



COMMONWEALTH of VIRGINIA

Thelma D. Drake
Director

DEPARTMENT OF RAIL AND PUBLIC TRANSPORTATION
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RICHMOND, VA 23219

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VIRGINIA RELAY CENTER
1-800-828-1120 (TDD)

Contract for General Financial Consultant Services in Virginia

Contract Number 505-13-CC0004

THIS CONTRACT for General Financial Consultant Services in Virginia is entered into this 3rd day of December, 2012 by KPMG LLP, (the "Contractor"), and Commonwealth of Virginia, Department of Rail and Public Transportation (DRPT), (the "Department" or "Purchasing Agency").

WHEREAS, on May 30, 2012 in keeping with the Virginia Public Procurement Act, §§ 2.2-4300 *et seq.* of the *Code of Virginia* (the "Act"), the Department issued Request for Proposal number 505-12-RR0001 (the "RFP") seeking competitive negotiation for General Financial Consultant Services; and

WHEREAS, on June 22, 2012, the Contractor submitted a proposal (the "Proposal"), which is hereto attached and marked as Exhibit B; and

WHEREAS, after consideration and evaluation of all the proposals pursuant to the Act, the Department has determined that a contract should be awarded to the Contractor.

NOW THEREFORE, in consideration of mutual covenants, promises and agreements herein contained, and other good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties agree as follows:

1. SCOPE OF WORK: The Contractor shall provide the services to the Department as set forth in the following:

- a. The RFP which is hereto attached, marked as Exhibit A, and made a part of this document.
- b. The Proposal which is hereto attached and marked as Exhibit B and hereby made a part of this document, and the negotiated modifications to the proposal, which are hereto attached and marked as Exhibit C and Exhibit D, and hereby made a part of this document.

2. **TERM.** The term of this contract shall be for a period of three years, renewable for up to two successive one-year periods.

3. **CERTIFICATION REGARDING LOBBYING:** The Contractor hereby certifies that it is in compliance with 49 C.F.R. Part 20, Certification Regarding Lobbying.

4. **NOTICE TO PROCEED:** No work shall be done by the Contractor prior to receipt of written notice to proceed in the form of an eVA Task Order from the Department Contract Manager. The Department will not be responsible for payment for work done in advance of such notice.

5. **ADDITIONAL TERMS:** This will be a Requirements contract with fixed labor rates. The consideration for Task Orders will be paid on a fixed billable rate basis using fully loaded hourly bill rates as shown in the attachment. The fully loaded hourly bill rates will remain constant for the first three years of the contract. Fees for specific task assignments shall be in accordance with the Price/Cost Chart included in the Final Price Schedule for the approved individuals assigned to the task. Task Orders may be issued on a fixed price or time and materials basis. All Task Orders will have a maximum cost.

IN TESTIMONY THEREOF, the parties have caused this contract to be executed, each by its duly authorized officers, all as of the day, month, and year hereinabove first written.

KPMG LLP

**DEPARTMENT OF RAIL
AND PUBLIC TRANSPORTATION**

By: James L. Pulje
Name: JAMES L. PHELLOS
Title: Partner

By: Ashley Nusbaum
Ashley Nusbaum
Financial Compliance and
Procurement Analyst

Date: December 19, 2012

Date: December 19, 2012

**REQUEST
FOR
PROPOSAL**

505-12-RR0001

**Contract For
General Financial Consultant Services – Competitive
Negotiation for Non-professional Services**

**There will be an Optional pre-proposal
conference for this solicitation
June 8, 2012 at 10:00 a.m.**

**Offeror Registration: In order to receive an
award you must be a registered Offeror with
eVA.**

Note: This public body does not discriminate against faith based organizations in accordance with the *Code of Virginia*, § 2.2-4343.1 or against an Offeror because of race, religion, color, sex, national origin, age, disability, or any other basis prohibited by state law relating to discrimination in employment.



Request for Proposals

RFP #: **505-12-RR0001**

Issue Date: **May 30, 2012**

Title: **Contract for General Financial Consultant Services –
Competitive Negotiation for Non-professional Services**

Commodity Code: **918-12 Consulting Services**

Issuing Agency: **Commonwealth of Virginia
Department of Rail and Public Transportation
600 East Main Street, Suite 2102
Richmond, VA 23219**

Initial Period of Contract: **Three years from date of award**

Proposals Will be received until: **June 22, 2012
5:00 p.m. (Close of Business)**

All Inquiries to: **Ashley Nusbaum
Financial Compliance and Procurement Analyst
Phone: (804) 786-2890 FAX: (804) 225-3752
E-Mail: ashley.nusbaum@drpt.virginia.gov**

ALL PROPOSALS MUST BE MAILED OR HAND DELIVERED TO THE ADDRESS ABOVE

In compliance with this Request for Proposals and to all conditions imposed therein and hereby incorporated by reference, the undersigned offers and agrees to furnish the services in accordance with the attached signed proposal or as mutually agreed upon by subsequent negotiation.

Name and Address of Firm:

_____ Company Name	_____ Date
_____ Address	_____ Signature in Ink
_____ City, State, Zip	_____ Printed or Typed Name of Above
_____ FEI/FIN Number	_____ Phone
_____ E-mail	_____ Fax

*** An Optional Pre-Proposal Conference will be held on June 8, 2012 at 10:00 a.m. in the State Corporation building located at 1300 E. Main Street, Richmond, 2nd Floor, Courtroom A. See Section VIII for more information.**

Small, Women, and Minority (SWAM) Owned Businesses are encouraged to participate.

REQUEST FOR PROPOSALS

Contract for General Financial Consultant Services

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I. CONTRACT AMOUNT AND TERM

The initial contract term shall be for a period of three (3) years, renewable for up to two (2) successive one-year periods. The compensation of this contract is estimated to be \$3,000,000 (to be divided among qualified firms). The effective date of the contract will be determined at time of award.

II. PURPOSE

The Department of Rail and Public Transportation (DRPT), an agency of the Commonwealth of Virginia, is issuing this Request for Proposal (RFP) to solicit sealed proposals from qualified single entities or a team of firms offering as one single entity to establish a contract through competitive negotiation for the purchase of General Financial Consultant Services related to DRPT's programs, projects, and initiatives. **It is the intent of DRPT to award to multiple qualified firms.**

III. BACKGROUND

DRPT was created in 1992. Its mission is to improve the mobility of people and goods while expanding transportation choices in the Commonwealth. DRPT consists of the Director's office, an Operations Division, and Finance and Administration.

DRPT's Operations Division assists passenger rail operations, freight rail operations, planning and special projects. Passenger and freight rail operations involve coordinating with both public and private entities to enhance rail operations, planning and development. Rail Planning involves providing input on state and federal rail policy and regulations, track abandonment, freight and passenger rail feasibility analysis, identification of freight rail needs, and updates to state rail studies, maps and plans. Rail special projects include demand analysis for passenger rail studies, rail capacity analysis, and coordinating with local and regional transportation authorities on rail modeling issues and intermodal studies.

The Operations Division also assists more than 40 public transit agencies, 50 human service providers and 15 commuter assistance agencies that combined carry nearly 700,000 Virginians to work every day in something other than their own cars. Transit demand management services are provided through a unique partnership between DRPT, fifteen local commuter assistance programs, Metropolitan Planning Organizations, various Transportation Management Associations (TMAs) and the Virginia Department of Transportation (VDOT). DRPT also provides technical and financial support to local commuter assistance agencies through grant programs, research, training, and marketing assistance.

The Finance and Administration Division is responsible for administering agency funds that empower our grantees to deliver efficient, effective transportation services. DRPT has a complex accounting environment utilizing 15 funds to account for 2000 open grants and projects involving the activities of approximately 75 grantees. DRPT is a funding and technical assistance participant in projects that combine federal, state, and local funding.

Background, continued

Revenues for fiscal year 2013 (July 1, 2012 – June 30, 2013) are estimated to be \$481 million. Approximately \$130 million annually is received for the transit and congestion management programs from a legislatively mandated share of taxes (retail sales tax and motor vehicle fuel sales tax) and fees (DMV registration fees). Rail activities receive a share of the motor vehicle rental tax totaling about \$27 million annually. DRPT oversees \$104 million in federal funding primarily through the Federal Railroad Administration and the Federal Transit Administration under § 5303 (Metropolitan Planning Organizations), § 5304 (Statewide Planning and Research), § 5307 (Large Urban Cities), § 5309 (Major Capital Investments – New Starts Programs), § 5310 (Elderly and Disabled Persons), and § 5311 (Rural and Small Urban). Additional long term funding was created under HB 3202. The new legislation provided 2 cents of the recordation tax to the transit operating program in fiscal year 2009 and bond funding for capital programs for both rail and transit totaling \$24 million in fiscal year 2008 and \$73 million per year, thereafter.

The agency budget of \$480.9 million for fiscal year 2012 is allocated as follows: \$11.4 million to the Dulles Corridor Metrorail Project, \$110.8 million to rail related activities, \$352.8 million to transit & congestion management activities, and \$5.9 million to agency administration. All disbursement and grant/project budgeting activities are accounted for utilizing an internally developed system - the Invoice Creation And Processing System (ICAPS). The main benefits of ICAPS are real-time financial reporting, project/grant budgeting capabilities, and an integrated financial and procurement system. The agency's financial transactions are exported on a daily basis for actual payment processing to the official financial system of the state of Virginia - the Commonwealth Accounting and Reporting System (CARS). CARS is maintained and overseen by the Department of Accounts (DOA), and as such DRPT is subject to the accounting rules and regulations as promulgated by DOA. Additionally, finance and administration works within the auspices of the Department of Planning and Budget (DPB) and the Department of the Treasury in regards to budgeting and treasury activities.

Finance and Administration's core financial duties are to perform the following:

- Develop and implement a six-year plan of allocations (Commonwealth Transportation Board (CTB) approved)
- Develop and monitor the annual budget (CTB approved)
- Project and task order budgeting
- Revenue collection and cash management
- Process expenditures and payroll
- Financial reporting

IV. STATEMENT OF NEEDS

Consulting services are to be provided related to the financial aspects of DRPT programs, projects, and initiatives. The Offeror shall furnish all labor, materials, etc. These functions include: Internal Control Assessment, Financial Planning and Analysis, and Other Financial Services. DRPT does not require the use of licensed professionals to perform the services to be provided.

1. Internal Control Assessment

- Conduct an agency-level assessment of internal controls for significant financial processes including testing of the effectiveness of the agency-level controls.
- Conduct a process and transaction-level internal control assessment using Strengths, Weaknesses/Limitations, Opportunities, and Threats (SWOT) analysis and including testing of the transaction-level controls.
- Develop corrective action plans for weaknesses in fiscal processes.

2. Financial Planning and Analysis

- Develop/review financial plans for DRPT or its grantees (Examples include potential passenger rail operations or required financial plans under the Federal Transit Administration New Starts program).
- Conduct operational planning including analysis of operating budgets, and revenue estimates for DRPT grantees.
- Develop/review financial forecasts for DRPT and its grantees for both operational and capital needs.
- Conduct financial due diligence of the agencies' grantees or project partners.
- Review existing agreements/contracts from the financial perspective and develop new agreements that address public benefit measures and contingent interests.
- Develop processes for administering various types of projects using grant agreements and contracts. These processes should encompass the administrative, funding, and budgeting aspects, as well as the payment of invoices in accordance with the agreements/contracts and compliance with state and federal guidelines.
- Analyze and assist with the development of revenue and cash management practices of DRPT.
- Prepare/review cash flow forecasts for DRPT or for certain projects in which DRPT is a funding participant.

3. Other Financial Services

- Conduct financial compliance reviews of DRPT grant or project agreements.
- Other work of a nature consistent with the intent of the RFP.

Services procured under this contract will be done on a Purchase Order basis. No commitment is made until a Purchase Order is issued. For certain purchase orders the scope of services prepared by DRPT may be sent to multiple firms awarded under this contract for Offeror estimate.

V. PROPOSAL PREPARATION AND SUBMISSION REQUIREMENTS

GENERAL REQUIREMENTS

1. RFP Response - In order to be considered for selection, Offerors must submit a complete sealed written response to this RFP. One original and five copies (so marked) of each proposal must be submitted to DRPT. No other distribution of the written proposal shall be made by the Offeror. Proposals must be received at the following location by June 22, 2012 at 5:00 p.m. (Close of Business).

Commonwealth of Virginia
Department of Rail and Public Transportation
600 East Main Street, Suite 2102
Richmond, VA 23219

In addition, the Offeror may be required to make a subsequent oral presentation detailing how the Offeror would approach the specific program objectives outlined in the Statement of Needs.

2. Written Proposal Preparation

- A. Proposals shall be signed by an authorized representative of the Offeror. All information requested should be submitted. Failure to submit all information requested may result in the DRPT requiring prompt submission of missing information and/or giving a lowered evaluation of the proposal. Proposals, which are substantially incomplete or lack key information, may be rejected by DRPT at its discretion.
- B. Proposals should be organized in the order in which the requirements are presented in the RFP. All pages of the proposal should be numbered. Each paragraph in the proposal should reference the paragraph number of the corresponding section of the RFP. It is also helpful to cite the paragraph number, subletter, and repeat the text of the requirement as it appears in the RFP. If a response covers more than one page, the paragraph number and subletter should be repeated at the top of the next page. The proposal should contain a table of contents which cross-references the RFP requirements. Information which the Offeror desires to present that does not fall within any of the requirements of the RFP should be inserted at an appropriate place or be attached at the end of the proposal and designated as additional material. Proposals that are not organized in this manner risk elimination from consideration if the evaluators are unable to find where the RFP requirements are specifically addressed.
- C. Proposals should be prepared simply and economically, providing straightforward concise description of capabilities to satisfy the requirements of the RFP. Emphasis should be on completeness and clarity of content. Each copy of the proposal should be in a single volume where practical. Elaborate brochures and other representations beyond that sufficient to present a complete and effective proposal are neither required nor desired. **No proposal, in its entirety, should exceed 100 pages one-sided.**

SPECIFIC PROPOSAL REQUIREMENTS

Proposals should be as thorough and detailed as possible so that DRPT may properly evaluate the Offerors capabilities to provide the required services. Offerors are required to submit the following items in order for their proposal to be considered complete.

RFP Cover Sheet – The RFP Cover Sheet (Page 2 of this RFP) shall be completely filled out and signed as required.

Tab 1 Understanding of Work and Plan for Providing Services – The Offeror must provide a detailed description of its understanding of the services to be provided with descriptions of the approach and procedures employed on similar projects elsewhere. The Offeror must describe the process it will follow to respond to a specific purchase order request from DRPT. The Offeror should also describe the management procedures it will follow to oversee work by its personnel and work by Subofferors on multiple purchase orders simultaneously.

Tab 2 Experience and Qualifications – The Offeror must describe the skills and qualifications it has available to perform the various types of tasks described in the Statement of Needs. The key personnel who could be assigned to these various tasks should be identified. DRPT recognizes that due to the long term, open-ended nature of the agreement that will be issued as the result of this RFP, Offerors will not be able to guarantee that all of the individuals identified in the proposal will be available for assignment when a specific purchase order request is issued. The Offeror must therefore demonstrate that it has sufficient personnel with the various types of skills needed to staff the purchase orders when needed. The Offeror shall provide all of the following information concerning its Company, Subofferors and personnel qualifications.

- A.** A detailed statement indicating the organizational structure under which the firm proposes to conduct business. If more than one firm is involved in this project, state the type of arrangement between the firms and the percentage of work to be performed by each.
- B.** A list of the key personnel including Subofferors who could be assigned to the various tasks identified. Give the relevant experience record of each and include resumes and any certifications.
- C.** A list of references to include name, address, telephone number, project, and amount of project.

SPECIFIC PROPOSAL REQUIREMENTS, continued

Tab 3 Virginia Department of Minority Business Enterprise (DMBE/SWAM) Participation – The Offeror shall indicate the percentage of DMBE/SWAM participation and specify the types of work to be performed by DMBE/SWAM Subofferor. In order to be considered for the selection of this Request for Proposals, the Offeror must submit six copies of the Small Business Subcontracting Plan. A blank copy of this document is included as **Attachment C**.

All DMBE/SWAM Offerors or Subofferor must be certified with the Virginia Department of Minority Business Enterprise. If the DMBE/SWAM is not certified they must demonstrate that they are eligible to be certified, and they must receive such certification prior to the solicitation due date. The Virginia Department of Minority Business Enterprise can be contacted at (804) 786-6585. The DMBE/SWAM goal for this contract is **25 percent**; if the DMBE/SWAM is the Prime Offeror, the Offeror will receive full credit for planned involvement.

Tab 4 Contact Person – The primary Offeror must identify the name, telephone number and e-mail address for the contact person who will be responsible for coordinating the efforts and personnel of all parties and/or Subofferor involved in the proposal.

Tab 5 Staffing and Pricing Plan – Offerors shall identify all staff positions by person and actual hourly rates (base rate, overhead and profit listed separately along with the total rate) in the Price Schedule (**Attachment D**) for the three potential services described in the Statement of Needs, and listed pursuant to Tab 2. Final pricing/rates will be addressed in the negotiation phase.

VI. EVALUATION AND AWARD CRITERIA

A. EVALUATION CRITERIA - Multiple consultant teams will be qualified and selected by DRPT's Selection Committee as a General Financial Consultant (GFC) for rail and public transportation programs, projects, and initiatives based on the following weighted criteria:

<u>FOR SERVICES</u>	<u>POINT VALUE</u>
1. Qualifications and experience of Offeror staff to be assigned to perform the services	60 points
2. Commitment to SWAM Utilization	20 points
3. Specific plans or methodology to be used to perform services	10 points
4. Price	10 points
Total Points	<hr/> 100 points

B. AWARD TO MULTIPLE OFFERORS - Selection shall be made of multiple Offerors deemed to be fully qualified and best suited among those submitting proposals on the basis of the evaluation factors included in the Request for Proposals. Negotiations shall be conducted with the Offerors so selected. After negotiations have been conducted with each Offeror so selected, the agency shall select the Offerors, which, in its opinion, have made the best proposal, and shall award the contract to those Offerors. The Commonwealth reserves the right to make multiple awards as a result of this solicitation. The Commonwealth may cancel this Request for Proposals or reject proposals at any time prior to an award, and is not required to furnish a statement of the reasons why a particular proposal was not deemed to be the most advantageous. (§ 2.2-4359(D), *Code of Virginia*.) Should the Commonwealth determine in writing and in its sole discretion that only one Offeror is fully qualified, or that one Offeror is clearly more highly qualified than the others under consideration, a contract may be negotiated and awarded to that Offeror. The award document will be a contract incorporating by reference all the requirements, terms and conditions of the solicitation and of the Consultant's proposal as negotiated. In the event there is a conflict between the Offeror's proposal and the requirements, terms, and conditions of the solicitation, the requirements, terms, and conditions of the solicitation shall apply.

VII. REPORTING AND DELIVERY REQUIREMENTS

A. MEETINGS AND REVIEWS - DRPT shall hold an initial conference with the Offeror at a place and time selected by DRPT for the purpose of reviewing the Offeror's schedules, procedures, methods, and to clarify any ambiguities that may then exist. The Offeror's Principal Officer and others requested by DRPT shall attend the conference. DRPT may request additional reviews during the contract period to evaluate vendor performance and provide feedback.

B. PROGRESS REPORTS – Offerors must meet all due dates on all tasks assigned. To provide feedback to DRPT concerning this requirement, the Offeror shall submit monthly progress reports providing detailed information on the status of the work effort on each of the various project tasks. The progress reports shall include total authorized funds and expended funds to date. It shall summarize all work efforts in the reporting period including personnel and hourly utilization. It shall also discuss any anticipated difficulties and proposed resolution.

C. SWAM REPORTING AND DELIVERY REQUIREMENTS

- The Offeror shall provide to DRPT, in a form as required by DRPT, documentation that the Offeror has utilized SWAM businesses in accordance with the Offeror's SWAM utilization plan (**Attachment C** of the RFP). Said documentation shall be provided semi-annually or as required by DRPT.
- The Offeror shall use **Attachment E** (Monthly DMBE/SWAM Certified SubOfferor Report) or other form approved by DRPT to report amounts paid to SWAM and non-SWAM businesses on a monthly basis as well as paid to date. Said attachment or other approved form shall be submitted with the monthly progress reports addressed above.

VIII. OPTIONAL PRE-PROPOSAL CONFERENCE - There will be an optional pre-proposal conference for this RFP on June 8, 2012 at 10:00 a.m. in the State Corporation Commission building located at 1300 E. Main Street, Richmond, 2nd Floor, Courtroom Room A. The purpose of this conference is to allow potential Offerors an opportunity to present questions and obtain clarification relative to any facet of this solicitation. The telephone number for directions to the conference location is 804-786-6777 and the address is 1300 E. Main Street, Richmond, VA 23219. While firms are not required to attend this pre-proposal conference in order to submit a response to this solicitation, attendance is strongly recommended.

Any changes resulting from this conference will be issued as a written addendum to the RFP.

IX. REQUIRED GENERAL TERMS AND CONDITIONS - For a listing of the General Terms and Conditions, please see **Attachment A**.

X. SPECIAL TERMS AND CONDITIONS - For a listing of the Special Terms and Conditions, please see **Attachment B**.

XI. METHOD OF PAYMENT - Payments will be made monthly within 30 days after receipt of a properly presented invoice and acceptance of completed work.

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Attachment A

REQUIRED GENERAL TERMS AND CONDITIONS

1. VENDOR'S MANUAL: This solicitation is subject to the provisions of the *Commonwealth of Virginia Vendors Manual* and any changes or revisions thereto, which are hereby incorporated into this contract in their entirety. The procedure for filing contractual claims is in section 7.19 of the *Vendors Manual*. A copy of the manual is normally available for review at the purchasing office and is accessible on the Internet at <http://www.dgs.virginia.gov/Services/tabid/121/Default.aspx> under "Procurement Manuals."

2. APPLICABLE LAW AND COURTS: This solicitation and any resulting contract shall be governed in all respects by the laws of the Commonwealth of Virginia and any litigation with respect thereto shall be brought in the courts of the Commonwealth. The agency and the Offeror are encouraged to resolve any issues in controversy arising from the award of the contract or any contractual dispute using Alternative Dispute Resolution (ADR) procedures (*Code of Virginia*, § 2.2-4366). ADR procedures are described in Chapter 9 of the *Vendors Manual*. The Offeror shall comply with applicable federal, state and local laws, rules and regulations.

3. ANTI-DISCRIMINATION: By submitting their proposals, Offerors certify to the Commonwealth that they will conform to the provisions of the *Federal Civil Rights Act of 1964*, as amended, as well as the *Virginia Fair Employment Contracting Act of 1975*, as amended, where applicable, the *Virginians With Disabilities Act*, the *Americans with Disabilities Act* and § 2.2-4311 of the *Virginia Public Procurement Act (VPPA)*. If the award is made to a faith-based organization, the organization shall not discriminate against any recipient of goods, services, or disbursements made pursuant to the contract on the basis of the recipient's religion, religious belief, refusal to participate in a religious practice, or on the basis of race, age, color, gender or national origin and shall be subject to the same rules as other organizations that contract with public bodies to account for the use of the funds provided; however, if the faith-based organization segregates public funds into separate accounts, only the accounts and programs funded with public funds shall be subject to audit by the public body (§ 2.2-4343.1(E), *Code of Virginia*). In every contract over \$10,000 the provisions in (A) and (B) below apply:

(A) During the performance of this contract, the Offeror agrees as follows:

1. The Offeror will not discriminate against any employee or applicant for employment because of race, religion, color, sex, national origin, age, disability, or any other basis prohibited by state law relating to discrimination in employment, except where there is a bona-fide occupational qualification reasonably necessary to the normal operation of the Offeror. The Offeror agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.

Attachment A

REQUIRED GENERAL TERMS AND CONDITIONS

2. The Offeror, in all solicitations or advertisements for employees placed by or on behalf of the Offeror, will state that such Offeror is an equal opportunity employer.
3. Notices, advertisements and solicitations placed in accordance with federal law, rule or regulation shall be deemed sufficient for the purpose of meeting these requirements.

(B) The Offeror will include the provisions of (A) above in every sub-contract or purchase order over \$10,000 so that the provisions will be binding upon each Subofferor or vendor.

4. ETHICS IN PUBLIC CONTRACTING: By submitting their proposals, Offerors certify their proposals are made without collusion or fraud and they have not offered or received any kickbacks or inducements from any other Offeror, supplier, manufacturer or Subofferor in connection with their proposal, and they have not conferred on any public employee having official responsibility for this procurement transaction any payment, loan, subscription, advance, deposit of money, services or anything of more than nominal value, present or promised, unless consideration of substantially equal or greater value was exchanged.

5. IMMIGRATION REFORM AND CONTROL ACT OF 1986: By submitting their proposals, the Offerors certify that they do not and will not during the performance of this contract knowingly employ an unauthorized alien worker as defined in the *Federal Immigration Reform and Control Act of 1986*.

6. DEBARMENT STATUS: By submitting their proposals, Offerors certify that they are not currently debarred by the Commonwealth of Virginia from submitting proposals on contracts for the type of services covered by this solicitation, nor are they an agent of any person or entity that is currently so debarred.

7. ANTITRUST: By entering into a contract, the Offeror conveys, sells and transfers to the Commonwealth of Virginia all rights, title and interest in and to all causes of the action it may now or hereafter acquire under the antitrust laws of the United States and the Commonwealth of Virginia, relating to the particular services purchased or acquired by the Commonwealth of Virginia under said contract.

Attachment A

REQUIRED GENERAL TERMS AND CONDITIONS

8. MANDATORY USE OF STATE FORM AND TERMS AND CONDITIONS: Failure to submit a proposal on the official state form provided for that purpose may be a cause for rejection of the proposal. Modification of or additions to the General Terms and Conditions of the solicitation may be cause for rejection of the proposal; however, DRPT reserves the right to decide, on a case by case basis, in its sole discretion, whether or not to reject such a proposal.

9. CLARIFICATION OF TERMS: If any prospective Offeror has questions about the specifications or other solicitation documents, the prospective Offeror should contact the buyer whose name appears on the face of the solicitation no later than five working days before the due date. Any revisions to the solicitation will be made only by addendum issued by the buyer.

10. PAYMENT TO PRIME OFFERORS:

A. To Prime Offeror:

1. Invoices for items ordered, delivered and accepted by DRPT shall be submitted by the Offeror directly to the payment address shown on the purchase order. All invoices shall show the DRPT contract number and purchase order number; social security number (for individual Offerors) or the federal employer identification number (for proprietorships, partnerships, and corporations).

2. Any payment terms requiring payment in less than 30 days will be regarded as requiring payment 30 days after invoice or delivery, whichever occurs last. This shall not affect offers of discounts for payment in less than 30 days.

3. All goods or services provided under this contract or purchase order, that are to be paid for with public funds, shall be billed by the Offeror at the contract price, regardless of which public agency is being billed.

4. The following shall be deemed to be the date of payment: the date of postmark in all cases where payment is made by mail, or the date of offset when offset proceedings have been instituted as authorized under the *Virginia Debt Collection Act*.

5. Unreasonable Charges – Under certain emergency procurements and for most time and material purchases, final job costs cannot be accurately determined at the time orders are placed. In such cases, Offerors should be put on notice that final payment in full is contingent on a determination of reasonableness with respect to all invoiced charges. Charges which appear to be unreasonable will be researched and challenged, and that portion of the invoice held in abeyance until a settlement can be reached. Upon determining that invoiced charges are not reasonable, DRPT shall promptly notify the Offeror, in writing, as to those charges which it considers unreasonable and the basis for the determination. A Offeror may not institute legal action unless a settlement cannot be reached within 30 days of notification. The provisions of this section do not relieve an agency of its prompt payment obligations with respect to those charges which are not in dispute (*Code of Virginia*, § 2.2-4363).

Attachment A

REQUIRED GENERAL TERMS AND CONDITONS

B. To Subofferors:

1. A Offeror awarded a contract under this solicitation is hereby obligated:

- a. To pay the Subofferor(s) within seven days of the Offeror's receipt of payment from DRPT for the proportionate share of the payment received for work performed by the Subofferor(s) under the contract; or
- b. To notify the agency and the Subofferor(s), in writing, of the Offeror's intention to withhold payment and the reason.

2. The Offeror is obligated to pay the Subofferor(s) interest at the rate of one percent per month (unless otherwise provided under the terms of the contract) on all amounts owed by the Offeror that remain unpaid seven days following receipt of payment from DRPT, except for amounts withheld as stated in (b) above. The date of mailing of any payment by U.S. Mail is deemed to be the payment date to the addressee. These provisions apply to each sub-tier Offeror performing under the primary contract. A Offeror's obligation to pay an interest charge to a Subofferor may not be construed to be an obligation of DRPT.

C. Each prime Offeror who wins an award in which provision of a SWAM procurement plan is a condition of award, shall deliver to the contracting agency or institution, on or before request for final payment, evidence and certification of compliance (subject only to insubstantial shortfalls and to shortfalls arising from Subofferor default) with the SWAM procurement plan. Final payment under the contract in question may be withheld until such certification is delivered and, if necessary, confirmed by the agency or institution, or other appropriate penalties may be assessed in lieu of withholding such payment.

D. DRPT encourages Offerors and Subofferors to accept electronic and credit card payments.

11. PRECEDENCE OF TERMS: Paragraphs 1-11 of these General Terms and Conditions shall apply in all instances. In the event there is a conflict between any of the other General Terms and Conditions and any Special Terms and Conditions in this solicitation, the Special Terms and Conditions shall apply.

12. QUALIFICATIONS OF OFFERORS: DRPT may make such reasonable investigations as deemed proper and necessary to determine the ability of the Offeror to perform the services and the Offeror shall furnish to DRPT all such information and data for this purpose as may be requested. DRPT reserves the right to inspect Offeror's physical facilities prior to award to satisfy questions regarding the Offeror's capabilities. DRPT further reserves the right to reject any proposal if the evidence submitted by, or investigations of, such Offeror fails to satisfy DRPT that such Offeror is properly qualified to carry out the obligations of the contract and to provide the services contemplated therein.

Attachment A

REQUIRED GENERAL TERMS AND CONDITIONS

13. TESTING AND INSPECTION: DRPT reserves the right to conduct any test/inspection it may deem advisable to assure goods and services conform to the specifications.

14. ASSIGNMENT OF CONTRACT: A contract shall not be assignable by the Offeror in whole or in part without the written consent of DRPT.

15. CHANGES TO THE CONTRACT: Changes can be made to the contract in any one of the following ways:

- A. The parties may agree in writing to modify the scope of the contract. An increase or decrease in the price of the contract resulting from such modification shall be agreed to by the parties as a part of their written agreement to modify the scope of the contract.
- B. DRPT may order changes within the general scope of the contract at any time by written notice to Offeror. Changes within the scope of the contract include, but are not limited to, things such as services to be performed, the method of packing or shipment and the place of delivery or installation. The Offeror shall comply with the notice upon receipt. The Offeror shall be compensated for any additional costs incurred as the result of such order and shall give DRPT a credit for any savings. Said compensation shall be determined by one of the following methods:
 1. By mutual agreement between the parties in writing; or
 2. By agreeing upon a unit price or using a unit price set forth in the contract, if the work to be done can be expressed in units, and the Offeror accounts for the number of units of work performed, subject to DRPT's right to audit the Offeror's records and/or to determine the correct number of units independently; or
 3. By ordering the Offeror to proceed with the work and to keep a record of all costs incurred and savings realized. A markup for overhead and profit may be allowed if provided by the contract. The same markup shall be used for determining a decrease in price as the result of savings realized. The Offeror shall present DRPT with all vouchers and records of expenses incurred and savings realized. DRPT shall have the right to audit the records of the Offeror as it deems necessary to determine costs or savings. Any claim for an adjustment in price under this provision must be asserted by written notice to DRPT within 30 days from the date of receipt of the written order from DRPT. If the parties fail to agree on an amount of adjustment, the question of an increase or decrease in the contract price or time for performance shall be resolved in accordance with the procedures for resolving disputes provided by the Disputes Clause of this contract or, if there is none, in accordance with the disputes provisions of the *Commonwealth of Virginia's Vendors Manual*. Neither the existence of a claim or a dispute resolution process, litigation or any other provision of this contract shall excuse the Offeror from promptly complying with the changes ordered by DRPT with the performance of the contract generally.

Attachment A

REQUIRED GENERAL TERMS AND CONDITIONS

16. DEFAULT: In case of failure to deliver goods or services in accordance with the contract terms and conditions, DRPT, after due oral or written notice, may procure them from other sources. The Offeror shall be responsible for any resulting additional purchase and administrative costs. This remedy shall be in addition to any other remedies which DRPT may have.

17. INSURANCE: By signing and submitting a proposal under this solicitation, the Offeror certifies that if awarded the contract, it will have the following insurance coverage at the time the contract is awarded. DRPT reserves the right to request a copy of the Certificate of Insurance. The Offeror further certifies that the Offeror and any Subofferors will maintain this insurance coverage during the entire term of the contract and that all insurance coverage will be provided by insurance companies authorized to sell insurance in Virginia by the Virginia State Corporation Commission.

