AUDIT SERVICES U.S., LLC

212 W. 35th St., Suite 600
New York, NY 10001
tel: 212.594.5487
fax: 212.594.5711
bspann@auditservicesus.com

March 26, 2018

Teri Becker, Purchasing Officer
Department of Administration, Purchasing Division
515 E. Musser Street, Suite 300
Carson City, NV 89701

Dear Ms. Becker:

This is to confirm that our Company, Audit Services, U.S., LLC (ASUS) is interested in serving as an agent for the State of Nevada for the purpose of providing unclaimed property auditing services as described in the Request for Proposal number 3527/05TO-S31.

Founded in 1997, Audit Services U.S., LLC is the leading provider of comprehensive unclaimed property auditing services to the states. The mission of our Company is to promote accountability and instill trust in the conduct of ASUS pursuant our various state contracts in identifying and remitting unclaimed property on their behalf. This mission is accomplished by supporting unclaimed property compliance on behalf of our state clients through the use of our various unclaimed property auditing programs. We consistently apply this approach and will continue to do so if again awarded a contract with the State of Nevada.

Our team is comprised of highly experienced subject matter experts, including the foremost thought leaders on general ledger auditing and analytics, unclaimed property law and litigation, and securities compliance. Most of our employees have over 20 years of unclaimed property experience and are made up of many former state administrators, audit supervisors, attorneys as well as private sector unclaimed property industry veterans.

Since our inception, we have performed highly complex audits of transfer agents, brokerage houses and many large corporations. Our audits require the examination of large volumes of data, detailed reviews of books and records, prior filings, procedures and other documentation. In many cases, we help support our client states with the interpretation of the application of state laws to various property types. Our staff has performed thousands of audits, resulting in in the identification of approximately $1 billion for our contract States. ASUS anticipates that its audit recoveries will continue to increase over the next several years as we continuously refine our auditing programs to better identify areas of potential non-compliance.

As proof of this experience, we reference our work with the Nevada Office of the State Treasurer under our existing contract.

I am the Chief Executive Officer of ASUS, and accordingly duly authorized to bind the Company to the terms of the RFP and this response thereto. I declare that we are knowledgeable of Nevada's unclaimed property law and we agree to comply with the requirements of this RFP.

Sincerely,

Benjamin C. Spann
Chief Executive Officer

State of Nevada
Department of Administration

Purchasing Division

515 E. Musser Street, Suite 300
Carson City, NV 89701

Brian Sandoval
Governor

Patrick Cates
Director

Jeffrey Haag
Administrator

State of Nevada

Purchasing Division

Request for Proposal: 3527/05TO-S31

For

UNCLAIMED PROPERTY AUDITOR SERVICES

Release Date: February 16, 2018

Deadline for Submission and Opening Date and Time: March 27, 2018 @ 2:00 PM

Refer to Section 7, RFP Timeline for the complete RFP schedule

For additional information, please contact:

Teri Becker, Purchasing Officer

State of Nevada, Purchasing Division

515 E. Musser Street, Suite 300

Carson City, NV 89701

Phone: 775-684-0178

Email address: tbecker@admin.nv.gov

(TTY for Deaf and Hard of Hearing: 1-800-326-6868
Ask the relay agent to dial: 1-775-684-0178/V.)

Refer to Section 8 for instructions on submitting proposals

VENDOR INFORMATION SHEET FOR RFP 3527

Vendor Shall:

A) Provide all requested information in the space provided next to each numbered question. The information provided in Sections V1 through V6 shall be used for development of the contract;

B) Type or print responses; and

C) Include this Vendor Information Sheet in Section III of the Technical Proposal.

V1	Company Name	Audit Services, U.S., LLC

V2	Street Address	212 West 35th Street, Suite 1600

V3	City, State, ZIP	New York, NY 10001

V4	Telephone Number		
	Area Code: 212	Number: 594-5487	Extension:

V5	Facsimile Number		
	Area Code: 212	Number: 594-5571	Extension:

V6	Toll Free Number		
	Area Code:	Number:	Extension:

V7	***Contact Person for Questions / Contract Negotiations, including address if different than above***
	Name: Benjamin C. Spann
	Title: Chief Executive Officer
	Address: 14226 Woodland Ridge Avenue, Baton Rouge, LA 70816
	Email Address: bspann@auditservicesus.com

V8	Telephone Number for Contact Person		
	Area Code: 225	Number: 324-0139	Extension:

V9	Facsimile Number for Contact Person		
	Area Code: 225	Number: 753-8290	Extension:

V10	***Name of Individual Authorized to Bind the Organization***	
	Name: Benjamin C. Spann	Title: Chief Executive Officer

V11	Signature ***(Individual shall be legally authorized to bind the vendor per NRS 333.337)***	
	Signature:	Date:

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Prospective vendors are advised to review Nevada's ethical standards requirements, including but not limited to NRS 281A, which can be found on the Purchasing Division's website at: http://purchasing.nv.gov.

All applicable Nevada Revised Statutes (NRS) and Nevada Administrative Code (NAC) documentation can be found at: www.leg.state.nv.us/law1.cfm.

1. PROJECT OVERVIEW

The State of Nevada Purchasing Division, on behalf of the Office of the State Treasurer, Unclaimed Property Division, is soliciting proposals from qualified vendors to conduct unclaimed property audits and provide compliance services per Nevada Revised Statute (NRS) 120A and Nevada Administrative Code (NAC) 120A.

NRS 120A.690(2) allows the Unclaimed Property Administrator to contract with other entities to conduct unclaimed property audits on behalf of the Administrator. The Nevada State Treasurer seeks to increase holder compliance and broaden its holder base by enforcing the reporting and remittance of all types of unreported property in the Nevada Unclaimed Property Division.

Property types covered under NRS 120A include, but are not be limited to bank accounts, insurance policy proceeds, outstanding wages, accounts payable checks, utility deposits, account receivables, credit balances, stocks, bonds, mutual funds, dividends, accumulated earnings and safe keeping generally in the form of safe deposit boxes.

The State may award one (1) or more contracts in conjunction with this RFP, as determined in the best interests of the State. It is the intention of the State to award contract(s) on a statewide basis.

The Office of the State Treasurer will administer contract(s) resulting from this RFP. The resulting contract(s) will be for a contract term of four (4) years, anticipated to begin July 1, 2018 (subject to Board of Examiners approval, anticipated to be June 13, 2018) and end June 30, 2022.

1.1 GOALS AND OBJECTIVES

The goal of this RFP is for the contract audit vendor (s) to provide compliance audits that conform to NRS 120A and the Uniform Unclaimed Property Act (***See Attachment H)***.

2. SCOPE OF WORK

2.1 Qualifications

2.1.1 Vendor must possess knowledge and agree to comply with Nevada's unclaimed property law, NRS 120A, NAC 120A, and all federal legislation and court rulings regarding the Uniform Unclaimed Property Act of 1995 (***See Attachment H)***.

2.1.2 Vendor must possess previous experience providing unclaimed property auditing services for similar agencies. Provide documentation outlining previous experience, including at a minimum, the number of years providing these or similar services, average number of engagements per year and general qualifications of staff and supervisors performing audit functions.

2.2 Scope of Work

2.2.1 Identification and Collection of Unclaimed Property

2.2.1.1 Vendor shall undertake to identify and collect all types of unclaimed property from persons, firms and entities ("holders"), that have never reported or have improperly reported to the State of Nevada, or have in their possession unclaimed property ("property") that is subject to report and delivery under NRS 120A.

2.2.1.2 The State of Nevada reserves the right to participate in or restrict its participation in an audit of any holder.

2.2.1.3 Prior to beginning any audit, the Vendors shall:

A. Draft and submit to the Nevada Unclaimed Property Division an engagement letter which defines agreed upon procedures, at a minimum:

1. All holders, including all subsidiaries or affiliated holders, included in the scope of the audit, identified by both FEIN and Legal Name;

2. Time period of records to be examined;

3. Specific scope of types of records and/or transactions to be audited;

4. Audit selection criteria used;

5. Frequency and/or timing of reporting identified unclaimed property during an audit;

6. Anticipated begin date of audit; and

7. Anticipated time to complete audit;

B. Not begin any audits pursuant to the contract until after the engagement letter, with agreed upon procedures, has been accepted and signed by the Nevada Unclaimed Property Division.

2.2.1.4 In conjunction with the identification and collection of property, the Vendor shall:

A. Audit the records of holders or potential holders to identify with specificity the unclaimed property that should be reported and delivered to the state;

B. Advise holders that all property reported and remitted must conform to Nevada reporting requirements;

C. Prepare and submit to the Nevada Unclaimed Property Division reports of property in accordance with the requirements of the statute, NRS 120A and the Nevada Administrative Code (NAC) 120A and as stated in the agreed upon procedures;

D. Request holders and their agents to deliver to the Vendor, or the Vendor's custodian, property deemed owing under NRS 120A; and

E. Forward the property to Nevada Unclaimed Property Division or its designee.

2.2.1.5 The State Treasurer's Office reserves the right to request the vendor to conduct audits which include local Nevada businesses in addition to nationwide audits. The vendor should ensure any costs or additional resources it may require to conduct local audits in addition to national audits is represented accurately and completely within its proposal.

2.3 Enforcement Efforts

2.3.1 If a holder fails or refuses to report and deliver unclaimed property, the Vendor shall advise the Nevada Unclaimed Property Division, in writing, of the holder's failure or refusal within 30 days of the date the Vendor requested the reporting and delivery of property. Written notice is to be delivered via email to UPAudit@nevadatreasurer.gov.

2.4 Joint Efforts with Participating States

2.4.1 The State acknowledges that the Vendor may perform the services required under this contract concurrently with its performance of similar services for other states having similar requirements in connection with their respective unclaimed property laws.

2.5 Conflicts of Interest

2.5.1 The Unclaimed Property Agent shall maintain independence in mental attitude in accordance with AICPA Professional Standards AU Section 220. The Vendor(s) should not only be independent in fact but should avoid situations that may lead others to doubt their independence.

2.6 Work In Progress Report

2.6.1 The Vendor shall provide the Unclaimed Property Division a monthly Work in Progress report that describes the status, including percentage of completion for each Federal Employer Identification Number, of all audits in process. The

report will include the audit identification for each audit presented on the report. Reports are to be delivered via email to UPAudit@nevadatreasurer.gov. (Provide sample Work in Progress reports).

2.7 Acknowledgements

2.7.1 The Nevada Unclaimed Property Division has the final and sole authority to decide who, if anyone will represent the Division in the unlikely event more than one Vendor or another state wants to identify and collect unclaimed property from the same holder.

2.7.2 The Nevada Unclaimed Property Division may approve or disapprove authorization to attempt to identify and locate unclaimed property from any holder without offering justification for such denial. The Division may also, after authorization has been granted to conduct an audit of a holder, suspend or terminate the examination on behalf of the state regardless of whether it has commenced, for any reason, including legislative or judicial action which causes delay that prevents performance, or an unforeseen or uncontrollable event, and without offering justification for such suspension or termination.

2.8 Holder Due Diligence & Subsequent Reporting

2.8.1 The Vendor shall advise each holder in writing of the provisions of the Nevada statute for notifying owners of their property. Provide samples of documentation provided holders. NRS 120A.560(5) requires written notice be sent to owners or apparent owners not more than 120 days or less than 60 days before filing the report if the following is applicable:

2.8.1.1 If it is unknown whether the last known address is known to be accurate.

2.8.1.2 The claim of the apparent owner is not barred by a statute of limitations.

2.8.1.3 The value of the property is $50 or more.

2.8.2 The Vendor shall require each holder to file with the Nevada Unclaimed Property Division an affidavit stating that the holder has complied with NRS 120A.560(5).

2.8.3 The Vendor, upon completion of the initial review or examination of a holder's records, must instruct the holder to file all future reports with the State of Nevada, pursuant to Nevada reporting requirements.

2.9 Unclaimed Property Report

2.9.1 The Vendor shall provide reports of the property to be forwarded to the Division in a format prescribed by the Division pursuant to NRS 120A and NAC 120A. The Division will provide reporting instructions, and specifications needed for automated reporting.

2.9.2 Reports will include the following information:

2.9.2.1 Holder name;

2.9.2.2 Holder address;

2.9.2.3 A holder contact, familiar with the records processed and the property transferred;

2.9.2.4 Federal Employer Identification number of the holder;

2.9.2.5 Owners' names;

2.9.2.6 Owners' last known addresses;

2.9.2.7 Owners' social security numbers or Federal Tax Identification numbers;

2.9.2.8 Types of property;

2.9.2.9 Any unique property identifier or number used by the holder (for example, an account number or a birth date);

2.9.2.10 Amount of the property;

2.9.2.11 CUSIP number, and certificate numbers for any securities, if applicable;

2.9.2.12 Bond numbers and coupon numbers accompanied with call date, if applicable;

2.9.2.13 Value of the shares and the valuation date;

2.9.2.14 Description of any securities, including maturity dates, interest rates, and interest or dividends due, if applicable; and

2.9.2.15 Date of the last transaction with the owner with respect to the property.

2.10 Custody of Unclaimed Property

2.10.1 If the Vendor does not provide financial custodial services, the Vendor shall enter into an agreement with a custodian to provide these services for the Vendor. Indicate if custodial services are provided by the Vendor or by an outsourced custodial service.

2.10.2 The custodian shall:

2.10.2.1 Segregate into a separate account or accounts all property delivered by holders.

2.10.2.2 Acknowledge that the Division has all rights of a third party beneficiary with respect to the benefit and enforcement of these provisions, and that these provisions may only be amended with the written consent of the Division.

2.10.2.3 In the event an outsourced custodial service is utilized, the contract must include the provisions of Sections 2.10.2.1 and 2.10.2.2 of this RFP, and must be submitted to the Nevada Unclaimed Property Division, along with any subsequent amendments. Provide all current contracts.

2.10.3 The Vendor shall advise the holder that the holder is responsible for paying all claims up to the time that both a final report has been agreed to and the holder has delivered the property to the Vendor.

2.10.4 The Vendor or its custodian, shall not pledge, assign, hypothecate or otherwise encumber property without the prior written consent of the Division, nor shall the Vendor take any ownership position in any securities constituting property.

2.11 Delivery of Unclaimed Property

2.11.1 The Vendor shall reconcile the report with the holder and deliver all property with the reconciled report to the Nevada Unclaimed Property Division within 60 days from receipt of any property by the custodian.

2.11.2 Certificates for securities must be registered, if at all possible, in the name of Nevada Unclaimed Property. Those certificates that cannot be transferred must be delivered to Nevada Unclaimed Property in the nominee or original owner's name. Except for securities that are required to be certificated, all securities must be electronically transferred directly from the Holder or the Holder's transfer agent, to a designated custodial securities account held by the Administrator, unless instructed otherwise by the Administrator.

2.11.3 The original date that certificates are registered in the name of Nevada Unclaimed Property or our nominee name, or credited in book entry form, must be retained, and must become a part of all reports relating to such certificates.

2.11.4 A complete delivery of property consists of the following:

2.11.4.1 Unclaimed Property Report (NAUPA report, submitted online).

2.11.4.2 A confirmation of each securities transaction either by a physical certificate, electronic transfer form or a statement indicating the transfer to Nevada Unclaimed Property.

2.11.4.3 Summary of all stock or mutual funds delivered which include the name, the CUSIP and the total number of shares by issue.

2.11.5 Each holder delivery shall be separate.

3. COMPANY BACKGROUND AND REFERENCES

3.1 VENDOR INFORMATION

3.1.1 Vendors shall provide a company profile in the table format below.

Question	Response
Company name:	Audit Services, U.S., LLC
Ownership (sole proprietor, partnership, etc.):	Limited Liability Corporation
State of incorporation:	Florida
Date of incorporation:	June 1, 1999
# of years in business:	18.5 years
List of top officers:	J. Matthew Thornton
Location of company headquarters, to include City and State:	212 West 35th Street, Suite 1600 New York, NY 10001
Location(s) of the office that shall provide the services described in this RFP:	212 West 35th Street, Suite 1600 New York, NY 10001
Number of employees locally with the expertise to support the requirements identified in this RFP:	No employees are located within the State of Nevada
Number of employees nationally with the expertise to support the requirements in this RFP:	Nine employees are located New York, Massachusetts and Louisiana.
Location(s) from which employees shall be assigned for this project:	New York, NY and Boston, MA

3.1.2 A Nevada-based business may apply for a five percent (5%) preference on its proposal. This preference may apply if a business has its principal place of business within Nevada. This preference cannot be combined with any other preference, granted for the award of a contract using federal funds, or granted for the award of a contract procured on a multi-state basis. To claim this preference a business must submit a letter with its proposal showing that it qualifies for the preference.

3.1.3 **Please be advised**, pursuant to NRS 80.010, a corporation organized pursuant to the laws of another state shall register with the State of Nevada, Secretary of State's Office as a foreign corporation before a contract can be executed between the State of Nevada and the awarded vendor, unless specifically exempted by NRS 80.015.

3.1.4 The selected vendor, prior to doing business in the State of Nevada, shall be appropriately licensed by the State of Nevada, Secretary of State's Office pursuant to NRS76. Information regarding the Nevada Business License can be located at http://nvsos.gov.

Question	Response
Nevada Business License Number:	NV20051034334
Legal Entity Name:	Audit Services, U.S. LLC

Is "Legal Entity Name" the same name as vendor is doing business as?

Yes	YES	No	

If "No", provide explanation.

3.1.5 Has the vendor ever been engaged under contract by any State of Nevada agency?

Yes	YES	No	

If "Yes", complete the following table for each State agency for whom the work was performed. Table can be duplicated for each contract being identified.

Question	Response
Name of State agency:	Office of the State Treasurer
State agency contact name:	Ryan J. Merchant
Dates when services were performed:	January, 2005 through Present
Type of duties performed:	Unclaimed Property Audit Services
Total dollar value of the contract:	$787,200

3.1.6 Are you now or have you been within the last two (2) years an employee of the State of Nevada, or any of its agencies, departments, or divisions?

Yes		No	NO

If "Yes", please explain when the employee is planning to render services, while on annual leave, compensatory time, or on their own time?

If you employ (a) any person who is a current employee of an agency of the State of Nevada, or (b) any person who has been an employee of an agency of the State of Nevada within the past two (2) years, and if such person shall be performing or producing the services which you shall be contracted to provide under this contract, you shall disclose the identity of each such person in your response to this RFP, and specify the services that each person shall be expected to perform.

3.1.7 Disclosure of any significant prior or ongoing contract failures, contract breaches, civil or criminal litigation in which the vendor has been alleged to be liable or held liable in a matter involving a contract with the State of Nevada or any other governmental entity. Any pending claim or litigation occurring within the past six (6) years which may adversely affect the vendor's ability to perform or fulfill its obligations if a contract is awarded as a result of this RFP shall also be disclosed.

Does any of the above apply to your company?

Yes		No	NO

If "Yes", please provide the following information. Table can be duplicated for each issue being identified.

Question	Response	
Date of alleged contract failure or breach:		
Parties involved:		
Description of the contract failure, contract breach, or litigation, including the products or services involved:		
Amount in controversy:		
Resolution or current status of the dispute:		
If the matter has resulted in a court case:	Court	Case Number
Status of the litigation:		

3.1.8 Vendors shall review and provide if awarded a contract the insurance requirements as specified in ***Attachment D, Insurance Schedule for RFP 3527.***

3.1.9 Company background/history and why vendor is qualified to provide the services described in this RFP. Limit response to no more than five (5) pages.

3.1.10 Provide a brief description of the length of time vendor has been providing services described in this RFP to the public and/or private sector.

3.1.11 Financial information and documentation to be included in accordance with ***Section 8.5, Part III – Confidential Financial Information***.

3.1.11.1 Dun and Bradstreet Number

3.1.11.2 Federal Tax Identification Number

3.1.11.3 The last two (2) years of audited financial statements.

3.2 SUBCONTRACTOR INFORMATION

Subcontractors are defined as a third party, not directly employed by the contractor, who shall provide services identified in this RFP. This does not include third parties who provide support or incidental services to the contractor.

3.2.1 Does this proposal include the use of subcontractors?

Yes		No	NO

If "Yes", vendor shall:

3.2.1.1 Identify specific subcontractors and the specific requirements of this RFP for which each proposed subcontractor shall perform services.

3.2.1.2 If any tasks are to be completed by subcontractor(s), vendors shall:

A. Describe how the work of any subcontractor(s) shall be supervised, channels of communication shall be maintained and compliance with contract terms assured; and

B. Describe your previous experience with subcontractor(s).

3.2.1.3 Provide the same information for any proposed subcontractors as requested in ***Section 3.1, Vendor Information***.

3.2.1.4 Vendor shall not allow any subcontractor to commence work until all insurance required of the subcontractor is provided to the vendor.

3.2.1.5 Vendor shall notify the using agency of the intended use of any subcontractors not identified within their original proposal and provide the information originally requested in the RFP in ***Section 3.2, Subcontractor Information***. The vendor shall receive agency approval prior to subcontractor commencing work.

3.3 BUSINESS REFERENCES

3.3.1 Vendors shall provide a minimum of three (3) business references from similar projects performed for private and/or public sector clients within the last three (3) years.

3.3.2 Vendors shall submit ***Attachment E, Reference Questionnaire*** to their business references.

3.3.3 It is the vendor's responsibility to ensure that completed forms are received by the Purchasing Division on or before the deadline as specified in ***Section 7, RFP Timeline*** for inclusion in the evaluation process. Reference Questionnaires not received, or not complete, may adversely affect the vendor's score in the evaluation process.

3.3.4 The State reserves the right to contact and verify any and all references listed regarding the quality and degree of satisfaction for such performance.

3.4 VENDOR STAFF RESUMES

A resume shall be completed for each proposed key personnel responsible for performance under any contract resulting from this RFP per ***Attachment F, Proposed Staff Resume.***

4. COST

Pricing shall be based at a percent of the cash value of the abandoned property delivered to the State of Nevada, Unclaimed Property Division.

5. FINANCIAL

5.1 PAYMENT

5.1.1 Upon review and acceptance by the State, payments for invoices are normally made within 45 – 60 days of receipt, providing all required information, documents and/or attachments have been received.

5.1.2 Pursuant to NRS 227.185 and NRS 333.450, the State shall pay claims for supplies, materials, equipment and services purchased under the provisions of this RFP electronically, unless determined by the State Controller that the electronic payment would cause the payee to suffer undue hardship or extreme inconvenience.

5.2 BILLING

5.2.1 The State does not issue payment prior to receipt of goods or services.

5.2.2 The vendor shall bill the State as outlined in the approved contract and/or payment schedule.

5.2.3 The State presently has a Procurement Card Program that participating State agencies may use to pay for some of their purchases. The Program is issued through a major financial institution and is treated like any other major credit card. Using agencies may desire to use the card as a method of payment. No additional charges or fees shall be imposed for using the card. Please indicate in your proposal response if you will accept this method of payment.

5.3 TIMELINESS OF BILLING

The State is on a fiscal year calendar. All billings for dates of service prior to July 1 shall be submitted to the State no later than the first Friday in August of the same year. A billing submitted after the first Friday in August that forces the State to process the billing as a stale claim pursuant to NRS 353.097, shall subject the contractor to an administrative fee not to exceed $100.00. This is the estimate of the additional costs to the State for processing the billing as a stale claim and this amount shall be deducted from the stale claims payment due the contractor.

6. WRITTEN QUESTIONS AND ANSWERS

The Purchasing Division shall accept questions and/or comments in writing regarding this RFP as noted below:

6.1 QUESTIONS AND ANSWERS

6.1.1 All questions regarding this RFP should be submitted using the Bid Q&A feature in ***NevadaEPro.***

6.1.1.1 To access the Bid Q&A:

A. Log into your Seller account on ***NevadaEPro***:

B. Click the Bids tab in the header,

C. Click View under Bid Q&A on the appropriate Bid Solicitation under the Open Bids section.

6.1.2 The deadline for submitting questions is as specified in ***Section 7, RFP Timeline***.

6.1.3 All questions and/or comments shall be addressed using the Bid Q&A in ***NevadaEPro***. If questions and answers require a material change to the Bid Solicitation, an Amendment will be posted in ***NevadaEPro*** and you will receive email notification.

7. RFP TIMELINE

The following represents the proposed timeline for this project. All times stated are Pacific Time (PT). These dates represent a tentative schedule of events. The State reserves the right to modify these dates at any time.

Task	Date/Time
Deadline for submitting questions	02/27/2018 @ 12:00 PM
Answers posted to website	On or about 03/06/2018
Deadline for submittal of Reference Questionnaires	No later than 4:30 PM on 03/26/2018
Deadline for submission and opening of proposals	No later than 2:00 PM on 03/27/2018
Evaluation period (approximate time frame)	03/30/2018 - 04/16/2018
Selection of vendor	On or about 03/30/2018
Anticipated BOE approval	06/12/2018
Contract start date (contingent upon BOE approval)	07/01/2018

8. PROPOSAL SUBMISSION REQUIREMENTS, FORMAT AND CONTENT

8.1 GENERAL SUBMISSION REQUIREMENTS

8.1.1 Vendors shall submit their proposals by using Create Quote through the State electronic procurement website, https://NevadaEPro.com, in accordance with the instructions below.

8.1.1.1 Refer to ***Instructions for Vendors Responding to a Bid*** in the Important Links section on the front page of ***NevadaEPro*** for instructions on how to submit a Quote using ***NevadaEPro***.

8.1.2 The Quote/Proposal shall contain a maximum of four (4) attachments which may include:

8.1.2.1 Technical Proposal
8.1.2.2 Confidential Technical (if applicable)
8.1.2.3 Cost Proposal (if applicable)
8.1.2.4 Confidential Financial (if applicable)

8.1.3 Proposals shall have a technical response, which may be composed of two (2) parts in the event a vendor determines that a portion of their technical response qualifies as "confidential" per NRS 333.020 (5) (b).

8.1.4 If complete responses cannot be provided without referencing confidential information, such confidential information shall be provided in accordance with ***Section 8.3, Part IB – Confidential Technical Proposal*** and ***Section 8.5, Part III Confidential Financial Information.***

8.1.5 Specific references made to the section, page, and paragraph where the confidential information can be located shall be identified on ***Attachment A, Confidentiality and Certification of Indemnification*** and comply with the requirements stated in ***Section 8.6, Confidentiality of Proposals.***

8.1.6 Proposals that do not comply with the requirements may be deemed non-responsive and rejected at the State's discretion.

8.1.7 Although it is a public opening, only the names of the vendors submitting proposals shall be announced per NRS 333.335(6). Technical and cost details about proposals submitted shall not be disclosed.

8.1.8 Assistance for handicapped, blind or hearing-impaired persons who wish to attend the RFP opening is available. If special arrangements are necessary, please notify the Purchasing Division designee as soon as possible and at least two (2) days in advance of the opening.

8.1.9 For ease of evaluation, the technical and cost proposals shall be presented in a format that corresponds to and references sections outlined within this RFP and shall be presented in the same order. Written responses shall be in ***bold/italics*** and placed immediately following the applicable RFP question, statement and/or section.

8.1.10 Proposals are to be prepared in such a way as to provide a straightforward, concise delineation of capabilities to satisfy the requirements of this RFP. Expensive color displays, promotional materials, etc., are not necessary or desired. Emphasis shall be concentrated on conformance to the RFP instructions, responsiveness to the RFP requirements, and on completeness and clarity of content.

8.1.11 For purposes of addressing questions concerning this RFP, the sole contact shall be the Purchasing Division as specified on Page 1 of this RFP. Upon issuance of this RFP, other employees and representatives of the agencies identified in the RFP shall not answer questions or otherwise discuss the contents of this RFP with any prospective vendors or their representatives. Failure to observe this restriction may result in disqualification of any subsequent proposal per NAC 333.155(3). This restriction does not preclude discussions between affected

parties for the purpose of conducting business unrelated to this procurement.

8.1.12 Any vendor who believes there are irregularities or lack of clarity in the RFP or proposal requirements or specifications are unnecessarily restrictive or limit competition shall notify the Purchasing Division, in writing, as soon as possible, so that corrective addenda may be furnished by the Purchasing Division in a timely manner to all vendors.

8.1.13 If a vendor changes any material RFP language, vendor's response may be deemed non-responsive per NRS 333.311.

8.1.14 The vendor understands and acknowledges that the representations made in its proposal are material and important, and shall be relied on by the State in its evaluation of a proposal. Any misrepresentation by a vendor shall be treated as fraudulent concealment from the State of the true facts relating to the proposal.

8.2 PART IA – TECHNICAL PROPOSAL

8.2.1 The Technical Proposal ***shall not include*** cost and/or pricing information. Cost and/or pricing information contained in the technical proposal may cause the proposal to be rejected.

8.2.2 Using Create Quote in ***NevadaEPro***, vendors shall provide one (1) PDF Technical Proposal on the Attachments tab that includes the following:

8.2.2.1 Section I – Title Page with the following information:

Part IA – Technical Proposal	
RFP Title:	Unclaimed Property Auditing Services
RFP:	3527
Vendor Name:	Audit Services US LLC
Address:	212 West 35th Street, Suite 1600, New York, NY 10001
Opening Date:	March 27, 2018
Opening Time:	2:00 PM

8.2.2.2 Section II – Table of Contents

An accurate and updated table of contents shall be provided.

8.2.2.3 Section III – Vendor Information Sheet

The vendor information sheet shall be completed and signed by an individual authorized to bind the organization.

8.2.2.4 Section IV – State Documents

The State documents section shall include the following:

A. The signature page from all amendments signed by an individual authorized to bind the organization.

B. Attachment A – Confidentiality and Certification of Indemnification signed by an individual authorized to bind the organization.

C. Attachment B – Vendor Certifications signed by an individual authorized to bind the organization.

D. Copies of any vendor licensing agreements and/or hardware and software maintenance agreements.

E. Copies of applicable certifications and/or licenses.

8.2.2.5 Section V – Scope of Work

Vendors shall place their written response(s) to ***Section 2, Scope of Work*** in ***bold/italics*** immediately following the applicable RFP question, statement and/or section.

8.2.2.6 Section VI– Company Background and References

Vendors shall place their written response(s) to ***Section 3, Company Background and References*** in ***bold/italics*** immediately following the applicable RFP question, statement and/or section. This section shall also include the requested information in ***Section 3.2, Subcontractor Information***, if applicable.

8.2.2.7 Section VII – Proposed Staff Resume(s)

A. Vendors shall include all proposed staff resumes per ***Section 3.4, Vendor Staff Resumes*** in this section.

B. This section shall also include any subcontractor proposed staff resumes, if applicable.

8.2.2.8 Section VIII – Other Informational Material

Vendors shall include any other applicable reference material in this section clearly cross referenced with the proposal.

8.3 PART IB – CONFIDENTIAL TECHNICAL PROPOSAL

8.3.1 Vendors only need to submit Part IB if the proposal includes any confidential technical information ***(Refer to Attachment A, Confidentiality and Certification of Indemnification)***.

8.3.2 If needed, vendors shall provide one (1) PDF Confidential Technical Proposal file that includes the following:

8.3.2.1 Section I – Title Page with the following information:

Part IB – Confidential Technical Proposal	
RFP Title:	Unclaimed Property Auditing Services
RFP:	3527
Vendor Name:	Audit Services US LLC
Address:	212 West 35th Street, Suite 1600, New York, NY 10001
Opening Date:	March 27, 2018
Opening Time:	2:00 PM

8.3.2.2 Section II – Confidential Technical

Vendors shall cross reference the confidential technical information back to the technical proposal, as applicable.

8.4 PART II – COST PROPOSAL

8.4.1 Vendors shall submit pricing information on the Items tab of their Quote in ***NevadaEPro***.

8.4.2 Vendors shall provide additional pricing information as detailed in ***Section 8.4.4*** if appropriate or required in accordance with ***Section 4, Cost.***

8.4.3 The cost proposal shall not be marked "confidential". Only information that is deemed proprietary per NRS 333.020 (5) (a) may be marked as "confidential".

8.4.4 If needed, vendors shall provide one (1) PDF Cost Proposal file that includes the following:

8.4.4.1 Section I – Title Page with the following information:

Part II – Cost Proposal	
RFP Title:	Unclaimed Property Auditing Services
RFP:	3527
Vendor Name:	Audit Services US LLC
Address:	212 West 35th Street, Suite 1600, New York, NY 10001
Opening Date:	March 27, 2018
Opening Time:	2:00 PM

8.4.4.2 Section II – Cost Proposal

Vendor's shall place the information required per ***Section 4, Cost*** in this section.

8.5 PART III – CONFIDENTIAL FINANCIAL INFORMATION

8.5.1 If needed, vendors shall provide one (1) PDF Confidential Financial Information

file that includes the following:

8.5.1.1 Section I – Title Page with the following information:

Part III – Confidential Financial Information	
RFP Title:	Unclaimed Property Auditing Services
RFP:	3527
Vendor Name:	Audit Services US LLC
Address:	212 West 35th Street, Suite 1600, New York, NY 10001
Opening Date:	March 27, 2018
Opening Time:	2:00 PM

8.5.1.2 Section II – Financial Information and Documentation

Vendors shall place the information required per ***Section 3.1.10*** in this section.

8.6 CONFIDENTIALITY OF PROPOSALS

8.6.1 As a potential contractor of a public entity, vendors are advised that full disclosure is required by law.

8.6.2 Vendors are required to submit written documentation in accordance with ***Attachment A, Confidentiality and Certification of Indemnification*** demonstrating the material within the proposal marked "confidential" conforms to NRS §333.333, which states "Only specific parts of the proposal may be labeled a "trade secret" as defined in NRS §600A.030(5)". Not conforming to these requirements shall cause your proposal to be deemed non-compliant and shall not be accepted by the State.

8.6.3 Vendors acknowledge that material not marked as "confidential" shall become public record and shall be posted to the Purchasing website upon contract award.

8.6.4 It is the vendor's responsibility to act in protection of the labeled information and agree to defend and indemnify the State of Nevada for honoring such designation.

8.6.5 Failure to label any information that is released by the State shall constitute a complete waiver of any and all claims for damages caused by release of said information.

8.7 PROPOSAL PACKAGING

8.7.1 Vendors shall submit their proposals through the State electronic procurement website, https://NevadaEPro.com, in accordance with the instructions below.

8.7.2 Proposals shall be received via https://NevadaEPro.com no later than the date and time specified on the General tab of the Bid Solicitation in ***NevadaEPro***. Proposals that are not submitted by bid opening time and date shall not be

accepted. Vendors may submit their proposal any time prior to the deadline stated in ***NevadaEPro***. In the event that dates and times specified in this document and dates times specified in ***NevadaEPro*** conflict, the dates and time in ***NevadaEPro*** shall take precedence.

8.7.3 Proposals submitted as physical copies, email, or any submission method other than via ***NevadaEPro*** shall not be considered.

9. PROPOSAL EVALUATION AND AWARD PROCESS

The information in this section does not need to be returned with the vendor's proposal.

9.1 Proposals shall be consistently evaluated and scored in accordance with NRS 333.335(3) based upon the following criteria. The following criteria are listed in order of importance.

Criteria Description	Weight
Demonstrated experience	25
Experience in performance of comparable engagements	20
Conformance with the terms of this RFP	20
Cost Cost proposals will be evaluated based on the following formula: *Lowest Percentage Submitted by a Vendor = Price Factor* *Proposers Total Cost* *Price Factor X points = Cost Criteria Score*	20
Expertise and availability of key personnel	15

9.2 Effective July 1, 2017, a five percent (5%) preference will be awarded to businesses based in Nevada. A Nevada business is defined as a business which certifies either that its 'principal place of business' is in Nevada, as identified in ***Section 3.1, Vendor Information***, or that a 'majority of goods provided for the contract are produced' in Nevada. The preference will be applied to the total score.

9.2.1 Financial stability shall be scored on a pass/fail basis.

9.3 Proposals shall be kept confidential until a contract is awarded.

9.4 The evaluation committee is an independent committee comprised of a majority of State officers or employees established to evaluate and score proposals submitted in response to the RFP pursuant to NRS 333.335.

9.5 The evaluation committee may solicit information from any available source concerning any aspect of a proposal and seek and review any other information deemed pertinent to the evaluation process.

9.6 Each vendor shall include in its proposal a complete disclosure of any alleged significant prior or ongoing contract failures, contract breaches, any civil or criminal litigation or investigations pending which involves the vendor or in which the vendor has been judged guilty or liable. Failure to comply with the terms of this provision may disqualify any proposal. The State reserves the right to reject any proposal based upon the vendor's prior history with the State or with any other party, which documents, without limitation, unsatisfactory performance, adversarial or contentious demeanor, significant failure(s) to meet contract milestones or other contractual failures. Refer generally to NRS 333.335.

9.7 Clarification discussions may, at the State's sole option, be conducted with vendors who submit proposals determined to be acceptable and competitive per NAC 333.165. Vendors shall be accorded fair and equal treatment with respect to any opportunity for discussion and/or written revisions of proposals. Such revisions may be permitted after submissions and prior to award for the purpose of obtaining best and final offers. In conducting discussions, there shall be no disclosure of any information derived from proposals submitted by competing vendors. Any modifications made to the original proposal during the best and final negotiations shall be included as part of the contract.

9.8 A Letter of Intent (LOI) shall be issued in accordance with NAC 333.170 notifying vendors of the State's intent to award a contract to a vendor, pending successful negotiations. Negotiations shall be confidential and not subject to disclosure to competing vendors unless and until an agreement is reached. All information remains confidential until the issuance of the formal Notice of Award (NOA). If contract negotiations cannot be concluded successfully, the State upon written notice to all vendors may negotiate a contract with the next highest scoring vendor or withdraw the RFP.

9.9 A Notification of Award (NOA) shall be issued in accordance with NAC 333.170. Vendors shall be notified that a contract has been successfully negotiated, executed and is awaiting approval of the Board of Examiners (BOE). Any award is contingent upon the successful negotiation of final contract terms and upon approval of the BOE, when required. Any non-confidential information becomes available upon written request.

9.10 Any contract resulting from this RFP shall not be effective unless and until approved by the Nevada State Board of Examiners (NRS 333.700).

10. TERMS AND CONDITIONS

10.1 PROCUREMENT AND PROPOSAL TERMS AND CONDITIONS

The information in this section does not need to be returned with the vendor's proposal.

10.1.1 This procurement is being conducted in accordance with NRS Chapter 333 and NAC Chapter 333.

10.1.2 The State reserves the right to alter, amend, or modify any provisions of this RFP, or to withdraw this RFP, at any time prior to the award of a contract pursuant

hereto, if it is in the best interest of the State to do so.

10.1.3 The State reserves the right to waive informalities and minor irregularities in proposals received.

10.1.4 The failure to provide clearly marked, separate PDF file(s) for ***Part IB and Part III***, which contain confidential information, trade secrets and/or proprietary information, shall constitute a complete waiver of any and all claims for damages caused by release of the information by the State.

10.1.5 The State reserves the right to reject any or all proposals received prior to contract award (NRS 333.350).

10.1.6 The State reserves the right to limit the scope of work prior to award, if deemed in the best interest of the State. (NRS 333.350)

10.1.7 The State shall not be obligated to accept the lowest priced proposal, but shall make an award in the best interest of the State of Nevada after all factors have been evaluated (NRS 333.335).

10.1.8 Proposals which appear unrealistic in the terms of technical commitments, lack of technical competence, or are indicative of failure to comprehend the complexity and risk of the project, may be rejected.

10.1.9 Proposals from employees of the State of Nevada shall be considered in as much as they do not conflict with the State Administrative Manual (SAM), NRS Chapter 281 and NRS Chapter 284.

10.1.10 Proposals may be modified or withdrawn by written notice received prior to the proposal opening time. Withdrawals received after the proposal opening time shall not be considered except as authorized by NRS 333.350(3).

10.1.11 Prices offered by vendors in their proposals are an irrevocable offer for the term of the contract and any contract extensions. The awarded vendor agrees to provide the purchased services at the costs, rates and fees as set forth in their proposal in response to this RFP. No other costs, rates or fees shall be payable to the awarded vendor for implementation of their proposal.

10.1.12 The State is not liable for any costs incurred by vendors prior to entering into a formal contract. Costs of developing the proposal or any other such expenses incurred by the vendor in responding to the RFP, are entirely the responsibility of the vendor, and shall not be reimbursed in any manner by the State.

10.1.13 Proposals submitted per proposal submission requirements become the property of the State, selection or rejection does not affect this right; proposals shall be returned only at the State's option and at the vendor's request and expense. The flash drive or CD from each vendor shall be retained for official files.

10.1.14 Any unsuccessful vendor may file an appeal in strict compliance with NRS 333.370 and NAC Chapter 333.

10.1.15 NRS 333.290 grants a preference to materials and supplies that can be supplied from a "charitable, reformatory or penal institution of the State" that produces such goods or services through the labor of inmates. The Administrator reserves the right to secure these goods, materials or supplies from any such eligible institution, if they can be secured of equal quality and at prices not higher than those of the lowest acceptable bid received in response to this solicitation. In addition, NRS 333.410 grants a preference to commodities or services that institutions of the State are prepared to supply through the labor of inmates. The Administrator shall apply the preferences stated in NRS 333.290 and 333.410 to the extent applicable.

10.2 CONTRACT TERMS AND CONDITIONS

The information in this section does not need to be returned with the vendor's proposal.

10.2.1 The awarded vendor shall be the sole point of contract responsibility. The State shall look solely to the awarded vendor for the performance of all contractual obligations which may result from an award based on this RFP, and the awarded vendor shall not be relieved for the non-performance of any or all subcontractors.

10.2.2 The awarded vendor shall maintain, for the duration of the contract, insurance coverages as set forth in the fully executed contract. Work on the contract shall not begin until after the awarded vendor has submitted acceptable evidence of the required insurance coverages. Failure to maintain any required insurance coverage or acceptable alternative method of insurance shall be deemed a breach of contract.

10.2.3 The State shall not be liable for Federal, State, or Local excise taxes per NRS 372.325.

10.2.4 The State reserves the right to negotiate final contract terms with any vendor selected per NAC 333.170. The contract between the parties shall consist of the RFP together with any modifications thereto, and the awarded vendor's proposal, together with any modifications and clarifications thereto that are submitted at the request of the State during the evaluation and negotiation process. In the event of any conflict or contradiction between or among these documents, the documents shall control in the following order of precedence: the final executed contract, any modifications and clarifications to the awarded vendor's proposal, the RFP, and the awarded vendor's proposal. Specific exceptions to this general rule may be noted in the final executed contract. The State shall not indemnify vendor from any liability or damages, including but not limited to attorney's fees and costs, arising under any contract resulting from this RFP**.**

10.2.5 Local governments (as defined in NRS 332.015) are intended third party beneficiaries of any contract resulting from this RFP and any local government may join or use any contract resulting from this RFP subject to all terms and conditions thereof pursuant to NRS 332.195. The State is not liable for the obligations of any local government which joins or uses any contract resulting from this RFP.

10.2.6 Any person who requests or receives a Federal contract, grant, loan or cooperative agreement shall file with the using agency a certification that the person making the declaration has not made, and shall not make, any payment prohibited by subsection (a) of 31 U.S.C. 1352.

10.2.7 Pursuant to NRS Chapter 613 in connection with the performance of work under this contract, the contractor agrees not to unlawfully discriminate against any employee or applicant for employment because of race, creed, color, national origin, sex, sexual orientation or age, including, without limitation, with regard to employment, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including, without limitation apprenticeship.

The contractor further agrees to insert this provision in all subcontracts, hereunder, except subcontracts for standard commercial supplies or raw materials.

10.3 PROJECT TERMS AND CONDITIONS

The information in this section does not need to be returned with the vendor's proposal.

10.3.1 Award of Related Contracts

10.3.1.1 The State may undertake or award supplemental contracts for work related to this project or any portion thereof. The contractor shall be bound to cooperate fully with such other contractors and the State in all cases.

10.3.1.2 All subcontractors shall be required to abide by this provision as a condition of the contract between the subcontractor and the prime contractor.

10.3.2 Inspection/Acceptance of Work

10.3.2.1 It is expressly understood and agreed all work done by the contractor shall be subject to inspection and acceptance by the State.

10.3.3 Right to Publish

10.3.3.1 All requests for the publication or release of any information pertaining to this RFP and any subsequent contract shall be in writing and sent to State Treasurer or designee.

10.3.3.2 No announcement concerning the award of a contract as a result of this RFP can be made without prior written approval of State Treasurer or designee.

10.3.3.3 As a result of the selection of the contractor to supply the requested services, the State is neither endorsing nor suggesting the contractor is the best or only solution.

10.3.3.4 The contractor shall not use, in its external advertising, marketing programs, or other promotional efforts, any data, pictures or other representation of any State facility, except with the specific advance written authorization of State Treasurer or designee.

10.3.3.5 Throughout the term of the contract, the contractor shall secure the written approval of the State per ***Section 10.3.3.2*** prior to the release of any information pertaining to work or activities covered by the contract.

11. SUBMISSION CHECKLIST

This checklist is provided for vendor's convenience only and identifies documents that shall be submitted in order to be considered responsive. Any proposals received without these requisite documents may be deemed non-responsive and not considered for contract award.

Part IA– Technical Proposal Submission Requirements		**Completed**
Part IA submitted in one (1) separate PDF file		
Section I	Title Page	X
Section II	Table of Contents	X
Section III	Vendor Information Sheet	X
Section IV	State Documents	X
Section V	Scope of Work	X
Section VI	Company Background and References	X
Section VII	Attachment F – Proposed Staff Resume(s)	X
Section VIII	Other Informational Material	X
Part IB – Confidential Technical Proposal Submission Requirements		
Part IB submitted in one (1) separate PDF file		
Section I	Title Page	
Section II	Appropriate sections and information that cross reference back to the technical proposal	
Part II – Cost Proposal Submission Requirements		
Part II submitted in one (1) separate PDF file		
Section I	Title Page	X
Section II	Cost Proposal	X
Part III – Confidential Financial Information Submission Requirements		
Part III submitted in one (1) separate PDF file		
Section I	Title Page	X
Section II	Financial Information and Documentation	X
Reference Questionnaire Reminders		
Send out Reference Forms for Vendor (with Part A completed)		X
Send out Reference Forms for proposed Subcontractors (with Part A and Part B completed, if applicable)		X

ATTACHMENT A – CONFIDENTIALITY AND CERTIFICATION OF INDEMNIFICATION

Submitted proposals, which are marked "confidential" in their entirety, or those in which a significant portion of the submitted proposal is marked "confidential" **shall not** be accepted by the State of Nevada. Pursuant to NRS 333.333, only specific parts of the proposal may be labeled a "trade secret" as defined in NRS 600A.030(5). All proposals are confidential until the contract is awarded; at which time, both successful and unsuccessful vendors' technical and cost proposals become public information.

In accordance with the submittal instructions of this RFP, vendors are requested to submit confidential information in separate files marked "**Part IB Confidential Technical**" and "**Part III Confidential Financial**".

The State shall not be responsible for any information contained within the proposal. If vendors do not comply with the labeling and packing requirements, proposals shall be released as submitted. In the event a governing board acts as the final authority, there may be public discussion regarding the submitted proposals that shall be in an open meeting format, the proposals shall remain confidential.

By signing below, I understand it is my responsibility as the vendor to act in protection of the labeled information and agree to defend and indemnify the State of Nevada for honoring such designation. I duly realize failure to so act shall constitute a complete waiver and all submitted information shall become public information; additionally, failure to label any information that is released by the State shall constitute a complete waiver of any and all claims for damages caused by the release of the information.

This proposal contains Confidential Information, Trade Secrets and/or Proprietary information.

Please initial the appropriate response in the boxes below and provide the justification for confidential status.

Part IB – Confidential Technical Information			
YES		NO	NO
Justification for Confidential Status			

Part III – Confidential Financial Information			
YES	YES	NO	
Justification for Confidential Status			
Financial information for a private company has no			

Audit Services US LLC

Company Name

Signature

Benjamin C. Spann

Print Name

Date

This document shall be submitted in Section IV of vendor's technical proposal

ATTACHMENT B – VENDOR CERTIFICATIONS

Vendor agrees and shall comply with the following:

(1) Any and all prices that may be charged under the terms of the contract do not and shall not violate any existing federal, State or municipal laws or regulations concerning discrimination and/or price fixing. The vendor agrees to indemnify, exonerate and hold the State harmless from liability for any such violation now and throughout the term of the contract.

(2) All proposed capabilities can be demonstrated by the vendor.

(3) The price(s) and amount of this proposal have been arrived at independently and without consultation, communication, agreement or disclosure with or to any other contractor, vendor or potential vendor.

(4) All proposal terms, including prices, shall remain in effect for a minimum of 180 days after the proposal due date. In the case of the awarded vendor, all proposal terms, including prices, shall remain in effect throughout the contract negotiation process.

(5) No attempt has been made at any time to induce any firm or person to refrain from proposing or to submit a proposal higher than this proposal, or to submit any intentionally high or noncompetitive proposal. All proposals shall be made in good faith and without collusion.

(6) All conditions and provisions of this RFP are deemed to be accepted by the vendor and incorporated by reference in the proposal, except such conditions and provisions that the vendor expressly excludes in the proposal. Any exclusion shall be in writing and included in the proposal at the time of submission.

(7) Each vendor shall disclose any existing or potential conflict of interest relative to the performance of the contractual services resulting from this RFP. Any such relationship that might be perceived or represented as a conflict shall be disclosed. By submitting a proposal in response to this RFP, vendors affirm that they have not given, nor intend to give at any time hereafter, any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant or any employee or representative of same, in connection with this procurement. Any attempt to intentionally or unintentionally conceal or obfuscate a conflict of interest shall automatically result in the disqualification of a vendor's proposal. An award shall not be made where a conflict of interest exists. The State shall determine whether a conflict of interest exists and whether it may reflect negatively on the State's selection of a vendor. The State reserves the right to disqualify any vendor on the grounds of actual or apparent conflict of interest.

(8) All employees assigned to the project are authorized to work in this country.

(9) The company has a written equal opportunity policy that does not discriminate in employment practices with regard to race, color, national origin, physical condition, creed, religion, age, sex, marital status, sexual orientation, developmental disability or handicap.

(10) The company has a written policy regarding compliance for maintaining a drug-free workplace.

(11) Vendor understands and acknowledges that the representations within their proposal are material and important, and shall be relied on by the State in evaluation of the proposal. Any vendor misrepresentations shall be treated as fraudulent concealment from the State of the true facts relating to the proposal.

(12) Vendor shall certify that any and all subcontractors comply with Sections 7, 8, 9, and 10, above.

(13) The proposal shall be signed by the individual(s) legally authorized to bind the vendor per NRS 333.337.

Audit Services US LLC

Vendor Company Name

Vendor Signature

Benjamin C. Spann

Print Name

Date

This document shall be submitted in Section IV of vendor's technical proposal

ATTACHMENT C – CONTRACT FORM

Vendors shall review the terms and conditions of the standard contract used by the State for all services of independent contractors. It is not necessary for vendors to complete the contract form with their proposal. To review the contract form, click on the following link:

Contract Form

If you are unable to access the contract form, please contact Nevada State Purchasing at srvpurch@admin.nv.gov for an emailed copy.

ATTACHMENT D – INSURANCE SCHEDULE FOR RFP 3527

Vendors shall review the Insurance Schedule, as this will be the schedule used for the scope of work identified within the RFP.

Insurance Schedule

See Part IA, Section IV, Attachment D.

To open the document, double click on the icon.

If you are unable to access the above inserted file once you have doubled clicked on the icon, please contact Nevada State Purchasing at srvpurch@admin.nv.gov for an emailed copy.

ATTACHMENT E – REFERENCE QUESTIONNAIRE

The State of Nevada requires proposing vendors to submit business references. The purpose of these references is to document the experience relevant to the scope of work identified within the RFP and provide assistance in the evaluation process.

INSTRUCTIONS TO PROPOSING VENDOR	
1.	Proposing vendor or vendor's proposed subcontractor shall complete Part A and/or Part B of the Reference Questionnaire.
2.	Proposing vendor shall send the Reference Questionnaire to each business reference listed for completion of Part D, Part E and Part F.
3.	Business reference is requested to submit the completed Reference Questionnaire via email or facsimile to: State of Nevada, Purchasing Division Subject: ***RFP 3527*** Attention: ***Purchasing Division*** Email: tbecker@admin.nv.gov Fax: 775-684-0188 Please reference the RFP number in the subject line of the email or on the fax.
4.	The completed Reference Questionnaire shall be received ***no later than 4:30 PM PT March 26, 2018***
5.	Business references are **not** to return the Reference Questionnaire to the Proposer (Vendor).
6.	In addition to the Reference Questionnaire, the State may contact any and all business references by phone for further clarification, if necessary.
7.	Questions regarding the Reference Questionnaire or process shall be directed to the individual identified on the RFP cover page.
8.	Reference Questionnaires not received, or not complete, may adversely affect the vendor's score in the evaluation process.

Reference Questionnaire

To open the document, double click on the icon.

If you are unable to access the above inserted file once you have doubled clicked on the icon, please contact Nevada State Purchasing at srvpurch@admin.nv.gov for an emailed copy.

ATTACHMENT F– PROPOSED STAFF RESUME

The embedded resume shall be completed for all proposed prime contractor staff and proposed subcontractor staff.

Proposed Staff Resume

See Part IA, Section VII for Proposed Staff Resumes.

To open the document, double click on the icon.

If you are unable to access the above inserted file once you have doubled clicked on the icon, please contact Nevada State Purchasing at srvpurch@admin.nv.gov for an emailed copy.

ATTACHMENT G – COST SCHEDULE

Cost Schedule

See Part II for Cost Proposal.

To open the document, double click on the icon.

If you are unable to access the above inserted file once you have doubled clicked on the icon, please contact Nevada State Purchasing at srvpurch@admin.nv.gov for an emailed copy.

ATTACHMENT H – UNIFORM UNCLAIMED PROPERTY ACT OF 1995

Uniform Unclaimed
Property Act of 1995

To open the document, double click on the icon.

If you are unable to access the above inserted file once you have doubled clicked on the icon, please contact Nevada State Purchasing at srvpurch@admin.nv.gov for an emailed copy.

ASUS

AUDIT SERVICES, U.S., LLC

Response to
Request For Proposal 3527

For

Unclaimed Property Audit Services

State of Nevada
Office of the Treasurer

Due Date: March 27, 2018

Submitted To:

Teri Becker, Purchasing Officer
State of Nevada, Purchasing Division
515 East Musser Street, Suite 300
Carson City, NV 89701
(775) 684-0178
tbecker@admin.nv.gov

Response Submitted By:

Audit Services, U.S., LLC
212 West 35th Street
Suite 1600
New York, NY 10001

Audit Services, U.S., LLC

Part I-A – Technical Proposal

Part III – Technical Proposal	
RFP Title:	Unclaimed Property Auditor Services
RFP:	3527
Vendor Name:	Audit Services, U.S., LLC
Address:	212 West 35th Street, Suite 1600, New York, NY 10001
Proposal Opening Date:	March 27, 2018
Proposal Opening Time:	2:00 PM

Audit Services, U.S., LLC

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Part II – Cost Proposal Submission Requirements

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Part III – Confidential Financial Information Submission Requirements

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Financial Information and Documentation…….. Section II
Company Information
Vendor Registration – Form W-9
Financial Statements (CONFIDENTIAL)

ASUS

AUDIT SERVICES, U.S., LLC

Part IA Section III

Technical Proposal

Vendor Information Sheet

VENDOR INFORMATION SHEET FOR RFP 3527

Vendor Shall:

A) Provide all requested information in the space provided next to each numbered question. The information provided in Sections V1 through V6 shall be used for development of the contract;

B) Type or print responses; and

C) Include this Vendor Information Sheet in Section III of the Technical Proposal.

