shall comply with record retention requirements set forth in 44 CFR 13.42.

**Required Clauses for Federal Assistance provided by FTA**

**ACCESS TO RECORDS AND REPORTS**

Contractor agrees to:

a) Maintain all books, records, accounts and reports required under this Contract for a period of not less than three (3) years after the date of termination or expiration of this Contract or any extensions thereof except in the event of litigation or settlement of claims arising from the performance of this Contract, in which case Contractor agrees to maintain same until Public Agency, the FTA Administrator, the Comptroller General, or any of their duly authorized representatives, have disposed of all such litigation, appeals, claims or exceptions related thereto.

b) Permit any of the foregoing parties to inspect all work, materials, payrolls, and other data and records with regard to the Project, and to audit the books, records, and accounts with regard to the Project and to reproduce by any means whatsoever or to copy excerpts and transcriptions as reasonably needed for the purpose of audit and examination.

FTA does not require the inclusion of these requirements of Article 1.01 in subcontracts. Reference 49 CFR 18.39 (i)(11).

**CIVIL RIGHTS/TITLE VI REQUIREMENTS**

1) **Non-discrimination.** In accordance with Title VI of the Civil Rights Act of 1964, as amended, 42 U.S.C. § 2000d, Section 303 of the Age Discrimination Act of 1975, as amended, 42 U.S.C. § 6102, Section 202 of the Americans with Disabilities Act of 1990, as amended, 42 U.S.C. § 12132, and Federal Transit Law at 49 U.S.C. § 5332, Contractor or subcontractor agrees that it will not discriminate against any employee or applicant for employment because of race, color, creed, national origin, sex, marital status age, or disability. In addition, Contractor agrees to comply with applicable Federal implementing regulations and other implementing requirements FTA may issue.

2) **Equal Employment Opportunity.** The following Equal Employment Opportunity requirements apply to this Contract:

   a. Race, Color, Creed, National Origin, Sex. In accordance with Title VII of the Civil Rights Act, as amended, 42 U.S.C. § 2000e, and Federal Transit Law at 49 U.S.C. § 5332, the Contractor agrees to comply with all applicable Equal Employment Opportunity requirements of U.S. Dept. of Labor regulations, “Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor, 41 CFR, Parts 60 et seq., and with any applicable Federal statutes, executive orders, regulations, and Federal policies that may in the future affect construction activities undertaken in the course of this Project. Contractor agrees to take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, creed, national origin, sex, marital status, or age. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation; and selection for training, including apprenticeship. In addition, Contractor agrees to comply with any implementing requirements FTA may issue.


   c. Disabilities. In accordance with Section 102 of the Americans with Disabilities Act of 1990, as
amended (ADA), 42 U.S.C. Sections 12101 et seq., prohibits discrimination against qualified individuals with disabilities in programs, activities, and services, and imposes specific requirements on public and private entities. Contractor agrees that it will comply with the requirements of the Equal Employment Opportunity Commission (EEOC), “Regulations to Implement the Equal Employment Provisions of the Americans with Disabilities Act,” 29 CFR, Part 1630, pertaining to employment of persons with disabilities and with their responsibilities under Titles I through V of the ADA in employment, public services, public accommodations, telecommunications, and other provisions.

d. Segregated Facilities. Contractor certifies that their company does not and will not maintain or provide for their employees any segregated facilities at any of their establishments, and that they do not and will not permit their employees to perform their services at any location under the Contractor’s control where segregated facilities are maintained. As used in this certification the term “segregated facilities” means any waiting rooms, work areas, restrooms and washrooms, restaurants and other eating areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facilities provided for employees which are segregated by explicit directive or are in fact segregated on the basis of race, color, religion or national origin because of habit, local custom, or otherwise. Contractor agrees that a breach of this certification will be a violation of this Civil Rights clause.

3) Solicitations for Subcontracts, Including Procurements of Materials and Equipment. In all solicitations, either by competitive bidding or negotiation, made by Contractor for work to be performed under a subcontract, including procurements of materials or leases of equipment, each potential subcontractor or supplier shall be notified by Contractor of Contractor's obligations under this Contract and the regulations relative to non--discrimination on the grounds of race, color, creed, sex, disability, age or national origin.