INSURANCE COVERAGES AND LIMITS REQUIRED:

1. Worker's Compensation: Statutory requirements and benefits. Coverage is compulsory for employers of three or more employees, to include the employer. Offerors who fail to notify DRPT of increases in the number of employees that change their workers' compensation requirements under the *Code of Virginia* during the course of the contract shall be in noncompliance with the contract.
2. Employer's Liability: \$100,000.
3. Commercial General Liability: \$1,000,000 per occurrence. Commercial General Liability is to include bodily injury and property damage, personal injury and advertising injury, products and completed operations coverage. The Commonwealth of Virginia must be named as an additional insured and so endorsed on the policy.
4. Automobile Liability - \$1,000,000 per occurrence. (Only used if motor vehicle is to be used in the contract.)

Attachment A

REQUIRED GENERAL TERMS AND CONDITIONS

18. ANNOUNCEMENT OF AWARD: Upon the award or the announcement of the decision to award a contract as a result of this solicitation, the DRPT Finance Division will publicly post such notice on the DGS/DPS eVA VBO (www.eva.virginia.gov) and DRPT's website www.drpt.virginia.gov for a minimum of 10 days.

19. DRUG-FREE WORKPLACE: During the performance of this contract, the Offeror agrees to (i) provide a drug-free workplace for the Offeror's employees; (ii) post in conspicuous places, available to employees and applicants for employment, a statement notifying employees that the unlawful manufacture, sale, distribution, dispensation, possession, or use of a controlled substance or marijuana is prohibited in the Offeror's workplace and specifying the actions that will be taken against employees for violations of such prohibition; (iii) state in all solicitations or advertisements for employees placed by or on behalf of the Offeror that the Offeror maintains a drug-free workplace; and (iv) include the provisions of the foregoing clauses in every subcontract or purchase order of over \$10,000, so that the provisions will be binding upon each Subofferor or vendor.

For the purposes of this section, "drug-free workplace" means a site for the performance of work done in connection with a specific contract awarded to an Offeror, the employees of whom are prohibited from engaging in the unlawful manufacture, sale, distribution, dispensation, possession or use of any controlled substance or marijuana during the performance of the contract.

20. NON-DISCRIMINATION OF OFFERORS: An Offeror shall not be discriminated against in the solicitation or award of this contract because of race, religion, color, sex, national origin, age, disability, faith-based organizational status, any other basis prohibited by state law relating to discrimination in employment or because the Offeror employs ex-offenders unless the state agency, department or institution has made a written determination that employing ex-offenders on the specific contract is not in its best interest. If the award of this contract is made to a faith-based organization and an individual, who applies for or receives goods, services, or disbursements provided pursuant to this contract objects to the religious character of the faith-based organization from which the individual receives or would receive goods, services, or disbursements, the public body shall offer the individual, within a reasonable period of time after the date of his objection, access to equivalent goods, services, or disbursements from an alternative provider.

Attachment A

REQUIRED GENERAL TERMS AND CONDITIONS

21. eVA Business-To-Government Vendor Registration: The eVA Internet electronic procurement solution, web site portal www.eVA.virginia.gov streamlines and automates government purchasing activities in the Commonwealth. The eVA portal is the gateway for vendors to conduct business with state agencies and public bodies. All vendors desiring to provide goods and/or services to DRPT shall participate in the eVA Internet e-procurement solution either through the eVA Basic Vendor Registration Service or eVA Premium Vendor Registration Service. All Offerors must register in eVA and pay the Vendor Transaction Fees specified below; failure to register will result in the proposal being rejected.

Effective July 1, 2011, vendor registration and registration-renewal fees have been discontinued. Registration options are as follows:

- a. eVA Basic Vendor Registration Service: eVA Basic Vendor Registration Service includes electronic order receipt, vendor catalog posting, on-line registration, electronic bidding, and the ability to research historical procurement data available in the eVA purchase transaction data warehouse.
- b. eVA Premium Vendor Registration Service: eVA Premium Vendor Registration Service includes all benefits of the eVA Basic Vendor Registration Service plus automatic email or fax notification of solicitations and amendments.

Vendor transaction fees are determined by the date the original purchase order is issued and are as follows:

- a. For orders issued prior to August 16, 2006, the Vendor Transaction Fee is 1 percent, capped at a maximum of \$500 per order,
- b. For orders issued August 16, 2006 thru June 30, 2011, the Vendor Transaction Fee is:
 - (i) DMBE-certified Small Business: 1 percent, capped at \$500 per order.
 - (ii) Businesses that are not DMBE-certified Small Business: 1 percent capped at \$1500 per order.
- c. For orders issued July 1, 2011 thru June 30, 2013, the Vendor Transaction Fee is:
 - (i) DMBE-certified Small Businesses: 0.75 percent, capped at \$500 per order.
 - (ii) Businesses that are not DMBE-certified Small Businesses: 0.75 percent, capped at \$1,500 per order.
- d. For orders issued July 1, 2013 and after, the Vendor Transaction Fee is:
 - (i) DMBE-certified Small Businesses: 1 percent, capped at \$500 per order.
 - (ii) Businesses that are not DMBE-certified Small Businesses: 1 percent, capped at \$1,500 per order.

The specified vendor transaction fee will be invoiced, by the Commonwealth of Virginia Department of General Services, approximately 30 days after the corresponding purchase order is issued and payable 30 days after the invoice date. Any adjustments (increases/decreases) will be handled through purchase order changes.

22. AVAILABILITY OF FUNDS: It is understood and agreed between the parties herein that the agency shall be bound hereunder only to the extent of the funds available or which may hereafter become available for the purpose of this agreement.

23. SET-ASIDES: this solicitation is set-aside for DMBE-certified small business participation only when designated “SET-ASIDE FOR SMALL BUSINESSES” in the solicitation. DMBE-certified small businesses are those businesses that hold current small business certification from the Virginia Department of Minority Business Enterprise. This shall not exclude DMBE-certified women-owned and minority-owned businesses when they have received the DMBE small business certification. For purposes of award, Offerors shall be deemed small business if and only if they are certified as such by DMBE on the due date for receipt of proposals.

24. **BID PRICE CURRENCY.** Unless stated otherwise in the solicitation, Offerors shall state bid/offer prices in US dollars.

25. **AUTHORIZATION TO CONDUCT BUSINESS IN THE COMMONWEALTH:** A Offeror organized as a stock or nonstock corporation, limited liability company, business trust, or limited partnership or registered as a registered limited liability partnership shall be authorized to transact business in the Commonwealth as a domestic or foreign business entity if so required by Title 13.1 or Title 50 of the *Code of Virginia* or as otherwise required by law. Any business entity described above that enters into a contract with a public body pursuant to the *Virginia Public Procurement Act* shall not allow its existence to lapse or its certificate of authority or registration to transact business in the Commonwealth, if so required under Title 13.1 or Title 50, to be revoked or cancelled at any time during the term of the contract. A public body may void any contract with a business entity if the business entity fails to remain in compliance with the provisions of this section.

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ATTACHMENT B

SPECIAL TERMS AND CONDITIONS

1. PROPOSED PROCUREMENT SCHEDULE:

Issue Date of RFP	May 30, 2012
Pre-Proposal Conference	June 8, 2012
Deadline for receipt of Proposals	June 22, 2012
Oral Presentations (if required)	Week of July 9, 2012
Negotiations	Week of July 16, 2012
Proposed Contract Award (Dependant upon timing of Oral presentations)	July 30, 2012

2. CHANGES TO THE RATES ON THE PRICE SCHEDULE: Rates may be revised by mutual agreement of DRPT and the Offeror 60 days prior to the renewal period starting date. If DRPT elects to exercise the option to revise rates for the two (2) one year renewal periods the contract price(s) for the increase shall not exceed the contract price(s) stated for the third year of the original contract increased/decreased by more than the percentage increase/decrease of the Services Category of the CPI-W section of the Consumer Price Index of the United States Bureau of Labor Statistics for the latest twelve months for which statistics are available. The Offeror shall convey (in writing) its request to raise/lower prices to the Department no later than 60 days prior to the renewal period starting date. Applications for price increases shall be substantiated in writing with the request. DRPT shall have sole discretion in its decision to allow price increases.

3. APPROPRIATE LICENSURE, CERTIFICATIONS, AND/OR CREDENTIALS: Offeror must submit copies of appropriate licensure, certifications, and/or credentials subsequently upon award and as requested by DRPT.

4. AUDIT: The Consultant shall retain all books, records, and other documents relative to this contract for five years after final payment. The agency, its authorized agents, and/or State auditors shall have full access to and the right to examine any of said materials during said period. The Consultant shall permit the authorized representative of the DRPT, the U. S. Department of Transportation, and the Comptroller General of the United States to inspect and audit all data and records of the Consultant relating to its performance under this Contract.

5. ADDITIONAL USERS OF CONTRACT: It is DRPT's intent, on behalf of the Secretary of Transportation and all agencies/facilities within the Transportation Secretariat (to include Virginia Department of Transportation, Virginia Department of Aviation, Virginia Department of Motor Vehicles, and the Virginia Port Authority), to provide access to DRPT agreements and to provide Offerors with opportunities to do business with these agencies. Additionally, this procurement is being conducted on behalf of grantees of the Department of Rail and Public Transportation who may be added or deleted at anytime during the period of the contract. See Attachment F for the list of grantees. The addition or deletion of authorized users not specifically named in the solicitation shall be made only by written contract modification issued by this agency and upon mutual agreement of the Offeror. Such modification shall name the specific entity added or deleted and the effective date. The Offeror shall not honor an order citing the resulting contract unless the ordering entity has been added by written contract modification.

To that end, and if agreeable with the Offeror, in addition to DRPT, other agencies within the Transportation Secretariat and grantees of DRPT named in Attachment F may have access to any agreement resulting from this solicitation.

ATTACHMENT B

SPECIAL TERMS AND CONDITIONS

6. ADVERTISEMENT: In the event a contract is awarded for supplies, equipment, or services resulting from this proposal, no indication of such sales or services to DRPT will be used in product literature or advertising without prior written approval from DRPT.

7. CLAIMS: The Offeror shall be responsible for all damage and expense to persons or property caused by its negligent activities including, without limitation, those which it chooses to deliver through its Subofferors, agents or employees, in connection with the services required under this Agreement. Further it is expressly understood that the Offeror shall defend and hold harmless the Commonwealth of Virginia, DRPT, its officers, agents, and employees from and against any and all damages, claims, suits, judgments, expenses, actions, and costs of every name and description caused by any negligent act or omission in the performance by the Offeror, including, without limitation, those which it chooses to deliver through its Subofferors, agents or employees, of the services under this Agreement.

8. CANCELLATION OF CONTRACT: DRPT reserves the right to cancel and terminate any resulting contract, in part or in whole, without penalty, upon 60 days written notice to the Offeror. After the initial three-year contract period, the resulting contract may be terminated by either party, without penalty, upon 60 days written notice to the other party. Any contract cancellation notice shall not relieve the Offeror of the obligation to deliver any outstanding orders issued prior to the effective date of cancellation.

9. OFFEROR'S QUALIFICATIONS/RESPONSIBILITIES:

- A. Offeror agrees that competent, experienced and qualified staff properly trained and certified for the type of work described in this RFP shall perform all work.
- B. The Offeror shall assign a person as the Offeror's Representative who will have the authority to execute this contract work. The person's name and phone number and an alternate representative's name and phone number shall be provided to DRPT in the Offeror's proposal.

10. DAMAGES: It is the Offeror's responsibility to repair any property damage caused in the performance of this contract. Repairs will be made to DRPT's satisfaction.

11. SPECIAL DISCOUNTS: (A) During the contract period, if the Offeror offers promotional discounts as a general practice for items available under this contract, with the result that those prices are lower than the prices available under this contract, then the promotional discounts shall be made available to DRPT under this contract. (B) The effective date for price changes/discounts will be the date that the lower prices/discounts were made available to the Offeror's customers generally.

12. DELAYS IN AWARD: Delays in award of a contract beyond the anticipated starting date may result in a change in the contract period indicated in the solicitation. If this situation occurs, DRPT reserves the right to award a contract covering the period equal to or less than the initial term indicated in the solicitation.

ATTACHMENT B

SPECIAL TERMS AND CONDITIONS

13. CONTRACTUAL CLAIMS AND DISPUTES: Contractual claims arising after final payment shall be governed by § 2.2-4363(A) of the *Code of Virginia*. Claims shall be submitted to the Director of DRPT who will render a decision within 30 days. Contractual disputes arising during the course of performance shall be submitted to the CFO, Finance Division, who will make a decision in 30 working days, which will be final. Vendors will not be precluded from filing a claim at the conclusion of performance as a result of the decision made during the course of contract performance.

14. PROTEST OF AWARD: An Offeror wishing to protest an award or a decision to award a contract must submit a written protest to the DRPT Purchasing Division, 600 East Main Street, Suite 2102 Richmond, Virginia 23219, no later than 10 days after public notice of award or announcement of the decision to award whichever occurs first. The public notice will be in the area designated for solicitation/proposal and award notices. The protest must include the basis for the protest and the relief sought. Within 10 days after receipt of the protest the Chief Financial Officer (CFO), Finance Division will issue a written decision stating the reasons for the action taken. This decision is final unless within 10 days after receipt of such decision, the Offeror institutes legal action as provided in the *Code of Virginia*.

15. ADDITIONAL INFORMATION: DRPT reserves the right to ask any Offeror to submit information missing from its offer, to clarify its offer, and to submit additional information which DRPT deems desirable, and does not affect quality, quantity, price or delivery.

16. PROTECTION OF PERSONS AND PROPERTY:

- A. The Offeror expressly undertakes, both directly and through its Subofferor(s), every precaution at all times for the protection of persons and property which may come on the building site or be affected by the Offeror's operation in connection with the work.
- B. The Offeror shall be solely responsible for initiating, maintaining, and supervising all safety precautions and programs in connection with the work.
- C. The provisions of all rules and regulations governing safety as adopted by the Safety Codes Commission of the Commonwealth of Virginia, issued by the Department of Labor and Industry under Title 40.1 of the *Code of Virginia* shall apply to all work under this contract.

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SPECIAL TERMS AND CONDITIONS

- D. The Offeror shall continuously maintain adequate protection of all his work from damage and shall protect the owner's property from injury or loss arising in connection with this contract. He shall make good any such damage, injury, or loss, except such as may be directly due to errors in the contract documents or caused by agents or employees of the owner. He shall adequately protect adjacent property to prevent any damage to it or loss of use and enjoyment by its owners. He shall provide and maintain all passageways, guard fences, lights, and other facilities for protection required by public authority, local conditions, any of the contract documents or erected for the fulfillment of his obligations for the protection of persons and property.
- E. In an emergency affecting the safety or life of persons or of the work, or of the adjoining property, the Offeror, without special instruction or authorization from the owner, shall act, at his discretion, to prevent such threatened loss or injury. Also, should he, to prevent threatened loss or injury, be instructed or authorized to act by the owner, he shall so act immediately, without appeal. Any additional compensation or extension of time claimed by the Offeror on account of any emergency work shall be determined as provided by paragraph 15, of the General Terms and Conditions.

17. SMALL BUSINESS SUBCONTRACTING PLAN: If the Offeror on the contract is a Department of Minority Business Enterprise (DMBE)-certified small business, the Offeror shall indicate such in Section A of Attachment C. This shall include DMBE-certified women-owned and minority-owned businesses that meet the small business definition and have received the DMBE small-business certification. If the Offeror is not a DMBE certified small business, the Offeror is required to identify the portions of the contract the Offeror plans to subcontract to DMBE-certified small business by completing and returning Section B of Attachment C. If the Offeror is not a DMBE-certified small business and cannot practicably subcontract any portion of the requirements being solicited, in order to be considered responsive to the solicitation, the non DMBE-certified Offeror must document on Attachment C, section C, past efforts made to provide subcontracting opportunities to DMBE-certified small businesses for other contracts within the past 24 months.

18. SMALL BUSINESS SUBCONTRACTING AND EVIDENCE OF COMPLIANCE:

Each prime Offeror who wins an award in which provision of a small business subcontracting plan is a condition of the award, shall deliver to the contracting agency or institution on a semi-annual basis, evidence of compliance (subject only to insubstantial shortfalls and to shortfalls arising from Subofferor default) with the small business subcontracting plan. When such business has been subcontracted to these firms and upon completion of the contract, the Offeror agrees to furnish the purchasing office at a minimum the following information: name of firm, phone number, total dollar amount subcontracted, category type (small, women-owned, or minority-owned), and type of product or service provided. Payment(s) may be withheld until compliance with the plan is received and confirmed by the agency or institution. The agency or institution reserves the right to pursue other appropriate remedies to include, but not be limited to, termination for default.

ATTACHMENT B

SPECIAL TERMS AND CONDITIONS

19. INTELLECTUAL PROPERTY RIGHTS: DRPT shall have exclusive rights to all data and intellectual property generated in the course of the project. (“intellectual property”, which includes all inventions subject to the U. S. Patent System. This shall be inclusive but not limited to, new processes, materials, compounds and chemicals, and all creations subject to the U. S. Copyright Act of 1976, as amended, including but not limited to printed material, software, drawings, blueprints, and compilations such as electronic databases.) Furthermore, DRPT shall have all rights, title, and interest in or to any invention reduced to practice pursuant to a resulting contract. Proposals should recognize the requirements of public sector agencies and of public policy generally, including the Freedom of Information Act, State statutes and agency rules on release of public records, and data confidentiality.

All copyright material created pursuant to this contract shall be considered work made for hire and shall belong exclusively to DRPT. Neither DRPT, nor the Offeror intends that any copyright material created pursuant to the contract, together with any other copyright material with which it may be combined or used, be a “joint work” under the copyright laws. In the case that either in whole or part of any such copyright material not be deemed work made for hire, or is deemed a joint work, then Offeror agrees to assign and does hereby irrevocably assign its copyright interest therein to DRPT. DRPT may reasonably request documents required for the purpose of acknowledging or implementing such assignment.

The Offeror warrants that no individual, other than regular employees and Subofferors of the Offeror or DRPT regular employees, agents, or assigns while working within the scope of their employment or contracted duty, shall participate in the creation of any intellectual property pursuant to the contract. If this situation should arise, such individual and his or her employer, if any, must agree in writing to assign the intellectual property rights, as described herein, for work performed under this contract to DRPT either directly or through the Offeror.

DRPT shall have all rights, title and interest in or to any invention reduced to practice pursuant to this contract. The Offeror shall not patent any invention conceived in the course of performing this contract. The Offeror hereby agrees that, notwithstanding anything else in this contract, in the event of any breach of this contract by DRPT, the remedies of the Offeror shall not include any right to rescind or otherwise revoke or invalidate the provisions of this section. Similarly, no termination of this contract by DRPT shall have the effect of rescinding the provisions of this section.

DRPT is only entitled to the intellectual property rights for deliverables and associated documentation produced by the Offeror for which DRPT has fully paid the Offeror as the contract is completed or as the contract is terminated for any reason.

Copyright or pre-existing work of the Offeror shall remain the property of the Offeror. The Offeror grants to DRPT a perpetual, royalty-free, irrevocable, worldwide, non-exclusive license to use such pre-existing work in connection with exercising the rights of ownership granted to DRPT pursuant to this section.

ATTACHMENT B

SPECIAL TERMS AND CONDITIONS

Notwithstanding anything herein to the contrary, DRPT acknowledges that as part of the Offeror's provision of services hereunder, the Offeror may license third-party software or acquire proprietary works of authorship (collectively referred to as "products"), which have been developed by third parties. DRPT must approve the third-party license agreements and the acquisition of these third-party products prior to their use by the Offeror and DRPT agrees that these products will remain the sole property of the third party.

The Offeror shall grant DRPT license to use all software developed by the Offeror under this contract in other applications within Virginia as DRPT sees fit. Should the Offeror desire to re-use software developed under this contract for other projects (both DRPT contracts and others), DRPT must be notified in writing 60 days prior to such use. Furthermore, DRPT shall be justly compensated for the re-use of such software. Compensation shall be negotiated and agreed upon prior to DRPT releasing software rights. Typically, DRPT prefers increased software capabilities and/or functionality instead of monetary compensation.

20. MANNER OF CONDUCTING WORK AT JOB SITE: All work shall be performed according to the standard of industry and to the complete satisfaction of DRPT.

- A. Personnel used by the Offeror for the performance of this work shall be properly trained and qualified for work of this type to the satisfaction of DRPT and shall possess any required licenses, certifications, and qualifications.
- B. The Offeror shall be responsible for the conduct of all personnel while at the job site. All personnel involved with the work shall obey all rules and regulations of DRPT.
- C. Sexual Harassment of any employee, DRPT or Offeror, will not be tolerated and is to be reported immediately to the DRPT Representative.

All work to be conducted by the Offeror in any facility shall be coordinated in advance with the DRPT Project Manager. The Offeror shall coordinate his/her work efforts with (if applicable) other existing Offeror/agency work efforts through the DRPT Project Manager. All Offeror work shall take place on non-holiday weekdays between the hours of 8:00 A.M. and 5:00 P.M, unless otherwise approved by the DRPT Project Manager.

21. POLICY OF EQUAL EMPLOYMENT: DRPT is an equal opportunity/affirmative action employer. Women, Minorities, persons with disabilities are encouraged to apply. DRPT encourages all vendors to establish and maintain a policy to ensure equal opportunity employment. To that end, Offerors should submit along with their proposals, their policy of equal employment.

22. PROPOSAL PRICES: Proposed hourly rates shall not change for work performed on a weekend, night work, or for any hours worked beyond a normal 40-hour week.

ATTACHMENT B

SPECIAL TERMS AND CONDITIONS

23. DRPT reserves the right to approve any personnel or Subofferors proposed for the work described in this RFP and/or any subsequent contract resulting from this RFP. DRPT will provide written justification to the Offeror when approval is not granted.

24. DRPT will provide the Offeror and/or Subofferors with copies of all written approvals.

25. IDENTIFICATION OF PROPOSAL/PROPOSAL ENVELOPE: If a special envelope is not furnished, or if return in the special envelope is not possible, the signed proposal/proposal should be returned in a separate envelope or package, sealed and identified as follows:

From:	6/22/2012	5:00 p.m.
	Name of Offeror	Due Date
		Time
<hr/>		
		505-12-RR0001
	Street or Box Number	IFB No./RFP No.
<hr/>		
	City, State, Zip Code	IFB/RFP Title

Name of Contract/Purchase Officer or Buyer **ASHLEY NUSBAUM.**

The envelope should be addressed as directed on Page 2 of the solicitation. If a proposal not contained in the special envelope is mailed, the Offeror takes the risk that the envelope, even if marked as described above, may be inadvertently opened and the information compromised which may cause the proposal to be disqualified. Proposals may be hand delivered to the designated location in the office issuing the solicitation. No other correspondence or other proposals should be placed in the envelope.

26. PATENT RIGHTS: If any invention, improvement or discovery of the consultant or any of its subconsultants is conceived or first actually reduced to practice in the course of or under this Project which invention, improvement or discovery may be patentable under the Patent Laws of the United States of America or any foreign country, the consultant shall immediately notify DRPT and provide a detailed report. The rights and responsibilities of the consultant, his subconsultants and DRPT with respect to such invention will be determined in accordance with applicable Federal laws, regulations, policies, and waivers thereof.

27. KEY PERSONNEL/SUBOFFERORS: People identified in terms of this RFP as "key personnel" who will work on the service contract, must continue to work on this contract for its duration so long as they continue to be employed by the consultant unless removed from work on the contract with the consent of the purchasing agency.

28. PRICING SCHEDULE: Offerors shall identify all staff positions and rates, for the three potential services under Statement of Needs, and shall indicate such in Attachment D to be fully loaded with all direct and indirect costs, including administrative oversight and approvals.

ATTACHMENT B

SPECIAL TERMS AND CONDITIONS

29. RENEWAL OF CONTRACT: This contract may be renewed by the DRPT upon written agreement of both parties for **two (2)** successive one-year periods, under the terms of the current contract, and at approximately 60 days prior to the expiration.

30. REPORT OF ORDERS RECEIVED FROM ADDITIONAL USERS: The Contractor shall provide the Department of Rail and Public Transportation (DRPT) a quarterly report of orders received from additional users (Attachment G). This report shall reflect orders received from additional users on the contract for the respective quarter. The Contractor must remit the report within 15 days after the end of each quarterly reporting period.

Attachment C

SMALL BUSINESS SUBCONTRACTING PLAN

Definitions

Small Business: "Small business " means an independently owned and operated business which, together with affiliates, has 250 or fewer employees, or average annual gross receipts of \$10 million or less averaged over the previous three years. Note: DMBE-certified women- and minority-owned businesses shall also be considered small businesses when they have received DMBE small business certification.

Women-Owned Business: Women-owned business means a business concern that is at least 51 percent owned by one or more women who are citizens of the United States or non-citizens who are in full compliance with United States immigration law, or in the case of a corporation, partnership or limited liability company or other entity, at least 51 percent of the equity ownership interest is owned by one or more women who are citizens of the United States or non-citizens who are in full compliance with United States immigration law, and both the management and daily business operations are controlled by one or more women who are citizens of the United States or non-citizens who are in full compliance with the United States immigration law.

Minority-Owned Business: Minority-owned business means a business concern that is at least 51 percent owned by one or more minority individuals or in the case of a corporation, partnership or limited liability company or other entity, at least 51 percent of the equity ownership interest in the corporation, partnership, or limited liability company or other entity is owned by one or more minority individuals and both the management and daily business operations are controlled by one or more minority individuals.

All small businesses must be certified by the Commonwealth of Virginia, Department of Minority Business Enterprise (DMBE) to participate in the SWAM program. Certification applications are available through DMBE online at www.dmbv.virginia.gov (Customer Service).

Offeror Name: _____

Preparer Name: _____ **Date:** _____

Instructions (Failure to complete and submit this form may result in your proposal not being considered.)

- A. If you are certified by DMBE as a small business, complete only Section A of this form. This shall include DMBE-certified women-owned and minority-owned businesses when they have received DMBE small business certification.
- B. If you are not certified by DMBE as a small business and plan to subcontract part of this contract with a DMBE certified business, complete only Section B of this form.
- C. If you are not certified by DMBE as a small business and cannot identify any subcontracting opportunities to subcontract part of this contract with a DMBE-certified business, only provide the information requested in Section C of this form.

Attachment C

SMALL BUSINESS SUBCONTRACTING PLAN

Section A

If your firm is certified by DMBE, are you certified as a (**check only one below**):

_____ Small Business

_____ Small and Women-owned Business

_____ Small and Minority-owned Business

Certification number: _____ Certification date: _____

Attachment C

SMALL BUSINESS SUBCONTRACTING PLAN

Section B

Populate the table below to show your firm's plans for utilization of DMBE-certified small businesses in the performance of this contract. This shall include DMBE-certified women-owned and minority-owned businesses that meet the small business definition and have received the DMBE small business certification. Include plans to utilize small businesses as part of joint ventures, partnerships, Subofferors, suppliers, etc.

B. Plans for Utilization of DMBE-Certified Small Businesses for this Procurement

Small Business Name & Address DMBE Certificate #	Status if Small Business is also: Women (W), Minority (M)	Contact Person, Telephone & Email	Type of Goods and/or Services	Planned Contract Involvement	Planned Annual Contract Dollar Expenditure Amount
Totals \$					

Attachment C

SMALL BUSINESS SUBCONTRACTING PLAN

Section C

Respond to how your business has met or exceeded at least two of the following indicators within the past 24 months. Your response may include any good faith efforts made regarding this procurement.

C. Good Faith Effort Indicators by the Offeror

1. Identify areas of work your business has subcontracted to DMBE-certified small businesses for other contracts. Include company names, dates, dollar amounts, and percentages on a per contract basis.
2. List research efforts conducted by your business in the past to locate DMBE-certified small businesses by advertising in publications or in the classified section of the newspaper where small businesses are likely to see it. List specific publications and dates.
3. List small business outreach meetings, conferences, or workshops conducted by your firm to locate DMBE-certified small businesses—including the dates, participation numbers, and results.
4. Provide documented correspondence (i.e., certified mail, email, receipt of fax transmissions, etc.) to small businesses from the lists provided by DMBE and other outreach agencies and organizations which indicates your solicitation of such for utilization of subcontracting opportunities on other contracts for which your business has competed.
5. List areas of work which your business has subcontracted with DMBE-certified small businesses for upcoming contracts—including the name of the business, certification number, dates, dollar amounts, and percentages on a per contract basis.
6. Provide documentation of any assistance offered to interested small businesses in obtaining bonds, lines of credit, and/or insurance for any present or past contracts your business has in place.
7. Provide documentation of follow-up on initial contacts with DMBE-certified small businesses (e.g., telephone call logs, emails, certified letters, etc.). Be sure to list the small business name and dates of contact.

Attachment D (cont'd)

Labor Classification Descriptions

Contract/Project Manager: Provides direction and management for small to large projects and ensures on-schedule completion within scope and budget. Responsible for preparing proposals to client's scope of work, management and performance of the project. Plans and defines project goals and devises methods to accomplish them.

Financial Compliance Analyst: Ability to plan, monitor and review programs and reports for compliance with state and federal authority. Ability to interpret authority and establish standard procedures for fiscal and accounting operations and review. Prepares, coordinates and maintains comprehensive, complex financial reports and records. Ability to research and analyze complex financial data and convey technical distinctions both orally and in writing.

Internal Control Analyst: Performs risk assessments and documentation of business processes using appropriate measurement tools (SWOT analysis, interviews, review of policies and procedures etc.). Develops internal control questionnaires, tests internal controls, documents results and develops an action plan to address any deficiencies noted during assessment.

Senior Accountant: Under direction, assembles, analyzes, interprets, prepares and reviews accounting and budget data and related financial statements and reports involving complex financial data.

Accountant: Under direction, manages, audits, and maintains accurate financial records and prepares financial statements and tax reports.

Senior Financial Analyst: Under direction, performs a variety of professional financial forecasting and analysis work of a specialized or complex nature. Develops and analyzes long-range financial forecasts, capital cost estimates, funding strategies, profitability analysis, and life-cycle cost analysis for railway operations.

The above descriptions are examples only. The Offeror is encouraged to develop their own classifications with appropriate descriptions to satisfy the Statements of Needs as presented herein.

ATTACHMENT F

Agencies Funded by DRPT

A Grace Place Adult Care Center
Accomack Northampton TDC
Adult Care Service
Adult Day Care of Martinsville and Henry Counties
Alexandria Transit
American Emergency Vehicles
American Red Cross
Appalachian Agency for Senior Citizens
ARC of Greater Prince William
Arc of the Virginia Peninsula
Arlington County
Bay Aging, Inc.
Bedford County
Beth Shalom Home
Blacksburg Transit
Blue Ridge Opportunity Services
Bon Secours Senior Health
Bristol Virginia Transit
Buchanan County Transportation
CAPUP
Central Shenandoah Planning District Commission
Central Virginia Area Agency on Aging, Inc.
Chesapeake Service Systems
Chesterfield Community Services Board
Chesterfield County
City of Alexandria
City of Bristol, Tennessee
City of Charlottesville
City of Danville
City of Fairfax
City of Falls Church
City of Fredericksburg
City of Harrisonburg
City of Kingsport
City of Lynchburg
City of Martinsville
City of Radford
City of Richmond
City of Staunton
City of Virginia Beach
City of Williamsburg
Community Association for Rural Transportation, Inc.
Community Transportation Association of Virginia
Crater District Area Agency On Aging /FGP
Crater Planning District Commission
Crossroads Community Services
Cumberland County
Daily Planet Health Care for Homeless
Danville City Parks and Recreation Department
Danville-Pittsylvania Community Services
Dickenson County Transportation
Northern Virginia Regional Commission
PARC Workshop, Inc.
Peninsula Agency on Aging
Petersburg Area Transit
District III Public Transit
Dulles Area Transportation Association
Eastern Shore Community Services Board
ECHO.INC
ElderHomes Corporation
ESAAA/CAA
Essex County
Fairfax County
Farmville Area Bus
Friendship Industries, Inc.
George Washington Regional Commission
Giles Health & Family Center
Gloucester County
Goochland Fellowship and Family Service
Goodwill Industries of the Valleys
Grafton School, Inc.
Greater Lynchburg Transit Company
Greater Richmond Transit Company
Greater Roanoke Transit Company
Greene County
Greensville Adult Activity Services
Hampton Roads Planning District Commission
Hampton-Newport News Community Services Board
Hanover Community Services
Henrico Area MH/MR Services
Historic Triangle Senior Center
Hope House Foundation
Hopewell Redevelopment and Housing Authority
Intelligent Transportation Society of Virginia
James City County
JAUNT, Inc.
Jewish Community Center of Northern Virginia
Junction Center for Independent Living
Lake Country Area Agency on Aging
Loudoun County
Lynchburg Community Action Group, Inc.
Metropolitan Washington Airports Authority
Metropolitan Washington Council of Governments
Middle Peninsula Planning District Commission
Middle Peninsula-Northern Neck CSB
Montgomery County
Mount Rogers Community Services Board
Mountain Empire Older Citizens
New River Valley Community Services Board
New River Valley Planning District Commission
New River Valley Senior Services - Pulaski Area Transit
Northern Neck Planning District Commission
Northern Shenandoah Valley Regional Commission
Northern Virginia Transportation Commission
Northwestern Community Services Board
NuRide, Inc.
Sussex-Greensville-Emporia Adult Activity Services
Tazewell County
The Arc of Central Virginia
The Arc of Greater Prince William

Piedmont Community Services Board	The Arc of Harrisonburg/Rockingham
Pleasant View, Inc.	Thomas Jefferson Planning District Commission
Portco, Inc.	Town of Altavista
Potomac and Rappahannock Transportation Commission	Town of Ashland
Prince William County	Town of Blackstone
Quin Rivers Agency for Community Action, Inc.	Town of Bluefield - Graham Transit
Rappahannock Area Agency on Aging	Town of Chincoteague
Rappahannock Area Community Services Board	Town of Haymarket
Rappahannock-Rapidan Area Agency on Aging	Town of Herndon
Rappahannock-Rapidan Community Services Board	Town of Kenbridge
Rappahannock-Rapidan Planning District Commission	Town of Orange
Resort Area Transportation Management Association	Town of Purcellville
Richmond Area ARC	Town of South Hill
Richmond Community Action Program	Town of Victoria
Richmond Planning District Commission	Town of Warrenton
Richmond Redevelopment and Housing Authority	Town of West Point
Richmond Residential Services	Transportation District Commission of Hampton Road
Ridefinders	Tysons Transportation Association, Inc.
Roanoke County	UHSTS, Inc. - RADAR
Roanoke Valley-Alleghany Regional Commission	Valley Program for Aging Services, Inc.
Rockbridge Area Community Services Board	Vector Industries, Inc.
Rockbridge Area Occupational Center, Inc.	Virginia Port Authority
Rockbridge Area Transportation System, Inc.	Virginia Rail Policy Institute
Rockbridge County	Virginia Regional Transportation Association
Rockingham County	Virginia Transit Association
Russell County Public Transportation	Virginias Region 2000 Local Government Council
Senior Services of Southeastern Virginia	West Piedmont Planning District Commission
Shenandoah Area Agency on Aging, Inc.	Western Tidewater Community Services Board
Shen-Paco Industries, Inc.	Williamsburg Area Transit Authority
Southern Area Agency on Aging	Winchester Transit
Southside Community Services Board	Wise County
St. Joseph's Villa	Washington Metropolitan Area Transit Authority
Stepping Stones, Inc.	Washington Metropolitan Area Transit Commission
STEPS, Inc.	