V1	Company Name	Audit Services US LLC

V2	Street Address	212 West 35th Street, Suite 1600

V3	City, State, ZIP	New York, NY 10001

V4	Telephone Number		
	Area Code: 212	Number: 594-5487	Extension:

V5	Facsimile Number		
	Area Code: 212	Number: 594-5571	Extension:

V6	Toll Free Number		
	Area Code:	Number:	Extension:

V7	***Contact Person for Questions / Contract Negotiations, including address if different than above***
	Name: Benjamin C. Spann
	Title: Chief Executive Officer
	Address: 14226 Woodland Ridge Avenue, Baton Rouge, LA 70816
	Email Address: bspann@auditservicesus.com

V8	Telephone Number for Contact Person		
	Area Code: 225	Number: 324-0139	Extension:

V9	Facsimile Number for Contact Person		
	Area Code: 225	Number: 753-8290	Extension:

V10	***Name of Individual Authorized to Bind the Organization***	
	Name: Benjamin C. Spann	Title: Chief Executive Officer

V11	Signature ***(Individual shall be legally authorized to bind the vendor per NRS 333.337)***	
	Signature: Benjamin C. Spann, CHIEF EXECUTIVE OFFICER	Date: 3-26-2018

ASUS

AUDIT SERVICES, U.S., LLC

Part IA Section IV

Technical Proposal

State Documents

Executive Summary

Executive Summary

Audit Services, U.S., LLC **("ASUS")** is pleased to submit this response to the State Treasurer of Nevada for abandoned property identification and collection services. This Executive Summary is intended to demonstrate that **ASUS** has the capability to provide Nevada with the quality of services they expect and are seeking through a contract vendor.

Founded in 1997, our team is comprised of highly experienced subject matter experts, including the foremost thought leaders on general ledger auditing and analytics, unclaimed property law and litigation, and securities compliance. Most of our employees have over 20 years of unclaimed property experience and are made up of many former state administrators, audit supervisors, attorneys as well as private sector unclaimed property industry veterans. ASUS has the expertise, experience, skills and knowledge to identify and recover unclaimed property belonging to the citizens of Nevada. If awarded this contract, the resources expended by **ASUS** will be focused on serving as an extension of Nevada's Unclaimed Property Program.

The advantages of entering into a contract with **ASUS** include:

1. A company that conducts onsite and offsite audits, approved by the State, on entities of all sizes using our own staff comprised of a team of highly experienced auditors. Our employees were selected not only for their superior unclaimed property and accounting credentials, but also for their varied business and government experience. In addition, they are trained in all phases of State unclaimed and abandoned property law, Supreme Court case law, Uniform Commercial Code Act, auditing conduct and ethics, the National Association of State Treasurers (NAST), and the National Association of Unclaimed Property Administrators (NAUPA) resolutions and commitments on how to conduct audits specifically for unclaimed and abandoned property.

2. A staff that has knowledge and experience in the unclaimed property industry, including personnel who have served in various capacities with their State Unclaimed Property Programs, as well as individuals who have worked extensively in the field of unclaimed property in the private sector. Currently, **ASUS** has contracts with forty-three (43) States.

3. The *Audit Services System* that provides the processing which produces client reports to state unclaimed property departments. Our processing software stands alone and is designed for the specific purpose of processing unclaimed property data for compliance reporting and is compatible for each State utilizing the NAUPA standard format, as well as all other proprietary formats. As such we do not require interface with any other vendors or software in the course of providing our services. The Audit Services System is located on a server located offsite in Pearl River, New York and it operates on an AS400 platform. Previous unclaimed property reports utilizing this software that

ASUS has submitted to Nevada has already demonstrated that this system meets the State's requirements.

4. Our commitment to:

   - *Assisting our clients* in developing sound audit and/or compliance programs to bring holders into compliance. If requested by the State, our audit team will conduct additional comprehensive audits of holders that may be too time consuming for the State's staff.

   - *Reporting names and addresses of owners* whenever records are available and utilizing sampling and extrapolation techniques only when supporting records cannot be provided.

   - *Assisting the holders* by bringing them into compliance with the State's unclaimed property law. Holders will be informed of their reporting and due diligence obligations, as well as current State laws on property classifications, dormancy periods, and service charges. They will also be informed of electronic reporting opportunities and Nevada's standards for filing timely reports. As part of our audit process, we recommend to the holder internal accounting controls for the reporting of unclaimed and abandoned property.

   - *Assisting and sharing* our experience and knowledge of the administrative and audit process with the State's Unclaimed Property Program. Our experience and background in this specialized field qualifies our Company to serve as an extension of the Program's staff.

   - *Utilizing an audit approach that is non-controversial and non-aggressive* to the business community. We are sensitive to the concerns of the holder when conducting an audit.

   - *Remitting Property* to the State in a timely manner once it is recovered from the holder. Once the property is recovered, it will be held in a qualified custodial institution for remittance to the State of Nevada.

5. Access to experienced and professional individuals who not only have extensive knowledge of the State unclaimed and abandoned property laws but the necessary skills that can provide the Nevada Unclaimed Property Program with the assurance that work will be done timely and accurately. This is accomplished by utilizing the following measures:

   - Developing a working relationship with States and the holder community. The staff of **ASUS** has extensive experience in working with staff and State administrators of State unclaimed property offices across the nation, as well as all management levels of numerous corporations.

- Being aware of the concerns of the States, the holders and the industry representatives, and responding accordingly when conducting an examination.

6. A Company that in the conduct of its audits adheres to a policy of operating in a manner that is consistent with Generally Accepted Accounting Principles, and Generally Accepted Auditing Standards. As a result we can provide our services with the utmost confidence. These services include, but are not limited to:

    - Identifying and locating unclaimed property from the books and records of the holders, and making demand pursuant to the State's procedures.

    - Providing release agreements when requested, identifying the property records to be submitted, and signed by the holder and the Nevada Office of the State Treasurer.

    - Submitting reports of unclaimed property to the State in a timely manner in a format suitable to the State.

    - Submitting itemized monthly statements of unclaimed property disbursed to the State.

    - Remitting property to the State within 30 days after it has been received and reconciled.

    - Instructing holders to register securities and electronically transfer to the State's custodian bank, and providing them with training opportunities.

    - Notifying the holder of its continuing obligation to report unclaimed property to the State after completion of the audit.

7. A Company that holds to the findings of the U.S. Supreme Court in Texas v. New Jersey, 85 S. Ct. 1136, (1965), Pennsylvania v. New York, 92 S. Ct. 2880, (1972), and Delaware v. New York, 113 S. Ct. 1550 (1993), and any applicable federal legislation regarding which State has the right to receive unclaimed and abandoned property.

    - Where the name and last known address of the apparent owner according to the books and records of the holder is in the State of Nevada, it shall be deemed reportable to Nevada.

    - If the holder has never maintained records setting forth the name and last known address of the apparent owner, the property shall be deemed as reportable to the State of incorporation of the holder. An address shall be deemed to mean a description of location sufficient for the delivery and receipt of mail. Where no address exists, but the records of the holder establish that the apparent owner

resided in Nevada, the Nevada Office of State Treasurer and the holder's state of incorporation will be advised for the purpose of determining which state possesses the priority claim to the funds. **ASUS** will seek approval from the contract States when utilizing estimation techniques.

- Where the address of the apparent owner cannot be readily ascertained, but in fact exists in the books and records of the holder, sampling techniques will be used to allocate the property among the states participating in the review. In such event, if required, sampling techniques will also be utilized to ascertain the proportion of the total reportable property for which the holder has names and last known addresses.

- **ASUS** will assure that the holder has complied with the due diligence requirements of Nevada's statutes with respect to attempting to locate the owner of the property prior to remitting it to the State.

9. A Company that recognizes that the States it serves govern its actions, and it has the responsibility to follow the instructions of the client State for the various services provided, as well as complies with all federal, state and local laws that may apply. We are cognizant of the concerns of the States in matters dealing with potential conflicts of interest, and we hold ourselves to the highest AICPA Professional Standards to avoid such conflicts. In addition, we also certify that **ASUS** has no conflict of interest in the conduct of any of our audits. Under no circumstance does **ASUS** represent both the holder and the States or charge a fee to both the holder and the States. All work performed will be done in accordance with Nevada's Unclaimed Property Act.

ASUS

AUDIT SERVICES, U.S., LLC

Part IA Section IV

Technical Proposal

State Documents

Attachment A Confidentiality and Certification of Indemnification

ATTACHMENT A – CONFIDENTIALITY AND CERTIFICATION OF INDEMNIFICATION

Submitted proposals, which are marked "confidential" in their entirety, or those in which a significant portion of the submitted proposal is marked "confidential" **shall not** be accepted by the State of Nevada. Pursuant to NRS 333.333, only specific parts of the proposal may be labeled a "trade secret" as defined in NRS 600A.030(5). All proposals are confidential until the contract is awarded; at which time, both successful and unsuccessful vendors' technical and cost proposals become public information.

In accordance with the submittal instructions of this RFP, vendors are requested to submit confidential information in separate files marked "**Part IB Confidential Technical**" and "**Part III Confidential Financial**".

The State shall not be responsible for any information contained within the proposal. If vendors do not comply with the labeling and packing requirements, proposals shall be released as submitted. In the event a governing board acts as the final authority, there may be public discussion regarding the submitted proposals that shall be in an open meeting format, the proposals shall remain confidential.

By signing below, I understand it is my responsibility as the vendor to act in protection of the labeled information and agree to defend and indemnify the State of Nevada for honoring such designation. I duly realize failure to so act shall constitute a complete waiver and all submitted information shall become public information; additionally, failure to label any information that is released by the State shall constitute a complete waiver of any and all claims for damages caused by the release of the information.

This proposal contains Confidential Information, Trade Secrets and/or Proprietary information.

Please initial the appropriate response in the boxes below and provide the justification for confidential status.

Part IB – Confidential Technical Information			
YES		NO	NO
Justification for Confidential Status			

Part III – Confidential Financial Information			
YES	YES	NO	
Justification for Confidential Status			
Financial information for a private company has no			

Audit Services US LLC
Company Name

Benjamin C. Spann
Signature

Benjamin C. Spann
Print Name

3-26-2018
Date

This document shall be submitted in Section IV of vendor's technical proposal

ASUS

AUDIT SERVICES, U.S., LLC

Part IA Section IV

Technical Proposal

State Documents

Attachment B

Vendor Certifications

ATTACHMENT B – VENDOR CERTIFICATIONS

Vendor agrees and shall comply with the following:

(1) Any and all prices that may be charged under the terms of the contract do not and shall not violate any existing federal, State or municipal laws or regulations concerning discrimination and/or price fixing. The vendor agrees to indemnify, exonerate and hold the State harmless from liability for any such violation now and throughout the term of the contract.

(2) All proposed capabilities can be demonstrated by the vendor.

(3) The price(s) and amount of this proposal have been arrived at independently and without consultation, communication, agreement or disclosure with or to any other contractor, vendor or potential vendor.

(4) All proposal terms, including prices, shall remain in effect for a minimum of 180 days after the proposal due date. In the case of the awarded vendor, all proposal terms, including prices, shall remain in effect throughout the contract negotiation process.

(5) No attempt has been made at any time to induce any firm or person to refrain from proposing or to submit a proposal higher than this proposal, or to submit any intentionally high or noncompetitive proposal. All proposals shall be made in good faith and without collusion.

(6) All conditions and provisions of this RFP are deemed to be accepted by the vendor and incorporated by reference in the proposal, except such conditions and provisions that the vendor expressly excludes in the proposal. Any exclusion shall be in writing and included in the proposal at the time of submission.

(7) Each vendor shall disclose any existing or potential conflict of interest relative to the performance of the contractual services resulting from this RFP. Any such relationship that might be perceived or represented as a conflict shall be disclosed. By submitting a proposal in response to this RFP, vendors affirm that they have not given, nor intend to give at any time hereafter, any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant or any employee or representative of same, in connection with this procurement. Any attempt to intentionally or unintentionally conceal or obfuscate a conflict of interest shall automatically result in the disqualification of a vendor's proposal. An award shall not be made where a conflict of interest exists. The State shall determine whether a conflict of interest exists and whether it may reflect negatively on the State's selection of a vendor. The State reserves the right to disqualify any vendor on the grounds of actual or apparent conflict of interest.

(8) All employees assigned to the project are authorized to work in this country.

(9) The company has a written equal opportunity policy that does not discriminate in employment practices with regard to race, color, national origin, physical condition, creed, religion, age, sex, marital status, sexual orientation, developmental disability or handicap.

(10) The company has a written policy regarding compliance for maintaining a drug-free workplace.

(11) Vendor understands and acknowledges that the representations within their proposal are material and important, and shall be relied on by the State in evaluation of the proposal. Any vendor misrepresentations shall be treated as fraudulent concealment from the State of the true facts relating to the proposal.

(12) Vendor shall certify that any and all subcontractors comply with Sections 7, 8, 9, and 10, above.

(13) The proposal shall be signed by the individual(s) legally authorized to bind the vendor per NRS 333.337.

Audit Services US LLC

Vendor Company Name

Benjamin C. Spann

Vendor Signature

Benjamin C. Spann

Print Name

3-26-2018

Date

This document shall be submitted in Section IV of vendor's technical proposal

ASUS

AUDIT SERVICES, U.S., LLC

Part IA Section IV

Technical Proposal

State Documents

Attachment C

Contract Form

ATTACHMENT C – CONTRACT FORM

Vendors shall review the terms and conditions of the standard contract used by the State for all services of independent contractors. It is not necessary for vendors to complete the contract form with their proposal. To review the contract form, click on the following link:

Contract Form

If you are unable to access the contract form, please contact Nevada State Purchasing at srvpurch@admin.nv.gov for an emailed copy.

CETS#
RFP# 3527

CONTRACT FOR SERVICES OF INDEPENDENT CONTRACTOR

A Contract Between the State of Nevada
Acting by and Through its

Agency Name:	**State of Nevada, Office of the State Treasurer**
Address:	**101 North Carson Street, Suite 4**
City, State, Zip Code:	**Carson City, NV 89701**
Contact:	**Grant Hewitt**
Phone:	**(775) 684-5600**
Fax:	**(775) 684-5781**
Email:	**ghewitt@nevadatreasurer.gov**

Contractor Name:	**Audit Services, U.S., LLC**
Address:	**212 West 35th Street, Suite 1600**
City, State, Zip Code:	**New York, NY 10001**
Contact:	**Benjamin C. Spann**
Phone:	**(225) 324-0139**
Fax:	**(225) 753-8290**
Email:	**bspann@auditservicesus.com**

WHEREAS, NRS 333.700 authorizes officers, departments, institutions, boards, commissions, and other agencies in the Executive Department of the State Government which derive their support from public money in whole or in part to engage, subject to the approval of the Board of Examiners (BOE), services of persons as independent contractors; and

WHEREAS, it is deemed that the service of Contractor is both necessary and in the best interests of the State of Nevada.

NOW, THEREFORE, in consideration of the aforesaid premises, the parties mutually agree as follows:

1. **REQUIRED APPROVAL**. This Contract shall not become effective until and unless approved by the Nevada State Board of Examiners.

2. **DEFINITIONS**.

   A. "State" – means the State of Nevada and any State agency identified herein, its officers, employees and immune contractors as defined in NRS 41.0307.

   B. "Contracting Agency" – means the State agency identified above.

   C. "Contractor" – means the person or entity identified above that performs services and/or provides goods for the State under the terms and conditions set forth in this Contract.

   D. "Fiscal Year" – means the period beginning July 1st and ending June 30th of the following year.

   E. "Contract" – Unless the context otherwise requires, "Contract" means this document entitled Contract for Services of Independent Contractor and all Attachments or Incorporated Documents.

F. "Contract for Independent Contractor" – means this document entitled Contract for Services of Independent Contractor exclusive of any Attachments or Incorporated Documents.

3. **CONTRACT TERM.** This Contract shall be effective as noted below, unless sooner terminated by either party as specified in *Section 10, Contract Termination*. Contract is subject to Board of Examiners' approval (anticipated to be Date [ ]).

Effective from:	Date July 1, 2018	To:	Date June 30. 2022

4. **NOTICE**. All communications, including notices, required or permitted to be given under this Contract shall be in writing and directed to the parties at the addresses stated above. Notices may be given: (i) by delivery in person; (ii) by a nationally recognized next day courier service, return receipt requested; or (iii) by certified mail, return receipt requested. If specifically requested by the party to be notified, valid notice may be given by facsimile transmission or electronic mail to the address(es) such party has specified in writing.

5. **INCORPORATED DOCUMENTS**. The parties agree that this Contract, inclusive of the following attachments, specifically describes the scope of work. This Contract incorporates the following attachments in descending order of constructive precedence:

ATTACHMENT AA:	STATE SOLICITATION OR RFP # and AMENDMENTS #
ATTACHMENT BB:	INSURANCE SCHEDULE
ATTACHMENT CC:	CONTRACTOR'S RESPONSE

Any provision, term or condition of an Attachment that contradicts the terms of this Contract for Independent Contractor, or that would change the obligations of the State under this Contract for Independent Contractor, shall be void and unenforceable.

6. **CONSIDERATION**. The parties agree that Contractor will provide the services specified in *Section 5, Incorporated Documents* at a cost as noted below:

$	per	

Total Contract or installments payable at:	

Total Contract Not to Exceed:	$

The State does not agree to reimburse Contractor for expenses unless otherwise specified in the incorporated attachments. Any intervening end to a biennial appropriation period shall be deemed an automatic renewal (not changing the overall Contract term) or a termination as the result of legislative appropriation may require.

7. **ASSENT**. The parties agree that the terms and conditions listed on incorporated attachments of this Contract are also specifically a part of this Contract and are limited only by their respective order of precedence and any limitations specified.

8. **BILLING SUBMISSION: TIMELINESS**. The parties agree that timeliness of billing is of the essence to the Contract and recognize that the State is on a Fiscal Year. All billings for dates of service prior to July 1 must be submitted to the state no later than the first Friday in August of the same calendar year. A billing submitted after the first Friday in August, which forces the State to process the billing as a stale claim pursuant to NRS 353.097, will subject Contractor to an administrative fee not to exceed one hundred dollars ($100.00). The parties hereby agree this is a reasonable estimate of the additional costs to the state of processing the billing as a stale claim and that this amount will be deducted from the stale claim payment due to Contractor.

9. **INSPECTION & AUDIT**.

A. Books and Records. Contractor agrees to keep and maintain under generally accepted accounting principles (GAAP) full, true and complete records, contracts, books, and documents as are necessary to fully disclose to the State or United States Government, or their authorized representatives, upon audits or reviews, sufficient information to determine compliance with all State and federal regulations and statutes.

B. Inspection & Audit. Contractor agrees that the relevant books, records (written, electronic, computer related or otherwise), including, without limitation, relevant accounting procedures and practices of Contractor or its subcontractors, financial statements and supporting documentation, and documentation related to the work product shall be subject, at any reasonable time, to inspection, examination, review, audit, and copying at any office or location of Contractor where such records may be found, with or without notice by the State Auditor, the relevant State agency or its contracted examiners, the department of Administration, Budget Division, the Nevada State Attorney General's Office or its Fraud Control Units, the state Legislative Auditor, and with regard to any federal funding, the relevant federal agency, the Comptroller General, the General Accounting Office, the Office of the Inspector General, or any of their authorized representatives. All subcontracts shall reflect requirements of this Section.

C. Period of Retention. All books, records, reports, and statements relevant to this Contract must be retained a minimum three (3) years, and for five (5) years if any federal funds are used pursuant to the Contract. The retention period runs from the date of payment for the relevant goods or services by the state, or from the date of termination of the Contract, whichever is later. Retention time shall be extended when an audit is scheduled or in progress for a period reasonably necessary to complete an audit and/or to complete any administrative and judicial litigation which may ensue.

10. **CONTRACT TERMINATION**.

A. Termination Without Cause. Regardless of any terms to the contrary, this Contract may be terminated upon written notice by mutual consent of both parties. The State unilaterally may terminate this contract without cause by giving not less than thirty (30) days' notice in the manner specified in *Section 4, Notice*. If this Contract is unilaterally terminated by the State, Contractor shall use its best efforts to minimize cost to the State and Contractor will not be paid for any cost that Contractor could have avoided.

B. State Termination for Non-Appropriation. The continuation of this Contract beyond the current biennium is subject to and contingent upon sufficient funds being appropriated, budgeted, and otherwise made available by the State Legislature and/or federal sources. The State may terminate this Contract, and Contractor waives any and all claims(s) for damages, effective immediately upon receipt of written notice (or any date specified therein) if for any reason the contracting Agency's funding from State and/or federal sources is not appropriated or is withdrawn, limited, or impaired.

C. Termination with Cause for Breach. A breach may be declared with or without termination. A notice of breach and termination shall specify the date of termination of the Contract, which shall not be sooner than the expiration of the Time to Correct, if applicable, allowed under subsection 10D. This Contract may be terminated by either party upon written notice of breach to the other party on the following grounds:

1) If Contractor fails to provide or satisfactorily perform any of the conditions, work, deliverables, goods, or services called for by this Contract within the time requirements specified in this Contract or within any granted extension of those time requirements; or

2) If any state, county, city, or federal license, authorization, waiver, permit, qualification or certification required by statute, ordinance, law, or regulation to be held by Contractor to provide the goods or services required by this Contract is for any reason denied, revoked, debarred, excluded, terminated, suspended, lapsed, or not renewed; or

3) If Contractor becomes insolvent, subject to receivership, or becomes voluntarily or involuntarily subject to the jurisdiction of the Bankruptcy Court; or

4) If the State materially breaches any material duty under this Contract and any such breach impairs Contractor's ability to perform; or

5) If it is found by the State that any quid pro quo or gratuities in the form of money, services, entertainment, gifts, or otherwise were offered or given by Contractor, or any agent or representative of Contractor, to any officer or employee of the State of Nevada with a view toward securing a contract or securing favorable treatment with respect to awarding, extending, amending, or making any determination with respect to the performing of such contract; or

6) If it is found by the State that Contractor has failed to disclose any material conflict of interest relative to the performance of this Contract.

D. Time to Correct. Unless the breach is not curable, or unless circumstances do not permit an opportunity to cure, termination upon declared breach may be exercised only after service of formal written notice as specified in *Section 4, Notice*, and the subsequent failure of the breaching party within fifteen (15) calendar days of receipt of that notice to provide evidence, satisfactory to the aggrieved party, showing that the declared breach has been corrected. Upon a notice of breach, the time to correct and the time for termination of the contract upon breach under subsection 10C, above, shall run concurrently, unless the notice expressly states otherwise.

E. Winding Up Affairs Upon Termination. In the event of termination of this Contract for any reason, the parties agree that the provisions of this Section survive termination:

1) The parties shall account for and properly present to each other all claims for fees and expenses and pay those which are undisputed and otherwise not subject to set off under this Contract. Neither party may withhold performance of winding up provisions solely based on nonpayment of fees or expenses accrued up to the time of termination;

2) Contractor shall satisfactorily complete work in progress at the agreed rate (or a pro rata basis if necessary) if so requested by the Contracting Agency;

3) Contractor shall execute any documents and take any actions necessary to effectuate an assignment of this Contract if so requested by the Contracting Agency;

4) Contractor shall preserve, protect and promptly deliver into State possession all proprietary information in accordance with *Section 21, State Ownership of Proprietary Information*.

11. **REMEDIES**. Except as otherwise provided for by law or this Contract, the rights and remedies of the parties shall not be exclusive and are in addition to any other rights and remedies provided by law or equity, including, without limitation, actual damages, and to a prevailing party reasonable attorneys' fees and costs. For purposes of an award of attorneys' fees to either party, the parties stipulate and agree that a reasonable hourly rate of attorneys' fees shall be one hundred and fifty dollars ($150.00) per hour. The State may set off consideration against any unpaid obligation of Contractor to any State agency in accordance with NRS 353C.190. In the event that Contractor voluntarily or involuntarily becomes subject to the jurisdiction of the Bankruptcy Court, the State may set off consideration against any unpaid obligation of Contractor to the State or its agencies, to the extent allowed by bankruptcy law, without regard to whether the procedures of NRS 353C.190 have been utilized.

12. **LIMITED LIABILITY**. The State will not waive and intends to assert available NRS Chapter 41 liability limitations in all cases. Contract liability of both parties shall not be subject to punitive damages. Damages for any State breach shall never exceed the amount of funds appropriated for payment under this Contract, but not yet paid to Contractor, for the Fiscal Year budget in existence at the time of the breach. Contractor's tort liability shall not be limited.

13. **FORCE MAJEURE**. Neither party shall be deemed to be in violation of this Contract if it is prevented from performing any of its obligations hereunder due to strikes, failure of public transportation, civil or military authority, act of public enemy, accidents, fires, explosions, or acts of God, including without limitation, earthquakes, floods, winds, or storms. In such an event the intervening cause must not be through the fault of the party asserting such an excuse, and the excused party is obligated to promptly perform in accordance with the terms of the Contract after the intervening cause ceases.

14. **INDEMNIFICATION AND DEFENSE**. To the fullest extent permitted by law, Contractor shall indemnify, hold harmless and defend, not excluding the State's right to participate, the State from and against all liability, claims, actions, damages, losses, and expenses, including, without limitation, reasonable attorneys' fees and costs, arising out of any breach of the obligations of Contractor under this contract, or any alleged negligent or willful acts or omissions of Contractor, its officers, employees and agents. Contractor's obligation to indemnify the State shall apply in all cases except for claims arising solely from the State's own negligence or willful misconduct. Contractor waives any rights of subrogation against the State. Contractor's duty to defend begins when the State requests defense of any claim arising from this Contract.

15. **REPRESENTATIONS REGARDING INDEPENDENT CONTRACTOR STATUS**. Contractor represents that it is an independent contractor, as defined in NRS 333.700(2) and 616A.255, warrants that it will perform all work under this contract as an independent contractor, and warrants that the State of Nevada will not incur any employment liability by reason of this Contract or the work to be performed under this Contract. To the extent the State incurs any employment liability for the work under this Contract; Contractor will reimburse the State for that liability.

16. **INSURANCE SCHEDULE.** Unless expressly waived in writing by the State, Contractor must carry policies of insurance and pay all taxes and fees incident hereunto. Policies shall meet the terms and conditions as specified within this Contract along with the additional limits and provisions as described in *Attachment BB*, incorporated hereto by attachment. The State shall have no liability except as specifically provided in the Contract.

    Contractor shall not commence work before Contractor has provided the required evidence of insurance to the Contracting Agency. The State's approval of any changes to insurance coverage during the course of performance shall constitute an ongoing condition subsequent to this Contract. Any failure of the State to timely approve shall not constitute a waiver of the condition.

    A. Insurance Coverage. Contractor shall, at Contractor's sole expense, procure, maintain and keep in force for the duration of the Contract insurance conforming to the minimum limits as specified in *Attachment BB*, incorporated hereto by attachment. Unless specifically stated herein or otherwise agreed to by the State, the required insurance shall be in effect prior to the commencement of work by Contractor and shall continue in force as appropriate until:

        1) Final acceptance by the State of the completion of this Contract; or
        2) Such time as the insurance is no longer required by the State under the terms of this Contract; whichever occurs later.

        Any insurance or self-insurance available to the State shall be in excess of and non-contributing with, any insurance required from Contractor. Contractor's insurance policies shall apply on a primary basis. Until such time as the insurance is no longer required by the State, Contractor shall provide the State with renewal or replacement evidence of insurance no less than thirty (30) days before the expiration or replacement of the required insurance. If at any time during the period when insurance is required by the Contract, an insurer or surety shall fail to comply with the requirements of this Contract, as soon as Contractor has knowledge of any such failure, Contractor shall immediately notify the State and immediately replace such insurance or bond with an insurer meeting the requirements.

    B. General Requirements.

        1) Additional Insured: By endorsement to the general liability insurance policy, the State of Nevada, its officers, employees and immune contractors as defined in NRS 41.0307 shall be named as additional insureds for all liability arising from the Contract.

        2) Waiver of Subrogation: Each insurance policy shall provide for a waiver of subrogation against the State of Nevada, its officers, employees and immune contractors as defined in NRS 41.0307 for losses arising from work/materials/equipment performed or provided by or on behalf of Contractor.

        3) Cross Liability: All required liability policies shall provide cross-liability coverage as would be achieved under the standard ISO separation of insureds clause.

        4) Deductibles and Self-Insured Retentions: Insurance maintained by Contractor shall apply on a first dollar basis without application of a deductible or self-insured retention unless otherwise specifically agreed to by the State.

Such approval shall not relieve Contractor from the obligation to pay any deductible or self-insured retention. Any deductible or self-insured retention shall not exceed fifty thousand dollars ($50,000.00) per occurrence, unless otherwise approved by the Risk Management Division.

5) Policy Cancellation: Except for ten (10) days notice for non-payment of premiums, each insurance policy shall be endorsed to state that without thirty (30) days prior written notice to the State of Nevada, c/o Contracting Agency, the policy shall not be canceled, non-renewed or coverage and/or limits reduced or materially altered, and shall provide that notices required by this Section shall be sent by certified mail to the address shown on page one (1) of this contract.

6) Approved Insurer: Each insurance policy shall be:

   a) Issued by insurance companies authorized to do business in the State of Nevada or eligible surplus lines insurers acceptable to the State and having agents in Nevada upon whom service of process may be made; and

   b) Currently rated by A.M. Best as "A-VII" or better.

C. Evidence of Insurance.

Prior to the start of any work, Contractor must provide the following documents to the contracting State agency:

1) Certificate of Insurance: The Acord 25 Certificate of Insurance form or a form substantially similar must be submitted to the State to evidence the insurance policies and coverages required of Contractor. The certificate must name the State of Nevada, its officers, employees and immune contractors as defined in NRS 41.0307 as the certificate holder. The certificate should be signed by a person authorized by the insurer to bind coverage on its behalf. The State project/Contract number; description and Contract effective dates shall be noted on the certificate, and upon renewal of the policies listed, Contractor shall furnish the State with replacement certificates as described within *Section 16A, Insurance Coverage*.

   Mail all required insurance documents to the State Contracting Agency identified on Page one of the Contract.

2) Additional Insured Endorsement: An Additional Insured Endorsement (CG 20 10 11 85 or CG 20 26 11 85), signed by an authorized insurance company representative, must be submitted to the State to evidence the endorsement of the State as an additional insured per *Section 16B, General Requirements*.

3) Schedule of Underlying Insurance Policies: If Umbrella or Excess policy is evidenced to comply with minimum limits, a copy of the underlying Schedule from the Umbrella or Excess insurance policy may be required.

4) Review and Approval: Documents specified above must be submitted for review and approval by the State prior to the commencement of work by Contractor. Neither approval by the State nor failure to disapprove the insurance furnished by Contractor shall relieve Contractor of Contractor's full responsibility to provide the insurance required by this Contract. Compliance with the insurance requirements of this Contract shall not limit the liability of Contractor or its subcontractors, employees or agents to the State or others, and shall be in additional to and not in lieu of any other remedy available to the State under this Contract or otherwise. The State reserves the right to request and review a copy of any required insurance policy or endorsement to assure compliance with these requirements.

17. **COMPLIANCE WITH LEGAL OBLIGATIONS.** Contractor shall procure and maintain for the duration of this Contract any state, county, city or federal license, authorization, waiver, permit qualification or certification required by statute, ordinance, law, or regulation to be held by Contractor to provide the goods or services required by this Contract. Contractor shall provide proof of its compliance upon request of the Contracting Agency. Contractor will be responsible to pay all taxes, assessments, fees, premiums, permits, and licenses required by law. Real property and personal property taxes are the responsibility of Contractor in accordance with NRS 361.157 and NRS 361.159. Contractor agrees to be responsible for payment of any such government obligations not paid by its subcontractors during performance of this Contract.

18. **WAIVER OF BREACH**. Failure to declare a breach or the actual waiver of any particular breach of the Contract or its material or nonmaterial terms by either party shall not operate as a waiver by such party of any of its rights or remedies as to any other breach.

19. **SEVERABILITY.** If any provision contained in this Contract is held to be unenforceable by a court of law or equity, this Contract shall be construed as if such provision did not exist and the non-enforceability of such provision shall not be held to render any other provision or provisions of this Contract unenforceable.

20. **ASSIGNMENT/DELEGATION.** To the extent that any assignment of any right under this Contract changes the duty of either party, increases the burden or risk involved, impairs the chances of obtaining the performance of this Contract, attempts to operate as a novation, or includes a waiver or abrogation of any defense to payment by State, such offending portion of the assignment shall be void, and shall be a breach of this Contract. Contractor shall neither assign, transfer nor delegate any rights, obligations nor duties under this Contract without the prior written consent of the State.

21. **STATE OWNERSHIP OF PROPRIETARY INFORMATION**. Any data or information provided by the State to Contractor and any documents or materials provided by the State to Contractor in the course of this Contract ("State Materials") shall be and remain the exclusive property of the State and all such State Materials shall be delivered into State possession by Contractor upon completion, termination, or cancellation of this Contract.

22. **PUBLIC RECORDS**. Pursuant to NRS 239.010, information or documents received from Contractor may be open to public inspection and copying. The State has a legal obligation to disclose such information unless a particular record is made confidential by law or a common law balancing of interests. Contractor may label specific parts of an individual document as a "trade secret" or "confidential" in accordance with NRS 333.333, provided that Contractor thereby agrees to indemnify and defend the State for honoring such a designation. The failure to so label any document that is released by the State shall constitute a complete waiver of any and all claims for damages caused by any release of the records.

23. **CONFIDENTIALITY**. Contractor shall keep confidential all information, in whatever form, produced, prepared, observed or received by Contractor to the extent that such information is confidential by law or otherwise required by this Contract.

24. **FEDERAL FUNDING**. In the event federal funds are used for payment of all or part of this Contract, Contractor agrees to comply with all applicable federal laws, regulations and executive orders, including, without limitation the following:

    A. Contractor certifies, by signing this Contract, that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from participation in this transaction by any federal department or agency. This certification is made pursuant to Executive Orders 12549 and 12689 and Federal Acquisition Regulation subpart 9.4, and any relevant program-specific regulations. This provision shall be required of every subcontractor receiving any payment in whole or in part from federal funds.

    B. Contractor and its subcontracts shall comply with all terms, conditions, and requirements of the Americans with Disabilities Act of 1990 (P.L. 101-136), 42 U.S.C. 12101, as amended, and regulations adopted thereunder, including 28 C.F.R. Section 35, inclusive, and any relevant program-specific regulations.

    C. Contractor and it subcontractors shall comply with the requirements of the Civil Rights Act of 1964 (P.L. 88-352), as amended, the Rehabilitation Act of 1973 (P.L. 93-112), as amended, and any relevant program-specific regulations, and shall not discriminate against any employee or offeror for employment because of race, national origin, creed, color, sex, religion, age, disability or handicap condition (including AIDS and AIDS-related conditions.)

25. **LOBBYING**. The parties agree, whether expressly prohibited by federal law, or otherwise, that no funding associated with this Contract will be used for any purpose associated with or related to lobbying or influencing or attempting to lobby or influence for any purpose the following:

    A. Any federal, state, county or local agency, legislature, commission, council or board;

    B. Any federal, state, county or local legislator, commission member, council member, board member, or other elected official; or

C. Any officer or employee of any federal, state, county or local agency; legislature, commission, council or board.

26. **GENERAL WARRANTY**. Contractor warrants that all services, deliverables, and/or work products under this Contract shall be completed in a workmanlike manner consistent with standards in the trade, profession, or industry; shall conform to or exceed the specifications set forth in the incorporated attachments; and shall be fit for ordinary use, of good quality, with no material defects.

27. **PROPER AUTHORITY**. The parties hereto represent and warrant that the person executing this Contract on behalf of each party has full power and authority to enter into this Contract. Contractor acknowledges that as required by statute or regulation this Contract is effective only after approval by the State Board of Examiners and only for the period of time specified in the Contract. Any services performed by Contractor before this Contract is effective or after it ceases to be effective are performed at the sole risk of Contractor.

28. **DISCLOSURES REGARDING CURRENT OR FORMER STATE EMPLOYEES**. For the purpose of State compliance with NRS 333.705, Contractor represents and warrants that if Contractor, or any employee of Contractor who will be performing services under this Contract, is a current employee of the State or was employed by the State within the preceding 24 months, Contractor has disclosed the identity of such persons, and the services that each such person will perform, to the Contracting Agency.

29. **ASSIGNMENT OF ANTITRUST CLAIMS**. Contractor irrevocably assigns to the State any claim for relief or cause of action which Contractor now has or which may accrue to Contractor in the future by reason of any violation of State of Nevada or federal antitrust laws in connection with any goods or services provided under this Contract.

30. **GOVERNING LAW: JURISDICTION**. This Contract and the rights and obligations of the parties hereto shall be governed by, and construed according to, the laws of the State of Nevada, without giving effect to any principle of conflict-of-law that would require the application of the law of any other jurisdiction. The parties consent to the exclusive jurisdiction of and venue in the First Judicial District Court, Carson City, Nevada for enforcement of this Contract, and consent to personal jurisdiction in such court for any action or proceeding arising out of this Contract.

31. **ENTIRE CONTRACT AND MODIFICATION**. This Contract and its integrated attachment(s) constitute the entire agreement of the parties and as such are intended to be the complete and exclusive statement of the promises, representations, negotiations, discussions, and other agreements that may have been made in connection with the subject matter hereof. Unless an integrated attachment to this Contract specifically displays a mutual intent to amend a particular part of this Contract, general conflicts in language between any such attachment and this Contract shall be construed

consistent with the terms of this Contract. Unless otherwise expressly authorized by the terms of this Contract, no modification or amendment to this Contract shall be binding upon the parties unless the same is in writing and signed by the respective parties hereto and approved by the Office of the Attorney General and the State Board of Examiners. This Contract, and any amendments, may be executed in counterparts.

IN WITNESS WHEREOF, the parties hereto have caused this Contract to be signed and intend to be legally bound thereby.

Independent Contractor's Signature	Date	Independent Contractor's Title
State of Nevada Authorized Signature	Date	Title
State of Nevada Authorized Signature	Date	Title
State of Nevada Authorized Signature	Date	Title

APPROVED BY BOARD OF EXAMINERS

Signature – Board of Examiners

On:

Date

Approved as to form by:

On:

Deputy Attorney General for Attorney General

Date

ASUS

AUDIT SERVICES, U.S., LLC

Part IA Section IV

Technical Proposal

State Documents

Attachment D

Insurance Schedule

ATTACHMENT D – INSURANCE SCHEDULE FOR RFP 3527

Vendors shall review the Insurance Schedule, as this will be the schedule used for the scope of work identified within the RFP.

Insurance Schedule

To open the document, double click on the icon.

If you are unable to access the above inserted file once you have doubled clicked on the icon, please contact Nevada State Purchasing at srvpurch@admin.nv.gov for an emailed copy.

INSURANCE REQUIREMENTS:

Contractor and subcontractors shall procure and maintain until all of their obligations have been discharged, including any warranty periods under this Contract are satisfied, insurance against claims for injury to persons or damage to property which may arise from or in connection with the performance of the work hereunder by the Contractor, his agents, representatives, employees or subcontractors.

The insurance requirements herein are minimum requirements for this Contract and in no way limit the indemnity covenants contained in this Contract. The State in no way warrants that the minimum limits contained herein are sufficient to protect the Contractor from liabilities that might arise out of the performance of the work under this contract by the Contractor, his agents, representatives, employees or subcontractors and Contractor is free to purchase additional insurance as may be determined necessary.

A. **MINIMUM SCOPE AND LIMITS OF INSURANCE:** Contractor shall provide coverage with limits of liability not less than those stated below. An excess liability policy or umbrella liability policy may be used to meet the minimum liability requirements provided that the coverage is written on a "following form" basis.

1. **Commercial General Liability – Occurrence Form**
   Policy shall include bodily injury, property damage and broad form contractual liability coverage.
   - General Aggregate $2,000,000
   - Products – Completed Operations Aggregate $1,000,000
   - Personal and Advertising Injury $1,000,000
   - Each Occurrence $1,000,000

   a. The policy shall be endorsed to include the following additional insured language: "The State of Nevada shall be named as an additional insured with respect to liability arising out of the activities performed by, or on behalf of the Contractor".

2. **Worker's Compensation and Employers' Liability**

Workers' Compensation	Statutory
Employers' Liability	
Each Accident	$100,000
Disease – Each Employee	$100,000
Disease – Policy Limit	$500,000

   a. Policy shall contain a waiver of subrogation against the State of Nevada.
   b. This requirement shall not apply when a contractor or subcontractor is exempt under N.R.S., **AND** when such contractor or subcontractor executes the appropriate sole proprietor waiver form.

2. **Professional Liability (Errors and Omissions Liability)**
   The policy shall cover professional misconduct or lack of ordinary skill for those positions defined in the Scope of Services of this contract.

Each Claim	$1,000,000
Annual Aggregate	$2,000,000

   a. In the event that the professional liability insurance required by this Contract is written on a claims-made basis, Contractor warrants that any retroactive date under the policy shall precede the effective date of this Contract; and that either continuous coverage will be maintained or an extended discovery period will be exercised for a period of two (2) years beginning at the time work under this Contract is completed.

B. **ADDITIONAL INSURANCE REQUIREMENTS:** The policies shall include, or be endorsed to include, the following provisions:

1. On insurance policies where the State of Nevada is named as an additional insured, the State of Nevada shall be an additional insured to the full limits of liability purchased by the Contractor even if those limits of liability are in excess of those required by this Contract.
2. The Contractor's insurance coverage shall be primary insurance and non-contributory with respect to all other available sources.

C. **NOTICE OF CANCELLATION:** Contractor shall for each insurance policy required by the insurance provisions of this Contract shall not be suspended, voided or canceled except after providing thirty (30) days prior written notice been given to the State, except when cancellation is for non-payment of premium, then ten (10) days prior notice may be given. Such notice shall be sent directly to **Isabel Li, 101 North Carson Street, Suite 4, Carson City, NV 89701**. Should contractor fail to provide State timely notice, contractor will be considered in breach and subject to cure provisions set forth within this contract.

D. **ACCEPTABILITY OF INSURERS:** Insurance is to be placed with insurers duly licensed or authorized to do business in the state of Nevada and with an "A.M. Best" rating of not less than A-VII. The State in no way warrants that the above-required minimum insurer rating is sufficient to protect the Contractor from potential insurer insolvency.

E. **VERIFICATION OF COVERAGE:** Contractor shall furnish the State with certificates of insurance (ACORD form or equivalent approved by the State) as required by this Contract. The certificates for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf.

All certificates and any required endorsements are to be received and approved by the State before work commences. Each insurance policy required by this Contract must be in effect at or prior to commencement of work under this Contract and remain in effect for the duration of the project. Failure to maintain the insurance policies as required by this Contract or to provide evidence of renewal is a material breach of contract.

All certificates required by this Contract shall be sent directly to **Isabel Li, 101 North Carson Street, Suite 4, Carson City, NV 89701**. The State project/contract number and project description shall be noted on the certificate of insurance. The State reserves the right to require complete, certified copies of all insurance policies required by this Contract at any time. **DO NOT SEND CERTIFICATES OF INSURANCE TO THE STATES RISK MANAGEMENT DIVISION.**

F. **SUBCONTRACTORS:** Contractors' certificate(s) shall include all subcontractors as additional insureds under its policies **or** Contractor shall furnish to the State separate certificates and endorsements for each subcontractor. All coverages for subcontractors shall be subject to the minimum requirements identified above.

G. **APPROVAL:** Any modification or variation from the insurance requirements in this Contract shall be made by the Attorney General's Office or the Risk Manager, whose decision shall be final. Such action will not require a formal Contract amendment, but may be made by administrative action.

ACORD®

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY) 03/05/2018

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER	CONTACT NAME: Andre Jones	
Jacobson, Goldfarb & Scott, Inc 101 Crawfords Corner Road Suite 1300 Holmdel NJ 07733-1978	PHONE (A/C, No, Ext): (877)547-4671	FAX (A/C, No): (732)834-0233
	E-MAIL ADDRESS: ajones@jgsinsurance.com	
	INSURER(S) AFFORDING COVERAGE	NAIC #
	INSURER A : Transportation Insurance Company	20494
INSURED Audit Services U.S., LLC 212 West 35th St, Ste.1600 New York NY 10001	INSURER B : Continental Casualty Company	20443
	INSURER C : Navigator Insurance Company	42307
	INSURER D : Western Surety Company	13188
	INSURER E :	
	INSURER F :	

COVERAGES **CERTIFICATE NUMBER:** 18-19 Master **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	[X] COMMERCIAL GENERAL LIABILITY [ ] CLAIMS-MADE [X] OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: [X] POLICY [ ] PRO-JECT [ ] LOC OTHER:	Y		B2099548438	03/01/2018	03/01/2019	EACH OCCURRENCE	$ 1,000,000
							DAMAGE TO RENTED PREMISES (Ea occurrence)	$ 300,000
							MED EXP (Any one person)	$ 10,000
							PERSONAL & ADV INJURY	$ 1,000,000
							GENERAL AGGREGATE	$ 2,000,000
							PRODUCTS - COMP/OP AGG	$ 2,000,000
							Employee Benefits	$ 1,000,000
A	AUTOMOBILE LIABILITY [ ] ANY AUTO [ ] OWNED AUTOS ONLY [ ] SCHEDULED AUTOS [X] HIRED AUTOS ONLY [X] NON-OWNED AUTOS ONLY			B2099548438	03/01/2018	03/01/2019	COMBINED SINGLE LIMIT (Ea accident)	$ 1,000,000
							BODILY INJURY (Per person)	$
							BODILY INJURY (Per accident)	$
							PROPERTY DAMAGE (Per accident)	$
								$
B	[X] UMBRELLA LIAB [X] OCCUR EXCESS LIAB [ ] CLAIMS-MADE DED [X] RETENTION $ 10,000			B2099548472	03/01/2018	03/01/2019	EACH OCCURRENCE	$ 8,000,000
							AGGREGATE	$ 8,000,000
								$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? Y/N [ ] (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	N/A					[ ] PER STATUTE [ ] OTH-ER	
							E.L. EACH ACCIDENT	$
							E.L. DISEASE - EA EMPLOYEE	$
							E.L. DISEASE - POLICY LIMIT	$
C	Professional Liability			NY17MPL063975IV	07/12/2017	07/12/2018	Aggregate Limit	$5,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

D. Surety Bond 70736227 6/22/17-6/22/18 Limit: $100,000

Certificate Holder is included as Additional Insured ONLY WHEN REQUIRED BY WRITTEN CONTRACT OR AGREEMENT as per attached form #SB146932E310611.

CERTIFICATE HOLDER

Nevada State Treasurer Unclaimed Property
555 E. Washington Ave. #4200
Las Vegas NV 89101

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

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Audit Services

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BLANKET ADDITIONAL INSURED – LIABILITY EXTENSION

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS LIABILITY COVERAGE FORM

Coverage afforded under this extension of coverage endorsement does not apply to any person or organization covered as an additional insured on any other endorsement now or hereafter attached to this Policy.

1. ADDITIONAL INSURED – BLANKET VENDORS

WHO IS AN INSURED is amended to include as an additional insured any person or organization (referred to below as vendor) with whom you agreed, because of a written contract or agreement to provide insurance, but only with respect to "bodily injury" or "property damage" arising out of "your products" which are distributed or sold in the regular course of the vendor's business, subject to the following additional exclusions:

1. The insurance afforded the vendor does not apply to:

   a. "Bodily injury" or "property damage" for which the vendor is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages that the vendor would have in the absence of the contract or agreement;

   b. Any express warranty unauthorized by you;

   c. Any physical or chemical change in the product made intentionally by the vendor;

   d. Repackaging, except when unpacked solely for the purpose of inspection, demonstration, testing, or the substitution of parts under instructions from the manufacturer, and then repackaged in the original container;

   e. Any failure to make such inspections, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the usual course of business, in connection with the distribution or sale of the products;

   f. Demonstration, installation, servicing or repair operations, except such operations performed at the vendor's premises in connection with the sale of the product;

   g. Products which, after distribution or sale by you, have been labeled or relabeled or used as a container, part or ingredient of any other thing or substance by or for the vendor; or

   h. "Bodily injury" or "property damage" arising out of the sole negligence of the vendor for its own acts or omission or those of its employees or anyone else acting on its behalf. However, this exclusion does not apply to:

      (1) The exceptions contained in Subparagraphs **d.** or **f.**; or

      (2) Such inspections, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the usual course of business, in connection with the distribution or sale of the products.

2. This insurance does not apply to any insured person or organization, from whom you have acquired such products, or any ingredient, part or container, entering into, accompanying or containing such products.

3. This provision **2.** does not apply to any vendor included as an insured by an endorsement issued by us and made a part of this Policy.

4. This provision **2.** does not apply if "bodily injury" or "property damage" included within the "products-completed operations hazard" is excluded either by the provisions of the Policy or by endorsement.

2. MISCELLANEOUS ADDITIONAL INSUREDS

WHO IS AN INSURED is amended to include as an insured any person or organization (called additional insured) described in paragraphs **2.a.** through **2.h.** below whom you are required to add as an additional insured on this policy under a written contract or agreement but the written contract or agreement must be:

1. Currently in effect or becoming effective during the term of this policy; and

2. Executed prior to the "bodily injury," "property damage" or "personal and advertising injury," but

Only the following persons or organizations are additional insureds under this endorsement and coverage provided to such additional insureds is limited as provided herein:

a. **Additional Insured – Your Work**

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That person or organization for whom you do work is an additional insured solely for liability due to your negligence specifically resulting from your work for the additional insured which is the subject of the written contract or written agreement. No coverage applies to liability resulting from the sole negligence of the additional insured.

The insurance provided to the additional insured is limited as follows:

(1) The Limits of Insurance applicable to the additional insured are those specified in the written contract or written agreement or in the Declarations of this policy, whichever is less. These Limits of Insurance are inclusive of, and not in addition to, the Limits of Insurance shown in the Declarations.

(2) The coverage provided to the additional insured by this endorsement and paragraph **F.9.** of the definition of "insured contract" under **Liability and Medical Expenses Definitions** do not apply to "bodily injury" or "property damage" arising out of the "products-completed operations hazard" unless required by the written contract or written agreement.

(3) The insurance provided to the additional insured does not apply to "bodily injury," "property damage," or "personal and advertising injury" arising out of the rendering or failure to render any professional services.

b. State or Political Subdivisions

A state or political subdivision subject to the following provisions:

(1) This insurance applies only with respect to the following hazards for which the state or political subdivision has issued a permit in connection with premises you own, rent, or control and to which this insurance applies:

(a) The existence, maintenance, repair, construction, erection, or removal of advertising signs, awnings, canopies, cellar entrances, coal holes, driveways, manholes, marquees, hoistaway openings, sidewalk vaults, street banners, or decorations and similar exposures; or

(b) The construction, erection, or removal of elevators; or

(2) This insurance applies only with respect to operations performed by you or on your behalf for which the state or political subdivision has issued a permit.

This insurance does not apply to "bodily injury," "property damage" or "personal and advertising injury" arising out of operations performed for the state or municipality.

c. Controlling Interest

Any persons or organizations with a controlling interest in you but only with respect to their liability arising out of:

(1) Their financial control of you; or

(2) Premises they own, maintain or control while you lease or occupy these premises.

This insurance does not apply to structural alterations, new construction and demolition operations performed by or for such additional insured.

d. Managers or Lessors of Premises

A manager or lessor of premises but only with respect to liability arising out of the ownership, maintenance or use of that specific part of the premises leased to you and subject to the following additional exclusions:

This insurance does not apply to:

(1) Any "occurrence" which takes place after you cease to be a tenant in that premises; or

(2) Structural alterations, new construction or demolition operations performed by or on behalf of such additional insured.

e. Mortgagee, Assignee or Receiver

A mortgagee, assignee or receiver but only with respect to their liability as mortgagee, assignee, or receiver and arising out of the ownership, maintenance, or use of a premises by you.

This insurance does not apply to structural alterations, new construction or demolition operations performed by or for such additional insured.

f. Owners/Other Interests – Land Is Leased

An owner or other interest from whom land has been leased by you but only with respect to liability arising out of the ownership, maintenance or use of that specific part of the land leased to you and subject to the following additional exclusions:

This insurance does not apply to:

(1) Any "occurrence" which takes place after you cease to lease that land; or

(2) Structural alterations, new construction or demolition operations performed by or on behalf of such additional insured.

g. **Co-owner of Insured Premises**

A co-owner of a premises co-owned by you and covered under this insurance but only with respect to the co-owners liability as co-owner of such premises.

h. **Lessor of Equipment**

Any person or organization from whom you lease equipment. Such person or organization are insureds only with respect to their liability arising out of the maintenance, operation or use by you of equipment leased to you by such person or organization. A person's or organization's status as an insured under this endorsement ends when their written contract or agreement with you for such leased equipment ends.

With respect to the insurance afforded these additional insureds, the following additional exclusions apply:

This insurance does not apply:

(1) To any "occurrence" which takes place after the equipment lease expires; or

(2) To "bodily injury," "property damage" or "personal and advertising injury" arising out of the sole negligence of such additional insured.

Any insurance provided to an additional insured designated under paragraphs **b.** through **h.** above does not apply to "bodily injury" or "property damage" included within the "products-completed operations hazard."

3. The following is added to **Paragraph H.** of the **BUSINESSOWNERS COMMON POLICY CONDITIONS:**

H. **Other Insurance**

4. This insurance is excess over any other valid and collectible insurance naming the additional insured as an insured whether primary, excess, contingent or on any other basis unless a written contract or written agreement specifically requires that this insurance be either primary or primary and noncontributing.

4. **LEGAL LIABILITY – DAMAGE TO PREMISES**

A. Under B. Exclusions, 1. Applicable to Business Liability Coverage, Exclusion **k. Damage To Property**, is replaced by the following:

k. **Damage To Property**

"Property damage" to:

1. Property you own, rent or occupy, including any costs or expenses incurred by you, or any other person, organization or entity, for repair, replacement, enhancement, restoration or maintenance of such property for any reason, including prevention of injury to a person or damage to another's property;

2. Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;

3. Property loaned to you;

4. Personal property in the care, custody or control of the insured;

5. That particular part of any real property on which you or any contractors or subcontractors working directly or indirectly in your behalf are performing operations, if the "property damage" arises out of those operations; or

6. That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

Paragraph 2 of this exclusion does not apply if the premises are "your work" and were never occupied, rented or held for rental by you.

Paragraphs 1, 3, and 4, of this exclusion do not apply to "property damage" (other than damage by fire or explosion) to premises:

(1) rented to you;

(2) temporarily occupied by you with the permission of the owner, or

(3) to the contents of premises rented to you for a period of 7 or fewer consecutive days.

A separate limit of insurance applies to Damage To Premises Rented To You as described in Section D – Liability and Medical Expenses Limits of Insurance.

Paragraphs 3, 4, 5, and 6 of this exclusion do not apply to liability assumed under a sidetrack agreement.

Paragraph 6 of this exclusion does not apply to "property damage" included in the "products-completed operations hazard."

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B. Under **B. Exclusions, 1. Applicable to Business Liability Coverage**, the last paragraph of 2. Exclusions is deleted and replaced by the following:

Exclusions c, d, e, f, g, h, i, k, l, m, n, and o, do not apply to damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner or to the contents of premises rented to you for a period of 7 or fewer consecutive days. A separate limit of insurance applies to this coverage as described in **Section D. Liability And Medical Expenses Limits Of Insurance.**

C. The first Paragraph under item **5. Damage To Premises Rented To You Limit of Section D. Liability And Medical Expenses Limits Of Insurance** is replaced by the following:

The most we will pay under Business Liability for damages because of "property damage" to any one premises, while rented to you, or temporarily occupied by you, with the permission of the owner, including contents of such premises rented to you for a period of 7 or fewer consecutive days, is the Damage to Premises Rented to You limit shown in the Declaration.

5. **Blanket Waiver of Subrogation**

We waive any right of recovery we may have against:

a. Any person or organization with whom you have a written contract that requires such a waiver.