4) Sanctions of Non--Compliance. In the event of Contractor's non--compliance with the non--discrimination provisions of this Contract, Public Agency shall impose such Contract sanctions as it or the FTA may determine to be appropriate, including, but not limited to: 1) Withholding of payments to Contractor under the Contract until Contractor complies, and/or; 2) Cancellation, termination or suspension of the Contract, in whole or in part.

Contractor agrees to include the requirements of this clause in each subcontract financed in whole or in part with Federal assistance provided by FTA, modified only if necessary to identify the affected parties.

DISADVANTAGED BUSINESS PARTICIPATION

This Contract is subject to the requirements of Title 49, Code of Federal Regulations, Part 26, “Participation by Disadvantaged Business Enterprises in Department of Transportation Financial Assistance Programs”, therefore, it is the policy of the Department of Transportation (DOT) to ensure that Disadvantaged Business Enterprises (DBEs), as defined in 49 CFR Part 26, have an equal opportunity to receive and participate in the performance of DOT--assisted contracts.

1) Non--Discrimination Assurances. Contractor or subcontractor shall not discriminate on the basis of race, color, national origin, or sex in the performance of this Contract. Contractor shall carry out all applicable requirements of 49 CFR Part 26 in the award and administration of DOT--assisted contracts. Failure by Contractor to carry out these requirements is a material breach of this Contract, which may result in the termination of this Contract or other such remedy as public agency deems appropriate. Each subcontract Contractor signs with a subcontractor must include the assurance in this paragraph. (See 49 CFR 26.13(b)).

2) Prompt Payment. Contractor is required to pay each subcontractor performing Work under this prime Contract for satisfactory performance of that work no later than thirty (30) days after Contractor's receipt of payment for that Work from public agency. In addition, Contractor is required to return any retain age payments to those subcontractors within thirty (30) days after the subcontractor’s work related to this Contract is satisfactorily completed and any liens have been secured. Any delay or postponement of payment from the above time frames may occur only for good cause following written approval of public agency. This clause applies to both DBE and non--DBE subcontractors, Contractor must promptly notify public agency whenever a DBE subcontractor performing Work
related to this Contract is terminated or fails to complete its Work, and must make good faith efforts to engage another DBE subcontractor to perform at least the same amount of work. Contractor may not terminate any DBE subcontractor and perform that Work through its own forces, or those of an affiliate, without prior written consent of public agency.

3) **DBE Program.** In connection with the performance of this Contract, Contractor will cooperate with public agency in meeting its commitments and goals to ensure that DBEs shall have the maximum practicable opportunity to compete for subcontract work, regardless of whether a contract goal is set for this Contract. Contractor agrees to use good faith efforts to carry out a policy in the award of its subcontracts, agent agreements, and procurement contracts which will, to the fullest extent, utilize DBEs consistent with the efficient performance of the Contract.

**ENERGY CONSERVATION REQUIREMENTS**

Contractor agrees to comply with mandatory standards and policies relating to energy efficiency which are contained in the State energy conservation plans issued under the Energy Policy and Conservation Act, as amended, 42 U.S.C. Sections 6321 et seq. and 41 CFR Part 301-10.

**FEDERAL CHANGES**

Contractor shall at all times comply with all applicable FTA regulations, policies, procedures and directives, including without limitation those listed directly or by reference in the Contract between public agency and the FTA, as they may be amended or promulgated from time to time during the term of this contract. Contractor's failure to so comply shall constitute a material breach of this Contract.

**INCORPORATION OF FEDERAL TRANSIT ADMINISTRATION (FTA) TERMS**

The provisions include, in part, certain Standard Terms and Conditions required by the U.S. Department of Transportation (DOT), whether or not expressly set forth in the preceding Contract provisions. All contractual provisions required by the DOT, as set forth in the most current FTA Circular 4220.1F, dated November 1, 2008, are hereby incorporated by reference. Anything to the contrary herein notwithstanding, all FTA mandated terms shall be deemed to control in the event of a conflict with other provisions contained in this Contract. Contractor agrees not to perform any act, fail to perform any act, or refuse to comply with any public agency requests that would cause public agency to be in violation of the FTA terms and conditions.

**NO FEDERAL GOVERNMENT OBLIGATIONS TO THIRD PARTIES**

Agency and Contractor acknowledge and agree that, absent the Federal Government’s express written consent and notwithstanding any concurrence by the Federal Government in or approval of the solicitation or award of the underlying Contract, the Federal Government is not a party to this Contract and shall not be subject to any obligations or liabilities to agency, Contractor, or any other party (whether or not a party to that contract) pertaining to any matter resulting from the underlying Contract.