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Internet www.us.kpmg.com

June 22, 2012

Ms. Ashley Nusbaum
Financial Compliance and Procurement Analyst
Commonwealth of Virginia
Department of Rail and Public Transportation
600 East Main Street, Suite 2102
Richmond, VA 23219

Dear Ms. Nusbaum,

On behalf of KPMG LLP (KPMG), we are pleased to respond to your Request for Proposal (RFP) #505-12-RR0001 to continue to provide internal control assessment services, financial planning and analysis services and other financial compliance review services to the Virginia Department of Rail and Public Transportation (DRPT).

Our valued relationship with DRPT is of prime importance to KPMG and our proposal will highlight our continued commitment to provide DRPT the resources, personnel, and dedication to successfully address all of your requested services. KPMG's work experience offers DRPT clear advantages, all of which we have detailed throughout our proposal.

We strongly believe KPMG continues to be the right firm for DRPT based on our strong track record of efficient service execution, the flagship client status DRPT holds in our Virginia based and national practices, as well as our extensive experience with governmental sector clients. We are the only firm that has the breadth and depth of resources available to effectively and efficiently provide the requested services.

Having served DRPT for the last five years, we have gained valuable insight into your operations, providing you with continuity and institutional knowledge. By continuing to work with KPMG, DRPT avoids the inevitable disruption and learning curve associated with a change in service providers and helps eliminate any worries about the costs and risks associated with a transition.

Throughout our service, we have worked diligently with you to establish trust and deliver value and we will continue to do so as we progress into the next stage of our relationship. Our goal is to share our knowledge and experience with DRPT and, in turn, deliver value. We believe the following specific attributes distinguish KPMG from the other firms that are competing for your business:

- Experienced, consistent team keenly focused on a high level of quality service (e.g., subject matter professionals in specialty areas including financial background review, treasury, financial analysis, compliance with regulatory requirements, and policy and procedures)
- Extensive experience serving governmental entities throughout the Commonwealth (e.g. experience with internal controls over regulatory requirements, the Committee of Sponsoring Organizations of the Treadway Commission (COSO)TM framework, performing control and risk assessments, and documenting and evaluating the design and operating effectiveness of internal controls)



- Tailored approaches proven effective, efficient, and compliant (e.g. robust service methodologies leveraging learning from previous engagements with DRPT, private and public sector clients, and proprietary tools and templates that facilitate our ability to deliver quality services to our clients in a thorough and customized manner)
- No costs or risk of disruption associated with service provider change
- Our reasonable and competitive fee structure

In closing, we would like to emphasize one final point: We want to continue our mutually beneficial relationship and be retained as a general financial consultant to DRPT. We believe the combination of continuity and knowledge that only KPMG can offer represents the right path for DRPT and we are confident that this proposal emphasizes how important your business is to KPMG. Our main goal is *to continue to turn our knowledge and experience into value for you*. Put simply, *we stand ready to continue to serve DRPT* and we are excited about continuing to work together, sharing knowledge and achieving results.

On behalf of our team, I want to express our enthusiasm for the opportunity to work with DRPT. We are fully prepared to begin work upon contract award. This proposal is subject to the completion of our normal engagement acceptance process. As a Partner, I have full authority to bind and represent KPMG in interactions with DRPT on any matters pertaining to this proposal.

If you have any questions regarding the enclosed proposal, please feel free to contact me at 804-782-4216.

Very truly yours,

KPMG LLP

A handwritten signature in blue ink, appearing to be 'R. Churchman'.

Robert H. Churchman

Partner

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Appendix A: Team Résumés
Appendix B: Small Business Subcontracting Plan
Appendix C: Suggested Contractual Modifications and Notifications

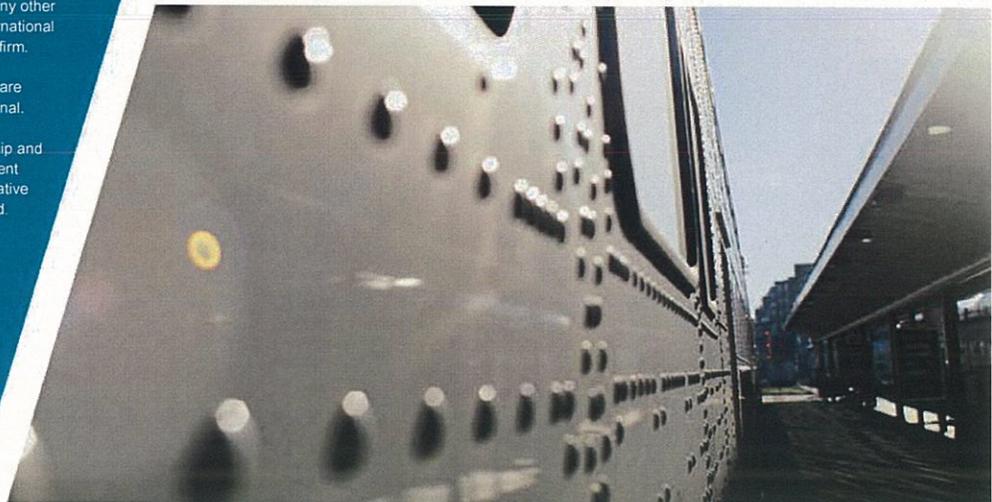
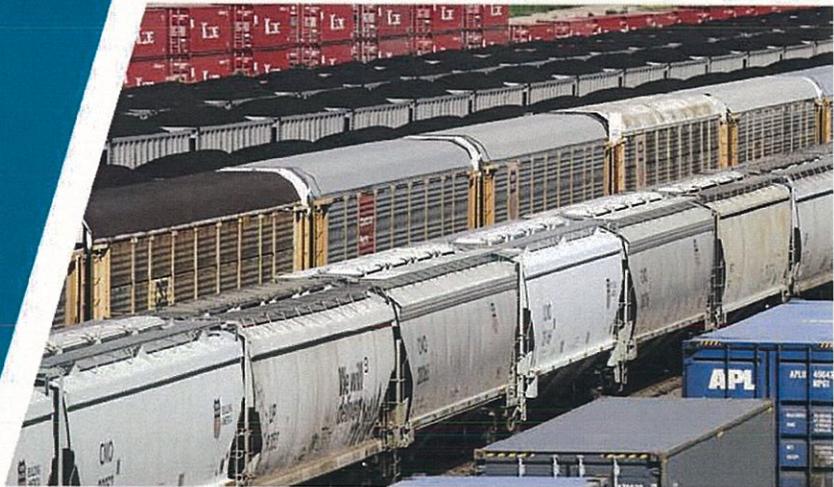
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This proposal is made by KPMG LLP, a Delaware limited liability partnership and the U.S. member firm of the KPMG network of independent firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity, and is in all respects subject to our client and engagement acceptance procedures as well as the negotiation, agreement, and execution of a specific engagement letter or contract. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm.

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Cross Reference Table

The following cross reference table is provided to assist you in locating answers to the questions outlined in your RFP.

Question(s)	Page (s)
RFP Cover Sheet	6
1. RFP Cover Sheet	7
Tab 1: Understanding of Work and Plan for Providing Services	8
1. The Offeror must provide a detailed description of its understanding of the services to be provided with descriptions of the approach and procedures employed on similar projects elsewhere. The Offeror must describe the process it will follow to respond to a specific purchase order request from DRPT. The Offeror should also describe the management procedures it will follow to oversee work by its personnel and work by Subofferors on multiple purchase orders simultaneously.	9-29
Tab 2: Experience and Qualifications	30
1. The Offeror must describe the skills and qualifications it has available to perform the various types of tasks described in the Statement of Needs. The key personnel who could be assigned to these various tasks should be identified. DRPT recognizes that due to the long term, open-ended nature of the agreement that will be issued as the result of this RFP, Offerors will not be able to guarantee that all of the individuals identified in the proposal will be available for assignment when a specific purchase order request is issued. The Offeror must therefore demonstrate that it has sufficient personnel with the various types of skills needed to staff the purchase orders when needed. The Offeror shall provide all of the following information concerning its Company, Subofferors and personnel qualifications.	31-37
a. A detailed statement indicating the organizational structure under which the firm proposes to conduct business. If more than one firm is involved in this project, state the type of arrangement between the firms and the percentage of work to be performed by each.	38
b. A list of the key personnel including Subofferors who could be assigned to the various tasks identified. Give the relevant experience record of each and include resumes and any certifications.	38-41
c. A list of references to include name, address, telephone number, project, and amount of project.	41-42

Question(s)	Page (s)
Tab 3: Virginia Department of Minority Business Enterprise (DMBE/SWAM) Participation	43
1. The Offeror shall indicate the percentage of DMBE/SWAM participation and specify the types of work to be performed by DMBE/SWAM Subofferor. In order to be considered for the selection of this Request for Proposals, the Offeror must submit six copies of the Small Business Subcontracting Plan. A blank copy of this document is included as Attachment C.	44-47
Tab 4: Contact Person	48
1. The primary Offeror must identify the name, telephone number and e-mail address for the contact person who will be responsible for coordinating the efforts and personnel of all parties and/or Subofferor involved in the proposal.	49
Tab 5: Staffing and Pricing Plan	50
1. Offerors shall identify all staff positions by person and actual hourly rates (base rate, overhead and profit listed separately along with the total rate) in the Price Schedule (Attachment D) for the three potential services described in the Statement of Needs, and listed pursuant to Tab 2. Final pricing/rates will be addressed in the negotiation phase.	51-52



Executive Summary

Proposal to Serve the **Virginia Department of Rail and Public Transportation**

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Executive Summary

DRPT is a flagship client of KPMG and we are proud to have served DRPT during our years of service. We look to build upon our past success as your General Financial Consultant and affirm our desire to continue in that important role in the years ahead. We view this proposal as an opportunity to highlight our experience in delivering requested services while confirming our commitment to you to continue to deliver a superior level of service.

DRPT – A Priority Client

Our commitment to DRPT is best demonstrated by our track record of service. We believe that our advice and assistance have been continuous and year-round, while being both proactive and responsive. Reflecting on the past, we are proud of our services provided to DRPT. Specifically, we bring to you the following benefits:

- Understanding of your operations, culture, structure and goals
- Uninterrupted service eliminating the risk of any disruption to DRPT operations or incremental internal DRPT costs
- Senior KPMG leadership involvement with unmatched industry knowledge

DRPT deserves to be served by a professional services provider that is an established industry leader. We believe it is vital that DRPT continue a relationship with a firm that has “*been there*” – a firm that is experienced serving DRPT, has the right people and resources in place to continue to serve DRPT effectively and efficiently, and has a solid track record of success. By any measure, **KPMG is that firm.**

We Understand your Business

Our work with DRPT is founded on a thorough understanding of your business priorities, based on our knowledge of DRPT and of the issues facing state and local governments, throughout the Commonwealth of Virginia and nationally. KPMG has a long tradition of serving the public sector—more than eight decades long—as the leader in professional services for governments. KPMG’s commitment to the public sector, both locally and nationally, has resulted in our selection as a professional services provider by many of the largest and most complex governments, more than 2,300 in total, throughout the country. Our understanding of DRPT’s business and the government sector locally and nationally accords us the ability to provide invaluable insight into the risks facing all governments today, and to provide advice on mitigating them. It is this extensive experience which enables KPMG to provide the high-quality, timely, and efficient services you require.

Reflecting on the past, we are proud of our services provided to the DRPT. We will leverage this institutional knowledge in fulfilling your current needs. We believe that you would continue to benefit from an experienced service provider that can bring a thoughtful, client-first perspective, and an engaged responsiveness to your requirements. In the accompanying proposal, we will share with you our strong belief that KPMG represents the right choice for DRPT.

No Learning Curve, No Transition

As your current General Financial Consultant, we understand your business objectives and preferences. We have built relationships within DRPT and its grantees and we understand your culture, your systems, and your communication style and preferences as well as how DRPT and grantees interact with each other. This knowledge translates to a high-level of efficient quality service that cannot be matched by any of our competitors. By choosing KPMG, you will benefit from maintaining the continuity and commitment of your trusted General Financial Consultant as transitioning to another firm would be a distraction from your core operational objectives and disrupt daily operations – simply put, our knowledge of DRPT cannot readily be replaced. By choosing KPMG, ***you avoid the risk and disruption of a transition while saving on tangible internal DRPT costs.***

A Qualified Team You Know

Our commitment to DRPT is reflected in the service team hand selected to provide the leadership, technical skills, and service to effectively provide your requested services. Our proposed team offers both continuity of members you have worked with and new members who will provide fresh perspectives. The quality of the team we have in place and ready to serve DRPT is the clearest demonstration of our commitment to you. With our team, as we have done in the past, we continue to review our team makeup to help ensure that we are bringing the best and brightest to serve. We believe that this shows our commitment to DRPT and supports our assertion that we are the only firm that has the breadth of personnel with the right industry experience and the historical knowledge of your business goals, objectives, and risks.

Local Experience Supported by Unparalleled National Resources

KPMG's Virginia business unit provides Audit, Advisory and Tax services to clients across all industries throughout the Commonwealth. With almost 1,500 professionals resident in offices located in Richmond, Norfolk, McLean, and Roanoke, our team approach to serving our clients starts with the strength of our experienced professionals and the commitment of these individuals to provide quality services and value to a wide-range of governmental, quasi-governmental and non-profit entities throughout the Commonwealth. It is this strength and experience that has enabled our KPMG to be the market leader in Virginia.

A Tailored Approach

We bring unmatched knowledge of DRPT to each service opportunity and we refresh our approach by selecting varied procedures, utilizing new subject matter professionals, and by rotating team members. This provides the *fresh perspective* that is vital to the service delivery process to ensure that it is dynamic, thorough, vigilant, effective and efficient.

A Flexible and Scalable Fee Approach

KPMG believes in providing quality professional services at a fair price. KPMG's mandate is to do the right thing, the right way, and the first time. Additionally, we will seek to maximize efficiencies whenever possible. We are able to do this and provide high-quality professional services by making the appropriate judgments on complex issues and resolving issues locally and expeditiously with timely and open communication. We are committed to maintaining our long-term relationship with DRPT and it is important to us that you receive equitable service for the fees paid.



RFP Cover Sheet

Proposal to Serve the **Virginia Department of Rail and Public Transportation**

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RFP Cover Sheet

RFP: RFP Cover Sheet

Request for Proposals

RFP #: **505-12-RR0001**

Issue Date: **May 30, 2012**

Title: **Contract for General Financial Consultant Services –
Competitive Negotiation for Non-professional Services**

Commodity Code: **918-12 Consulting Services**

Issuing Agency: **Commonwealth of Virginia
Department of Rail and Public Transportation
600 East Main Street, Suite 2102
Richmond, VA 23219**

Initial Period of Contract: **Three years from date of award**

Proposals Will be received until: **June 22, 2012
5:00 p.m. (Close of Business)**

All Inquiries to: **Ashley Nusbaum
Financial Compliance and Procurement Analyst
Phone: (804) 786-2890 FAX: (804) 225-3752
E-Mail: ashley.nusbaum@drpt.virginia.gov**

ALL PROPOSALS MUST BE MAILED OR HAND DELIVERED TO THE ADDRESS ABOVE

In compliance with this Request for Proposals and to all conditions imposed therein and hereby incorporated by reference, the undersigned offers and agrees to furnish the services in accordance with the attached signed proposal or as mutually agreed upon by subsequent negotiation.

Name and Address of Firm:

<u>KPMG LLP</u>	<u>June 22, 2012</u>	
Company Name		Date
<u>1021 E Cary Street, Suite 2000</u>		
Address		Signature in Ink
<u>Richmond, VA 23219</u>	<u>Robert H. Churchman</u>	
City, State, Zip		Printed or Typed Name of Above
<u>13-5565207</u>	<u>804-782-4216</u>	
FEL/FIN Number		Phone
<u>rchurchman@kpmg.com</u>	<u>804-782-4300</u>	
E-mail		Fax

*** An Optional Pre-Proposal Conference will be held on June 8, 2012 at 10:00 a.m. in the State Corporation building located at 1300 E. Main Street, Richmond, 2nd Floor, Courtroom A. See Section VIII for more information.**

Small, Women, and Minority (SWAM) Owned Businesses are encouraged to participate.



**Tab 1:
Understanding of
Work and Plan for
Providing Services**

The Offeror must provide a detailed description of its understanding of the services to be provided with descriptions of the approach and procedures employed on similar projects elsewhere. The Offeror must describe the process it will follow to respond to a specific purchase order request from DRPT. The Offeror should also describe the management procedures it will follow to oversee work by its personnel and work by Subofferors on multiple purchase orders simultaneously.

We understand the scope of work required by DRPT's Request For Proposal (RFP) for three years from the date of award. Upon review of RFP Section IV, Statement of Needs, we understand that our work will be consistent with previous services provided and will encompass the delivery of consulting services related to the financial aspects of DRPT programs, projects, and initiatives in the functions of Internal Control Assessment, Financial Planning and Analysis, and Other Financial Services. Specifically, we understand DRPT's Statement of Needs to include, at a minimum, the following:

1. Internal Control Assessment

- Conduct an agency-level assessment of internal controls for significant financial processes including testing of the effectiveness of the agency-level controls.
- Conduct a process and transaction-level internal control assessment using Strengths, Weaknesses/Limitations, Opportunities, and Threats (SWOT) analysis and including testing of the transaction-level controls.
- Assist and prepare corrective action plans for weaknesses in fiscal processes.

2. Financial Planning and Analysis

- Develop/analyze financial plans for DRPT or its grantees (Examples include potential passenger rail operations or required financial plans under the Federal Transit Administration New Starts program).
- Assist management to conduct operational planning including analysis of operating budgets, and revenue estimates for DRPT grantees.
- Assist management to develop/review financial analysis for DRPT and its grantees for both operational and capital needs.
- Conduct financial analysis of the agencies' grantees or project partners.
- Analyze existing agreements/contracts from the financial perspective and provide input on new agreements that address public benefit measures and contingent interests.
- Develop processes for administering various types of projects using grant agreements and contracts. These processes should encompass the administrative, funding, and budgeting aspects, as well as the payment of invoices in accordance with the agreements/contracts and compliance with state and federal guidelines.
- Analyze and assist with the development of revenue and cash management practices of DRPT.
- Review cash flow analysis for DRPT or for certain projects in which DRPT is a funding participant.

3. Other Financial Services

- Conduct financial compliance analysis of DRPT grant or project agreements.
- Other work of a nature consistent with the intent of the RFP.

Consistent with the outline of requested services per the RFP, KPMG envisions the requested services as comprising three distinct lines of service and fields of experience:

1. KPMG understands that DRPT is requesting assistance in performance of specific items listed earlier in this section within the Internal Control Assessment component.
2. KPMG understands that DRPT is requesting a professional services firm to assist management in various projects pertaining to Financial Planning and Analysis such as: financial analysis, cash flow analysis, conduct financial background analysis of grantees, operational planning, and identification of administrative improvements over grant and contract agreements, etc.
3. KPMG understands that DRPT is requesting a service firm to perform financial compliance reviews of DRPT's grantees and related expenditures and reporting.

Based on the above requirements the following sections will describe our scope and approach for each of the three services requested.

Project Start Date and Activity Monitoring

Within five business days of a purchase order award, the engagement team is prepared to conduct a project initiation meeting with DRPT. The meeting will provide an opportunity for introductions between the members of DRPT's management and the engagement team, development of a communications strategy for the project, and to obtain any additional information needed to complete the project plan and the project schedule. The project initiation meeting will commence the planning and scoping activities of Phase I and initiate the project. From that point forward, meetings and status reporting will follow the communications strategy established at the project initiation meeting.

1. Internal Control Assessment Services

Scope

The scope of this engagement involves the three assessment components and an optional control structure evaluation. According to the Statement of Needs, DRPT is seeking a provider to address the following three internal control assessment services:

- Conduct an agency-level assessment of internal controls for significant financial processes including testing of effectiveness of agency-level controls;
- Conduct a process and transaction-level internal control assessment using Strengths, Weaknesses/Limitations, Opportunities, and Threats (SWOT) analysis and including testing of the transaction-level controls; and
- Develop corrective action plans for weaknesses in fiscal processes.

KPMG's approach to providing internal controls assessments views the organization through a wide lens that places internal controls in context with your entire operations and goals. We will help enable this by delivering internal control services using a multidisciplinary team structure that includes a focused mix of internal auditors, IT audit professionals, and subject matter resources. We will integrate this with our state and local government knowledge to drive broader risk coverage, helping identify areas of duplicity or inefficiency. We will promote this by teaming extremely well with your management, process owners and staff.

Agency-Level Internal Control Assessment

The Agency Risk Management and Internal Control Standards (ARMICS) requires DRPT to perform an agency-level internal control assessment, our approach includes developing a description and evaluation of the design of internal controls, documented procedures for testing the operating effectiveness of these controls, and documented results of the tests of controls. ARMICS aligns the agency-level internal control assessment with the five components of the COSO™ framework, as follows:

- Control Environment;
- Risk Assessment;
- Control Activities;
- Information and Communication; and
- Monitoring.

To facilitate comprehensive consideration of risk in performing the agency-level internal control assessment, we will apply KPMG’s strategic risk framework that identifies a comprehensive set of potential risks as depicted below.

KPMG’s Strategic Risk Framework

External Risks		
<ul style="list-style-type: none"> ■ Legal (regulation, legislation, etc) ■ Economic (interest rates, currencies, inflation, GDP, unemployment, etc) ■ Social (trends, values, population growth, consumer psychology, etc) 	<ul style="list-style-type: none"> ■ Technology ■ New Entrants ■ Suppliers ■ Substitutes ■ Competition 	<ul style="list-style-type: none"> ■ Capital Markets ■ Political ■ Disasters ■ Rating Agencies ■ Terrorism
Internal Risks		
Governance	Integrity	Compliance
<ul style="list-style-type: none"> ■ Authority ■ Leadership ■ Performance Incentives ■ Limits 	<ul style="list-style-type: none"> ■ Management Fraud ■ Employee Fraud ■ Illegal Acts ■ Unauthorized Use ■ Reputation 	<ul style="list-style-type: none"> ■ Taxation ■ Environmental ■ Health & Safety ■ Legal ■ Regulatory
Operational		
<ul style="list-style-type: none"> ■ Technology ■ Quality ■ Customer Satisfaction ■ Customer Accept./Credit 	<ul style="list-style-type: none"> ■ Obsolescence ■ Shrinkage ■ Efficiency ■ Capacity ■ Pricing ■ Cycle Time 	<ul style="list-style-type: none"> ■ Sourcing ■ Product Development & Life Cycle Mgmt. ■ Product Failure ■ Business Interruption ■ Strategic Alliances
<ul style="list-style-type: none"> ■ Contracting ■ Performance Measures ■ Health and Safety ■ Trademarks/Branding ■ Marketing 	<ul style="list-style-type: none"> ■ Repair & Maintenance ■ Security Systems ■ Acquisition Integration 	
Information Management	Financial Management	Human Resources
<ul style="list-style-type: none"> ■ Management Info. System ■ Dependence on IT ■ Reliability ■ External IT ■ Access/Availability ■ Completeness/Assurance ■ Relevance ■ Sufficiency 	<ul style="list-style-type: none"> ■ Budgeting & Planning ■ Cash Flow ■ Investment Evaluation ■ Financial Reporting ■ Financial Instruments ■ Funding ■ Accounting Information ■ Cost control 	<ul style="list-style-type: none"> ■ HR Management ■ Competencies ■ Recruitment ■ Recognition/Retention/Compensation ■ Performance Management ■ Leadership Development ■ Training

Process and Transaction-Level Internal Control Assessment

After completion of the agency-level internal control assessment, DRPT will have a more comprehensive basis to assess the process and transaction level controls that support financial reporting.

The scope of work should include relevant major processes as well as any relevant sub-processes with a financial reporting impact. In addition, the scope of the process and transaction-level internal control assessment should also include information systems general controls related to any relevant applications, systems, data centers, etc. that are controlled or managed by DRPT and support the in-scope processes.

As stated within the RFP, DRPT maintains an internally developed system – the Invoice Creation and Processing System (ICAPS) that is used to augment processing with the Commonwealth Accounting and Reporting System (CARS). ICAPS serves as the financial reporting system that is under the control of DRPT and thus would be within scope for the internal control assessment. While CARS and the Commonwealth Integrated Payroll and Personnel System (CIPPS), and their supporting information system platforms are not within the scope of the assessment, any processes or supporting tasks performed by DRPT’s personnel related to CARS and CIPPS would be included within our project scope.

Corrective Action Plans and Sustainability

Corrective action plans will be developed for all weaknesses in internal control that have been identified and validated with management of DRPT during the agency-level internal control assessment, and the process and transaction-level internal control assessment. In addition, a transition plan will be provided to assist DRPT with ongoing compliance with ARMICS.

Overview of Our Approach

Our approach is based on our understanding of the RFP, our industry knowledge, and our experience performing similar types of engagements.

The KPMG Team’s experience in helping many other government clients implement effective Internal Control Assessment programs helps us understand the DRPT’s desire for a more effective Internal Control Assessment program. As depicted in Figure below, we have developed a related methodology that will help the DRPT identify and prioritize opportunities to improve its processes and internal control structure.

The KPMG Team will clearly address the scope, assessable units, tasks, subtasks, resources, and timing of the project while using the documentation the DRPT has already developed. Our significant experience developing Internal Control Assessment plans will allow us to spend the bulk of our time focused on identifying issues rather than on plan organization and presentation.

Our objective will be to identify the DRPT’s key processes, objectives, risks threatening those objectives, and controls in place to mitigate those risks. This analysis will provide a basis for test plans.

1. Plan and Scope the Evaluation	
<ul style="list-style-type: none"> ■ Establish control assessment process. ■ Identify significant financial reports. ■ Assist client with framework for its analysis of establishment of materiality. 	<ul style="list-style-type: none"> ■ Identify significant accounts, relevant report assertions, and major transaction cycles. ■ Link the accounts and cycles.
2. Document Controls	
<ul style="list-style-type: none"> ■ Document and obtain an understanding of controls for all significant accounts, groups of accounts, and transactions in conjunction with assertion package preparation activities. 	
3. Evaluate Design and Operating Effectiveness	
<ul style="list-style-type: none"> ■ Evaluate design and operating effectiveness of internal control over financial reporting and document results of the evaluation. 	
4. Identify and Correct Deficiencies	
<ul style="list-style-type: none"> ■ Identify, accumulate, and evaluate design and operating deficiencies, communicate findings, and recommend and implement corrective actions for all identified deficiencies. 	
5. Report on Internal Control Environment	
<ul style="list-style-type: none"> ■ Assist in developing management’s written assertion on the effectiveness of internal control over financial reporting. 	

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Timeline Matrix of Internal Control Requirements and Standard Operating Procedures for DRPT

KPMG’s Internal Control Assessment modular methodology can be tailored to DRPT’s specific requirements.

An effective project plan for DRPT will incorporate a risk-based approach as a way to reduce cost. The project plan will include the scope and approach for each task, including significant milestones and anticipated timelines, resource needs, and deployment considerations (including communications, training, rollout and support, and quality control). Additionally, effective internal controls assessment project plans should allow sufficient time to review and update documentation of significant internal controls, evaluate the design and operating effectiveness of significant internal controls, identify and correct internal control deficiencies prior to year-end, as applicable, and report on internal controls.

We recognize that DRPT is subject to numerous legislative and regulatory requirements focused on its internal control structure, and understand that compliance with each can be burdensome if the various initiatives are approached as silos, rather than components of an integrated internal control compliance program. KPMG will advise DRPT on using internal control initiatives to integrate and coordinate internal control parameters established by various legislation and regulations. As we develop the plan to assess internal controls, we will look for opportunities to develop Standard Operating Procedures.

Another key attribute of an effective internal control assessment program is sustainability. Our experience has shown that sustaining internal control assessment programs has posed significant challenges to both government entities and commercial enterprises. KPMG's approach has proven to be sustainable, by offering the appropriate amount of support, without imposing undue burden on the process owners.

KPMG will apply its Internal Control Assessment methodology, supplemented by our proprietary Controls Catalog, which includes by process, typical process objectives, activities, risks, and controls that includes a risk-based approach in planning, documenting, testing, and reporting on internal control to conduct Internal Control reviews for financial reporting and other functions. KPMG offers personnel with significant internal controls experience, our tools such as the controls catalog and our Subject Matter Professionals (SMP) place KPMG in a position to provide excellent support to DRPT.

Phase I – Plan and Scope the Evaluation

The objectives of this phase are to assist management:

- Establish the process
- Identify the significant financial reports
- Define materiality
- Identify significant accounts
- Identify the relevant financial report assertions
- Document the major transaction cycles and financial systems
- Link accounts and transaction cycles
- Determine the organizational approach for assessing the controls.

KPMG will assist DRPT to scope the financial statements and processes for material/significant accounts/transactions to be documented and tested. We will provide a report that includes:

- Input regarding materiality levels to be used in planning the overall assessment of internal control over financial reporting at DRPT
- The inventory and assessment of existing Internal Control Assessment compliance activities, as well as activities supporting other relevant compliance activities, such as annual financial statement audit
- A risk assessment at the financial statement line item, account (or groups of accounts), and disclosure levels that also includes which of these fall within the materiality threshold previously defined. This assessment will also identify the business processes, application systems, and systems processing environments that relate to each significant account or group of accounts; and determine the relevance

of each management assertion (existence or occurrence, completeness, valuation or allocation, rights and obligations, and presentation and disclosure).

KPMG knows that an effective work plan must be developed with DRPT management to clearly address the scope, tasks, subtasks, resources, and timing of the project. The work plan will define the deliverables and due dates, as well as the activities, resources, and level of effort required to produce them. Elements of the Orientation and Familiarization Phase will include:

- Conduct initial planning meeting with the management representatives
- Confirm roles and responsibilities/assignment of resources
- Confirm project goals, objectives, scope and deliverables
- Identify key assumptions, dependencies, and risks to project success
- Gather and evaluate all available information relative to the cycles within scope
- Review prior period findings, work papers, cycle narratives, and policies and procedures
- Prepare draft work plan and submit for DRPT approval
- Obtain approval of work plan from DRPT management

Phase II – Document Controls

Phase II of our methodology calls for us to first document internal controls at the entity (agency-wide) level. KPMG will gather information about internal controls through interviews with senior personnel and reviews of standards, policies and procedures, and memoranda. We will then consider the entity-level internal controls identified with respect to the five elements of ARMICS: Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring. KPMG will document the internal controls that establish the overall control environment of the Agency and reflect management's philosophy and operating style, as well as entity-wide policies and procedures.

As a continuation of our activities under Phase II of our methodology, we will document internal controls at the process (or transaction) level. This task will include information technology (IT) (automated) and a manual controls evaluation.

The process level documentation will describe the activities performed to accomplish process objectives. A key process is one driving significant/material financial item. As an initial step in process level documentation, KPMG will document key process level workflows. Working with designated DRPT personnel, we will gather existing documentation of processes; using techniques that may include interviews, process walkthroughs, workshops, or a combination of the above techniques to better understand process level workflows. Specifically, we will document how financial statement elements are initiated, authorized, recorded, processed, and reported, as well as the process level workflows including process objectives (focused on the overall objective of reliable financial reporting), risks, inputs, activities, primary information systems configuration and functionality, and outputs.