6. **Broad Knowledge of Occurrence**

The following items are added to **E. Businessowners General Liability Conditions** in the **Businessowners Liability Coverage Form:**

e. Paragraphs a. and b. apply to you or to any additional insured only when such "occurrence," offense, claim or "suit" is known to:

(1) You or any additional insured that is an individual;

(2) Any partner, if you or an additional insured is a partnership;

(3) Any manager, if you or an additional insured is a limited liability company;

(4) Any "executive officer" or insurance manager, if you or an additional insured is a corporation;

(5) Any trustee, if you or an additional insured is a trust; or

(6) Any elected or appointed official, if you or an additional insured is a political subdivision or public entity.

This paragraph e. applies separately to you and any additional insured.

7. **Bodily Injury**

Section **F. Liability and Medical Expenses Definitions**, item 3. "Bodily Injury" is deleted and replaced with the following:

"Bodily Injury" means bodily injury, sickness or disease sustained by a person, including death, humiliation, shock, mental anguish or mental injury by that person at any time which results as a consequence of the bodily injury, sickness or disease.

8. **Expanded Personal and Advertising Injury Definition**

a. The following is added to **Section F. Liability and Medical Expenses Definitions, Item 14. Personal and Advertising Injury, in the Businessowners General Liability Coverage Form:**

h. Discrimination or humiliation that results in injury to the feelings or reputation of a natural person, but only if such discrimination or humiliation is based solely on either disparate impact (as opposed to disparate treatment) or vicarious liability, and:

1. Not done intentionally by or at the direction of:

a. The insured; or

b. Any "executive officer," director, stockholder, partner, member or manager (if you are a limited liability company) of the insured; and

2. Not directly or indirectly related to the employment, prospective employment, past employment or termination of employment of any person or person by any insured.

b. The following is added to Exclusions, **Section B.:**

(15) Discrimination Relating to Room, Dwelling or Premises

Caused by discrimination directly or indirectly related to the sale, rental, lease or sub-lease or prospective sale, rental, lease or sub-lease of any room, dwelling or premises by or at the direction of any insured.

(16) Fines or Penalties

Fines or penalties levied or imposed by a governmental entity because of discrimination.

c. This provision **(Expanded Personal and Advertising Injury)** does not apply if **Personal and Advertising Injury Liability** is excluded either by the provisions of the Policy or by endorsement.

9. Personal and Advertising Injury Re-defined

Section F. Liability and Medical Expenses Definitions, item 14, Personal Advertising Injury, Paragraph c. is replaced by the following:

c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room dwelling or premises that a person or organization occupies committed by or on behalf of it's owner, landlord or lessor.

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ASUS

AUDIT SERVICES, U.S., LLC

Part IA Section IV

Technical Proposal

State Documents

Attachment E

Reference Questionnaire

ATTACHMENT E – REFERENCE QUESTIONNAIRE

The State of Nevada requires proposing vendors to submit business references. The purpose of these references is to document the experience relevant to the scope of work identified within the RFP and provide assistance in the evaluation process.

INSTRUCTIONS TO PROPOSING VENDOR	
1.	Proposing vendor or vendor's proposed subcontractor shall complete Part A and/or Part B of the Reference Questionnaire.
2.	Proposing vendor shall send the Reference Questionnaire to each business reference listed for completion of Part D, Part E and Part F.
3.	Business reference is requested to submit the completed Reference Questionnaire via email or facsimile to: State of Nevada, Purchasing Division Subject: ***RFP 3527*** Attention: ***Purchasing Division*** Email: tbecker@admin.nv.gov Fax: 775-684-0188 Please reference the RFP number in the subject line of the email or on the fax.
4.	The completed Reference Questionnaire shall be received ***no later than 4:30 PM PT March 26, 2018***
5.	Business references are **not** to return the Reference Questionnaire to the Proposer (Vendor).
6.	In addition to the Reference Questionnaire, the State may contact any and all business references by phone for further clarification, if necessary.
7.	Questions regarding the Reference Questionnaire or process shall be directed to the individual identified on the RFP cover page.
8.	Reference Questionnaires not received, or not complete, may adversely affect the vendor's score in the evaluation process.

Reference Questionnaire

To open the document, double click on the icon.

If you are unable to access the above inserted file once you have doubled clicked on the icon, please contact Nevada State Purchasing at srvpurch@admin.nv.gov for an emailed copy.

ASUS

AUDIT SERVICES, U.S., LLC

Part IA Section IV

Technical Proposal

State Documents

Attachment F

Proposed Staff Resumes

ATTACHMENT F– PROPOSED STAFF RESUME

The embedded resume shall be completed for all proposed prime contractor staff and proposed subcontractor staff.

Proposed Staff Resume

To open the document, double click on the icon.

If you are unable to access the above inserted file once you have doubled clicked on the icon, please contact Nevada State Purchasing at srvpurch@admin.nv.gov for an emailed copy.

ASUS

AUDIT SERVICES, U.S., LLC

Part IA Section V

Technical Proposal

Scope of Work

Scope of Work

1. **Qualifications *(RFP Section 2.1)***

Founded in 1997, Audit Services U.S., LLC is the leading provider of comprehensive unclaimed property auditing services to the states. Audit Services recently dedicated resources to reorganize our unclaimed property auditing program, recruited expert managers and consultants, and created an expanded new compliance service offering to better serve our clients.

Our team is comprised of highly experienced subject matter experts, including the foremost thought leaders on general ledger auditing and analytics, unclaimed property law and litigation, and securities compliance. Most of our employees have over 20 years of unclaimed property experience and are made up of many former state administrators, audit supervisors, attorneys as well as private sector unclaimed property industry veterans.

As an unclaimed property auditing services provider to the state of Nevada for over fifteen (15) years, ASUS has successfully completed hundreds of audits on behalf of and reported over $10 million to the state. We believe that the combination of our highly experienced personnel, with our proven track record in Nevada, ASUS demonstrates its knowledge, ability and commitment to comply with Nevada's unclaimed property law, and all federal legislation and court rulings regarding the Uniform Unclaimed Property Act of 1995.

ASUS presently contracts with forty-two (42) other states to provide similar services and has been providing unclaimed property auditing services to the states in general for over 20 years. On average, Audit Services completes over 600 hundred audits per year, resulting in approximately $50 million in unclaimed property reporting to the states.

2. **Identification and Collection of Unclaimed Property *(RFP Section 2.2.1)***

ASUS Audit Program for the Identification and Collection of Unclaimed Property

Our process for conducting an unclaimed property examination begins with a thorough research of the holder's reporting history. To identify holders, we look for companies doing business in particular industries -- such as insurance, retail, utilities, banking, etc. -- where instances of unclaimed property typically occur. Companies in these categories that are flagged for further review include those that:

- do not report unclaimed property,
- submit reports indicating no unclaimed property to report,
- omit types of property typically found within the company's industry,
- or report amounts significantly at variance with industry norms.

Other considerations are companies involved in recent mergers or acquisitions, and companies in industries that typically employ a large transient workforce. In some cases we may also be asked by a state to audit specific holders already known to the state.

Pre-audit research may also include: assessing companies for annual revenue, number of employees, state of incorporation, overall market share and industry practices. Once information is gathered, the companies are typically compared to filing data supplied by various states. Once apparent non-compliance companies are identified, ASUS may send audit authorization requests to a state or states for approval.

While audit recommendation criteria are defined in close consultation with our clients, general guidelines may include reviewing the following information:

- SIC Codes – is type or size of business of the audit candidate likely to give rise to unclaimed property?
- Annual Revenue - is the business large enough to generate material amounts of unclaimed property, sufficient to warrant the cost of an audit?
- Age of Business - has the business been in operation long enough to have property that has reached its dormancy period?
- Reporting History – is there evidence that would lead an objective reviewer to conclude that reporting has been complete and consistent?

Research data is gathered from publicly available sources such as: EDGAR filings, Dun & Bradstreet, Standard and Poor's and A.M. Best's.

Recognizing that each state may approach unclaimed property auditing slightly differently, ASUS has developed three variations of its unclaimed property auditing program to support the identification and collection of unclaimed property. In each case, a state can elect to participate and authorize audits under any or all of the different programs. The ASUS unclaimed property auditing programs include:

- Comprehensive General Ledger Audits
- Securities Compliance Audits
- Contractor Assisted Self Audits – Desk Audits (CASA)

The examination of the books and records of holders of unclaimed property and the demand for delivery of such property is made pursuant to the following principles:

1.) The requirements as outlined by the state, including the requirements of the statute, NRS 120A and the Nevada Administrative Code (NAC) 120A and as stated in the agreed upon procedures

2). The holdings of the U.S. Supreme Court in Texas v. New Jersey, 85 S.Ct. 626 (1965); Pennsylvania v. New York, 92 S.Ct. 2075 (1972); and Delaware v. New York, 113 S.Ct. (1150 1993), regarding which state has the right to escheat property, is followed, specifically:

- Where the name and last known address of the apparent owner according to the books and records of the holder is in a particular state, it will be deemed reportable to that state.
- If the holder has no records identifying the name and last known address of the apparent owner, the property will be deemed reportable to the state of incorporation of the holder, subject to Item "c" below.

3.) An address will be deemed to mean a description of location sufficient for the delivery and/or receipt of mail or is otherwise sufficient to identify the apparent owner and the state wherein the apparent owner resides or resided.

4.) Where the holder's books and records reflect that the holder did maintain the names and addresses of apparent owners, but such records are no longer retained or are not readily available, sampling and other examination techniques may be utilized to determine the total amount of reportable property when permitted by individual state law.

5.) ASUS will obtain the assurance from the holder that it has complied with the due diligence requirements of the statutes with respect to finding the owner of property prior to remitting it to the State.

6.) ASUS will instruct the holders to file future reports with the State pursuant to the State's reporting requirements.

7.) Property will be transferred in trust for the State to the custodian or remitted directly by the holder.

General Ledger Audit Program

As authorized by the State, ASUS can schedule and complete unclaimed property audits, where there may be reason to believe that the holder has never reported or reports submitted by such holders are incomplete or appear to have errors.

A detailed audit manual/procedure is set forth in **Part IA, Section VIII, Other Information Material – Audit Operating Procedures Manual**. In summary, upon authorization from the State, ASUS will:

- contact persons, firms, and entities ("holders") that are in possession of such property,
- audit such holders to determine the value of property held and due to the State,
- report to the State the results of audits in progress and completed
- facilitate the transfer to the State unclaimed property from audited holders and/or their agents, and
- perform other related duties, as required by the State's documented procedures, and in accordance with and all federal legislation rulings regarding the Uniform Unclaimed Property Act.

Typically, ASUS will solicit multiple, if not all states to join a general ledger audit. States will then have the opportunity to either initiate or join an audit that has already been initiated by one or more other states. In most cases, an NDA is executed between ASUS and the holder, and an opening conference is scheduled.

The identification of unclaimed property is facilitated by performing an analysis on a number of items, including but not limited to: (1) the holder's chart of accounts (each different type of entity has a different chart of accounts); (2) the holder's organizational structure (i.e., parent company, subsidiary, etc.); and (3) any policy and procedures manual that identifies the handling or disposition of unclaimed accounts. In the course of an audit of a holder's records, a demand will be made for <u>any</u> property that has been identified as unclaimed, provided it comes under the purview of the State's Unclaimed Property Law.

This of course will require a careful analysis of the custodial periods required by each State under its own law. To this end, **ASUS** has developed its own matrix on the custodial periods for each state. Once property has been identified as unclaimed and demandable, it will then be forwarded to the State or the State's designee on the form or magnetic media specified by the State.

ASUS also recognizes the need to complete unclaimed property examinations in a timely and efficient manner, and our auditors are trained to adhere to our audit procedures to ensure this occurs. It is our policy to open and engage in no more examinations than we feel we can handle within a prescribed time frame, and the examination should be commenced no more than 90 days from the date the holder is notified of our intent to perform the examination. In the event there is a scheduling conflict or problems with providing records, **ASUS** will work with the holder to resolve these issues. In any case, the State will also be notified of any changes.

Because **ASUS** serves the State, the State will be notified immediately if the holder should become uncooperative and unwilling to comply with the requirements of the examination. In situations where holders are uncooperative in the examination, it is possible for the

examination to extend for more than one year. This usually occurs in accounting and/or auditing methodology or in the interpretation of the law. Also, in the event the holder has numerous divisions that must be examined, the audit process could be lengthy, but the State will be kept well informed of the progress and we will seek direction and assistance from the State if a problem should occur.

ASUS has encountered no problems with our current procedures, and consequently we have not established as a standard procedure that we have written justification addressing the reasons an exam should be conducted for each audit.

Securities Audit Program

Securities compliance is a complex and burdensome task for both holders and the states. Audit Services' proprietary systems and audit methodologies help identify and correct recordkeeping errors, improper application of statutory requirements and unreported issues. Our highly specialized knowledge, combined with our proven technology, is then used to support the accurate and timely transmission of securities related owner information in a format that can readily be loaded into state systems, as well as facilitate the transfer of the securities to the states' designated custodian bank.

Most of these audits are on publicly traded corporations where it is necessary to request and review accounting records from their transfer agents or brokerage houses to complete the audit on the equity and debt side of the corporation. Proper analysis of equity property requires review of shareholder ledgers, undeliverable or unexchanged stock certificates arising from mergers and acquisitions, redemption payments, liquidations, dividend reinvestment plans, mutual funds, uncashed dividends, cash in lieu of fractional shares, stock splits, bank statements, outstanding dividends, retirement accounts and check listings.

For debt property we review records of matured or called debt (Bonds, Debentures, and Notes), unnegotiated interest checks, bank statements and reconciliations, unredeemed principal from calls of serial maturities, and unredeemed coupons from matured bearer issues.

Contractor Assisted Self Audit Program (CASA)

ASUS believes that compliance with the states' unclaimed property laws can be greatly increased by augmenting current state resources with our Contractor Assisted Self Audit (CASA) program – sometimes referred to as a Desk Audit Program.

Recognizing that conducting comprehensive audits of hundreds, or even thousands of smaller companies may not be practical or cost effective, ASUS has developed a process,

further detailed in our proposal, whereby companies that have failed to report unclaimed property can be identified and procedures can be undertaken to support their compliance.

A description of how ASUS will address the services outlined in the Scope of Work is set forth in detail in **Part IA – Section VIII, Other Information Material – Contractor Assisted Self Audit Program (CASA).** In summary, the CASA program includes the following steps:

1) Identify and load various databases aggregated from disparate systems and resources, and representing those industries and business types and sizes wherein unclaimed property is most likely to be generated.

2) Obtain, if possible, from the State a limited extract of the database of holders reporting to the State, normalize the form of this database to facilitate comparison, and likewise load this database to our system.

3) Using the ASUS' automated data matching algorithms, compare the known holders from the State's database with the potential holders in our aggregated database, and report those potential holders not currently reporting to the State for further review.

4) Complete a more detailed review of the resulting list of potential holders to eliminate false positives, duplicates, and other errata or anomalies.

5) Generate a report of the potential holders discovered in a form that will enable the State to determine whether to authorize a contractor-assisted self-audit.

6) Send notices, in coordination with the State, to the revised list of potential holders, to advise them of their obligation to report unclaimed property to the State, and of the procedures necessary for reporting.

7) After receipt of written authorization from the State, ASUS will conduct an opening conference or teleconference with the holder, and provide holder with an orientation/overview/instructions packet approved by the State.

8) Provide support for those potential holders who may have questions regarding these notices, and pro-actively contact potential holders until their potential obligation to confirm and/or report unclaimed property is resolved.

9) Obtain information from potential holders sufficient to determine whether a reporting obligation to the State exists, and prepare a preliminary estimate of the extent of the hitherto unreported unclaimed property.

10) ASUS will provide other necessary guidance and assistance to the holder so that the holder can accurately perform the self-audit. Once the holder has completed the self-audit and unclaimed property report, ASUS will review the report to verify its

completeness, proper format and compliance, and then forward the report and remittance to the State.

11) For the holders identified by ASUS in the Identification process, and, optionally, for additional holders as may be referred to ASUS by the State, we will inform the holder or holder's agent of the requirements of the unclaimed property laws and details of the State's reporting requirements.

Other Requirements for the Identification and Collection of Unclaimed Property
ASUS acknowledges that Nevada reserves the right to participate in or restrict its participation in an audit of any holder.

Prior to beginning any audit, ASUS will draft and submit to the Nevada Unclaimed Property Division an engagement letter (Sample attached in **Part IA – Section VIII, Other Information Material – Authorization/Engagement Letter**) which defines agreed upon procedures, at a minimum:

- All holders, including all subsidiaries or affiliated holders, included in the scope of the audit, identified by both FEIN and Legal Name;
- Time period of records to be examined;
- Specific scope of types of records and/or transactions to be audited;
- Audit selection criteria used;
- Frequency and/or timing of reporting identified unclaimed property during an audit;
- Anticipated begin date of audit; and
- Anticipated time to complete audit;

ASUS acknowledges that it will not begin any audits pursuant to the contract until after the engagement letter, with agreed upon procedures, has been accepted and signed by the Nevada Unclaimed Property Division.

In conjunction with the identification and collection of property, the ASUS agrees that it shall:

- Audit the records of holders or potential holders to identify with specificity the unclaimed property that should be reported and delivered to the state;
- Advise holders that all property reported and remitted must conform to Nevada reporting requirements;

- Prepare and submit to the Nevada Unclaimed Property Division reports of property in accordance with the requirements of the statute, NRS 120A and the Nevada Administrative Code (NAC) 120A and as stated in the agreed upon procedures;
- Request holders and their agents to deliver to the Vendor, or the Vendor's custodian, property deemed owing under NRS 120A; and
- Forward the property to Nevada Unclaimed Property Division or its designee.

ASUS acknowledge that the State Treasurer's Office reserves the right to request the vendor to conduct audits which include local Nevada businesses in addition to nationwide audits. The vendor should ensure any costs or additional resources it may require to conduct local audits in addition to national audits is represented accurately and completely within its proposal.

Audit Uniformity

To ensure uniformity in our audits, we utilize our Audit Operating Procedures Manual mentioned above, which is used by our auditors in the review and audit process to determine and accurately report the holder's unclaimed property liability. This Manual is an essential tool utilized in the conduct of our work. Areas discussed in the Manual include, but are not limited to ascertaining the availability of records, requesting records, evaluating records, identifying property, categorizing property identified, evaluating potential and actual findings, and collecting and remitting property found. In addition, we cover in our procedures issues dealing with cooperating with other contract vendors when auditing the same holder, professional conduct, training unclaimed property auditors, utilizing estimation techniques, and how to deal with problem holders. Other important issues include actions to be taken if there is an audit protest, and the filing and maintenance of audit files that must be retained for possible review by our contract states.

In addition to this industry standard, **ASUS** maintains its own strict procedures, and we closely follow our Audit Program ***(Part IA, Section VIII)*** in the conduct of our examinations. The Audit Program provides a checklist to ensure that all facets of the audit are covered, while the Audit Operating Procedures Manual dictates the methodology for conducting the audit.

Data Security

ASUS recognizes that successfully performing unclaimed property audits requires the adherence to highest level of data security standards. ASUS has taken substantial efforts to ensure that its policies, procedures and practices meet strict industry standards. **(Our policy is set forth in Part IA, Section VIII, Other Information Material – Data Security).**

3. Enforcement Efforts *(RFP Section 2.3)*

ASUS will endeavor to work with holders on a cooperative basis. While most holders will willingly permit a review or examination to proceed, there are those that may not be amenable to the process. In general, if a holder has a legitimate question or concern regarding the process, most issues can be resolved with a phone call or in person meeting. Where possible and necessary, state participation generally facilitates the negotiation process. For those holders that require more effort, an escalation process will be commenced. In addition to the required written notice to the state within 30 days of a holder's failure to report or deliver unclaimed property, an escalation process may also include:

- Conference call involving holder and representative from the State.
- A letter from ASUS requesting that the holder permit the review process to proceed and/or for the holder to put in writing its reasons for objecting to the process. Responses will be developed with close consultation with the State and unclaimed property legal experts.
- A letter from the State to the holder requesting that the holder permit the review process to proceed and/or for the holder to put in writing its reasons for objecting to the process.
- A more strongly worded letter from the State outlining the consequences of non-compliance.
- Consultation with the State regarding compliance options.

Joint Efforts with Participating States *(RFP Section 2.4)*

ASUS Services presently contracts with forty-three (43) states to conduct unclaimed property audits. ASUS confirms that it is common practice to represent multiple states on a single audit, and that ASUS efforts for the State may be performed concurrently with its performance of similar services for other states.

4. Conflicts of Interest *(RFP Section 2.5)*

ASUS only business is providing services to state government unclaimed property programs, and as such does not have any conflicts of interest with respect to performing unclaimed property audits on behalf of the states. ASUS agrees to maintain independence in mental attitude in accordance with the AICPA Professional Standards.

5. Work in Progress Report *(RFP Section 2.6)*

A sample of **ASUS's** monthly work-in-progress report is identified in **Part IA, Section VIII**. This report provides the State with the Holder name, Federal Identification Number, the audit start and cut-off date, the audit completion dates for all general ledger and security property as well as completion dates and stage of completion. Information of the status of the examination and any other pertinent information required by the State are provided in the "comments" column of the report. The work-in-progress report is provided to the State via email.

6. Acknowledgements *(RFP Section 2.7)*

ASUS acknowledges the following:

The Nevada Unclaimed Property Division has the final and sole authority to decide who, if anyone will represent the Division in the unlikely event more than one Vendor or another state wants to identify and collect unclaimed property from the same holder.

The Nevada Unclaimed Property Division may approve or disapprove authorization to attempt to identify and locate unclaimed property from any holder without offering justification for such denial. The Division may also, after authorization has been granted to conduct an audit of a holder, suspend or terminate the examination on behalf of the state regardless of whether it has commenced, for any reason, including legislative or judicial action which causes delay that prevents performance, or an unforeseen or uncontrollable event, and without offering justification for such suspension or termination.

7. Holder Due Diligence and Subsequent Reporting *(RFP Section 2.8)*

ASUS will obtain the assurance from the holder that it has complied with the due diligence requirements of the statutes with respect to finding the owner of property prior to remitting it to the State.

ASUS will instruct the holders to file future reports with the State pursuant to the State's reporting requirements

Specifically:

- ASUS shall advise each holder in writing of the provisions of the Nevada statute for notifying owners of their property.
- ASUS shall require each holder to file with the Nevada Unclaimed Property Division an affidavit stating that the holder has complied with NRS 120A.560(5).
- ASUS, upon completion of the initial review or examination of a holder's records, must instruct the holder to file all future reports with the State of Nevada, pursuant to Nevada reporting requirements.

8. Unclaimed Property Report *(RFP Section 2.9)*

It is **ASUS's** policy to file an unclaimed property report and invoice with the remittance when an examination is completed. All raw data obtained from the examination is input (physical or download) into our own proprietary software ***(Part IA, Section VIII – Audit Services System)***.

The *Audit Services System* is compliant with all 50 states' requirements and utilizes the NAUPA II standard reporting format, among others for reporting unclaimed property to client states. We recognize that providing accurate and precise information that can be downloaded to our client State's database is essential to the processing of data received in a timely and efficient manner. This information is necessary for not only accounting purposes, but to facilitate the possibility of the State locating the rightful owner.

ASUS will provide reports of the property to be forwarded to the State in a format prescribed by the State pursuant to NRS 120A and NAC 120A.

Reports will include the following information:

a. holder name
b. holder address
c. a holder contact, familiar with the records processed and the property transferred;
d. Federal Employer Identification number of the holder;
e. Owners' names;
f. Owners' last known addresses;
g. Owners' social security numbers or Federal Tax Identification numbers;

h. Types of property;
i. Any unique property identifier or number used by the holder;
j. Amount of the property;
k. CUSIP number and certificate numbers for any securities, if applicable;
l. Bond numbers and coupon numbers accompanied with call date, if applicable;
m. Value of the shares and the valuation date;
n. Description of any securities, including maturity date, interest rates, and interest or dividends due, if applicable; and
o. Date of the last transaction with the owner with respect to the property.

9. Custody *(RFP Section 2.10)*

Once the completed audit work is reconciled, the holder and owner data is processed and prepared for delivery to the State according to the reporting requirements of the State. Property will be transferred in trust for the Nevada State Treasurer to one of our custodians, Signature Bank or Mellon Securities Trust Co. as shown below, or remitted directly to the Nevada State Treasurer by the holder after reconciliation is complete. For cash deliveries, ASUS utilizes Signature Bank located at 50 West 57th Street, New York, NY 10019. Delivery of the property will be no more than 30 days from the completion of the audit.

If an audit is approved for equity issues, the securities will be registered as directed by the contract, and remitted to Audit Services to be held by our custodian or, if possible, transferred to the State through DTC. For stock deliveries we utilize Mellon Securities Trust Co. located at One Wall Street, 3rd Floor, New York, NY 10005. Whether general ledger property or securities related, the property will be remitted to the custody of the State within thirty (30) days from receipt or reconciliation.

Further, ASUS acknowledges that the custodian shall:

Segregate into a separate account or accounts all property delivered by holders.

Acknowledge that the Division has all rights of a third party beneficiary with respect to the benefit and enforcement of these provisions, and that these provisions may only be amended with the written consent of the Division.

In the event an outsourced custodial service is utilized, the contract must include the provisions of Sections 2.10.2.1 and 2.10.2.2 of this RFP, and must be submitted to the Nevada Unclaimed Property Division, along with any subsequent amendments. Provide all current contracts.

ASUS also acknowledges that it shall advise the holder that the holder is responsible for paying all claims up to the time that both a final report has been agreed to and the holder has delivered the property to ASUS.

ASUS or its custodian, shall not pledge, assign, hypothecate or otherwise encumber property without the prior written consent of the Division, nor shall the ASUS take any ownership position in any securities constituting property.

10. Delivery of Unclaimed Property (*RFP Section 2.11*)

ASUS agrees that it shall reconcile its reports within 60 days of receipt of any property from a custodian. ASUS will determine the value of securities, at the closing bid price of any security trading on an exchange, on the date the security is transferred into the name of the State. If the security is traded in the over-the-counter market, then the security will be valued at the bid price as set forth in the pink sheets on the date the security is received by the State. In the event that the pink sheets do not contain the bid price for the security or the share(s), then ASUS will make recommendation to the State as to an alternate valuation technique.

All securities will be valued in accordance with generally accepted valuation procedures, subject to verification by the State. ASUS will submit verifiable documentation to the State regarding the date of the transfer of the securities, along with information indicating ASUS's proposed valuation of such securities transferred.

ASUS acknowledges that a complete delivery of property shall consist of the following:

- An unclaimed property report (NAUPA report, submitted online)
- A confirmation of each securities transaction
- A summary of all stock or mutual fund delivered

11. Company Background and References (*RFP Section 3.1*)

See Part IA, Section III – Vendor Information Sheet.

Business References – Submitted directly to the State of Nevada.

Vendor Staff Resumes – See Part IA, Section 7, Proposed Staff Resumes

12. Cost (*RFP Section 4*)

Pricing shall be based at a percent of the cash value of the abandoned property delivered to the State of Nevada, Unclaimed Property Division. **See Part II, Section 2 for cost proposal** submission.

13. Financial (*RFP Section 5*)

PAYMENT

Upon review and acceptance by the State, payments for invoices are normally made within 45 – 60 days of receipt, providing all required information, documents and/or attachments have been received.

Pursuant to NRS 227.185 and NRS 333.450, the State shall pay claims for supplies, materials, equipment and services purchased under the provisions of this RFP electronically, unless determined by the State Controller that the electronic payment would cause the payee to suffer undue hardship or extreme inconvenience.

14. BILLING (*RFP Section 5*)

The State does not issue payment prior to receipt of goods or services.

The vendor will bill the State as outlined in the approved contract and/or payment schedule.

The State presently has a Procurement Card Program that participating State agencies may use to pay for some of their purchases. The Program is issued through a major financial institution and is treated like any other major credit card. Using agencies may desire to use the card as a method of payment. No additional charges or fees shall be imposed for using the card. ASUS will accept the Procurement Card Program method of payment.

15. TIMELINESS OF BILLING (RFP Section 5)

The State is on a fiscal year calendar. All billings for dates of service prior to July 1 shall be submitted to the State no later than the first Friday in August of the same year. A billing submitted after the first Friday in August that forces the State to process the billing as a stale claim pursuant to NRS 353.097, shall subject the contractor to an administrative fee not to exceed $100.00. This is the estimate of the additional costs to the State for processing the billing as a stale claim and this amount shall be deducted from the stale claims payment due the contractor.

ASUS

AUDIT SERVICES, U.S., LLC

Part IA Section VI

Technical Proposal

Company Background And References

Company Background/History

1. **ASUS** exists solely for the purpose of enhancing efforts to recover unclaimed property on behalf of the State and consequently, this is our only line of business. We identify in our Executive Summary that we are a Company that recognizes that the States it serves governs its actions, and it has the responsibility to follow the instructions of the client State for the various services provided. This includes performing services on an as needed, if needed basis to the satisfaction of the State.

   Audit Services began operations in Ohio on November 11, 1997 under the name of Audit Services, Ltd. initially to serve as a contract vendor to the State of Ohio to conduct unclaimed property audits of holders in Ohio. A second company, Audit Services, U.S., LLC ("ASL") was formed and incorporated in Florida on June 1, 1999 by the same owners and utilizing the same staff to expand audit contract services to State Unclaimed Property Offices across the nation. On January 1, 2002 the two companies were formally merged. The surviving entity is **Audit Services, U.S., LLC ("ASUS")**. **ASUS** is owned by J. Matthew Thornton and is incorporated in Florida as a limited liability company. Our FEIN is 31-1653187. The Company is headquartered at 212 West 35th Street, Suite 1600, New York, NY 10001 and work pertaining to this RFP will be managed out of this office. Our telephone number is (212) 594-5487 and our fax number is (212) 594-5571. **ASUS** works independently and has no parent company.

   As stated in the Executive Summary, **ASUS** has been in business for over twenty years serving as an agent to audit and recover unclaimed property on behalf of our client states. **ASUS's** qualifications to provide the services enumerated in the RFP rests with its capability, technical expertise and the knowledge that a majority of our staff has gained while either serving in with their State Unclaimed Property Program, or who have worked extensively in the field of unclaimed property in the private sector. As a firm, **ASUS** has performed unclaimed property audits on holders including but not limited to insurance companies, financial institutions, health care and publishing companies, manufacturing entities, utilities, retailers and transportation companies.

   Our staff has developed automated programs to flag and analyze holder data by comparison to tables of statutory criteria to identify property presumed abandoned. We have also designed and supervised EDP audits to test the validity and adequacy of data in holder's corporate information systems. This experience and expertise has been spread consistently throughout our involvement in the unclaimed property industry. Because of our combined experience we have conducted thousands of unclaimed property examinations. As a result of these examinations, we have identified and remitted over $1.2 billion to our contract states. We are pleased to state that **ASUS** has had a contract with the State of Nevada since April, 2001 and during that time we have delivered over $9.6 million in unclaimed property belonging to the citizens of the State. The audits during this time included all types of general ledger and securities issues.

Some of our duties included drafting major legislation, administrative rules, and procedures to simplify and streamline the unclaimed property reporting and create uniformity on a national level. We have participated in holder-training seminars throughout the nation that increased the awareness of the unclaimed property statutes. We created a holder reference handbook and an auditor training video containing unclaimed property procedures and requirements for all states. We have also assisted with coordination, development and implementation of national property type codes to be used by holders when remitting unclaimed property electronically. Our executives have developed relationships between numerous holder companies and state unclaimed property administrators and assisted thousands of companies in processing unclaimed property to all States.

ASUS is an affiliate of NAST and is an active participant of NAUPA functions. In addition, we actively seek membership in other professional organizations which provide information that enables us to remain current on industry issues and state specific issues. As a contractor to the forty-three (43) states for whom we currently provide unclaimed property identification, collection and processing services we regularly exchange information with these states concerning issues of current concern to each of them. We would expect, as a contractor to the State of Nevada that we would maintain the same kind of interaction and exchange with the personnel of Nevada's Unclaimed Property Program. Our management team has participated in the formation of the current statutes that govern unclaimed and abandoned property activity around the country. As a result of this involvement these individuals, as well as our entire organization, have an ongoing interest in all developments and issues that affect the industry and each of our client states.

ASUS continues to grow as demand for our services increases. It is our intent to accept no more audits than we can complete in a timely fashion and we will hire and train only those individuals that we feel can best serve our client states.

2. We mitigate our risk by employing only the most highly qualified individuals to meet the needs of our State contracts. Required training sessions for all employees to ensure that they are knowledgeable of all current auditing policies as well as state unclaimed property laws and regulations are conducted on an as needed basis. **ASUS** carries in errors and omissions coverage and in general liability coverage. Information on our insurance coverage, including errors and omissions coverage and other fiduciary insurance relevant to the scope of the RFP can be found in **Part IA, Section IV, Attachment D – Insurance Schedule**.

   - **ASUS's** external audit process is explained in detail in the Scope of Services Section of this response. We are also cognizant of the need to maintain strict internal control procedures. There is a segregation of duties when data is received, reviewed and inputted into the system. Staff duties are separated with regards to the preparation of the reports with final sign off by our Chief Operating Officer. We have a segregation of accounts between Operations and Trust set up with Signature Bank for all accounts. Any movement of funds in and out of the accounts is

reviewed by separate staff and Signature Bank. **ASUS** does not provide a claims processing service. Their exam includes a review of **ASUS's** accounting records, bank statements, and expense reports in addition to reviewing other areas where they see fit.

3. As part of **ASUS's** internal controls to ensure compliance with the terms of a contract and associated state and federal security measures to safeguard data, we have a contract with Blue Hill Data Services, Inc. (BHDS). Blue Hill is a wholly owned subsidiary of BPO Management Services, Inc. and is headquartered in Pearl River, New York, about 25 miles North of New York City in the Blue Hill Plaza. The Blue Hill Plaza campus is comprised of two buildings specifically designed and constructed to house data centers. BHDS is a Tier 2, SAS70 compliant data center focused on delivering flexible, customized solutions and customer service excellence to its clients worldwide. All **ASUS** systems are managed and monitored 24/7/365 by BHDS support staff using advanced monitoring tools and techniques. All files and program source data are backed up daily and copies of the data are stored off-site for the purpose of recovery within 24 hours. The results of the testing performed by an independent auditor were found to be satisfactory. A copy of our latest SOC 1, AICPA SSAE No. 16 report can be found under **Part IA, Section VIII – Other Information Material**.

4. As previously stated, **ASUS** belongs to no parent or affiliated companies that would provide any of the services described in this RFP.

5. **ASUS** has never had any restrictions, regulatory action, or consent orders imposed on the Company. In addition, there has never been any litigation relating to the Company, our principal officer or any individual personnel employed by the Company.

6. There has never been any legal action taken against our firm or any of its owners, principals, or personnel.

7. **ASUS** has never been involved with any claims, disputes, litigation or other legal proceedings where our firm is or has been involved with the State of Nevada or any of its agencies.

8. As discussed in our Executive Summary, our staff has experience and expertise in the unclaimed property field. As a result, when it comes to performing unclaimed property audits, we are cognizant of the concerns of the State, and the holder community as well. We recognize that the States we serve govern our actions, and we have the responsibility to follow the instructions of our client State for the various services provided, as well as comply with all federal, state and local laws that may apply.

ASUS

AUDIT SERVICES, U.S., LLC

Part IA Section VII

Technical Proposal

Proposed Staff Resumes

PROPOSED STAFF RESUME FOR RFP 3527

A resume must be completed for all proposed prime contractor staff and proposed subcontractor staff.

Company Name Submitting Proposal:	***Audit Services U.S., LLC***

Check the appropriate box if the proposed individual is prime contractor staff or subcontractor staff.			
Contractor:	***X***	**Subcontractor:**	

The following information requested pertains to the individual being proposed for this project.			
Name:	***J. Matthew Thornton***	**Key Personnel: (Yes/No)**	***Yes***
Individual's Title	***Data System Analyst***		
# of Years in Classification:	***14***	**# of Years with Firm:**	***14***

BRIEF SUMMARY OF PROFESSIONAL EXPERIENCE

Information should include a brief summary of the proposed individual's professional experience.

Managing member of Audit Services, U.S., LLC responsible for the day to day operations including data conversion, generation of all state reports and invoices, quality management and improvement efforts and the management of Audit Services' trust accounts. Also responsible for all systems development and testing projects and ensuring Audit Services' systems are in compliance with state reporting requirements.

RELEVANT EXPERIENCE

Information required should include: timeframe, company name, company location, position title held during the term of the contract/project and details of contract/project.

2004 – present	Owner/Director of Operations	Audit Services, U.S., LLC
2002 – 2004	Vice President	ACS/UPRR, Inc.
1997 – 2002	Vice President	Mellon Investor Services, LLC
1995 – 1997	Project Manager	American Management Systems, Inc.
1989 – 1995	Product Manager	First National Bank of Chicago

EDUCATION

Information required should include: institution name, city, state, degree and/or Achievement and date completed/received.

Fordham University Graduate School of Business	MBA in Management/Strategic Planning
University of Massachusetts at Amherst	BBA in Finance
Project Management Institute (thru 2005)	Project Management Professional (PMP)

CERTIFICATIONS

Information required should include: type of certification and date completed/received.

N/A

REFERENCES

A minimum of three (3) references are required, including name, title, organization, phone number, fax number and email address.

Name:	R. Terry Allen
Title:	Retired, Executive Consultant, Audit Services U.S., LLC
Phone:	(614) 204-9766
Address:	102 Parsons Lane
City, State:	Cary, NC 27511
Email:	Rallen151@att.net

Name:	Lee R. Hines, Sr.
Title:	Retired, Director of Audits, Audit Services U.S., LLC
Phone:	(919) 888-1355
Address:	1402 Claymore Drive
City, State:	Garner, NC 27527
Email:	rgmhines@bellsouth.net

Name:	Wayne Kachelriess
Title:	Retired, Senior Auditor, Audit Services U.S., LLC
Phone:	(843) 368-8352
Address:	15129 High Bluff Court
City, State:	Charlotte, NC 28278

PROPOSED STAFF RESUME FOR RFP 3527

A resume must be completed for all proposed prime contractor staff and proposed subcontractor staff.

Company Name Submitting Proposal:	***Audit Services U.S., LLC***

Check the appropriate box if the proposed individual is prime contractor staff or subcontractor staff.			
Contractor:	***X***	**Subcontractor:**	

The following information requested pertains to the individual being proposed for this project.			
Name:	***Jeremy Katz***	**Key Personnel: (Yes/No)**	***Yes***
Individual's Title	***Partner***		
# of Years in Classification:	***1.4***	**# of Years with Firm:**	***1.4***

BRIEF SUMMARY OF PROFESSIONAL EXPERIENCE

Information should include a brief summary of the proposed individual's professional experience.

Jeremy has over 23 years of unclaimed property experience and has been deeply involved in developing unclaimed property related solutions and managing the delivery of services to state unclaimed property programs in that time. Specifically, Jeremy has led all aspects of government client relationship management, the development of innovative compliance and auditing solutions, implementation of recordkeeping systems, as well as the original roll-out of the states' national database – MissingMoney.com.

Jeremy actively participates as a National Association of State Treasurers (NAST) Corporate Affiliate and formerly served as a board member for 3 years. Subsequent to serving as a board member, Jeremy was appointed to two terms on the NAST Foundation Board. In 2015, Jeremy was the lead faculty advisor at the National Institute of Public Finance's Unclaimed Property section, which was conducted at Pepperdine University. Lastly, Jeremy was an observer to the Uniform Law Commission as it undertook the process of revising the 1995 Uniform Unclaimed Property Act.

RELEVANT EXPERIENCE

Information required should include: timeframe, company name, company location, position title held during the term of the contract/project and details of contract/project.

December 2016 -present – Partner Audit Services, US, LLC, New York, NY

Dedicated new resources to reorganize our unclaimed property auditing program, recruited expert managers and consultants, and created an expanded new compliance service offering to better serve our clients.

September 2014 – November 2016 – Vice President, PRA Government Services, White Plains, NY

Created and implemented a state government focused sales and marketing plan designed to leverage PRA's core competencies in tax/revenue auditing, discovery, collections and administration. Created an unclaimed property practice.

January 1995 – August 2014 – Chief Operating Officer, Xerox State Business Process Solutions, White Plains NY

Direct all aspects of business development, program implementation, ongoing operational and relationship management, and have P&L accountability for $60 million plus line business. Lead operational management team responsible for 300 individuals to ensure that all quarterly and annual financial, growth and operational objectives are accomplished. Operational team included the Unclaimed Property Division, which was responsible for providing auditing, securities custody, recordkeeping and MissingMoney.com to the states. Drive growth and profit objectives through the acquisition of new business, as well as maximize growth opportunities within existing accounts, review business processes to ensure that profit is maximized and to maintain or exceed required and expected service levels, and serve as the executive interface with government agency leadership. Initiate and manage all lobbying activities, media relations, consulting/partnership/teaming arrangements and trade organization participation. Develop budgets, forecasts, financial models, reports and conduct management presentations to senior executive leadership.

EDUCATION

Information required should include: institution name, city, state, degree and/or Achievement and date completed/received.

University of Maryland, B.A., 1990
Johns Hopkins University – Continuing Professional Education – Business – 1993-1994

CERTIFICATIONS

Information required should include: type of certification and date completed/received.

N/A

REFERENCES

A minimum of three (3) references are required, including name, title, organization, phone number, fax number and email address.

Walter Graham
Director, Division of Unclaimed Property
Florida Department of Financial Services
Ph: (850) 413-5522 Fax: (850) 413-3017 Email: Walter.Graham@myfloridacfo.com

Joshua Joyce
Administrator, Unclaimed Property
Arizona Department of Revenue
Ph: (602) 716-6033 Fax: (602) 716-7997 Email: JJoyce@azdor.gov

Matthew Angus
Contract Manager, Unclaimed Property
Texas Controller of Public Accounts
Ph: (512) 463-5225 Fax: (512) 463-3569 Email: Matthew.Angus@cpa.texas.gov

PROPOSED STAFF RESUME FOR RFP 3527

A resume must be completed for all proposed prime contractor staff and proposed subcontractor staff.

Company Name Submitting Proposal:	***Audit Services U.S., LLC***

Check the appropriate box if the proposed individual is prime contractor staff or subcontractor staff.			
Contractor:	***X***	**Subcontractor:**	

The following information requested pertains to the individual being proposed for this project.			
Name:	***Benjamin C. Spann***	**Key Personnel: (Yes/No)**	***Yes***
Individual's Title	***Data System Analyst***		
# of Years in Classification:	***4.5***	**# of Years with Firm:**	***4.5***

BRIEF SUMMARY OF PROFESSIONAL EXPERIENCE

Information should include a brief summary of the proposed individual's professional experience.

Responsible for overseeing all facets of State contracts, resolution of issues involving unresponsive holders, marketing and coordinating company operations and participate in selecting and conducting new audits.

RELEVANT EXPERIENCE

Information required should include: timeframe, company name, company location, position title held during the term of the contract/project and details of contract/project.

2013 – present	Chief Executive Officer	Audit Services, U.S., LLC
2000 – 2012	Director of Unclaimed Property	Louisiana Department of the Treasury
1986 – 2000	Director of Unclaimed Property	Louisiana Department of Revenue
1976 – 1986	Tax Auditor	Louisiana Department of Revenue

EDUCATION

Information required should include: institution name, city, state, degree and/or Achievement and date completed/received.

Louisiana Tech University, Ruston, LA Bachelor of Science in Accounting (1975)

CERTIFICATIONS

Information required should include: type of certification and date completed/received.

N/A

REFERENCES

A minimum of three (3) references are required, including name, title, organization, phone number, fax number and email address.

Name:	Mr. Steve Harbin
Title:	Program Manager
Organization:	State of Georgia
Phone Number:	404-968-0490
Fax Number:	404-724-7013
Email Address:	steve.harbin@dor.ga.gov

Name:	Ms. Kathleen Lobell
Title:	Director of Unclaimed Property
Organization:	State of Louisiana
Phone Number:	225-219-9377
Fax Number:	225-219-9400
Email:	klobell@treasury.state.la.us

Name:	Mr. Dennis L. Johnston
Title:	Unclaimed Property Administrator
Organization:	State of Utah
Phone Number:	801-715-3321
Fax Number:	801-715-3309
Email:	dljohnston@utah.gov

PROPOSED STAFF RESUME FOR RFP 3527

A resume must be completed for all proposed prime contractor staff and proposed subcontractor staff.

Company Name Submitting Proposal:	***Audit Services U.S., LLC***

Check the appropriate box if the proposed individual is prime contractor staff or subcontractor staff.			
Contractor:	***X***	**Subcontractor:**	

The following information requested pertains to the individual being proposed for this project.			
Name:	***Jennifer Fatula***	**Key Personnel: (Yes/No)**	***Yes***
Individual's Title	***Audit Manager***		
# of Years in Classification:	***1***	**# of Years with Firm:**	***1***

BRIEF SUMMARY OF PROFESSIONAL EXPERIENCE

Information should include a brief summary of the proposed individual's professional experience.

Audit Manager ensuring the completion and accuracy of several multi-state unclaimed property audits; Control quality and consistency of the examinations in accordance with Firm and State processes and guidelines.

RELEVANT EXPERIENCE

Information required should include: timeframe, company name, company location, position title held during the term of the contract/project and details of contract/project.

2017 – Present	Audit Manager	Audit Services U.S., LLC, New York, NY
2013 – 2017	Senior Audit Manager	Kelmar Associates, LLC, Wakefield, MA
2010 – 2012	Audit Manager	Kelmar Associates, LLC, Wakefield, MA
2008 – 2009	Senior Audit Associate	Kelmar Associates, LLC, Wakefield, MA
2006 – 2007	Audit Associate	Kelmar Associates, LLC, Wakefield, MA

EDUCATION

Information required should include: institution name, city, state, degree and/or Achievement and date completed/received.

2002 – 2006 Bentley University, Waltham, MA | Bachelor's Degree, Corporate Finance & Accounting

CERTIFICATIONS

Information required should include: type of certification and date completed/received.

REFERENCES

A minimum of three (3) references are required, including name, title, organization, phone number, fax number and email address.

Aurianne Lopatka, Senior Manager at EY, Unclaimed Property and Escheat Services, 781-718-7360
Cheryl Kennedy, Accounting Director at Drinker Biddle & Reath LLP, 508-450-8396
Kathryn Mitchell, Microsoft License Desk Specialist at PCM, 774-328-6226

PROPOSED STAFF RESUME FOR RFP 3527

A resume must be completed for all proposed prime contractor staff and proposed subcontractor staff.

Company Name Submitting Proposal:	***Audit Services U.S., LLC***

Check the appropriate box if the proposed individual is prime contractor staff or subcontractor staff.			
Contractor:	***X***	**Subcontractor:**	

The following information requested pertains to the individual being proposed for this project.			
Name:	***Amy Manganaro***	**Key Personnel: (Yes/No)**	***Yes***
Individual's Title	***Audit Manager***		
# of Years in Classification:	***16***	**# of Years with Firm:**	***1***

BRIEF SUMMARY OF PROFESSIONAL EXPERIENCE

Information should include a brief summary of the proposed individual's professional experience.

Managed all aspects of unclaimed property as a holder for 10 years and then moved into role of unclaimed property auditor. As auditor, have led and participated in all aspects of examinations from opening conference through audit closure. Developed policies and procedures and assisted in training of new audit staff.

RELEVANT EXPERIENCE

Information required should include: timeframe, company name, company location, position title held during the term of the contract/project and details of contract/project.

2017-Current	Audit Manager	Audit Services U.S., LLC (New York, NY)
2016-2017	Lead Examiner	PRA Government Services (Houston, TX)
2012-2016	Audit Supervisor	Xerox (Quincy, MA)
2002-2012	Unclaimed Property Manager	Optum Insight (f/k/a AIM Healthcare) (Franklin, TN)

EDUCATION

Information required should include: institution name, city, state, degree and/or Achievement and date completed/received.

2005-2007	Trevecca Nazarene University (Nashville, TN)	Masters in Business Administration
1995-1999	Eastern Nazarene College (Quincy, MA)	Bachelor of Arts

CERTIFICATIONS

Information required should include: type of certification and date completed/received.

REFERENCES

A minimum of three (3) references are required, including name, title, organization, phone number, fax number and email address.

1. Matt Thornton, Audit Services U.S., LLC - mthornton@auditservicesus.com
2. Jeremy Katz (reference for PRA and Xerox) - jkatz@auditservicesus.com
3. Amy Wilson (reference for AIM Healthcare) – wilson3tn@bellsouth.net

PROPOSED STAFF RESUME FOR RFP 3527

A resume must be completed for all proposed prime contractor staff and proposed subcontractor staff.

Company Name Submitting Proposal:	***Audit Services U.S., LLC***

Check the appropriate box if the proposed individual is prime contractor staff or subcontractor staff.			
Contractor:	***X***	**Subcontractor:**	

The following information requested pertains to the individual being proposed for this project.			
Name:	***Erik Kallevik***	**Key Personnel: (Yes/No)**	***Yes***
Individual's Title			
# of Years in Classification:	***9***	**# of Years with Firm:**	***1***

BRIEF SUMMARY OF PROFESSIONAL EXPERIENCE

Information should include a brief summary of the proposed individual's professional experience.

Development of audit programs. participated in selecting and conducting new audits, training new auditors and staff, marketing and coordinating company operations to other states.

RELEVANT EXPERIENCE

Information required should include: timeframe, company name, company location, position title held during the term of the contract/project and details of contract/project.

2017 – present	Audit Manager	Audit Services US, LLC (New York, NY)
2015 – 2017	Audit Manager	Kelmar Associates, LLC (Wakefield, MA)
2010 – 2015	Audit Manager	ACS / Xerox U/P (Quincy, MA)
2009 – 2010	Senior Accountant	Forrester Research (Cambridge, MA)
2007 - 2009	Accounting Manager	First Act, Inc. (Boston, MA)
2005 - 2007	Senior Associate	KPMG, LLP (Boston, MA)
1998 - 2005	Associate/Manager/Asst. Controller	State Street Corporation (Boston, MA)

EDUCATION

Information required should include: institution name, city, state, degree and/or Achievement and date completed/received.

2003 – 2004	Boston University	Additional Accounting / Business Classes
1993 – 1998	University of Massachusetts	Bachelor of Science – Economics

CERTIFICATIONS

Information required should include: type of certification and date completed/received.

REFERENCES

A minimum of three (3) references are required, including name, title, organization, phone number, fax number and email address.

Matthew Thorton (212)594.5487 x228, mthornton@auditservicesus.com – Director of Operations at Audit Services

Jeremy Katz (914) 949-1570, jkatz@auditservicesus.com – Partner at Audit Services and previously ACS / Xerox Unclaimed Property

Amy Managaro (781) 664- 7585, amanganaro@auditservicesus.com – Audit Manager at Audit Services and previously ACS / Xerox Unclaimed Property

Jen Fatula (774) 263-3463, jfatula@auditservicesus.com - Audit Manager at Audit Services and previously Senior Manager at Kelmar Associates

PROPOSED STAFF RESUME FOR RFP 3527

A resume must be completed for all proposed prime contractor staff and proposed subcontractor staff.

Company Name Submitting Proposal:	***Audit Services U.S., LLC***

Check the appropriate box if the proposed individual is prime contractor staff or subcontractor staff.			
Contractor:	***X***	**Subcontractor:**	

The following information requested pertains to the individual being proposed for this project.			
Name:	***James C. Dowley***	**Key Personnel: (Yes/No)**	***Yes***
Individual's Title	***Auditor***		
# of Years in Classification:	***9 Months***	**# of Years with Firm:**	***9 Months***

BRIEF SUMMARY OF PROFESSIONAL EXPERIENCE

Information should include a brief summary of the proposed individual's professional experience.

- Determined the scope, planned and scheduled field examinations, reviewed and approved working paper files, negotiated settlements and collected unclaimed property due.
- Responsible for training and developing field and desk examination personnel.
- Maintained extensive examination statistics to provide detailed reports of the results of examination programs to management.
- Managed orientation and training program for field & desk examiners and contractors.
- Oversaw the and facilitated the contract examination programs
- Supervised internal and external customer service and support of Ohio Business Gateway, HRS Pro software and UP Exchange application
- Functioned as division spokesperson at seminars for professional groups of CPAs, attorneys and other business professionals.

RELEVANT EXPERIENCE

Information required should include: timeframe, company name, company location, position title held during the term of the contract/project and details of contract/project.

- July 2017 to Present-Auditor; Audit Services U.S., LLC
- June 2016 to June 2017- Director of Audits, Conduent State & Local Solutions, Inc.
- September 1998 to October 2015- Ohio Division of Unclaimed Funds, Columbus, OH-Compliance Supervisor
- September 1982 to September 2015- Ohio Division of Unclaimed Funds, Columbus, OH-Unclaimed Funds Auditor

EDUCATION

Information required should include: institution name, city, state, degree and/or Achievement and date completed/received.

The Ohio State University, Columbus, OH-Bachelor of Science, Business Finance, 1982

CERTIFICATIONS

Information required should include: type of certification and date completed/received.

N/A

REFERENCES

A minimum of three (3) references are required, including name, title, organization, phone number, fax number and email address.

Matthew Thorton (212) 594.5487, extension 228, mthornton@auditservicesus.com – Director of Operations at Audit Services

Jeremy Katz (914) 949-1570, jkatz@auditservicesus.com – Partner at Audit Services and previously ACS / Xerox Unclaimed Property

Jen Fatula (774) 263-3463, jfatula@auditservicesus.com - Audit Manager at Audit Services and previously Senior Manager at Kelmar Associates

Amy Managaro (781) 664- 7585, amanganaro@auditservicesus.com – Audit Manager at Audit Services and previously ACS / Xerox Unclaimed Property

PROPOSED STAFF RESUME FOR RFP 3527

A resume must be completed for all proposed prime contractor staff and proposed subcontractor staff.

Company Name Submitting Proposal:	***Audit Services U.S., LLC***

Check the appropriate box if the proposed individual is prime contractor staff or subcontractor staff.			
Contractor:	***X***	**Subcontractor:**	

The following information requested pertains to the individual being proposed for this project.			
Name:	***William W. Joseph, Jr.***	**Key Personnel: (Yes/No)**	***Yes***
Individual's Title	***Reports Processing Manager***		
# of Years in Classification:	***13***	**# of Years with Firm:**	***13***

BRIEF SUMMARY OF PROFESSIONAL EXPERIENCE

Information should include a brief summary of the proposed individual's professional experience.

Converts various input formats into NAUPA reporting format, verify and correct supplied data to conform with NAUPA regulations, generate State specific reports, cover letters and forms, assist with reporting questions and issue, assist in ongoing development of company specific software and verify holder information for claims.

RELEVANT EXPERIENCE

Information required should include: timeframe, company name, company location, position title held during the term of the contract/project and details of contract/project.

2004 – present	Reports Processing Manager	Audit Services, U.S., LLC
2003 – 2004	Webmaster/Field Service Technician	Oltron, Inc.
2001 – 2003	Private consultant	Wayne, NJ
1998 – 2001	Network Administrator	Dunlop, Onderdonk & Wilson Corp.

EDUCATION

Information required should include: institution name, city, state, degree and/or Achievement and date completed/received.

2000 – present	Computer Science	William Paterson University
1997 – 1999	Associate's Degree	Computer Learning Center, Inc.

CERTIFICATIONS

Information required should include: type of certification and date completed/received.

N/A

REFERENCES

A minimum of three (3) references are required, including name, title, organization, phone number, fax number and email address.