Contractor agrees to include the above clause in each subcontract financed in whole or in part with federal assistance provided by the FTA. It is further agreed that the clause shall not be modified, except to identify the subcontractor who will be subject to its provisions.

**PROGRAM FRAUD AND FALSE OR FRAUDULENT STATEMENTS**

Contractor acknowledges that the provisions of the Program Fraud Civil Remedies Act of 1986, as amended, 31 U.S.C. §§ 3801 et seq. and U.S. DOT regulations, “Program Fraud Civil Remedies,” 49 CFR Part 31, apply to its actions pertaining to this Contract. Upon execution of the underlying Contract, Contractor certifies or affirms the truthfulness and accuracy of any statement it has made, it makes, it may make, or causes to me made, pertaining to the underlying Contract or the FTA assisted project for which this Contract Work is being performed.

In addition to other penalties that may be applicable, Contractor further acknowledges that if it makes, or causes to be made, a false, fictitious, or fraudulent claim, statement, submission, or certification, the Federal Government reserves the right to impose the penalties of the Program Fraud Civil Remedies Act of 1986 on Contractor to the extent the Federal Government deems appropriate.

Contractor also acknowledges that if it makes, or causes to me made, a false, fictitious, or fraudulent claim, statement, submission, or certification to the Federal Government under a contract connected with a project that
is financed in whole or in part with Federal assistance originally awarded by FTA under the authority of 49 U.S.C. § 5307, the Government reserves the right to impose the penalties of 18 U.S.C. § 1001 and 49 U.S.C. § 5307 (n)(1) on the Contractor, to the extent the Federal Government deems appropriate.

Contractor agrees to include the above clauses in each subcontract financed in whole or in part with Federal assistance provided by FTA. It is further agreed that the clauses shall not be modified, except to identify the subcontractor who will be subject to the provisions.

**State Notice Addendum**

Pursuant to certain state notice provisions the following public agencies and political subdivisions of the referenced public agencies are eligible to access the contract award made pursuant to this solicitation. Public agencies and political subdivisions are hereby given notice of the foregoing request for proposal for purposes of complying with the procedural requirement of said statutes:


Other States: Cities, Towns, Villages, and Boroughs:

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<th>No.</th>
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No. Counties and Parishes