Document Control. The KPMG Document Controls phase entails documenting the processes for initiating, recording, and reporting transactions for significant accounts and disclosures in order to identify the risks and the corresponding controls within each process; assessing the effectiveness of the design of the controls and deciding whether the controls, as designed, would prevent or detect a material error or misstatement related to an account or group of accounts; and documenting the assessment process.

General Controls and Financial Applications. We will also obtain an understanding of the general controls and the key financial applications that support the financial reporting process. We will leverage any general and application control reviews already performed by DRPT. For controls deemed not properly designed, we will report these as weaknesses and will recommend remediation prior to testing. For general and application controls that are determined to be properly designed and effective, we will perform testing of key controls to assess whether they are operating effectively as designed.

Sources of information to be considered may include the following:

- **Institutional knowledge.** Interviews will be conducted with personnel who have knowledge of DRPT's operations to obtain an understanding of the financial and operational business processes. In addition, the team members will assist by providing information already gathered during previous reviews. Policy and procedures manuals define the way controls are supposed to function, but interviews with the personnel performing the processes are likely to reveal the way the controls actually operate. Moreover, interviewing the owners of the major classes of transactions may help to identify the controls in place.
- **Existing policy and procedure manuals.** Existing policy and procedure manuals will be reviewed and referred to as appropriate allowing the documentation will to be leveraged to the extent it is available.
- **Existing forms and documents.** The documentation process will include obtaining examples of the forms and other documents used by the process owners. Evidence of controls will be highlighted on each documented example. For example, a person performing a reconciliation usually initials and dates a reconciliation form when he or she completes the reconciliation.

At the conclusion of this task, KPMG will provide the following deliverables as appropriate:

- **Process narrative.** The process narrative will summarize DRPT's processes. It will describe, for each selected process, the initiation point, the processing, and the completion point. The process narrative will identify key controls in the process. Key controls (also referred to as "significant controls") are those controls designed to meet the agency's control objectives and cover management's financial statement assertions. In other words, key controls are those that management relies upon to prevent and detect material errors and misstatements.
- **Process flowchart.** Process flowcharts are not only an efficient way to document the key controls in a process, but they also provide an effective way to confirm the accuracy of the process narrative with the process owners. Flowcharts also help to identify if more *than one control* accomplishes the same objective of reducing the risk of an error or misstatement within a process. If redundancies are apparent, DRPT has an opportunity to eliminate the inefficiencies and thereby streamline the process.
- **Control matrices.** We will use control matrices as another efficient means to document and understand the key controls that address specific risks. A control matrix 1) lists the assertions and risks for an *account or line item* and the key controls that cover the assertions and 2) cross-references the controls to the risks they address.

As shown in an example of a controls matrix depicted below, it provides information about the type, level, frequency, objectives, and significance of the controls. This information assists reviewers to determine quickly if there is an identified risk for which there is no key control that addresses the risk.

	B	C	D	E	F	G	H	I	J	K	L	M	P
7	Cycle	Sub-Process	Control Objective	Risk	Risk Rating	Control	Common Control Reference	Key Control	Financial Assertions	Frequency	Preventive or Detective	Process Owner	Test to be Performed

Sample Control Matrix

For example, a control matrix for a process would indicate that there are two assertions associated with the line: the existence and occurrence of transactions assertion (that transactions are properly recorded in the accounting system) and the completeness assertion (that all transactions that were recorded by a second source are properly recorded in the accounting system). The control matrix would also identify the risks that need to be mitigated in order to prevent improper management decisions. There may be an understatement, which might lead management to curtail spending and deliver fewer program services than authorized, and this would have a negative impact on program effectiveness.

Similar to process flowcharts, control matrices also facilitate the reviewer's ability to identify risks for which more than one key control has been identified, decide if that redundancy might not be needed and if it is not, recommend elimination of the redundancy in the interests of streamlining.

RFP: Tab 1

Phase III – Evaluate Design and Operating Effectiveness

For internal controls to be effective, they must operate as designed. This requires testing of the design and the operating effectiveness of management's key controls.

Assess the Design of Key Controls

Our team has experience with many organizations in assessing the design of key controls and our testing procedures are designed to obtain evidence of our results. We will assess the effectiveness of the design of key controls and consider whether the controls, as designed, would prevent or detect a material error or misstatement related to an account or group of accounts by interviewing process owners and conducting process walkthroughs. Our assessment of the design of key controls will include:

- Type of control, including configuration, management review, and authorization
- Nature of the control; i.e., automated or manual, preventive or detective
- Frequency of the control; e.g., daily, weekly, or monthly
- Experience of the individual performing the control
- Error investigation and correction procedures, including the timeliness of such procedures
- Test procedures relative to design effectiveness will include interviewing key process owners and performing high-level walkthroughs of the control activities. Procedures will be designed to support the evaluation of control design
- Document results of high-level walkthrough and communicating discrepancies identified in the control documentation to DRPT management; e.g., changes in control owners, or control documentation
- For controls that appear to be designed effectively, develop new, or revise existing test of effectiveness test plans, as needed, and submit to DRPT management for approval.

Our procedures are structured to provide evidence to satisfy the testing objectives and include inspection, observation, and re-performance, coupled with inquiry when appropriate, which corresponds to Internal Control Assessment requirements and leading practices of KPMG. For some controls, it may be impractical, due to time and resources, to test every item. Therefore, sampling may be used to limit the number of transactions and other items tested, in assessing the effectiveness of the operation of controls. Our past experience helps us provide this service efficiently and effectively—we know how to plan and execute the testing process to be most effective.

Test results are documented in such a manner that reviewers would understand the purpose, source, work performed, results, evidence obtained, the conclusion reached, and would be able to identify the individual performing the test and the date it was performed. Deficiencies identified through our testing are confirmed with process owners before reporting to management. As requested in the RFP, KPMG will produce a Strengths, Weaknesses/Limitations, Opportunities, and Threats (SWOT) analysis of the process and transaction-level controls.

Phase IV – Identify and Correct Deficiencies

KPMG has extensive experience providing remediation services for internal control deficiencies (e.g. assisting in the development of desk procedures, or making recommendations regarding other policies and procedures relating to operating cycles, etc). KPMG's experience with public sector entities provides us unmatched insight and the opportunity for us to make recommendations that are feasible for DRPT, rather than provide 'one-size-fits-all' recommendations that may not work for your organization.

KPMG can provide valuable insights to assist with remediation and development of Corrective Action Plans (CAPs). Members of the proposed team have assisted government entities in addressing audit findings and have reviewed process and internal control documentation and worked with process owners to develop CAPs. KPMG has assisted numerous governmental entities in developing CAPs and in addressing reports, findings and inquiries by third parties. Additionally, KPMG has evaluated the integrity of CAPs put in place, making recommendations for improvement, and monitoring the degree to which those CAPs have been implemented.

Phase V – Report to DRPT Management on Internal Controls

We understand that the scope of an internal controls assessment is focused on evaluating the design and operating effectiveness of key controls. Therefore, activities of Phase V will include:

- Prepare draft report of the SWOT analysis summarizing the effectiveness of internal controls and submit to management for their approval.
- Receive and incorporate feedback on gap documents and draft reports from DRPT management, cycle owners, and other relevant stakeholders
- Conduct final meeting with DRPT management for consideration of input
- Issue Final Report
- Support interim progress briefings with interdepartmental groups, as requested

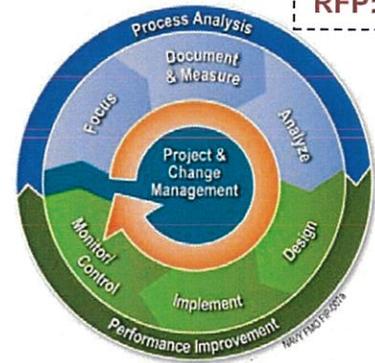
We understand that the Reporting Phase can be difficult, but with our experienced team, and time-tested methodology we can support DRPT through this phase.

Key milestones and deliverables for each of the phases are illustrated in the table below.

Key Milestones and Deliverables by Phase

Phase	Milestones	Deliverables
I: Plan and Scope the Evaluation	<ul style="list-style-type: none"> ■ Planning meeting ■ Receipt of relevant cycle information ■ Approval of work plan 	<ul style="list-style-type: none"> ■ Internal Control Matrix of Processes by Level and Objective ■ Documentation of Review of Reports, Laws and Regulations ■ Control Owners Listing ■ Determination of Cycles/Processes to be Tested ■ Updated Cycle Memos ■ Progress Reports ■ Work Plan
II: Document Controls	<ul style="list-style-type: none"> ■ Confirm key controls for each process/cycle ■ Walkthroughs with control owners ■ Document processes and controls 	<ul style="list-style-type: none"> ■ Draft Matrices ■ Written sample Approach and Documentation Process
III: Evaluate Design and Operating Effectiveness	<ul style="list-style-type: none"> ■ Approval of tests of effectiveness plans ■ Execution of test plans 	<ul style="list-style-type: none"> ■ SWOT Analysis ■ Progress Reports ■ Documentary evidence of work performed ■ Interim progress briefings, as requested
IV: Identify Deficiencies and Remediation	<ul style="list-style-type: none"> ■ Assist in development of desk procedures ■ Provide recommendations regarding policies and procedures 	<ul style="list-style-type: none"> ■ Progress Reports ■ Interim progress briefings, as requested ■ Corrective Action Plans ■ Other deliverables identified in the scope of work
V: Report on Internal Control Environment	<ul style="list-style-type: none"> ■ Preparing draft reports ■ Obtaining DRPT feedback and input ■ Developing final reports 	<ul style="list-style-type: none"> ■ Final Report of Findings and Recommendations ■ Documentary evidence of work performed ■ Other deliverables identified in the scope of work

KPMG will use our established documentation methodology and tools to document Entity-wide, financial reporting, and transaction-level key processes, as well as the internal controls embedded in each process. The KPMG Team's process analysis methodology, illustrated in the table above, is an effective way to gather detailed process information to understand the data flow, internal controls, people, manual and automated activities, and the interaction with other processes.



The KPMG team has documented multiple operational, financial, and system processes in process-cycle memoranda format with accompanying flowcharts and related transaction posting logic detail where appropriate. These documents aid external auditors in understanding the control environment and transaction flows.

KPMG can also fulfill any DRPT requests to provide additional support needs, such as post-report issuance services or management support. KPMG will meet with the other responsible DRPT management to gain an understanding of the task, task duration, skill levels, and deliverables.

Nearly every organization will have issues that arise unexpectedly. KPMG is aware of this, and is adept at responding quickly to address our clients' concerns. Often in documenting and testing processes and key controls, KPMG or our clients' management uncover a need for additional review in another process or control. In the past, for example, a client identified a need to analyze its Accounts Payable accrual process. KPMG was able to use its deep bench of professionals to provide support and guidance to address this need. Given the nature of the government environment, we understand the need for advice and guidance relative to internal controls may arise as a result of several regulatory compliance factors. In addition, changes in DRPTs operations may require advice and insight on how such changes impact internal controls. For example, changes in mission or programs, reorganizations, or other changes to the organizational structure, new systems, significant increases or decreases in business or staffing levels, and turnover of key management personnel who perform key control activities.

Our Project Management Approach

We will use a set of well-established KPMG PM framework tools to manage scope, schedule, budget, risks, and quality. We will provide regular updates and report progress to inform management of risks that may impact the engagement. Our set of project management tools will be used to help:

- Address contract performance modifications (e.g., changes in scope);
- Monitor and track work progress; and
- Provide on-time delivery of services.

Our specific project management tools include:

- Project Management Plan;
- Project Charter;
- Risk Register;
- Communication Plan; and
- Engagement Budget/Cost Tracking.

KPMG's approach to managing this project is designed to help provide DRPT with consistent, high-quality services. Our PM approach has been developed and refined through our direct experience with DRPT as well as through providing similar services to other state, local and federal government entities. Our approach is responsive, flexible, streamlined, and is central to our program management approach, which will help provide the following benefits to DRPT:

- An authoritative point of communication and responsibility with DRPT and KPMG for program and contractual matters
- Clear lines of authority for communications and responsibility at the program and task levels
- A focus on managing risks, issues, cost, and performance at the program level wherever possible, rather than at the task level
- Support for continuous process improvement of the delivery of services
- A knowledge base of actions throughout the life of the contract

Problem Detection, Handling, Escalation, and Resolution

Our issue identification and resolution process relies on continuous and open communication within our Team and among DRPT project stakeholders to detect problems that exist. Key to effective problem management process is quick and decisive actions to control or reduce impacts on the project as soon as the problem is identified. We promote a culture of open communication at multiple levels and include problem identification and management as a core part of team members' duties. Weekly team meetings to discuss task progress and problems are a primary problem identification point, along with the invitation for direct communication to DRPT management for team members to identify project issues.

Cost and Resource Management

KPMG will use well-established practices to manage costs through the use of tools that include a risk register, communications plan, and cost management workbook. Through our network of highly qualified SMPs possessing a variety of skills and experiences across the firm's multidisciplinary business lines with industry-specific certifications, we will manage resources to provide DRPT experienced, qualified, and trained staff giving us the capacity to meet unexpected staffing demands and short deadlines.

Scheduling Management

Our approach tracks planned vs. actual work against established project milestones, identifies variances from the project schedule, assesses the impact of the variance, and reports our findings and progress to DRPT management. We will work with the Contracting Officer (CO) and DRPT staff to build an integrated master schedule in the project plan that is based on deliverables and milestones and identifies interdependencies.

Project Duration

Fieldwork will be conducted according to agreed upon dates between DRPT and the engagement team; however, the duration of the project will occur from award through no later than the final milestone date.

Tools and Templates

As noted throughout our *Approach* section, a variety of tools and templates are available for this project, including those developed by DOA as guidance materials for agencies in their efforts to implement the requirements of ARMICS, as well as those that are proprietary to KPMG and have been used successfully on numerous internal control assessments. Within this section, we provide further information on each of the tools. Examples of some of the tools and templates we would anticipate utilizing at DRPT are also provided below.

- **ARMICS Assessment Guides** – The DOA has published assessment guide templates for use during the assessment of agency-level controls and during the assessment of process and transaction level controls. These assessment guides provide useful considerations for each assessment and are designed in a survey format that is intended to assign a level of reliability, and corresponding score, to each area assigned with a template. These templates do not specifically identify the risks and the corresponding control objectives and controls that are associated with each template area or process.

As such, the assessment guide templates will need to be combined with other tools or templates in order to sufficiently document and test the internal control environment at DRPT.

■ **Control Catalogs** – KPMG has developed a series of control catalogs for core accounting and financial reporting processes, which identify process risks, control objectives, and common controls expected to be in place for each process. These catalogs allow our team to jumpstart the evaluation process without wasting time and to see that the consistent application of a controls-based methodology is used. The internal control information included in our control catalogs serves as a reference tool for our teams as they evaluate our clients’ systems of internal control. The catalogs assist our teams in efficiently identifying internal control gaps and opportunities to strengthen the internal control system relating to financial reporting. KPMG has created control catalogs for numerous accounting and financial reporting processes including the following:

- Financial Reporting
- Accounts Receivable
- Human Resources Management
- Capital Assets
- Procurement
- Revenue Management

Below, we have included an illustration of an excerpt from these catalogs, and includes a depiction of the method by which controls are organized by process, sub-process, risk, control objective and category.

Process	Sub Process	Control Objective	Control	Risk	Category	Assertion						Type	Frequency
						C	E	A	V	O	P		
Funds Management	Cash Management	Control provides reasonable assurance that policies and procedures have been implemented to safeguard cash and cash accounts.	Personnel review the monthly bank statement and compare deposit and disbursement activity to records. The office also verifies amounts on the report of expenses received to ensure that each day's deposit was properly withdrawn.	Unauthorized use and/or disbursement of funds Improper allocation of cash receipts	Reconciliation	X	X	X				Manual	Monthly

■ **Control Matrices** – KPMG uses a Control Matrix template to facilitate the consistent execution of internal control assessments. The Control Matrix supports the identification and documentation of financial reporting risks and relevant internal controls. The Control Matrix (1) lists the assertions and risks for an account or line item and the key controls that cover the assertions; and (2) cross-references the controls to the risks they address. As illustrated in the table below, the matrix captures information needed to evaluate the internal control system, including the type, level, frequency, objectives, and significance of the various controls. This information helps reviewers to determine quickly if there is an identified risk for which there is not a key control that addresses the risk.

Process	Sub-Process	Control Objective	Risk	Control	Type	Reference	Financial Assertions	Frequency	Preventive or Detective	Process Owner	Test to be Performed
Funds Management	Disbursements	Expenses should be recorded at accurate amounts	Expenses could be overstated or under-stated	Secondary review of invoice payments to general ledger amounts	Manual	Cash	Complete-ness	Multiple times daily	Detective	Joe Brown	Verify 45 expenses received secondary review to GL and are accurate when compared to invoices.

- Test Plans** – The KPMG team will leverage KPMG’s data bank of test plans when developing plans to test internal controls. Our data bank houses existing test plans of common internal control test procedures compiled through our experiences providing internal control assessments to other organizations in the public and private sectors. The use of these programs represents a form of knowledge sharing by bringing the firm’s collective experiences to the benefit of our clients. The team will consult the data bank in order to reduce the time required for development of internal control test plans.
- Project Schedule Management** – KPMG has extensive experience managing projects using standard project management tools. The engagement team will manage the schedule using a standard, automated project tool that will serve as the primary system of record for estimations of task duration and levels of effort, as well as task sequences under identified deliverables and milestones. The graphic below illustrates the proposed high-level work breakdown structure for this project within the tool which would serve as the initial draft of a project schedule that would be validated with DRPT management after the project initiation meeting.

ID	Task Name
1	SCHEV ARMICS Internal Control Assessment
2	Phase I - Engagement Planning and Scoping
3	Conduct Project Initiation Meeting
4	Review Existing Documentation and Processes
5	DELIVERABLE: Project Management Plan
6	Project Scope, Schedule and Resource Management
7	Develop the Project Plan and Schedule
8	Validate Project Plan and Schedule with SCHEV Management
9	Schedule Project Resources
10	Project Financial Management
11	Develop the Project Budget
12	Validate the Project Budget with SCHEV Management
13	Project Communications
14	Develop Communications Strategy
15	Validate Communications Strategy with SCHEV Management
16	DELIVERABLE: Corrective Action Plan Tool
17	Develop the Corrective Action Plan Tool (MS Access)
18	Validate the Corrective Action Plan Tool with SCHEV Management

Work Breakdown Structure for DRPT Project (Project Management Tool)

2. Financial Planning and Analysis Services

The scope of this engagement involves eight areas of financial planning and/or analysis that are described below.

Financial Planning and Analysis

The KPMG team has the necessary experience, industry leading methodologies and resources to provide the financial planning and analysis services required. KPMG is already well-versed in the issues that face DRPT. Members of the broader KPMG team have worked directly for DRPT and our familiarity gives our Team significant insight and understanding of the DRPT organization and its internal financial mechanisms.

As noted in the Statement of Needs in the RFP, the KPMG team can provide the following financial planning and analysis services:

- Assist management develop/analyze financial plans for DRPT or its grantees.
- Conduct operational planning including analysis of operating budgets, and revenue estimates for DRPT grantees.
- Assist management develop/analyze financial analysis for DRPT and its grantees for both operational and capital needs.
- Conduct financial background review of the agencies' grantees or project partners.
- Analyze existing agreements/contracts from the financial perspective and provide input on new agreements that address public benefit measures and contingent interests.
- Develop processes for administering various types of projects using grant agreements and contracts, including the administrative, funding, and agreements/contracts and compliance with state and federal guidelines.
- Analyze and assist with the development of revenue and cash management practices of DRPT.
- Review cash flow analysis for DRPT or for certain projects in which DRPT is a funding participant.

Below, we have briefly described our approach and work plan for providing the required Financial Planning and Analysis area of experience to DRPT. Our approach was developed with an understanding that the performance of the Financial Planning and Analysis services listed above will need to be tailored to DRPT's particular need and objectives.

Financial Planning and Quantitative Analysis

We recognize that a critical component in the financial planning and analysis is to have a clear understanding of the financial, commercial and economic drivers that underpin the services provided by DRPT. As your general financial consultants, our approach would be to critically assess, but not limited to, assisting management to develop and/or analyzing financial plans for DRPT and its grantees, conducting financial background reviews, future funding opportunities, operating budgets and capital funding requirements, review and developing financial analysis, and developing processes for administering grant agreements to assist DRPT to deliver efficient and effective transportation services. KPMG has strong experience in leading cross-functional, complex engagements and can leverage extensive financial planning, financial analysis, and project management and coordination experience to help assure DRPT's objectives are met.

Additionally, the KPMG team has experience in developing methodological approaches that consider both near term operational concerns, long-term cash flow analysis in addition to revenue and cash management practices. Furthermore, we will assist DRPT to review existing agreements and contracts, and negotiate future agreements to protect DRPT's interest.

As your general financial consultant, we leverage the work of the experts to analyze revenue estimates and develop an understanding of the sensitivity of revenues to ridership changes and the range of impacts on DRPT's financial plans created by such changes.

Key tasks and activities to be performed to address the financial planning and analysis requirements outlined in your RFP are addressed below.

Task 1. Develop and/or review financial plans for DRPT or its grantees

The KPMG team will assist DRPT in developing and/or reviewing financial plans for DRPT or its grantees.

Key activities to be performed under this task include:

- Analyze FTA's discretionary New Starts (Section 5309) program funding for locally-planned, implemented, and operated transit capital investments
- Analyze the scope of services for underlying project(s)
- Identify the anticipated levels of capital funding required from each funding partner
- Analyze and support management's negotiation efforts relative to funding agreements with funding partners (federal and non-federal)
- Identify the financing tools and capital financing approaches
- Assist management to develop and/or review financial plans for DRPT or its grantees
- Perform activities, as requested by DRPT, in support of review and development of financial plans

Using the information and analyses performed, we will prepare a Draft Financial Plan for review by the grantee, DRPT and other parties identified by the grantee and DRPT. The Draft Financial Plan will be finalized based on input received from various stakeholders.

Task 2. Conduct operational planning

The KPMG team will assist DRPT in conducting operation planning, including analysis of operating budgets, and revenue estimates for DRPT grantees.

Key activities to be performed under this task include:

- Analyze the operating budgets
- Analyze major sources of funds – e.g., federal funds; transportation capital bond proceeds; transportation trust fund; etc.
- Analyze budgeted expenditures – e.g., public transportation programs; rail programs; etc.
- Perform activities, as requested by DRPT, in support of conducting operational planning

The KPMG team will develop an Excel-based model to conduct operational planning and analyzing operating budgets and revenue estimates for DRPT grantees. Depending upon the types of revenues that the grantee relies upon to support its operations and capital program, the model could incorporate such underlying variables, such as population growth, inflation assumptions, jobs, earnings per job, non-earnings income per person, the ratio of taxable sales to personal income and total personal income. The model would incorporate sensitivity analysis to evaluate the impact on the financial plan based on changes to each of these assumptions.

Task 3. Assist management to develop and/or review financial analysis for DRPT and its grantees

Under this task, the KPMG team will develop and/or review financial analysis for DRPT and its grantees to determine the timing of annual revenues and expenditures as well as the overall cash flow.

Key activities to be performed under this task include:

- Analyze revenue and expenditure estimates
- Analyze operating budgets and revenue estimates for DRPT grantees

- Analyze what impact selected projects will have on the financial resources available
- Perform sensitivity analysis to examine the robustness of financial analysis

Based on information reviewed and analyses performed, the KPMG team will develop draft financial analysis for DRPT and its grantees for review by the grantee, DRPT and other parties identified by the grantee and DRPT. The draft financial analysis will be finalized based on input received from various stakeholders.

Task 4. Conduct financial background review of the agencies' grantees or project partners

As part of this task, the KPMG team will conduct financial background review on the agencies' grantees or project partners as directed by DRPT.

Key activities to be performed under this task include:

- Meet with officers and management of the agencies' grantees or project partners to obtain required information to conduct financial background review.
- Obtain historical and current interim financial information available for a specific project and compare actual results to project budget.
- Review project work papers, budgets and reports.
- Assess key financial issues, if any, facing the project(s).
- Analyze financial information associated with a given project.
- Conduct financial background review as directed by DRPT.

The KPMG team will prepare a report summarizing the financial background review conducted for the agencies' grantees and/or project partners.

Task 5. Review existing agreements and/or contracts

As part of this task, the KPMG team will review, from a financial perspective, existing agreements and/or contracts that DRPT has with the project participants and grantees.

Key activities to be performed under this task include:

- Review and analyze the existing agreements and/or contracts, including any significant contractual commitments and contingent liabilities.
- Identify and document special terms, conditions or provisions included in the agreements or contracts.
- Analyze and document cost sharing, financial or other guarantees and obligations to other parties.
- Identify and document potential risk from a financial perspective.
- Suggest potential changes/modifications to the existing agreements and/or contracts.
- Assist management determine how the existing agreements and contract protect DRPT and public interest.

Based on information reviewed, the KPMG will assist DRPT to identify any revisions/modifications required to an existing agreements or contracts or develop new agreements that address public benefit measures and contingent interests.

Task 6. Develop processes for administering projects using grant agreements and contracts

Under this task, the KPMG team will assist management to develop and document processes, procedures and flow charts for administering projects using grant agreements and contracts to assist DRPT to efficiently and effectively administer various projects.

Key activities to be performed under this task include:

- Analyze the existing project governance structure(s) and processes of DRPT.
- Analyze and document the sources and uses of funds for projects.
- Assist management to develop processes, procedures and flow charts for administering projects based on grant agreements and contracts.
- Review the financial control system and processes and identify any changes.

The KPMG Team will assist management to develop and document processes that encompass the administrative, funding, and budgeting aspects of project administration that comply with state and federal guidelines.

Task 7. Analyze and assist with the development of revenue and cash management practices

The KPMG team will analyze and assist with the development of revenue and cash management practices of DRPT to optimize financial operations.

Key activities to be performed under this task include:

- Analyze the projected revenues and expenditures.
- Analyze and identify specific trends and/or cycles to address big variations in available cash flows.
- Analyze working capital trends, including trends in cash conversion cycle.
- Analyze cash management practices and procedures and identify potential changes for improvements.

The KPMG will identify and present potential opportunities for enhancing of working capital and cash flow management.

Task 8. Prepare/review cash flow analyses for DRPT

As part of this task, the KPMG team will prepare/review cash flow analysis for DRPT or for certain projects in which the DRPT is a funding participant.

Key activities to be performed under this task include:

- Obtain detailed cash flow statements and comment on historical sources and uses of cash.
- Provide analyses of the sustainability of DRPT in terms of operating cash flows.
- Review the cash flow analysis for potential projects in which the DRPT may participate
- Inquire and comment on sources of finance, the historical borrowing profile, and comment on the liquidity of the organizations assets.
- The KPMG will assist management to prepare operational and capital cash flow analysis based on inputs provided by DRPT.

Cost Allocation Analysis Assistance

KPMG offers advisory services that are aligned to the needs of our clients, while reflecting leading industry practices and meeting regulatory requirements. Specifically, a key service that we have provided DRPT in the past, and we propose to continue to assist DRPT with in the next contact, is cost allocation analysis and grantee plan preparation. Our service to governments includes:

Cost Allocation Experience

KPMG's experienced cost allocation professionals provide the services sought by DRPT. KPMG's Government practice is comprised of personnel who possess significant knowledge of cost accounting procedures, 2 CFR 225 (formerly OMB Circular A-87) other federal regulations related to the development of cost allocation plans, indirect cost proposals, and related indirect cost rates.

We have assisted clients with development and documentation of indirect costing methodologies; the development of internal service billing rates; and the assessment and development of user fees and rates for services provided to outside users.

Cost Recovery Experience

We understand pressures upon the DRPT's budget and the DRPT's interest in identifying opportunities for administrative recovery of grant funding. State and Federal grant and contract requirements are becoming increasingly complex. To support charges to sponsored projects, state and local governments are required to follow a variety of federal regulations. In accordance with OMB Circular A-87, *Cost Principles for State and Local Governments*, governmental units can recover part of their indirect expenditures via the indirect cost rate applied to sponsored programs.

Due to increasing pressure on administrators of governmental units and subunits to make efficient use of ever-limited resources, the search for additional sources of revenue has become a significant activity. Many governmental entities have looked to the recovery of indirect costs from granting agencies as a possible source of unrestricted revenue since, for some, this area of revenue generation may not have been fully realized in the past.

KPMG possesses the following capabilities critical to the success of a program to help maximize the recovery of costs, which would include special indirect cost studies and financial management advisory services to governmental entities:

- Experience in review, analysis, and development of indirect cost recovery methodologies and related supporting systems
- Experience in implementing automated indirect cost allocation systems and training clients in the use of these systems
- Skill in analyzing OMB circulars and other federal regulations
- Familiarity in sponsored project accounting, indirect cost analysis, and financial accounting systems
- Familiarity with federal program funding requirements such as programs with high federal financial participation rates, open-ended funding, and capped funding
- Organization of senior multi-disciplined project teams who were involved with negotiated plans for federal agencies
- Commitment of the Firm and partners to the success of this engagement

Our team's cost allocation capabilities and project results have led to many successful engagements where clients have recovered significant costs from appropriate federal and state sources that were previously supported by the general fund. We have also assisted our clients with potential audit findings through the modification of costing methodologies or internal controls in compliance with federal regulations.

KPMG's experience in developing cost allocation plans goes beyond government entities to include educational, healthcare, and other not-for-profit institutions and organizations. This breadth of exposure helps ensure that we bring a wealth of knowledge and experience to each new engagement. KPMG provides a variety of services and products for government organizations to assist in optimizing the recovery of costs from federal, state and other sponsors in compliance with federal regulations.

Understanding of Federal Transit Authority and National Transit Database Requirements

In addition to significant costing experience, KPMG also brings its familiarity with Federal Transit Authority (FTA) funding requirements and National Transit Database (NTD) reporting to this engagement. KPMG is familiar with the FTA's requirements for grant recipients to meet certain standards of organizational capability. We understand that maintaining these standards is critically important both for the award of new

grants as well as for the successful administration of prior grant funding. The KPMG team is committed to assisting the DRPT in sustaining and enhancing its ability to meet FTA requirements in this regard. Members of the project team have direct experience in assisting clients with FTA and NTD compliance requirements. We understand the importance of conducting these processes effectively to maintain a good working relationship with FTA program administrators and to help ensure that FTA grant funding opportunities are enhanced. The KPMG team will build this understanding into the work we perform for you under this engagement.

3. Other Financial Services

Financial Compliance Reviews of Grants

In serving DRPT for the last five years, we prepared DRPT's grant compliance review programs and used those programs to perform onsite grantee compliance reviews for dozens of DRPT's grantees. This experience, in addition to the fact that KPMG perform OMB A-133 Single Audits for almost 400 entities annually across the nation - more than four times (or 150 entities) our nearest competitor gives KPMG an unmatched level of experience to continue to perform similar services for DRPT under the next contract.

In performing our grant compliance procedures, the focus is on testing compliance requirements that are material to the program and DRPT. A compliance requirement is considered material if failure to comply could result in material financial sanctions. Material compliance requirements are identified by DRPT management and through other requirements obtained through review of grant agreements, the Code of Federal Regulations, and other sources. The requested procedures outlined in DRPT's part IV(3) of the

Statement of Needs are directly in line with KPMG's federal Single Audit grant compliance and internal control qualifications and experience. We understand that the nature of the procedures you are seeking to have performed are not necessarily a reperformance of single audit procedures; rather, we envision that the monitoring procedures to be performed under this task order will be of a lesser scope. However, our established audit compliance auditing methodology described below is built to be scalable, and will be the platform through which we intend to deliver the required grantee monitoring procedures. To provide a brief understanding of how KPMG conducts grant compliance procedures, KPMG's approach is detailed herein.

OMB Circular A-133 Audit Approach

In performing the Single Audit, the focus is on testing compliance requirements that are material to the program. A compliance requirement is considered material if failure to comply could result in material financial sanctions. Compliance requirements are identified in the OMB Compliance Supplement while other requirements are obtained through review of grant agreements, the Code of Federal Regulations, and other sources. Only those requirements considered to be material are subject to test work. The requirements applicable to each major program will be documented and tested using our five-step approach, outlined ahead.

Five-Step Approach

In performing the single audit, the focus is on testing compliance requirements that are material to the program. A compliance requirement is considered material if failure to comply could result in material financial sanctions. Compliance requirements are identified in the OMB Compliance Supplement while other requirements are obtained through review of grant agreements, the Code of Federal Regulations, and other sources. Only those requirements considered to be material are subject to testwork. The requirements applicable to each major program will be documented and tested using our five-step approach, outlined as follows:

Step 1: Obtain an understanding - We will obtain an understanding of the procedures and controls in place to help ensure compliance with the requirement by performing the following:

- Interviewing key department/program personnel responsible for administering the program in relation to the requirement.
- Performing a walk-through of sample transactions through the system to determine the operation of the system and controls.
- Reviewing existing department-prepared system documentation and manuals, if applicable.