Name:	James T. Affinito
Title:	Counter Sales Manager
Organization:	Johnstone Supply
Phone Number:	201-796-0222
Fax Number:	201-796-0322
Email Address:	james.affinito@johnstonenj.com

Name:	Brian P. Murphy
Title:	Director of Escheatment
Organization:	Broadridge
Phone Number:	516-214-7277
Fax Number:	
Email Address:	Brian.Murphy@broadridge.com

Name:	Joseph Schattauer Paille
Title:	Pastor
Organization:	Advent Lutheran Church
Phone Number:	201-891-1031
Fax Number:	201-891-7886
Email:	adventwyckoffpastor@gmail.com

Name:	Megan McKay
Title:	Regional Services Coordinator
Organization:	The United Methodist Church of Greater NJ
Phone Number:	732-359-2096
Fax Number:	732-359-1087
Email:	mmckay@gnjumc.org

Name:	Robert A Verolet
Title:	Client Services Rep II, Settlement
Organization:	TD Bank
Phone Number:	551-579-6822
Fax Number:	201-818-6454
Email:	Robert.Verolet@td.com

PROPOSED STAFF RESUME FOR RFP 3527

A resume must be completed for all proposed prime contractor staff and proposed subcontractor staff.

Company Name Submitting Proposal:	***Audit Services U.S., LLC***

Check the appropriate box if the proposed individual is prime contractor staff or subcontractor staff.			
Contractor:	***X***	**Subcontractor:**	

The following information requested pertains to the individual being proposed for this project.			
Name:	***Virgilio Capala***	**Key Personnel: (Yes/No)**	***Yes***
Individual's Title	***Data System Analyst***		
# of Years in Classification:	***4***	**# of Years with Firm:**	***4***

BRIEF SUMMARY OF PROFESSIONAL EXPERIENCE

Information should include a brief summary of the proposed individual's professional experience.

Develop a system to integrate the data from IBM I system to PC based accounting system where the invoice and checks are created automatically. The integration reduced the work completion time from days into minutes. Reduced the retrieval of NAUPA files from multiple download (one per state) into single download(multiple state) and created a repository process to retrieve submitted files. Enhanced the file conversion process where the converted files can be backtracked.

RELEVANT EXPERIENCE

Information required should include: timeframe, company name, company location, position title held during the term of the contract/project and details of contract/project.

2013 - Present	Data System Analyst	Audit Services LLC
2007 - 2012	Escheat Securities Analyst	BNY Mellon Shareowner Services
2004 – 2007	Escheat Securities Analyst	Mellon Shareowner Services
2000 - 2004	Programmer	Mellon Shareholder Services
1997 - 2000	Programmer	Chase Mellon Shareholder Services
1996 - 1997	Programmer	ARGI
1991 – 1996	System Application Maintenance	Margola Import Corp

EDUCATION

Information required should include: institution name, city, state, degree and/or Achievement and date completed/received.

1994 – 1996	The Chubb Institute, Jersey City, NJ	Diploma in Computer programming
1987 – 1990	University Of San Carlos, Philippines	Completed 3 years of Electronics Engineering

CERTIFICATIONS

Information required should include: type of certification and date completed/received.

N/A

REFERENCES

A minimum of three (3) references are required, including name, title, organization, phone number, fax number and email address.

Cliven Torralba
Authorized Officer
UBS Wealth Management Americas
Work Phone: 201-352-1848
Email: Cliven.torralba@ubs.com

Ben Bell
Manager
MarketSphere Unclaimed Property
Work Phone: 412-567-2244
Email: Benjamin.Bell@marketsphere.com

Siegfried Albrecht
Account Manager
Work Phone: 201-680-3839
Email: Siegfried.albrecht@computershare.com

PROPOSED STAFF RESUME FOR RFP 3527

A resume must be completed for all proposed prime contractor staff and proposed subcontractor staff.

Company Name Submitting Proposal:	***Audit Services U.S., LLC***

Check the appropriate box if the proposed individual is prime contractor staff or subcontractor staff.			
Contractor:	***X***	**Subcontractor:**	

The following information requested pertains to the individual being proposed for this project.			
Name:	***Jeffrey L. Saitta***	**Key Personnel: (Yes/No)**	***Yes***
Individual's Title	***Data System Analyst***		
# of Years in Classification:	***14***	**# of Years with Firm:**	***14***

BRIEF SUMMARY OF PROFESSIONAL EXPERIENCE

Information should include a brief summary of the proposed individual's professional experience.

Utilizing my 30 years of programming experience to develop and maintain all software used by ASUS's staff. Working closely with staff designing new projects as well as maintaining and the improvement of existing systems.

RELEVANT EXPERIENCE

Information required should include: timeframe, company name, company location, position title held during the term of the contract/project and details of contract/project.

2004 - Present	Data System Analyst	Audit Services U.S., LLC
1999 – 2004	Programmer	Unclaimed Property Recovery and Reporting
1996 – 1999	Programmer Consultant	Scotti Financial Data Services
1983 – 1996	Analyst	ACS Financial Securities & Services

EDUCATION

Information required should include: institution name, city, state, degree and/or Achievement and date completed/received.

SUNNY at Farmingdale, NY Computer Sciences degree

CERTIFICATIONS

Information required should include: type of certification and date completed/received.

REFERENCES

A minimum of three (3) references are required, including name, title, organization, phone number, fax number and email address.

R. Terry Allen
Retired, Executive Consultant, Audit Services U.S., LLC
(614) 204-9766
102 Parsons Lane
Cary, NC 27511
Rallen151@att.net

Lee R. Hines, Sr.
Retired, Director of Audits, Audit Services U.S., LLC
(919) 888-1355
1402 Claymore Drive
Garner, NC 27527
rgmhines@bellsouth.net

Wayne Kachelriess
Retired, Senior Auditor, Audit Services U.S., LLC
(843) 368-8352
15129 High Bluff Court
Charlotte, NC 28278

ASUS

AUDIT SERVICES, U.S., LLC

Part IA Section VIII

Technical Proposal

Other Information Material

HOLDER PROFILE

Company Name: XXXXX Corporation

Address: XXXXX XX Parkway
Duluth, GA 30096
Telephone: (770) XXX-XXXX
Fax: (770) XXX-XXXX

Contact Person: XXXXXXXX
Title: Senior VP & CFO
Web Address: www.com

State of Inc.: DE
FEI: 56-XXXXXXX
SIC:

Name of TA: Sun Trust Bank Atlanta

Address: PO Box 4625, MC 0258
Atlanta, GA 30302
Telephone: (800) 568-3476
Fax:

Contact Person: Customer Relations

Com. Stock O/S: 72.3 million
Revenue: $2,922.7 million
No. of Employees: 11,300

Company Locations: CA, GA, IA, IN, KS, ME, MN, ND, NJ, NY, PA, TX, VA, WI

Company Profile:

XXXX is a leading manufacturer and distributor of agricultural equipment and related replacement parts throughout the world. The company is the third largest US farm equipment maker, and sells a full range of agricultural equipment, including tractors, combines, hay tools, sprayers, forage equipment and implements. The Company's products are widely recognized in the agricultural equipment industry and are marketed under the following brand names:

The Company distributes its products through a combination of approximately 8,200 independent dealers and distributors, associates and licensees. In addition, the Company provides retail financing in North America, the United Kingdom, France, Germany, Spain and Brazil.

Accounting Firm: KPMG

Additional Remarks:

☐ We do / do not wish to participate in this examination.

_____

Authorized Signature

SAMPLE AUTHORIZATION/ENGAGEMENT LETTER
(State Letterhead)

[Date}

[Individuals Name]
[Title]
[Company Name]
[Address]
[City, State, Zip]

Dear Mr. (Last Name);

The [Department] of the State of (the "State"), pursuant to authority granted to it under [Statute], has scheduled an examination of your books and records for the purpose of determining compliance with the Unclaimed Property Law. The examination of [Company] will include all relevant property subject to unclaimed property reporting under [Statute], and will involve the parent company, subsidiaries, divisions and affiliates.

The examination will be conducted by Audit Services U.S., LLC (ASUS) as our authorized agent. ASUS has been directed to analyze all unclaimed property in order to determine that portion that should be subject to the custodianship of the State. A representative of ASUS will contact you to schedule a mutually convenient date to begin the review of your records. You will be advised of the records and personnel, and possible third parties, which need to be accessible for the examination. The audit will begin no later than [Month] [Day], [Year] and should be completed within [X months]. All reportable unclaimed property will be processed through ASUS at the conclusion of the examination.

The [Department] reserves the right to impose interest, penalties and examination costs permitted under the Law for failure to report or deliver abandoned property.

If you should have any questions, please contact Ms. Jennifer Fatula, Audit Manager, at (774) 263-3463 or jfatula@auditservicesus.com.

Sincerely,

[Agency]
[Title]

ASUS

AUDIT SERVICES, U.S., LLC

Audit
Operating
Procedures Manual

AUDIT SERVICES, U.S., LLC
OPERATING PROCEDURES

AUDIT SERVICES U.S., LLC
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AUDIT SERVICES, U.S., LLC
OPERATING PROCEDURES

Procedure Number: **2018-02**

Effective Date: **January 1, 2018**

Approval:_____

SUBJECT: **PROFESSIONAL CONDUCT**

PURPOSE: To ensure high standards of performance for the Unclaimed Property audit staff.

DISCUSSION: Professional conduct provides holders and co-workers a basis for confidence in the abilities and competence of the auditors. Auditors are to perform all responsibilities in a professional manner both in and out of the office.

PROCEDURE: **I. GENERAL STANDARDS OF CONDUCT**

A. Members of the audit section must conduct themselves in a professional manner, and are to dress accordingly. In order to project a professional image, auditors should be punctual, tactful, and courteous to co-workers and holder personnel.

B. Auditors are to have knowledge of the Unclaimed Property Law and are to operate within the law.

C. Unclaimed Property Auditors are to display a professional attitude toward work.

D. Unclaimed Property Auditors must remember we are agents of the states that we represent

II. PROFESSIONAL CONDUCT AT THE AUDIT SITE

A. During an examination, auditors will adhere to the policies and procedures of the holder. Auditors should generally work the same hours as the holder.

B. Client records are to be handled carefully. If records are provided by holder personnel, return the records when they are no longer needed. Records removed from the holder's files by Unclaimed Property Auditors are to be properly re-filed.

C. The Unclaimed Property Auditor is to hold in strict confidence all information concerning the holder's affairs that is acquired during the course of the audit. The auditor must adhere to the conditions of the Confidentiality Agreement with the holder.

III. COMMUNICATION WITH HOLDERS

A. When speaking to holder personnel, communications should pertain to business only. Limit discussions to the audit subject matter. If discussion of a personal nature is initiated by the holder, respond courteously, and then return the conversation to the business at hand.

B. Be attentive to holder inquiries, and provide sufficient information to assist the holder in understanding the Unclaimed Property Laws of each State represented.

C. When presenting the audit findings to the holder during the closing conference, disclose all information that may assist the holder in understanding the findings. Auditors must be knowledgeable of Unclaimed Property laws in order to provide a reasonable basis for the audit findings.

AUDIT SERVICES, U.S., LLC
OPERATING PROCEDURES

Procedure Number:: **2018-04**
Effective Date: **January 1, 2018**
Approval:_____

SUBJECT: **TRAINING OF UNCLAIMED PROPERTY AUDITORS**

PURPOSE: To describe the procedures used for training of new and existing unclaimed property auditors.

DISCUSSION: The goals and objectives of Audit Services, U.S., LLC can only be reached by skilled personnel. The training of auditors is a continuous process and must be given priority.

PROCEDURE: **I. TRAINING PROCEDURES**

A. Provide in-house training

All staff members should be given in-house training to familiarize them with the basics of the unclaimed property program.

B. Provide on-the-job training

All staff members should be given ample opportunity to apply the principles and techniques of the audit program to gain more experience, proficiency and confidence in work performance.

C. Periodic evaluation of work performance

This is helpful in determining the level of competence achieved by an individual staff member. In addition, it can be determined if special attention is needed to put more effort in any particular area for comprehensive training.

D. Professional Materials

Staff is encouraged to read materials in order to stay abreast of new methods and techniques in area of expertise and developments involving unclaimed property matters.

E. Continuing education, seminars and workshops

This will keep an employee well-informed about new developments in the field.

F. Specialization

The training program should provide for the selection of such auditors who could be given training in a specialized area for which the auditor is most suited.

G. Types of staff training programs

- Outside consultants
- Inside workshops
- Seminars and courses offered by State and Federal government
- Individual initiative to pursue additional course study

II. CROSS TRAINING

A. Final aspect of the training program is to provide cross training of staff members at various levels within Audit Services.

III. RESOURCES

A. Unclaimed Property Statutes from States

B. ASUS Audit training manual

C. Audit procedures

D. Guide to Unclaimed Property and Escheat Laws by Anthony Andreoli, CPA

E. Unclaimed Property Law and Reporting Forms by David Epstein

F. Related accounting and law books

G. Courses and reference material related to computer programs that assist in analyzing records and documenting the audit work performed.

IV. EVALUATION TECHNIQUES

A. Review notes by Auditor-in Charge
B. Review notes by Director of Audits
C. Performance Review

V. TRAINING TIMETABLE

A. During the probationary period, new auditors will be evaluated six months from employment date to determine if performance is satisfactory and if employment should be continued.

B. The attached "Skills to Develop During Training" will enable new auditors to know what is expected of them.

SKILLS TO DEVELOP
DURING THE FIRST
EIGHT WEEKS OF TRAINING

The Auditor should:

1. Understand the concepts of Unclaimed Property Law.

2. Understand the format of the work paper binder.

3. Be knowledgeable of the sections in the Audit file and the purpose of each step.

4. Be able to follow the audit program and know the purpose of each step.

5. Be able to document systems involved in the audit (i.e. questionnaires, narrative, or flowchart).

6. Be able to number work papers and understand how to cross reference all work.

7. Know the sections of the Unclaimed Property Statutes and court cases that are relative to the audits she/he has worked.

8. Be able to prepare and organize work papers for specific tests in logical sequence.

9. Be able to write certain sections of the audit report, (i.e. Statement of Examination Findings, Letter to the holder, Management Advisory Comments, and supporting schedules)

10. Be able to complete certain tests relative to the audits.

11. Understand the terms, "demandable, reportable, and reinstatable" and be able to schedule accordingly.

12. Read all materials assigned in training sessions.

13. Be familiar with operations of Audit Services.

14. Be able to research Holder's history.

15. Become familiar with use of computers and programs (Audit Selector, APRS & Hoovers).

16. Be able to assist others in all areas of the audit.

17. Be able to prepare a monthly time report.

SECOND EIGHT WEEKS OF TRAINING

The Auditor should:

1. Be able to conduct interviews with holder's personnel to ascertain pertinent information to document the systems.

2. Know the sections of the Unclaimed Property Law relevant to the audit.

3. Be able to carry figures forward from supporting work papers, to Schedule of Examination Findings and to Statement of Examination Findings.

4. Know how to write the complete Audit Report.

5. Know states in which we have contract and states that do not have laws covering certain property.

6. Be able to respond to holder's questions and support response by referencing section of the law. Know when to refer such questions to Auditor-in-Charge or Director of Audits for guidance.

7. Be able to handle telephone inquiries regarding unclaimed property.

8. Be able to conduct holder contacts.

THIRD EIGHT WEEKS OF TRAINING

The Auditor should:

1. Be able to select, schedule, and conduct an examination as an Auditor-in-Charge.

2. Know how to review a completed examination.

3. Understand the entire audit process and be able to assist in training new auditors.

4. Be able to reference the Unclaimed Property court cases as they apply to situations that arise during the audits. Know how to apply issues and subject matter to factual situations.

5. Be able to present audit findings to holders.

AUDIT SERVICES, U. S., LLC
OPERATING PROCEDURES

Procedure Number: **2018-06**
Effective Date: **January 1, 2018**
Approval:_____

SUBJECT: **HOLDER RESEARCH**

PURPOSE: To describe the procedures used to ensure that holders report and remit all types of unclaimed property belonging to residents of the States.

DISCUSSION: When the States authorize enforcement of the unclaimed property statutes to be accomplished through field audits. Research consists of reviewing and reacting to deficiencies in Unclaimed Property reports and researching and corresponding with holders not presently on the States' holder database.

PROCEDURE: **I. SELECTING HOLDERS FOR RESEARCH**

A. Auditor selects holders for research through the following sources:

(1) State requests

(2) Business Magazines and Newspapers

(3) Audit Selector

(4) Annual financial reports of companies

(5) Holder cooperative compliance

(6) Personal experience or contact

(7) Transfer Agent Client Roster

(8) Securities Industry Experience

B. Auditor researches holder on the audit selector database for the following:

(1) Reporting history of unclaimed property

(2) Subsidiaries-who files unclaimed property reports for them

(3) Mergers and Acquisitions-date and type of activity

(4) Physical location and company attributes

(5) Obtain an understanding of the holder's business activities in order to determine the possible unclaimed property reporting types that may be involved.

C. Sources used to determine the above:

(1) Prior unclaimed property reports filed

(2) Hoovers and the Internet

(3) Commerce Clearing House/Capital Changes Reporter

(4) Financial Stock Guide

(5) Comparative Data Bases

II. ANALYZE REPORTS/POSITIVE & NEGATIVE

A. Auditor analyzes the reporting history for the following:

(1) Omissions of property types

(2) Only Negative reports being filed

(3) Unauthorized deductions

(4) No reports being filed

(5) Errors with remittance

AUDIT SERVICES, U.S., LLC
OPERATING PROCEDURES

Procedure Number: **2018-08**
Effective Date: **January 1, 2018**
Approval:_____

SUBJECT: **REPORTING HISTORY**

PURPOSE: To describe procedures used in obtaining a reporting history of a holder.

DISCUSSION: Reporting history of a holder should be obtained before an engagement letter is mailed or examination performed. This information can be obtained from three sources: audit selector, the States, and the holder.

PROCEDURE:

I. THE AUDIT SELECTOR

A. Reporting history for holders from historical to current can be viewed on The Audit Selector.

(1) Holders can be identified on the audit selector by name, Tax ID, or Holder ID. Some holders may have multiple Holder ID's.

(2) Review reporting history summary by year for selected Holder.

(3) Review detailed reporting history by property type.

(4) Audit Selector database may be sorted by SIC code, company name, location, asset size, number of employees, dollar amounts reported, assigned audits, and corporate structure.

II. STATE'S DATA BASE

State listings show the reporting history of a holder for the years the holder has reported and are listed by the holder number. Request a complete holder reporting history from each state represented in the audit.

III. HOLDER'S RECORDS

The holder usually has copies of all reports submitted to the States along with backup information. A records request should include all copies and backup information used to prepare the report.

IV. TRANSFER AGENT'S DATA BASE

The Transfer Agent listing provides potential holders who have had Mergers & Acquisitions or a Corporate Action event that may contain eligible escheatable property.

AUDIT SERVICES, U.S., LLC
OPERATING PROCEDURES

Procedure Number: **2018-10**
Effective Date: **January 1, 2018**
Approval:_____

SUBJECT: **SELECTING AUDIT CANDIDATES**

PURPOSE: To select for audit the holders who have the greatest potential of noncompliance.

DISCUSSION: The Unclaimed Property Laws provide that State Administrators may at reasonable times and upon reasonable notice examine the records of any person with respect to holding, reporting, paying or delivering any property that is required to be reported.

PROCEDURES: **I. SOURCE OF SELECTION**

A. State Requests
   a. Complaints from customers or citizens.
   b. Information derived from past contacts and audits.
   c. States can inform where they are finding noncompliance.
   d. Noncompliance in one State could mean noncompliance in other States.
   e. Experience with one holder in an industry may generate interest in other holders in the same industry.

B. Review of Audit Selector and/or annual unclaimed property reports and notes:

   (1) Did first report filed cover the entire reach back period permissible under the law?

   (2) Omissions of categories of property and/or information that the holder would be expected to file.

   (3) Disclosure of estimates rather than actual amounts.

   (4) No aggregate (amounts under $50).

   (5) Disclosure of a deduction that does not contain a copy authorizing the deduction or citation of authority.

   (6) Non-reporting or negative reports.

C. Industry Analysis - Industry standards and measurements (if available) of a possible audit candidate are reviewed for comparison to that of other holders in the same industry.

D. Computer databases (i.e. Hoovers, Moody's, Dunn & Bradstreet, Google, Onesourceexpress, CCH, etc.).

E. Newspaper, magazine articles, and other publications.

F. Transfer Agent Roster – Information derived from past event dates, contacts and audits.

II. CONSIDERATIONS

A. Geographic Location - The audit candidate should be in a location that makes the trip worthwhile as far as cost vs. potential benefits is concerned.

B. Size of Company - A smaller company is less likely to have a large amount of unclaimed property. A contact would serve better.

C. Report History - A company that is reporting properly, compared to similar companies is less likely to be a strong audit candidate.

D. Type of Holder - Certain types of holders will be more practical to audit than others.

E. Previous Audit - Review work paper file of the previous audit for a reporting pattern.

F. Political – Recognize States' sensitivities toward holders operating within the State.

III. BACKGROUND INFORMATION

A. Reporting history - Research records for each potential audit candidate and record all the past report files.

B. Review and obtain any information relative to the potential audit candidate in the stock and dividend area. (i.e. Hoovers, Moody's)

C. All States – Request and review all information submitted by the States.

IV. HOLDER'S ACCOUNTING TECHNIQUES

A. Determine if the holder has a computer or accounting system that doesn't account for unclaimed property.

B. Unclaimed Property is usually a low priority among most holders.

C. Holders with strong internal controls over potential unclaimed property reduce the probability of audit findings.

V. SELECTION PROCESS

A. File of Audit Candidates - The audit unit utilizing the above-mentioned sources and considerations will identify possible audit candidates.

B. Prioritize Candidates

(1) Audit 1- Companies identified through compliance work that are higher priority and need to be audited as soon as possible (within the year).

(2) Audit 2 – Companies identified through compliance work that are lower priority and should be audited in the future (within 3 years).

(3) Audit 3- Companies/Industries identified by States that need to be audited within a specified time period.

AUDIT SERVICES, U.S., LLC
OPERATING PROCEDURES

Procedure Number: **2018-12**
Effective Date: **January 1, 2018**
Approval:_____

SUBJECT: **SELECTING CANDIDATES FOR INVOLUNTARY AUDITS**

PURPOSE: To select the holders who appear to have the greatest potential of noncompliance for involuntary audits.

DISCUSSION: The Unclaimed Property Laws state that the State Administrators may at reasonable times and upon reasonable notice examine the records of any person with respect to holding, reporting, paying or delivering any property that is required to be reported. Audit candidates may be selected by the States or from a list prepared by Audit Services, U.S., LLC

PROCEDURES: **I. SOURCE OF SELECTION**

A. State Authorized Examination - State provides ASUS with the name of a potential audit along with reason to believe and reporting history.

B. ASUS prepares list of audit candidates and presents to the States.

C. Suggested guidelines to follow: Procedure 2018-10 "Selecting Audit Candidates".

II. EXAMINATION PROCESS

A. Lead State

States have the right to audit records of non-domiciliary for unclaimed property and States have the sovereign right to audit any holder; however, in order to be more efficient it may be practical for an audit to be called by:

(1) The state of incorporation
(2) The state of corporate headquarters
(3) The state of principal place of business
(4) A state where a division, branch or subsidiary is located
(5) A state with a significant business presence
(6) Any other reason to believe the company is holder property belonging to your state

SUBJECT: **SELECTING CANDIDATES FOR INVOLUNTARY AUDITS**

B. ASUS prepares and sends Background Information Package to states for approval. Package includes the following information:

(1) Corporate history, organization chart, financial statements, subsidiaries, divisions, etc.
(2) Where all record-keeping, accounting and unclaimed property reporting is performed.
(3) Record-keeping centralized or cost centers
(4) Third party administrators and paying agents

C. States will do the following:

(1) Review Background Information Package
(2) Ensure no State or Vendor has, or is, auditing Holder
(3) Notify ASUS of audit approval
(4) Submit background information including holder's reporting history.

D. After notification by states, ASUS will:

(1) Add State to list of represented States
(2) Verify holding periods and specific instructions from State

E. The states formally notify the Holder of the audit and then ASUS contacts Holders and informs Notice of Intent to Examine on behalf of States by:

(1) Telephone conference with holder's contact person announcing audit intentions and request for basic information.
(2) Follow-up telephone conference setting date for examination to begin.
(3) Send entrance letter to holder with Documentation Request
(4) Place on Work in Progress Report

AUDIT SERVICES, U.S., LLC
OPERATING PROCEDURES

Procedure Number: **2018-14**
Effective Date: **January 1, 2018**
Approval:_____

SUBJECT: **CONTACT WITH HOLDER**

PURPOSE: To describe the procedures used for assisting the States in contacting holders concerning compliance with the Unclaimed Property Laws of the States.

DISCUSSION: It is necessary to contact holders who are not in compliance with the Unclaimed Property Law to stimulate compliance. Often a letter or telephone call is more efficient than a field audit.

PROCEDURE:

I. WRITTEN CORRESPONDENCE

A. Correspond in writing to holders concerning the following:

(1) Filing of reports (i.e. None or Negative).

(2) Omission of property types relative to holder.

(3) Holder is not listed on holder data base.

(4) Any unreported property from mergers or acquisitions.

(5) Any other reporting obligations.

II. TELEPHONE CONTACTS

A. Contact holders via telephone when the situation does not necessitate a letter.

B. Respond to inquiries from the holders concerning compliance with the Unclaimed Property Law.

C. Record all telephone conversations on the Telephone Call Record or Auditor's Notes form and file these in the correspondence folder for the holder.

III. FOLLOW-UP TO HOLDER CONTACT

A. Review all correspondence received as a result of a compliance letter.
B. Respond to all correspondence. Place all correspondence in the holder compliance folder.

C. Review all unclaimed property reports received as a result of holder contact and determine if they have been completed properly. Place a copy of the reports in the holder's compliance folder.

D. Follow-up with the holder either by letter or telephone if the report is not completed properly.

E. Submit the following to the Auditor:

(1) Holder's compliance file folder

(2) Compliance information sheet

(3) Monthly activity report information

F. Auditor will update compliance control file on database and file holder's compliance folder.

G. Recommend possible audits or contacts to the Director of Audits.

AUDIT SERVICES, U.S., LLC
OPERATING PROCEDURES

Procedure Number: **2018-16**
Effective Date: **January 1, 2018**
Approval:_____

SUBJECT: **SCHEDULING EXAMINATIONS**

PURPOSE: To describe the procedures used to schedule.

DISCUSSION: In order to maximize productivity and to minimize the inconvenience to the holder, examinations are to be performed upon written notice to the holder and upon holder confirmation of an examination date.

PROCEDURE: **I. SCHEDULING EXAMINATIONS**

A. Candidates are selected for audit based on set priorities (See Procedure "Selecting Audit Candidates" 2018-10).

B. Telephone selected candidates announcing audit intentions and schedule mutually agreeable date (See Procedure "Pre-entrance Requests" 2018-18).

C. An entrance letter confirming the examination starting date and requesting records is sent to each candidate (See Procedure "Pre-entrance Requests" 2018-18).

D. Make reservations for travel and accommodations if needed.

II. CONFIRM EXAMINATION

A. Approximately one week prior to audit, contact holder to confirm audit date and time and that the requested documentation is ready.

B. Inquire as to any questions the holder may have.

III. RE-SCHEDULING EXAMINATIONS

A. After entrance letter is sent, holder may contact AIC to reschedule the audit.

(1) Encourage holder to keep original date scheduled

(2) Reschedule audit as soon as possible.

(3) Send letter confirming the new audit date.

B. Holder may request to re-schedule audit a second time.

(1) Select rescheduled audit date.

(2) Send letter confirming both new audit date and that interest begins accruing if applicable.

IV. REFUSAL OF HOLDER TO SCHEDULE EXAMINATION

See Procedure "Problem Holders" 2018-46

Procedure Number: **2018-18**
Effective Date: **January 1, 2018**
Approval:_____

SUBJECT: **PRE-ENTRANCE REQUEST**

PURPOSE: To describe the procedures used to confirm an examination and request information.

DISCUSSION: Prior to examination, the Auditor-In-Charge notifies holder of date of examination by phone and follows-up with a letter confirming date and requesting information.

PROCEDURE: **I. CONTACT PERSON VIA TELEPHONE TO:**

A. Explain briefly the audit program and areas that will be examined.

B. Confirm date for examination to begin.

C. Establish arrival time.

D. Ask for directions to exam site.

E. Request working hours.

F. Ask if parking is available.

G. Inquire as to nearby hotels.

H. Inquire regarding work space availability.

II. SEND ENTRANCE LETTER (SEE ATTACHED)

A. Context of letter should confirm the following:

(1) Date examination begins.

(2) Arrival time.

(3) Number of auditors

(4) States representing

B. Request the related records including:

(1) Prior unclaimed property reports including supporting work papers.

(2) Internal memos or legal opinions relating to unclaimed property.

(3) Accounting and operational policies and procedures pertaining to unclaimed property.

(4) Description of the holder's unclaimed property identification and reporting process and systems.

(5) Records retention schedule.

(6) Copy of the latest financial report including notes.

(7) Descriptive Chart of Accounts.

(8) Bank reconciliations and outstanding check listings for all active and closed disbursement accounts for the past five years along with their respective bank statements. The outstanding check lists should include check issue dates.

(9) Written documentation of check voiding policy and how outstanding checks are cleared.

(10) Detailed general ledger for the last month of the last fiscal year which includes closing and adjusting entries.

(11) Detail of any general ledger accounts containing unclaimed property.

(12) Aged accounts receivable credit balance reports, if applicable.

(13) General journal entries for the past five years, including closing and adjusting entries.

(14) Accounting procedures concerning unidentified remittances and detail of any account(s) containing unidentified remittances.

(15) Listing of institutions acting as dividend or bond paying agents and/or stock transfer agents for the holder and its subsidiaries, if a publicly held company, note if more than one agent.

(16) Names, addresses and contact information of third party administrators who do disbursements for the holder.

(17) Policies and procedures regarding rebates and otherpayments to customers.

(18) List of uncashed payroll and employee benefit payments.

AUDIT SERVICES, U.S., LLC
OPERATING PROCEDURES

Procedure Number: **2018-20**
Effective Date: **January 1, 2018**
Approval:_____

SUBJECT: **GENERAL AUDIT STANDARDS**

PURPOSE: To set forth audit standards for the performance of Unclaimed Property audits.

DISCUSSION: General auditing standards form the basis for the execution of the audit for unclaimed property.

PROCEDURE: **I. GENERAL STANDARDS**

A. Qualifications

(1) The audit is to be performed by a person or persons having adequate technical training and proficiency as an auditor. Unclaimed Property Auditors should have knowledge of accounting and auditing principles and be able to apply this knowledge to an Unclaimed Property audit.

(2) Each auditor is to have knowledge of Unclaimed Property law, both statutory and case law.

(3) Auditors are responsible for maintaining technical competence through continuing education.

B. Independence

(1) Auditors are to be free from personal, external, or organizational biases and must be independent in attitude and appearance.

(2) Unclaimed Property Auditors must be independent in order to maintain the public's confidence.

(3) If lack of independence and objectivity will impair an auditor's participation, the auditor may request that he or she not be assigned to that audit.

C. Due Professional Care

(1) The auditor must employ professional standards in performing Unclaimed Property audits.

(2) The auditor is to ensure that the holder is aware of the scope and objectives of the audit and should obtain a good understanding of the holder's operations.

(3) When selecting tests and procedures to be applied during fieldwork, the auditor should consider the audit objectives, effectiveness of internal control and cost vs. benefit of the audit work being performed.

(4) The auditor should be alert for the mishandling of dormant funds and situations indicative of noncompliance.

(5) The auditor is to continue fieldwork until he or she is confident that all amounts of unclaimed property have been identified.

(6) The auditor is to follow-up at a later date on non-complying audits to ensure that corrective action has been taken by the holder.

D. Scope Impairments

(1) When factors imposed by the holder restrict the audit or interfere with the Unclaimed Property Auditor's ability to form objective opinions, the auditor should take steps to have the limitations removed.

(2) If the auditor is unable to remove the restrictions imposed by the holder, the auditor is to refer to Procedure 2018 - 46 "Problem Holders".

(3) The most common impairment is the denial of access to old accounting records or the denial of interviews with key officials and employees of the organization. All impairments are to be documented.

E. Confidentiality

(1) The Unclaimed Property Auditor is to hold in strict confidence all information concerning a holder's affairs that is acquired in the course of the audit consistent with the terms of any confidentiality Agreement with the holder.

(2) If certain information is prohibited from general disclosure, the report shall state the nature of the information omitted and the reason for its omission.

II. FIELD STANDARDS

A. Planning

(1) The audit agenda is to be adequately planned and discussed with staff assigned to the examination.

(2) Audit programs detailing step-by-step procedures are to be followed for each type of property being examined.

B. Study and Evaluation of Internal Control

(1) The auditor is to establish a basis for reliance on internal control to determine the nature, extent, and timing of the audit tests to be applied.

(2) The auditor should determine whether the holder has appropriate policies and procedures in place to enable it to comply with the Unclaimed Property Law.

(3) The auditor is to provide constructive suggestions to holders concerning improvements in internal control.

C. Working Papers

(1) Working papers are to contain the detail to support the audit findings. They are to be legible and should only include information that is relevant to the Statement of Examination Findings.

(2) Work papers are to be numerically indexed and cross-referenced so that future auditors will be able to follow the audit trail. (See Procedure 2018-40 "Work paper Technique")

III. REPORTING STANDARDS

A. The audit report is to state whether the holder is in compliance with the Unclaimed Property Law or in noncompliance.

B. Scope limitation(s) should be stated in the audit report. (See Procedure 2018-46 "Problem Holders")

C. Any material deficiencies detected during the examination are to be included in the audit report.

D. A copy of the audit report along with supporting schedules is to be given to the States. A duplicate copy is to be maintained in the audit file.

AUDIT SERVICES, U.S., LLC
OPERATING PROCEDURES

Procedure Number: **2018-22**
Effective Date: **January 1, 2018**
Approval:_____

SUBJECT: **USE OF AUDIT PROGRAMS**

PURPOSE: To describe the procedures utilizing audit programs in the performance of an unclaimed property audit.

DISCUSSION: An audit file should be prepared for each audit and is essential to conducting audits efficiently and effectively. Auditing Standards define an audit program as detailed steps and procedures to be followed in conducting an audit and preparing an audit report.

PROCEDURE:

I. SELECT AUDIT PROGRAMS

A. The Auditor-in-Charge/staff assembles audit files based on special characteristics of the holder and determines if the programs will achieve the proposed goals.

B. Audit programs are maintained electronically and in hard copy.

II. THE AUDIT PROGRAMS PROVIDE THE FOLLOWING INFORMATION:

A. Series of audit procedures applicable to holder.

B. Basis for assigning work.

C. Basis for summary of work done.

III. AUDIT PROGRAM GUIDELINES

A. The Audit Programs are not intended to be all-inclusive; therefore, the Auditor-in-Charge must apply judgment in developing additional/alternative procedures since unique field problems may be encountered.

B. Audit Programs should be updated based on staff experiences and changes in the unclaimed property and related statutes

C. Two phases of the Audit Program:

(1) The compliance testing phase includes observation tests, detailed tests of transactions, and interviews with holder personnel.

(2) The substantive testing phase includes tests of the details of balances and analytical review procedures.

(3) The end result of completed audit programs will be an organized, understandable file and an accurate audit report.

AUDIT SERVICES, U.S., LLC
OPERATING PROCEDURES

Procedure Number: **2018-24**
Effective Date: **January 1, 2018**
Approval:_____

SUBJECT: **AUDIT FILE FORMAT**

PURPOSE: To describe the procedures used in compiling the completed audit file.

DISCUSSION: All audit files need to be compiled in the following format to insure consistency and ease in reviewing.

PROCEDURE: **I. GENERAL INDEX**

SECTION 100

(1) Report Guide Sheet
(2) Managers Review Program

SECTION 200

(1) Title page "as of" date records examined
(2) Table of contents
(3) Letter to holder
(4) Statement of Examination Findings (if applicable)
(5) Management Advisory Comments (if applicable)
(6) Supporting schedule(s) (if applicable)

SECTION 300

(1) Correspondence and Telephone Record
(2) Telephone call record
(3) Copies of all correspondence received or sent in chronological order.
(4) Unclaimed property reports received as a result of an audit, if applicable Detail Schedule of Findings
(5) Records Request

SECTION 400

(1) Audit Roster
(2) Time Allocation Report

SECTION 500

(1) Review of Internal Control
(2) Internal Control Questionnaire Module

SECTION 600

(1) Audit Program Index
(2) Pre-Audit Steps
(3) Audit Opening Steps
(4) Audit Review Steps
(5) File Review Steps

SECTION 700

(1) Auditors Notes
(2) Outstanding Issues
(3) Records Request

SECTION 800

(1) Holder information. (As applicable)
- Holder Profile
- Hoovers, Moody's, Capital Changes Reports, etc.
- Annual Reports, etc.
- Organization Chart
- Policy and procedures of holders
- Contracts, rules and regulation of holders.

SECTION 900

(1) Unclaimed Property Report Analysis
(2) U/P Report Audit Program
(3) States which reports are filed to
(4) Related work papers

SECTION 1000

(1) General Ledger Review
(2) Journal Entry Review Matrix
(3) Chart of Accounts
(4) Trial Balance

SECTION 1100-2000

(1) Audit Program used
(2) Audit Findings Schedule(s)
(3) Supporting work papers

AUDIT SERVICES, U.S., LLC
OPERATING PROCEDURES

Procedure Number: **2018-26**
Effective Date: **January 1, 2018**
Approval:_____

SUBJECT: **NO DATE PROPERTY**

PURPOSE: To describe the procedures used to evaluate and schedule no date property.

DISCUSSION: During the course of the examination unclaimed property may be identified which cannot be adequately aged or dated due to insufficient record keeping by the holder. In these instances, an auditor must make a reasonable and supportable determination as to whether the property should be classified as demandable, reportable, or reinstatable.

PROCEDURE: **I. EVALUATING PROPERTY**

A. Attempt to date property based on available records by:

(1) Examining sequence of check numbers, certificates, patient or customer numbers, any other property identification numbers.

(2) Determining length of time present chart of accounts or selected accounts have been in use.

(3) Establishing conversion date.

(4) Reviewing operational characteristics of holder including stock offerings, new product offerings, the opening of new stores, plants, etc.

(5) Analyzing holder's reporting history.

II. SCHEDULING PROPERTY

A. Provided that the preceding evaluations were performed and given that current records are generally more accurate than historical records, any property which cannot be reasonably dated will be treated as demandable subject to the requested research of the holder. Property that can be reasonably aged will be scheduled in

accordance with Procedure 2018-44 “Demandable, Reportable, and Reinstatable Property”.

AUDIT SERVICES, U.S., LLC
OPERATING PROCEDURES

Procedure Number: **2018-28**
Effective Date: **January 1, 2018**
Approval:_____

SUBJECT: **NO ADDRESS PROPERTY**

PURPOSE: To describe the procedures used to evaluate and schedule no address property and distribute same to the proper State.

DISCUSSION: During the course of the examination unclaimed property may be identified which cannot be adequately assigned to a State due to insufficient record keeping by the holder. In these instances, an auditor must make a reasonable and supportable determination as to which State the property should be reported to.

PROCEDURE:

I. EVALUATING PROPERTY

A. Attempt to secure name and address of the owner of property based on available records by:

(1) Examining supplemental documents such as vendor registers and employee pay records.

(2) Determining existence of alternate sources of names and addresses such as 1099 records.

II. SCHEDULING PROPERTY

A. Provided that the preceding evaluations were performed and given that supplemental records are generally reliable, contact the States involved and get further directions.

III. NO RECORDS AVAILABLE

A. Allocate to States according to the governing court cases (See procedure 2018-38 "Auditing for Multiple States")

AUDIT SERVICES, U.S., LLC
OPERATING PROCEDURES

Procedure Number: **2018-30**
Effective Date: **January 1, 2018**
Approval:_____

SUBJECT: **UNDERLYING SHARES AND THE DETERMINATION OF ABANDONMENT**

PURPOSE: To describe the procedures used to evaluate and schedule underlying shares and distribute them to the proper State.

DISCUSSION: During the course of the examination the auditor will seek evidence of shares of stock that the holder has been unable to deliver to a shareholder, and shares of stock that have been issued to a shareholder and thereafter have been abandoned by the owner.

PROCEDURE: **I. AUDIT PROGRAM**

A. The auditor will follow the steps outlined in the audit program, which include, but are not limited to the following:

(1) Analyze the history of the holder (i.e.: classes of stock outstanding, stock splits, stock dividends, mergers, acquisitions, etc.)
(2) Request that the company obtain records identifying unexchanged and/or undeliverable stock certificates, outstanding dividend checks, dormant book entry accounts returned from the post office (RPO) accounts and inactive dividend reinvestment accounts, if the company uses an outside transfer agent.
(3) Document successive periods of uncashed dividend checks and determine if underlying shares can be claimed.
(4) Prepare spreadsheets for identifying unexchanged and underlying shareholder accounts, including:
    a. Owner information (name, last known address, social security number, and account number, if known)
    b. Issue name and type

II. AUDIT FINDINGS

A. Include unclaimed property amounts due each state based on that State's statutes. When citing the underlying share as unclaimed property, the share should be claimed based on the applicable state statute (i.e. holding periods may vary).

B. Include all categories of property.

C. Property will be reported under terms of contract.

AUDIT SERVICES, U.S., LLC
OPERATING PROCEDURES

Procedure Number: **2018-32**
Effective Date: **January 1, 2018**
Approval:_____

SUBJECT: **BANKRUPTCY**

PURPOSE: To describe the procedures used when a holder of unclaimed property files for bankruptcy.

DISCUSSION: Federal bankruptcy law does not always preempt state escheat laws. The States may have the right to stand in the shoes of the owners who cannot be located.

PROCEDURES: **I. NOTICE OF BANKRUPTCY**

A. The auditor-in-charge receives notice of a corporation in bankruptcy:

(1) By receipt of a proof of claim form from the bankrupt.

(2) By notification from another vendor (Clearinghouse) or State.

(3) From learning of the bankruptcy through research (newspaper).

(4) From telephone inquiry to bankruptcy courts.

II. CONTACT STATES

A. Contact the States involved and get further directions when:

(1) It is determined that a sufficient basis for making a claim exists and a proof of claim may be submitted.

(2) The holder (bankrupt) never filed a report or filed only negative reports and nothing suggests any possibility of a substantial claim against the bankrupt.

B. When the auditor-in-charge has notice of a bankruptcy, Due Care should be taken that no effort is made to pursue other collection efforts or an audit of the bankrupt company in order to avoid making the bankruptcy judge angry for interfering with the conduct of the bankrupt business by the trustee and bankruptcy court.

AUDIT SERVICES, U.S., LLC
OPERATING PROCEDURES

Procedure Number: **2018-33**
Effective Date: **January 1, 2018**
Approval:_____

SUBJECT: **OUT OF PROOF REPORTS**

PURPOSE: To describe the procedures used to evaluate and schedule out of proof reports and distribute same to the proper State.

DISCUSSION: Out of proof reports are those in which inaccurate record keeping results in more accounts listed in the report than actual accounts exist, for which property is remitted to the State at a value less than the total of the report. It is Audit Services, U.S., LLC's intent in all examinations to reconcile the property to the report; however, it recognizes that holders holding equity issues will sometimes have inadequate records to determine whether or not an owner has been previously paid. The States may find it acceptable for the holder to submit a report that is short or "out of proof."

PROCEDURE:

I. ACCEPTANCE OF OUT OF PROOF REPORTS

A. Out of proof reports will only be accepted when:

(1) Written assurances are provided by the holder that should all owners come forward, the holder will provide the balance due.

(2) The reports are clearly marked as out of proof and the reason the report is out of proof is certified by the holder or the Holder's agent.

(3) Approval has been received from the States involved to accept an out of proof report.

II. VERIFICATION AND NOTIFICATION

A. When notified of an out of proof report, the auditor will verify the amount or percentage by which the report varies.

B. The auditor-in-charge will notify the States involved of how much the holder is "out of proof" and will await further instructions or approval from the States.

AUDIT SERVICES, U.S., LLC
OPERATING PROCEDURES

Procedure Number: **2018-34**
Effective Date: **January 1, 2018**
Approval:_____

SUBJECT: **LOCATING AND EVALUATING HISTORICAL RECORDS**

PURPOSE: To describe the procedures used in determining the oldest records required for the examination, and in locating and evaluating said records.

DISCUSSION: Due to the long-term nature of unclaimed property dormancy periods complications are continually encountered in relation to the availability of records or the lack of certain types of records.

PROCEDURE:

I. EXAMINATION SCOPE

A. Normally research the last five years.

B. If noncompliance is evident, research as far back as needed or allowed by each State's law.

C. If holder is in compliance, it is not necessary to extend the scope of the audit.

D. If the first report filed covers the entire reach back period for all property types permissible under the law, further research is not required.

II. LOCATING RECORDS

A. Determine that the records exist

(1) Examine record retention manuals.

(2) Interview key employees.

(3) Review oldest available written procedures, memos, and files.

(4) Establish record keeping practices from audit trail.

B. Verify the location of the records

(1) Determine who has control of the records.

(2) Examine records storage areas.

(3) Inspect the records.

C. If records are not available, have holder sign record request letter acknowledging that the records are not available.

SUBJECT: LOCATING AND EVALUATING HISTORICAL RECORDS

III. EVALUATING RECORDS

A. Determine the existence of required records.

B. Age available documentation and recorded activities.

C. Decide if available documentation is adequate to calculate and support examination findings as needed.

D. Prepare an estimate from available records if holder's record retention is inadequate and there is evidence of noncompliance and the holder is incorporated in a State that allows estimation (See Procedure 2018-36 "Estimates").

AUDIT SERVICES, U.S., LLC
OPERATING PROCEDURES

Procedure Number: **2018-36**
Effective Date: **January 1, 2018**
Approval:_____

SUBJECT: **ESTIMATES**

PURPOSE: To review the conditions and circumstances requiring the performance of estimates and to recommend procedures to be used in computing estimates.

DISCUSSION: The availability of the holder's records and cost benefit determinations may compel the audit staff or the holder's personnel to estimate the value of demandable and reportable property. For amounts in excess of the State's aggregate value, every reasonable effort should be undertaken to ensure that the reporting of all available last known names and addresses will not be jeopardized by performing an estimate.

PROCEDURE: **I. CIRCUMSTANCES REQUIRING ESTIMATES**

A. **RECORDS UNAVAILABLE**

(1) When the holder's record retention policy limits the scope of the examination, a review of the available records should be used to estimate areas of noncompliance for the periods in which the record keeping was inadequate (See Procedure 2000-26 "No Date Property").

(2) Have holder sign Record Request Form acknowledging that the records are not available.

(3) Determine the method of Estimation

(4) Have holder sign mutually agreed upon method of estimation.

B. RECORDS AVAILABLE

(1) Circumstances may arise where the holder's record keeping is adequate, however, due to the cumbersome nature of the holder's records or to the volume of specific unclaimed property items, it may be cost beneficial to estimate the total findings in a given area. The Auditor-in-Charge should determine whether an estimate performed by the audit staff or by the holder's personnel will generate the most accurate and cost effective assessment. The States involved must approve of this plan.

(2) Have holder sign Record Request Form

(3) Determine the method of Estimation

II. VALIDITY OF FINDINGS

A. When holder research is not feasible or past records are not available for 100% of the findings, a sampling may be performed to determine accounting errors. The result will be applied to the total population.

B. Inform the holder that the result of the sample will be applied to the total population.

III. PROPORTIONATE FOR MULTIPLE STATES

A. In the event that property is due multiple states, a reapportionment may be performed.

B. The States must approve any apportionment of names and address when records are available.

C. Have holder sign mutually agreed upon method of estimation

AUDIT SERVICES, U.S., LLC
OPERATING PROCEDURES

Procedure Number: **2018-38**

Effective Date: **January 1, 2018**

Approval:_____

SUBJECT: **AUDITING FOR MULTIPLE STATES**

PURPOSE: To describe the procedures for identifying property belonging to various states and assuring compliance with Supreme Court cases.

DISCUSSION: Audit Services has contracts with the District of Columbia and numerous states, which call for representation during an audit. Auditors should make the holders aware of the benefits of filing one report to Audit Services rather than reporting to numerous states.

PROCEDURE: **I. IDENTIFYING PROPERTY BELONGING TO VARIOUS STATES**

A. Determine States in which Holder Has Filed

(1) Through interview with holder.

(2) "States Filed To" work paper checklist.

(3) Reviewing previously files reports.

B. Determine States in which Holder Has Liability

(1) Last known addresses of demandable, reinstatable and reportable property.

(2) Rules of Texas vs. New Jersey and Delaware vs. New York.

(3) State of incorporation.

C. Inform Holder of Our Obligation

(1) To collect and remit to States with contracts.

(2) To inform states of holder's potential liability.

III. AUDIT FINDINGS

A. Include unclaimed property amounts due each state based on that State's statutes. The holder should be informed that it is the responsibility of the holder to remit property in accordance with the dormancy periods of each state.

D. Include all categories of property.

E. Include aggregate amounts if not incorporated in States under contract.

F. Property will be reported under terms of contract.

SUBJECT: AUDITING FOR MULTIPLE STATES

G. Underlying Shares, if Applicable

(1) Because of potential liabilities special attention should be placed on stock activities.

(2) When citing the underlying share as unclaimed property, the share should be claimed based on the applicable state statute (i.e. holding periods may vary).

IV. Holder Chooses Not to Remit State Findings to Audit Services.

A. Notify States of amount due.

B. Make available work papers and documentation if requested.

C. Assist State in any way.

D. Holder must provide proof such as copies of checks and reports to Audit Services that they have filed to other states.

V. Resources

A. Quick Reference Section of Guide To Unclaimed Property And Escheat Laws by Anthony L. Andreoli.

B. Unclaimed Property Offices in each state

C. Individual state statutes.

D. The ASUS Auditor Training Manual

AUDIT SERVICES, U.S., LLC
OPERATING PROCEDURES

Procedure Number: **2018-40**
Effective Date: **January 1, 2018**
Approval:_____

SUBJECT: **WORKPAPER TECHNIQUE**

PURPOSE: The purpose of work papers is to document the examination findings and the degree of compliance identified during the course of an audit.

DISCUSSION: Work papers support the basis for comments, exceptions and recommendations cited by the auditor in the report and are the historical records maintained by the auditor of work performed and findings. The form of work paper layout is a matter of individual auditor discretion. However, the auditor is expected to maintain clarity and consistently apply standard audit procedures. The intent of work papers is to display facts to other readers, not just the composing auditor.

PROCEDURE: **I. WORK PAPER LAYOUT**

A. SIZE

(1) The file will be 8 1/2" X 11"

(2) Pages should be folded or trimmed to accommodate the file size.

(3) Work papers should all face the same way.

B. APPEARANCE

(1) Work papers must be neat and orderly.

(2) Work papers should be written in dark pencil, with references in red.

(3) Notes should be written at the bottom of the page. If there is not enough space or the paper is not clear use another piece of paper to write the note and place it behind the work paper.

(4) Only one side of the paper is to be used.

C. ORDER

(1) SEE PROCEDURE 2000-24 "AUDIT FILE FORMAT"

D. HEADINGS

(1) Each work paper should be headed as follows:

a) Top line - holder name

b) Following line - main subject

c) Third line, if necessary - specific purpose

d) Each work paper should be initialed and dated when applicable in upper right hand corner below page number by the auditor doing the work and the person reviewing the work.

E. ATTACHMENTS

(1) Calculator Tape

a) Calculator paper should be attached neatly to the work paper with glue or tape, and be properly referenced.

b) The calculator should be cleared before using, as reflected with the .00 at the top of each tape or calculation.

c) The tape should reflect the holder being audited and should be initialed by the auditor.

(2) Other Attachments

a) Documents should be attached neatly to the worksheet with tape or glue.

b) The attachment should reflect the holder being audited.

c) Attachments should be neatly trimmed and/or folded to fit the 8 1/2" x 11" audit file size.

d) Attachments should contain a description/explanation of its relevance to the audit.

F. PAGE NUMBERING

(1) When numbering work papers the auditor should keep in mind that cross-references will be used. Therefore, page numbering should be simple and understandable.

(2) Work papers are to be numbered using the work paper Index.

(3) Work papers are to be numbered consecutively.

(4) Page numbers should change with each new topic. Work papers relating to each topic should be subnumbered. For example:

Outstanding Checks Program (page 1)	1100
Outstanding Checks Program (page 2)	1100.01
Lead Schedule	1101
A Bank Reconciliation	1102

An Outstanding Check List 1102.01
A Bank Reconciliation 1103

G. TICK MARKS

(1) A TICK MARK IS A SYMBOL (LETTER, NUMBER, CHECK, MATHEMATICAL OR GEOMETRIC DESIGN) INDICATING THAT AN:

- Audit function (foot, agree, confirm, trace, etc.) has been performed, or
- Explanation or clarification exists in a footnote.

(2) Always pencil tick marks in red and explanations in black.

(3) To provide consistency in all work papers and facilitate review, the following standard tick marks should be used:

✓	Adequate, OK (a positive confirmation of the trait for which the auditor is testing)
^	Footed
<	Cross-Footed
T	Traced to outstanding checks
A	Agrees to bank statement
GL	Agrees to the general ledger
N/A	Not applicable

(4) Explain Symbols Used: If additional tick marks are necessary, explain tick mark at the bottom of each work paper or reference to appropriate tick mark legend.

II. AUDIT PROGRAM COMPLETION

A. Completed audit program steps are signed-off (initialed) and dated by the auditor who performed the work. All auditors working on an audit step should initial the audit program.

B. If audit steps are added during the field work, the additional steps should be recorded on the audit program. Likewise, if steps are not applicable to the audit, a note stating the reason should be documented on the program.

C. Tick marks are used in the reference column of the audit program when the referenced note applies to more than one step within the audit program or if there is not enough room under the audit step and must be explained elsewhere.

III. SOURCE, PURPOSE, OPINION STATEMENT (SPO)

A. SOURCE

(1) Source of information and title of the source is reflected in the SPO. If the work papers in the section come from more than one source, each work paper should reflect the source.

B. PURPOSE

(1) A statement is written describing the reasons for performing the audit program. The section of law should be reflected if applicable.

C. OPINION

(1) A statement(s) is written summarizing the results of tests with references to the corresponding work papers to provide detail. A conclusion to the audit work should be written.

IV. LEAD SCHEDULE

A. Lead Schedules are prepared for sections that contain findings.

B. Findings are cross-referenced to the supporting documents.

V. MISCELLANEOUS TECHNIQUES

A. The work papers should be organized and cross-referenced to provide a clear record of work performed.

B. Narratives should be used to document any steps taken during the audit that were not included in the audit program.

C. Bulk materials are to be organized and filed separately with an appropriate cross-reference in the working papers. Summaries pertaining to bulk material should be properly filed in the related working papers.

D. Be sure to resolve all questions and exceptions indicated in your working papers. Occasionally, you may not be able to immediately determine the disposition of some issues. These issues should be listed on work paper 701 – Outstanding Issues.

E. Work papers that are attached to a single work paper and folded are to be numbered as such: 1/2, 2/2.

F. If a page contains sections unrelated to the audit they are to be neatly crossed-out in red.

G. To reference numbers to each other on the same work paper; small circles with corresponding letters and arrows are to be used. Example:

VI. WORKPAPER REVIEW NOTES

A. PREPARATION

(1) Review notes are prepared by the Director of Audits. Review notes are recorded on the work paper review note form with the name of the review note preparer and the auditor responsible for follow-up at the top of each page. If no review notes result from the review process, a review note sheet is not necessary.

B. CLEARANCE

(1) The auditor is responsible for clearance of their own review notes and any others which are assigned. The auditor should write their responses to the review note in the comment column of the review note sheet. The auditor should also provide the corresponding review note number to his response to facilitate assurance that all review notes were addressed. If another auditor clears the review note, the auditor is to initial the response to provide accountability. Occasionally, the auditor clearing the review note will make an addition or correction to a work paper other than the page indicated in the review note. For these instances, the auditor clearing the note indicates where work was performed.