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69 FANCONI ANEMIA RESEARCH FND, INC.
70 FARMWORKER HOUSING DEV CORP
71 FIRST CHURCH OF THE NAZARENE
72 FIRST UNITARIAN CHURCH
73 FORD FAMILY FOUNDATION
74 FOUNDATIONS FOR A BETTER OREGON
75 FRIENDS OF THE CHILDREN
76 GATEWAY TO COLLEGE NATIONAL NETWORK
77 GOAL ONE COALITION
78 GOLD BEACH POLICE DEPARTMENT
79 GOOD SHEPHERD COMMUNITIES
80 GOODWILL INDUSTRIES OF LANE AND SOUTH COAST COUNTIES
81 GRANT PARK CHURCH
82 GRANTS PASS MANAGEMENT SERVICES, DBA
83 GREATER HILLSBORO AREA CHAMBER OF COMMERCE
84 HALFWAY HOUSE SERVICES, INC.
85 HEARING AND SPEECH INSTITUTE INC
86 HELP NOW! ADVOCACY CENTER
87 HIGHLAND HAVEN
88 HIGHLAND UNITED CHURCH OF CHRIST
89 HIV ALLIANCE, INC
90 HOUSING AUTHORITY OF LINCOLN COUNTY
91 HOUSING AUTHORITY OF PORTLAND
92 HOUSING NORTHWEST
93 INDEPENDENT INSURANCE AGENTS AND BROKERS OF OREGON
94 INTERNATIONAL SOCIETY FOR TECHNOLOGY IN EDUCATION
95 INTERNATIONAL SUSTAINABLE DEVELOPMENT FOUNDATION
96 IRCO
97 JASPER MOUNTAIN
98 JUNIOR ACHIEVEMENT
99 KLAMATH HOUSING AUTHORITY
100 LA CLINICA DEL CARINO FAMILY HEALTH CARE CENTER
101 LA GRANDE UNITED METHODIST CHURCH
102 LANE ELECTRIC COOPERATIVE
103 LANE MEMORIAL BLOOD BANK
104 LANECO FEDERAL CREDIT UNION
105 LAUREL HILL CENTER
106 LIFEWORKS NW
107 LIVING WAY FELLOWSHIP
108 LOAVES & FISHES CENTERS, INC.
109 LOCAL GOVERNMENT PERSONNEL INSTITUTE
110 LOOKING GLASS YOUTH AND FAMILY SERVICES
111 MACDONALD CENTER
112 MAKING MEMORIES BREAST CANCER FOUNDATION, INC.
113 METRO HOME SAFETY REPAIR PROGRAM
114 METROPOLITAN FAMILY SERVICE
115 MID COLUMBIA COUNCIL OF GOVERNMENTS
116 MID--COLUMBIA CENTER FOR LIVING
117 MID--WILLAMETTE VALLEY COMMUNITY ACTION AGENCY, INC
118 MORNING STAR MISSIONARY BAPTIST CHURCH
119 SALEM ALLIANCE CHURCH
120 SALEM ELECTRIC
121 SALEM--SAFE INC.
122 NATIONAL WILD TURKEY FEDERATION
123 NEW AVENUES FOR YOUTH INC
124 NEW BEGINNINGS CHRISTIAN CENTER
125 NEW HOPE COMMUNITY CHURCH
126 NEWBERG FRIENDS CHURCH
127 NORTH BEND CITY-- COOS/JURRY HOUSING AUTHORITY
128 NORTHWEST FOOD PROCESSORS ASSOCIATION
129 NORTHWEST LINE JOINT APPRENTICESHIP & TRAINING COMMITTEE
130 NORTHWEST REGIONAL EDUCATIONAL LABORATORY
131 NORTHWEST YOUTH CORPS
132 OCHIN
133 OHSU FOUNDATION
134 OLIVET BAPTIST CHURCH
135 OMNIMEDIX INSTITUTE
136 OPEN MEADOW ALTERNATIVE SCHOOLS, INC.
137 OREGON BALLET THEATRE
138 OREGON CITY CHURCH OF THE NAZARENE
139 OREGON COAST COMMUNITY ACTION
140 OREGON DEATH WITH DIGNITY
141 OREGON DONOR PROGRAM
142 OREGON EDUCATION ASSOCIATION
143 OREGON ENVIRONMENTAL COUNCIL
144 OREGON MUSEUM OF SCIENCE AND INDUSTRY
145 OREGON PROGRESS FORUM
146 OREGON STATE UNIVERSITY ALUMNI ASSOCIATION
147 OREGON SUPPORTED LIVING PROGRAM
148 OSLC COMMUNITY PROGRAMS
149 OUTSIDE IN
150 OUTSIDE IN
151 PACIFIC CASCADE FEDERAL CREDIT UNION
152 PACIFIC FISHERY MANAGEMENT COUNCIL
153 PACIFIC INSTITUTES FOR RESEARCH
154 PACIFIC STATES MARINE FISHERIES COMMISSION
155 PARAalyzed VETERANS of AMERICA
156 PARTNERSHIPS IN COMMUNITY LIVING, INC.
157 PENDLETON ACADEMIES
158 PENTAGON FEDERAL CREDIT UNION
159 PLANNED PARENTHOOD OF SOUTHWESTERN OREGON
160 PORT CITY DEVELOPMENT CENTER
161 PORTLAND ART MUSEUM
162 PORTLAND BUSINESS ALLIANCE
163 PORTLAND HABILITATION CENTER, INC.
164 PORTLAND MEMORIAL HOSPITAL
165 PORTLAND SCHOOLS FOUNDATION
166 PORTLAND WOMENS CRISIS LINE
167 PREGNANCY RESOURCE CENTERS OF GREATER PORTLAND
168 PRINGLE CREEK SUSTAINABLE LIVING CENTER
169 PUBLIC DEFENDER SERVICES OF LANE COUNTY, INC.
170 QUADRIPLEGICS UNITED AGAINST DEPENDENCY, INC.
171 REBUILDING TOGETHER — PORTLAND INC.
172 REGIONAL ARTS AND CULTURE COUNCIL
173 RELEVANT LIFE CHURCH
174 RENEWABLE NORTHWEST PROJECT
175 ROGUE FEDERAL CREDIT UNION
176 ROSE VILLA, INC.
177 SACRED HEART CATHOLIC DAUGHTERS
178 SAIF CORPORATION
179 SAINT ANDREW NATIVITY SCHOOL
180 SAINT CATHERINE OF SIENA CHURCH
181 SAINT JAMES CATHOLIC CHURCH
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183 VOLUNTEERS OF AMERICA OREGON
184 WESTSIDE BAPTIST CHURCH
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<td>Willamalane Park and Recreation District</td>
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<td>Youngs River Lewis and Clark Water District</td>
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Appendix A – Resumes