Step 2: Document our understanding - We will then document the processes and controls identified through the use of narratives. Directed narratives are a proprietary format developed by KPMG specifically for the single audit.

Step 3: Conclude on the adequacy of the system design - This is the most subjective of the steps in our process. Based on the information obtained and documented in Steps 1 and 2, a conclusion is reached as to whether the effectiveness of the internal controls' design is sufficient to help ensure compliance. If the design of the controls is considered sufficient, Step 4 is performed. If the controls are not sufficient, the significant deficiency is documented, Step 4 is bypassed and Step 5 is performed.

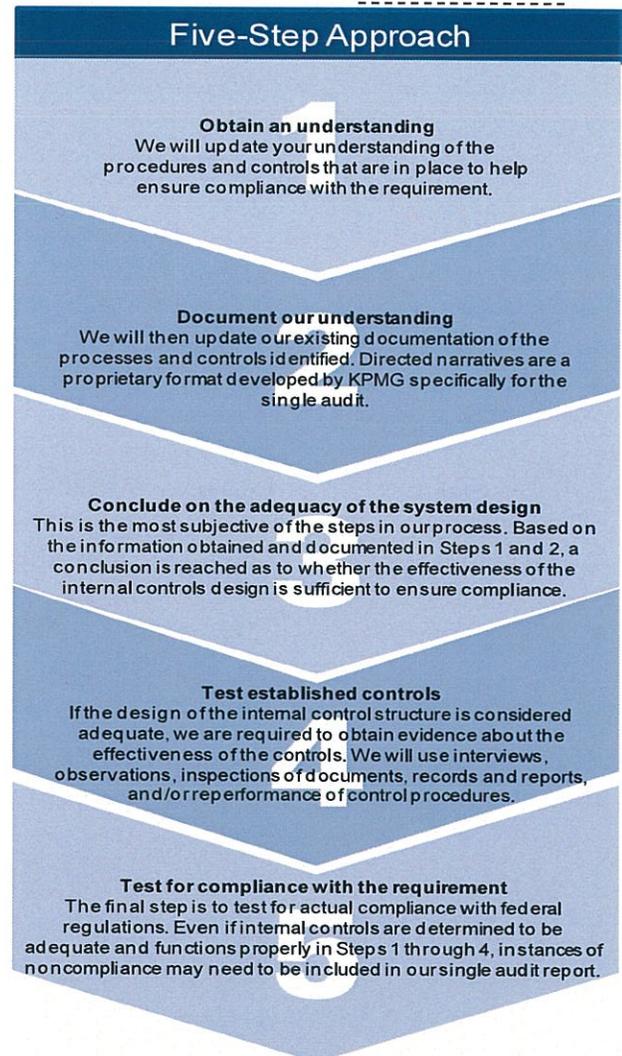
Step 4: Test established controls - If the design of the internal control structure is considered adequate, we are required to obtain evidence about the effectiveness of the controls. The evidence will be obtained from interviews, observations, inspections of documents, records and reports, and/or performance of control procedures.

Step 5: Test for compliance with the requirement - The final step is to test for actual compliance with federal regulations. Even if internal controls are determined to be adequate and functioning properly in Steps 1 through 4, instances of noncompliance may need to be included in our single audit report.

In recognition that testing of internal controls and compliance are often interrelated, we have also implemented a procedure called "dual purpose testing" to utilize one sample of transactions to test for both compliance and operation of internal controls.

Sampling for Compliance and Control Testing

In determining sample sizes for testing, we have implemented a tailored approach to our testwork. We consider such factors as the dollar value of the total population, the number and size of individual transactions, inherent risk, and internal control risk. By carefully considering all of these factors, effective and efficient sample sizes can be determined. Our sampling technique can also be used for testing compliance requirements that do not have a related monetary value. Sample sizes are selected utilizing KPMG's methodology, which considers the internal control structure and results of other audit tests.



We work to help ensure that sample items are selected in a manner that results in the sample being representative of the population. It is essential that all items in the sample have an opportunity to be selected. Once our sample size has been determined and our population has been defined, the sample will be selected. Based on the characteristics of the population, the sample will be selected in one of three general categories of representative selection methods: haphazard, systematic, or random. Our sampling methodology has been reviewed by federal agencies and has been determined to be acceptable.

In recognition that testing of internal controls and compliance are often interrelated, we also perform "dual purpose testing" to utilize one sample of transactions to test for both compliance and operation of internal controls. As sample sizes and acceptable selection methods are not specified for the Single Audit, OMB Circular A-133 does permit these matters to be determined based on the auditor's professional judgment. Before selecting samples, we would assess inherent risk and perform tests of design for internal controls, through inquiry, review of documentation, walk-throughs and other means. We would also determine the population sizes involved. Sampling is usually not effective for populations of less than 100 items and more effective for populations of over 100 items. Therefore, sampling may not always be necessary. A low combined inherent and control risk and the use of other audit procedures should result in a lower level of testwork.

In instances where sampling is appropriate, sample sizes are usually 25 to 65 items. In instances where we are working with a very small population number, we would, after considering the combined inherent and control risk, review all or individually significant items based on our professional judgment.



Tab 2: Experience and Qualifications

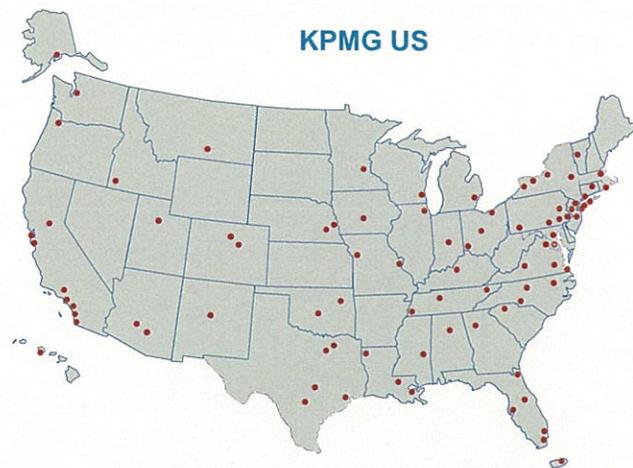
The Offeror must describe the skills and qualifications it has available to perform the various types of tasks described in the Statement of Needs. The key personnel who could be assigned to these various tasks should be identified. DRPT recognizes that due to the long term, open-ended nature of the agreement that will be issued as the result of this RFP, Offerors will not be able to guarantee that all of the individuals identified in the proposal will be available for assignment when a specific purchase order request is issued. The Offeror must therefore demonstrate that it has sufficient personnel with the various types of skills needed to staff the purchase orders when needed. The Offeror shall provide all of the following information concerning its Company, Subofferors and personnel qualifications.

- a. A detailed statement indicating the organizational structure under which the firm proposes to conduct business. If more than one firm is involved in this project, state the type of arrangement between the firms and the percentage of work to be performed by each.
- b. A list of the key personnel including Subofferors who could be assigned to the various tasks identified. Give the relevant experience record of each and include resumes and any certifications.
- c. A list of references to include name, address, telephone number, project, and amount of project.

KPMG International is a global network of professional firms providing Audit, Tax, and Advisory services. It operates in 152 countries and has more than 145,000 professionals, including more than 8,000 partners, working in member firms around the world. Its purpose is to turn knowledge into value for the benefit of its clients, our people, and the capital markets. Its member firms aim to provide clients with a globally consistent set of multidisciplinary financial and accounting services based on deep industry knowledge.

KPMG LLP, the US member firm of KPMG International, traces its origins back to 1897 and since 1994 has been a limited liability partnership registered in the state of Delaware. With more than 23,800 professionals in 87 offices, including more than 1,880 partners, KPMG is a leader among professional services firms.

With a strong growth record over the past decade, KPMG member firms offer their clients the scale, global reach, industry insight, and multidisciplinary range of services they require. In the US, KPMG partners and professionals provide a wide range of Audit, Tax, and Advisory services, working from offices covering clients in all 50 states.



KPMG's National and Local Public Sector Practices

KPMG has a long tradition of serving the public sector – more than eight decades long. Our industry leaders have set the standards for government accounting and auditing and our leading government sector experts are advising the standard-setter Governmental Accounting Standards Board (GASB) and chairing the key committees of the American Institute of Certified Public Accountants (AICPA) and the Government Accountability Office (GAO).

KPMG was one of the first major professional services firm to create specific industry practices, recognizing the importance of industry knowledge and experience in helping our clients meet their most important financial and accounting needs. This industry-focused structure allows us to develop and continually refine our understanding of current and emerging issues, important trends, and leading practices in the government and not-for-profit industries.

State and local government managers face distinct challenges. They are called upon to deliver "private-sector quality services" efficiently and effectively, allocate and maximize resources, and comply with increasing federal regulations—even as their budgets decline. KPMG's State and Local Government practice focuses on areas of need to state and local governments—everything from financial statement and related compliance audits to performance and operational audits. KPMG's State and Local Government practice provides services to more of the nation's billion-dollar government entities than any other firm, and more than 2,300 government clients nationwide. With some 40 partners and nearly 300 professionals from KPMG's State and Local Government practice located across the country, KPMG provides audit and accounting services tailored to the needs of these clients. With our dedicated focus on specific industry client needs, we have developed experience and knowledge bases in a variety of important state and local programs. Nationally, our qualifications in the state and local government sector include the following:

- 10 of the states that choose an independent CPA firm for audits
- 13 of the 55 billion-dollar-plus counties that choose an independent CPA firm for audits
- 15 of the 35 billion-dollar-plus cities that choose an independent CPA firm for audits
- KPMG is the clear market leader in single audit services nationwide. Based on the Single Audit Clearinghouse 2009 Single Audit database, KPMG audits 32 percent of all federal funds expended in 2009—more than four times our nearest competitor. In addition, we audit almost 400 entities nationwide—about 150 entities more than our closest competitor

We know how to work with government agencies to gain insight into their specific issues so that we can meet their needs. As a result of our experience serving public sector organizations, we understand the importance of public accountability.

Representative Public Sector Clients Served Nationally

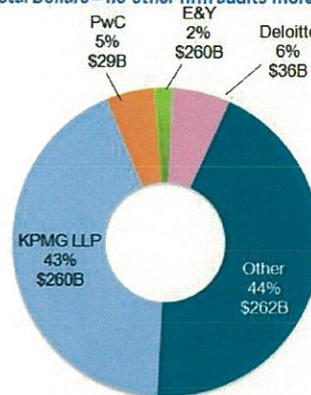
■ Atlanta (City)	■ Jackson County	■ San Diego Unified Port District
■ Austin (City)	■ Las Vegas (City)	■ San Francisco (City)
■ Boston (City)	■ Lee County	■ San Francisco County
■ State of California	■ Los Angeles Unified School District	■ Springfield (City)
■ Charlotte (City)	■ Maricopa County	■ St. Louis (City)
■ Chicago (City)	■ Marion County	■ St. Louis County
■ Dekalb County	■ Commonwealth of Massachusetts	■ Tampa (City)
■ State of Delaware	■ Miami-Dade County	■ State of Texas
■ Detroit (City)	■ State of New Hampshire	■ Vermont Housing Finance Agency
■ District of Columbia	■ Omaha (City)	■ Vermont State Treasurer
■ State of Hawaii	■ Commonwealth of Pennsylvania	■ Washington State Auditor's Office
■ State of Indiana		
■ Indianapolis (City)		

OMB Circular A-133 Experience

We have developed a tailored approach to meet the requirements of the Single Audit Act, an approach that is the result of years of experience and learning. KPMG has completed some of the largest Single Audits since the Single Audit requirements were enacted in 1984. We have the most significant presence in conducting Single Audits, performing more Single Audits than any other national accounting firm.

We are proud of our record in conducting thorough high-quality Single Audits for local governments, states, and not-for-profit entities. We believe that our performance reflects our commitment to this sector and shows that our investment in tools and training related to Single Audits has paid off. KPMG will continue to work with the AICPA and the OMB through the AICPA's Governmental Audit Quality Center (GAQC) to assist the profession in improving the quality of Single Audits.

KPMG Audits 43%* of all Federal Financial Assistance by total Dollars – no other firm audits more than 6%



- *The 43% share value is calculated based on:
 - Total dollar volume of Federal Single Audit Clearinghouse reports for 2009 filed as of January 2011, excluding those audits conducted by states
 - KPMG internal records between 2009 and 2011
 - The 2010 NASACT CAFR/A-133 Study

KPMG's Virginia Business Unit

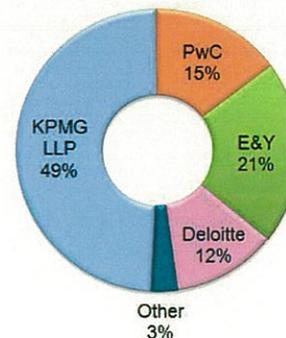
KPMG's Virginia business unit provides Audit, Advisory and Tax services to clients ranging in size from start-ups to large multi-national organizations across all industries throughout the Commonwealth. With almost 1,500 professionals resident in offices located in Richmond, Norfolk, McLean and Roanoke, our team approach to serving our clients starts with the strength of our experienced professionals and the commitment of these individuals to provide quality services and value. Our team approach to serving our clients starts with the strength of our experienced Virginia-based professionals and the commitment of these individuals to provide quality and value and has enabled us to maximize our local experience to provide superior service to a wide-range of governmental, quasi-governmental and non-profit entities throughout the Commonwealth.

This ability to bring our bright talent from our offices is a key attribute that has made **KPMG the leading Audit and Advisory firm in the Commonwealth**—a firm that provides audit services to 5 of the 10 largest Virginia cities and counties in addition to Virginia state-level authorities/entities and numerous other governmental, related parties, and other non-profits. KPMG's understanding of rapidly changing business practices and trends, combined with our deep knowledge of accounting and compliance regulations, makes us uniquely qualified to assist DRPT with current issues and future goals, effectively and efficiently. It is this breadth of service and experience that we will continue bringing to DRPT.

In addition to being the leader in serving the public sector, KPMG audits 49 percent* of the largest public and private companies in Virginia.

KPMG Audits the Largest Public* and Private Companies in the Virginia Business Unit Market
*as listed by Virginia Business magazine "List of Leaders" March 2011

As a leading public accounting firm serving government throughout the nation and the Commonwealth, KPMG's resources will continue to provide DRPT with the knowledge and experience necessary to operate in today's challenging financial and regulatory environment. KPMG's commitment to the public sector is apparent with the depth of knowledge and resources that are available to, and utilized routinely by, your engagement team. Specifically, we have devoted industry individuals in our DPP who are knowledgeable of the standards and involved with the standard-setting processes of the GASB, AICPA, Financial Accounting Standards Board (FASB), GAO and the OMB.



Proposal to Serve the Virginia Department of Rail and Public Transportation

The following chart highlights key governmental organizations that have been served by KPMG throughout the Commonwealth. Given our diverse client base, *KPMG's experience is unparalleled by any other firm in Virginia.*

RFP: Tab 2

Representative Virginia Public Sector Clients Served Last Five Years	
<ul style="list-style-type: none"> ■ Alexandria (City) ■ Appomattox Regional Governors School for the Arts & Technology ■ Chesapeake Bay Bridge and Tunnel District ■ Chesterfield County and related Public Schools ■ ChildFund International USA ■ Fairfax County and related Public Schools ■ Fairfax County Water Authority ■ Goochland County and related Public Schools ■ Governor's School for the Arts ■ Greater Richmond Convention Center Authority ■ Greater Roanoke Transit Company ■ Hampton Roads Sanitation District ■ Hanover County ■ Henrico County and related Public Schools ■ Isle of Wight County and related Public Schools ■ Loudoun County and related Public Schools ■ Maggie L. Walker Governor's School for Government and International Studies 	<ul style="list-style-type: none"> ■ MathScience Innovation Center ■ Norfolk (City) and related Public Schools ■ Norfolk Economic Development Authority ■ Norfolk Redevelopment and Housing Authority ■ Richmond (City) ■ Richmond Public Schools ■ Richmond Ambulance Authority ■ Roanoke (City) ■ Roanoke County* ■ Southeastern Cooperative Educational Programs ■ Southeastern Public Service Authority ■ Union Presbyterian Seminary School ■ University of Richmond and its Affiliates ■ Virginia Department of Rail and Public Transportation ■ Virginia Department of Transportation ■ Virginia Housing Development Authority ■ Washington & Lee University ■ Watkins Centre Community Development Authority

Of course a listing of clients served is only as valuable and useful as the testimonials of the clients reading our dedication to superior client service. Accordingly, we welcome DRPT to contact our references noted later in this section to discuss the services provided by KPMG and the level of professionalism and quality experienced throughout the years serving the organizations.

Prior Experiences and Qualifications in Providing Similar Work

RFP: Tab 2

Below, we have detailed clients where we have done work that we feel are comparable to the services DRPT has requested.

Name of Organization	Background/Statement of Work
<p>Virginia Department of Rail and Public Transportation</p>	<p>Grant Compliance. The main service performed by KPMG during DRPT's initial five-year contract has been onsite grantee compliance procedures aimed and providing intelligence back to DRPT management as to whether grantees are operating DRPT grants in compliance with Federal and state requirements. During our work, several dozen cities, counties and non-profit entities were reviewed utilizing the compliance review programs KPMG developed as its first task order with DRPT.</p> <p>Other Consultant Services. Throughout our current contract, we have performed numerous other requested consultant services such as:</p> <ol style="list-style-type: none"> 1) Assist DRPT in reviewing recorded OLGA information for selected grantees for completeness and accuracy and performing onsite inspections of grantees to verify the completeness and accuracy of capital asset records. 2) Review asset inventory information and determine whether it is reasonable based on grantee information (e.g., Entity A should have many vehicles as well as facilities while Entity B grantee usually has a small number of vehicles and no facilities) and review of the grantees' audited financial statements. Additionally, we assisted in the review of financial needs to determine whether they were reasonable based on the asset needs information from the PROGRESS System. 3) Review of grantee cost allocation plans for inclusion of FTA requirements and reviewed for the accuracy and validity of the expenses and revenues submitted in the cost allocation plans for reasonableness relative to the financial and transit operations.
<p>Virginia Department of Transportation (2012)</p>	<p>In January 2012, KPMG was appointed as the Strategic, Commercial and General financial consultant to VDOT. In this capacity, our team assisted VDOT with developing procurement documents and evaluating the feasibility of a Public-Private Partnership to design and implement the Advanced Traffic Management System (ATMS), operate and maintain the Commonwealth's five TOCs. Services provided included the following:</p> <ul style="list-style-type: none"> ■ Defined the project objectives and public policy considerations ■ Updated a pre-existing Request for Expressions of Interest (RFI) to include questions on a potential P3 procurement ■ Assisted with a soft market sounding prior to RFI issuance ■ Conducted a critical path workshop with VDOT and Office of Transportation Public-Private Partnerships to establish procurement scope and timeline ■ Identified and evaluating project risks and mitigation strategies ■ Analyzed viable procurement options and financing structures for the Project ■ Assisted with the coordination of preparing the procurement documents ■ Assisted with the development of Request for Proposals (RFP) ■ Assisted with developing evaluation criteria and selection process for evaluating private sector bids.

Name of Organization	Background/Statement of Work
<p>Virginia Department of Transportation (2011)</p>	<p>KPMG was engaged by the Virginia Department of Transportation (VDOT) In January 2011 to conduct a business process assessment and operational review to identify and scope high priority and high impact problems associated with VDOT's programming and financial management processes. KPMG's assessment identified a number of issues, including a lack of current programming policies and procedures and a lack of clear roles and responsibilities for programming units. KPMG also identified a set of opportunities to improve VDOT's programming procedures. Based on this assessment, VDOT requested that KPMG document and reengineer programming procedures in three high priority areas – developing the VDOT six-year improvement program, obligating federal funding, and opening and closing projects. For each of the three priority areas, KPMG clarified the roles and responsibilities of key units, developed flowcharts and policies and procedures for the programming function to use in carrying out their duties, and determined business process changes (i.e., reengineering) to enhance process efficiency and effectiveness and, where applicable, simplify processes.</p>
<p>Virginia Commercial Space Flight Authority</p>	<p>KPMG was engaged by the Office the Secretary of Transportation to conduct a governance, organization and competitive landscape review of the Virginia Commercial Space Flight Authority and to identify recommendations on organizational and competitive needs, including the adequacy of the composition of the Board of Directors and the competitive standing of the Authority. The organizational assessment and competitive landscape review report was submitted to the General Assembly last December. Presently, KPMG is assisting the Authority in transitional activities and to prepare a strategic plan to make the Wallops Island Flight Facility a truly multi-use, multi-customer launch facility to accommodate mid size launch vehicles from different launch service providers.</p>
<p>Commonwealth of Virginia Office of the Secretary of Transportation</p>	<p>KPMG was engaged by the Virginia Department of Transportation to conduct a programmatic review of the Public-Private Transportation Act (PPTA) of 1995, as amended, to identify opportunity for PPTA program improvement. The review resulted in creation of a multi-modal PPTA office – Office of Transportation P3s (OTP3) – responsible for attaining Commonwealth's transportation priorities and an implementation manual to pro-actively identify, assess and deliver the Commonwealth's priority transportation projects in a consistent, transparent, timely and cost-effective manner.</p>
<p>US Department of Energy</p>	<p>KPMG had been tasked with conducting more than 250 attestations, agreed-upon procedures (AUPs), performance audits, and financial audits of DOE's contracts and grants. Some of these contracts/grants were issued in support of the American Recovery and Reinvestment Act of 2009 (ARRA), while others were not. The specific tasks that we are performing include the types of audit and review work that would have historically been done by the Defense Contract Audit Agency (DCAA) includes:</p> <ul style="list-style-type: none"> ■ Assessing the adequacy of accounting and financial management systems ■ Assessing adequacy of internal accounting and management controls ■ Conducting project cost audits/examinations ■ Performing incurred cost audits/examinations ■ Assessing financial capability and viability of financial award recipients ■ Performing pre-award surveys ■ Performing post-award audits and AUPs <p>These audits were designed to facilitate compliance with the Federal Acquisition Requirements, as well as specific terms of the contract and grant agreements. We followed the DCAA Contract Audit Manual, as well as <i>Government Auditing Standards</i>, to perform this work.</p> <p>Quality Assurance, Customer Service, and Recognizing and Addressing Problems. We managed this nationwide contract through a centralized Project Management Office (PMO), which serves as the program center of excellence, and provides standard processes, templates, tools, training, and coaching for the audit/work order teams, emphasizing re-use and efficiencies across the teams. The centralized PMO structure allows KPMG to address contract needs efficiently and consistently and foster compliance with the contract requirements. The PMO performs a technical review of the findings and conducts the quality control (QC) review of the deliverables. By providing dedicated PMO technical staff and consistent guidance and QC, we received outstanding satisfaction ratings from DOE.</p>

KPMG's State and Local Government Thought Leadership

RFP: Tab 2

To keep our clients informed about emerging trends, regulatory and legislative changes, leading practices, and effective approaches, we have made significant investments in communication channels to provide proprietary information on issues important to our clients. Not only do we communicate this knowledge to the public sector in a variety of ways—from industry forums to publications to webcasts and webinars—we are also recognized as key industry thought leaders.

In fact, KPMG's thought leadership and knowledge of the government sector are recognized by influential media outlets, which regularly call on our professionals to provide insight and analysis. Our observations of major industry issues and trends range from signed articles, quotes, and commentary, to surveys and studies.

KPMG's leaders have provided perspective on the sector's most current issues. Following, we have listed thought leadership relevant to the governmental sector:

- *Cyber Crime - A Growing Challenge for Governments*—As cyber criminals continue to develop and advance their techniques, they are also shifting their targets—focusing less on theft of financial information and more on business espionage and accessing government information. To fight fast-spreading cyber crime, governments must collaborate globally to develop an effective model that will control the threat. This white paper discusses the increased risk of cyber crime that governments face and some of the approaches, including global collaboration, available to help control their exposure.
- *Characteristics of Effective Audit Committees in Federal, State, and Local Governments (AGA)*—Even though there is significant government interest in audit committees, little information is available on how governments use audit committees. Thus, the objective of this KPMG-sponsored thought leadership, developed by the AGA, was to identify the characteristics of effective, mature audit committees at all levels of government—local, state, and federal.
- *Achievable Quest: High Performing Public Sector Organizations*—As trusted advisors to many government organizations, KPMG's member firms support an integrated performance management approach that takes into account the distinct and dynamic environment in which political leaders and civil servants operate.
- *Delivering Water Infrastructure Using Private Finance*—This paper, published by KPMG's Global Infrastructure team, provides information and comment on the role that private finance has to play in delivering water utilities.

In addition to these publications, we offer our clients and the public free access to our myriad of webcasts and webinars presented throughout the year covering relevant topics impacting governmental entities and their operations, fiscal issues, service mandates, and increasing reporting requirements. For example, even before the enactment of ARRA, KPMG partners were reaching out to state and local governments to provide support and exchange information on the impact of ARRA on government operations and their capacity to meet the mandates of transparency, accountability, and compliance.

As part of a larger effort to disseminate key information and updated guidance and to address frequently-voiced questions and areas of concern, KPMG developed a series of live webcasts dedicated to ARRA and topics of most interest to state and local governments such as:

- "Successfully Managing Activities and Outcomes of the American Recovery and Reinvestment Act of 2009" (Presented under the sponsorship of the National Association of State Governments)
- "The Impact of the Recovery Act on the Single Audit"
- "Opportunities in Public-Private Partnerships"
- "Recovery Act Section 1512 Reporting – Implications and Issues"
- "American Recovery Act of 2009: Updates, Insights and Audit Impacts;" August 16, 2009 (Presented under the sponsorship of the National Association of College and University Business Officers)

KPMG's Organizational Structure for your Engagement

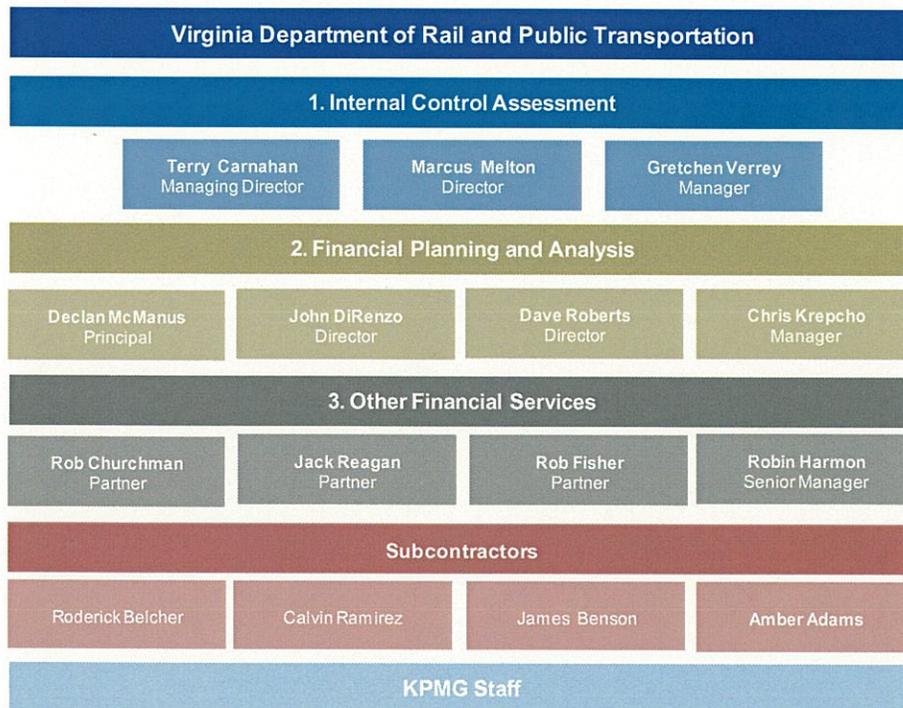
RFP: Tab 2 a)

We firmly believe that the success of any endeavor is directly related to the experience and skills of the personnel who comprise the project team and the effective management of their efforts. The KPMG Team has selected individuals to serve DRPT that are dedicated to working within the public sector. We also firmly believe that our experienced professionals and our track record in successfully conducting internal control assessment services, financial planning and analysis special projects and in grant compliance services for both small and large organizations is what distinguishes us from our competitors.

Proposed Team

RFP: Tab 2 b)

At KPMG, we believe that our commitment to DRPT is demonstrated by the strength of the engagement Team we have selected to serve you. With this in mind, we have assembled a Team consisting of personnel with extensive experience in serving Virginia governments. We have summarized our team members' roles in the following chart with brief bios that follow. Complete résumés of each of the professionals that include their relevant experience and certifications are available in **Appendix A**.



1. Internal Control Assessments

Terry Carnahan, *Managing Director*

Terry will serve as the internal controls managing director for DRPT to direct the team performing the internal controls assessments. He has over 40 years of experience with internal controls and advisory services to federal, state and local governments.

Marcus Melton, *Director*

Marcus will serve as the internal controls director for DRPT. He has more than 15 years of experience with internal controls and advisory services to federal, state and local governments.

Gretchen Verrey, Manager

Gretchen will serve as the internal control manager for DRPT. She has over 13 years of experience in performing internal controls assessments and advisory services to government, corporate and not-for-profit organizations.

2. Financial Planning and Analysis**Declan McManus, Principal**

Declan will serve as the financial planning and analysis principal for DRPT to direct the team performing the financial planning and analysis. He has over 11 years of experience advising on raising innovative finance as well as advising the private sector on raising project finance, financial modeling and in project finance lending.

John DiRenzo, Director

John will serve as the financial planning and analysis director for DRPT. John has over 40 years of professional experience and has successfully directed infrastructure-related financial analyses, strategic planning studies, business process reengineering, management and operations improvement studies, and information technology projects for state transportation departments, toll authorities, port authorities, transit agencies, water and wastewater utilities, and education agencies.

Dave Roberts, Director

Dave will serve as the financial planning and analysis director for DRPT. He has over nine years, providing performance audit, management review, business process improvement, compliance monitoring, risk assessments, and costing services for clients throughout the southeast and the United States.

Chris Krepcho, Manager

Chris will serve as the financial planning and analysis manager for DRPT. He has over six years of experience relevant to cost allocation, financial analysis, audit assistance, internal control and compliance assessments, compliance monitoring and dashboard reporting, organizational risk assessments, business process and control improvements, system implementation, financial statement preparation, accounting support, policy and procedure development, and project management support.

3. Other Financial Services**Rob Churchman, Partner**

Rob will continue to serve as the other financial services partner for DRPT while also serving as the overall engagement partner responsible for all aspects of the engagement. Rob will have final authority in the conduct of the engagement and full responsibility for the work performed, including final review of any reports and all deliverables. He also will help ensure that the correct resources are available and assigned to the various projects and that deliverables are complete, accurate, responsive to DRPT's requirements, and delivered in a timely manner.

Jack Reagan, Partner

Jack will continue to serve as the other financial services technical resource partner providing technical governmental accounting and operational guidance to the team as needed. He has more than 20 years of experience providing financial statement audit and performance improvement advisory services to federal, state and local governments, higher education entities, and not-for-profit organizations.

Rob Fisher, Partner

Rob will continue to serve as the Information Risk Management (IRM) partner wherein he will advise the audit team on evaluating technical business processes and the risks inherent in DRPT's critical information systems. He has more than 18 years of experience in accounting and information systems.

Robin Harmon, Senior Manager

Robin will serve as the other financial services technical resource senior manager. She has more than 14 years of experience focusing primarily on serving governmental and not-for-profit entities.

Subcontractors

Comprising a key component of our overall service delivery team, KPMG proposes to utilize two DMBE subcontractors to serve DRPT – Larry Saunders & Associates and Belcher Consultants, Inc.

Team members from Larry Saunders & Associates will continue to serve as subcontractor partners to the KPMG Team. Larry Saunders & Associates has teamed with KPMG on numerous engagements to include DRPT and the City and School Board of the Cities of Richmond and Petersburg, the Richmond Redevelopment and Housing Authority, and the Virginia Housing Development Authority. Over the years, KPMG and Larry Saunders & Associates have worked together to provide quality service to our clients. Our two firms have an excellent working relationship and have developed a team approach to our joint engagements. The team forged between KPMG and Larry Saunders started well over 20 years ago and has proved to be beneficial to not only our two firms but also to many of KPMG's governmental clients. We propose to continue our participation with Larry Saunders & Associates to serve DRPT in the same meaningful way we have in the past. The degree of participation will be determined jointly by KPMG and Larry Saunders & Associates based upon what is in the best interests of the engagement, as well as the advancement and development of Larry Saunders & Associates.

Belcher Consultants, Inc. has teamed with KPMG on numerous engagements to include the Virginia Department of Transportation. Over the years, KPMG and Belcher Consultants, Inc. have worked together to provide quality service to our clients. Our two firms have an excellent working relationship and have developed a team approach to our joint engagements. The degree of participation will be determined jointly by KPMG and Belcher Consultants, Inc. based upon what is in the best interests of the engagement, as well as the advancement and development of Belcher Consultants, Inc.