C. FOLLOW-UP

(1) Review note follow-up should be completed as soon as possible to avoid interference in other projects. When the note is cleared it is crossed out with a red "I". If the follow-up has been delegated, the individual completing the follow-up includes his initials with the "I" for accountability. When all review notes have been cleared they are retained by the audit manager.

VII. WORKING PAPER DEFICIENCIES

A. For the most part, working paper deficiencies result when an auditor neglects one or more of these responsibilities:

(1) Organizing the working papers properly

(2) Rechecking all important calculations

(3) Bringing exceptions to the attention of the auditor-in-charge and obtaining his acknowledgment of them.

(4) Clearing exceptions noted in the working papers or carrying them forward to a pending matters list

(5) Indexing all working papers properly. This procedure includes a clear logical system of numbering and the reflection in the cross-reference of all numbering changes

(6) Using clear and logical working paper headings

(7) Signing and properly dating work papers

(8) Disclosing conclusions on the accounts being analyzed

(9) Footing or test footing auditor prepared schedules

(10) Explaining audit tick marks

(11) Indicating sources of information where appropriate

(12) Transcribing only useful information onto the working papers

(13) Understanding the overall objective of an audit procedure, thereby ensuring against the mechanical performance of unimportant tasks

(14) Recording accurately and legibly information to be used in confirmation requests (e.g., serial numbers, names, dates, property descriptions, amounts). All this information should be entered on working papers with extreme accuracy and should be suitable in all respects for transfer to confirmations.

Each of these items should be considered when performing a self-review of work papers.

AUDIT SERVICES, U.S., LLC
OPERATING PROCEDURES

Procedure Number: **2018-42**
Effective Date: **January 1, 2018**
Approval:_____

SUBJECT: **DOCUMENTATION REQUIREMENTS**

PURPOSE: To describe the procedures for adequately documenting the audit steps performed.

DISCUSSION: Auditing standards require that sufficient, competent evidence be obtained by the auditor. The auditor must seek evidence that in their professional judgment is relevant and reliable. Examination of this evidence must be documented in the work papers (See Procedure 2018-40 "Work paper Technique"). A file of the audit findings is maintained as a permanent record.

PROCEDURE: **I. DOCUMENTING AUDIT PROCEDURES AND FINDINGS**

A. The following definitions, principles, and concepts are to be considered when documenting audit procedures and findings:

(1) Selectivity - The auditor should select information sufficient to draw an accurate conclusion.

(2) Reliability - The documentation should be reliable. It is important to remember that information such as oral statements, written statements, procedures, etc. are to be verified as to what is actually happening, not what should be happening.

(3) Relevance - The documentation must directly support an audit step or finding.

(4) Sufficiency - The quantity of documentation is usually a judgment call made by the auditor based on their experience. It is logical to say more documentation is required to support findings in areas of possible dispute.

AUDIT SERVICES, U.S., L.L.C.
OPERATING PROCEDURES

Procedure Number: **2018-44**
Effective Date: **January 1, 2018**
Approval:_____

SUBJECT: **DEMANDABLE, REPORTABLE, AND REINSTATABLE PROPERTY**

PURPOSE: To describe the property classifications used in the "Statement of Examination Findings" which serve to inform the holder of the status of the various items of unclaimed property.

DISCUSSION: In order to assist the holder in complying with the audit findings, unclaimed property identified during the audit is divided into the following three classifications: Demandable, Reportable, and Reinstatable. By placing the property into these classifications, the holder is better able to account for the property and report it when due.

PROCEDURE:

I. DEMANDABLE PROPERTY

A. Include in this category property that should have been paid or delivered to the States in prior years. The holder may deduct from this amount any property that is returned to the rightful owner or deemed accounting errors.

II. REPORTABLE PROPERTY

A. Include in this category property that is still on the books of the holder (credit balances, outstanding checks, etc.) which should be reported to the proper State in the future. The holder may deduct from the audit findings any amounts that are returned to the rightful owner or deemed accounting errors.

III. REINSTATABLE PROPERTY

A. Include in this category unclaimed property due to the proper State in future years that the holder has taken into income. This amount, less any items returned to the rightful owner or deemed accounting errors, will be reportable in the future based on the applicable statutory holding period.

AUDIT SERVICES U.S., LLC
OPERATING PROCEDURES

Procedure Number: **2018-46**
Effective Date: **January 1, 2018**
Approval:_____

SUBJECT: **PROBLEM HOLDERS**

PURPOSE: To develop guidelines for auditing holders who view an unclaimed property audit as an inconvenience and are not cooperative.

DISCUSSION: An occasion may arise where the holder does not agree with:

- the need to file a report
- the scope of the audit
- the records requested
- the property identified.

When this occurs the auditor needs to maintain professional decorum. The auditor should be aware of any possible legal implications that may arise as a result of the audit and document all discussions with the holder that take place before, during, and after the audit. It may be necessary to more fully document the audit work performed in order to fully support audit conclusions for discussion with problem holders.

PROCEDURE: **I. THE AUDIT TEAM SHOULD BE KNOWLEDGEABLE OF:**

A. Holder's Attitude Before the Audit

(1) If holder attempts to delay audit

a. Be polite

b. Offer a choice of two dates

c. Select a date and set an arrival time

(2) If holder objects to records requested

a. Submit a records request

b. Adhere to normal audit routine

c. Expand as necessary to obtain information

(3) If holder protests types of property to be reviewed

a. Use the State unclaimed property manuals to illustrate types of property.

b. Refer to applicable paragraphs in the statute

B. Holder Conduct During the Audit

(1) Working conditions intolerable

a. Request more appropriate conditions

b. Consider general conditions available

(2) Holder delays in obtaining requested information

a. Access to record areas speeds audit process

b. Remain on site to see if records arrive

c. Leave record request

d. Set a time to return to review records

(3) Holder denies access to employees who prepare records and/or record storage areas

a. Remind holder that the audit will proceed faster

b. Refer to statutes on the examination of records

C. Holder Conduct After the Audit

(1) Protest audit (See Procedure 2018-58 - "Audit Protest")

(2) Disagree with findings

a. Review each area with holder

b. Negotiate compromise (with administration's approval)

(3) Review with holder possible penalty for failure to file

II. COMMUNICATION WITH HOLDER DURING AUDIT

A. Adhere to the Statutes

B. Be consistent-refer to conclusions reached on prior audits

C. Keep holder informed during the audit

D. When issues are uncertain, research and follow up with the holder later

E. Record in auditor's notes all discussions taking place during the audit

F. Give holder schedules of property identified (if possible, Statement of Examination Findings) at conclusion of field work

G. Request records needed to complete audit

III. AUDITOR INVOLVEMENT

A. Keep Director of Audits informed of any problems encountered during the audit

B. Make Audit Contact aware of inappropriate conduct of holder employees

IV. HOSTILE HOLDER

A. Under no circumstances does the audit staff tolerate abusive language from the holder.

B. Explain that if abuse does not stop, the audit staff will vacate immediately and report back to management.

C. Document the nature of abuse and the employee administering the abuse.

VI. KEEP STATES INFORMED

AUDIT SERVICES U.S., LLC
OPERATING PROCEDURES

Procedure Number: **2018-48**
Effective Date: **January 1, 2018**
Approval:_____

SUBJECT: **CONCURRENT AUDITS - CONFLICTS AND RESOLUTION**

PURPOSE: To develop guidelines for eliminating and resolving possible disputes with other vendors when auditing holders who are also being audited by another vendor.

DISCUSSION: An occasion may arise where the holder or agent of the holder is being audit concurrently as Audit Services is conducting an audit.

PROCEDURE:

I. PROCEDURE TO FOLLOW WHEN A CONFLICT OCCURS WITH ANOTHER VENDOR

A. COMMUNICATION

(1) Inquire of the holder whether another vendor is auditing a division, branch, subsidiary, or a third party administrator or paying agent.

(2) Authorizations to audit and audit notification letters inform the States of an impending audit by ASUS.

(3) A quarterly Status Report informs the States of ASUS's audit candidate list and intentions to audit holders.

(4) When ASUS is aware of a conflict, management will immediately contact the other vendor and try to resolve the matter without getting the States involved.

II. VOLUNTARY VS. INVOLUNTARY AUDITS

(1) An involuntary audit takes precedence over a voluntary compliance when the contact dates are the same.

(2) The vendor with the earliest State approval is considered by ASUS as the approved contractor.

(3) When two contact persons from the same holder are contacted by different vendors at the same time, the States will decide who they want to work with. (Or the contact person with the highest authority will take precedence.)

(4) When different subsidiaries or divisions are contacted by different vendors at the same time, the States will decide who

they want to work with. (Or the contact person with the highest authority will take precedence).

(5) A CPA firm bringing a holder into voluntary compliance is not considering a conflict. Ask for directions of the States.

IV. GENERAL LEDGER VS. EQUITY

A. When auditing a holder and a request for records from a third party agent has been made and same agent goes through another vendor, ASUS takes the position that any monies received by the states are as a result of ASUS audit efforts.

B. When auditing a third party records and the third party routinely reports through another vendor. Any monies that would not have been turned over routinely by the agent are considered as a result of ASUS audit efforts.

V. STATES DIRECTIONS

A. State instructions take precedence over any subsequent procedure

AUDIT SERVICES U.S., LLC
OPERATING PROCEDURES

Procedure Number: **2018-50**
Effective Date: **January 1, 2018**
Approval:_____

SUBJECT: **AUDIT REPORT**

PURPOSE: To describe the procedures used in preparing a standardized audit report of unclaimed property.

DISCUSSION: After audit fieldwork is completed, a closing conference is held with holder personnel. At this time, a rough draft of the Statement of Examination Findings and/or supporting schedules are furnished to the holder and explained in detail. A completed audit report is prepared upon returning to the office and mailed to holder and to each State represented.

PROCEDURE: **I. COMPLETE AUDIT REPORT**

A. TITLE PAGE

(1) Holder's name, subsidiaries, FIN, city and state

(2) Audit Cut-Off Date

B. CONTENTS PAGE

(1) Letter to Administrator

(2) Statement of Examination Findings

(3) Management Advisory Comments

(4) Schedules of Examination Findings

C. LETTER TO HOLDER

(1) Non-Compliance Letter - If holder is not in compliance with the Unclaimed Property Law.

(2) Compliance Letter - If holder is in compliance with the Property Law.

D. STATEMENT OF EXAMINATION FINDINGS

(1) Property should be listed by type and due date and is categorized as demandable, reportable, and/or reinstatable.

(2) Definitions for amounts demandable, reportable, and reinstatable are at the bottom of the page.

E. MANAGEMENT ADVISORY COMMENTS

(1) Includes any reporting or internal control weaknesses noted during the audit, and references appropriate paragraph of statute.

(2) Condition is stated and followed by a recommendation.

(3) Holder response to recommendation, if necessary.

F. SCHEDULES TO SUPPORT STATEMENT OF EXAMINATIONS FINDINGS, AS NEEDED.

AUDIT SERVICES U.S., LLC
OPERATING PROCEDURES

Procedure Number: **2018-52**
Effective Date: **January 1, 2018**
Approval:_____

SUBJECT: **AMENDED FINDINGS**

PURPOSE: To describe the procedures employed in the receipt of amended figures to audit findings.

DISCUSSION: After audit field work is completed the holder furnishes the audit staff additional documentation which may amend the audit report.

PROCEDURE: **I. AMMENDING FIGURES TO AUDIT FINDINGS**

A. MINIMUM ADJUSTMENTS - VOLUMINOUS SCHEDULE:

(1) Strike through changes with diagonal line.

(2) Strike through page totals with diagonal line and record new total.

(3) Alter or strike through all schedules and audit report.

(4) Use sufficient tick marks and notations.

B. AFTER FIELD WORK AND BEFORE AUDIT REPORT IS ISSUED:

(1) Verify and reconcile amended documentation to the original work papers.

(2) Place amended work papers and documentation in front of original work papers using the same work paper numbers with a prefix "A" denoting amended.

(3) Change lead schedules by striking through original findings and replace with amended figures. (NOTE sections accordingly)

(4) If on computer worksheet, amend figures.

(5) Prepare audit report and audit remittance control using amended figures.

C. AFTER AUDIT REPORT IS ISSUED:

(1) Verify and reconcile amended documentation to the original work papers.

(2) Place amended work papers and documentation in front of original work papers using the same work paper numbers with a prefix "A".

(3) Place amended lead schedule in front of original schedule using the same work paper number with an "A" prefix. Strike through original schedule with a diagonal line and Note accordingly.

(4) Place amended audit report section in front of original schedule using the same work paper number with an "A" prefix. Strike through original schedule with a diagonal line and Note accordingly.

(5) Place amended Audit remittance by State in front of original schedule using the same work paper number with an "A" prefix. Strike through original schedule with a diagonal line and Note accordingly.

AUDIT SERVICES U.S., LLC
OPERATING PROCEDURES

Procedure Number: **2018-54**
Effective Date: **January 1, 2018**
Approval:_____

SUBJECT: **AUDIT REVIEW**

PURPOSE: To describe the procedures for reviewing the audit file upon completion of the audit.

DISCUSSION: The work performed by each auditor should be reviewed to determine whether it was adequately performed and to evaluate whether the results are consistent with the conclusions presented in the Statement of Examination Findings.

PROCEDURE: **I. PURPOSE OF AUDIT REVIEW**

A. Audit complies with Unclaimed Property Audit Procedures

B. Quality Control

(1) Ensure standards of the department have been met

(2) Work papers are of professional quality and fully support the work performed and conclusions reached

C. Consistency in application of General Statutes

D. Training tool for auditors

(1) The use of review notes to instruct staff provides an opportunity to improve their performance and inform them of things they do well.

(2) Positive notes will provide motivation and instruction

E. Reduce audit time

Minimize audit time thereby reducing audit cost

F. Future planning

(1) Recommendations to change audit program

(2) Eliminate or change certain work papers

(3) Reduce sample size

II. STAGES OF AUDIT REVIEW

A. Preparer/Auditor-in-Charge

(1) Auditor reviews own work papers

(2) Ensure that the Statement of Examination Findings is well supported

(3) Audit covers all predetermined areas sufficiently

B. Director of Audits

(1) Planned direction of audit was maintained

(2) Policies of the department were adhered to

(3) Overall quality of the audit was sufficient

C. Attorney as Needed

(1) Protest

(2) Court

AUDIT SERVICES U.S., LLC
OPERATING PROCEDURES

Procedure Number: **2018-55**
Effective Date: **January 1, 2018**
Approval: _____

SUBJECT: **FOLLOW-UP AUDIT FINDINGS**

PURPOSE: To describe procedures used to ensure that the holder responds timely to a report of findings at the conclusion of an audit.

DISCUSSION: The date for a holder to respond to or comply with an audit is stated in the audit report. The audit contact is expected to make arrangements for remittance of the proper amount within the specified timeframe.

PROCEDURE: **I. AUDIT REPORT**

A. The agreed upon date of compliance is to be included in the audit report that is mailed to the holder. (Maximum period granted for compliance - 120 days). If the holder requests more time, extensions may be granted with States' approval, but interest may be accruing after 120 days.

B. The Auditor-In-Charge records all audit findings and the agreed date of compliance in the auditor's notes. These amounts reconcile to audit report.

AUDIT SERVICES U.S., LLC
OPERATING PROCEDURES

Procedure Number: **2018-56**
Effective Date: **January 1, 2018**
Approval: _____

SUBJECT: **REMITTANCE OF PROPERTY FROM HOLDER**

PURPOSE: To describe procedures used to ensure that the holder remits the proper amount in a manner amenable to Audit Services in the interest of audit efficiency and accountability.

DISCUSSION: It is the responsibility of the Auditor-in-Charge to oversee proper remittance of funds by the holder. In most instances it is essential that funds be remitted through Audit Services to accommodate the states that require us to retain our fee from the property delivered.

PROCEDURE: **PROVIDE INSTRUCTIONS TO HOLDER**

A. The Holder is encouraged to follow either of two methods for remittance of cash and two methods for remittance of securities. Cash can be remitted as a check, made payable to: "Audit Services, U.S., LLC, in trust for Unclaimed Funds" which is deposited in an interest bearing account in trust for the state immediately upon receipt. Or cash can be remitted by Wire Transfer into that same account. If the Holder prefers to wire funds they are provided with wire instructions for doing so. Securities must first be registered in the name of the state or its nominee. Then securities can be transferred by DTC or the physical securities can be delivered to our custodian bank until remittance by Audit Services to the state.

AUDIT SERVICES U.S., LLC
OPERATING PROCEDURES

Procedure Number: **2018-57**
Effective Date: **January 1, 2018**
Approval: _____

SUBJECT: **SUBMISSION OF DATA BY HOLDER**

PURPOSE: To coordinate transfer of data related to audit findings from the holders books and records to Audit Services' Data Processing Department in order to be able create report files of the proscribed type for each state the reflect accurately the findings of the audit.

DISCUSSION: It is the responsibility of the Auditor-in-Charge to coordinate with the sometimes numerous sources of data at the holder to facilitate delivery of data to Audit Services that is intelligible to Audit Services' Data Processing Department and properly represents the audit findings in the interest of audit efficiency and accountability.

PROCEDURE: **I. EVALUATE AVAILABILITY OF DATA FROM HOLDER**

A. The Auditor-In-Charge is responsible for determining what data is available in electronic formats and which is only accessible from paper records.

B. The Auditor-In-Charge will coordinate with the holder's data processors to provide all available electronic data representing the unclaimed funds to be processed. Audit Services Data Processing Supervisor is available for any technical consultation that will facilitate this coordination.

C. The Auditor-In-Charge will coordinate with the holder's accounting personnel to generate electronic forms of data previously available only from paper records. The Auditor-in-Charge will consult with Audit Services Data Processing Supervisor to ensure that data formats created will contain the necessary information for processing and be in a form that will be practical and efficient for Audit Services use.

II. TRANSFER OF DATA FROM HOLDER

A. The Auditor-in-Charge will provide instructions to the holder as to how to submit the relevant data to Audit Services. In most cases the relevant data will already be incorporated into the files and work papers that have been accumulated during the course of the audit. Occasionally, as a result of research and due diligence, the difference between potential findings and actual findings is considerable and the creation of additional data files that represent the final results of the audit is practical.

B. When final data files can be assembled during on site field work these files can be transferred securely using standard media such as diskettes or CD's. If final data files need to be assembled after all field work has been completed, the Auditor-in-Charge will instruct the holder to transfer files to himself/herself using secure FTP methods to be reviewed and reconciled to the audit work papers.

AUDIT SERVICES U.S., LLC
OPERATING PROCEDURES

Procedure Number: **2018-58**
Effective Date: **January 1, 2018**
Approval: _____

SUBJECT: **FINAL RECONCILIATION OF AUDIT FINDINGS**

PURPOSE: To ascertain that the property received, to be delivered to the state, and the related data reflect accurately the findings of the audit.

DISCUSSION: It is the responsibility of the Auditor-in-Charge to coordinate with Audit Services data processing and accounting functions to determine that the data and property received reconcile to the audit findings and to each other prior to creation of data reports for the state.

PROCEDURE: **I. FINAL RECONCILIATION**

A. When the report with remittance is received, the Administrative Assistant delivers a copy of the report and the related audit file to the Auditor-in-Charge to review.

B. The Auditor-in-Charge will compare the report to the "Statement of Examination Findings".

(1) Tick mark the work papers with an EYY ("YY" being the fiscal year of receipt which is the first two digits of receipt number) for the items remitted. (Example E98 is for the 98/99 fiscal year).

(2) For items not remitted due to the owner being located, put OLYY ("YY" being the fiscal year of notification that owner was located) beside the items on the work papers. (Example OL98)

(3) For items not remitted due to an accounting error, put AEYY ("YY" being the fiscal year of notification that an error was detected) beside the items on the work papers. (Example AE98)

(4) For items not remitted with an explanation as to their exclusion, contact the holder to determine the status of the items. Document the conversation in the audit file.

(5) If report disagrees with findings, place a copy of the report in the work papers.

NOTE: All tick marks made during review should be done in blue pencil.

C. If satisfied with the report, the Auditor-in-Charge will update the Audit Remittance Control Sheet. The Auditor-in-Charge will then complete an Activity Report Control Sheet. The audit file and the Activity Report Control Sheet are given to the office manager to be included on the Monthly Work in Progress Report.

D. If not satisfied with the report, the Auditor-in-Charge will consult with the Director of Audits and the holder to reconcile any differences. The audit file will remain open until all areas are resolved.

E. If, after demandable amounts are received, reportable and/or reinstatable amounts remain due in future years, the audit file is placed in the open files. (See Procedure 2018-66 " Filing")

F. When all findings have been reconciled, the Auditor-in-Charge will close the audit file. (See Procedure 2018-66 "Filing")

AUDIT SERVICES U.S., LLC
OPERATING PROCEDURES

Procedure Number: **2018-59**
Effective Date: **January 1, 2018**
Approval: _____

SUBJECT: **PROCESS UNCLAIMED PROPERTY DATA**

PURPOSE: To create reports to be delivered to the state in the proscribed form and format which reflect the audit findings accurately.

DISCUSSION: Audit Services is charged with the responsibility of providing audit reports in various forms and formats as required by the numerous states to which we provide Unclaimed Property recovery services. Audit Services' data processing function is responsible for maintaining that expertise and keeping current on changes in state requirements.

PROCEDURE: **I. PROCESS UNCLAIMED PROPERTY DATA**

A. When the Auditor-in-Charge has confirmed that the data on file agrees with the audit findings and that the property to be delivered has been remitted to Audit Services, he/she informs the data processing department that production of report files can be scheduled.

B. The Data Processing Supervisor prioritizes and schedules production of the report files as appropriate, taking into consideration all production currently scheduled.

C. When production commences, the Data Processing Department, using Audit Services proprietary *Audit Services System*, imports all the relevant data to be processed. The data is analyzed to ascertain that all required information is included in the data and that the data is properly formatted for processing.

D. Once the data is prepared for processing, the NAPS system generates each state's report file in each state's proscribed format (primarily NAUPA standard format on diskette but also any state proprietary formats and media) along with all supplemental schedules that are required by individual states. These supplemental schedules may include a detailed paper report of the contents of the electronic data file, a paper replica of a state's report form(s), and various state mandated certification pages.

E. The diskettes and all supplemental reports and forms are forwarded to the accounting function for final processing. Each diskette is submitted to a quality control review by the accounting section. The diskettes are checked for readability of the file, accuracy of the data and reconciliation to the property to be delivered. All supplemental schedules receive a visual inspection for accuracy and completeness of the information presented.

F. When all elements have passed quality control, the materials are approved by the Accounting Supervisor for assembly and delivery.

AUDIT SERVICES U.S., LLC
OPERATING PROCEDURES

Procedure Number: **2018-60**
Effective Date: **January 1, 2018**
Approval: _____

SUBJECT: **REPORT AND REMIT UNCLAIMED PROPERTY**

PURPOSE: To deliver in a timely and efficient manner the unclaimed property recovered as a result of the audit and the related data.

DISCUSSION: Audit Services' accounting function is responsible for assembling, reviewing, and preparing for delivery a packet for each state that receives property from each audit.

PROCEDURE: **I. REPORT AND REMIT UNCLAIMED PROPERTY**

A. Documentation and other required materials to be included in each state's packet are assembled by the accounting function. Documentation contained in all packets includes a check payable to the state, or the state's designee, for the cash property being delivered and certificates for any securities being physically delivered, an invoice for our services, and a cover letter addressed to the appropriate administrator describing the contents of the packet and identifying the holder audited. Additional documentation or other materials include the report data (on electronic media, paper, or both), description or documentation of any property being delivered directly to the state, and any specific forms required by specific states to accompany or certify the report being submitted.

B. The accuracy and completeness of all documentation to be submitted to each state is confirmed by an accounting manager or supervisor.

C. The reports and remittances are forwarded to the appropriate state personnel as designated by each state in their instructions to Audit Services, U.S., LLC as an authorized vendor of unclaimed property identification, recovery, processing and delivery services.

AUDIT SERVICES U.S., LLC
OPERATING PROCEDURES

Procedure Number: **2018-61**
Effective Date: **January 1, 2018**
Approval: _____

SUBJECT: **FOLLOW-UP WHEN NO REPORT RECEIVED**

PURPOSE: To recognize and respond appropriately when a holder has not remitted the agreed audit findings by the established deadline.

DISCUSSION: A holder may fail to remit reportable property for a variety of reasons. It is the responsibility of the Auditor-in-Charge, with the support of Audit Services' administrative staff, to manage the progress of each of his/her audits at each stage of the audit. If a holder has failed to timely remit property, the Auditor-in-charge is the appropriate person to ascertain the reason and rectify the failure.

PROCEDURE: **I. NO REPORT RECEIVED**

A. Beginning each month, the office manager obtains remaining outstanding files that were due on or before the current report cycle.

B. Office Manager reviews the Work in Progress Report to ensure that a report has not been received.

(1) If a report has been received, return to Final Reconciliation above.

(2) If no report has been received, the audit file is given to the Auditor-in-Charge to handle.

C. Auditor-in-Charge sends a follow-up letter giving the holder 30 days to respond to the audit findings that were due.

D. Auditor-in-Charge gives audit file back to the Office Manager to file.

E. If the holder does not respond within 30 days, the Auditor-in-Charge gives audit file to the Director of Audits to send a second follow-up letter via certified-return receipt requested. A copy of the letter is placed in work papers.

F. Director of Audits gives audit file back to the Office Manager to file.

G. Director of Audits receives the green return receipt requested card and attaches the green card to the letter in correspondence section of the audit file.

H. If a report is received, return to Procedure II above

I. In no report is received within 30 days from the second follow-up letter, the Auditor-in-Charge will proceed with Procedure 2018-58 "Audit Protest."

AUDIT SERVICES U.S., LLC
OPERATING PROCEDURES

Procedure Number: **2018-64**
Effective Date: **January 1, 2018**
Approval:_____

SUBJECT: **AUDIT PROTEST**

PURPOSE: To describe the procedures used in handling a protest from the holder responding to audit findings.

DISCUSSION: Occasionally, the holder will not provide records requested, including research or a legal issue will arise that will hinder the field work until resolved. The following sequential plan of action should be employed in order to reach an understanding with the auditee.

PROCEDURE:

I. INSUFFICIENT INFORMATION/RECORDS TO ISSUE REPORT:

A. Discuss with holder at closing the approximate time needed to obtain information such as company research, or records needed to complete the audit (Maximum period granted is 120 days).

B. Advise holder that interest may begin to accrue if information/records are not received by the agreed upon date.

C. If information/records are not submitted by due date, a certified return receipt requested letter is sent advising holder that interest will begin accruing in ten business days unless information/records are submitted.

D. If no response within ten business days, proceed to inform the States involved for directions.

II. SUFFICIENT INFORMATION/RECORDS AVAILABLE

A. Records are available to issue report and all the evidential matter relevant to the issue involved including holder's position, legal opinions, minutes, contracts and correspondence.

B. Legal issues raised at the closing conference outside the realm of General Statutes will usually indicate to the auditor that the holder is not willing to comply. Since the auditor does not possess legal skills, no judgments concerning information brought to his attention should be made at this time.

C. Refer all disputed facts to Director of Audits and/or Attorney for an opinion.

D. Discuss all disputed facts with State administrators, reach a conclusion, release audit report and, as appropriate demand payment.

E. If holder is unwilling to comply at this point, attempt to schedule a meeting with the following:

(1) Between holder and Director of Audits

(2) Between holder and Key State Administrator

(3) Between holder and legal council

F. If holder is still unwilling to comply, the states have to consider a course of action.

G. If any State brings an action to compel compliance under their General Statutes.

(1) Director of Audits or AIC should send any work papers that may be of assistance to the State's efforts.

(2) Give audit information to State's legal counsel to file court order against company and/or personnel requiring their presentment of records and/or payment.

AUDIT SERVICES U.S., LLC
OPERATING PROCEDURES

Procedure Number: **2018-66**
Effective Date: **January 1, 2018**
Approval:_____

SUBJECT: **FILING AND MAINTENANCE OF AUDIT FILES**

PURPOSE: To describe the procedures used to maintain audit files and to provide accurate accounting records for reference purposes.

DISCUSSION: The proper maintenance of audit files is essential since they provide the means for tracing subsequent reports from holders in order to ensure compliance.

PROCEDURE:

I. SUBSEQUENT TO THE AUDIT

A. Auditor-in-Charge completes the audit file and prepares an audit report to be sent to holder

B. Auditor-in-Charge gives Office Manager the necessary information for the quarterly work in progress report and the completed audit file.

C. Office Manager records information on the work in progress report.

D. Office Manager places the audit file in the year of remittance due or the closed file alphabetically.

II. MAINTENANCE OF FILES

A. The Audit Section reviews the incoming Unclaimed Property receipts for reports received as a result of an audit. Funds are deposited daily.

B. Office Manager copies reports related to an audit and gives same and audit file to the Auditor-in-Charge for review.

C. Auditor-in-Charge reviews the reports, makes necessary notes in the audit file and returns audit file and a completed Status(?) Report Sheet to the Office Manager to record findings on the Work in Progress report.

D. Office Manager places audit file to the year that a remittance is due file if there are findings due in future years. If there are no more findings due, the audit file is placed in the closed file alphabetically.

III. CLOSING THE AUDIT

A. Auditor-in-Charge determines if a file should be closed and indicates such on the Status Sheet and gives file to the Office Manager.

B. Office Manager places the closed file in the proper file alphabetically.

ASUS

AUDIT SERVICES, U.S., LLC

Audit Program

AUDIT INFORMATION SHEET

HOLDER:	**«Company»**
ADDRESS:	«Address1»
	«Address2»
	«City», «State» «PostalCode»
CONTACT:	«FirstName» «LastName», «JobTitle»
TELEPHONE #:	«WorkPhone»
FAX #:	«Fax»
E-MAIL:	«Email»

AUDIT DATE: _____

AIC _____

AUDITOR _____

AUDITOR _____

AUDITOR _____

WORKING PAPER INDEX
AUDIT PROGRAM
UNCLAIMED PROPERTY AUDIT

«Company»

Audit Cutoff date: _____

SECTION	CONTENTS
100	Report Guide Sheet, Manager Review
200	Audit Report
300	Telephone Record, E-mail, Faxes, and Correspondence
400	Audit Roster, Time Reports
500	Review of Internal Control-Questionnaire & Modules
	501 _____
	502 _____
	503 _____
	504 _____
	505 _____
600	Audit Program
700	Auditors Notes, PreAudit Questionnaire Response, Record Requests
800	Holder Information
900	Unclaimed Property Reports – Analysis and Tests
1000	General Ledger Review Program
1100	Outstanding Checks & Drafts
1200	Credit Balances
1300	_____
1400	_____
1500	_____
1600	_____
1700	_____
1800	_____
1900	_____

«Company»

REPORT GUIDE SHEET

AUDIT OBJECTIVES

A. Determine whether the scope of work defined in the respective sections of the Audit Program have been performed and that any significant matters or problems noted have been properly considered and resolved.

B. Determine whether adequate audit evidence has been obtained to provide a reasonable basis for the report of audit.

WORKING PAPER REVIEW

We have satisfied the objectives for field work by performing the applicable procedures.

Holder Name: «Company»

Audit Cut-Off Date: _____
Date Records Reviewed Through:_____
Audit Report Date: _____

Report Approval:	*Signature	Name	Date
Auditor-In-Charge	_____	_____	_____
Audit Manager:	_____	_____	_____
Other:	_____	_____	_____

AUDIT PERSONNEL

Auditor's Initial Key

Initials	Name
_____	_____
_____	_____
_____	_____
_____	_____

* The signature should be entered only after the reviewer is satisfied that all review comments have been cleared (including appropriate revisions of the working papers) and the audit documentation is complete.

«Company»

MANAGER REVIEW PROGRAM

	YES	NO	N/A	WORKING PAPER REFERENCE
1. Has a draft of the audit report been prepared in respect to:	_____	____	_____	_____
(1) Scope - Report Letter?	_____	____	_____	_____
(2) Statement of Exam Findings?	_____	____	_____	_____
(3) Management Advisory Comments?	_____	____	____	_____
2. Have all unresolved legal questions or controversies been cleared by legal counsel?	_____	____	_____	_____
3. Are all positions taken in the audit consistent with prior positions taken in similar audits?	_____	____	_____	_____
4. Are the Auditor's conclusions and opinions clear?	_____	____	_____	_____
5. Have tests been adequately designed and executed to support the conclusions and opinions expressed by the A-I-C?	_____	____	_____	_____
6. Are all positions taken by the A-I-C properly supported in the Unclaimed Property Law, regulations or office policy?	_____	____	_____	_____
7. Have all non-relevant and unnecessary working papers been removed from the working paper file?	_____	____	_____	_____
8. Has the A-I-C completed all required standardized forms relating to the audit?	_____	____	_____	_____
9. Has the holder proposed adjustments to the audit findings?	_____	____	_____	_____
10. Has the A-I-C properly examined and agreed to the proposed adjustments?	_____	____	_____	_____
11. Has the Report Guide Sheet been completed?	_____	____	_____	**100**

REPORT OF UNCLAIMED PROPERTY EXAMINATION

OF

_____

«City», «State»

_____
«Fein_»

FOR THE REPORTING PERIOD
_____ THROUGH _____

BY

AUDIT SERVICES, LLC

«Company»

REPORT OF UNCLAIMED PROPERTY EXAMINATION

TABLE OF CONTENTS

DESCRIPTION	PAGE(S)
EXAMINATION LETTER	***1***
EXHIBIT A – Company Profile	**2**
EXHIBIT B – Limited Areas Examined	**3-4**
EXHIBIT C – Management Advisory Comment(s)	**5**
EXHIBIT D – Statement of Examination Findings	**6**

Audit Services
212 W. 35th Street, Suite 600
New York, NY 10001

Telephone: (212) 594-5487
Facsimile: (212) 595-5571

March 26, 2018

Addressee

Dear _____:

In accordance with our engagement, we have performed the procedures described elsewhere in this report to the records discovered and provided by «Company» on behalf of the _____ The purpose of our examination was to determine the extent of compliance by «Company» with the unclaimed property laws of _____ and to identify, collect and deliver amounts due to the _____. The amounts identified as reportable to the _____ are $_____ (Page 6, Exhibit D).

The report covers compliance issues for the period _____ through _____. Our examination included tests of the accounting records and the application of agreed-upon procedures which are explained in detail in Exhibit B of this report. The results of these procedures were utilized in arriving at amounts due. This report is intended solely for the use of the _____ and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. This report should not be associated with the financial statements of any entity.

Respectfully submitted,

Audit Services, US

EXHIBIT A

«Company»

COMPANY PROFILE

EXHIBIT B

«Company»

LIMITED AREAS EXAMINED

Our examination was designed to provide an analysis of the «Company»'s compliance with the related States' Unclaimed Property Laws. It involved interviewing with «Company» personnel, reviewing of the «Company»'s unclaimed property reports and examining specific records and documents. The following is a review of procedures applied.

Internal Control

We evaluated the system of internal control over property that becomes reportable under the Unclaimed Property Statutes of represented States by interviewing personnel familiar with the accounting procedures. Additionally, we requested a copy of the Company's manual relating to unclaimed property. According to Company personnel, no documented procedures or manual existed and none was provided. Based upon our evaluation of the Company's internal control we planned our examination accordingly. We found internal control weaknesses in the accounting and reporting of _____ that were presumed abandoned.

Disbursement Accounts

Bank statements and the related reconciliation were requested for _____vendor checks. Our examination included reviewing for checks listed outstanding past the related dormancy periods and checks issued and subsequently voided or stopped payment.

We reviewed the general journal entries dated _____ to identify ____checks that were credited to an income or expense account.

We further determined if these items had been reported to the respective States.

Accounts Receivable Credit Balances

We requested the accounts receivable aging for the examination period to review for customer credit balances and to determine if the Company was submitting the credit balances for lost accounts. Our review included tracing customer credit balances meeting the various States' dormancy period to the related unclaimed funds report. If the accounts receivable aging was unavailable we requested a list of customers with credit balances and determined if the Company was escheating the amounts.

We reviewed the general journal entries to identify accounts receivable credit balance items that were credited to an income or expense account.

Accounts Payable

We requested and analyzed accounts payable trial balances for lost vendors. Our review included examining the status on amounts due past the related dormancy periods where the Company had ceased doing business with the vendor. Any amounts identified were traced to the related States' report for proper reporting. If the accounts payable aging was unavailable, we requested a list of vendors placed on a "hold" status and reviewed for proper treatment.

General Ledger Detail and Subsidiary Ledgers

We requested and reviewed the chart of accounts and general ledger trial balances to select specific accounts to examine the detail for improper charge-off of escheat property and to identify accounts where unclaimed funds are generated and posted. Subsidiary Ledgers were requested for liability accounts containing escheat property and traced to the various States' unclaimed property reports.

Debt, Equity, Shares and Dividends

We requested information and schedules from the Company regarding debt and equity.

Employee Benefit Accounts

Employee benefit and retirement funds were requested to determine amounts due lost participants.

Additional Procedures

Additional records and documents were requested from the Company depending on the nature of its operations. The records and documents requested were transactions that lend themselves to produce abandoned property specific to their industry.

EXHIBIT C

«Company»

MANAGEMENT ADVISORY COMMENT

Condition:

Requirement:

Recommendation:

We have concluded that the Company has not established adequate policies and procedures for assuring proper accounting and reporting of abandoned property. As a result of our examination the Company remitted all unclaimed property consisting of Expense Checks, Dividend Checks and Vendor/Supplier Checks. We are awaiting additional reports from the Company's transfer agent related to unclaimed dividends and the underlying shares. The Company has cooperated in this examination thus far and has agreed to cooperate in its completion. The Company has agreed to remit all escheatable property types discovered during our examination. Escheat amounts due are scheduled and listed in Exhibit D (Statement of Examination Findings) of this report.

The Company has been advised of its obligation to continue to report its abandoned and unclaimed property to the respective states as required by their respective unclaimed funds law.

EXHIBIT D

«Company»

STATEMENT OF EXAMINATION FINDINGS
FOR THE PERIOD _____ THROUGH _____

Description	Amount* Demandable	Amount** Reportable	Total Amount
_____			
_____			
_____			
_____			
Total Findings			

* Amount Demandable: This amount includes items which are past due according to the holding periods of the States we represent. The property should have been reported and remitted to the States in prior years.

** Amount Reportable: This amount includes items which should be reportable and remitted to the States we represent in the next year.

«Company»

CORRESPONDENCE AND TELEPHONE RECORD

	INDEX OF CONTENTS	WORKING PAPER REFERENCE
1)	TELEPHONE CALL RECORD	**301**
2)		
3)		
4)		
5)		
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7)		
8)		
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22)		

«Company»

TELEPHONE CALL RECORD **301**

Spoke to:_____
(Name and Title)

Telephone # (____)_____ Date Called:_____ Auditor-Initials:____

Remarks:_____

_____

_____

_____

_____

_____

_____

_____

_____

****

Spoke to:_____
(Name and Title)

Telephone # (____)_____ Date Called:_____ Auditor-Initials:____

Remarks:_____

_____

_____

_____

_____

_____

_____

_____

_____

****

Spoke to:_____
(Name and Title)

Telephone # (____)_____ Date Called:_____ Auditor-Initials:____

Remarks:_____

_____

_____

«Company»

TELEPHONE CALL RECORD **301.01**

Spoke to:_____
(Name and Title)

Telephone # (____)_____ Date Called:_____ Auditor-Initials:____

Remarks:_____

_____

_____

_____

_____

_____

_____

_____

_____

Spoke to:_____
(Name and Title)

Telephone # (___)_____ Date Called:_____ Auditor-Initials:____

Remarks:_____

_____

_____

_____

_____

_____

_____

_____

_____

****

Spoke to:_____
(Name and Title)

Telephone # (___)_____ Date Called:_____ Auditor-Initials:____

Remarks:_____

_____

_____

_____

_____

_____

«Company»

AUDIT ROSTER

	Name & Title	Dept.	Phone
1.	«FirstName» «LastName», «JobTitle»	_____	«WorkPhone»
2.	_____	_____	_____
3.	_____	_____	_____
4.	_____	_____	_____
5.	_____	_____	_____
6.	_____	_____	_____
7.	_____	_____	_____
8.	_____	_____	_____
9.	_____	_____	_____
10.	_____	_____	_____
11.	_____	_____	_____
12.	_____	_____	_____
13.	_____	_____	_____
14.	_____	_____	_____
15.	_____	_____	_____

«Company»

TIME ALLOCATION

AUDITOR:

DATE	DESCRIPTION	TIME

	TOTAL TIME SPENT	

«Company»
REVIEW OF INTERNAL CONTROL
GENERAL QUESTIONNAIRE

		YES	NO
1.	Has the corporation ever changed its state of incorporation? If yes, obtain details.	_____	_____
2.	Has the holder reported unclaimed property in the past?	_____	_____
3.	Does the holder report unclaimed property to other states? W/P ref_____.	_____	_____

*** IF 'NO' TO 2 AND 3 ABOVE DISREGARD THE FOLLOWING QUESTIONS**

4. Name of officer responsible for compliance with the Unclaimed Property Act.
   _____

5. Name and title of person assigned to prepare the report:
   _____

6. ARE REPORTS FILED:
   Consolidated_____By Division_____

7. Are file copies and supporting documentation of reports maintained by the holder currently available? _____ _____
   If yes,
   A. Where are they located?_____
   B. Who has custody?_____

8. Are reporting procedures or policies relating to unclaimed property documented in procedure or policy manuals? If yes, obtain a copy. _____ _____

9. What source does the holder use to determine its reporting responsibilities under the various states' laws?
   _____
   _____
   _____

10. Does the holder use the criteria established in Texas vs. New Jersey when reporting to the states? _____ _____
    If no, what are the variances and reasons therefore?
    _____
    _____
    _____

11. Does the holder report no address property to its state of corporate domicile? _____ _____
    If no, what is the disposition of such property?

12. Does the holder consider any type of property exempt from the Unclaimed Property Act? _____ _____
If yes, obtain details and legal position.

«Company»

REVIEW OF INTERNAL CONTROL
GENERAL QUESTIONNAIRE (Con't)

	YES	NO
13. Is the holder relying on an opinion from legal counsel regarding its reporting responsibilities under the Unclaimed Property Act of state? If yes, obtain a copy. W/P Ref_____	_____	_____
14. Is the holder making any deductions or withholdings from any property that is subject to the Unclaimed Property Act on any State? If yes, obtain copies of the contract(s) authorizing the deductions. W/P Ref_____.	_____	_____
15. Has the holder been audited in the past? If yes, when? _____	_____	_____

«Company»

INTERNAL CONTROL QUESTIONNAIRE MODULE

_____
TYPE OF PROPERTY

1) Explain briefly how this type of property is accounted for and controlled: (Prepare a transaction flowchart if required).

2) Is this type of property reported by the holder? Yes_____ No_____
If no, give reason:

3) Can the holder identify control and report this category of property? Yes_____ No_____

4) INTERNAL CONTROL:
STRONG_____ ADEQUATE_____ INADEQUATE_____ WEAK_____

Date_____ Person Interviewed_____ Auditor_____
Title _____

«Company»

INTERNAL CONTROL QUESTIONNAIRE MODULE

_____
TYPE OF PROPERTY

1) Explain briefly how this type of property is accounted for and controlled: (Prepare a transaction flowchart if required).

2) Is this type of property reported by the holder? Yes_____ No_____
If no, give reason:

3) Can the holder identify control and report this category of property? Yes_____ No_____

4) INTERNAL CONTROL:
STRONG_____ ADEQUATE_____ INADEQUATE_____ WEAK_____

Date_____ Person Interviewed_____ Auditor_____
Title _____

«Company»

AUDIT PROGRAM

INDEX	W/P REFERENCE	THIS APPLICATION YES
I. OPENING THE EXAMINATION		
A. Pre-Audit Steps	**601**	**X**
B. Audit Opening	**601**	**X**
C. Audit Review	**602**	**X**
D. File Review	**603**	**X**
II. UNCLAIMED PROPERTY REPORT ANALYSIS	**900**	**X**
III. DETAILED EXAMINATION PROCEDURES BY CATEGORY		
1. Outstanding Checks & Drafts	**1100**	**X**
2. Credit Balances	**1200**	**X**
3. _____	_____	_____
4. _____	_____	_____
5. _____	_____	_____
6. _____	_____	_____
7. _____	_____	_____
8. _____	_____	_____
9. _____	_____	_____
10. _____	_____	_____

«Company»

(A) PRE-AUDIT STEPS

		Initial	Date	Reference
1.	Research the operations and history of the company.	_____	_____	_____
2.	Obtain and review holder's correspondence to the States.	_____	_____	**300**
3.	Obtain and review prior working papers, findings, if any from the States.	_____	_____	_____
4.	Obtain and analyze copies of Annual Unclaimed Property Reports previously filed to the States.	_____	_____	**900**
5.	Review responses to the Pre-Audit Request and prepare additional request as deemed appropriate.	_____	_____	_____
6.	Schedule by phone or letter an agreeable time to begin audit.	_____	_____	**300**
7.	Send an engagement letter confirming audit date along with records needed to conduct the examination.	_____	_____	_____
8.	Assemble working paper file.	_____	_____	N/A

(B) AUDIT OPENING

		Initial	Date	Reference
1.	Advise the holder of the scope of the audit and relevant sections of the Unclaimed Property Law.	_____	_____	_____
2.	Advise the holder of Audit Services's responsibilities under State agreements and audit guidelines.	_____	_____	_____
3.	Obtain a general understanding of the accounting system and internal controls relating to unclaimed property.	_____	_____	_____
4.	Inquire about the findings of internal and external auditors.	_____	_____	_____

«Company»

(C) AUDIT REVIEW

		Initial	Date	Reference
1.	Has the Internal Control Questionnaire been completed?	_____	_____	**500**
2.	Has the Audit Program been completed?	_____	_____	**100**
3.	Has the Audit Program been expanded as needed?	_____	_____	**600**
4.	Were record retention schedules reviewed?	_____	_____	_____
5.	Have holders' policy and procedures manuals been reviewed?	_____	_____	_____
6.	Have financial statements been obtained?	_____	_____	_____
7.	Advise holder of reporting requirements. This includes reporting forms, due dates, dormancy periods, etc.	_____	_____	_____
8.	Hold the exit conference, fully discuss the findings and present appropriate working papers. ATTENDEES:_____ _____ COMMENTS:_____ _____ _____ _____	_____	_____	_____
9.	Provide the holder_____days to review the findings and propose adjustments. DATE TO RESPOND:_____	_____	_____	_____

10.	Prepare a final Report and a Statement of Examination Findings and send to the holder.	_____	_____	**200**

«Company»

(D) FILE REVIEW

	Yes	No	N/A	Reference
1. Can the Statement of Examination Findings be traced to lead schedules?	_____	_____	_____	_____
2. Can the lead schedules be traced to the supporting documents?	_____	_____	_____	_____
3. Is the source of data clearly identified in the working papers?	_____	_____	_____	_____
4. Do all work papers (including attachments) reflect the holder name and other applicable information?	_____	_____	_____	_____
5. Were all records necessary to complete the audit available?	_____	_____	_____	_____
If not, was the ultimate disposition of non-available records resolved?	_____	_____	_____	_____
6. Were record storage areas searched by the auditors?	_____	_____	_____	_____
7. Have all open points been cleared?	_____	_____	_____	_____
8. Has the audit findings by State been completed or submitted to the processing center for processing?	_____	_____	_____	_____
9. Have all review notes been resolved?	_____	_____	_____	_____

10. File report. Date filed _____

«Company»

AUDITOR'S NOTES

1)

*NUMBER, INITIAL AND DATE EACH NOTE PREPARED AND CROSS REFERENCE TO THE APPROPRIATE WORKING PAPER REFERENCE.

«Company»

OUTSTANDING ISSUES

	Outstanding Issue	Date of Last Contact	Date Resolved	Work Paper Reference
1.				
2.				
3.				
4.				
5.				
6.				
7.				
8.				
9.				
10.				
11.				
12.				
13.				
14.				
15.				

«Company»

RECORD(S) REQUEST

To: _____ Date: _____

From: _____ Needed By: _____

Records Requested:

_____

_____

_____

_____

_____

_____ Holder located records requested.

_____ Holder could not locate records requested.

_____ Holder did not search for records requested.

The _____ has the authority to examine the records of any person with respect to holding, reporting, paying or delivering property that is subject to State(s) unclaimed property. Where records are not available or have been destroyed, it is permissible to estimate the holder's liability to the State(s) based upon the current information available from the holder.

Due to records not located or record areas not searched, an estimate will be performed as follows:

_____

_____

_____

_____

The above information has been presented and explained to me on _____

_____
Signature

_____ _____ _____

Authorized Official	Title	Date

«Company»

HOLDER INFORMATION

	TABLE OF CONTENTS	WORKING PAPER REFERENCE
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21)		

«Company»

UNCLAIMED PROPERTY REPORT ANALYSIS

FIN: _____

DATE OF ESTABLISHMENT OR INCORPORATION: _____

STATE OF INCORPORATION:_____

LOCATION:_____

NUMBER OF EMPLOYEES: _____

REPORTING HISTORY (List oldest receipt first)

RECEIPT NO.	AMOUNT REPORTED	TYPE OF PROPERTY

[_] IF HOLDER HAS NEVER FILED A POSITIVE REPORT TO THE STATE(S) , NO FURTHER TESTING IS REQUIRED IN THIS AREA.

REPORTING HISTORY REVIEWED BY:_____DATE: _____
COMMENTS:_____
_____
_____

«Company»

UNCLAIMED PROPERTY REPORT ANALYSIS

SOURCE: _____

_____

_____

_____

PURPOSE: To determine if Reports of Unclaimed Property are properly completed in accordance with State Unclaimed Property Laws.

OPINION: _____

_____

_____

_____

_____

_____

_____

Audit Findings: YES _____ NO _____ W/P Ref. _____

	Initial	Date	Reference
1. Prepare an analysis of reports previously filed.	_____	_____	**900**
2. Determine the states to which the holder files reports.	_____	_____	**902**
3. Review the holders files and related working papers used to prepare past reports to the state.			
(a) Examine previously filed unclaimed property reports and back-up information for completeness and accuracy.	_____	_____	_____
(b) Agree the owner names, addresses and amounts on unclaimed property reports directly to holder records.	_____	_____	_____
(c) Determine if statutory reductions taken are lawful.	_____	_____	_____
(d) Determine if any service charges have been applied against unclaimed property or if any			

property has been charged off completely. If service charges are taken report such to auditor completing the affected section.

_____ _____ _____

«Company»

UNCLAIMED PROPERTY REPORT ANALYSIS(CON'T)

	Initial	Date	Reference
4. Test dates of last transaction or dates property became payable, demandable, returnable or redeemable.	_____	_____	_____
5. Test for compliance with Texas vs. New Jersey rules.	_____	_____	_____
6. Test for compliance with the aggregation limit. (Amounts less than $50.00)	_____	_____	_____
7. Determine if holder sends notices to owners prior to reporting funds.	_____	_____	_____
8. Recommendations (Acct. procedures, procedures for reporting to the state, and system inadequacies.)	_____	_____	_____

STATES FILED TO BY **«Company»**

STATE	YES	YEAR FIRST REPORT FILED
ALABAMA	_____	_____
ALASKA	_____	_____
ARIZONA	_____	_____
ARKANSAS	_____	_____
CALIFORNIA	_____	_____
COLORADO	_____	_____
CONNECTICUT	_____	_____
DELAWARE	_____	_____
DISTRICT OF COLUMBIA	_____	_____
FLORIDA	_____	_____
GEORGIA	_____	_____
GUAM	_____	_____
HAWAII	_____	_____
IDAHO	_____	_____
ILLINOIS	_____	_____
INDIANA	_____	_____
IOWA	_____	_____
KANSAS	_____	_____
KENTUCKY	_____	_____
LOUISIANA	_____	_____
MAINE	_____	_____
MARYLAND	_____	_____
MASSACHUSETTS	_____	_____
MICHIGAN	_____	_____
MINNESOTA	_____	_____
MISSISSIPPI	_____	_____
MISSOURI	_____	_____
MONTANA	_____	_____
NEBRASKA	_____	_____
NEVADA	_____	_____
NEW HAMPSHIRE	_____	_____
NEW JERSEY	_____	_____
NEW MEXICO	_____	_____
NEW YORK	_____	_____
NORTH CAROLINA	_____	_____
NORTH DAKOTA	_____	_____
OHIO	_____	_____
OKLAHOMA	_____	_____
OREGON	_____	_____
PENNSYLVANIA	_____	_____
PUERTO RICO	_____	_____
RHODE ISLAND	_____	_____
SOUTH CAROLINA	_____	_____
SOUTH DAKOTA	_____	_____
TENNESSEE	_____	_____
TEXAS	_____	_____
UTAH	_____	_____
VERMONT	_____	_____
VIRGIN ISLANDS	_____	_____
VIRGINIA	_____	_____
WASHINGTON	_____	_____
WEST VIRGINIA	_____	_____

WISCONSIN	_____	_____
WYOMING	_____	_____

«Company»

GENERAL LEDGER REVIEW

REF.

1. Chart of Accounts **1001**

2. Document General Ledger Accounts reviewed as deemed necessary:

Possible accounts to be reviewed:_____

Miscellaneous/Other Income _____

Write Off Accounts _____

Suspense Accounts _____

Stale dated/Dormant Accounts _____

Adjustment/Offset Accounts _____

_____

_____

_____

_____

3. Review Journal Entries as deemed necessary:

«Company»

OUTSTANDING CHECKS & DRAFTS
Two Party Instruments

SOURCE: _____
_____
_____

PURPOSE: To determine if outstanding checks that are deemed unclaimed are reported in accordance with the Unclaimed Property Laws.

OPINION: _____
_____
_____
_____
_____
_____

Audit Findings: Yes _____ No _____ W/P Ref. _____

	Initial	Date	Reference
1. Obtain a list of all open and closed bank accounts.	_____	_____	_____
2. Obtain a copy of the latest bank reconciliations for all disbursement accounts:	_____	_____	_____
a. Agree balances to the general ledger (GL) and the bank statement (A).	_____	_____	_____
b. Trace total outstanding checks to the bank reconciliations(T).	_____	_____	_____
c. Age and schedule outstanding checks through audit cut-off date.	_____	_____	_____
3. Review the last bank reconciliation for all closed disbursement checking accounts prior to closing.	_____	_____	_____
a. Trace total outstanding checks to the bank reconciliation.	_____	_____	_____
b. Determine disposition of outstanding checks when account was closed.	_____	_____	_____
c. Age and schedule outstanding checks as deemed necessary.	_____	_____	_____

«Company»

OUTSTANDING CHECKS & DRAFTS
Two Party Instruments

	Initial	Date	Reference
4. Review liability accounts to which outstanding checks are transferred:			
a. Test debit entries to determine their nature.	_____	_____	_____
b. Age and schedule outstanding checks as deemed necessary.	_____	_____	_____
5. Analyze selected accounts to determine whether any outstanding checks have been written-off or reversed. (See 1000 for possible accounts to review.)	_____	_____	_____
a. Age and schedule outstanding checks as necessary.	_____	_____	_____
6. Document holder's check voiding policy.	_____	_____	_____
a. Test a sample of voided checks.	_____	_____	_____
7. Document how "Returned by Post Office checks are handled.	_____	_____	_____
8. Document the availability of names and last known addresses of owners of unclaimed property.	_____	_____	_____
9. Recommendations (Acct. procedures, procedures for reporting to the state, and system inadequacies.)			

«Company»

CREDIT BALANCES

Accounts Receivables, Payables, Etc.

SOURCE: _____
_____
_____

PURPOSE: To determine if credit balances that are deemed unclaimed are reported in accordance with the Unclaimed Property Laws.