Provided below are resumes for the two primary Protiviti contacts and subject matter experts for providing Security Audit services to NCPA and member organizations. For each individual engagement, Protiviti may provide additional resumes upon request for staff resources assigned to the individual projects.

Michael W. Porier
Managing Director
Houston Office

Contact Information
Direct: +1 713.314.5030
Mobile: +1 713.501.7027
Fax: +1 713.314.5350
Email: michael.porier@protiviti.com

Areas of Expertise
- IT Security and Privacy
- Business Continuity Management
- IT Process Improvement
- Internal Audit/Sarbanes-Oxley

Industry Expertise
- Energy
- Government Services
- Healthcare

Education
- B.B.A. – Management Information Systems
  University of Houston

Professional Memberships & Certifications
- Member of IIA and ISACA
- Certified Information Systems Security Professional (CISSP)
- Certified Information Security Mgr (CISM)
- Certified Information Systems Auditor (CISA)
- Certified Business Continuity Prof. (CBCP)
- Qualified Security Assessor (PCI-QSA)

Professional Experience
As a Managing Director in the Houston office at Protiviti, Michael specializes in IT Internal Audit and IT Security Solutions. He is a recognized authority in performing risk identification and control assessments for technology related environments for the government, energy, and healthcare industries. Michael has managed and supervised numerous IT Internal Audit engagements across various industries. Michael leads the IT Security and Privacy practice for the Houston Office and serves as the Protiviti geographic leader for the Business Continuity Management (BCM) service line. Michael has experience working with numerous organizations performing cyber security assessments and consulting on areas such as PCI, Privacy, GLBA and IT SOX requirements. Michael works closely with government entities such as the Harris County Toll Road Authority, Harris County Clerk, Harris County Hospital District, and several other Texas counties to offer technical guidance on enhancing security and strengthening technical processes and controls. Michael has also led IT audits for higher education, including Rice University, for the past two years. Additionally, Michael has provided Business Continuity consulting to healthcare entities such as Texas Children’s Hospital, Texas Health Resources, Northside Hospital, Baycare, and DeKalb Healthcare. Michael has been published by various periodicals and has presented at numerous conferences regarding IT Controls, Internal Audit, and IT Security topics.

Major Projects
- Michael has managed all technology-related internal audit and consulting engagements at a global energy company spanning across front, middle, and back office operations. Reviews consisted of security evaluations, platform reviews, application reviews, and systems availability assessments.
- Michael leads the IT Internal Audit work for a major university, assisting on post implementation reviews, PCI consulting, and privacy considerations.
- Michael has performed detailed technology audits for a county government evaluating controls related to various aspects of the organization’s technical infrastructure.
- Oversaw major business continuity projects for several hospital chains providing guidance regarding Disaster Recovery Plan, Emergency Response Plans, and Business Resumption procedures.
- Performed a Business Impact Analysis for a hospital chain to determine their critical business processes and respective IT systems. This information led directly to the further development of recovery plans for the administrative office and selected hospitals.
- Michael assisted in deriving privacy policies and breach notification procedures to be compliant with relevant privacy laws for an international company.
- Performed numerous technology reviews for a government entity related to PCI, privacy reviews, Active Directory security, change control process design, organizational governance, and others.
- Led a global IT Security review of a major company to assess their overall security posture. This consisted of performing an external vulnerability assessment, internal vulnerability assessment, wireless security review, penetration attempt, web application reviews, and overall security design.
Barton Wright
Associate Director, Houston, Texas

Contact Information
Direct: +1 713.314.5070
Fax: +1 713.314.5390
Email: barton.wright@protiviti.com

Areas of Expertise
- IT Audit
- IT Security and Privacy
- Sarbanes-Oxley Compliance

Industry Expertise
- Energy & Utilities
- Manufacturing/Distribution
- Banking and Financial Services
- Government
- Academic
- Retail
- Real Estate
- Telecommunications
- Technology