Quality of the Engagement Team

It is critical that the engagement team has the right skills and experience to properly conduct this project for DRPT. It is also important that the quality of the team's work be maintained at a high standard throughout the engagement. The team selected to serve DRPT has several significant strengths that not only distinguish KPMG from our competitors, but more importantly, will help DRPT meet its objectives:

- Consistent responsibility for managing large engagements;
- Experienced with the use of frequent reviews, interim deliverables and aggressive targets to sustain; high quality team performance throughout the engagement period;
- Familiarity with internal control environments and regulatory requirements; and
- Experienced with serving Commonwealth of Virginia entities.

Overall Program Management

We consider the Program Management Office (PMO) to be critical for projects that are the size and complexity of DRPT engagement. The PMO will be your local central point of contact and will: initiate each project request by DRPT and ensure appropriate resources are assigned on each project, track the results of our work and communicate the status of all engagements to DRPT on a monthly basis.

KPMG has worked with our government clients to meet milestone dates and budgets. KPMG has a history of reliable service, with deliverables completed on time, including wrap-up and contract administration. We have demonstrated that we are dependable, reliable, and attentive to our clients' concerns. Our extensive list of governmental clients demonstrates our well-deserved reputation for providing deliverables that are on time, within budget, and of a high-quality. Our ability to provide our government clients with timely, cost-effective, and high quality services is one reason that so many of our clients have engaged KPMG for numerous contracts and recompetes of these contracts.

RFP: Tab 2 b)

References

RFP: Tab 2 c)

Satisfied clients are the strongest endorsement of the technical skills and high quality service we strive to deliver. We believe that one of the leading examples of our service quality is evidenced by the consistent, high level of service that we provide to our other clients. We are proud of our record and urge you to verify our commitment and capabilities with the following references. Please note that due to confidentiality concerns of our clients, we do not provide the fees of the engagements we conduct in proposals. We would be happy to discuss any questions or concerns you may have.

Name and Address of Firm	Reference	Years Served	Scope of Services Provided
Nuclear Regulatory Commission Two White Flint North 11545 Rockville Pike Rockville, MD 20852-2738	Milton Brown Deputy Chief Financial Officer E Milton.Brown@nrc.gov	2007 – Present	<ul style="list-style-type: none"> ■ Advisory – Internal Control of Financial Reporting Assessment (OMB-A-123, Appendix A) ■ Advisory – Financial Operations analysis
	Michele Kaplan Deputy Controller E Michele.Kaplan@nrc.gov T 301-415-5256		
	Michael Brezovec/May Ma Branch Chief – Financial Reporting & Analysis E Michael.Brezovec@nrc.gov T 301-415-0515 E May.Ma@nrc.gov T 301-415-7266		
Pension Benefit Guaranty Corporation 1200 K Street NW Washington, DC 20005	David Harvey Deputy Director, Contracts and Controls Review Department (CCRD) E Harvey.David@pbgc.gov T 202-326-4161 ext. 6309	2009 – Present	<ul style="list-style-type: none"> ■ Advisory – Internal Control Assessment Services (OMB Circular A-123, Appendix A)
Virginia Department of Transportation Office of Transportation P3s 600 E Main Street, Ste 2120 Richmond VA 23219	Tony Kinn Director E Tony.Kinn@vdot.virginia.gov T 804-786-0456	2011 – Present	<ul style="list-style-type: none"> ■ General financial consultant on multiple Public-Private Partnership engagements
Virginia Department of Transportation 1401 E. Broad St. Richmond, VA 23219	Charlie Kilpatrick Deputy Commissioner E Charlie.Kilpatrick@VDOT.Virginia.gov T 804-786-2701	2009 – Present	<ul style="list-style-type: none"> ■ General financial consultant on multiple Public-Private Partnership engagements
City of Richmond 900 E. Broad Street Richmond, VA 23219	Wayne Lassiter Interim Director of Finance E WayneLassiter@Richmondgov.com T 804-646-5237	1996 – 2010	<ul style="list-style-type: none"> ■ Financial Audit ■ Single Audit ■ Advisory Services ('00, '02, '04, '08) ■ Treasurer Turnover ('08, '10)

Name and Address of Firm	Reference	Years Served	Scope of Services Provided
County of Chesterfield and Related Public Schools Lane B. Ramsey Administration Building, 9901 Lori Road Chesterfield, VA 23832	Patsy Brown Finance Director, County E brownp@chesterfield.gov T 804-748-1607	2000 – Present	<ul style="list-style-type: none"> ■ Financial Audit ■ Single Audit ■ Advisory Services ('09) ■ Official Statement ('07, '09)
County of Henrico 4301 East Parham Road Henrico, VA 23228	John Vithoukas Finance Director E vit@co.henrico.va.us T 804-501-5089	2007 – Present	<ul style="list-style-type: none"> ■ Financial Audit ■ Single Audit ■ Treasurer Turnover ('07) ■ Advisory Services ('09)
County of Fairfax 12000 Government Center Parkway Fairfax, VA 22035-0065	Victor Garcia Finance Director E victor.garcia@fairfaxcounty.gov T 703-324-3621	1981 – Present	<ul style="list-style-type: none"> ■ Financial Audit ■ Single Audit ■ Treasurer Turnover ('09) ■ Official Statement ('09)

RFP: Tab 2 c)



**Tab 3:
Virginia
Department of
Minority Business
Enterprise
(DMBE/SWAM)
Participation**

The Offeror shall indicate the percentage of DMBE/SWAM participation and specify the types of work to be performed by DMBE/SWAM Subofferor. In order to be considered for the selection of this Request for Proposals, the Offeror must submit six copies of the Small Business Subcontracting Plan. A blank copy of this document is included as Attachment C.

All DMBE/SWAM Offerors or Subofferor must be certified with the Virginia Department of Minority Business Enterprise. If the DMBE/SWAM is not certified they must demonstrate that they are eligible to be certified, and they must receive such certification prior to the solicitation due date. The Virginia Department of Minority Business Enterprise can be contacted at (804) 786-6585. The DMBE/SWAM goal for this contract is 25 percent; if the DMBE/SWAM is the Prime Offeror, the Offeror will receive full credit for planned involvement.

Within the RFP, DRPT has clearly stated its desire to actively promote the growth of small, women and minority (DMBE/SWAM) owned entities. By reputation, and as detailed within this section, KPMG is a strong supporter of DRPT's efforts. KPMG will be subcontracting for assistance in providing DRPT's requested services (Please refer to **Appendix B** for the Small Business Subcontracting plan).

In our experience, a well-planned, well-directed joint effort between a large professional services firm and a smaller, minority-owned firm can work in the best interest of all parties involved. KPMG is proud of the fact that our commitment to diversity and our Employer of Choice initiative have resulted in recognition and awards from numerous sources (see box to the right).

KPMG firmly believes that subcontracting has been mutually beneficial for KPMG. In utilizing our subcontractor firm, our goal, as always, is to provide quality assurance that the combined engagement team:

- Conforms to the contract's specifications
- Controls costs and is able to forecast future costs
- Adheres to the contract deadlines
- Performs in a cooperative manner with for customer satisfaction
- Responds to DRPT's needs

We commit to you to continue our support of meaningful minority participation on this engagement and in all areas of our practice. We have encouraged significant minority participation on your audits in two different ways: utilizing Larry Saunders & Associates and Belcher Consultants, Inc. and through our minority recruitment efforts.

In addition to continuing our commitment to DMBE/SWAM teaming arrangement, KPMG supports DMBE/SWAM efforts both within Commonwealth and throughout our firm.

Look who's honoring KPMG!	
 <p>Fortune 100 Best Companies to work for 2011</p>	 <p>2009 Catalyst Award</p>
 <p>Training magazine's list of Top 125 training companies - 2009</p>	 <p>DiversityInc Magazine Top 50 Companies for Diversity - 2010</p>
 <p>Working Mother Best Companies for Multicultural Women - 2010</p>	 <p>Computerworld 100 Best Places to Work in IT - 2008</p>
 <p>Working Mother 100 Best Companies - 2010</p>	 <p>Business Week List of Top Employers for College Grads</p>

Firmwide					
Total Number of Employees (Firm) 20,526					
Type of Employee	# of Employees	% of Employees	% of Managers	% of Professionals	% of Non-Professionals
Women	10,065	49.0%	42.2%	49.9%	77.4%
Minorities	6,294	30.7%	23.9%	33.3%	45.6%
Service Disabled Veterans	18	0.1%	0.1%	0.1%	0.2%
All Others	7,564	36.9%	44.4%	35.3%	10.3%

Virginia (Hampton Roads, Richmond, Roanoke, and Tysons)					
Total Number of Employees (in Virginia) 1,248					
Type of Employee	# of Employees	% of Employees	% of Managers	% of Professionals	% of Non-Professionals
Women	605	48.5%	41.1%	50.2%	80.0%
Minorities	406	32.5%	24.5%	35.9%	51.4%
Service Disabled Veterans	3	0.2%	0.2%	0.1%	1.4%
All Others	461	36.9%	46.2%	33.7%	8.6%

KPMG's Philosophy on Diversity

RFP: Tab 3

A successful workforce must be built with diverse experience, backgrounds, and viewpoints. KPMG's core values make our commitment to diversity essential to our identity. KPMG is deeply committed to providing enhanced opportunities for women, minorities, and small business enterprises. Our dedication to the principles of diversity and equal opportunity is demonstrated through the many successful relationships we have established with minority-owned and women-owned business enterprises, as well as our development of policies and programs designed to advance talented women and minorities within our organization. Below is a summary of our approach to this important issue, and some of our key current initiatives.

Our Vision – The aim is to make enhancements to our work environment by valuing our differences. Our core values insist on it, our clients value it—and our success depends on it. Experience has taught us that a diverse workforce is one key to developing the most innovative solutions for our clients.

Our Mission – Maintain a work environment that embraces the diversity—of genders and ethnicities, of ideas and lifestyles, of professional insights and personal perspectives—that is vital to stand apart as an innovative business adviser and employer of choice. We achieve our mission in several ways:

- **Awareness** – Promote KPMG's strategy and commitment to diversity/inclusion internally and externally. For example, our mandatory Web-based training, Treating People with Respect and Dignity, reaffirms expected behaviors in our work environment and helps individuals candidly examine barriers that may exist to openness to and appreciation of one another's backgrounds.

- *Recruitment* – Increasing the diversity of applicant flow both for campus recruitment and experienced hiring. Campus recruiting teams are actively involved in recruiting at historically black colleges and universities and participate at the National Association of Black Accountants (NABA) student chapters. KPMG conducts outreach year-round by sponsoring and attending events held by the National Black MBA Association, the National Society of Hispanic MBAs, the National Hispanic Business Association, and the Black College Expo.
- *Assimilation and Career Development* – Enhance assimilation into KPMG through consistent and ongoing messaging around our culture of core values, and focused networking, mentoring, and career development opportunities.

A Commitment to Diversity

KPMG embraces diversity. We believe in fostering an environment of inclusion that encourages partners and employees to be successful. By valuing our differences, we build upon our individual, team, and firm strengths. KPMG has been recognized for our commitment to diversity – further validating the firm's commitment to our entire workforce. Recent recognition includes:

- **Diversity Magazine Top 50 Companies for Diversity** – (2006, 2007, 2008, 2009) (including two specialty lists – Top Companies for LGBT Employees and Top Companies for People with Disabilities).
- **Best Diversity Company** – (2009, 2008) From Diversity/Careers in Engineering and Information Technology, naming KPMG as one of the best organizations for diversity.
- **Diversity Edge Magazine's Best Companies for Diverse Graduates** – (2009, 2008) By Diversity Edge magazine, as one of the Top Two organizations in its list of 2009 Best Companies for Diverse Graduates.
- **2009 Catalyst Award** – From Catalyst, the leading nonprofit organization working with businesses to build inclusive workplaces and expand opportunities for women, in recognition of exceptional programs to support and advance women in business.
- **Best Companies for Multicultural Women** – (2009) By Working Mother magazine, as one of the elite Top 5 organizations in its 2009 list of the Best Companies for Multicultural Women.
- **GLSEN Respect Award** – (2009) New York Respect Award for the firm's commitment to diversity and inclusion from Gay, Lesbian and Straight Education Network.
- **Disability Matters Award** – (2008) By Springboard Consulting LLC and Work Life Matters magazine, recognizing KPMG for the successful launch of our National Disabilities Network.
- **Hispanic Business Diversity Elite 60** – (2009, 2008) From Hispanic Business magazine's Diversity Elite 60 companies, a national ranking that recognizes companies that have successfully embedded diversity into their corporate cultures.

Equal Opportunity Employment and Affirmative Action

KPMG is fully committed to the concept and practice of equal opportunity and affirmative action in all aspects of employment. KPMG strictly follows the policy that there shall be no discrimination in employment decisions because of race, color, creed, religion, age, gender, national origin, citizenship status, marital status, sexual orientation, disability, veteran status, or other legally protected status. This includes, but is not limited to, recruitment, recruitment advertising and/or other communications media, hiring, rates of pay and other compensation, benefits, overtime, job classifications and assignments, training, work conditions, promotions, transfers, demotions, reductions in force or terminations, disciplinary and other employee treatment, and all other terms, conditions, or privileges of employment.

Supporting Under-Represented Segments – KPMG provides significant financial and volunteer support to organizations committed to increasing minority representation in the professions. We were one of the earliest corporate sponsors of NABA and the Association of Latino Professionals in Finance and Accounting (ALPFA). In conjunction with this year's ALPFA National Convention, we are sponsoring a case competition that includes hands-on work with teams of students and professors from eight institutions with large minority populations. KPMG also sponsors a large number of our own employees to attend these events. Our partners and employees currently hold national and local leadership positions within these organizations.

The KPMG Foundation – The KPMG Foundation, funded entirely by voluntary contributions of our U.S. partners, is critical to a number of the firm's diversity initiatives. The Foundation is also the creator and driving force behind The PhD Project, one of the most far-reaching and ambitious programs ever conceived to address the under-representation of minority Americans in business, higher education, and corporate America. A landmark effort, The PhD Project aims to put more minorities on business school faculties, and as a result attract greater numbers of minority students, leading to increases in diversity among future MBAs.

This concept was initiated in 1993, when KPMG, with additional funding from academia and leading corporations, held a conference bringing together 266 potential minority doctoral candidates with business school faculty, deans, and heads of doctoral programs for a two-day conference. Less than one year after the first PhD Project conference, the nation's business schools reported a 42 percent increase in the number of Native American, Hispanic, and African-American students entering doctoral programs in business. Half of those newly created doctoral students were individuals who had been reached by The PhD Project. Now in its 18th year, the KPMG Foundation has seen its first scholarship in 1993 multiply to more than 280 doctoral scholarships awarded through 2010. The PhD Project is a concrete example of KPMG's partners, through their Foundation, making a difference well beyond traditional employment-based diversity programs.

KPMG Minority Recruitment

KPMG continues to increase the number of minorities in its professional staff. We believe our commitment to minority recruitment over the years, and the positive results we have obtained, cannot be matched by any other firm.

Our strong commitment to hire minority candidates and provide them with outstanding career opportunities has been spearheaded by Andre Evans, partner in charge of the Virginia Business Unit. In his position, Andre has made it a priority goal of the recruiting team to seek out and hire the top minority accounting students in the area. KPMG is also involved in INROADS, a nationwide organization whose mission is to develop and place talented minority youth in businesses and industry and prepare them for corporate and community leadership. KPMG is one of the largest corporate sponsors of the national INROADS organization, and a number of INROADS graduates have been members of our professional staff.

With regard to overall diversity in the workforce, ethnically diverse students accounted for 29 percent and women accounted for 51 percent of KPMG's total campus new hires in 2010. These new employees pushed KPMG's workforce to the level where 46 percent are women and 29 percent are ethnically diverse.



**Tab 4:
Contact Person**

The primary Offeror must identify the name, telephone number and e-mail address for the contact person who will be responsible for coordinating the efforts and personnel of all parties and/or Subofferor involved in the proposal.

As detailed earlier, Rob Churchman will be the contact person who will be responsible for coordinating the efforts and personnel of all parties and/or subofferor involved in this proposal. Please see his contact information below.

Robert H. Churchman

Partner

KPMG LLP

1021 East Cary Street

Richmond, VA 23219

T 804-782-4216

F 804-782-4300

E rchurchman@kpmg.com



**Tab 5:
Staffing and
Pricing Plan**

Offerors shall identify all staff positions by person and actual hourly rates (base rate, overhead and profit listed separately along with the total rate) in the Price Schedule (Attachment D) for the three potential services described in the Statement of Needs, and listed pursuant to Tab 2. Final pricing/rates will be addressed in the negotiation phase.

Our engagement teams are eager to continue building our strong relationship with DRPT by continuing to provide the quality professional service that you have grown to expect from our firm.

Our financial pricing plan has been competitively developed and represents a substantial reduction from our standard rates — reflecting the investment we have made and committed to continuing. Based on our understanding of your needs and expectations, the following table presents our anticipated professional fees by each service identified within the Understanding section in Tab 1.

Attachment D: Price Schedule					
Labor category by service	Name	Daily Average Hourly Rate	Overhead Rate	Profit	Total Fixed Rate
1. Internal Control Assessment					
KPMG					
Managing Director					\$305
Director					\$250
Manager					\$207
Larry Saunders and Associates					
Partner					\$200
Partner 2					\$200
Senior Associate					\$128
2. Financial Planning and Analysis					
KPMG					
Principal					\$305
Director					\$250
Director					\$250
Manager					\$207
Belcher Consultants, Inc.					
Partner					\$200
Others					\$94

Attachment D: Price Schedule					
Labor category by service	Name	Daily Average Hourly Rate	Overhead Rate	Profit	Total Fixed Rate
3. Other Financial Services					
KPMG					
Partner					\$305
Senior Manager					\$250
Manager					\$207
Senior Associate					\$164
Others					\$94
Larry Saunders and Associates					
Partner					\$200
Partner 2					\$200
Senior Associate					\$128

Fee Assumptions and Expectations

RFP: Tab 5

Our policy with respect to billed and unbilled services is simple: We will not begin any billable work outside the scope of the proposed engagement until we receive appropriate approvals from you. DRPT and KPMG would agree on the scope and timing of the project, and on an appropriate maximum fee.

We seek to maintain our long-term relationship with DRPT. We know from experience that our cost structure is comparable to that of other service firms, and we believe that our rates are consistent with providing quality professional services. We will strive throughout this engagement to perform our professional responsibilities at a fair fee. We do not want fees to be the determining factor in your decision on selecting your independent auditor. We welcome an open discussion as to arriving at a fair and reasonable fee.

Engagement Acceptance Procedures

KPMG recognizes that rigorous engagement acceptance policies are vitally important to our firm's ability to provide high-quality professional services. This is why KPMG has established robust policies and procedures for deciding whether to accept or continue a client relationship and whether to perform specific services for a particular client.

Acceptance of Virginia Department of Rail and Public Transportation's engagement by KPMG LLP is contingent upon the final completion of KPMG's standard engagement acceptance process.



Appendices



Appendix A: Team Résumés

On the following pages, we have presented our proposed core team members' résumés with their qualifications and certifications. We have grouped them in the order of Internal Control Assessment, Financial Planning and Analysis, Other Financial Services, and Subcontractor Team members.



TERRY L. CARNAHAN

Managing Director

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Function and Specialization

Terry is the Managing Director for KPMG LLP's Federal Internal Audit and Regulatory Compliance Services practice in the Washington DC area. He is responsible for and involved in assignments focusing on risk-based audit methodologies and audits of Federal, State and local government including multiple agencies as well as various corporations.

Professional Associations

- Board of Directors, Northern Virginia First Book
- Association of Government Accountants
- Virginia Society of Certified Public Accountants
- District of Columbia Society of Certified Public Accountants
- Institute of Internal Auditors

Education, Licenses & Certifications

- BS degree, West Liberty State College, WV
- Licensed CPA—VA, DC
- Certified Government Financial Manager

Internal Control Assessment

Background

Terry's background includes an in depth understanding of the business and technology requirements for governmental programs and operations and inter-dependencies required for the programs and operations to function effectively and efficiently, which Terry effectively communicates internally and externally. Terry has a comprehensive background in providing and delivering audit services on virtually every level of government and includes virtually all types of programs and operations.

Professional and Industry Experience

Prior to joining KPMG, Terry worked for the District of Columbia Government for five years as a change agent to help restore the financial independence of the District while improving the efficiency and effectiveness of the state, county and local level programs under the auspices of the District of Columbia. Previous to the District, Terry was with the U. S. General Accounting Office for over 20 years where he directed and managed risk-based audits of government programs and operations on various levels including the first comprehensive financial audits of the U. S. Air Force and then the U. S. Army.

Private sector experience

- **RTI International.** Terry joined the project team to coordinate RTI's project to document and assess internal controls over financial reporting as part of its Sarbanes Oxley requirements. Terry was responsible for assessing the project status and assuring the client they approach was adequate and then coordinating completion of the Control Framework Gap Analysis. Terry also assisted in directing the documentation process, identification of key internal controls, development of the testing plan, and monitoring the project while providing a quality control for the information compiled. He also assisted in coordinating the testing performed by another local firm for all field locations and interacted on a continuous basis with the external auditors, corporate management and the RTI Audit committee.
- **Cephalon Inc.** Terry is the director for our internal audit services outsource contract with Cephalon—an international biopharmaceutical company. He worked with Cephalon officials to conduct a comprehensive business risk assessment (CBRA), including the identification and profiling of their key business risks in order to develop a risk based internal audit plan. The risk profiles developed from the risk assessment will be used to formulate a multi-year risk based internal audit plan to be executed by our team. Concurrently, he directed teams in the US, France and the United Kingdom to assist management with documentation assistance, gap analysis comparison to control reference sources, and testing and monitoring of controls associated with the internal controls for financial reporting ("ICFR") as part of its Sarbanes Oxley Section 404 activities.
- **Carpenter Technology.** Terry replaced the original project director to work with Carpenter Technology in planning and scoping activities for its project to document and assess internal controls over financial reporting as part of its Sarbanes Oxley requirements. Terry was responsible for assessing the project status and assuring the client they approach was adequate and then coordinating completion of the Control Framework Gap Analysis. Terry also assisted in directing the documentation process, identification of key internal controls, development of the testing plan, and monitoring the project while providing a quality control for the information compiled.
- **IMS Health.** Terry directed the project to provide IMS Health with professional services to assist management with the planning stage activities to document and assess internal controls over financial reporting for its multi-billion international operations. Terry also coordinated establishment of a project office; developed training materials for and taught implementation of Sarbanes-Oxley in the company; assisted in performing a control framework GAP analysis; and assisted in scoping the application of the implementation throughout IMS Health.
- **Ferguson Enterprises.** Terry managed a strategic risk assessment of the multi-billion national plumbing and waterworks supply and sales firm. Terry also coordinated interviews with the top echelons of the firm and developed a gross risk assessment of Ferguson's operations that was used to develop a comprehensive audit plan that was

submitted to Wolseley, LLC, the parent company. Terry also directed a process review and analysis project of the purchase to sales operations of Ferguson and proposed targeted audits to evaluate the key processes, controls and risks associated with those operations. Terry further managed the initial evaluation of the rebate accounting operations for Ferguson—almost one-half billion-dollar function. The report developed identified several specific recommendations to improve the rebate accounting and control that were readily accepted by Ferguson management.

- **ARAMARK.** Terry directed a strategic risk assessment of the multi-billion international food services, business services and uniform firm. Terry coordinated several interviews and facilitated sessions with corporate management officials and compiled the results of the discussions to provide a gross risk analysis of the firm. Terry also directed the completion of the risk assessment for ARAMARK's business segments that included analysis of processes in place to mitigate the risks identified as significant and high for the corporation. The project included interaction with the highest-level corporate officials on a daily basis as well as business segment management and the firm's Audit committee.
- **McCormick.** Terry directed an assessment of the Sarbanes-Oxley project to assure linkage of the key internal controls to the financial statement assertions and to identify internal control gaps that may require immediate remediation. My team quickly and thoroughly evaluated documentation developed for McCormick from ten countries and provided a comprehensive briefing to McCormick management on the internal control gaps that exist in their key processes.
- **USEC Inc.** Terry directs the team that provides internal audit services for the American Centrifuge Project (ACP), which is the construction of a \$3.5 billion facility to process nuclear materials. The team is performing assessments of the processes USEC uses to manage and monitor the project and all the associated costs. The team is also documenting the operating processes, the project management baseline data and related cost and schedule assumptions; and management's reporting processes for executive management and the Board of Directors. The team is also performing audits of prime vendors to document and test their procedures associated with supporting contracts between the prime vendor and USEC.

Nonprofit experience

- **Mitre Corporation.** Terry directs the internal audit outsourcing with Mitre, including development of their program to evaluate their internal controls in accordance with the COSO model. He worked with the team to update the risk profile for Mitre and developed the short-term and long-term plans to supplement the approved audit plan to enable comprehensive coverage of the COSO model for the Mitre operations within two years.

■ **Federal government experience**

- **Intelligence Community.** Terry is currently directing a team that is documenting and evaluating internal controls related to program controls to comply with the Federal Managers' Financial Integrity Act as well as financial controls for OMB Circular A-123. He also directed OMB Circular A-123 evaluations in a second intelligence agency. Previously Terry directed the Budget Improvement Process Team relating to the auditability readiness as well as reengineering the processes related to planning, programming, budget development, budget execution and budget management. The latter involves correlating the reengineered processes with the new financial system that went live in October 2007. Terry works as a Human Capital specialist on a second project evaluating the financial management teams throughout the intelligence community. This project includes assisting in the development and application of a survey of the financial management personnel; identification and compilation of the financial authorized positions; development of a human capital gap analysis; and development of a long range plan to address the gaps including training and education; hiring, recruiting and retention; workforce planning; mentoring; and a career architecture plan.
- **Military Equipment Valuation.** Terry directs the team that is performing an Independent Verification and Validation of the policies and procedures for the auditability of military equipment. KPMG is assessing the application of the new policies and procedures by each of the military services to confirm that they are complying with the requirements and to help assure that the military equipment line item is going to "ready for an audit".
- **Federal Communications Commission.** Terry managed the team that performed an independent and comprehensive analysis and risk assessment of the Federal Communication Commission's (FCC) Telephonic Relay Services (TRS) administration

and TRS provider compliance with appropriate sections of the Code of Federal Regulations. The team performed a series of interviews at the FCC, then at the component responsible for managing the TRS program and finally at three service providers. The results identified several material operational and program risks and proposed a series of detailed risk-based audits to develop comprehensive assessments of the processes and internal controls to address the risks.

- **Veterans' Affairs.** Terry directs a team that addresses remediation of internal controls throughout the department as well as assisting with Virginia's projects and programs to comply with the reporting requirements for the Open Government Initiative. This includes evaluating data sources and data reported for the various payment programs; assisting in establishing an office to manage and over see the programs and projects; developing an internal website to compile the data; and developing policies and procedures as well as training related to the new operations.
- **Universal Service Administrative Company (USAC).** Terry was part of a large engagement, comprised of several project teams of auditors engaged to conduct Compliance Attestation Examinations at over 150 school districts and libraries (Beneficiaries) throughout the United States. Terry managed 35 concurrent examinations of various beneficiaries during the period of June 2006 through July 2007. These examinations provide an independent assessment of the entity's compliance with program rules and procedures in its application for funds, selection and contracting with service providers, and the handling of cost reimbursements. He was responsible for managing the planning, documentation, testing, and reporting phases of the examinations, as well as managing the staff, coordinating with the beneficiary personnel and reporting progress to both the engagement partner and engagement Project Management Office. Additionally, he assisted the Program Management Office in performing quality assurance reviews on 15 projects prior to the work papers being submitted for the Concurring Partner Review. Terry also performed in-depth work paper reviews for 10 High Cost and Contributor reviews as part of the quality assurance process on those projects.
- **Department of Agriculture, Food Nutrition Services.** Terry is directing the development of control test plans for FNS to use in the implementation of OMB A-123. In performing this project, the team documented the financial reporting processes for FNS's three largest programs, identified and documented the controls in place, and provided recommendations to FNS management. We are currently performing testing of effectiveness of the controls for their processes. We will also provide training to agency personnel on how to conduct tests with regards to control design and operating effectiveness.
- **Department of Health and Human Services A-123.** Terry coordinated the effort to review the work accomplished by the HHS A-123 Core Implementation Team (the Team) and make recommendations for revisions, as appropriate. KPMG worked with the Team to develop an implementation guide for the Department's A-123 implementation. KPMG articulated in the manual how a UFMS system assessment will be conveyed to the OPDIVs currently using UFMS (CDC and FDA), as well as to the remaining OPDIVs/ STAFFDIVs upon full implementation (scheduled for FY 07).

KPMG drafted an HHS-wide guidance manual similar to the format of KPMG's Assessing Internal Control Over Financial Reporting. The guidance included tasks to be accomplished at the Departmental and OPDIV/ STAFFDIV levels (to include major systems project managers).
- **OMB Circular A-123 Assistance.** Terry provided technical assistance to internal controls teams working in other agencies to incorporate compliance with A-123 into existing internal control assessment efforts. The assistance ranged from working with teams assessing the auditability of the Defense Logistics Agency to fielding staff to document and test key internal control processes for the Federal Elections Commission.
- **Pension Benefit Guaranty Corporation.** Currently, Terry is directing annual assessments of financial controls for OMB Circular A-123 compliance and another project evaluating payments for compliance with the Improper Payments Improvement Act. Previously, Terry directed a team of about 15 staff to provide a comprehensive assessment of the effectiveness of PBGC's internal controls within each of the 10 business cycles identified by its management. As defined by the statement of work, there are four primary steps to this overall cycle-oriented process: (a) **Identify** the internal controls believed to be significant for the related financial reporting assertions and for purposes of evaluating the effectiveness of the design of internal controls; (b) **Document**

that the effectiveness of the design of the significant controls that are related to PBGC's internal controls are effective; (c) **Evaluate** the operating effectiveness of controls based on test procedures deemed sufficient to efficiently evaluating their effectiveness; and (d) **Summarize** the results of testing in working papers and reports to PBGC management. Additionally, I am coordinating a general controls assessment in accordance with the COSO framework and a general information technology controls assessment.

- **Defense Financial Management Enterprise Architecture.** As a Senior Defense Specialist, Terry participated on the team responsible for identifying and defining the legal and regulatory requirements that needed to be considered in the development of the subject project. Terry worked closely with multi-disciplinary teams from several contractors as well as Defense officials to incorporate the requirements into the models and work flows developed for the project.
- **Department of Health and Human Services Laboratories Security.** Terry directed a follow-up assessment of the actions taken to remediate security concerns reported by the Inspector General at 15 laboratories within the Department. The labs operate within the Centers for Disease Control, Food and Drug Administration and the National Institutes of Health and are located throughout the U.S. Each lab had a report with specific recommendations associated with security associated with access, facilities and inventory control over sensitive items. The results of the evaluation were classified as Secret upon completion of the project, which required additional management to control the information and the subsequent reporting of the status of actions on the recommendations.
- **Naval Audit Service.** Terry assisted the Naval Audit Service (NAVAUDSVC) in the development of scalable risk-based audit plans and project models to use to perform risk assessments of Naval organizations, activities, programs, functions, processes, and funds and to improve the efficiency and effectiveness of the NAVAUDSVC audit processes. Terry provided training for and served as a co-leader of joint teams of KPMG and NAVAUDSVC staff to perform (1) an audit planning risk assessment of the Navy environmental programs and operations and (2) a pilot audit applying KPMG's risk-based audit methodology and software tools. Both projects provided NAVAUDSVC on-the-job training for applying a risk-based assessment model and risk assessment software for the Navy to use on a long-term basis when conducting performance audits of Navy organizations, activities, programs, functions, and processes.
- **Defense Logistics Agency.** Terry directed a team that assisted the internal audit function develop operating policies and procedures; an enterprise-wide audit program, plan and related procedures; and provided training on internal audit processes including the GAO yellow book. The team also facilitated and coordinated development of a five-year strategic plan and related audit plans. The team is also performing a human capital management assessments including a comprehensive skills inventory of the staff and a gap analysis report on the skills inventory as opposed to the position requirements. The assessment also analyzed the internal audit staffing among the various components throughout DLA.
- **Nuclear Regulatory Agency.** Terry is directing the team responsible for documenting the financial reporting processes for NRC including identification and documentation of controls in place, testing of the design and operating effectiveness of the key controls, and providing recommendations to NRC management to remediate control gaps and/or weaknesses. The results of the work support the NRC's implementation of OMB Circular A-123.

State and local government experience

- **Virginia Department of Transportation.** Terry assisted the Virginia Department of Transportation Internal Audit in a risk-based assessment of their Financial Management System. This engagement included the evaluation of 3 critical processes and functions in the system including evaluation of the system design; tests of the operating effectiveness of key internal controls; and the development of recommendations for each area.

Other relevant experience

- **Self-Employed** (April 2001 to May 2001). Terry contracted with Foxx & Company to assist in an assessment of the payroll processes for the Nuclear Regulatory Commission. This included analyzing the payroll systems and controls, documenting the key controls and testing the application of those controls during a three-month period. We specifically developed an issue associated with accumulating the costs for development of in house

software for purposes of capitalizing the costs.