OPINION: _____
_____
_____
_____
_____
_____

Audit Findings: Yes _____ No _____ W/P Ref. _____

	Initial	Date	Reference
1. Obtain a list of all categories of credit balances generated by the holder.	_____	_____	_____
2. Review a listing of credit balances to:			
a. Evaluate aging procedures. Date of oldest credit should be documented.	_____	_____	_____
b. Test debit entries to determine their nature.	_____	_____	_____
c. Schedule credit balances held past the statutory time period and reportable as deemed necessary.	_____	_____	_____
3. Document holders policy for handling small credit balances.	_____	_____	_____
4. Analyze income accounts to determine whether credit balances have been taken into income.	_____	_____	_____
5. Review related expense accounts to determine whether credit balances are used to offset expenses.	_____	_____	_____
6. Schedule credit balances written off.	_____	_____	_____
7. Document availability of names and last known addresses of owners of unclaimed property.	_____	_____	_____

8. Recommendations (Acct. procedures, procedures for reporting to the state, and system inadequacies). _____ _____ _____

«Company»

Stock, Dividends, Underlying & UNDELIVERABLE Shares,

Bond Principal & Interest

SOURCE:

_____

_____

_____

PURPOSE: To determine if stock, dividends, underlying shares, undeliverable shares, Bond principal & interest deemed unclaimed are reported in accordance with the Unclaimed Property Laws.

OPINION:

_____

_____

_____

_____

Audit Findings: YES _____ NO _____ W/P REF. _____

I. Preliminary Examination Steps:

	Initial	Date	Reference
1. Research outside sources such as Capital Changes Reports **prior** to commencing the examination. Analyze the history of the holder, i.e., classes of stock outstanding, stock splits, stock dividends, mergers, acquisitions, spin-offs, etc.	_____	_____	_____
2. If the company uses an outside transfer agent submit a records request to the company and have them request the records identifying unexchanged and/or undeliverable stock certificates.	_____	_____	_____
3. Obtain a list of matured or called debt (bonds, debentures or notes) for the holder and/or merged companies.	_____	_____	_____

II. Mergers **N/A** ☐

1. Evaluate and document the systems and procedures and internal controls used to report this property. _____ _____ _____

   a) Request a copy of written procedures if available. _____ _____ _____

2. Prepare a list of all merged or acquired companies. _____ _____ _____

a) Obtain agency contracts relating to applicable mergers, acquisitions, and liquidations. _____ _____ _____

b) Determine if the merged company filed reports with the state. Obtain and review copies of these reports for any previously reported property. _____ _____ _____

c) If applicable, for each merger send a records request to the transfer agent and complete the required stock/dividend worksheets _____ _____ _____

III. Stocks – Underlying & Undeliverable

N/A ☐

1. Evaluate and document the systems, procedures and internal controls used to identify and report this property. (61-1) _____ _____ _____

   a. Request a copy of written procedures if available. _____ _____ _____

2. Obtain any legal opinions relating to the reporting of stock dividends, underlying shares, etc. _____ _____ _____

3. Determine if authorizations have been given by the holder to the agent to report unclaimed property to selected states. _____ _____ _____

4. Evaluate and document the carry-forward of potential unclaimed property from **prior** transfer or paying agents and the ultimate disposition of same. _____ _____ _____

5. Reconstruct charges on any items or items charged-off completely. _____ _____ _____

6. Trace items previously reported to the state to source records and note any exceptions. _____ _____ _____

7. Prepare a schedule(s) of shares held in excess of the statutory holding period. _____ _____ _____

IV. Cash and Stock Dividends

N/A ☐

1. Evaluate and document the systems, procedures and internal controls used to identify and report this property. _____ _____ _____

2. Obtain or construct a five year dividend and cash-in-lieu of fractions payment history. (i.e., dates paid and dollar amounts per share) _____ _____ _____

3. Request a printout or schedule of outstanding dividend checks by payee. It may be necessary to have the company contact their paying agent for these records. _____ _____ _____

   a) Review outstanding dividend check and cash-in-lieu of fractions history and identify those payees with five year history of non-negotiated checks. _____ _____ _____

   b) List the shares belonging to these payees as potentially reportable shares. _____ _____ _____

   c) List outstanding dividends and cash-in-lieu paid on these shares, through the current period as potentially reportable. (63-1) _____ _____ _____

V. Principal and Interest on Debt Issues

N/A ☐

1. Evaluate and document the systems, procedures and internal controls used to identify and report this property. _____ _____ _____

2. Review the long-term liabilities section of the general ledger. Identify and record current bond issues outstanding. Discuss the outstanding issues with relevant personnel to determine if any calls or serial maturities have taken place during the audit. Request a list of bond issues for which the trust

department is paying agent and which have begun serial redemption or have had calls. _____ _____ _____

	Initial	Date	Reference
3. If the company uses an outside agent submit a records request to the company and have them request the records identifying bond and interest transactions.	_____	_____	_____
4. If the company is its own paying agent, review a current reconciliation and balance unpaid items to control totals.	_____	_____	_____
5. Account for debt redemption's, calls, maturities, and the disbursement of interest payments for registered and bearer debt instruments. (Until the early 1960's, most debt securities were issued in bearer form.)	_____	_____	_____
6 Review pertinent sections of the bond or debenture indenture agreements requiring the trustee to:			
a) Return outstanding and undeliverable interest checks or proceeds from unpresented coupons or uncashed checks to the holder **after** a stipulated period of time.	_____	_____	_____
b) Registration requirements of the security by the issuer of the owner.	_____	_____	_____
7. Review currently open and closed principal and interest control accounts for:			
a) Unreported property.	_____	_____	_____
b) Property service charged or charged off.	_____	_____	_____
8. Prepare a schedule of all principal and interest held in excess of the statutory holding period.	_____	_____	_____

The Audit Services System

Overview of Data Processing Environment & System Architecture

The **Audit Services System** provides the processing which produces client reports to state unclaimed property departments. Our processing software stands alone and is designed for the specific purpose of processing unclaimed property data for compliance reporting. As such we do not require interface with any other vendors or software in the course of providing our services. The **Audit Services System** is located offsite in Pearl River, New York and it operates on an IBM AS400 platform.

- **Importing Corporate Property Records**

  The **Audit Services System** has a dynamic import function that allows the mapping of fields on an imported file into the system. The **Audit Services System** is compatible with data received in all standard electronic (spreadsheet or text file) formats.

  We would ideally receive an electronic file of inactive/outstanding accounts and checks from each division or subsidiary entity of the Company for which we are auditing, processing and reporting, in either a MS Excel Worksheet (.xls), MS Access Database (.mdb), or ASCII Text File (.txt) format. The fields included in the data records will have been agreed upon during pre-implementation discussion. Data in hardcopy form or in nonstandard electronic formats typically requires our staff to directly enter or further convert the files before importation.

  The file may be delivered to ASUS via Compact Disk, email attachment or electronically, depending on file size and security considerations. ASUS is capable of receiving a file of any size via internet connectivity.

- **System Updates for State Compliance**

  The **Audit Services System** is constantly updated to meet changing state and corporate requirements. Our AUDIT SERVICES Data Analyst tracks all state documentation of reporting deadlines, property type and dormancy period data on an ongoing basis. ASUS maintains contact with all state unclaimed property administrators and will be advised of any new data requirements. Should there be an update in mandatory data requirements or reporting deadlines from a particular state, ASUS updates the system and informs the staff when the information is made public. The time frame to comply with the new data request will vary depending on when ASUS receives the information. In the past, anticipated changes have normally been communicated by states on a timely basis.

AUDIT SERVICES Process Quality Control and Review

ASUS management is responsible for the development and maintenance of the **Audit Services System**, maintenance of the internal network, and maintenance of applications essential to data processing, including updates of the operating system and applications ensuring security of client

data. The **Audit Services System** is fully protected from unauthorized access to state and corporate data residing on the system. ASUS has established a firewall between the system site servers and the Internet. Access to the ASUS local network and applications is likewise prevented by the lack of external connectivity. Security monitoring is therefore limited to monitoring internal access to the system and data. Internal access to the system and client state data is controlled and monitored by the ASUS network administrator. All data is archived separately and backed up on tape daily. Back-up tapes are stored off-site. In the event of a significant outage, system service will normally be restored within 24 hours.

All system implementation and maintenance is authorized by ASUS management and supervised by the ASUS processing administrator. In order to ensure accuracy, the **Audit Services System** is tested thoroughly whenever an upgrade or fix is implemented. System tests may include both live and fabricated data testing procedures. All testing is done in-house at ASUS. No client state or third-party interaction for testing is necessary.

Periodic internal reviews include ad hoc reporting to client states and response to inquiries by holders and states to determine the consistency of the data archived with the data submitted. Environmental controls are evaluated regularly as a function of maintenance and improvement of the system.

It is ASUS policy never to share client data with anyone outside of ASUS unless explicitly instructed to do so by the client state.

Compliance Reporting on Required Forms

The **Audit Services System** is compliant with the reporting requirements of all 50 states and 4 jurisdictions. Most states accept a common reporting format, known as the "NAUPA format", established in 1995. Some States still accept a paper report on their own prescribed form but with limitations. Most states also accept reports in an electronic format. Some states (such as California and Oklahoma) have unique reporting and remittance requirements. The **Audit Services System** automatically produces the electronic and paper-reporting formats each state requires. ASUS provides the flexibility of reporting by multiple entities or reporting by the parent for multiple entities. When ASUS submits a report by the parent for multiple entities all entities covered by the report are identified to the states.

AUDIT SERVICES, U.S., LLC

CONTRACTOR ASSISTED SELF EXAMINATIONS

Upon prior written approval by the Program Manager, the Contractor may assist and/or oversee the process whereby a Holder performs a general ledger and/or securities self-examination. The Contractor does not generally take physical custody of the financial records of the Holder and does not perform an examination of those records. The Contractor informs the Holder of the requirements of the unclaimed property laws, details of the reporting requirements, provides the necessary information to the Holder or Holder's agent regarding unclaimed property and the reporting process and provides other necessary guidance and assistance to the Holder so that the Holder can accurately perform a self-examination. Upon the Holder's completion of the self-examination, the Contractor must review the unclaimed property report and ensure the report and remittance are submitted to Unclaimed Property after it has been determined by the Contractor to be complete, in the proper format and in compliance with the Act and voluntary disclosure program.

The following **CONTRACTOR ASSISTED SELF EXAMINATION PLAN** was developed for the State of Washington and can easily modified for use with the State of Nevada.

Washington Department of Revenue
Unclaimed Property Section
c/o Government Revenue Solutions, LLC
[lockbox address]
[city, state zip]

[Holder Name]
[Attn: Unclaimed Property Department]
[Mailing Address]
[City, State Zip]

[Date]

Dear [Holder]:

The Washington Department of Revenue Unclaimed Property Section under Chapter 63.29, RCW of the Washington Statutes is responsible for administering Washington's unclaimed property law. The primary goal of Chapter 63.29, RCW, Washington Statutes is to protect the rights of unclaimed property owners, which include businesses as well as individuals, and return as much of that property as possible to the rightful owners. Unclaimed property can include, but is not limited to: stock, uncashed checks, dormant bank accounts, insurance proceeds, security deposits, store credits and safe deposit box contents.

As part of our efforts to ensure that companies required to file an annual unclaimed property report (generally referred to as "Holders") are in compliance with Chapter 63.29, RCW, The Washington Department of Revenue Unclaimed Property Section has established a Contractor Assisted Self Audit Program. This program enables companies to avail themselves of state authorized resources to facilitate compliance and resolve any apparent reporting deficiencies that may exist. All companies holding unclaimed property where the last known address of the owner is located in Washington are subject to Chapter 63.29, RCW. Companies incorporated in Washington may also have additional reporting requirements.

Based on a review of our records, it appears that your company may have failed to file an unclaimed property report within the last five report years, or has met other review criteria, such as: gaps in reporting years, missing common reporting types or other reporting anomalies. In order to confirm your compliance with Chapter 63.29, RCW, your company has been selected for the Contractor Assisted Self Audit Program. Your willingness to participate cooperatively in the program will weigh heavily on the Washington Department of Revenue Unclaimed Property Section's decision to impose interest and penalties, as well as conduct a comprehensive field examination.

Audit Services US, LLC (ASUS) is an authorized agent of the State. An ASUS representative will contact you within 10 business days to confirm your receipt of this notification and to answer any preliminary questions you might have. If you have any questions prior to being contacted or require further assistance, please contact the ASUS Support Desk toll free at (###) ###-####. You may also contact [WA UPS contact name] at the Washington Department of Revenue Unclaimed Property Section for further clarification as well.

If you believe that you received this notification in error or if you are not the party responsible for reporting your company's unclaimed property for the State of Washington. please notify ASUS toll free at (###) - ###-#### or *ucpsupport@auditservicesus.com*

Sincerely yours,

[signature]
[title]

DRAFT

AUDIT SERVICES U.S., LLC

Holder Orientation Packet

State of Washington - Department of Revenue
Unclaimed Property Section

Contractor Assisted Self-Audit Program

Holder Orientation Package
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Audit Services, U.S., LLC
Unclaimed Property Division
[lockbox address]
[city, state zip]

AUDIT SERVICES U.S., LLC

[Date]

[Holder Name]
[Attn: Unclaimed Property Department]
[Mailing Address]
[City, State Zip]

Dear [Holder]:

To assist you with complying with the Washington Department of Revenue Unclaimed Property Section Procedures for State Authorized Unclaimed Property General Ledger and Securities Audits and Contractor Assisted Self-Audits Conducted by Contractors and completion of the Contractor Assisted Self-Audit program, we have included a Holder Orientation Packet. Please review the contents at your earliest convenience.

Our responsibilities require Audit Services U.S. to gather and document basic corporate information and to review corporate financial records and/or statements. This will enable us to advise you on the types of property to be included in the Contractor Assisted Self-Audit. We ask that you submit both the completed Self-Audit Holder Questionnaire and a copy of your company's financial statements within 30 days of your receipt of this Holder Information Packet.

Once received, we will also review the self-audit analysis prepared by your company and assist with the preparation of the state unclaimed property report. Upon receipt of your final state unclaimed property report, we will perform a final review prior to submitting the report to the Washington Unclaimed Property Section. You will be provided instructions on how to send the related property, i.e. cash and/or securities to a custodian. The custodian will remit the property directly to Washington Unclaimed Property Section unless the property consists of contents obtained from safe deposit boxes. Contents from safe deposit boxes shall be remitted directly to the Washington Unclaimed Property Section. Additionally, if applicable, we will prepare a final report to close the Contractor Assisted Self-Audit.

Please note that Holder participation in the contractor-assisted self-audit does not exempt the holder from being audited in the future if the Washington Unclaimed Property Section deems an audit is warranted.

Please forward the Self-Audit Holder Questionnaire to Audit Services U.S., LLC via email or mail.

Audit Services U.S., LLC
Washington Unclaimed Property Section
[lockbox address]
[city, state zip]

Email: ucpsupport@auditservicesus.com
Toll Free Phone: (###) ###-####

An Audit Services U.S. representative will be contacting you to set up an Opening Teleconference that allows us to discuss the Contractor Assisted Self-Audit procedures and any other questions you may have about the process.

Your continued cooperation and compliance is appreciated.

Sincerely yours,

[signature]
[title]

ADDITIONAL DISCLOSURES

CONTACT INFORMATION:

The Holder is free to discuss the audit directly with the liaison at any time regarding allegations of misconduct, unethical behavior, or significant disagreement relating to legal authority.

Department of Revenue Unclaimed Property Section
Department Liaison with Contractor performing Contractor Assisted Self-Audit

Name
Address
Phone
Fax
Email

Audit Services U.S. Contacts:

(Audit Services Contacts)*

*Identify, in writing, each and every senior employee, representative, and agent of the Contractor who will participate and be available to assist the holder in the contractor- assisted self-audit, including those who will review the holder's audit report, unclaimed property report and file the holder's report and remittance with the Unclaimed Property Division.

Disclosure of Contractor Fee Arrangement:

Could reference page and section number in contract

Contractor Assisted Self-Audit Action Items

- ☐ Holder mailed initial contact letter
- ☐ Holder Orientation Packet mailed
- ☐ Holder reviews contents of Holder Orientation Packet mailed by Audit Services U.S..
- ☐ Holder collects information to complete Self-Audit Holder Questionnaire.
- ☐ Holder identifies areas of company that generate unclaimed property and identifies location of records.
- ☐ Holder forwards Self-Audit Holder Questionnaire and Company Financial Statements to Audit Services U.S., LLC
- ☐ Audit Services U.S., LLC contacts Holder to schedule Opening Teleconference.
- ☐ Holder and Audit Services U.S., LLC conduct Opening Teleconference.
- ☐ Holder collects unclaimed property records and converts to electronic format.
- ☐ Holder analyzes unclaimed property records for dormancy requirements.
- ☐ Holder analyzes “dormant” unclaimed property records for due diligence mailing requirements.
- ☐ Holder mails due diligence letters and allows for a minimum 60 day response period from owners/payees.
- ☐ Holder updates unclaimed property file to reflect owner/payee responses and any adjustments to produce a preliminary state unclaimed property report file.
- ☐ Holder forwards preliminary state unclaimed property report file to Audit Services U.S., LLC for review.
- ☐ Audit Services U.S., LLC sends notice to Holder to schedule Closing Teleconference.
- ☐ Holder and Audit Services U.S., LLC conduct Closing Teleconference.
- ☐ Holder generates Final State Unclaimed Property Report and sends to Audit Services U.S., LLC.
- ☐ Holder also prepares reports and sends to Audit Services U.S., LLC either manually or through state authorized software
- ☐ Holder sends funds and/or securities to Audit Services U.S., LLC custodian. If there are safe deposit box contents, the Holder should send the safe deposit box contents directly to the State.
- ☐ Holder must provide a description of their Self-Audit Plan to Audit Services U.S.. The Self-Audit Plan must identify the period reviewed, the property types analyzed and a narrative on the Holder’s audit procedures.
- ☐ Audit Services U.S., LLC transmits Holder’s Final State Unclaimed Property Report to the Washington Unclaimed Property Section and instructs custodian to forward funds and/or securities to the State.
- ☐ Audit Services U.S., LLC sends closing communication to Holder.

TO BE COMPLETED BY [HOLDER]

Confidentiality Agreement

[Date]

[Holder]

Audit Services U.S., LLC (the "Contractor"), as agent for the State of Washington Department of Revenue Unclaimed Property Section, has requested certain information from [Holder] (the "Holder") in connection with its unclaimed property review and audit of the Holder's books and records.

The Contractor shall treat as confidential and protect from disclosure to third parties, including other persons and business entities with whom the Contractor is affiliated, other than its own employees, agents, and representatives, and the States, all information that the Holder may furnish verbally and in writing to the Contractor or its agents, representatives, or employees in connection with its unclaimed property review and audit; provided however, that this letter agreement shall not prohibit the Contractor from disclosing such information to (a) any person specifically approved by the Holder or (b) pursuant to or as required by law. The Contractor further agrees that it will not use any such information for any purpose other than the performance of such review and audit.

The information referred to in the preceding paragraph shall not include any information (i) previously known to the Contractor prior to the receipt of such information, (ii) subsequently acquired by the Contractor from a third party having an independent right to disclose such information, or (iii) that is now or later becomes publicly known through no fault of the Contractor.

Any failure or delay by the Holder in enforcing any provision of this letter agreement will not operate as a waiver of that provision, and the Holder will be entitled to injunctive relief, as well as all other remedies available at law or equity, if the Contractor breaches this letter agreement.

This letter agreement constitutes the entire agreement between us and may only be modified in writing. This letter agreement and all controversies arising from it shall be governed by and construed in accordance with the laws of the State of Washington, without giving effect to its conflicts of law principles.

Sincerely,

Audit Services U.S., LLC

AGREED TO: [HOLDER]

Signature of Holder Representative: _____

Print Name: _____

Title: _____

TO BE COMPLETED BY [HOLDER]

Washington Department of Revenue Unclaimed Property Section

Self-Audit Holder Questionnaire

Instructions: Please answer all questions on this form, and return to Audit Services U.S., LLC as soon as possible. If a question does not apply, please circle N/A (not applicable).

Company Name:		Federal Employer ID No: Holder No:
Principal Administrative Office Address:		
State and Year of Incorporation:	Type of Business (financial, retail. manufacturing, etc):	Number of Employees: Total Revenue: $
Contact Person Name:	Title:	Phone Number: ( ) -
	Email Address:	Fax Number: ( ) -

(Circle One)

Does your company hold any unclaimed amounts due Washington resident payees?..... Yes No N/A

Has your company ever reported unclaimed property to any state?..... Yes No N/A

If Yes, please indicate the name of the state or states:

Was the property reported with complete payee's name and address?..... Yes No N/A

Does your company report unclaimed property for Washington residents to another state or states?..... Yes No N/A

If Yes, please indicate the name of the state or states:

Was your company ever audited for unclaimed property by any state, third party vendor or CPA firm?..... Yes No N/A

Did the audit result in a supplemental filing with additional amounts due as unclaimed property?..... Yes No N/A

Does your company have any uncashed, outstanding payroll checks older than ONE year?..... Yes No N/A

Does your company have any uncashed, outstanding payroll and/or commission checks older than THREE years?..... Yes No N/A

Does your company carry any uncashed outstanding checks issued to vendors, older than ONE year?..... Yes No N/A

Does your company carry any uncashed outstanding checks issued to vendors, older than THREE years?..... Yes No N/A

Does your company maintain a reserve account for uncashed checks?..... Yes No N/A

Does your company offer a refund or rebate program?..... Yes No N/A

Are there amounts held for shareholders that did not redeem their shares?..... Yes No N/A

Did your company ever pay cash dividends, stock dividends, or interest on its debt (bonds)?..... Yes No N/A

Does your company hold any dividends for its shareholders that are unpaid and past due?..... Yes No N/A

Are there shareholders' accounts in undeliverable mail status and with dividends unpaid for three years? Yes No N/A

Does your company offer a dividend reinvestment plan?..... Yes No N/A

Does your company offer an employee benefit program (medical, dental, prescription benefits, etc.)?..... Yes No N/A

Was the employee benefit program established under a Federal Employee Retirement Income Security Act? Yes No N/A

Does your company offer a pension plan?..... Yes No N/A

Is there a trustee to administer and make disbursements for the company's pension plan?..... Yes No N/A

If Yes, please indicate name and address of service:

Are outstanding pension checks accounted for and maintained by the trustee?..... Yes No N/A

Are payroll checks issued by a payroll service?..... Yes No N/A

If Yes, please indicate name and address of service:

Does the payroll service account for and maintain uncashed payroll checks?..... Yes No N/A

Are employee benefits paid through a union?..... Yes No N/A

If Yes, please indicate union's name and address:

Does your company issue checks in a fiduciary capacity?..... Yes No N/A

If Yes, please indicate the type of checks your company disburses for others:

Yes No N/A

Does your company report unclaimed property on behalf of others?.....

If Yes, please indicate the name of the companies AND corresponding FEIN #'s for which it files:

Yes No N/A

Has your company undergone name changes, restructuring, etc.?.....

If Yes, please indicate the name of the companies AND corresponding FEIN #'s which were involved:

Yes No N/A

Has your company undergone mergers, acquisitions, etc.?.....

If Yes, please indicate the name AND corresponding FEIN #'s of the companies which were involved:

Yes No N/A

Does your company report unclaimed property through another company (parent or holding company)?.....

Company Unclaimed Property Profile
General Ledger Records

(Circle One)

Does your company have any uncashed, outstanding payroll checks older than ONE year?.....	Yes No N/A
Does your company have any uncashed, outstanding payroll and/or commission checks older than THREE years?.....	Yes No N/A
Does your company carry any uncashed outstanding checks issued to vendors, older than ONE year?....	Yes No N/A
Does your company carry any uncashed outstanding checks issued to vendors, older than THREE years?	Yes No N/A
Does your company maintain a reserve account for uncashed checks?.....	Yes No N/A
Does your company offer a refund or rebate program?.....	Yes No N/A
Does your company offer an employee benefit program (medical, dental, prescription benefits etc.)?.....	Yes No N/A
Was the employee benefit program established under a Federal Employee Retirement Income Security Act?	Yes No N/A
Does your company offer a pension plan?.....	Yes No N/A
Is there a trustee to administer and make disbursements for the company's pension plan?.....	Yes No N/A

If yes, please indicate name and address of service:

Are outstanding pension checks accounted for and maintained by the trustee?.....	Yes No N/A

Are payroll checks issued by a payroll service?..... Yes No N/A

If yes, please indicate name and address of service:

Does the payroll service account for and maintain uncashed payroll checks?..... Yes No N/A

Are there shareholders' accounts in undeliverable mail status and with dividends unpaid for three years? Yes No N/A

Are employee benefits paid through a union?..... Yes No N/A

If yes, please indicate union's name and address:

Does your company issue checks in a fiduciary capacity?..... Yes No N/A

If yes, please indicate the type of checks your company disburses for others:

Securities

(Circle One)

Are there amounts held for shareholders that did not redeem their shares?..... Yes No N/A

Did your company ever pay cash dividends, stock dividends, or interest on its debt (bonds)?..... Yes No N/A

Does your company hold any dividends for its shareholders that are unpaid and past due?..... Yes No N/A

Are there shareholders' accounts in undeliverable mail status and with dividends unpaid for three years? Yes No N/A

Does your company offer a dividend reinvestment plan?..... Yes No N/A

Does your company hold any unclaimed amounts due Washington resident payees?..... Yes No N/A

Company Changes

(Circle One)

Has your company undergone name changes, restructuring, etc.?..... Yes No N/A

If yes, please indicate the name of the companies AND corresponding FEIN #'s which were involved:

Has your company undergone mergers, acquisitions, etc.?..... Yes No N/A

If Yes, please indicate the name AND corresponding FEIN #'s of the companies which were involved:

Unclaimed Property Reporting History

(Circle One)

Has your company ever reported unclaimed property to any state?..... Yes No N/A

If yes, please indicate the name of the state or states:

Was the property reported with complete payee's name and address?..... Yes No N/A

Does your company report unclaimed property for Washington residents to another state or states?..... Yes No N/A

If yes, please indicate the name of the state or states:

Does your company hold unclaimed amounts for unknown payees?..... Yes No N/A

Were the amounts reported for unknown payee(s)?..... Yes No N/A

If yes, please indicate the name of the state or states:

Does your company report unclaimed property on behalf of others?..... Yes No N/A

If yes, please indicate the name of the companies AND corresponding FEIN #'s for which it files:

Does your company report unclaimed property through another company (parent or holding company)?..... Yes No N/A

If yes, please indicate the name of the company AND corresponding FEIN #'s which reports:

Prior Unclaimed Property Audits (if any)

(Circle One)

Was your company ever audited for unclaimed property by any state, third party vendor or CPA firm?..... Yes No N/A

Did the audit result in a supplemental filing with additional amounts due as unclaimed?..... Yes No N/A

_____ _____

Signature of Person Completing Form Print Name

_____ _____ _____

Title Email Phone

OPENING TELECONFERENCE AGENDA

Overview of Contractor Assisted Self-Audit Program

- Intro to Audit Services U.S., LLC and personnel
- Authorized by State of Washington to facilitate compliance for In-State and Out-of-State companies
- Good faith effort and cooperation may limit exposure to imposition of interest and penalties
- Self-Audit by company – control of data collection
- Contractor will assist company with all aspects

Holder Overview

- Description of Business
  - Start Date
  - Type of Business
  - Customers
  - Vendors
  - Business Transactions
- Locations of Company records
- Format/availability of records
- History of unclaimed property reporting
  - Property Types
  - Years Reporting
- Any prior compliance issues

Unclaimed Property Rules-Contractor Assisted Self-Audit Program

- Identification of property types
- Assignment of property codes and relationship codes
- Electronic data conversion
- Analyze for dormancy and look back period
- Analyze for due diligence
- Send due diligence mailings and receive responses;
- Re-Issue or reactivate property
- Update Holder unclaimed property file
- Send unclaimed property file for review to Audit Services U.S., LLC
- Audit Services U.S., LLC will file Holder's unclaimed property report to the State
- Remit property to the designated custodian account for transfer to the State of Washington
- Assistance with other State compliance

Self-Audit Summary

- Holder completes analysis of company records and data collection
- Data conversion
- Completion of due diligence
- Information forwarded to Audit Services U.S., LLC
  - Description of Company Self-Audit Plan
  - Complete Reporting and Remittance
- Closing Conference

Tools Available

- Washington Unclaimed Property Section Reporting Instructions Manual *(Provided in HOP)*
- Washington Property Category Code and Dormancy Table *(Provided in HOP)*
- Relationship Code List *(Provided in HOP)*
- Electronic filing information – Sanctioned by NAUPA and the State of Washington
- File formats for conversion of Holder records
- Due diligence analysis with mailing options
- Washington Unclaimed Property Section website http://ucp.dor.wa.gov/holdercontent.aspx

AUDIT SERVICES U.S., LLC

Holder Reporting Tools and Resources

Contractor Assisted Self-Audit Program

Washington Department of Revenue
Unclaimed Property Section
c/o Audit Services U.S., LLC
[lockbox address]
[city, state zip]

Toll Free Phone: (###) ###-####
Email:ucpsupport@auditservicesus.com

Steps for Reporting and Remitting Unclaimed Property

- Identify the property to be reported and remitted i.e. property that has met the dormancy period.
- Perform Due Diligence on the unclaimed property to be reported and remitted.
- Prepare the unclaimed property report.
- Submit the unclaimed property report to Audit Services U.S., LLC, and remit the property.

Identifying Unclaimed Property and Data Collection

Unclaimed property is primarily an intangible property liability that has been inactive on the books of an entity for a period of time **(dormancy period)** for which there has been no owner generated activity. Unclaimed property is broadly defined and can include:

Savings or Checking Accounts
Stocks
Uncashed Dividends
Payroll checks
Credits
Traveler's Checks
Trust Distributions
Unredeemed Money Orders
Unredeemed Gift Certificates *(not applicable in all states)*
Insurance Payments or Refunds
Life Insurance Policies
Annuities
Certificates of Deposit
Customer Overpayments
Utility Security Deposits
Mineral Royalty Payments
Safe Deposit Box Contents

Reaching the Dormancy Period

All unclaimed property must be reported and remitted to the Washington Unclaimed Property Section if the property has reached the required dormancy period.
There are different holding/dormancy periods per property type. Please refer to the Washington Property Category Code and Dormancy Table.

Review or "Look Back" Period

Holder compliance with the Contractor Assisted Self-Audit program requires the Holder to identify records that go back a minimum of 10 years* or all property held in the Holder's books and records that have met the dormancy period. If the Holder has only been formally organized as a business for 8 years then the Holder must review all records since its inception. This is called the *Look Back Period*.

*Look Back Period: Property has met the dormancy period for 10 years or more. It does not mean the property has been "lost" or "inactive" for 10 years from today's date.

Example:

As an example in 2015, the Look Back Period for accounts payable records would go back to the year 2001. Accounts payable records have a dormancy period of 3 years. In 2015 accounts payable records would first reach their dormancy period with a "lost date" or check issuance date in 2011. They would be considered abandoned because they have met their 3 year dormancy by June 30, 2014. The 10 year Look Back Period would then include records from 2001 through 2011.

Holders must demonstrate a good faith effort to collect and analyze all of their unclaimed property to be considered by the Department for a waiver of past due interest and penalties.

Suggested Checklist of Identifying Holder Unclaimed Property

☐ **Basic Corporate Information Gathering/Site Selection:**

Identify *w*here all record-keeping, accounting and, if applicable, escheat reporting is performed to determine the particular entities, business units or Third Party Administrators (TPA's) to be reviewed.

The following items should be considered:
- Annual reports to stockholders

- Financial Statements
- Organization chart setting forth the Holder's record-keeping, accounting, bank account and escheat reporting sites, with a description (*e.g.*, revenues, headcount, business line) of the business and/or entities services by each site
- External and internal auditors – methodology for centralized or decentralized accounting procedures.
- Obtain current list (*e.g.*, equity transfer and exchange agents; debt trustees; medical benefits, pension plans).
- Obtain list of changes in TPAs since 1985.

The Holder's Look Back Period or Review Period

The Holder needs *to* determine the amount of abandoned property generated during the Look Back or Review Period. The Holder will determine the amount of outstanding liability related to the stale dated amounts contained in the Holder's presently maintained internal accounting system. Items to review could be the following:

- Obtain the current chart of accounts to ascertain which accounts may relate to abandoned property. For example:

Unclaimed property
Escheatable property
Stale dated checks
Uncleared checks
Small balance write-offs
Suspense
Collections – undistributed
Write-offs – operating
Write-offs – payroll
Inactive customer accounts
Inactive escrow accounts
Inactive commission accounts
List of all bank accounts open, active or closed during the examination period

- Investigate changes in all accounts within the chart of accounts relating to abandoned property

- Determine Holder policies regarding stale dated checks and account balances:

Payroll
Accounts payable
Checks and drafts written for insurance claims
Accounts receivable
Write-offs
Sales incentive programs
(e.g., gift certificates, rebates)
Benefit plans, defined benefit and defined contribution
Self-insured programs
(e.g., health plans, dental plans, workmen's compensation, general liability)

- Understand Holder's escheat accounting system, if applicable:

Abandoned property policies & procedure manual
Description of escheat system
Summary of abandoned property filings, all states, latest available periods, by type of property
Copies of prior unclaimed property reports for all states and supporting work papers for recent period
Copies of unclaimed property audits and releases by state

File Conversion to Electronic Format

[Placeholder – Text to be added later]

HOLDER DUE DILIGENCE REQUIREMENTS AND DUE DILIGENCE MAILING PROCESS

Prior to reporting and remitting unclaimed property which has reached its required dormancy period for an applicable calendar year, Washington Statutes requires that for all the unclaimed property accounts valued at $75.00 or greater, the holder must perform due diligence (Page 4 of the Washington State Department of Revenue Unclaimed Property Guide to Unclaimed Property Reporting Manual). A written notice is required to be sent to the apparent owner's last known address informing the apparent owner that the holder is in possession of the unclaimed property account and requesting that the apparent owner respond to the notice.

The holder must provide the name and contact information of the holder's staff person whom the owner can contact if they have any questions. To avoid confusion, the due diligence letter must not contain any contact information for the state. Failure to perform due diligence as provided by statute could result in potential fines and interest/penalties.

To complete the due diligence requirements for the Contractor Assisted Self-Audit program, the Holder must perform the following:

1) Analyze their unclaimed property file to determine those records that have met their dormancy period.
2) For those records that have met the dormancy period, a notice must be sent to any account (unclaimed property record) whose value is $75.00 or greater. The written notice must be sent to the last known address of the owner on the Holder's records. A written notice is not required if there is a known bad address.
3) The Holder must allow approximately 60 days for returns of any owner/payee responses to the written notice.
4) The Holder must update their unclaimed property records to reflect valid owner responses if contact or activity has been established. The Holder should maintain records of owner responses from valid returned responses or other responses by an owner from phone contact or email.
5) When an adequate amount of time has elapsed, the Holder will need to provide a copy of the updated unclaimed property file to Audit Services U.S..

DUE DILIGENCE MAILING OPTIONS

The Holder has various options to assist them with complying with the due diligence requirements.

1) Create, mail and track your own due diligence letters.

2) There are "Free" versions of software that support the creation of due diligence letters.

3) There are vendors that offer Due Diligence Mailing Services for a fee.*

***Notice: Audit Services U.S., LLC does not receive any consideration for fees earned by outside vendors.**

Due Diligence Letter Contents

Due diligence letters should include the following:

- Owner name
- Property description and amount
- Date of last activity with the owner
- Description of any action an owner must take to prove ownership and claim the property
- Date by which an owner must claim the property
- Your company's name, address, and contact's name, address, email, and phone number
- Date when the property will be reported to the state
- Statement that owners must claim property from state after it has been turned over (provide the state's web site)
- Provide a form where the owner can request for the property to be reactivated or have a check reissued, as well as provide the correct mailing address and any comments.

Holder Unclaimed Property Electronic Reporting

In accordance with the Washington State Department of Revenue Unclaimed Property Section Guide to Reporting Unclaimed Property Page 9,an unclaimed property report containing 10 or more different apparent owners MUST be in an electronic format as prescribed by the Washington Unclaimed Property Section .. The electronic report is required to be in the NAUPA standard file format and submitted as a NAUPA format text file. The National Association of Unclaimed Property Administrators (NAUPA) is an organization of all fifty states dedicated to developing uniform laws and the protection of the owners of unclaimed property.

Detailed information on the NAUPA standard format can be found on the State's web page at http://ucp.dor.wa.gov/holdercontent.aspx.

To assist you in creating the electronic report in the NAUPA standard format, NAUPA approved software programs are also available for free on the State's web page.

> **NOTE:** The software programs mentioned above are provided by a third party vendor, and the Department shall not be held responsible for any errors in the resulting report. It is the responsibility of the reporting entity to ensure the report is thoroughly reviewed for accuracy.
>
> **Electronic reports of 10 or more** apparent owners formatted as Excel spreadsheet, Word document, Access database or PDF file will not be accepted.

The Washington Unclaimed Property Section Department's Cover Sheet is required to be submitted with Department forms and mailed electronic reports.

This form is used to report cash properties with less than 10 apparent owners. Reports with 10 or more apparent owners must be filed using the electronic format.

> ***Please note that final unclaimed property reports must be sent to Audit Services U.S. as part of the completion of the Contractor Assisted Self-Audit process.**
>
> **Final unclaimed property reports must be sent to Audit Services U.S..** As part of the Contractor Assisted Self-Audit program, the Holder is responsible for copying Audit Services U.S. on all unclaimed property reporting applicable to the Contractor Assisted Self-Audit period(s).

Holder Unclaimed Property Remittance Instructions

- Instructions for Remitting Cash or Securities Property:
  - Cash – (insert instructions)
  - Securities – (insert instructions)

- Instructions for Remitting Safe Deposit Contents:
  - (insert instructions)

Property Category Code Table

CODE		YEARS
Account Balances Due (AC)		
AC01	Checking accounts	(3)
AC02	Savings accounts	(3)
AC03	Matured certificates of deposit or savings certificates	(3)
AC04	Christmas Club accounts	(3)
AC05	Money on deposit to secure funds	(3)
AC06	Security deposits	(3)
AC07	Unidentified deposits	(3)
AC08	Suspense accounts	(3)
AC09	Interest	(3)
Court Deposits (CT)		
CT01	Escrow funds	(3)
CT02	Condemnation awards	(3)
CT03	Missing heir's funds	(3)
CT04	Suspense accounts	(3)
CT05	Any other types of deposits made with a court or public authority	(3)
CT06	Unrefunded bonds	(3)
CT07	Judgment	(1)
CT08	Garnishment	(1)
CT09	Support	(3)
CT10	Restitution	(3)
CT11	Bail Refund	(3)
CT12	Overpayment	(3)
CT13	Unestablished Trust	(3)
Insurance (IN)		
IN01	Individual policy benefits or claim payments	(3)
IN02	Group policy benefits or claim payments	(3)
IN03	Death benefits due beneficiaries	(3)
IN04	Proceeds from matured policies, endowments, or annuities	(2)
IN05	Premium refunds on individual policies	(3)
IN06	Unidentified remittances	(3)
IN07	Other amounts due under policy terms	(3)
IN08	Agent credit balances	(3)
IN09	Unrefunded Bond	(3)

CODE		YEARS
Miscellaneous Checks and Intangible Personal Property Held in the Ordinary Course of Business (MS)		
MS01	Wages, payroll, or salary	(1)
MS02	Commissions	(1)
MS03	Worker's compensation benefits	(1)
MS04	Payment for goods and services	(3)
MS05	Customer overpayments	(3)
MS06	Unidentified remittances	(3)
MS07	Unrefunded overcharges	(3)
MS08	Accounts payable	(3)
MS09	Credit balances/accounts receivable	(3)
MS10	Discounts due	(3)
MS11	Refunds/rebates due	(3)
MS12	Unredeemed gift certificates	(3)
MS13	Unclaimed loan collateral	(3)
MS14	Sums payable under pension and profit sharing plans (IRA, KEOGH, e.g.)	(3)
MS15	Property distributable in the course of involuntary dissolution or liquidation	(1)
MS16	Any other miscellaneous outstanding checks	(3)
MS17	Any other miscellaneous intangible personal property	(3)
MS18	Suspense liabilities	(3)
MS19	Payroll Agent ADP	(1)
Utilities (UT)		
UT01	Utility deposits	(1)
UT02	Membership fees	(3)
UT03	Refunds or rebates	(1)
UT04	Capital credit distributions	(3)
Uncashed Checks (CK)		
CK01	Cashier's checks	(3)
CK02	Certified checks	(3)
CK03	Registered checks	(3)
CK04	Treasurer's checks	(2)
CK05	Drafts	(3)
CK06	Warrants	(2)
CK07	Money orders	(5)
CK08	Traveler's checks	(15)
CK09	Foreign exchange checks	(3)
CK10	Expense checks	(3)
CK11	Pension checks	(3)

CODE		YEARS
CK12	Credit checks or memos	(3)
CK13	Vendor checks	(3)
CK14	Any checks that have been written off to income or surplus	(3)
CK15	Any other outstanding official checks or exchange items	(3)
CK16	CD interest checks	(3)
Trust, Investments and Escrow Accounts (TR)		
TR01	Paying agent accounts	(3)
TR02	Undelivered dividends or uncashed dividends	(3)
TR03	Funds held in a fiduciary capacity	(3)
TR04	Escrow accounts	(3)
TR05	Trust vouchers	(3)
TR06	Pre-need funeral plans	(3)
Safe Deposit Boxes & Safekeeping (SD)		
SD01	Contents of safe deposit boxes	(5)
SD02	Contents of any other safekeeping repository	(5)
SD03	Other tangible property	(5)
SD04	Unclaimed loan collateral	(5)
Proceeds From Mineral Interests (MI)		
MI01	Net revenue interests	(3)
MI02	Royalties	(3)
MI03	Overriding royalties	(3)
MI04	Production payments	(3)
MI05	Working interests	(3)
MI06	Bonuses	(3)
MI07	Delay rentals	(3)
MI08	Shut-in royalties	(3)
MI09	Minimum royalties	(3)
Securities (SC)		
SC01	Dividends	(3)
SC02	Interest payable on registered bonds	(3)
SC03	Shares of preferred stock	(3)
SC04	Equity payments	(3)
SC05	Profits	(3)
SC06	Funds paid toward the purchase of shares, or interest in a financial or business organization	(3)
SC07	Bearer bond interest/principal	(3)
SC08	Shares of stock (returned by post office)	(3)
SC09	Cash for fractional shares	(3)
SC10	Unexchanged stock of successor corporation	(3)
SC11	Any other certificates of ownership	(3)
SC12	Underlying shares of stock	(3)

CODE		YEARS
SC13	Funds for liquidation/redemption of unsurrendered stocks or bonds	(3)
SC14	Debentures	(3)
SC15	U.S. Government Securities	(3)
SC16	Mutual funds	(3)
SC17	Warrants or rights	(3)
SC18	Matured principal on registered bonds	(3)
SC19	Dividend reinvestment plans	(3)
SC20	Credit balances	(3)
SC21	Bearer Bond Interest	(3)
SC22	Bearer Bond Principal	(3)
SC23	Cash in Lieu	(3)
Misc Codes		
CS01	Educational Savings ACCT - Cash	(3)
CS02	Educational Savings ACCT - Mutual Fund	(3)
CS03	Educational Savings ACCT - Securities	(3)
HS01	Health Savings ACCT	(3)
HS02	Health Savings ACCT Investment	(3)
IRA		
IR01	Traditional IRA - Cash	(3)
IR02	Traditional IRA - Securities	(3)
IR03	Traditional IRA Securities	(3)
IR05	Roth IRA - Cash	(3)
IR06	Roth IRA Mutual Funds	(3)
IR07	Roth IRA - Securites	(3)

Relationship Codes Table

Category	Code	Description	Definition
Relationship Codes	AD	Administrator	The person appointed by the court to handle the estate of someone who died without a will, with a will with no nominated executor, or the executor named in the will has died, has been removed from the case, or does not desire to serve.
Relationship Codes	AG	Agent For	A person who is authorized to act for another (the agent's principal) through employment, by contract or apparent authority.
Relationship Codes	AF	Attorney For	A person who has been qualified by a state or Federal court to provide legal services, including appearing in court, and is authorized to act for another.
Relationship Codes	AN	And (Unspecified Joint Relationship)	Unspecified joint relationship including 'AND'.
Relationship Codes	BF	Beneficiary	Any person or entity (like a charity) who is to receive assets or profits from an estate, a trust, an insurance policy or any instrument in which there is distribution.
Relationship Codes	CP	Community Property	Property or earnings received by a husband and wife during marriage, other than by gift, devise, or descent. Separate property is property owned by a spouse before marriage or received during the marriage by gift, devise or descent. In some jurisdictions, earnings from separate property are also separate property and in some jurisdictions, such earnings are community property. Recognized by California, Arizona, New Mexico, Texas, Nevada, Idaho, Washington, Wisconsin, Louisiana and Puerto Rico.
Relationship Codes	CN	Conservator	A guardian and protector appointed by a judge to protect and manage the financial affairs and/or the person's daily life due to physical or mental limitations or old age.
Relationship Codes	CF	Custodian	A person with whom some article is left, usually pursuant to a contract (called a "contract of bailment"), who is responsible for the safe return of the article to the owner when the contract is fulfilled.
Relationship Codes	DF	Defendant	The party sued in a civil lawsuit or the party charged with a crime in a criminal prosecution.
Relationship Codes	ES	Estate	All the possessions of one who has died and are subject to probate (administration supervised by the court) and distribution to heirs and beneficiaries, all the possessions which a guardian manages for a ward (young person requiring protection and administration of affairs), or assets a conservator manages for a conservatee (a person whose physical or mental lack of competence requires administration of his/her affairs).
Relationship Codes	EX	Executor or Executrix	The person appointed to administer the estate of a person who has died leaving a will which nominates that person.
Relationship Codes	FB	For Benefit of	A person who is entitled to property that is held by another person (typically a custodian or trustee). FB is typically used in trustee, self-directed, inherited, education and transferred accounts.
Relationship Codes	GR	Guardian	A person who has been appointed by a judge to take care of a minor child (called a "ward") or incompetent adult personally and/or manage that person's affairs.

Relationship Codes Table

Category	Code	Description	Definition
Relationship Codes	HE	Heir	Anyone who receives property of a deceased person either by will or under the laws of descent and distribution. (Explanation: a devisee under a will is also an "heir", even though unrelated to the decedent.)
Relationship Codes	IN	Insured	The person or entity who will be compensated for loss by an insurer under the terms of a contract called an insurance policy.
Relationship Codes	JT	Joint Tenants	An account held in joint tenancy presumes a right of survivorship, but this presumption can be overcome by evidence that the account was really the property of only one, and the joint tenancy was for convenience. Right of Survivorship is not specifically stated.
Relationship Codes	JS	Joint Tenants with Rights of Survivorship	A type of account which is owned by at least two people, where all tenants have an equal right to the account's assets and are afforded survivorship rights in the event of the death of another account holder. In this type of account, a surviving member will inherit the total value of the other member's share of account assets upon the death of that other member. All members of the account are afforded the power to conduct investment transactions within the account as well.
Relationship Codes	TC	Tenants in Common	A type of account which is owned by at least two people with no rights of survivorship afforded to any of the account holders. In this type of account, a surviving tenant of the account does not necessarily acquire the rights (and account assets) of the deceased person. Rather, each tenant in the account can stipulate in a written will how his/her assets will be distributed upon his/her death. Generally, the member ownership in the account is determined on a pro rata basis, meaning that if there are two tenants in the account, each will have a 50% claim on the account's value.
Relationship Codes	JE	Tenants in Entireties	Joint ownership of property or securities by a husband and wife where, upon the death of one, the property goes to the survivor.
Relationship Codes	OR	(Or) Unspecified Joint Relationship	Unspecified joint relationship including 'OR'
Relationship Codes	OT	Other Relationship	Relationship other than specified in this list. Additional details should be submitted with the property.
Relationship Codes	PD	Payable On Death	Account is payable on Death to an alternate owner. Upon the original owner's death, the beneficiary must supply identification and a copy of the original owner's death certificate.
Relationship Codes	PA	Payee	The one named on a check or promissory note to receive payment.
Relationship Codes	PO	Power of Attorney	A written document signed by a person giving another person the power to act for the signer in designated circumstances and with respect to designated property. Explanation: There are both general powers of attorney which give the authorized party broad discretion and special powers of attorney that are limited in scope.

Relationship Codes Table

Category	Code	Description	Definition
Relationship Codes	RE	Remitter	Used primarily on official checks. The Remitter is the person who purchased the official check. This relationship is separate from the Holder who turns the property over to the state.
Relationship Codes	SO	Sole Owner	Sole Owner is used when there is only a single owner for the property, and that person has all rights to the ownership of the property.
Relationship Codes	TE	Trustee	A person or entity who holds the assets (corpus) of a trustee for the benefit of the beneficiaries and manages the trust and its assets under the terms of the trust stated in the Declaration of Trust which created it.
Relationship Codes	UG	Uniform Gifts to Minor	Property that is gifted to a Minor under the Uniform Gifts to Minors Act – (UGMA). This act allows minors to own property such as securities. Under the UGMA, the ownership of the funds works like it does with any other trust except that the donor must appoint a custodian (the trustee) to look after the account. Regardless of whether the minor has reached the age of majority, they should be coded with the UG relation. The custodian on the account should be coded as CU.
Relationship Codes	UT	Uniform Transfer to Minor	Property that is gifted to a minor under the Uniform Transfer to Minors Act – (UTMA). This act allows a minor to receive gifts such as money, patents, royalties, real estate and fine art, without the aid of a guardian or trustee. The gift giver or an appointed custodian manages the minor’s account until the minor is of age (usually 18 or 21).
Relationship Codes	UN	Unknown	The owner's relationship to the property is not known.
Relationship Codes	UF	Usufruct	Usufruct is a real right in a property owned by another, normally for a limited time or until death. Simply stated, it is the right to use the property, to enjoy the fruits and income of the property, to rent the property out and to collect the rents, all to the exclusion of the underlying real or naked owner. The usufructuary has the full right to use the property but cannot dispose of the property nor can it be destroyed.

Sample Due Diligence Letter

Sample Letter

(See page 25.)
May 1, YEAR
Owner Name
1234 Any Street N
Any Town, US 99999-9999

We Have Unclaimed Property That Belongs To You

Dear Owner Name:

We have at least $75 dollars that belongs to you and need to return it.

To get your money back
Please write us at the address below, or call (999) 999-9999.

Your Company Name
123 Avenue S
Your Town, US 99999

The law requires us to submit this property to the Washington State Department of Revenue by November 1 of each year. If we do not hear from you by date*, you will need to contact the state to get your money back.

Sincerely,

**For date, determine the last date you can remove items from your system for refund, remembering to allow for processing time to get the funds to the Unclaimed Property office by the due date.*

This is intended only as an example of a due diligence letter. The Holder should design the due diligence letter to meet their needs.

Washington Electronic Reporting Instructions

Steps to reporting electronically

As a Holder, you can send your electronic reports in the NAUPA II format for electronic reporting. The accepted formats are online (preferred), compact disc (CD) or diskette. Free secure reporting software is used to create your unclaimed property report which is saved in NAUPA II format. You may file your report online or by saving it to a CD or diskette.

Follow the steps below to create your NAUPA II file.

Create a NAUPA II file

To access the free NAUPA II endorsed reporting software program, go to www.byetm.com/upexchange/.

To start using UPExchange, create an account by following the online steps. Once you are logged in, you will find helpful resources to get you started, or you can follow the steps below.

STEP 1

Enter information about your company. In the menu bar, click the **Holder** tab, then click **Add Holder**. Enter the information about your company (the red asterisk indicates required fields).

STEP 2

Add property owner records. Here you will add information for the records you will report to the state. You can do this by importing your records or manually adding them into the system.

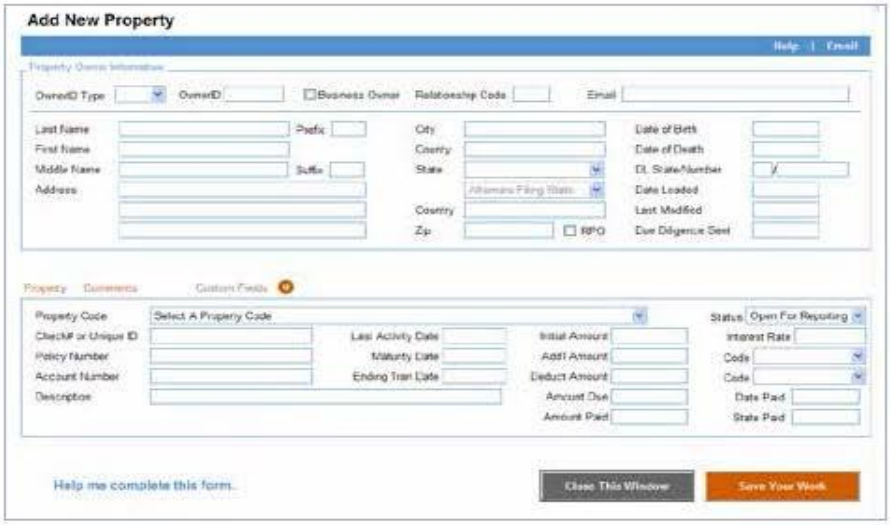
Importing your records

If you choose to import your records, click the *Property* tab then *Import Records* tab and download one of the ETM Import Templates to your computer. Open and enter the property/owner information. Use the tabs within the import template for assistance and examples. Check the box when you are ready to import. The system will walk you through the import process step by step.

ETM UPExchange website

TIP: If you are reporting incidental property, foreign addresses or unknown addresses, enter WA in alternate filing state field.

Manually adding your records
Click the *Property* tab, then select *Add Records*. Fill in as many fields as possible. If you have trouble, click *Help Me Complete This Form*. This will show an explanation of every field. When you have finished adding your first record, click *Save Your Work*, then *Close This Window*. Click *Add Record* again to add the next record. Repeat until all of your records are added to the system.



STEP 3 **View/Edit your records.** Click the *Property* tab (across the top) then *View Records*. Click *Go* to view a list of your records. You can filter your records by selecting a state value, a status value, and/or a property code value. If you leave all filters as-is and click *Go*, every active record will display in the list. Click *Edit* next to a record to view the detail. Make any changes and click *Save Your Work*. Close this window to return to the list.

STEP 4 **Generate your file to send to the state.** Click the *Reporting* tab (top menu) and click *State Reports*. Select the state you would like to process. The system will default to the correct filing year for you. Click *Next*. The system will display the dollar amount and number of shares it pulled into your report.

If the displayed results are correct, select *Yes, these numbers are right!*

If the displayed results are not correct, select *No, these numbers are wrong.* The system will provide you with some guidance for what could have gone wrong.

When the total matches select the *Yes* option, and the system will display a *Generate My State File* button. Click this button to proceed. Look for the save option and click Save As, then Done. Save your file to your computer.

STOP

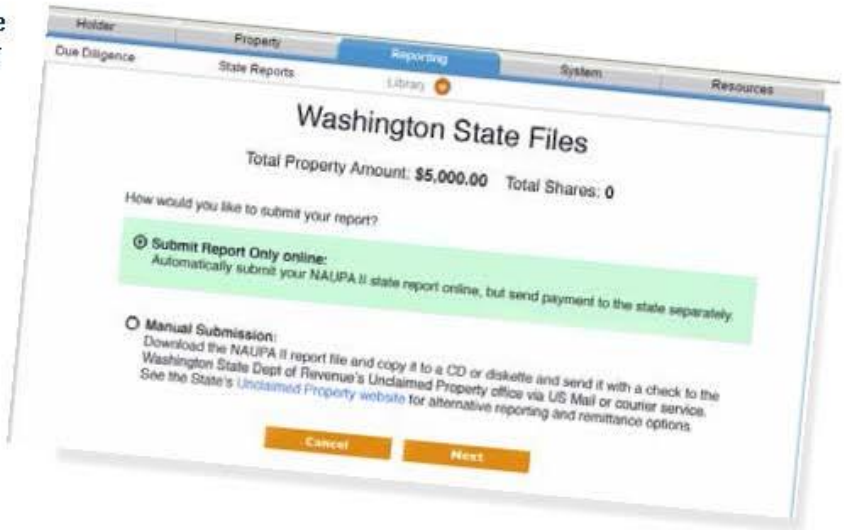
Choose one of the following options to file and pay.