Education/Qualifications
- BBA - Management Information Systems, Baylor University

Professional Memberships & Certifications
- Certified Information Systems Auditor (CISA)
- Certified in Risk and Information Systems Controls (CRISC)
- Information Systems Audit and Control Association (ISACA)

Professional Experience
Bart is an Associate Director and founding member of Protiviti’s Houston office. He has over 12 years of experience executing and managing risk consulting engagements across multiple industries. He specializes in technology risk services, including IT Audit, Security and Privacy, Sarbanes-Oxley compliance, and Enterprise Application Solutions. Bart is currently helping lead the IT Audit and Security & Privacy practices for the Houston office. He has experience working with several organizations conducting security and privacy projects and assessing compliance with applicable laws, regulations, and standards, including federal laws, state privacy and breach notification laws, international privacy legislation, and other regulations. Bart is a Certified Information Systems Auditor (CISA) and Certified in Risk and Information Systems Controls (CRISC). Prior to working for Protiviti, Bart spent 2 ½ years in a Big Five accounting firm performing risk consulting and external audit services.

Major Projects

- **IT Audit and IT SOX Engagements**: Managed numerous IT audit and IT SOX projects for several clients in the energy and utilities, manufacturing and distribution, banking and financial services, government, academic, retail, telecommunications, and technology industries. Examples of areas audited and reviewed and tested include: IT governance, system implementations, ERP automated controls, application/database IT controls, data center operations, business continuity and disaster recovery, network and other operating systems security, infrastructure change management, and several other areas. Audit reviews included identification and design of risks and controls, validation and testing of processes and control procedures, and communication of recommendations for improving the IT control environment.

- **Security and Privacy Engagements**: Managed numerous security and privacy projects for several clients in the energy and utilities, manufacturing, real estate, and telecommunications industries. Types of security projects conducted include: external vulnerability assessments (VAs), internal network VAs, external and internal penetration testing, firewall/network device configuration reviews, web application VAs and penetration testing, database security assessments, wireless security assessments, social engineering tests (telephonic and phishing), workstation security testing, and email security testing. Also, conducted a number of data privacy projects for clients in the energy and utilities industry, including scans of ‘Data at Rest’ and ‘Data in Motion’, detailed process reviews to identify how ‘Sensitive Personal Information’ (SPI) is collected, stored, processed, transferred and disposed within an organization and critical controls in place for protection of SPI, and design and preparation of data privacy policies and procedures that align with applicable laws and regulations.

- **Example IT Audit Engagement – Large International Oil and Gas E&P Company**: For 11 consecutive years, managed and led execution of IT audit reviews of the organization’s IT infrastructure, data center operations, operating systems (e.g., Active Directory, AS/400, etc.), databases (e.g., Oracle, SQL Server, DB2, etc.), and critical applications. Conducted annual IT risk assessment and scope meetings with VP Internal Audit and the CIO. Reviewed SDLIC procedures pre and post-implemention for several in-house and third party applications. For 8 consecutive years, managed and led execution of IT SOX compliance effort, including testing of operating effectiveness of IT General Controls, application automated controls across multiple business processes (HR, AP, GL, etc.), and spreadsheet controls. Sample IT infrastructure and operations procedures reviewed include: IT asset management; software license compliance; backup and recovery; business continuity; Data Center; firewall/network device configuration; network and O/S security; remote access; wireless security; change management; help desk; & job scheduling.

- **Example IT Security Engagement – Premier Global Engineering Company**: Managed Attack and Penetration Testing Cyber Security project that included each of the following phases: External Vulnerability Assessment, Internal Vulnerability Assessment and Penetration Testing, Web Application Vulnerability Assessment and Penetration Testing (including 3 web applications and high level review of Citrix Access Gateway), Database Security Assessment, and Wireless Security Assessment. Project team conducted scans of the company’s network, select web applications, and select databases residing in different offices around the world utilizing a variety tools, such as Nmap, Nessus, QualysGuard, Kismet, AppDetective Pro, and other penetration testing tools. Project team identified a host of vulnerabilities on network and database systems scanned and was successful in exploiting select vulnerabilities and escalating privileges to obtain Domain Administrator access on the network and privileged access to the primary ERP system. Provided both short term and long term recommendations and results were communicated to Audit Committee.
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