- **James Martin Government Consulting** (May 2000 to November 2000). Terry served as the Chief Financial Officer for the District of Columbia Government's Office of the Chief Technology Officer (OCTO). In this capacity, Terry was responsible for all financial and budgetary functions. Terry developed the policies and procedures for the financial operations including ensuring that the appropriate internal controls were in place and operating effectively. Terry also established the accounting and budget office within OCTO—hiring and training six staff. During the first year of this function, Terry ensured that the agency's annual budget was prepared; the financial staff were prepared to perform year-end functions; and prepared periodic financial reports required by the Chief Technology Officer and the Chief Financial Officer. Terry also reviewed all agency financial transactions to ensure the transactions complied with Generally Accepted Accounting Principles and legislative requirements and designed and implemented a financial reporting package for the agency director.
- **District of Columbia Financial Responsibility and Management Assistance Authority** (August 1995 to May 2000).
District of Columbia. Terry was responsible for the District of Columbia Financial Responsibility and Management Assistance Authority's assessments and reports on the District's budgets for fiscal years 1995 through 1997. This included coordinating detailed assessments of over 80 agencies with a budget in excess of \$5 billion. During fiscal year, 1995, Terry developed the budget submitted and enacted by the Congress for all 82 agencies in the District of Columbia. Terry also worked with the newly created Office of the Inspector General and the Chief Financial Officer to staff and organized their respective offices and organizations while working closely with top level District officials to monitor spending by agencies and assisted in developing alternatives that reduced spending. In addition, Terry contributed to the development of the budget that resulted in the District's recent surpluses. To assess the District's spending, Terry analyzed complex budget and financial systems, operations, policies, and legislation to ensure that spending was legal and complied with policy and legislative mandates. Generally, these analyses resulted in controversial proposals that were politically sensitive.
- As the Project Director for the District's new System of Accounting and Reporting (SOAR), Terry directed the design, development, and implementation of the system. In October 1997, the District initiated a multi-year effort to upgrade and modernize its financial systems and business processes. The implementation of SOAR is the lynchpin in the effort to transform the District into a national model for financial reform. In only one year, my team successfully implemented the first phase of the system throughout the District's 80 agencies—a task that generally requires a minimum of three years by industry standards. Concurrently, Terry directed the business process reengineering of all the financial management processes throughout the District and the development of the resultant revised policies and procedures. In this capacity, Terry managed the design and development of additional components of the new system while monitoring the issues surfacing from phase one and the implementation of the revised policies and procedures throughout the District. During the first year of the project, Terry also established the program management office for the system—hiring and training ten staff—and coordinated the project with three other major system projects in the District and the Chief Technology Officer's Year 2000 project.
- **U. S. General Accounting Office** (October 1974 to August 1995).
- **Military Services' Financial Statement Audits**. As an Assistant Director with the U. S. General Accounting Office (GAO), Terry was responsible for highly complex, difficult audits of Federal government programs and agencies. Terry directed the first audits of military services' financial management systems and operations, including the most complex financial audits GAO had ever attempted—a review of the Air Force's financial management systems and operations, and a similar review of the Army. The Air Force audit was the first comprehensive assessment of the agency's \$90 billion in annual appropriations and \$275 billion in assets and provided me the opportunity to demonstrate managerial and leadership abilities in directing over 100 headquarters and regional office staff worldwide, using about 25,000 staff days. Terry also planned an even more comprehensive second year audit while reducing the staff days to about 15,000. Subsequently, Terry directed a similar audit of the Army's financial operations and systems, which required about 75 staff worldwide and about 20,000 staff days. These staff members were supplemented by staffs from the U.S. Army Audit Agency (15), the Defense Inspector General (10) and the Naval Audit Service (10) that were assigned to

learn how to perform financial audits. Throughout these efforts, Terry had frequent interaction at the highest levels of the Department of Defense, Congress, and GAO and provided testimony on the results of the audits as well as a series of reports on each military service. Terry also directed assessments of the Chief Financial Officer operations and Inspector General financial audits of (1) the Office of Personnel Management, (2) Department of Labor, and (3) Federal Emergency Management Agency.

- Federal Financial Management and Accounting Systems. Terry managed numerous reviews of major agencies' financial management and accounting systems and had a central role in managing the first and second year reviews of the Federal Managers' Financial Integrity Act; and managed all aspects of 15 financial statement audits, many of which were performed concurrently. These audits included the Federal Financing Bank, the Inter-American Foundation, the National Endowment for Democracy, the Pennsylvania Avenue Development Corporation, and Gorgas Memorial Foundation. On financial audits of the Panama Canal, Terry directed six overseas office staff and reported on the financial statements and material internal control weaknesses related to the management and control of the U. S. investment. This included a special report to Senator Lawton Chiles that concerned over \$50 million in interest owed to the U.S. Treasury. Terry frequently interacted with high-level Panamanian government officials concerning payments to Panama under the Panama Canal treaty.
- Terry also directed several projects including (1) a series of reviews of the Army's financial management systems' breakdowns which resulted in over-obligations totalling more than \$225 million, including expert technical support on the Anti-Deficiency Act to the House Appropriations Committee during a series of hearings over a two year period; (2) Defense's lack of standard contract accounting procedures; recovery of over \$32 million in quality assurance costs from foreign customers; (3) the Defense Personnel Support Center's \$600 million in unrecorded transactions and \$300 million in unsupported adjustments; and (4) GAO's first accounting systems review applying the Controls and Risk Evaluation audit methodology to review the Department of Health and Human Services' financial management systems which identified and documented 81 systems and the related internal control weaknesses
- U.S. Army Audit Agency (June 1971 to October 1974). Terry progressed from a trainee to a lead auditor and an auditor-in-charge and participated in comprehensive reviews of Army and Defense programs and operations including financial and logistics management; energy conservation; Corps of Engineers; and personnel and officer club management. As an auditor-in-charge, Terry developed audit programs; supervised up to six professionals; coordinated and consolidated fieldwork performed by 12 audit teams; and prepared and processed audit reports.

Publications and Speaking Engagements

- IIA training session, Washington, DC, September 21, 2009, "Internal Controls - Beyond Compliance"
- AGA Audio Conference, March 11, 2009, speaker on "Using Internal Controls to Better Manage and Monitor Programs"
- National Grants Management Association 29th Annual Grants Management Training Conference, April 23-24, 2008 speaker on "A-123: Promoting Sound Fiscal Management & Effective Internal Controls"
- National Grants Management Association November 15, 2007 speaker on "Grants Management and OMB Circular A-123"
- The Center for Governmental Accounting Education & Research, 13th ANNUAL RUTGERS GOVERNMENTAL ACCOUNTING & AUDITING UPDATE CONFERENCE, December 18, 2006 speaker on "OMB Circular A-123 and Internal Control"
- Joint AGA/ISACA training session, Baltimore, MD, December 14, 2006 speaker on "A-123 Lessons Learned"
- Co-Author:
 - [The Executive Order on Improper Payments: A Practical Look at What Government Agencies Can Do to Address This Presidential Call for Action, Spring 2010](#)
 - [Beyond Compliance for Federal Agencies: Reducing Costs and Realizing Program Improvement, Summer 2005.](#)
 - [Assessing Internal Control over Financial Reporting: A Guide for Implementing Appendix A of OMB Circular A-123, Spring 2005.](#)
 - [Federal Agencies—Will Sarbanes-Oxley Fit? A Discussion of Federal Internal Controls, Fall 2004.](#)



MARCUS MELTON

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Function and Specialization

Marcus is a director in KPMG's McLean, VA office. He specializes in providing Federal Advisory practice.

Representative Clients

- Department of Navy
- Department of Housing and Urban Development
- Federal Communications Commission
- Professional Associations
- Association of Government Accountants
- Institute of Internal Auditors
- Project Management Institute

Professional Associations

- Association of Government Accountants
- Institute of Internal Auditors
- Project Management Institute

Education, Licenses & Certifications

- Masters Public Administration, George Washington University
- BA degree, Huntingdon College
- Certified Internal Auditor
- Certified Government Financial Manager
- Project Management Professional

Internal Control Assessment

Background

Marcus is a director in KPMG's Federal Advisory practice and has 15 years of professional experience including 13 years of experience working in Federal and local government. Mr. Melton is currently managing an audit readiness project for the Naval Supply Systems Command (NAVSUP) in accordance with the Department of the Navy's Financial Improvement Plan (FIP). Marcus has managed attestation engagements, A-123 advisory engagements, and provided project and program management advisory services for both civilian and DOD clients. He was a key team member in the development of KPMG's A-123 methodology.

Professional and Industry Experience

Marcus has managed multiple performance audits and compliance attestation engagements. He has provided business process improvement services to agencies of Federal, state, and local governments. In addition to providing client service he designed methodologies and instructed both internal and external training. Marcus has a Masters of Public Administration and is a Ph.D. Candidate in Public Policy at The George Washington University. Additionally, Marcus is an adjunct professor in the School of Business at The George Washington University instructing both undergraduate and graduate courses.

Technical Skills

Internal Audit, Internal Controls Improvement, Project Management



GRETCHEN VERREY

Manager

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Function and Specialization

- Internal Audit and Strategic Sourcing
- Representative Clients:
 - Department of Veterans Affairs
 - Pension Benefit Guaranty Corporation
 - The Mitre Corporation

Professional Associations

- Institute of Internal Auditors
- American Institute of Certified Public Accountants

Education, Licenses & Certifications

- MS degree in Accounting and Information Systems, James Madison University
- BBA degree in Accounting and Information Systems, James Madison University
- Licensed CPA

Internal Control Assessment

Background

Gretchen is a manager in KPMG's Federal Advisory Services practice in the McLean, VA office. Gretchen has performed internal audit services for 13 years. She has served government contracting, manufacturing, energy and utility, food distribution, financial institution, state and local government and federal government clients performing a variety of operational, financial, and information technology (IT) internal audits.

Gretchen has served extensively as the primary point of contact for several clients. Her responsibilities have also included staffing engagements, project budgeting, and billing. She has provided OMB Circular A-123, Appendix A, Sarbanes-Oxley, and Committee of Sponsoring Organizations (COSO) framework assistance services including planning, process control assessment, identifying key controls, process documentation, testing key controls, and reporting results of the review including identifying control gaps and weaknesses in the design and effectiveness of current controls.

Gretchen has an established knowledge of business processes across industries and has significant experience in identifying gaps and weaknesses in the design and effectiveness of current processes.

Relevant Professional and Industry Experience

- OMB Circular A-123, Appendix A: Gretchen managed an engagement to assist a Federal Agency in evaluating management's assurance over the effectiveness of internal control over financial reporting in accordance with OMB Circular A-123, Appendix A. This engagement was focused on providing input regarding the effectiveness of its internal controls over The Agency's 12 business cycles and entity-wide controls.
- This process includes documenting the effectiveness of the design of the significant controls through interview and walkthrough. Through this process, we help identify improvements to the process documentation and add value by helping refine the control matrix to improve alignment of control objectives, risks, control activities, and control documentation. We further assist the Agency in evaluating the operating effectiveness of controls and summarize the results of the testing in reports to management. To facilitate effective and reliable testing results we also develop and review the test plans used for testing design and operating effectiveness.
- Gretchen's responsibilities included completing and reviewing workpapers and client deliverables (process documentation, risk identification, evaluation of controls, and recommendations to improve controls), and providing guidance to the team as needed. She developed the findings and recommendations and vetted them with the key points of contact and Agency management. In addition, she worked closely with the key points of contact and provided formal status briefings on a weekly basis.
- Sarbanes-Oxley/COSO: Since May 2005, Gretchen has been managing the internal audit program at a mid-size government contractor. She manages the day-to-day activities in carrying out the audit plan, which includes operational, compliance, and Sarbanes-Oxley internal controls over financial reporting reviews. She also manages the client relationship including billing, attending weekly staff meetings with the CFO, and scheduling and managing staff. Gretchen is also responsible for developing the audit plan and presents audit results to the audit committee as required.
- The operational reviews have included site visits, procurement card, and travel and expense reviews, including gap analysis and controls identification within specific operational centers around billing, project management, and project setup.
- The Sarbanes-Oxley reviews performed include the following tasks: performing a control assessment, identifying key controls, testing key controls, identifying control gaps and weaknesses noted during testing, reporting on the overall control environment for the particular process under review, and identifying and monitoring management's action plan for maintaining and improving the control environment. The Sarbanes-Oxley control environment includes the following processes: contracts, project accounting, financial reporting, general ledger, billing and accounts receivable, procurement (including purchase cards), accounts payable, Treasury, fixed assets and property management, payroll, travel and expense reimbursement, and human resources.



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Principal

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Function and Specialization

Infrastructure Advisory: Raising innovative finance, project finance, financial modeling and project finance lending and procurement

Representative Clients

- BATA/MTC
- Caltrans
- City of Baton Rouge
- Indiana Department of Transportation
- Lafayette Metropolitan Expressway Commission
- Metro Gold Line Foothill Construction Authority
- Commonwealth of Pennsylvania
- Nevada Department of Transportation
- Texas Department of Transportation
- Virginia Department of Transportation

Education, Licenses & Certifications

- B. Comm degree, University of Queensland
- BA degree in Economics and Politics, University of Queensland
- FINRA Licenses: Series 7, Series 24 and Series 63

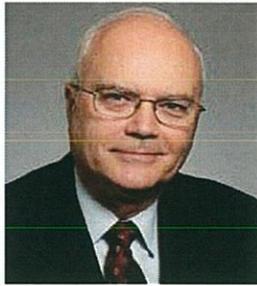
Financial Planning Assessment

Background

Declan has over 11 years of experience in infrastructure finance, the last five of which are with KPMG in the US and the UK. His focus includes advising on raising innovative finance as well as advising the private sector on raising project finance, financial modeling and in project finance lending.

Professional and Industry Experience

- Declan has spent the last four years advising State Departments of Transportation on raising innovative finance, including advising on crafting new programmatic approaches for States to implement PPP.
- Declan leads KPMG's advisory work with the Virginia Department of Transportation, including closing the landmark \$1.9b Capital Beltway HOT Lanes project and advising on the I95/395 HOT Lanes Project, The Midtown/Downtown Tunnel Project and Route 460.
- Declan has significant experience in leveraging Federal funding programs for transportation including TIFIA and PABs.
- Declan has advised the Commonwealth of Virginia on setting up a P3 project office and program.
- Declan leads the practice in advising on HOT lanes projects with his work for Virginia DOT, Nevada DOT and BATA/MTC.
- He is currently co-leading the KPMG team as the sole financial advisor on a greenfield expansion project at the Port of Philadelphia.
- He is currently leading KPMG's team advising the Metro Gold Line Foothill Construction Authority in California on their extension to the Metro Gold Line.
- He has spoken at numerous conferences, written articles on key issues in the fledgling US P3 Market and is a member of the FHWA's Expert Task Group on PPPs.



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Function and Specialization

John is a member of the Infrastructure Advisory practice within Transaction Services.

Education, Licenses & Certifications

- MS degree, Civil Engineering, Northwestern University
- BS degree, Civil Engineering, Villanova University

Financial Planning Assessment

Background

John has over 40 years of professional experience and has successfully directed infrastructure-related financial analyses, strategic planning studies, business process reengineering, management and operations improvement studies, and information technology projects for state transportation departments, toll authorities, port authorities, transit agencies, water and wastewater utilities, and education agencies. John has extensive experience working with and testifying before senior officials in the executive and legislative branches of state and local governments.

Professional and Industry Experience

- John has provided advisory services to many public sector entities including over 15 state departments of transportation (DOTs) and several of the nation's largest toll roads.
- Co-directing KPMG's financial advisory team for the State of Michigan's Public Private Partnership Program.
- Participating in KPMG's engagement to provide financial advisory services to the Louisville and Southern Indiana Bridge Authority (LASIBA) to implement new bridges over the Ohio River.
- Participated in a review of Virginia's PPTA policies and program and in the development of a new manual to guide the PPTA program.
- Conducted review of the New Jersey School Construction Corporation's capital cost forecasting processes and its capital improvement program cycle.
- Directed a performance audit of selected financial, program management, and design functions of the Delaware Department of Transportation.
- Directed a study of alternative funding strategies to finance the \$10 billion transportation plan for Northern Virginia for the Northern Virginia Transportation Commission.
- Directed a feasibility assessment of operating Miami International Airport as an authority for Miami-Dade County.
- Directed a feasibility study of implementing high-speed rail passenger service between New York City and Montreal.
- Directed a study to develop a strategic governance and financial plan for Tampa Bay Water and its member local governments.
- Directed a variety of management, staffing, organization, and operations review of the Massachusetts Turnpike Authority, NYS Thruway, Illinois Tollway, and the Florida Turnpike.
- Directed management and operations review of the North Carolina DOT, South Carolina DOT, Kansas DOT, Delaware DOT, and Nevada DOT.
- Mr. DiRenzo has published articles and/or spoken on management and infrastructure-related topics for the GFOA, Association of Government Accountants, American Society of Civil Engineers, and the Transportation Research Board.



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Function and Specialization

David is a manager in the government advisory practice specializing in process improvement, organizational assessments, compliance audit and cost services.

Representative Clients

- Virginia Department of Rail and Public Transportation
- Georgia's Commission for a New Georgia
- Georgia Ports Authority
- Georgia State Accounting Office
- Georgia State Road and Tollway Authority
- City of Atlanta, GA
- Atlanta Public Schools
- Florida's Turnpike Enterprise
- Florida Association of Court Clerks and Comptrollers
- Florida Department of Revenue
- Tampa Bay Water
- Hillsborough County, FL
- City of Jacksonville, FL
- Texas Department of Transportation

Professional Associations

- Association of County Commissioners of Georgia
- Georgia Government Finance Officers Association
- Association of Government Accountants

Education, Licenses & Certifications

- BS degree in Business Finance, University of Florida

Financial Planning Assessment

Background

David is a director in KPMG's government advisory services practice in Atlanta, Georgia. He has been with KPMG for nine years, providing performance audit, management review, business process improvement, compliance monitoring, risk assessments, and costing services for clients throughout the southeast and the United States. In addition to maintaining a focus on state and local governments, David has also provided advisory services to select companies in the private sector where he served on multiple bankruptcy restructuring teams. David pulls from his public and private sector experience and KPMG resources to identify leading practices currently being utilized so he can better assist his current and future clients.

Professional and Industry Experience

State Governments

- Performed a review of a southern state's accounts receivables processes, policies and procedures at the state level and the departmental/agency level. Recommendations were made to streamline and create standards among the numerous state departments and agencies. Recommendations were also made seeking legislative action to enable the state additional resources and opportunities to more effectively collect aged receivables.
- Performed a performance audit and strategic review of a southern state's ports authority. He assessed the efficiency and effectiveness of the operations of the ports authority with a focus on the following key functional areas: operations, engineering and maintenance, trade development, and finance and administration. The ports authority performance audit included a review of management practices, operating controls, and procedures.
- Performed a review of the reimbursement methodologies utilized by a southern state's court clerks associated with Child Support Enforcement (Title IV-D Services). The review consisted of on-site visits to all county court clerks to review the current reimbursement methodologies being utilized and to determine other possible methodologies to be used in the future.
- Provided assistance to a southwestern state's turnpike authority by conducting a cost to collect analysis for toll revenues segregated by road segment and transaction type. The analysis resulted in output that aided management and staff in making future operational and financial decisions. A benchmark comparison was also performed to show comparability to other turnpike organizations.

City Governments

- Performed a performance review of a large metropolitan city's water department. The review comprised the assessing following elements: organizational management, potential for revenue enhancements and cost savings, management of the capital construction program, and financial management of the department. The recommendations resulted in additional revenue sources, cost savings, and enhanced processes.
- Performed a diagnostic review of a local transportation agency's office of accounting. The purpose of the review was to identify business processes and work products that should undergo further analysis to determine potential tangible/intangible cost savings and value-added benefits.
- Assisted in the management of a Yellow Book performance audit for a city's water district. The overall goal of the performance audit was to review operational and management controls and processes with a focus on measuring effectiveness, efficiency, compliance, and risk. The audit was organized into six main functional areas: finance and administration; operations; science, engineering, and long-term planning; contracting; construction; and oversight and compliance.
- Conducted a performance review for one of the largest school districts in the United States related to the district's broadcast assets and the third-party day-to-day operating management company. The project included a review of specific operating and management practices of the third-party operating company; a review of controls over major contracts and expenditures; and review of relevant planning documentation and performance measurement data used in managing operations.

Other Engagements

- Developed cost allocation plans for city and county governments. These studies entailed the allocation of indirect costs for the development of overhead rates, the development of A-87 and Full Cost allocation plans, and the assessment of direct cost charges to enhance recovery of these costs, as well as indirect costs.

Technical Skills

Microsoft Office, OMB Circular A-87

Publications and Speaking Engagements

- Speaker, Florida Association of Court Clerks and Comptrollers
- Speaker, Florida Government Finance Officers Association (FGFOA)



CHRISTOPHER KREPCHO

Manager

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Function and Specialization

Christopher is a member of the State and Local Government practice with experience in activity-based costing and process analysis. Christopher has mainly served infrastructure-related clients during his tenure at KPMG.

Representative Clients

- Virginia Department of Rail and Public Transportation
- University of Central Florida
- Texas Department of Transportation
- Florida's Turnpike Enterprise
- Florida Department of Children and Families
- City of Jacksonville, Florida

Professional Associations

- Florida Institute of Certified Public Accountants
- Institute of Internal Auditors (IIA)

Education, Licenses & Certifications

- BS degree, University of Florida
- Certified Internal Auditor

Financial Planning Assessment

Background

Christopher is a manager in KPMG LLP's advisory services practice in Orlando, Florida. He has been with KPMG for over six years and has engagement experience relevant to internal control and compliance assessments, business transformation, compliance monitoring and dashboard reporting, organizational risk assessments, business process and control improvements, system implementation, audit preparation assistance, activity-based costing, financial statement preparation, accounting support, policy and procedure development and project management support. Prior to joining KPMG, Christopher attended the University of Florida where he earned a Bachelors of Science in Business Administration with a focus in Finance, graduating cum laude.

Professional and Industry Experience

Fannie Mae, Technology Business Office

Operations Transformation

- Analyze and understand processes and reports performed by the Technology Business Office (TBO).
- Document procedures and estimate Level of Effort (LOE) for each TBO process
- Transform TBO operations focused on business alignments to Center of Excellence (COE) focus by function

Texas Department of Transportation (TxDOT)

Tolling Operations Cost Analysis

- Assisted in analyzing and reporting toll collection costs by toll road and transaction type using a customized cost allocation Excel-based tool.
- Compared client's cost structure and key performance indicators (KPI) to peer organizations.

City of Atlanta Department of Watershed Management

Department-wide Performance Review

- Assisted in the assessment of the Department of Watershed Management's key operations, capital program, and financial management areas. Objectives included:
- Assessing the efficiency and effectiveness in key operational areas, potential opportunities for cost savings and revenue enhancement and assessing the Department's financial management

University of Central Florida

Grants Management Assessment (Phase One):

- Assisted in the performance of a risk assessment of regulatory and compliance issues related to the following contract- and grant-related accounting and administrative areas.
- Collected and organized university-wide policies and procedures.

Grants Administration Support (Phase Two):

- Performed an assessment of business processes and internal controls relating to the administration of sponsored projects.
- Performed an analysis and a GAP assessment of university grants management processes and controls.
- Assisted university personnel in the development and implementation of recommended procedures and internal controls.

Grants Administration Assistance (Phase Three):

- Assisted in the development and implementation of a university grants administration compliance monitoring function including the development of KPI, compliance checklists and dashboard reports.

- Supported the monitoring of staff adherence to the newly implemented processes, controls and procedures in a monthly monitoring report format to university leadership.

City, County and State Governments (City of Jacksonville, Seminole County, DCF Office of Information Technology Services)

Cost Allocation Services:

- Assisted in the development of cost allocation plans for city, county and state governments. These studies entailed the allocation of indirect costs for the development of overhead rates, the development of A-87 and Full Cost allocation plans, and the assessment of direct cost charges to maximize recovery of these costs, as well as indirect costs.
- Interviewed client personnel to identify recent or anticipated organizational changes. Analyzed the effects of any changes on the cost allocation plan.

Florida Agricultural & Mechanical University

Project Management Support:

- Provided project management support for a newly-implemented Enterprise Resource Planning (ERP) system.
- Provided project administrative support: facilitated weekly status meetings of university accounting submodules (PeopleSoft), updated project management work plans, and assisted university personnel in the completion of project work plan tasks. Provided status updates to key project management personnel.

Technical Skills

- **Software competencies:** MS Excel, MS Word, MS PowerPoint, MS Visio, MS Outlook
- **Operating systems:** Windows XP, Windows 200X



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Function and Specialization

Rob is a partner in KPMG's Public Sector Audit practice. He specializes in providing Audit services to governmental entities.

Representative Clients

- Virginia Department of Rail and Public Transportation
- Virginia Housing and Development Authority
- Virginia Resources Authority
- City of Norfolk, Virginia
- City of Chesapeake, Virginia
- City of Petersburg, Virginia
- City of Portsmouth, Virginia
- City of Richmond, Virginia
- City of Roanoke, Virginia
- County of Chesterfield, Virginia
- County of Fairfax, Virginia
- County of Goochland, Virginia
- County of Hanover, Virginia
- County of Henrico, Virginia
- County of Roanoke, Virginia
- District of Columbia Government
- District of Columbia Public Schools
- Fairfax County Redevelopment and Housing Authority
- United State Department of Housing and Urban Development

Professional Associations

- American Institute of Certified Public Accountants
- Virginia Society of Certified Public Accountants
- Association of Government Accountants

Education, Licenses & Certifications

- BBA degree, James Madison University
- Licensed CPA—VA, DC
- Certified Government Financial Manager

Other Financial Services

Background

Rob is a partner in KPMG's Virginia Public Sector practice located in Richmond, but serving the entire Commonwealth, and he is exclusively dedicated to serving governmental entities. He is a key member of KPMG's National Public Sector practice serving as a national instructor and on several product development teams, such as KPMG's GASB 34 Governmental Reporting Implementation Program implementation tool. Rob has more than 23 years of experience and has performed financial and compliance audits and other financial services for various Virginia, District of Columbia, federal, and state government components.

Professional and Industry Experience

- Client service experience includes serving as lead partner for the Virginia Department of Rail and Public Transportation and as the Audit partner for the City of Richmond, Virginia; the Counties of Chesterfield, Goochland, Henrico, Isle of Wight and the Fairfax County federal compliance engagement and the Virginia Housing Development Authority financial statement and federal compliance audits
- Significant experience in managing engagements with multiple components/subsidiaries and other audit service firms and in providing attestation and advisory assistance to clients
- Experienced in advising clients on issues they face including GASB, OMB and GAO reporting matters
- Participated in KPMG's internal quality review program, reviewing engagements located in our Dallas, Indianapolis, Kansas City, Milwaukee and New York City offices
- National audit instructor at KPMG's annual experienced in-charge training

Technical Skills

- Accounting and financial reporting in accordance with U.S. generally accepted accounting principles as promulgated by the GASB
- *Government Auditing Standards* compliance
- Single Audits in accordance with OMB Circular No. A-133, Audits of States, Local Governments, and Non-Profit Organizations compliance
- Specifications for Audits of Counties, Cities and Towns compliance

Publications and Speaking Engagements

- Speaker, various state and national organizations to include VA AICPA, VAGFOA, VA AGA, VA ASBO, US Department of Housing and Urban Development, and the State of South Carolina
- Instructor, KPMG's National Public Sector practice

Other Activities

- Member, VSCPA Governmental Issues Task Force
- Reviewer, GFOA and ASBO Certificate for Excellence in Financial Reporting Program



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Function and Specialization

Jack is an audit partner in our Health Care and Public Sector Audit Practice. He provides auditing services in the federal government, state and local government, private college and university, and not for profit industries.

Representative Clients

- Department of Homeland Security
- District of Columbia Government
- City of Norfolk, Virginia
- City of Alexandria, Virginia
- City of Richmond, Virginia
- City of Roanoke, Virginia
- County of Chesterfield
- County of Goochland, Virginia
- County of Henrico, Virginia
- County of Roanoke, Virginia
- Fairfax County, Virginia
- Loudoun County, Virginia

Professional Associations

- American Institute of Certified Public Accountants
- Government Finance Officers Association
- Association of Government Accountants

Languages

English, French

Education, Licenses & Certifications

- BSBA degree, University of Richmond
- Licensed CPA—VA, DC, MD, TN, PA
- Certified Government Financial Manager

Other Financial Services

Background

Jack is an audit partner in KPMG's Public Sector audit practice. He has more than 20 years of experience providing financial statement audit and performance improvement advisory services to federal government, state and local government, higher education and not-for-profit organizations.

Professional and industry experience

Jack has provided professional audit services to several large federal government entities whose financial statements were prepared in accordance with Office of Management and Budget (OMB) Circular No. A-136. The audits were performed in accordance with the Chief Financial Officers Act of 1990 (CFO Act); OMB Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements* (and its predecessors); *Government Auditing Standards*, issued by the Comptroller General of the United States; the Government Accountability Office/President's Council on Integrity and Efficiency (GAO/PCIE) *Financial Audit Manual* (FAM); and the *Federal Information System Controls Audit Manual* (FISCAM); and U.S. GAAS. In addition, Hannah has provided professional audit and advisory services to numerous state and local governments and not-for-profit entities in accordance with *Government Auditing Standards*; OMB Circular No. A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and U.S. GAAS.

Core strengths and accomplishments include:

- Served on a two year rotation in the Department of Professional Practice
- Serves as lead audit partner on Fairfax County, Virginia and the American Diabetes Association

Technical Skills

- Federal Accounting Standards
- Governmental Accounting Standards
- Government Auditing Standards
- Single Audits in accordance with OMB Circular No. A-133, *Audits of States, Local Governments, and Non-Profit Organizations*

Publications and Speaking Engagements

- KPMG national instructor and course developer
- Nationally recognized presenter as organizations such as the Government Finance Officers Association, Association of Government Accountants, and National Association of Black Accountants

Other Activities

- Finance Chair, Mt. Olivet United Methodist Church



ROBERT P. FISHER

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Function and Specialization

Rob leads the Virginia advisory practice and specializes in auditing, accounting and information systems, including financial systems design and implementation, internal auditing, SAS 70, Sarbanes-Oxley, and IT risk assessment services.

Representative Clients

- Allianz
- AMERIGROUP
- Brink's
- Capital One
- Citigroup
- Deutsche Bank
- Freddie Mac
- Generali
- Genworth Financial
- HSBC
- Markel
- Wachovia

Professional Associations

- American Institute of Certified Public Accountants
- Information Systems Audit and Control Association

Education, Licenses & Certifications

- BS degree, University of Virginia
- Licensed CPA—VA
- Certified Information Systems Auditor

Other Financial Services

Background

Rob is a partner in KPMG's advisory practice with more than 18 years of diverse accounting and information systems experience. His background includes project management over systems implementation, Sarbanes-Oxley documentation and testing assistance, SAS 70, internal and external auditing, IT security assessments, and IT risk assessment services. Rob's current and past clients include some of the leading entities in the financial services, transportation and retail industries.

Professional and Industry Experience

Rob has significant experience leading and coordinating advisory engagements across several industries, with a focus on banking and insurance. He has served as the engagement partner on SAS 70's, Sarbanes-Oxley documentation and testing engagements, IT security assessments, IT risk assessments and financial systems assessment and design projects. He also serves as the IT partner on a number of Fortune 1000 external audit clients. During the course of his career in the United States as well as a two-year rotation in the Czech Republic, Rob has served many of the world's largest financial services organizations.

Systems Assessment, Design and Implementation

- Led a team of professionals that documented the process flows, risks and automated controls associated with the investments and capital markets operations and applications of a Fortune 100 company. Subsequently led the design and execution of test scripts over the key automated controls within each application.
- As part of a Fortune 250 bank's initiative to replace and outsource its core credit card applications, led a team of professionals that documented future state processes and controls. The team worked with other program team members to test the effectiveness of all key control prior to "go live" on the new systems.
- For a leading European insurance concern, led the functional and technical requirements definition for a multi-language, multi-currency insurance system including design of an integrated application architecture. Performed subsequent vendor selection work to establish rating criteria, identify and evaluate vendors, and provide recommendations to senior management.
- Served as project manager for the implementation of a consolidated financial accounting system at a Fortune 1000 insurance company with several disparate operating units. In this capacity led the design of a new chart of accounts to meet the needs of all operating units and also led interface design and testing, report writing, conversion mapping and reconciliation, user acceptance testing, and all vendor interactions.

Internal Audit / Sarbanes-Oxley Assistance

- Served as the lead IT partner in the planning and execution of 5 IT audits performed on behalf of a Fortune 100 company's internal audit department over the following areas: 1) Data Quality; Data Center Operations; 3) Mainframe Security; 4) Security Management and Administration; and 5) IT Strategy and Planning. In addition, led the performance of 10 application control reviews performed in accordance with the company's established methodology. Finally, led the performance of approximately 4,000 hours of IT general control testing performed during a three-month period as part of the organization's preparations for the implementation of the requirements of Section 404 of the Sarbanes-Oxley Act of 2002.
- Led the performance of numerous internal audits for a Fortune 250 financial services organization, including the following audit areas: 1) Automated Clearinghouse (ACH); 2) Treasury; 3) Regulatory Reporting; 4) Credit Recovery Accounting; 5) Information Security Management and Administration.
- Led a team of approximately 10 KPMG professionals that provided documentation assistance to a Fortune 250 financial services organization in order to document processes and related internal controls over financial reporting as part of the company's Sarbanes-Oxley 404 implementation project. Responsibilities included reviewing all documentation and meeting with Internal Audit and project team members to resolve issues, provide observations and recommendations, and track project progress.