- File your report online with UPExchange.....7
- File your report on the Department of Revenue's secured website.....8
- File by CD or diskette 9

File your report online with UPExchange

STEP 1

Submit your report online
Select *Submit Report Only online*. Then click *Next*.



STEP 2

Confirm the amount
Once you have read and approved the disclaimer, check *I AGREE*, then *Next*.

STEP 3

Submit report
Check the box and click *Submit* to authorize your unclaimed property report and coversheet be sent to Washington State (coversheet displays after clicking *Submit*). Send a check with the amount shown along with the cover letter.

File your report on the Department of Revenue's website

STEP 1

Go to ucp.dor.wa.gov/report. To logon, use your Department of Revenue, My Account logon and password. If you are a new user, click *Join now* and follow the steps to register. Have your Holder Access number ready. If you don't have your Access Number, contact us at ucp@dor.wa.gov

STEP 2

Select File your report(s). Click *Browse* to find and select your NAUPA II file, then click *Attach* File. Attach as many NAUPA II files as you need. Verify your contact information.

STEP 3

Select a payment option:

Electronic Funds Transfer (EFT): We accept ACH Credit. To use this payment, you must file your report online. At the end of your reporting process, it will display a payment voucher. To make the ACH transfer, you will need the banking information printed on your payment voucher.

By check: Print the payment voucher and attach your check, mail to the address on the voucher.

File by CD or diskette

Encrypted files

When you file through our website your file is automatically encrypted. If you still wish to encrypt your file we accept the following encryption types:

- WINZIPAES128 and WINZIPAE256
- A zipped file with no encryption (password)

CD requirements

All CDs must include an external label with the preparer's name, telephone number, company name(s) and federal identification numbers for all files on the media. Files should be saved in your company name along with the report year. Mail your report to:

State of Washington
Department of Revenue
Unclaimed Property Section
PO Box 34053
Seattle, WA 98124-1053

File a paper report (10 properties or Less)

To file a paper report you must have 10 properties or less.

1. Go to our website at ucp.dor.wa.gov
2. Click on Are you Holding UCP? Report.
3. Scroll down to How do I file my report? under the second bullet, By paper. Download the *Detail Report* and the *Summary Report* by clicking *Form, Instructions*.
4. Print and mail your reports to:

State of Washington
Department of Revenue
Unclaimed Property Section
PO Box 34053
Seattle, WA 98124-1053

[Placeholder for Washington's Procedures for State Authorized Unclaimed Property General Ledger and Securities Audits and Contractor-Assisted Self-Audits Conducted by Contractors.]

[Placeholder for Contract Information between Washington Department of Revenue and Audit Services U.S., LLC]

CLOSING LETTER TO HOLDER

Washington Department of Revenue
Unclaimed Property Section
c/o Government Revenue Solutions, LLC
[lockbox address]
[city, state zip]

AUDIT SERVICES U.S., LLC

[Holder Name]
[Attn: Unclaimed Property Department]
[Mailing Address]
[City, State Zip]

[Date]

RE: Holder ######
FEID: ##-######

Dear [Holder]:

Thank you for the courtesy and cooperation extended by you and members of your staff to Audit Services US, LLC during the course of the Contractor Assisted Self-Audit review.

Our office is in receipt of your cover sheet for the (must be modified based on Holder reporting procedure), the electronic file representing your state unclaimed property report and a copy of your remittance to our Custodian in the amount of $ _____ cash (And/or) [X shares of company name] for report years (xxxx to yyyy or specific years).

We have subsequently transmitted to the Washington Department of Revenue Unclaimed Property Section your cover sheet and your electronic state unclaimed property report on (date). The Custodian has remitted your property on (date).

The Contractor Assisted Self-Audit program provides the Holder with a one-time opportunity to come into compliance with Chapter 63.29, RCW, Washington Statutes and limit the potential assessment of penalties and interest.

Unclaimed property reports are required to be filed on an annual basis and are due before (DATE) for property reaching its dormancy period by (DATE) of the current year. The Washington Department of Revenue Unclaimed Property Section also requests that any zero reports be filed before t November 1st of each year.

Due Diligence must be performed as provided by Chapter 63.29, RCW, Washington Statutes prior to the submission of the report. All future negligence or non- filings will be subject to the assessment of penalties and interest as provided by Chapter 63.29, RCW, Washington Statutes.

For additional information and assistance concerning unclaimed property, please visit the Washington Department of Revenue Unclaimed Property Section website at http://ucp.dor.wa.gov/holdercontent.aspx.

If we can be of further assistance to you, please contact our office toll free at (###) ###-#### or by email at ucpsupport@auditservicesus.com.

Your continued cooperation and compliance is appreciated.

Sincerely yours,

[signature]
[title]

Unclaimed Property Glossary of Terms

Term	Definition
Abandoned or Unclaimed Property	A "fixed and certain" interest in intangible personal (or physical, in the case of safekeeping items) that is held, issued or owing in the ordinary course of business and has remained unclaimed by the apparent owner for a statutorily defined period of time after it became payable or distributable.
Activity	An action by the property owner that "restarts" the applicable state dormancy period, under the laws of the relevant jurisdiction. For example, if the owner makes a deposit to his bank account this is considered "owner generated activity" and is sufficient to "restart" the dormancy period.
Aggregate Limit	The dollar amount specified in some state laws or regulations under which the holder is not required to report owner/address and is permitted to group such item by property type and report the total of that grouping under the applicable property type code. However, some states may request or require that the owner/address detail information to be appended to the report, if it is available.
Amnesty	A voluntary compliance program offered by state governments from time to time that allows holders to report and remit overdue unclaimed property while limiting or in some cases eliminating the potential liability of penalties and/or interest. Amnesty is an attempt to encourage holders, especially first time filers, to report unclaimed funds.
Apparent Owner	The owner of unclaimed property according to the books and records of the holder.
Asset or Heir Finders	Individuals or businesses that offer to reunite the apparent owner or heirs with unclaimed property for a fee, sometimes referred to as "Locators". This reunification can happen either before or after escheat has occurred.
Asset Recovery	The process by which an owner of unclaimed property can recover the property. This term is sometimes used to mean the retrieval of property by businesses of property belonging to them.
Banking Organization	A bank, trust company, savings bank, industrial bank, land bank, safe deposit company, private banker, or any organization defined by law as a bank or banking organization.
Business Association	A non-public corporation, joint stock company, investment company, business trust, partnership or association for business purposes of two or more individuals, whether or not for profit, including a banking organization, financial organization, insurance company or utility.
Conservator	An individual who is court appointed to legally hold, manage, and safeguard the value of another person's property.
Custodian	An individual or entity that holds property until it is delivered to the rightful owner. Most states' laws make the State the "custodian" of the abandoned property.
Date of Last Activity	The date of the owner's last activity on the property or the owner's contact with the holder.
Dormancy Period	A dormancy period is a specified period of time in which the property owner does not take action on his or her property. The dormancy period, also known as the abandonment period or escheat period, begins on the date of last activity by the owner. The duration of dormancy periods varies depending upon the property type.

Term	Definition
Dual Reporting	Some states' laws require bifurcated reporting. In these instances, holders need to file an initial report, sometimes referred to as a publication report or a notice report. This report lists the names and addresses of individuals for which the holder has property that is presumed abandoned. The states may use the information in the "initial report" to publish or give notice to the listed owners within a defined time period. At a specified subsequent date, the holder is required to file a final or remittance report listing any property that remains unclaimed and to remit the property to the appropriate jurisdiction.
Due Diligence (Statutory/Regulatory)	The state mandated owner outreach to reunite owners with property. Unclaimed property laws or administrative rules typically specify the timing for and type of the notification. Some states require specific language; information and font requirements related to mandated correspondence and may have additional requirements such as certified mailing.
Due Diligence Offset/Deduction	Certain states will allow holders to deduct the expenses or a portion of the expense of due diligence mailings. This is accomplished by deducting the expenses from the amount remitted. When available, it is not required to take these deductions, but they can be useful in defraying some of the costs of compliance.
Due Diligence or Minimum	The dollar limit over which a state mandated due diligence letters are required to be sent to the apparent owner.
Escheat	A transfer of property that makes the state the legal owner of the transferred property. Few states operate under an “escheat” law for abandoned property. (Compare to “custodian”.)
Financial Organization	A savings and loan association, cooperative bank, building and loan association, savings bank or credit union.
Holder	The entity that controls abandoned property until it is transferred to the owner or to the state on behalf of the owner.
Holder ID Number	Also can be referred to as State ID or Holder Number, this is a state specific unique identification number issued by some states to identify holders of unclaimed property that have previously filed in their state. This Identification number will typically need to be included on each subsequent filing with that state. States often use this number as a means to determine if a holder is filing reports and if they are filed timely, etc.
Indemnification	1. A holder's right to be protected against claims from customers (or other states) if the holder reports property in good faith according to the process set forth in the state's unclaimed property laws or administrative rules. 2. When a holder is the subject of a state examination/audit, the state will typically indemnify the holder against future exams and penalties related to the audit time period and for property types that are within the audit time period.
Insurance Company	An individual, association, corporation, fraternal or mutual benefit organization, or any other legal entity, whether or not for profit, that is engaged or attempting to engage in the business of making insurance or surety contracts.

Term	Definition
Intangible Property	Depending on each state's statute, could include the following; money,checks, drafts, deposits, interest, dividends and income, credit balances, customer overpayment, giftcertificates, security deposits, refunds, credit memos, unpaid wages, unused airline tickets,unidentified remittances; stocks and other intangible ownership interest in business associations,money deposited to redeem stocks, bonds, coupons, and other securities, or to make distributions,amounts due and payable under the terms of insurance policies, amounts distributable from a trust orcustodial fund established under a plan to provide health, welfare, pension, vacation, severance,retirement, death, stock purchase, profit sharing, employee savings, supplemental unemploymentinsurance, or similar benefits.
Last Known Address	A description of the location of the apparent owner, sufficient for the purpose of the delivery of mail.
Missing Owner	A "Missing Owner" is a person who has left an asset somewhere (bank account, safe deposit box, payroll check, utility deposit, etc.) and cannot be located by the company holding the asset in order to return it. This differs from "Owner" only slightly, in that an "Owner" is generally at the same address on file with the company but has simply forgotten or lost tract of the asset.
Official Check	A check or written instrument for which a bank, financial organization, or business association is directly liable, including but not limited to drafts, money orders, traveler's checks, cashier's checks, expense and payroll checks.
Owner	A person having a legal or equitable claim to the abandoned property.
Person	Any individual, business association, government or public subdivision, public corporation or authority, estate, trust, two or more persons having a joint or common interest; or any other legal or commercial entity.
Property	Tangible or intangible personal property owned by a person.
Report	List of the owners of unclaimed property that a holder sends each year to the State Treasurer along with the remittance of the property's value.
Reporting Process	Generally, states process a holder's report through "report/remit" or "dual reporting". "Report/Remit": Some states' laws require holders to file one report a year and simultaneously remit the abandoned property which is described in the report. "Dual Reporting": Some states' laws require holders to file an "initial publication report" listing the names and addresses of individuals for which the holder has apparent abandoned property in its possession. Usually, the states use the information in the "publication report" to publish or give notice to the owners listed in the report within a legally defined time period. After the owner notice or publication occurs, the holder is required to file a final or "remittance report" listing those owners from the "publication report" for whom property is still held. Normally, at the time the final remittance report is filed, the holder is required to remit the abandoned property listed in the report.
Rightful Owner	A person who has the legal right to the property.
Tangible Personal Property	Property that is physical, such as a diamond ring or a silver coin.

Tangible Property	Includes items in safe deposit boxes.
Term	**Definition**
Underlying Shares	Shares of stock that have been issued by a business association, or a banking or financial organization. The original certificate for the shares is in the possession of the shareholders, who have failed to either cash the dividend checks or correspond with the issuing corporation.
Utility	A person who owns or operates for public use any plant, equipment, property, franchise, or license for the transmission of communications or the production, storage, transmission, sale or delivery, or furnishing of electricity, water, steam, or gas.
Voluntary Compliance	A program that allows banks, businesses, government agencies and other entities to turn over unclaimed assets to all participating states without the fear of penalties or interest. The Voluntary Compliance Program is an attempt to alleviate the reluctance of holders to report their abandoned funds.
Warrants	Uncashed checks issued by state agencies or departments.
NAICS & SIC Codes	North American Industry Classification System codes (NAICS) and Standard Industry Codes (SIC) are often required information on state unclaimed property reports. These codes specify what type of business in which a holder is engaged.
NAUPA	National Association of Unclaimed Property Administrators is the trade association comprised of state unclaimed property officials.
NAUPA II Standard Electronic File Format	This is the standard file format for electronic unclaimed property filings.
NAUPA Holder Claim Form/Holder Reimbursement Form	Uniform holder claim form for holders to obtain funds remitted in error or paid to the owner after escheatment.
Negative Report	Also called a "zero" property report is a report stating the holder has no property to report for the filing period. Some states and some by states under specific circumstances require this type of report.
Pre-escheat Owner Outreach	Also called "procedural due diligence". The actions taken by a holder beyond and prior to any state mandated due diligence, in an effort to locate property owners prior to escheatment to the state. These efforts can include reaching out to property owners via telephone, mail, e-mail or other means and they can also include searching for better addresses, in the event of the holder having received returned mail. It is advisable to clearly document all contact. Further, as a part of the "procedural due diligence process" some holders also perform accounting error review and research to resolve property items that may appear to be unclaimed property but are actually the result of accounting error.
Priority Rules	Also, sometimes referred to as the "jurisdictional rules". The priority rules have been established by a series of U.S. Supreme Court cases that determine the order in which states/jurisdictions are entitled to receive unclaimed property. The first priority is given to the state of the last known address of the apparent owner, as shown on the holder's books and records. Where there is no such address sufficient for the delivery of mail, the second priority is given to holder's state of domicile incorporation.
Reciprocity	An arrangement between two states in which information and unclaimed property is collected by one state and exchanged with another. These agreements allow companies holding incidental property whose owner's last known address is in another state, to report it to the domiciliary state. However, note that the property being reported to the domiciliary state must be reported according to the dormancy period and other requirements of the state to which the property would be required to be reported under the

	priority rules. Further, it is important to note, not all states have reciprocal agreements, therefore, research is recommended before pursuing this option. In addition, when reciprocal reporting is used, there is no indemnification granted by the states involved.
Record Retention	The maintenance of records for a period of time in accordance with state law or state administrative practices.
Term	**Definition**
Report and Remit	The simultaneous single filing of the final report containing owner and property detail and the associated remittance. While in the 1980s many state were "dual reporting" most states are now "report and remit "states.
Search Letters	These typically refer to contact letters sent to apparent owners prior to statutory due diligence letters. While these are not required by law or regulation and may not replace the requirement for conducting due statutory diligence, some consider them a best practice and a method to enhance customer service.
SEC 17Ad-17	The Securities and Exchange Commission's rule which defines the requirement to search for lost security holders making use of an informational database. This rule mandates these searches for transfer agents and broker dealers. Please refer to the rule for more specific information on the holders covered by the rule and the rule's requirements.
S N A P Audit	This acronym stands for "States National Audit Program". Audit conducted by state auditors on behalf of multiple states.
State of Corporate Domicile	The state of incorporation or formation of a holder.
Statues of Limitations	State statutes that establish time limits for pursuing a legal claim. In unclaimed property law, statutes of limitations are sometimes used to determine how far back a state may reach to claim funds held by a Holder in an audit. However, most state unclaimed property statutes contain an "anti-limitation" provision, which generally provide that statutes of limitation, other than those defined within the unclaimed property laws themselves, generally will not apply to defeat a state's right to unclaimed property. Further, even states that have a statute of limitations in their unclaimed property laws have restricted them so that they do not apply if a holder has not reported unclaimed property or has done so fraudulently.
Third Party Audit	Audit performed by a state-contracted audit firm generally for a contingent fee and sometimes for hourly fees.
Unclaimed Property Laws	Laws that govern the handling and processing of unclaimed or abandoned property. These laws typically include criteria for identifying, reporting and remitting unclaimed property. Commonly, these laws are custodial in nature and jurisdictions act as custodians of escheated property until the rightful owner comes forward to claim the property.
Uniform Unclaimed Property Acts	Uniform codes developed by the Uniform Law Commission intended to promote uniformity in state unclaimed property laws. The Uniform Disposition of Unclaimed Property was promulgated in 1954 and revised in 1966. Subsequently the Uniform Act of 1981 and the Uniform Act of 1995 were issued. All 50 states, Washington D.C., Puerto Rico, Guam and the Virgin Islands have adopted unclaimed property statutes; most jurisdictions have enacted unclaimed property laws based on one of the versions of the Uniform Acts.
UPPO	The Unclaimed Property Professionals Organization is the trade association for holders and other private sector unclaimed property professionals that is the premier resource for professional unclaimed property education, information, networking and advocacy.

VDA	Voluntary Disclosure Agreements are offered by states to encourage holders to come into compliance prior to receiving an audit notice. Typically, a VDA would involve conducting a self-audit and sending the results to the state as part of the VDA. VDAs can be useful in limiting liability for holders starting unclaimed property programs for the first time or expanding existing programs to include previously unreported property types. Some states have very formal VDA processes, while others are more informal.

AUDIT SERVICES U.S., LLC

Work in Progress Report

***To be provided by Audit Services US, LLC to the State on a monthly basis after target list is approved.*

Field Name	Sample Data
Name of Holder	*ABC Company*
Address1	*123 Main Street*
Address2	*Suite 200*
City	*City*
ST	*State*
Zip	*00000-0000*
Incorp ST	*FL*
FEIN	*12-3456789*
Audit Type	*General Ledger*
Audit Pd	*yyyy*
ST Auth Rec'd	*mm/dd/yyyy*
Open Conf Notice	*mm/dd/yyyy*
Open Conf	*mm/dd/yyyy*
Last Contact	*mm/dd/yyyy*
Rec Rec'd	*mm/dd/yyyy*
Rec Rev Comp	*mm/dd/yyyy*
CC Notice	*mm/dd/yyyy*
Closing Conf`	*mm/dd/yyyy*
Prop Rec'd	*mm/dd/yyyy*
Prop Recon	*mm/dd/yyyy*
Prop Del	*mm/dd/yyyy*
Audit Notes/Comments	*Sample note/comments/information regarding status of examination.*
% Complete	*80.00%*

Requested Data Extract Formats

Consolidated List

Field Name	Additional Comments
State ID (State abbreviation)	
Holder ID	
Holder Name	
Address Line 1	
Address Line 2	
Address Line 3	
City	
State	
Zip	
Holder Type	
Holder's Tax ID	
Branch Number	
Holder's Contact Name	
SIC Code	
Sector ID	The first 2 digits of the SIC Code
Assets	If Available
Sales	If Available
Policies Written	If Available
Date entered on the system	
Previous	Old Name
Date Name Changed	
Report Year	
Report ID	
Property Count	Total number of properties reported/remitted
Reported Amount	
Remitted Amount	
Shares Reported	
Shares Remitted	
Property Type	NAUPA code
Total Cash Reported	
Total Cash Remitted	
Total Number of Shares Reported	
Total Number of Shares Remitted	
NAUPA Code	
Property Type Description	

Holder Information

Field Name	Additional Comments
State ID (State abbreviation)	
Holder ID	
Holder Name	
Address Line 1	
Address Line 2	
Address Line 3	
City	
State	
Zip	
Holder Type	
Holder's Tax ID	
Branch Number	
Holder's Contact Name	
SIC Code	
Sector ID	
Assets	
Sales	
Policies Written	
Date entered on the system	

Previous Name(s) if Changed

Field Name	Additional Comments
State ID	State abbreviation
Holder ID	
Previous	(Old) Name
Date Name Changed	

Holder Reporting History

Field Name	Additional Comments
State ID	State abbreviation
Holder ID	
Report Year	
Report ID	
Property Count	total number of properties reported/remitted
Reported Amount	
Remitted Amount	
Shares Reported	
Shares Remitted	

Property Reported

Summary of reported property (number of properties, total reported/remitted cash, total reported/remitted shares) by property type.

Field Name	Additional Comments
State ID	State abbreviation
Holder ID	
Report Year	
Property Type	NAUPA code
Property Count	
Total Cash Reported	
Total Cash Remitted	
Total Number of Shares Reported	
Total Number of Shares Remitted	

Property Type Codes (NAUPA)

Field Name	Additional Comments
NAUPA Code	
Property Type Description	

ICC – Send opening letter to Holder to identify main point of contact and to notify Holder of being selected. Follow-up call within 7-10 days.

Phone is answered:

Hello. May I speak with the person responsible for unclaimed property compliance?

[The representative may not know the specific person in charge of UCP compliance. You may have to ask for someone in the Accounting Department, the Controller, the Comptroller, the Director of the Tax Department or the Chief Financial Officer.]

Hello, _____. My name is _____. I am calling from Audit Services regarding the State of Washington unclaimed property. Are you the representative who handles the State of Washington unclaimed property reporting?

No? -- Ask to be transferred or to leave a message.

Can you direct me to the person responsible for compliance with the unclaimed property laws? Can you connect me? Give me their number? Give me their contact information?

No answer – VM: Use General Phone Message.

Hello. This is _____. I am calling from Audit Services on behalf of the State of Washington Department of Revenue Unclaimed Property Section. This call is to follow up on a letter that you should have received recently from the State of Washington and Audit Services. Please return our call toll free at (###) ###-####. Thank you.

Connected –

Hello, _____. My name is _____. I am calling from Audit Services regarding the State of Washington unclaimed property. I am following up on a letter recently mailed to your company. Are you the representative responsible for compliance with Washington's unclaimed property laws?

No? – *Can you direct me to the person responsible for compliance with the unclaimed property laws? Can you connect me? Give me their number? Give me their contact information?*

Yes? – *Good. We wanted to be sure to establish the proper contact in your company responsible for unclaimed property compliance. Again, my name is _____. I am calling from Audit Services on behalf of the State of Washington Department of Revenue Unclaimed Property Section regarding a letter recently mailed to you . Do you have a copy of the letter that was mailed there with you?*

Yes? – *Great. I will forward to you a set of information and instructions. In this packet will be information about the Washington Unclaimed Property Law and a description of the procedures related to the Contractor Assisted Self-Audit Program. There is also some information that you will need to send back to our offices at Audit Services. I will email/mail this to you and then follow up in two weeks to check on your progress on completing the information request.*

Once we receive your information, we will set up an Opening Teleconference to discuss the program and answer any questions you or others may have.

No – That's ok. *I will send a new letter to your attention (by email or mail) and I will forward to you a set of information and instructions. In this packet will be information about the Washington Unclaimed Property Law and a description of the procedures related to the Contractor Assisted Self-Audit Program. There is also some information that you will need to send back to our offices at Audit Services. I will email/mail this information packet to you and then follow up in two weeks to check on your progress on completing the information request.*

Once we receive your information, we will set up an Opening Teleconference to discuss the program and answer any questions you or others may have. Thank you.

ICC - Follow-up call to ensure receipt of package. Package should be sent at this point. – No response received from Holder.

Voicemail: Use General Phone Message.

Hello, _____. This is _____ calling from Audit Services on behalf of the State of Washington Department of Revenue Unclaimed Property Section. I was calling to go over the Holder Orientation Packet that I recently mailed to you for review and to see if you have any questions regarding the Contractor Assisted Self Audit Program also known as CASA. Before we schedule the Opening Teleconference, we need to receive some information from you.

*We have not yet received a completed Self-Audit Holder Questionnaire or any company financial statements.**

Please give me a call back to let me know when we should expect to receive the information and when there may be or a good time to discuss the Contractor Assisted Self-Audit Program. You may contact me toll free at (###) ###-####. My contact information was also included in the package that was mailed. I am looking forward to speaking with you. Thank you.

Phone is answered:

Hello, _____. This is _____ calling from RDS on behalf of the State of Washington Department of Revenue Unclaimed Property Section. I was calling to schedule an Opening Teleconference to go over the Holder Orientation Packet that I recently emailed/mailed to you for review and to also see if you have any questions regarding the Contractor Assisted Self Audit Program.

Before we schedule the Opening Teleconference, we need to receive some information from you.

We have not yet received a completed Self-Audit Holder Questionnaire or any company financial statements. Can you let me know when we should expect to receive the information?*

Once we receive it, I will contact you to schedule an Opening Teleconference. Do you have any questions at this point? Thank you.

***Need to confirm Washington Requirements**

ICC - Follow-up call to schedule opening conference. Package should be sent at this point. – Holder has sent back materials to our office.

Voicemail: Use General Phone Message.

Hello, _____. This is _____ calling from Audit Services on behalf of the State of Washington Department of Revenue Unclaimed Property Section. I was calling to schedule an Opening Teleconference so that we can go over the Holder Orientation Packet that I recently emailed/mailed to you for review and to see if you have any questions regarding the Contractor Assisted Self Audit Program.

The Opening Teleconference will take approximately to 60 minutes.

Please give me a call back to let me know when there may be a convenient time to schedule an Opening Teleconference. You may contact me toll free at (###) ###-####. My contact information was also included in the package that was mailed. I am looking forward to speaking with you. Thank you.

Phone is answered:

Hello, _____. This is _____ calling from Audit Services on behalf of the State of Washington Department of Revenue Unclaimed Property Section. I was calling to schedule an Opening Teleconference so we can go over the Holder Orientation Packet that I recently emailed/mailed to you for review and to see if you have any questions regarding the Contractor Assisted Self Audit Program.

The Opening Teleconference will take approximately to 60 minutes.

When would be a convenient time to schedule the meeting?

ICC - Conduct opening conference or teleconference with the Holder and to review electronic version of package.

[Provide electronic version of package via website link.]

Use Agenda.

CASA - Closing conference call

Use Agenda.

QUESTIONS and ANSWERS:

WHAT IS UNCLAIMED PROPERTY?:
Unclaimed property can include, but is not limited to: stock, uncashed dividend checks, uncashed payroll or accounts payable checks, dormant bank accounts, insurance proceeds, security deposits, store credits and safe deposit box contents. The primary goal of the Washington Unclaimed Property Law is to protect the rights of unclaimed property owners, which include businesses as well as individuals, and return as much of that property as possible back to its rightful owner

I AM NOT LOCATED IN WASHINGTON:
Establishing proper jurisdiction or nexus for unclaimed property law is different that tax law. Jurisdiction or the obligation to comply with a state's unclaimed property law is established by looking at the last known address recorded on an accounting or securities record. If a company is located in New York but has an employee, vendor or shareholder that has an address located in Washington then you must follow Washington's Unclaimed Property Law. The material we will sent to you in the information packet will provide the legal references establishing jurisdiction.

HAS MORE DETAILED QUESTIONS:
If you have more detailed questions about the program I will have one of our representatives (or name) contact you. Is there a convenient time to call back?

I will schedule that phone call. Thank you.

WHY ARE YOU CONTACTING ME? WHY DID YOU SEND ME A LETTER?
The Washington Department of Revenue Unclaimed Property Section has reviewed their files and it appears that your company has failed to file an unclaimed property report within the last five report years, or has met other review criteria, such as: gaps in reporting years, missing common reporting types or has other reporting anomalies. In order to confirm your compliance with the law, your company has been selected for the CASA program. Your willingness to participate cooperatively in the program will weigh heavily on the State's decision to impose interest and penalties, as well as conduct a comprehensive field examination

WHO IS Audit Services US, LLC
Founded in 1997, Audit Services U.S., LLC is the leading provider of comprehensive unclaimed property auditing services to the states. Audit Services has dedicated new resources to reorganize our unclaimed property auditing program, recruited expert managers and consultants, and created an expanded new compliance service offering to better serve our clients. For more information, you can visit our website at www.auditservicesus.us.

Audit Services U.S., LLC

Work in Progress Report for the State of Nevada
For the Month of March 2018

FEIN	HOLDER NAME	UNEXCHANGED COMPANY	PERCENT COMPLETE	ST INC	ST HQ	START DATE	CUTOFF DATE	TYPE	COMMENTS
12-3456789	ABC COMPANY	XYZ COMPANY	50%	DE	NY	09/01/13	06/30/13	GENERAL LEDGER	

SOC 1 REPORT

FOR

DATA CENTER OUTSOURCING SERVICES

A TYPE 2 INDEPENDENT SERVICE AUDITOR'S REPORT ON A DESCRIPTION OF A SERVICE ORGANIZATION'S SYSTEM AND THE SUITABILITY OF THE DESIGN AND OPERATING EFFECTIVENESS OF CONTROLS

FOR THE PERIOD MARCH 1, 2016, TO FEBRUARY 28, 2017

PREPARED IN ACCORDANCE WITH THE
AICPA SSAE NO. 16 STANDARD

Attestation and Compliance Services

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Section I

Independent Service Auditor's Report

INDEPENDENT SERVICE AUDITOR'S REPORT

To Computer Technologies U.S.A. LLC d/b/a Blue Hill Data Services:

Scope

We have examined Computer Technologies U.S.A. LLC d/b/a Blue Hill Data Services' ("BHDS" or the "service organization") description of its Data Center Outsourcing Services system for providing data center outsourcing services at the Pearl River, New York, facility throughout the period March 1, 2016, to February 28, 2017, (the "description") and the suitability of the design and operating effectiveness of controls to achieve the related control objectives stated in the description. The description indicates that certain control objectives specified in the description can be achieved only if complementary user entity controls contemplated in the design of BHDS's controls are suitably designed and operating effectively, along with related controls at the service organization. We have not evaluated the suitability of the design or operating effectiveness of such complementary user entity controls.

Service organization's responsibilities

In Section 2, BHDS has provided an assertion about the fairness of the presentation of the description and suitability of the design and operating effectiveness of the controls to achieve the related control objectives stated in the description. BHDS is responsible for preparing the description and for the assertion, including the completeness, accuracy, and method of presentation of the description and the assertion, providing the services covered by the description, specifying the control objectives and stating them in the description, identifying the risks that threaten the achievement of the control objectives, selecting the criteria, and designing, implementing, and documenting controls to achieve the related control objectives stated in the description.

Service auditor's responsibilities

Our responsibility is to express an opinion on the fairness of the presentation of the description and on the suitability of the design and operating effectiveness of the controls to achieve the related control objectives stated in the description, based on our examination. We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform our examination to obtain reasonable assurance about whether, in all material respects, the description is fairly presented and the controls were suitably designed and operating effectively to achieve the related control objectives stated in the description throughout the period March 1, 2016, to February 28, 2017.

An examination of a description of a service organization's system and the suitability of the design and operating effectiveness of the service organization's controls to achieve the related control objectives stated in the description involves performing procedures to obtain evidence about the fairness of the presentation of the description and the suitability of the design and operating effectiveness of those controls to achieve the related control objectives stated in the description. Our procedures included assessing the risks that the description is not fairly presented and that the controls were not suitably designed or operating effectively to achieve the related control objectives stated in the description. Our procedures also included testing the operating effectiveness of those controls that we consider necessary to provide reasonable assurance that the related control objectives stated in the description were achieved. An examination engagement of this type also includes evaluating the overall presentation of the description and the suitability of the control objectives stated therein, and the suitability of the criteria specified by the service organization and described in Section 2. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Inherent limitations

Because of their nature, controls at a service organization may not prevent, or detect and correct, all errors or omissions in providing data center outsourcing services. Also, the projection to the future of any evaluation of the fairness of the presentation of the description, or conclusions about the suitability of the design or operating effectiveness of the controls to achieve the related control objectives is subject to the risk that controls at a service organization may become inadequate or fail.

Opinion

In our opinion, in all material respects, based on the criteria described in BHDS's assertion in Section 2,

a. the description fairly presents the Data Center Outsourcing Services system that was designed and implemented throughout the period March 1, 2016, to February 28, 2017;

b. the controls related to the control objectives stated in the description were suitably designed to provide reasonable assurance that the control objectives would be achieved if the controls operated effectively throughout the period March 1, 2016, to February 28, 2017, and user entities applied the complementary user entity controls contemplated in the design of BHDS's controls throughout the period March 1, 2016, to February 28, 2017; and

c. the controls tested, which together with the complementary user entity controls referred to in the scope paragraph of this report, if operating effectively, were those necessary to provide reasonable assurance that the control objectives stated in the description were achieved, operated effectively throughout the period March 1, 2016, to February 28, 2017.

Description of tests of controls

The specific controls tested and the nature, timing, and results of those tests are listed in Section 4 (the "Testing Matrices").

Restricted use

This report, including the description of the tests of controls and results thereof in the Testing Matrices, is intended solely for the information and use of BHDS, user entities of BHDS's Data Center Outsourcing Services system during some or all of the period March 1, 2016, to February 28, 2017, and the independent auditors of such user entities, who have a sufficient understanding to consider it, along with other information including information about controls implemented by user entities themselves, when assessing the risks of material misstatements of user entities' financial statements. This report is not intended to be and should not be used by anyone other than these specified parties.

Schellman & Company, Inc.

Tampa, Florida
March 13, 2017

Section 2

Management's Assertion

MANAGEMENT'S ASSERTION

We have prepared the description of Computer Technologies U.S.A. LLC d/b/a Blue Hill Data Services' Data Center Outsourcing Services system (the "description") for user entities of the system during some or all of the period March 1, 2016, to February 28, 2017, and their user auditors who have a sufficient understanding to consider it, along with other information, including information about controls implemented by user entities of the system themselves, when assessing the risks of material misstatements of user entities' financial statements.

We confirm, to the best of our knowledge and belief, that

a. the description fairly presents the Data Center Outsourcing Services system made available to user entities of the system during some or all of the period March 1, 2016, to February 28, 2017, for providing data center outsourcing services. The criteria we used in making our assertion were that the description

   i. presents how the system made available to user entities of the system was designed and implemented to process relevant transactions, including, as applicable:

      (1) the types of services provided including, as appropriate, the classes of transactions processed;

      (2) the procedures, within both automated and manual systems, by which services are provided, including, as appropriate, procedures by which transactions are initiated, authorized, recorded, processed, corrected as necessary, and transferred to reports and other information presented to user entities of the system;

      (3) the related accounting records, supporting information, and specific accounts that are used to initiate, authorize, record, process, and report transactions; this includes the correction of incorrect information and how information is transferred to the reports and other information prepared for user entities of the system;

      (4) how the system captures and addresses significant events and conditions, other than transactions;

      (5) the process used to prepare reports or other information provided for entities of the system;

      (6) specified control objectives and controls designed to achieve those objectives, including as applicable, complementary user entity controls contemplated in the design of our controls; and

      (7) other aspects of our control environment, risk assessment process, information and communication systems (including the related business processes), control activities, and monitoring controls that are relevant to processing and reporting transactions of user entities of the system.

   ii. does not omit or distort information relevant to the scope of the Data Center Outsourcing Services system, while acknowledging that the description is presented to meet the common needs of a broad range of user entities of the system and their user auditors, and may not, therefore, include every aspect of the Data Center Outsourcing Services system that each individual user entity of the system and its user auditor may consider important in its own particular environment; and

   iii. includes relevant details of changes to the Data Center Outsourcing Services system during the period March 1, 2016, to February 28, 2017.

b. the controls related to the control objectives stated in the description were suitably designed and operated effectively throughout the period March 1, 2016, to February 28, 2017, to achieve those control objectives. The criteria we used in making this assertion were that

   i. the risks that threaten the achievement of the control objectives stated in the description have been identified by management;

ii. the controls identified in the description would, if operating as described, provide reasonable assurance that those risks would not prevent the control objectives stated in the description from being achieved; and

iii. the controls were consistently applied as designed, and manual controls were applied by individuals who have the appropriate competence and authority.

Section 3

Description of the System

Overview of Operations

Company Background

BHDS or "the company" is a Tier 2 Information Technology Outsourcing (ITO) infrastructure services provider delivering fully managed, on-shore data center hosting solutions and a full array of complementary IT support services to clients worldwide. BHDS specializes in Mainframe, Open Systems, and AS/400 iSeries/Mid-Range managed hosting services, colocation services, dedicated high-availability disaster recovery solutions, business continuity solutions, and applications services. BHDS also provides remote server management options for clients who prefer not to relocate some or all of their servers. In this scenario, some or all of the servers remain at the client's site, but are managed by BHDS staff from their central operations center. Their services enable clients to focus on their core business, reduce operating costs, and minimize risk while providing support on a 24 hour per day basis for their business systems.

Description of Services Provided

Managed Services

The managed services provided by BHDS helps ensure that client environments are proactively managed and any issues are addressed immediately or eliminated altogether utilizing security monitoring, redundant power, communications, and environmental controls. BHDS provides support on a 24 hour per day basis for Mainframe, AS/400 iSeries/Midrange, and Open Systems Intel Server Management (ISM). Managed services support for the given platforms includes computer operations support, technical support, network support, help desk support, and account management.

Mainframe Enterprise Server Management

BHDS provides custom configurations of hardware, software, networking, and services in an effort to provide an optimal outsourcing or hosting solution. Operating environments include z/OS, OS/390, VM, virtual storage extended (VSE), and Linux on the mainframe. BHDS Mainframe enterprise server management support services include technical services/systems support, computer operations support, production control / job scheduling, network support, help desk, and account management.

Open Systems ISM

With the ability to monitor database parameters and e-mail tasks in products such as structured query language (SQL), Oracle, Exchange, Lotus Notes, etc., BHDS's Open Systems ISM monitoring helps ensure that servers are running smoothly and maximizing their availability and performance. BHDS's Open Systems ISM service integrates advanced management tools, including monitoring and alerting software, remote management capabilities, and backup and recovery software. BHDS is extremely active in virtualization of open systems images for clients and utilizes VMware as the standard for virtualization of multiple server images onto large complex server footprints to deliver value and performance to clients. These Open Systems ISM tools automatically monitor server health, provide diagnostics, backup and restore critical data, and repair server issues. BHDS also hosts several UNIX server platforms (AIX, Solaris, HPUX, LINUX), as well as provides remote server management options for clients who prefer not to relocate some or all of their servers. In this case, some or all of the servers remain at the client's site, but are managed by BHDS staff from their central operations center.

AS/400 iSeries/Midrange Management

BHDS provides hosting and support services for Midrange Servers including continuous server alert monitoring and an expert support team to help ensure issues are prevented from occurring before they impact a client's systems or their user community. BHDS also provides remote server management options for clients who prefer not to relocate some or all of their servers. In this case, some or all of the servers remain at the client's site, but are managed by BHDS staff from their central operations center.

Network Services

The BHDS Network Support team works with clients to design and support the local area and global data networks. BHDS enforces the client's Transmission Control Protocol (TCP)/Internet Protocol (IP) standards and helps ensure that these standards are strictly adhered to. The Network Support team provides consulting and support services to clients for various IT projects involving infrastructure, security, access, and network standards. BHDS helps ensure that bandwidth is sufficient by monitoring network data traffic. The Network Support team provides proactive analysis required to help ensure peak performance of wide area network (WAN) infrastructure, and to maintain physical network maps showing network devices in the environment. They also monitor the virtual private network (VPN) and network environment located in the data center. In addition, the Network Support team monitors clients' networks by reporting outages and key performance statistics. If an outage occurs and is circuit related, the Network Support team immediately addresses the system outage, monitors the status of the routers at each location, and notifies the given carriers. If the outage is equipment related, the client is responsible for working with their respective hardware vendors, and once the hardware is repaired, BHDS will work with the client to re-establish network connectivity.

Help Desk Services

BHDS provides robust help desk services 24x7x365 for their offerings and platforms. The help desk serves as a single point of contact by phone call or e-mail for clients and support staff. The help desk analyst proactively works to resolve requests and issues upon initial contact, and coordinates escalation and follow-up with support teams. BHDS utilizes a full featured, multi-client help desk application called iSD to track problems, change requests, and service requests for all BHDS clients. The secure cloud-based application documents related information, and provides extensive search and reporting capabilities. iSD includes a fully customizable automated client interface that allows for the synchronization of tickets between iSD and the customers own help desk system. In addition, a web based portal is available 24x7 to clients for secure self-serve access to their tickets and information.

Data Center

The production data center facility located in Pearl River, New York, covers more than 50,000 square feet including 40,000 square feet of raised floor space.

Multi-Layered Security

- Security guard station and sign-in desk for visitors at the main entrance of the building staffed on a 24 hour per day basis
- Data center command station equipped with digitally recorded, continuous video surveillance cameras monitored by personnel on a 24 hour per day basis
- Video feeds monitoring data center egress and ingress points, loading dock, colocation areas, and backup facilities
- Multiple closed circuit television time-lapse cameras located throughout the facility and data center
- Badge access card system throughout the facility to control access into and throughout the facility
- Data center visitors required to be escorted by BHDS personnel into and throughout the data center

Redundancy

- Underground dual redundant power feeds directly from the Northeast power grid via dual diverse paths from local utility's primary transmission network
- Diesel power generators configured with automatic transfer switches in the event of a primary power source failure
- Uninterrupted power supply (UPS) systems in place
- Redundant power distribution panels feed to server racks and stand-alone equipment
- Dual redundant communications access provided by Verizon from two separate entry points into the BHDS complex

- Internap Network Services is the Internet Service Provider (ISP)
- Verizon Business, Verizon Core, Optimum Lightpath, and LightTower provide direct fiber feeds into the data center facility
- Point-to-point Metro Ethernet connectivity directly from the data center facility to the New York Tri-State area network to provide high availability and high capacity data transfer capabilities
- Fully redundant ingress and egress Internet access provided by Border Gateway Protocol across all providers

Environmentals

- Multiple energy efficient humidification and temperature air handling systems
- Four 20-ton, four 12-ton, and one 10-ton Liebert computer room air-conditioning (CRAC) units in an N+1 or N+2 configuration
- Centralized monitoring of the fire alarm system provided by building security
- Double Interlock fire detection and suppression systems
- Pre-action fire suppression, cross-zoned system, smoke and heat detection sensors, and hand held fire extinguishers
- FireSystems environmental monitoring tool to alert personnel of environmental issues
- Environmental systems monitored on a 24 hour per day basis by the central command center
- Fault tolerant facility with a certified lightening protection system and complete building grounding system

The Data Center Outsourcing Services environment is an information technology general control (ITGC) system, and user entities are responsible for the procedures, by which transactions are initiated, authorized, recorded, processed, corrected as necessary, and transferred to reports and other information presented to them; additionally, user entities are responsible for the procedures and controls governing the related accounting records, supporting information, and specific accounts that are used to initiate, authorize, record, process, and report transactions processed within the Data Center Outsourcing Services; this includes the correction of incorrect information and how information is transferred to the reports and other information prepared for those user entities.

Customers are responsible for submitting incident tickets through the iSD support desk ticketing system. Customer requests are recorded and track within an internal ticketing system through resolution. The ticketing system is utilized to document, prioritize, escalate, and resolve problems affecting contracted services. Customer requests are managed according to established service level agreements (SLAs).

Boundaries of the System

The scope of this assessment was limited to the operations performed at the Pearl River, New York, facility. The specific control objectives can be found in Section 4 of this document (the “Testing Matrices”) along with the control activities and tests of operating effectiveness.

Subservice Organizations

No subservice organizations were included in the scope of this assessment.

Significant Changes During the Review Period

No significant changes to the Data Center Outsourcing Services system occurred during the review period.

Functional Areas of Operations

- Executive management – responsible for organizing and overseeing activities, accomplishing goals, and overseeing objectives in an efficient and effective manner

- Data center operations – responsible for managing and maintaining the command center, consoles, systems, production control, and help desk support for user entities on a 24 hour per day basis
- Systems administration – responsible for specifying, deploying, and maintaining infrastructure systems, security, and technical support for user entities
- Network engineering – responsible for specifying, deploying, and maintaining network infrastructure, security, and support for user entities
- Facilities and building engineering – responsible for managing and protecting the physical security, environmental, electrical, and physical integrity of the building

Infrastructure

The BHDS data center is located in Pearl River and is fully managed and supported by BHDS personnel on a 24 hour per day basis. The facility is protected by video surveillance and an electronic badge access system to control access to production infrastructure. In addition, infrastructure within the data center is supported by fully redundant power and CRAC unit configurations to allow for optimal system uptime. Network operations center (NOC) personnel monitor hardware in the data center on a real-time basis.

A series of Cisco firewalls, routers and switches, and access control lists are utilized to prevent unauthorized access to any corporate and client infrastructure.

Data Management

BHDS uses multiple tools to capture, record, and address system events. BHDS monitors its clients' systems using both real-time monitoring tools, as well as historical trend reporting tools. The iSD support desk ticketing system captures events related to incidents, changes, or asset management. The iSD support desk ticketing system is a custom-built system that interfaces with a client's specific help desk system.

BHDS utilizes the following monitoring systems:

- iSD - captures and reports on problem, change, and asset management events
- I/O Concepts ioEnterprise Event Manager and Smart Client – captures mainframe system events and manages error messages
- RevSoft Enterprise Solution Suite – utilized for monitoring and reporting of AS/400 iSeries Midrange environments
- SolarWinds Orion – monitors open system environments and gives alerts on failed processes or connections
- Ipswitch WhatsUp Gold IP Monitor – utilized to monitor infrastructure and network environments, alerts on failed processes or connections
- Cisco Network Intrusion detection – monitors the corporate network

Per the client agreed upon reporting content, BHDS delivers reports that include, but are not limited to, the following:

- Open/closed support desk tickets and outstanding/escalated incidents
- Project status and change/asset management
- Service level performance review
- System performance/availability, statistics (percentage against agreed upon thresholds): Computer Processing Unit (CPU) utilization, memory capacity, channel utilization, direct access storage device (DASD) usage/storage capacity, job level performance, client information control system / time sharing option (CICS/TSO) response times, operating system availability, tape mounts/storage, and network availability
- Upcoming disaster recovery testing, special projects, upgrades, and changes

BHDS delivers daily, weekly, monthly, and/or quarterly reports depending on the agreed upon schedule with the client. The daily reports track status of open/closed support desk tickets. The weekly reports track open/closed help desk tickets/issues, operational issues, project status, and change management, if applicable. The monthly reports contain performance statistics along with service level reviews.

Control Environment

The control environment at BHDS is the foundation for the other areas of internal control. It sets the tone of the organization and influences the control consciousness of its personnel. The components of the control environment factors include the integrity and ethical values, management's commitment to competence; its organizational structure; the assignment of authority and responsibility; and the oversight and direction provided by executive management and operations management.

Integrity and Ethical Values

The effectiveness of controls cannot rise above the integrity and ethical values of the people who create, administer, and monitor them. Integrity and ethical values are essential elements of BHDS's control environment, affecting the design, administration, and monitoring of other components. Integrity and ethical behavior is the product of BHDS's ethical and behavioral standards, how they are communicated, and how they are reinforced in practices. They include management's actions to remove or reduce incentives and temptations that might prompt personnel to engage in dishonest, illegal, or unethical acts. They also include the communication of entity values and behavioral standards to personnel through policy statements and codes of conduct, as well as by example. Specific control activities that BHDS has implemented in this area are described below:

- Employees are required to sign an acknowledgment form upon hire indicating that they have been given access to the employee manual and understand their responsibility for adhering to the code of conduct outlined within the manual.
- New employees are required to sign a confidentiality agreement upon hire agreeing not to disclose proprietary or confidential information, including client information, to unauthorized parties.
- Employees are required to sign a confidentiality agreement on an annual basis agreeing not to disclose proprietary or confidential information, including client information, to unauthorized parties.
- Human resources (HR) personnel perform background checks for job candidates who are extended an offer of employment as a component of the hiring process.

Executive Management Team Participation

BHDS's control consciousness is influenced significantly by its executive management team. Attributes include the executive management team's experience and stature of its members, the extent of its involvement and scrutiny of activities, the appropriateness of its actions, the degree to which difficult questions are raised and pursued with management, and its interaction with internal and external auditors. The executive management team oversees management activities and holds meetings on a regular basis.

Organizational Structure and Assignment of Authority and Responsibility

BHDS's organizational structure provides the framework within which its activities for achieving entity-wide objectives are planned, executed, controlled, and monitored. Management believes that establishing a relevant organizational structure includes considering key areas of authority and responsibility and predefined lines of reporting. BHDS has developed an organizational structure suited to its needs. This organizational structure is based, in part, on its size and the nature of its activities. Organizational charts are in place to communicate key areas of authority and responsibility. These charts are communicated to employees and updated as needed.

Commitment to Competence

BHDS's management defines competence as the knowledge and skills necessary to accomplish tasks that define employees' roles and responsibilities. BHDS's commitment to competence includes management's consideration of the competence levels for particular jobs and how those levels translate into requisite skills and knowledge. Management has considered the competence levels for jobs and translated required skills and knowledge into written position requirements. Specific control activities that BHDS has implemented in this area are described below:

- Managers are actively involved in supervising and reviewing the work of subordinate employees and are responsible for helping ensure compliance to client and company operating policies and procedures.
- Employee training is provided on a periodic basis to help ensure that employees are versed in operating procedures and changes resulting from upgrades or modifications to hardware or software.
- HR personnel require employees to become HH-102 HIPAA HITECH Security and HH-101BA HIPAA HITECH Privacy for Business Associates Certified.

Accountability

BHDS's management philosophy and operating style encompasses a broad range of characteristics. Such characteristics include management's approach to taking and monitoring business risks, and management's attitudes toward information processing, accounting functions and personnel. Specific control activities that BHDS has implemented in this area are described below:

- Management is regularly briefed on regulatory and industry changes affecting services provided.
- Management meetings are held weekly to discuss client updates and operational issues.

BHDS's HR policies and practices relate to employee hiring, orientation, training, evaluation, counseling, promotion, compensation, and disciplinary activities. Specific control activities that BHDS has implemented in this area are described below:

- A new hire checklist is utilized to help ensure that specific components of the hiring process are consistently executed.
- HR personnel perform screening and evaluation of job candidates in accordance with job descriptions and/or operating department management as a component of the hiring process.
- New employees are required to attend a new hire orientation session as a component of the hiring process to help ensure that they are familiar with company operations, standards of conduct, confidentiality requirements, conflicts of interest, and other operating policies.
- Hiring managers evaluate new employees after a 90-day probation period to help ensure that they are able to sufficiently perform the duties associated with their job function.
- Hiring managers perform employee performance evaluations on an annual basis.
- Background checks are performed for job candidates who are extended an offer of employment as a component of the hiring process.
- A termination checklist is utilized to help ensure that specific components of the termination process are consistently executed.

Risk Assessment

BHDS has implemented multiple levels of environmental redundancies to eliminate the possibility of not being able to provide services to clients, including multiple power feeds, multiple diesel power generators, multiple UPS units, multiple communications circuits, and a disaster recovery center in Branchburg, New Jersey.

Risk Identification

BHDS assesses risk associated with the services as follows:

- Monthly executive management meetings
- Weekly management meetings
- Weekly change control meetings
- Bi-weekly operations meetings

Areas of concentration focus on identifying the scope of risk, mitigation strategy, any vulnerabilities that may occur due to the risk, risk reduction techniques, and assigning risk assessment officers to oversee and monitor performance, legal and contractual obligations, regulatory compliance, and maintain internally developed risk mitigation processes and requirements. BHDS has specifically addressed the following areas via ongoing risk assessments:

- Staff / resource dedication / training
    - Maintaining the highest levels of expertise, knowledge and technology within the areas of physical and logical security, redundancy, regulatory compliance for storing, processing, and securing information
    - Understanding current and future support requirements
    - Skill requirements alignment with technology, including training and certification programs
- Integrity of system data
    - Continual assessment of data center physical security and data security, including review and update of security tools
    - Continual assessment of network security, including review and update of security tools
    - Continual investment and implementation of external and internal technology and security assessment tools and multi-layered security provisions
- Technology and architecture
    - Evaluation of hardware, software, network, and other vendors in connection with service levels (degradation), and/or recurring problems with performance and availability
- Standard operating policies and procedures
    - Clearly defined and documented policies and procedures and central control and coordination to help ensure standardization, consistency, and completeness to provide guidance and clear delineation of responsibilities
    - Standard system administration procedures and acceptable use policies to allow for rapid response to any risk or change in the environment
    - Assurance of compliance with clients' quality standards for each functional area
    - Monitoring processes to help ensure compliance with standards

BHDS defines severity levels, impacts, and remedies to their clients' services within the support desk escalation policies and procedures that are provided to clients, as well as in the customized SLAs for each client contract.

Risk Factors

Management considers risks that can arise from both external and internal factors including the following:

External Factors

- Technological developments

- Changing customer needs or expectations
- Competition that could alter marketing or service activities
- New legislation and regulation that could force changes in policies and strategies
- Natural catastrophes that could lead to changes in operations or information systems
- Economic changes that could have an impact on management decisions

Internal Factors

- Significant changes in policies, processes or personnel
- Types of fraud
- Fraud incentives and pressures for employees
- Fraud opportunities
- Employee attitudes and rationalizations for fraud
- A disruption in information systems processing
- The quality of personnel hired and methods of training utilized
- Changes in management responsibilities

Risk Analysis

Risk analysis is an essential process to the entity's success. It includes identification of key business processes where potential exposures of some consequence exist. Once the significance and likelihood of risk have been assessed, management considers how the risk should be managed. This involves judgment based on assumptions about the risk, and reasonable analysis of costs associated with reducing the level of risk. Necessary actions are taken to reduce the significance or likelihood of the risk occurring, and identification of the control activities necessary to mitigate the risk. Management has identified these control activities and documented them in the Control Objectives and Related Control Activities section below. Additionally, management reviews the assessed risk levels in management meetings held on a weekly basis in which risk topics are discussed.

Integration with Control Objectives

Along with assessing risks, management has identified and put into effect actions needed to address those risks. In order to address risks, control objectives have been defined for each significant risk area. Control activities are then defined to serve as mechanisms for managing the achievement of those objectives and help ensure that the actions associated with those risks are carried out properly and efficiently.

Control Objectives and Related Control Activities

Selection and Development of Control Activities

Control activities are a part of the process by which BHDS strives to achieve its business objectives. BHDS has applied a risk management approach to the organization in order to select and develop control activities. After relevant risks have been identified and evaluated, control activities are established to meet the overall objectives of the organization.

The establishment of control activities is inclusive of general control activities over technology. The management personnel of BHDS evaluate the relationships between business processes and the use technology to perform

those processes to determine the dependencies on technology. The security management processes for the technology, along with other factors, are analyzed to define and establish the necessary control activities to achieve control objectives that include technology.

The establishment of the control activities is enforced by defined policies and procedures that specifically state management's directives for BHDS personnel. The policies serve as the rules that personnel must follow when implementing certain control activities. The procedures are the series of steps the personnel should follow when performing business or technology processes and the control activities that are components of those processes. After the policies, procedures and control activities are all established, each are implemented, monitored, reviewed and improved when necessary.

BHDS's control objectives and related control activities are included below and also in Section 4 (the "Testing Matrices") of this report.

The description of the service auditor's tests of operating effectiveness and the results of those tests are also presented in the Testing Matrices, adjacent to the service organization's description of control activities. The description of the tests of operating effectiveness and the results of those tests are the responsibility of the service auditor and should be considered information provided by the service auditor.

Organization and Administration

Control Objective: Control activities provide reasonable assurance that the organization provides an adequate segregation of functions so that no person has incompatible duties that would permit the perpetration of material errors or fraud.

To help ensure that BHDS provides an adequate segregation of functions so that no person has incompatible duties that would permit the perpetration of material errors or fraud, executive management and HR personnel believe that establishing a relevant organizational structure includes considering key areas of authority and responsibility and predefined lines of reporting. An organizational chart is in place to communicate key areas of authority and responsibility and is updated as needed by executive management and HR personnel. In addition, primary service delivery units illustrated within the organizational chart, that include, but are limited to, Mainframe services, midrange services (iSeries), network services and open systems, client services, help desk, and enterprise operations are organizationally independent of each other.