Continues to lead a team of KPMG professionals that assist in updating documentation for changes in the business, new acquisitions and new system implementations.

- For the past seven years, has led a team of KPMG professionals providing Sarbanes-Oxley testing assistance services to a Fortune 250 company including manual and automated controls as well as information technology general control testing.
- For a publicly traded mortgage banking operation, served as the lead resource in the company's Project Management Office for the company's documentation of financial reporting controls in accordance with the requirements of Sarbanes-Oxley Section 404. Responsibilities included overall project management and reporting to the project sponsor as well as developing documentation standards, and reviewing the documentation and testing outputs of the project team. In addition, led the performance of a data warehouse audit on behalf of the company's Internal Audit department.

IT Assessment Services

- Delivered IT risk assessment services for two large subsidiaries of a Fortune 1000 transportation company; including the development of a multi-year IT audit plan.
- Performed an IT risk assessment for a super-regional insurance company to help management and the Board understand key IT risks and develop risk response plans as well as targeted plans for focusing the work of Internal Audit.
- Served as a subject matter specialist for review of the internal IT risk assessment performed by a leading global insurer. The feedback was used to assist management in refining its approach to assessing IT risks.
- Participated as part of a senior team of professionals performing a quality assessment review over the European Principal Operating Company (POC) implementation of a Fortune 250 consumer packaging company. The review focused on the alignment of strategy, design, and execution of the POC structure. Multiple recommendations were made to management relative to improving the program structure and execution.
- Led the performance of IT control assessments for a Fortune 250 bank. The purpose of the IT control assessments was to provide the company's IT management with an understanding of the control environment and suggestions for improvements through review of selected applications, functions, and departmental operations, generally in advance of internal audit reviews. Specifically, the KPMG team performed 13 assessments based on the company's Enterprise Risk Control Framework ("ERCF"), Internal Audit's IT audit methodologies, the COBIT™ framework, FFIEC Information Systems Examination Handbook, internal control framework as defined by the Committee of Sponsoring Organizations ("COSO"), and other resources, as deemed appropriate.
- Developed an IT due diligence methodology and high-level integration strategy for a Fortune 500 financial services organization. The methodology provided a framework for consistent performance of IT due diligence procedures across various business units of the organization responsible for merger and acquisition evaluation and execution.
- Led the execution of an assessment of information security and business continuity programs of a recently acquired retail banking entity.

Technical Skills

Microsoft Office, Visio, Project, Access and PL/SQL

Publications and Speaking Engagements

- Guest lecturer, Virginia Commonwealth University
- Speaker, ISACA – Richmond chapter

Other Activities

- Board member and development committee chair, Association for Support of Children with Cancer (ASK)



ROBIN HARMON

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Function and Specialization

Robin is a member of the audit practice working in the firm's not-for-profit and government lines of business.

Representative Clients

- County of Chesterfield, Virginia and Student Activity Funds
- County of Goochland, Virginia and related Schools
- County of Henrico, Virginia
- City of Richmond, Virginia
- City of Petersburg, Virginia
- Alumni Association of the University of Virginia
- ChildFund International, USA
- The Collegiate School
- Edward Via School of Osteopathic Medicine
- Jefferson Scholars Foundation
- The Richmond Fund LP
- University of Richmond
- Virginia Birth-Related Neurological Injury Compensation Program
- Virginia Housing Development Authority

Professional Associations

- American Institute of Certified Public Accountants
- Virginia Society of Certified Public Accountants

Education, Licenses & Certifications

- BSBA degree, University of Richmond
- Licensed CPA—VA

Other Financial Services

Background

Robin is a senior manager in our Virginia Public Sector practice. With 14 years of experience, she focuses primarily on serving governmental and not-for-profit entities.

Professional and Industry Experience

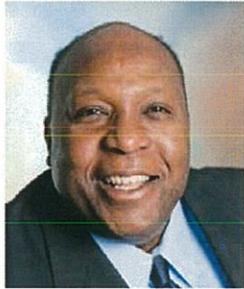
- Robin has performed audit, advisory, and compliance services for various Virginia governmental and not-for-profit entities and has participated in various forums and roundtables relating to issues affecting public service clients.
- Significant experience in managing engagements with multiple components/subsidiaries and other audit service firms and in providing attestation and advisory assistance to clients.
- Experienced in advising clients on issues they face including GASB, OMB and GAO reporting matters.

Technical Skills

- Accounting and financial reporting in accordance with U.S. generally accepted accounting principles as promulgated by the GASB
- *Government Auditing Standards* compliance
- Single Audits in accordance with OMB Circular No. A-133, *Audits of States, Local Governments, and Non-Profit Organizations* compliance
- *Specifications for Audits of Counties, Cities and Towns* compliance

Other Activities

- Finance Committee, Grace United Methodist Church



RODERICK BELCHER

President

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Function and Specialization

- Construction Management
- Cost Engineering
- Scheduling
- Claims Avoidance and Dispute Resolution.

Representative Clients

- Virginia Department of Transportation-
- Virginia Transportation Construction Alliance
- American Society of Civil Engineers
- Association for the Advancement of Cost Engineering International
- Construction Management Association of America
- Design-Build Institute of America
- Society for Marketing and Professional Services
- Campania Center-Board Member
- Fairfax Chamber of Commerce

Professional Associations

- American Institute of Certified Public Accountants
- Virginia Society of Certified Public Accountants

Education, Licenses & Certifications

- BS degree, Materials Engineering

Subcontractor

Background

Roderick has over 24 years of experience in the construction industry that includes Construction Quality Control and Project Management. He has also served as field inspector and worked, Quality Assurance, CPM Scheduling Cost Engineering and Claims Analysis and Mitigation projects. Roderick is the owner and president of Belcher Consultants, Inc.

Professional and Industry Experience

Over the past years Roderick has worked mostly in the Metropolis of Virginia, Maryland the District of Columbia. He has provided management services on the Woodrow Wilson Bridge Replacement project and is currently working on the Anacostia Waterfront Initiative and Benning Road Rehabilitation projects with the District Department of Transportation (DDOT).

Roderick has provided Contract Management Services for the Virginia Department of Transportation throughout the state on various projects including I-95/Route 627 Interchange, Martin Luther King, Jr. Bridge, and Chesterfield/Amelia Richmond District Wide projects.

Roderick has provided Contract Management services on the Runway 15-55 Overlay and Taxiway Rehabilitation at Reagan National Airport, West APM (Automated People Mover) Claims Analysis at Dulles International Airport for Metropolitan Airport Authority (MWAA).

He has been a major player providing for dispute resolution services for projects with MWAA.

Roderick has provided Cost Engineering /Technical Services for the Greater Richmond Transit Commission Maintenance Facility CNG Upgrade project.

Roderick has provided construction support throughout the Commonwealth of Virginia, Maryland and The District of Columbia on projects including Benning Road, Roslyn Metro Access Improvement, and the 11th street Bridge Rehabilitation and the CCIITS Project.



CALVIN RAMIREZ, JR.

Partner

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Function and Specialization

Calvin is a junior partner in LSA CPA's, LLC
Public Sector Audit practice.

Representative Clients

- City of Richmond, Virginia
- Richmond Redevelopment and Housing Authority
- Opportunity Inc. of Hampton Roads
- City of Petersburg, Virginia
- Shenandoah Valley Workforce Investment Board, Inc.
- Greater Peninsula Workforce Development Consortium
- Bay Consortium Workforce Investment Board
- American Civil Liberties Union of Virginia, Inc.
- Virginia Housing and Development Authority
- The Autism Program of Virginia, Inc.
- West Piedmont Planning District Commission
- National Low Income Housing Coalition

Professional Associations

- Virginia Society of Certified Public Accountants

Education, Licenses & Certifications

- BS degree in Accounting, Virginia Commonwealth University

Subcontractor

Background

Calvin is a partner of Larry Saunders & Associates Certified Public Accountants, LLC located in Richmond, Virginia. He has over sixteen years of audit experience, primarily auditing non-profit organizations, including community action agencies. Calvin has performed audits for non-profit organizations funded by the State of Virginia, HHS, VACSBG, United Way, HUD, DOE, religious organizations (churches) etc. He graduated from Virginia Commonwealth University with a degree in Accounting.

Professional and Industry Experience

- Client service experience includes serving as an audit partner for the City of Richmond, Virginia; Virginia Housing Development Authority.
- Significant experience in managing engagements with multiple components/subsidiaries and other audit service firms and in providing attestation and advisory assistance to clients.
- Experienced in advising clients on issues they face including GASB, OMB and GAO reporting matters.

Technical Skills

- Accounting and financial reporting in accordance with U.S. generally accepted accounting principles as promulgated by the GASB
- Single Audits in accordance with OMB Circular No. A-133, *Audits of States, Local Governments, and Non-Profit Organizations* compliance
- *Government Auditing Standards* compliance

Other Activities

- Member, Faith Landmark Ministries



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Function and Specialization

James is a junior partner in LSA CPA's, LLC
Public Sector Audit practice.

Representative Clients

- Virginia Department of Rail and Public Transportation
- City of Richmond, Virginia
- Richmond Redevelopment and Housing Authority
- Opportunity Inc. of Hampton Roads
- City of Petersburg, Virginia
- Shenandoah Valley Workforce Investment Board, Inc.
- Greater Peninsula Workforce Development Consortium
- Bay Consortium Workforce Investment Board
- American Civil Liberties Union of Virginia, Inc.
- Virginia Housing and Development Authority
- The Autism Program of Virginia, Inc.
- West Piedmont Planning District Commission
- National Low Income Housing Coalition

Professional Associations

- Virginia Society of Certified Public Accountants

Education, Licenses & Certifications

- BS degree in Accounting, Virginia State University

Subcontractor

Background

James is a partner of Larry Saunders & Associates Certified Public Accountants, LLC located in Richmond, Virginia. He has over twenty-three years of audit experience, primarily auditing non-profit organizations. James has performed audits for non-profit organizations funded by the State of Virginia, HHS, VACSBG, United Way, HUD, DOE, religious organizations (churches) etc. He graduated from Virginia State University in Petersburg, Virginia; with a degree in Accounting.

Professional and Industry Experience

- Client service experience includes serving as an audit partner for the City of Richmond, Virginia; Virginia Housing Development Authority.
- Significant experience in managing engagements with multiple components/subsidiaries and other audit service firms and in providing attestation and advisory assistance to clients.
- Experienced in advising clients on issues they face including GASB, OMB and GAO reporting matters.

Technical Skills

- Accounting and financial reporting in accordance with U.S. generally accepted accounting principles as promulgated by the GASB
- Single Audits in accordance with OMB Circular No. A-133, *Audits of States, Local Governments, and Non-Profit Organizations* compliance
- *Government Auditing Standards* compliance

Other Activities

- Former President, Local Innsbrook Chapter of BNI
- President, Chamberlayne Packers Youth Football & Cheering
- Member, Phi Beta Sigma Fraternity
- Biltmore Who's Who 2009



AMBER J. ADAMS

Senior Associate

Larry Saunders & Associates CPA's, LLC
2902 Chamberlayne Avenue
Richmond, VA 23222

Tel 804-321-8512
Fax 804-321-8534
aadams@lsacpas.com

Function and Specialization

Amber is a senior associate in LSA CPA's, LLC Public Sector Audit practice.

Representative Clients

- Virginia Department of Rail and Public Transportation
- Richmond Public School System
- The City of Richmond
- West Piedmont Planning District Commission
- The Autism Program of Virginia, Inc.
- Virginia Alcohol Safety Action Programs
- American Civil Liberties Union of Virginia, Inc.
- Alkat Electrical Contractors, Inc.
- A.L. Hudson & Son Construction Co., Inc.
- National Low Income Housing Coalition

Professional Associations

- Virginia Society of Certified Public Accountants

Education, Licenses & Certifications

- MBA degree, Averett University
- BS degree Accounting, Virginia Commonwealth University

Subcontractor

Background

Amber is the senior associate of Larry Saunders & Associates Certified Public Accountants, LLC located in Richmond, Virginia. She has nine years of audit experience; primarily auditing non-profit organizations funded by the Commonwealth and has assisted with various audits for construction companies. She is a graduate of Virginia Commonwealth University with a degree in Accounting and an Averett University graduate with a Masters of Business Administration Degree.

Professional and Industry Experience

- Client service experience includes serving as an audit partner for the City of Richmond, Virginia.
- Significant experience in managing engagements with multiple components/subsidiaries and other audit service firms in providing attestation and advisory assistance to clients.
- Experienced in advising clients on issues they face including GASB, OMB and GAO reporting matters.

Technical Skills

- Accounting and financial reporting in accordance with U.S. generally accepted accounting principles
- Single Audits in accordance with OMB Circular No. A-133, *Audits of States, Local Governments, and Nonprofit Organizations compliance*
- Government *Auditing Standards compliance*

Other Activities

- Member, Richmond of National Association of Professional Women
- Co-Director of Student Member Services Committee, Richmond Chapter of National Association of Black Accountants

Appendix B: Small Business Subcontracting Plan

Attachment C

SMALL BUSINESS SUBCONTRACTING PLAN

Definitions

Small Business: "Small business " means an independently owned and operated business which, together with affiliates, has 250 or fewer employees, or average annual gross receipts of \$10 million or less averaged over the previous three years. Note: DMBE-certified women- and minority-owned businesses shall also be considered small businesses when they have received DMBE small business certification.

Women-Owned Business: Women-owned business means a business concern that is at least 51 percent owned by one or more women who are citizens of the United States or non-citizens who are in full compliance with United States immigration law, or in the case of a corporation, partnership or limited liability company or other entity, at least 51 percent of the equity ownership interest is owned by one or more women who are citizens of the United States or non-citizens who are in full compliance with United States immigration law, and both the management and daily business operations are controlled by one or more women who are citizens of the United States or non-citizens who are in full compliance with the United States immigration law.

Minority-Owned Business: Minority-owned business means a business concern that is at least 51 percent owned by one or more minority individuals or in the case of a corporation, partnership or limited liability company or other entity, at least 51 percent of the equity ownership interest in the corporation, partnership, or limited liability company or other entity is owned by one or more minority individuals and both the management and daily business operations are controlled by one or more minority individuals.

All small businesses must be certified by the Commonwealth of Virginia, Department of Minority Business Enterprise (DMBE) to participate in the SWAM program. Certification applications are available through DMBE online at www.dmb.virginia.gov (Customer Service).

Offeror Name: Larry Saunders & Associates, CPA Belcher Consultants, Inc.

Preparer Name: Robert H. Churchman, Partner, KPMG LLP **Date:** June 22, 2012

Instructions (Failure to complete and submit this form may result in your proposal not being considered.)

- A. If you are certified by DMBE as a small business, complete only Section A of this form. This shall include DMBE-certified women-owned and minority-owned businesses when they have received DMBE small business certification.
- B. If you are not certified by DMBE as a small business and plan to subcontract part of this contract with a DMBE certified business, complete only Section B of this form.
- C. If you are not certified by DMBE as a small business and cannot identify any subcontracting opportunities to subcontract part of this contract with a DMBE-certified business, only provide the information requested in Section C of this form.

Attachment C

SMALL BUSINESS SUBCONTRACTING PLAN

Section A

If your firm is certified by DMBE, are you certified as a (check only one below):

Small Business

Small and Women-owned Business

Small and Minority-owned Business

Certification number: Larry Saunders & Associates, CPA: 626979 Certification date: June 22, 2012
Belcher Consultants, Inc.: 651645 June 13, 2012

B. Plans for Utilization of DMBE-Certified Small Businesses for this Procurement

Small Business Name & Address	DMBE Certificate #	Status if Small Business is also: Women (W), Minority (M)	Contact Person, Telephone & Email	Type of Goods and/or Services	Planned Contract Involvement	Planned Annual Contract Dollar Expenditure Amount
Larry Saunders & Associates, CPA 2902 Chamberlayne Avenue, Richmond, VA 23222	#626979**	M	James Benson (x105) jeb@lsacpas.com Calvin Ramirez (x107) cr@lsacpas.com 804-321-8512	All Areas Within the Statement of Work	N/A	Subcontractors Combined 25% of projects initiated by DRPT
Belcher Consultants, Inc. 5136 Leesburg Pike, Suite 200, Alexandria, VA 22302	#651645	M	Roderick D. Belcher rbelcher@belconinc.net 703-820-7818	All Areas Within the Statement of Work	N/A	Subcontractors Combined 25% of projects initiated by DRPT

** Due to the death of lead partner Larry Saunders, the firm has resubmitted their form to the Virginia Department of Minority Business Enterprise for recertification as the ownership structure has transferred from the deceased's estate to the two existing minority partners. The recertification is pending normal processing by the Department; however, Larry Saunders & Associates has been told to continue to operate as an approved DMBE until further notice. Additionally, KPMG confirmed with DRPT's Financial Compliance and Procurement Analyst that the inclusion of Larry Saunders & Associates was compliant with the RFP requirements.

Appendix C: Suggested Contractual Modifications and Notifications

As with any contractual relationship, our desire to enter into a contract with the Virginia Department of Rail and Public Transportation is subject to the successful completion of negotiating the related terms and conditions. As we discussed and agreed upon modifications to proposed language during our previous contract, after reviewing the entire RFP and the terms and conditions detailed therein, we have noted certain sections which we would like to discuss certain suggested language changes. We believe that we are among the best qualified professional firms to provide the requested services and we willingly commit to resolving all questions on terms as we are confident that KPMG and DRPT can, as under the previous contract, reach a mutually beneficial agreement on said terms. Therefore, KPMG respectfully submits the following proposed modifications to sections within the RFP for consideration.

We request consideration of the modifications noted in blue:

RFP Page 23, Attachment B: Special Terms and Conditions

"4. AUDIT: The Consultant shall retain all **fee and expense** books, records, and other documents relative to this contract for five years after final payment. The agency, its authorized agents, and/or State auditors shall have full access to and the right to examine any of said materials during said period. The Consultant shall permit the authorized representative of the DRPT, the U. S. Department of Transportation, and the Comptroller General of the United States to inspect and audit all data and records of the Consultant relating to its performance under this Contract **upon reasonable advance notice and during normal business hours.**"

RFP Page 24, Attachment B: Special Terms and Conditions

"7. CLAIMS: The Offeror shall be responsible for all **damage and expense to persons or property death, bodily injury to person, intellectual property infringement, or damage to tangible property** caused by its negligent activities including, without limitation, those which it chooses to deliver through its Subofferors, agents or employees, in connection with the services required under this Agreement. Further it is expressly understood that the Offeror shall defend and hold harmless the Commonwealth of Virginia, DRPT, its officers, agents, and employees from and against any and all damages, claims, suits, judgments, expenses, actions, and costs **of every name and description for death, bodily injury to person, intellectual property infringement or damage to tangible property to the extent** caused by any negligent act or omission in the performance by the Offeror, including, without limitation, those which it chooses to deliver through its Subofferors, agents or employees, of the services under this Agreement."

"8. CANCELLATION OF CONTRACT: DRPT reserves the right to cancel and terminate any resulting contract, in part or in whole, without penalty, upon 60 days written notice to the Offeror, **provided that before DRPT may terminate the contract for cause, DRPT shall first give Offeror reasonable notice of and an opportunity to cure any deficiencies in performance.** After the initial three year contract period, the resulting contract may be terminated by either party, without penalty, upon 60 days written notice to the other party. Any contract cancellation notice shall not relieve the Offeror of the obligation to deliver any outstanding orders issued prior to the effective date of cancellation."

RFP Page 25, Attachment B: Special Terms and Conditions

"A. The Offeror expressly undertakes, both directly and through its Subofferor(s), every reasonable precaution at all times for the protection of persons and property which may come on the building site or be affected by the Offeror's operation in connection with the work."

RFP Page 26, Attachment B: Special Terms and Conditions

"D. The Offeror shall continuously maintain adequate protection of all his work from damage and shall protect the owner's tangible and real property from injury or loss arising in connection with this contract. He shall make good any such damage, injury, or loss, except such as may be directly due to errors in the contract documents or caused by agents or employees of the owner. He shall adequately protect adjacent tangible and real property to prevent any damage to it or loss of use and enjoyment by its owners. He shall provide and maintain all passageways, guard fences, lights, and other facilities for protection required by public authority, local conditions, any of the contract documents or erected for the fulfillment of his obligations for the protection of persons and tangible and real property."

RFP Page 27, Attachment B: Special Terms and Conditions

"19. INTELLECTUAL PROPERTY RIGHTS: DRPT shall have exclusive rights to all data and intellectual property generated in the course of the project by Offeror for DRPT as the work product required by a Purchase Order. ("Intellectual property", which includes all inventions subject to the U. S. Patent System. This shall be inclusive but not limited to, new processes, materials, compounds and chemicals, and all creations subject to the U. S. Copyright Act of 1976, as amended, including but not limited to printed material, software, drawings, blueprints, and compilations such as electronic databases.) Furthermore, DRPT shall have all rights, title, and interest in or to any invention reduced to practice pursuant to a resulting contract. Proposals should recognize the requirements of public sector agencies and of public policy generally, including the Freedom of Information Act, State statutes and agency rules on release of public records, and data confidentiality."

We request consideration of adding the following language noted in blue as the last paragraph in item 19.

"Notwithstanding the foregoing, any advice, recommendations, information, deliverables or other work product provided to DRPT under this Contract, or any Purchase Order issued under this Contract, is for the sole use of DRPT, and is not intended to be, and may not be, relied upon by any third party, and all advice, recommendations, information, deliverables, or other work product may be marked to so indicate. Except for disclosures that are required by law or that are expressly permitted by this Contract or a Purchase Order issued under this Contract, DRPT will not disclose or permit access to such advice, recommendations, information, deliverables, or other work product to any third party without the Offeror's prior written consent."

RFP Page 29, Attachment B: Special Terms and Conditions

We request consideration of adding the following language noted in blue as the last paragraph in item 27.

"Notwithstanding the foregoing, DRPT acknowledges that every individual identified as a key personnel may not be available for assignment when a specific Purchase Order request is issued under this contract. If key personnel are not available for a specific Purchase Order, then the Offeror will provide resume(s) of personnel with similar work experiences to DRPT, who reserves the right to approve any personnel or subofferors proposed for the work described in this RFP and/or any subsequent purchase order resulting from this RFP. DRPT will provide written justification to the Offeror when approval is not granted. DRPT will provide the contractor and/or subofferors with copies of all written approvals."

Additional Inclusions in the Attachment B: Special Terms and Conditions

We request consideration of the modifications noted in blue:

“Notwithstanding any other provision of this Contract, except for claims for death, bodily injury, or damage to tangible property, the Offeror’s liability, on account of any actions, damages, claims, liabilities, costs, expenses or losses in any way arising out of or relating to the services performed under a Purchase Order issued under this Contract shall be limited to the amount of fees paid or owing to Offeror under that Purchase Order. In no event shall Offeror be liable for consequential, special, indirect, incidental, punitive or exemplary damages, costs, expenses, or losses (including, without limitation, lost profits and opportunity costs). This section shall apply regardless of the form of action, damage, claim, liability, cost, expense, or loss asserted, whether in contract, statute, tort (including but not limited to negligence) or otherwise.”

Notifications

Management Responsibility

Please note that KPMG’s services may include advice and recommendations; but all decisions in connection with the implementation of such advice and recommendations shall be the responsibility of, and made by, DRPT. KPMG will not perform management functions or make management decisions for DRPT.

Communication with DRPT

KPMG may communicate with DRPT by electronic mail or otherwise transmit documents in electronic form during the course of this engagement. KPMG expects that DRPT accepts the inherent risks of these forms of communication (including the security risks of interception of or unauthorized access to such communications, the risks of corruption of such communications and the risks of viruses or other harmful devices) and agrees that it may rely only upon a final hardcopy version of a document or other communication that KPMG transmits to DRPT.

Third Party Service Providers

1. In connection with the performance of services under the Contract, or a Purchase Order issued under the Contract, KPMG, in its discretion or at DRPT’s direction, may utilize the services of affiliates and third party service providers within and without the US to complete the services under the Contract or Purchase Order.
2. KPMG may use third party service providers within and without the US to provide at KPMG’s direction administrative and clerical services to KPMG.

Conflict of Interest

DRPT is aware that KPMG may provide assurance, tax and/or advisory services to potential third parties involved in the scope of work. At the point that DRPT identifies these third parties, KPMG will perform an internal search for professional relationships with the third parties. KPMG will advise DRPT of the general nature of services provided to the third parties, as permitted. However, you acknowledge that we are a large firm that is engaged by new clients on a daily basis and as a result, we cannot guarantee that following our initial relationship search, an engagement for a third party will not be accepted somewhere else in our firm. Should any new information come to the Rob Churchman’s attention, KPMG will promptly inform you.

Internal Control Notifications

The primary process outputs/deliverables for this engagement are outlined earlier in this proposal. The draft deliverables will be provided to the project sponsor for review, comment and approval prior to final delivery.

- Deliverables will not be prepared on KPMG letterhead or contain the KPMG logo or other references to KPMG. These deliverables may be prepared on DRPT letterhead or contain the DRPT logo, if instructed by the Project Sponsor.

- Each deliverable will be provided to the Project Sponsor and other members of senior management, as applicable, for their review. Management will take full responsibility for each deliverable and is solely responsible for classifying any control matters of concern as deficiencies, significant deficiencies or material weaknesses, if applicable. Each deliverable is considered an internal DRPT report or deliverable that may be distributed as management determines to be appropriate for its needs.
- KPMG may attach a transmittal letter to each deliverable, or provide a periodic transmittal letter referring to the deliverables that have been provided previously. Neither this KPMG transmittal letter, nor a copy thereof, should accompany any reports or deliverables shared outside DRPT. Should DRPT attach its own transmittal letter when reports or deliverables are shared externally, such transmittal letter may not indicate that the report or deliverable was prepared by KPMG or that the findings were based on input or test work provided by KPMG. Further KPMG's role in supporting DRPT's internal audit function or other projects may not be publicly disclosed (other than to DRPT's external auditor) without KPMG's written consent.

DRPT Participation and Responsibilities

During the development of the engagement letter, we have been guided by certain assumptions about the project scope, and level of DRPT's involvement and support.

DRPT's management is responsible for establishing and maintaining an effective internal control structure. Our assistance is intended to help management in fulfilling these responsibilities. DRPT's management will review and approve the internal audit plan and provide final oversight for all testing activities.

DRPT's management will designate a Project Sponsor, a senior member of management who has the requisite skills and competencies for overseeing the services being provided. The Project Sponsor is responsible for establishing the objectives and scope and determining the nature, timing, and extent of testing procedures; for approving, the service delivery plan; and for maintaining appropriate day-to-day oversight of the KPMG team. In addition, the Project Sponsor will have responsibility for reviewing and approving the deliverables prepared during the engagement that document the results; for coordinating with management to determine whether control matters of concern noted constitute deficiencies, significant deficiencies or material weaknesses; for reporting the results within DRPT's reporting structure, for evaluating the observations and recommendations that arise from the services; and for monitoring corrective action taken.

Use of DRPT's Name in Marketing Materials

DRPT agrees that KPMG may list the department as a customer in its marketing materials. In addition, DRPT gives KPMG the right to use DRPT's logo on documents prepared for DRPT internally (e.g., internal presentations, etc.) or for internal KPMG presentations and intranet sites.

Other Matters

KPMG will provide our services in accordance with the terms and conditions of this letter. Our services as outlined in this letter constitute an Advisory Engagement conducted under the American Institute of Certified Public Accountants (AICPA) Standards for Consulting Services. Such services are not intended to be an audit, examination, attestation, special report or agreed-upon procedures engagement as those services are defined in AICPA literature applicable to such engagements conducted by independent auditors. Accordingly, these services will not result in the issuance of a written communication to third parties by KPMG directly reporting on financial data or internal control or expressing a conclusion or any other form of assurance.

Nusbaum, Ashley (DRPT)

Subject: RE: KPMG Suggested Modifications
From: Churchman, Robert H [mailto:rchurchman@kpmg.com]
Sent: Wednesday, August 01, 2012 8:18 AM
To: Thompson, Angela (DRPT)
Cc: Motley, Jamie (DRPT)
Subject: RE: KPMG Suggested Modifications

EXHIBIT C

Completely understand.

I will lock my fees in for years 1 through 3 and we will discuss year 4 when that year comes.

Thank you and have a great day

Rob.

Rob Churchman

*Partner
KPMG LLP
Suite 2000
1021 East Cary Street
Richmond, VA 23219
Phone (804) 782-4216
Fax (804) 782-4300*

EFAX (866) 387-7604



COMMONWEALTH of VIRGINIA

Thelma D. Drake
Director

DEPARTMENT OF RAIL AND PUBLIC TRANSPORTATION
600 EAST MAIN STREET, SUITE 2102
RICHMOND, VA 23219

(804) 786-4440
FAX (804) 225 3752
VIRGINIA RELAY CENTER
1-800-828-1120 (TDD)

CONTRACT 505-13-CC0004 NEGOTIATED MODIFICATIONS TO PROPOSAL

Included in KPMG LLP's proposal dated June 22, 2012, is Appendix C: Suggested Contractual Modifications and Notifications. This section of the proposal is hereby stricken and not made part of the Contract. The following language, agreed to by DRPT and KPMG LLP, modifies or replaces terms included in Exhibit A, RFP 505-12-RR0001. Changes are shown in blue.

RFP Page 23, Attachment B: Special Terms and Conditions

4. AUDIT: The Consultant shall retain all **fee and expense** books, records, and other documents relative to this contract for five years after final payment. The agency, its authorized agents, and/or State auditors shall have full access to and the right to examine any of said materials during said period. The Consultant shall permit the authorized representative of the DRPT, the U. S. Department of Transportation, and the Comptroller General of the United States to inspect and audit all data and records of the Consultant relating to its performance under this Contract **upon reasonable advance notice and during normal business hours.**

RFP Page 24, Attachment B: Special Terms and Conditions

7. CLAIMS: **The Offeror shall be responsible for resolution of any and all claims resulting from work performed under this contract. Claims made to the Commonwealth under this contract will be referred to the Offeror for handling. Failure to properly respond to and resolve property damage and claims constitutes unsatisfactory performance and may result in cancellation of the contract.**

8. CANCELLATION OF CONTRACT: DRPT reserves the right to cancel and terminate any resulting contract, in part or in whole, without penalty, upon 60 days written notice to the Offeror, **provided that before DRPT may terminate the contract for cause, DRPT shall first give Offeror 60 days to cure any deficiencies in performance.** After the initial three-year contract period, the resulting contract may be terminated by either party, without penalty, upon 60 days written notice to the other party. Any contract cancellation notice shall not relieve the Offeror of the obligation to deliver any outstanding orders issued prior to the effective date of cancellation.

RFP Page 27, Attachment B: Special Terms and Conditions

19. INTELLECTUAL PROPERTY RIGHTS: DRPT shall have exclusive rights to all data and intellectual property generated in the course of the project **by Offeror for DRPT as the work product required by a Purchase Order.** (“intellectual property”, which includes all inventions subject to the U. S. Patent System. This shall be inclusive but not limited to, new processes, materials, compounds and chemicals, and all creations subject to the U. S. Copyright Act of 1976, as amended, including but not limited to printed material, software, drawings, blueprints, and compilations such as electronic databases.) Furthermore, DRPT shall have all rights, title, and interest in or to any invention reduced to practice pursuant to a resulting contract. Proposals should recognize the requirements of public sector agencies and of public policy generally, including the Freedom of Information Act, State statutes and agency rules on release of public records, and data confidentiality.

RFP Page 29, Attachment B: Special Terms and Conditions

27. KEY PERSONNEL/SUBOFFERORS: People identified in terms of this RFP as "key personnel" who will work on the service contract, must continue to work on this contract for its duration so long as they continue to be employed by the consultant unless removed from work on the contract with the consent of the purchasing agency. **Notwithstanding the forgoing, DRPT acknowledges that every individual identified as a key personnel may not be available for assignment when a specific Purchase Order request is issued under this contract. If key personnel are not available for a specific Purchase Order, then Offeror will provide resume(s) of personnel with similar work experiences to DRPT, who reserve the right to approve any personnel or subofferors proposed for the work described in this RFP and/or and subsequent Purchase Order resulting from this RFP.**

RFP Page 30, Attachment B: Special Terms and Conditions

31. LIMITATION OF LIABILITY: To the maximum extent permitted by applicable law, the contractor’s liability under this contract for any actions, damages, claims, liabilities, cost, expenses, or losses caused by any defective supplies, equipment and /or services delivered under this contract shall not exceed three times the amount of money paid to the contractor under this contract. The contractor will not be liable under this contract for any indirect, incidental, special or consequential damages, or damages from loss of profits, revenue, data or use of the supplies, equipment and/or services delivered under this contract. The above limitation of liability is per incident. The limitation and exclusion of damages in the foregoing sentences will not apply, however, to liability arising from: (a) personal injury or death (b) defect or deficiency caused by willful misconduct or gross negligence on the part of the contractor; (c) circumstances where the contract expressly provides a right to damages, indemnification or reimbursement; or (d) damages resulting from eminent domain or inverse condemnation claims.