Managers across each of the primary service delivery units work with HR to document written position requirements, which define the knowledge and skills necessary to accomplish tasks within each of the primary service delivery units. Furthermore, managers across key business process areas have developed documented business process policies and procedures to guide personnel in performing business processes in areas that include, but are not limited to, the following: HR, payroll, procurement, and revenue recognition. Managers are actively involved in supervising and reviewing the work of subordinate employees and are responsible for helping ensure compliance to the policies and procedures.

Control Objective: Control activities provide reasonable assurance that an adequate segregation of functions exists between BHDS and its clients.

Documented statements of work (SOWs) are in place with each client that defines the services to be provided including, but not limited to, the following: nature, timing, and extent of services provided, billing schedule and rates, BHDS responsibilities, and client responsibilities. Any amendments to document upgrades or modifications to existing SOWs must be approved by the managing director and chief operating officer (COO) or chief technology officer (CTO) / service delivery. The approvals are noted in the new amendments. Account management personnel conduct meetings with client personnel on a client specified basis (e.g., weekly, bi-weekly, or monthly) to review and discuss compliance with SOWs. If any instances of non-compliance are identified during the meetings, account management personnel will document the issue within the meeting minutes, and following the meeting, investigate the cause to identify if corrective actions need to be taken. Account management personnel will then discuss the resolution with the client during the next scheduled meeting, if not before.

Clients request job scheduling changes via e-mail or verbal correspondence with a member of the help desk. Once the client submits a job scheduling request, a member of the help desk will log it into the iSD support desk

ticketing system. The help desk representative will populate key fields within the ticket including the client name, description, severity, and category. An operations supervisor will then identify an operator responsible for making the change via e-mail. Once the change is made, the help desk representative notifies the client via e-mail and closes the ticket.

Control activities provide reasonable assurance that employees involved in service delivery activities are appropriately qualified, experienced, and trained for the job functions they perform.

Prior to employment, job candidates are required to undergo screening and an evaluation of their resume. Following the acceptance of employment, service delivery employees and contractors are required to undergo a background check as a condition of employment. During new hire orientation, HR personnel provide new service delivery employees with a copy of the employee manual which contains corporate policies and procedures. In addition, the new hire orientation includes the signing of the confidentiality agreement acknowledgement form. Upon the completion of new hire orientation, HR personnel complete a new hire checklist which documents that the new service delivery employee has been given access to the employee manual, signed the confidentiality agreement acknowledgement form, and attended new hire orientation. After a 90-day probation period, hiring managers evaluate new employees to help ensure that they can sufficiently perform the duties associated with their job function.

On an annual basis, service delivery employees are required to sign a confidentiality agreement acknowledgement form and undergo performance evaluations. Both the hiring manager and employee approve the results.

BHDS performs specific actions to remove system access and collect any company property for employees upon their departure. During the termination process, HR personnel complete a termination checklist to document that the employee returned such items as their access badge, company property (i.e. laptop), and that their system accounts to any BHDS systems was removed. The termination checklist is maintained within the personnel file for documentation purposes.

Physical Access Restrictions

Control Objective: Control activities provide reasonable assurance that physical access to the BHDS data center and other sensitive areas is restricted to authorized individuals.

When a new hire requires physical access to the office suite, the hiring manager completes a new employee user setup form and submits it to the help desk via e-mail. Upon notification, the help desk opens a help desk ticket requesting that a badge access card be created for the new employee. The help desk then forwards the help desk ticket to the chief facilities engineer via e-mail. Upon notification, the chief facilities engineer activates a badge access card for issuance to the employee by HR. HR also completes a new hire checklist to document that the new employee received a badge access card.

In the instance that an employee is terminated, the executive office manager or terminated employee's direct supervisor completes a termination form and submits it to the help desk via e-mail. Upon notification, the help desk opens a help desk ticket requesting that the terminated employee's badge access card be disabled. The help desk then forwards the help desk ticket to the chief facilities engineer via e-mail. Upon notification, the chief facilities engineer disables the terminated employee's badge access card. HR retrieves the terminated employee's badge access card during the employee's exit interview and completes a termination checklist in conjunction with the retrieval of the badge access card.

<u>Multi-Tenant Office Building</u>

The entrance to the multi-tenant office building is staffed by third party security personnel on a 24 hour per day basis. Visitors are required to register with the third party security personnel during non-business hours.

<u>Office Suite</u>

A receptionist is stationed within the main entrance to the office suite during normal business hours to greet visitors as they enter the office suite. Visitors are required to sign a visitor log upon entry into the office suite. Within the visitor log, visitors document their name, date, company, and time in.

A badge access system is utilized to control access to the office suite. The badge access system utilizes pre-defined access zones so that certain areas of the office suite remain restricted. Furthermore, the badge system maintains a log of activity, allowing facilities and building engineering personnel the ability to trace access attempts to specific badges.

Administrator access within the badge access system (i.e., the ability to add, modify, and revoke access privileges) is restricted to the chief facilities engineer and director of strategic services.

On a monthly basis, the account manager reviews badge access privileges within the office suite and data center to help ensure that badge access privileges are authorized for each employee. In the event that inappropriate access is discovered, it is corrected, investigated, and documented within the results of the review.

Data Center

Production infrastructure is located within the data center in locked cabinets. The ability to access the data center is restricted via the badge access system. Furthermore, the badge system maintains a log of activity, allowing facilities and building engineering personnel the ability to trace access attempts to specific badges.

Visitors are required to sign a visitor log upon entry into the data center. Within the visitor log, visitors document their name, date, company, and time in. While within the data center, visitors are required to be escorted by a member of facilities or operations.

Digital surveillance cameras are in place to monitor the entrance to and throughout the data center. The digital surveillance cameras retain images/recordings for a minimum of three months.

The processes for provisioning and revoking badge access privileges for the data center follows the standard office suite processes as described above. Access to the data center is restricted to authorized personnel.

Property pass forms are utilized to document the removal of equipment from the data center. The chief facilities engineer or an account manager is responsible for approving property pass forms.

Computer Operations

Control Objective: Control activities provide reasonable assurance that authorized programs are executed as planned and deviations from scheduled processing are identified and investigated to provide reasonable assurance that client institution data is processed accurately and on a timely basis.

Operations management maintains documented operations procedures to guide personnel in the execution of daily processing activities. Multiple job scheduling systems are utilized to schedule and execute daily processing activities, per client requirements. Operations personnel are available on a 24 hour per day basis to monitor processing activities for exceptions. On a daily basis, operations personnel complete a checklist to verify completion of daily processing activities. Multiple enterprise monitoring applications are utilized to monitor daily processing activities for exceptions and anomalies.

In the event that a job fails, the enterprise monitoring applications are configured to notify operations personnel via e-mail in real-time. Once notified, operations personnel review the alerts and investigate the cause. In addition, a member of operations will log the alert into the help desk ticketing system. Key fields within the ticket such as client name, description, severity, and category are populated. The director of enterprise operations reviews daily shift logs on a weekly basis to help ensure that operations personnel are responding timely to any daily processing exceptions. If it is determined that daily processing exceptions are not being responded to in a timely manner, the director of enterprise operations will investigate the cause and follow-up with the responsible member of operations for resolution.

Control Objective: Control activities provide reasonable assurance that service requests and incidents are appropriately prioritized, logged and tracked through resolutions and affected parties are properly notified.

Operations management maintains documented incident response procedures to guide personnel in monitoring, documenting, escalating, and resolving issues affecting services provided. The incident response procedures include defined severity levels, escalation procedures, and response time requirements for service alerts. Incidents affecting services provided are logged in a ticketing system by operations personnel. The ticketing

system provides the means to document, prioritize, track, notify, and escalate incidents that are generated by a member of operations or client. The incident tickets include the affected client, an initial description of the incident, and a history of the steps followed to resolve the problem. As incident tickets are logged, operations personnel utilize predefined severity levels to categorize and escalate the incident tickets. Operations management reviews incident status reports on a weekly basis to monitor the status of service requests and incidents and on a frequency defined by the client, provide incident history reports to clients detailing incidents, changes, and requests logged.

Control Objective: Control activities provide reasonable assurance of service availability and reliability.

Documented incident response procedures are in place to guide personnel in server and network outage response, escalation, and resolution activities. Operations personnel are available on a 24 hour per day basis to monitor the operational performance of production servers and network devices. Operations personnel utilize multiple enterprise monitoring applications to help ensure service availability and reliability. In the event that a component of the monitored environment falls out of the pre-defined monitoring thresholds configured within the system, the enterprise monitoring applications are configured to notify operations personnel via e-mail in real-time. Once notified, operations personnel review the alerts and investigate the cause. In order to help ensure availability and reliability for its services, redundant system architecture has been implemented so that there is no single point of failure for the production environment. Redundant architecture includes firewalls, load balancers, servers, and Internet connections. In the event that a primary load balancer or server fails, the redundant hardware is configured to take its place. Warranty and service agreements are in place for the repair and replacement of production hardware systems.

Control Objective: Control activities provide reasonable assurance that client data is backed up and safeguarded in accordance with service level agreement provisions.

Documented SLAs that define backup and recovery services for each client are in place to guide personnel in performing backup and recovery procedures in accordance with SLA provisions. Multiple backup systems are utilized to perform backups of client data according to specifications documented in the SLA. Operations personnel monitor the status of backup processing on a 24 hour per day basis. In the event of a backup failure, operations personnel create a help desk ticket and route it to technical personnel for resolution. Operations personnel rotate client backup media off-site to a third party facility on a daily basis upon completion of backup jobs.

For clients subscribed to hot-site services, operations personnel conduct disaster recovery tests on a frequency defined by the client.

Control Objective: Control activities provide reasonable assurance that BHDS system programs, utilities, and applications are backed up and safeguarded in an appropriate manner.

Operations personnel utilize an automated backup system to perform backups of corporate system programs, utilities, and applications. The automated backup system is configured to perform full backups of corporate system programs, utilities, and applications on a daily basis. If any backup failures occur, the backup system distributes an e-mail notification to operations personnel for investigation and resolution. Access to backup data is restricted to authorized personnel.

Control Objective: Control activities provide reasonable assurance that client service level changes are properly authorized, reviewed, approved, and implemented.

Account managers maintain documented policies and procedures to guide employees' activities for client service specific activities including, but not limited to, client interaction, client support requests, verbal and non-verbal communications, and ticketing and escalation. Documented SLAs are in place with each client that defines the services to be provided including, but not limited to, the following: nature, timing, and extent of services provided, billing schedule and rates, BHDS responsibilities, and client responsibilities. Client services personnel assign dedicated client services teams and supervisory personnel to each client to monitor client service activities and performance indicators. Any amendments to document upgrades or modifications to existing SLAs must be approved by the client. The approvals are noted in the new amendments.

Control Objective: Control activities provide reasonable assurance that processing, maintenance, and service request activities are authorized and changes are properly reviewed, tested, and approved prior to implementation to production.

Clients request processing, maintenance, and service requests via e-mail or verbal correspondence with a member of operations. Once a client submits a processing, maintenance, or service request, operations personnel will log it into the iSD help desk ticketing system. Operations personnel populate key fields within the ticket, including the client name, severity, system, category, and description. If the request is for an upgrade or release, the client services team dedicated to the client will conduct a series a of meetings with the client to perform planning and preparation of the upgrade or release. Both the client and the dedicated client services team will document a timeline which includes a series of tasks that are necessary to be performed prior to implementation of the upgrade or release. Clients perform various levels of testing including user acceptance testing (UAT) and provide an approval via e-mail to the client services team. Operations personnel are responsible for implementing client requested processing, maintenance, and service request activities.

Control Objective: Control activities provide reasonable assurance that documentation exists that accurately and completely defines BHDS environments and is updated in a timely manner when changes are made.

Operations personnel maintain and utilize a system inventory to document system history and activity details for each client that includes the following: subsystem, utility, and program installations, as well as any upgrades, releases, and changes. As changes are made to client environments, operations personnel update the system inventory to help ensure accuracy and completeness.

Logical Access Restrictions

Control Objective: Control activities provide reasonable assurance that access to client data is restricted to authorized individuals.

A formal process has been established to manage user access requests, modifications, and deletions. When a new employee is hired that requires remote access to client data, an account manager submits e-mail notifications to each applicable client representative requesting access for the new employee. Technical services personnel are also copied on the e-mail notifications. Upon approval from each applicable client representative, technical services personnel provision access for the new employee based on specified requirements noted in the e-mail notifications.

Client representatives request modification of client user account access privileges via e-mail or verbal correspondence with a member of client services. Once a client representative submits the request, a member of client services will log it into the iSD support desk ticketing system. Client services personnel log key fields within the ticket, including the client name, contact name, system, and description. Upon the creation of a ticket, client services personnel route the ticket to an operator, systems engineer, or systems administrator and the requested modifications are processed based upon the ticket. Once the requested modifications are complete, client services personnel close the ticket and notify the client representative via e-mail.

Upon notification of an employee termination from the hiring manager, technical services personnel disable the employee's VPN access to managed infrastructure. HR personnel complete a termination checklist in conjunction with the removal of access. The termination checklist is maintained within the personnel file for documentation purposes.

In order to access the managed environment, users must first be provisioned with VPN access. VPN sessions are encrypted via transport layer security (TLS) and require two-factor authentication requiring a user account, personal identification number (PIN) code, and RSA SecurID token. Remote access to managed environments is restricted to user accounts accessible by authorized personnel.

Upon successful authentication via the VPN system, users can authenticate to the managed infrastructure via a user account and password. The managed infrastructure is configured to enforce password requirements that include minimum length, expiration intervals, complexity requirements, minimum history, and invalid account lockout threshold.

Once in the managed infrastructure, users can access client systems. Administrator access within the client systems is restricted to user accounts accessible by authorized personnel.

The managed infrastructure is configured to log the following events for ad hoc review purposes: account logon events, account management events, directory service access events, logon events, policy changes, and system events. Technical services personnel review these logs on an ad hoc basis to determine if any suspicious or unauthorized activity has occurred. In the event any suspicious or unauthorized activity occurred within the managed infrastructure, technical services personnel would investigate and follow-up for resolution.

Clients operating in a shared environment are logically segmented to help ensure confidentiality of client's data. In addition, Open System clients run on dedicated and physically separate processing environments. Furthermore, Open System clients utilizing shared storage area network (SAN) disk storage are segregated via fiber switch SAN zoning and storage array logical unit number level masking assignments.

Telecommunications

Control Objective: Control activities provide reasonable assurance that telecommunications issues are identified and investigated in a timely manner.

Operations management maintains telecommunications procedures to guide personnel in identifying and investigating telecommunications issues. Operations personnel are available on a 24 hour per day basis to monitor data center and client infrastructure. In addition, help desk personnel are available on a 24 hour per day basis to monitor client environments and respond to support requests.

Multiple enterprise monitoring applications are utilized to monitor the health and availability of the overall production environment. In the event that a component of the monitored environment falls out of the pre-defined monitoring thresholds configured within the systems, the enterprise monitoring applications are configured to notify operations personnel via e-mail in real-time. Once notified, operations personnel review the alerts and investigate the cause.

A maintenance and service agreement is in place with an ISP to provide redundancy and coverage for communications components on a 24 hour per day basis.

Control Objective: Control activities provide reasonable assurance that data transmissions between BHDS and its clients are complete, accurate, and secure.

Multiple firewall systems are in place and utilized to protect the production environment and data. External Internet traffic is required to pass through the firewalls to communicate with the production servers. Any type of connection that is not explicitly authorized by the firewalls will be denied. The firewall systems are configured to log unauthorized remote access attempts to the BHDS environment and client environments. The senior director of network services and senior network engineers review firewall system logs on an ad hoc basis to identify suspicious activity and abnormal connection attempts. In the event of an invalid logon attempt, the senior director of network services and senior engineers would remove the offending subnet from the ISP routers. Administrator access within the client and BHDS firewall systems is restricted to authorized personnel.

A third party specialist is utilized to perform external vulnerability scans of the production network to identify potential security vulnerabilities on a monthly basis. Operations management retains the assessment report, monitors the results of the assessment within the report, and creates remediation plans to remedy any potential vulnerabilities.

Encrypted VPNs are utilized for remote network access to client environments to help ensure the privacy and integrity of data passing over the public network. Administrator access within the client and BHDS VPN systems is restricted to authorized personnel.

Transition

Control Objective: Control activities provide reasonable assurance that risk involved with migrating new client applications to BHDS is mitigated through formal transition planning and multiple validation testing.

Once a client has signed an SOW with BHDS for managed hosting services, account managers assign a project management team to oversee the transitioning process and to facilitate the resolution of any issues. Account managers and members of client services and support are responsible for creating the client migration plan that includes, but is not limited to, the following: timelines and due dates for the migration to BHDS, tasks and responsibilities for the client, as well as the project management team, testing requirements, and client acceptance. In addition to the creation of the client migration plan, the project management team conducts project status meetings with client personnel on at least a weekly basis. During these meetings, members of the project management team and client identify and review various open items that arise prior to the migration. Members of the project management team and client identify responsible parties for the completion of the open items. Once an open item has been resolved, the resolution is discussed at the next scheduled meeting, and the meeting minutes are updated to reflect completion.

Prior to migration, client personnel perform multiple validation testing on new client applications. Upon the successful completion of validation testing, client personnel provide a final approval illustrated via an iSD migration ticket or e-mail to the project management team for the migration of the application to BHDS.

Information and Communication Systems

Relevant Information

BHDS has integrated operational systems that allow pertinent information to be identified, captured and communicated in sufficient detail, and, in a timeframe that allows employees to carry out their responsibilities. BHDS's information systems provide critical information to help identify risks and opportunities, and high-quality information to manage and control activities. Information systems are developed or revised based on a strategic plan and they are relied upon for the achievement of company-level and process/application-level objectives.

Communication takes such forms as policy manuals, memorandums, and trainings. Communications also can be made electronically, verbally, and through the actions of management. When applicable, BHDS has implemented various methods of communication to help provide assurance that employees understand their individual roles and responsibilities and that significant events are communicated. These methods include orientation for new employees, training for each employee, and the use of e-mail messages to communicate time-sensitive information. Employees are encouraged to communicate to their lead/mentor, supervisor/manager or senior/executive management.

BHDS has also implemented various methods of communication to help provide assurance that clients understand the roles and responsibilities in processing their transactions and communication of significant events. These methods include regular meetings with representatives from different groups, and help desk interactions.

If incidents are communicated, personnel follow a documented incident response plan. For example, if a change in procedure is required, the project manager is advised of the change. Formal change procedures are distributed to management before they are incorporated into the policy and distributed to relevant parties. Incidents are documented within the ticketing system and tracked by management until resolved.

Monitoring

Monitoring Activities

Management monitors controls to consider whether they are operating as intended and that the controls are modified as needed based on changes in conditions. BHDS management performs monitoring activities to continuously assess the quality of internal control over time. Necessary corrective actions are taken as required to correct deviations from company policy and procedures. Employee activity and adherence to company policies

and procedures is also monitored. This process is accomplished through ongoing monitoring activities, separate evaluations, or a combination of the two. Executive management meetings are held to review high-level severity issues and measures that were taken to alleviate the problem and to help ensure no reoccurrence of the issue. Operations personnel actively monitor production infrastructure in the data center and escalation procedures are in place to respond to exceptions in processing. Operations personnel utilize the iSD ticketing system to track client requests/incidents, as well as any errors that may occur in day-to-day processing routines.

Ongoing Monitoring

The BHDS management team conducts quality assurance (QA) monitoring on a regular basis and additional training is provided based upon results of monitoring procedures.

Examples of BHDS's ongoing monitoring activities include the following:

- The badge access system logs ingress and egress activity within the data center for review on an ad hoc basis.
- Surveillance cameras are in place to record activity throughout the data center.
- The data center alarm systems and building perimeter are monitored 24 hours per day.
- A building management system is configured to monitor environmental conditions within the data center and alert NOC personnel in the event predefined events occur.
- A ticketing system is in place to document and manage identified issues and activities impacting client services.
- Executive management meetings to review high-level severity issues and measures that were taken to alleviate the problem to help ensure no re-occurrence.
- Bi-weekly operations meetings to discuss business operations and review/improve identified problems and activities impacting client services.

Separate Evaluations

Evaluation of an entire internal control system may be prompted by a number of reasons: major strategy or management change, major acquisitions or dispositions, or significant changes in operations or methods of processing financial information. Evaluations of internal control vary in scope and frequency, depending on the significance of risks being controlled and importance of the controls in reducing the risks. Controls addressing higher-priority risks and those most essential to reducing a given risk will be evaluated more often.

Often, evaluations take the form of self-assessments, where persons responsible for a particular unit or function will determine the effectiveness of controls for their activities. These assessments are considered by management, along with any other internal control evaluations. The findings of these efforts are utilized to help ensure follow-up actions are taken and subsequent evaluations are modified as necessary.

Reporting Deficiencies

Deficiencies in management's internal control system surface from many sources, including the company's ongoing monitoring procedures, separate evaluations of the internal control system and external parties. Management has developed protocols to help ensure findings of internal control deficiencies are reported not only to the individual responsible for the function or activity involved who is in the position to take corrective action, but also to at least one level of management above the directly responsible person. This process enables that individual to provide needed support or oversight for taking corrective action and to communicate with others in the organization whose activities may be affected. Management evaluates the specific facts and circumstances related to deficiencies in internal control procedures and makes the decision for addressing deficiencies based on whether the incident was isolated or requires a change in the company's procedures or personnel.

Complementary Controls at User Entities

BHDS's Data Center Outsourcing Services system is designed with the assumption that certain controls will be implemented by user entities. Such controls are called complementary user entity controls. It is not feasible for all of the control objectives related to BHDS's Data Center Outsourcing Services system to be solely achieved by BHDS's control activities. Accordingly, user entities, in conjunction with the Data Center Outsourcing Services system, should establish their own internal controls or procedures to complement those of BHDS.

The following complementary user entity controls should be implemented by user entities to provide additional assurance that the specified control objectives described within this report are met:

Computer Operations

1. User entities are responsible for performing backups of critical files, off-site backup storage, and off-site rotation of backup files for their internal systems not hosted by BHDS.
2. User entities are responsible for defining any backup, retention and disposal requirements and for notifying BHDS of required changes.
3. User entities are responsible for timely notification of any known or suspected incidents affecting services provided by BHDS.
4. User entities are responsible for creating and communicating specific escalation procedures for problems to their network services and hosts.
5. User entities are responsible for responding to known or suspected incidents reported by BHDS.
6. User entities are responsible for monitoring adherence to and requesting changes to SLAs maintained with BHDS.
7. User entities are responsible for notifying BHDS of required changes to their solutions in a timely manner
8. User entities are responsible for making additions, changes, or deletions to the list of authorized personnel in a timely manner.

Logical Access Restrictions

9. User entities are responsible for establishing and adhering to security procedures to prevent the unauthorized or unintentional use of information systems and infrastructure.
10. User entities are responsible for ensuring the confidentiality of any user accounts and passwords assigned to them for use with BHDS's systems.
11. User entities are responsible for notifying BHDS of any terminations involving personnel with access to BHDS's systems.
12. User entities are responsible for implementing username and password security practices for their applications.
13. User entities are responsible for notifying BHDS of any actual or suspected information security breaches, including compromised user accounts.
14. User entities are responsible for periodically reviewing security configurations and access rights for appropriateness on their applications.
15. User entities are responsible for approving BHDS client data access requests.

Telecommunications

16. User entities are responsible for defining the communications method utilized to connect to BHDS's systems (e.g., direct connections, over public networks, etc.).

Transition

17. User entities are responsible for reviewing, testing, and approving the integration of software for completeness and accuracy.

Section 4

Testing Matrices

Tests of Operating Effectiveness and Results of Tests

Scope of Testing

This report on the controls relates to the Data Center Outsourcing Services system provided by BHDS. The scope of the testing was restricted to the Data Center Outsourcing Services system considered to be relevant to the internal control over financial reporting of respective user entities. Schellman & Company, Inc. (Schellman) conducted the examination testing over the period March 1, 2016, through February 28, 2017.

Tests of Operating Effectiveness

The tests applied to test the operating effectiveness of controls are listed alongside each of the respective control activities within the Testing Matrices. Such tests were considered necessary to evaluate whether the controls were sufficient to provide reasonable, but not absolute, assurance that the specified control objectives were achieved during the review period. In selecting the tests of controls, Schellman considered various factors including, but not limited to, the following:

- The nature of the control and the frequency with which it operates;
- The control risk mitigated by the control;
- The effectiveness of entity-level controls, especially controls that monitor other controls;
- The degree to which the control relies on the effectiveness of other controls; and
- Whether the control is manually performed or automated.

The types of tests performed with respect to the operational effectiveness of the control activities detailed in this section are briefly described below:

Test Approach	Description
Inquiry	Inquired of relevant personnel with the requisite knowledge and experience regarding the performance and application of the related control activity. This included in-person interviews, telephone calls, e-mails, web-based conferences, or a combination of the preceding.
Observation	Observed the relevant processes or procedures during fieldwork. This included, but was not limited to, witnessing the performance of controls or evidence of control performance with relevant personnel, systems, or locations relevant to the performance of control policies and procedures.
Inspection	Inspected the relevant audit records. This included, but was not limited to, documents, system configurations and settings, or the existence of sampling attributes, such as signatures, approvals, or logged events. In some cases, inspection testing involved tracing events forward to consequent system documentation or processes (e.g. resolution, detailed documentation, alarms, etc.) or vouching backwards for prerequisite events (e.g. approvals, authorizations, etc.).

<u>Sampling</u>

Consistent with American Institute of Certified Public Accountants (AICPA) authoritative literature, Schellman utilizes professional judgment to consider the tolerable deviation rate, the expected deviation rate, the audit risk, the characteristics of the population, and other factors, in order to determine the number of items to be selected in a sample for a particular test. Schellman, in accordance with AICPA authoritative literature, selected samples in such a way that the samples were expected to be representative of the population. This included judgmental selection methods, where applicable, to ensure representative samples were obtained.

System-generated population listings were obtained whenever possible to ensure completeness prior to selecting samples. In some instances, full populations were tested in cases including but not limited to, the uniqueness of the event or low overall population size.

Test Results

The results of each test applied are listed alongside each respective test applied within the Testing Matrices. Test results not deemed as control deviations are noted by the phrase "No exceptions noted." in the test result column of the Testing Matrices. Any phrase, other than the aforementioned, constitutes a test result that is the result of non-occurrence, a change in the application of the control activity, or a deficiency in the operating effectiveness of the control activity. Testing deviations identified within the Testing Matrices are not necessarily weaknesses in the total system of controls at user entities, as this determination can only be made after consideration of controls in place at user entities, and other factors. Control considerations that should be implemented by user entities in order to complement the control activities and achieve the stated control objective are presented in the "Complementary Controls at User Entities" within Section 3.

Organization and Administration

Control Objective Specified by the Service Organization: Control activities provide reasonable assurance that the organization provides an adequate segregation of functions so that no person has incompatible duties that would permit the perpetration of material errors or fraud.

#	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
1.01	Organizational charts are in place to communicate key areas of authority and responsibility. These charts are communicated to employees and updated as needed.	Inquired of the executive office manager regarding organizational charts to determine that organizational charts were in place to communicate key areas of authority and responsibility and that the charts were communicated to employees and updated as needed.	No exceptions noted.
		Inspected the organizational chart to determine that organizational charts were in place and identified key areas of authority and responsibility.	No exceptions noted.
1.02	Documented position descriptions are in place to define the skills, responsibilities, and knowledge levels required for particular jobs.	Inspected the position descriptions for a sample of employees hired during the review period to determine that documented position descriptions were in place to define the skills, responsibilities, and knowledge levels required for particular jobs for each new hire sampled.	No exceptions noted.

#	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
1.03	Primary service delivery units and teams are organizationally independent of each other.	Inspected the organizational chart to determine that primary service delivery units and teams were organizationally independent of each other.	No exceptions noted.
1.04	Documented business process procedures are in place to guide personnel in key business processes including, but not limited to, the following: • HR • Payroll • Procurement • Revenue recognition	Inspected the business process procedures to determine that documented business process procedures were in place to guide personnel in key business processes that included the following: • HR • Payroll • Procurement • Revenue recognition	No exceptions noted.
1.05	Managers are actively involved in supervising and reviewing the work of subordinate employees and are responsible for helping to ensure compliance to client and company operating procedures.	Inquired of the executive office manager regarding manager practices to determine that managers were actively involved in supervising and reviewing the work of subordinate employees and were responsible for helping to ensure compliance to client and company operating procedures.	No exceptions noted.
		Inspected the business process procedures to determine that managers were actively involved in supervising and reviewing the work of subordinate employees were required to be actively involved in supervising and reviewing the work of subordinate employees.	No exceptions noted.

Control Objective Specified by the Service Organization: Control activities provide reasonable assurance that an adequate segregation of functions exists between BHDS and its clients.

#	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
2.01	A signed SOW is maintained with each client that defines the services to be provided that includes, but is not limited to, the following: • Nature, timing, and extent of services provided • Billing schedule and rates • BHDS responsibilities • Client responsibilities	Inspected the signed SOWs for a sample of current clients to determine that a signed SOW was maintained for each client sampled that included the following: • Nature, timing, and extent of services provided • Billing schedule and rates • BHDS responsibilities • Client responsibilities	No exceptions noted.
2.02	The account managers and director of client services prepare an amendment to document upgrades or modifications to existing SOWs. Amendments are required to be approved by a person holding one of the following positions: • Managing director and COO • CTO / service delivery	Inquired of the director of strategic services regarding client amendments to determine that the account managers and director of client services prepared an amendment to document upgrades or modifications to existing SOWs and that amendments were required to be approved by a person holding one of the following positions: • Managing director and COO • CTO / service delivery	No exceptions noted.
		Inspected the SOW amendments for a sample of SOW changes during the review period to determine that an amendment to document upgrades or modifications was prepared and was approved by a person holding one of the following positions for each amendment sampled: • Managing director and COO • CTO / service delivery	No exceptions noted.
2.03	A help desk ticketing system is utilized to centrally maintain client change requests and processing routine exceptions.	Inquired of the director of strategic services regarding the help desk ticketing system to determine that a help desk ticketing system was utilized to centrally maintain client change requests and processing routine exceptions.	No exceptions noted.

#	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
		Inspected the help desk tickets for a sample of client changes and processing exceptions generated during the review period to determine that a help desk ticketing system was utilized for each change and exception sampled.	No exceptions noted.
2.04	Account management personnel conduct meetings with client personnel on a client specified basis to review and discuss compliance with SOWs.	Inquired of the director of strategic services regarding SOW compliance to determine that account management personnel conducted meetings with client personnel on a client specified basis to review and discuss compliance with SOWs.	No exceptions noted.
		Inspected the meeting documentation for a sample of current clients to determine that meetings were conducted on a client specified basis during the review period for each client sampled.	No exceptions noted.

Control Objective Specified by the Service Organization: Control activities provide reasonable assurance that employees involved in service delivery activities are appropriately qualified, experienced, and trained for the job functions they perform.

#	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
	New Employees and Contractors		
3.01	A new hire checklist is utilized to help ensure that specific components of the hiring process are consistently executed.	Inquired of the executive office manager regarding the hiring process to determine that a new hire checklist was utilized to help ensure that specific components of the hiring process are consistently executed.	No exceptions noted.
		Inspected the new hire checklists for a sample of employees hired during the review period to determine that a new hire checklist was utilized for each new hire sampled.	No exceptions noted.

#	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
3.02	HR personnel perform screening and evaluation of job candidates in accordance with job descriptions and/or operating department management as a component of the hiring process.	Inquired of the executive office manager regarding the hiring process to determine that HR personnel performed screening and evaluation of job candidates in accordance with job descriptions and/or operating department management as a component of the hiring process.	No exceptions noted.
		Inspected evidence of screening and evaluation for a sample of employees hired during the review period to determine that HR personnel performed a screening and evaluation for each new hire sampled.	No exceptions noted.
3.03	HR personnel perform background checks for job candidates who are extended an offer of employment as a component of the hiring process.	Inquired of the executive office manager regarding the hiring process to determine that HR personnel performed background checks for job candidates who were extended an offer of employment as a component of the hiring process.	No exceptions noted.
		Inspected evidence of background check performance for a sample of employees hired during the review period to determine that HR personnel performed a background check for each new hire sampled.	No exceptions noted.
3.04	New employees are required to attend a new hire orientation session as a component of the hiring process to help ensure that they are familiar with company operations, standards of conduct, confidentiality requirements, conflicts of interest, and other operating policies.	Inquired of the executive office manager regarding the hiring process to determine that new employees were required to attend a new hire orientation session as a component of the hiring process to help ensure that they were familiar with company operations, standards of conduct, confidentiality requirements, conflicts of interest, and other operating policies.	No exceptions noted.

#	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
		Inspected evidence of new hire orientation session attendance for a sample of employees hired during the review period to determine that each employee sampled attended a new hire orientation session.	No exceptions noted.
3.05	New employees are required to sign a confidentiality agreement upon hire agreeing not to disclose proprietary or confidential information, including client information, to unauthorized parties.	Inquired of the executive office manager regarding the hiring process to determine that new employees were required to sign a confidentiality agreement upon hire agreeing not to disclose proprietary or confidential information, including client information, to unauthorized parties.	No exceptions noted.
		Inspected the signed confidentiality agreements for a sample of employees hired during the review period to determine that each employee sampled signed a confidentiality agreement agreeing not to disclose proprietary or confidential information, including client information, to unauthorized parties.	No exceptions noted.
3.06	Employees are required to sign an acknowledgment form upon hire indicating that they have been given access to the employee manual and understand their responsibility for adhering to the code of conduct outlined within the manual.	Inquired of the executive office manager regarding the hiring process to determine that employees were required to sign an acknowledgment form upon hire indicating that they had been given access to the employee manual and understood their responsibility for adhering to the code of conduct outlined within the manual.	No exceptions noted.
		Inspected the acknowledgement forms for a sample of employees hired during the review period to determine that each employee sampled signed an acknowledgment form indicating that they had been given access to the employee manual and understood their responsibility for adhering to the code of conduct outlined within the manual.	No exceptions noted.

#	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
3.07	Hiring managers evaluate new employees after a 90-day probation period to help ensure that they are able to sufficiently perform the duties associated with their job function.	Inquired of the executive office manager regarding the hiring process to determine that hiring managers evaluated new employees after a 90-day probation period to help ensure that they were able to sufficiently perform the duties associated with their job function.	No exceptions noted.
		Inspected the 90 day evaluations for a sample of employees hired during the review period to determine that a hiring manager completed an evaluation after the 90-day probation period valuation for each new hire sampled.	No exceptions noted.
3.08	HR personnel require contractors to submit to a background check prior to being engaged as a contractor.	Inquired of the executive office manager regarding the hiring process to determine that HR personnel required contractors to submit to a background check prior to being engaged as a contractor.	No exceptions noted.
		Inspected the background checks for a sample of contractors engaged during the review period to determine that a background check was completed for each contractor sampled.	No exceptions noted.
	Current Employees		
3.09	Employees are required to sign a confidentiality agreement on an annual basis agreeing not to disclose proprietary or confidential information, including client information, to unauthorized parties.	Inspected the signed confidentiality agreements for a sample of active employees with tenure greater than one year to determine that each employee sampled signed a confidentiality statement during the review period agreeing not to disclose proprietary or confidential information, including client information, to unauthorized parties.	No exceptions noted.

#	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
3.10	Hiring managers perform employee performance evaluations on an annual basis.	Inspected the employee performance evaluations for a sample of active employees with tenure greater than one year to determine that hiring managers performed employee performance evaluations during the review period for each employee sampled.	No exceptions noted.
	Terminated Employees		
3.11	A termination checklist is utilized to help ensure that specific components of the termination process are consistently executed.	Inquired of the executive office manager regarding the termination process to determine that a termination checklist was utilized to help ensure that specific components of the termination process were consistently executed.	No exceptions noted.
		Inspected the termination checklists for a sample of employees terminated during the review period to determine that a termination checklist was utilized for each terminated employee sampled.	No exceptions noted.

Physical Access Restrictions

Control Objective Specified by the Service Organization: Control activities provide reasonable assurance that physical access to the BHDS data center and other sensitive areas is restricted to authorized individuals.

#	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
4.01	Hiring managers provide authorization prior to physical access privileges being granted to new employees.	Inquired of the executive office manager regarding physical access restrictions to determine that hiring managers provided authorization prior to physical access privileges being granted to new employees.	No exceptions noted.

#	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
		Inspected evidence of authorization for a sample of employees hired during the review period to determine that authorization to grant physical access privileges was provided for each employee sampled.	No exceptions noted.
4.02	Badge access privileges assigned to terminated employees are revoked as a component of the employee termination process.	Inquired of the chief facilities engineer regarding the termination process to determine that badge access privileges assigned to terminated employees were revoked as a component of the employee termination process.	No exceptions noted.
		Inspected the badge access privileges for a sample of employees terminated during the review period to determine that badge access privileges were revoked for each terminated employee sampled.	No exceptions noted.
4.03	An account manager reviews badge access privileges on a monthly basis to help ensure that badge access privileges are authorized for each employee.	Inquired of an account manager regarding the review of badge access privileges to determine that an account manager reviewed badge access privileges on a monthly basis to help ensure that badge access privileges were authorized for each employee.	No exceptions noted.
		Inspected the badge access privileges review documentation for a sample of months during the review period to determine that an account manager reviewed badge access privileges for each month sampled.	No exceptions noted.
	Multi-Tenant Office Building		
4.04	The entrance to the multi-tenant office building is staffed by third party security personnel 24 hours per day.	Inquired of the director of strategic services regarding building security to determine that the entrance to the multi-tenant building was staffed by third party security personnel 24 hours per day.	No exceptions noted.

#	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
		Observed the third party security personnel to determine that the entrance to the multi-tenant office building was staffed by third party security personnel.	No exceptions noted.
4.05	Visitors are required to register with third party security personnel during non-business hours.	Inquired of the chief facilities engineer regarding visitor registration to determine that visitors were required to register with third party security personnel during non-business hours.	No exceptions noted.
		Inspected an example visitor log generated during the review period to determine that visitors registered with third party security personnel during non-business hours.	No exceptions noted.
	Office Suite		
4.06	The entrance to the office suite is locked 24 hours per day and is monitored and controlled by a receptionist during business hours.	Inquired of the director of strategic services regarding the office suite to determine that the entrance to the office suite was locked 24 hours per day and was monitored and controlled by a receptionist during business hours.	No exceptions noted.
		Observed the entrance to the office suite to determine that the entrance to the office suite was monitored and controlled by a receptionist during business hours.	No exceptions noted.
4.07	Visitors are required to sign a visitor log upon entering the office suite.	Observed the visitor entrance process to determine that visitors were required to sign a visitor log upon entering the office suite.	No exceptions noted.
		Inspected the office suite visitor logs for a sample of dates during the review period to determine that visitor logs were in place during the review period.	No exceptions noted.
4.08	A badge access system is utilized to control access to the office suite.	Observed the badge access system throughout the office suite to determine that a badge access system was utilized to control access to the office suite.	No exceptions noted.

#	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
		Inspected the badge access listing and zone definitions to determine that a badge access system was utilized to control access to the office suite.	No exceptions noted.
4.09	Administrator access within the badge access system is restricted to user accounts accessible by persons holding the following positions: • Director of strategic services • Chief facilities engineer	Inquired of the chief facilities engineer regarding the badge access system to determine that administrator access within the badge access system was restricted to user accounts accessible by persons holding the following positions: • Director of strategic services • Chief facilities engineer	No exceptions noted.
		Inspected the badge access system administrator account listing with the assistance of the chief facilities engineer to determine that administrator access within the badge access system was restricted to user accounts accessible by persons holding the following positions: • Director of strategic services • Chief facilities engineer	No exceptions noted.
4.10	The badge access system logs access attempts that are traceable to specific badge access cards. Facilities and building engineering personnel review badge access system logs on an ad hoc basis.	Inquired of the chief facilities engineer regarding the badge access system to determine that the badge access system logged access attempts that were traceable to specific badge access cards and that facilities and building engineering personnel reviewed badge access system logs on an ad hoc basis during the review period.	No exceptions noted.
		Inspected an example badge access system log generated during the review period to determine that the badge access system logged access attempts that were traceable to specific badge access cards.	No exceptions noted.

#	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
	Data Center		
4.11	Production infrastructure is housed within a secure data center.	Observed the production infrastructure located within the data center to determine that production infrastructure was housed within a secure data center.	No exceptions noted.
4.12	Data center personnel maintain a list of production infrastructure that is secured within the data center.	Inspected the production infrastructure listing to determine that data center personnel maintained a list of production infrastructure that was secured within the data center.	No exceptions noted.
4.13	Production infrastructure is secured in locked cabinets within the data center.	Observed the production infrastructure to determine that production infrastructure was secured in locked cabinets within the data center.	No exceptions noted.
4.14	Property pass forms are utilized to document the removal of equipment from the data center. Property pass forms are required to be approved by a person holding one of the following positions: • Chief facilities engineer • Account manager	Inquired of the chief facilities engineer regarding property pass forms to determine that property pass forms were utilized to document the removal of equipment from the data center and that property pass forms were required to be approved by a person holding one of the following positions: • Chief facilities engineer • Account manager	No exceptions noted.
		Inspected evidence of approval for a sample of property pass forms documented during the review period to determine that each equipment removal sampled was approved by a person holding one of the following positions: • Chief facilities engineer • Account manager	No exceptions noted.
4.15	A badge access system is utilized to control access to the data center.	Observed the badge access system to determine that a badge access system was utilized to control access to the data center.	No exceptions noted.

#	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
		Inspected the badge access listing and zone definitions to determine that a badge access system was utilized to control access to the data center.	No exceptions noted.
4.16	The badge access system logs access attempts that are traceable to specific badge access cards. Facilities and building engineering personnel review badge access system logs on an ad hoc basis.	Inquired of the chief facilities engineer regarding the badge access system to determine that the badge access system logged access attempts that were traceable to specific badge access cards and that facilities and building engineering personnel reviewed badge access system logs on an ad hoc basis during the review period.	No exceptions noted.
		Inspected an example badge access system log generated during the review period to determine that the badge access system logged access attempts that were traceable to specific badge access cards.	No exceptions noted.
4.17	Administrator access within the badge access system is restricted to user accounts accessible by persons holding the following positions: • Director of strategic services • Chief facilities engineer	Inquired of the chief facilities engineer regarding the badge access system to determine that administrator access within the badge access system was restricted to user accounts accessible by persons holding the following positions: • Director of strategic services • Chief facilities engineer	No exceptions noted.
		Inspected the badge access system administrator account listing with the assistance of the chief facilities engineer to determine that administrator access within the badge access system was restricted to user accounts accessible by persons holding the following positions: • Director of strategic services • Chief facilities engineer	No exceptions noted.
4.18	Visitors are required to be escorted when accessing the data center.	Observed the visitor access process to determine that visitors were required to be escorted when accessing the data center.	No exceptions noted.

#	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
4.19	Visitors are required to sign a visitor log upon entering the data center.	Observed the visitor entrance process to determine that visitors were required to sign a visitor log upon entering the data center.	No exceptions noted.
		Inspected the data center visitor logs for a sample of dates during the review period to determine that visitor logs were in place during the review period.	No exceptions noted.
4.20	A digital surveillance system is in place to monitor and record activity at the entrance to and throughout the data center.	Observed the digital surveillance cameras throughout the data center to determine that a digital surveillance system was in place to monitor and record activity at the entrance to and throughout the data center.	No exceptions noted.
		Inspected an example historical image recorded during the review period to determine that a digital surveillance system was in place.	No exceptions noted.
4.21	Recordings from the digital surveillance cameras are retained for a minimum of three months.	Inspected an example historical image recorded during the review period to determine that recordings from the digital surveillance cameras were retained for a minimum of three months.	No exceptions noted.
4.22	Access to the data center is restricted to badge access cards assigned to authorized personnel.	Inspected the data center access listing with the assistance of the director of strategic services to determine that access to the data canter was restricted to badge access cards assigned to authorized personnel.	No exceptions noted.
4.23	Data center walls extend from the real floor to the real ceiling restricting physical access to the data center.	Observed the data center walls to determine that data center walls extended from the real floor to the real ceiling restricting physical access to the data center.	No exceptions noted.

Computer Operations

Control Objective Specified by the Service Organization: Control activities provide reasonable assurance that authorized programs are executed as planned and deviations from scheduled processing are identified and investigated to provide reasonable assurance that client institution data is processed accurately and on a timely basis.

#	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
5.01	Documented computer operations procedures are in place to guide personnel in the execution of daily processing activities.	Inspected the computer operations procedures for a sample of current clients to determine that documented computer operations procedures were in place to guide personnel in the execution of daily processing activities for each client sampled.	No exceptions noted.
5.02	Multiple job scheduling systems are utilized to schedule and execute daily processing activities per client requirements.	Inquired of the director of strategic services regarding daily processing activities to determine that multiple job scheduling systems were utilized to schedule and execute daily processing activities per client requirements.	No exceptions noted.
		Inspected evidence of processing activities execution for a sample of current clients and dates during the review period to determine that a job scheduling system was utilized for each client and date sampled.	No exceptions noted.
5.03	Operations personnel complete a checklist on a daily basis to help ensure that client institution data is processed accurately and on a timely basis.	Inquired of the director of strategic services regarding daily processing activities to determine that operations personnel completed a checklist on a daily basis to help ensure that client institution data was processed accurately and on a timely basis.	No exceptions noted.
		Inspected the checklists for a sample of dates during the review period to determine that operations personnel completed a checklist for each date sampled.	No exceptions noted.

#	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
5.04	Operations personnel are available on a 24 hour per day basis to monitor processing activities for exceptions.	Inquired of the director of strategic services regarding the staffing of operations personnel to determine that operations personnel were available on a 24 hour per day basis to monitor processing activities for exceptions.	No exceptions noted.
		Inspected the staffing schedule to determine that operations personnel were available on a 24 hour per day basis.	No exceptions noted.
5.05	Enterprise monitoring applications are utilized to monitor processing activities for exceptions and anomalies.	Inspected the configurations from the enterprise monitoring applications to determine that enterprise monitoring applications were utilized to monitor processing activities for exceptions and anomalies.	No exceptions noted.
5.06	The enterprise monitoring applications are configured to send e-mail alert notifications to operations personnel when predefined thresholds are exceeded or controlled events are triggered.	Inspected the alerting configurations from the enterprise monitoring applications and example e-mail alert notifications generated during the review period to determine that the enterprise monitoring applications were configured to send e-mail alert notifications to operations personnel when predefined thresholds were exceeded or controlled events were triggered.	No exceptions noted.
5.07	A help desk ticketing system is utilized to centrally maintain client change requests and processing routine exceptions.	Inspected the help desk tickets for a sample of processing exceptions generated during the review period to determine that a help desk ticketing system was utilized for each exception sampled.	No exceptions noted.
5.08	Operations personnel complete a shift log on a daily basis documenting exceptions that occurred during processing and required follow-up activities.	Inspected the shift logs for a sample of dates during the review period to determine that operations personnel completed a shift log documenting exceptions that occurred during processing and required follow-up activities for each date sampled.	No exceptions noted.

#	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
5.09	The director of operations reviews shift logs on a weekly basis to help ensure timely response to processing exceptions.	Inquired of the director of strategic services regarding the review of the daily shift logs to determine that the director of enterprise operations reviewed shift logs on a weekly basis to help ensure timely response to processing exceptions.	No exceptions noted.
		Inspected evidence of shift log review for a sample of weeks during the review period to determine that the director of enterprise operations reviewed the shift logs for each week sampled.	No exceptions noted.

Control Objective Specified by the Service Organization: Control activities provide reasonable assurance that service requests and incidents are appropriately prioritized, logged and tracked through resolutions and affected parties are properly notified.

#	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
6.01	Documented computer operations procedures are in place to guide personnel in prioritizing, logging, and tracking service requests and incidents through resolution and notifying affected parties.	Inspected the computer operations procedures to determine that documented computer operations procedures were in place to guide personnel in prioritizing, logging, and tracking service requests and incidents through resolution and notifying affected parties.	No exceptions noted.
6.02	An automated ticketing system is utilized to prioritize, log, and track resolution steps for service requests and incidents.	Inspected the ticketing system for a sample of service requests and incidents logged during the review period to determine that an automated ticketing system was utilized to prioritize, log, and track resolution steps for each service request and incident sampled.	No exceptions noted.
6.03	Operations personnel utilize predefined severity levels to prioritize and escalate service requests and incidents.	Inquired of the director of strategic services regarding service requests and incidents to determine that operations personnel utilized predefined severity levels to prioritize and escalate service requests and incidents.	No exceptions noted.

#	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
		Inspected the severity levels for a sample of service requests and incidents logged during the review period to determine that operations personnel utilized predefined severity levels for each service request and incident sampled.	No exceptions noted.
6.04	The director of operations reviews incident status reports on a weekly basis to monitor the status of service requests and incidents.	Inquired of the director of strategic services regarding the review of incident status reports to determine that the director of enterprise operations reviewed incident status reports on a weekly basis to monitor the status of service requests and incidents.	No exceptions noted.
		Inspected evidence of incident status report review for a sample of weeks during the review period to determine that the director of enterprise operations reviewed incident status reports for each week sampled.	No exceptions noted.
6.05	Operations personnel provide help desk reports to clients via e-mail on a frequency defined by the client detailing the status of logged service requests and incidents.	Inquired of the director of strategic services regarding help desk reports to determine that operations personnel provided help desk reports to clients via e-mail on a frequency defined by the client detailing the status of logged service requests and incidents.	No exceptions noted.
		Inspected the help desk reports for a sample of current clients, and dates, weeks, months, and quarters during the review period to determine that operations personnel provided help desk reports via e-mail for each client, date, week, and month sampled.	No exceptions noted.

Control Objective Specified by the Service Organization: Control activities provide reasonable assurance of service availability and reliability.

#	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
7.01	Documented incident response procedures are in place to guide personnel in server and network outage response, escalation, and resolution activities.	Inspected the incident response procedures to determine that documented incident response procedures were in place to guide personnel in server and network outage response, escalation, and resolution activities.	No exceptions noted.
7.02	Enterprise monitoring applications are utilized to monitor operational performance of production servers and network devices.	Inspected the configurations from the enterprise monitoring applications to determine that enterprise monitoring applications were utilized to monitor operational performance of production servers and network devices.	No exceptions noted.
7.03	The enterprise monitoring applications are configured to send e-mail alert notifications to operations personnel when predefined thresholds are exceeded on monitored systems.	Inspected the alerting configurations from the enterprise monitoring applications and example e-mail alert notifications generated during the review period to determine that the enterprise monitoring applications were configured to send e-mail alert notifications to operations personnel when predefined thresholds were exceeded on monitored systems.	No exceptions noted.
7.04	Operations personnel are available on a 24 hour per day basis to monitor data center and client infrastructure.	Inquired of the director of strategic services regarding staffing of operations personnel to determine that operations personnel were available on a 24 hour per day basis to monitor data center and client infrastructure.	No exceptions noted.
		Inspected the staffing schedule to determine that operations personnel were available on a 24 hour per day basis.	No exceptions noted.
7.05	Help desk personnel are available on a 24 hour per day basis to monitor client environments and respond to support requests.	Inquired of the director of strategic services regarding the staffing of help desk personnel to determine that help desk personnel were available on a 24-hour basis to monitor client environments and respond to support requests.	No exceptions noted.

#	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
		Inspected the staffing schedule for a sample of months during the review period to determine that help desk personnel were available on a 24 hour per day basis for each month sampled.	No exceptions noted.
7.06	Warranty and service agreements are in place for the repair and replacement of production hardware systems.	Inspected the warranty and service agreements to determine that warranty and service agreements were in place for the repair and replacement of production hardware systems.	No exceptions noted.
7.07	Load balancing and replication devices are in place to distribute requests and provide failover services in the event of system failures.	Inquired of the director of operations regarding the availability of production services to determine that load balancing and replication devices were in place to distribute request and provide failover services in the event of system failures.	No exceptions noted.
		Inspected the load balancing and replication devices' configurations to determine that load balancing and replication devices were in place.	No exceptions noted.

Control Objective Specified by the Service Organization: Control activities provide reasonable assurance that client data is backed up and safeguarded in accordance with service level agreement provisions.

#	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
8.01	Documented SLAs that define backup and recovery services for each client are in place to guide personnel in performing backup and recovery procedures in accordance with SLA provisions.	Inquired of the director of strategic services regarding SLA provisions to determine that documented SLAs that defined backup and recovery services for each client were in place to guide personnel in performing backup and recovery procedures in accordance with SLA provisions.	No exceptions noted.

#	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
		Inspected the SLAs for a sample of current clients subscribed to data backup and recovery services to determine that documented SLAs that defined backup and recovery services were in place for each client sampled.	No exceptions noted.
8.02	Multiple backup systems are utilized to perform backups of client data according to specifications documented in the SLA.	Inquired of the director of strategic services regarding client data to determine that multiple backup systems were utilized to perform backups of client data according to specifications documented in the SLA.	No exceptions noted.
		Inspected the backup system configurations and example backup logs generated during the review period for a sample of current clients subscribed to data backup and recovery services to determine that multiple backup systems were utilized to perform backups of client data for each client sampled.	No exceptions noted.
8.03	Operations personnel monitor the status of backup processing on a 24 hour per day basis. Processing errors are reported to technical personnel for resolution and documented in a help desk ticket.	Inquired of the director of strategic services regarding the monitoring of backup processing to determine that operations personnel monitored the status of backup processing on a 24 hour per day basis and that processing errors were reported to technical personnel for resolution and documented in a help desk ticket.	No exceptions noted.
		Inspected the staffing schedule to determine that operations personnel were available to monitor the status of backup processing on a 24 hour per day basis.	No exceptions noted.
		Inspected the help desk tickets for sample of processing errors generated during the review period to determine that processing errors were reported to technical personnel for resolution and documented in a help desk ticket for each error sampled.	No exceptions noted.

#	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
8.04	A third party media storage provider is utilized for secure off-site storage of backup media and the disposal and destruction of expired media.	Inspected the third party media storage agreement to determine that a service agreement for secure off-site storage of backup media and the disposal and destruction of expired media was in place during the review period.	No exceptions noted.
		Inspected the third party media storage invoices for a sample of months during the review period to determine that a third party media storage provider was contracted for secure off-site storage of backup media and the disposal and destruction of expired media for each month sampled.	No exceptions noted.
8.05	Operations personnel rotate backup media to the off-site third party media vaulting company on a daily, weekly, and monthly basis in accordance with client specifications.	Inspected the tape transfer manifests for a sample of current clients subscribed to data backup and recovery services and dates, weeks, and months during the review period to determine that operations personnel rotated backup media to the off-site third party media vaulting company in accordance with client specifications for each client, date, week, and month sampled.	No exceptions noted.
8.06	Operations personnel maintain backup and recovery procedures for clients subscribed to hot-site services and are tested according to client requirements.	Inquired of the director of strategic services regarding backup and recovery procedures to determine that operations personnel maintained backup and recovery procedures for clients subscribed to hot-site services and were tested according to client requirements.	No exceptions noted.
		Inspected the backup and recovery procedures for a sample of current clients subscribed to hot-site services to determine that backup and recovery procedures were maintained for each client sampled.	No exceptions noted.

#	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
		Inspected the most recent backup and recovery test results for a sample of current clients subscribed to hot-site services to determine that backup and recovery procedures were tested during the review period for each client sampled.	No exceptions noted.

Control Objective Specified by the Service Organization: Control activities provide reasonable assurance that BHDS system programs, utilities, and applications are backed up and safeguarded in an appropriate manner.

#	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
9.01	An automated backup system is utilized to perform backups of corporate system programs, utilities, and applications.	Inspected the backup system configurations and an example backup log generated during the review period to determine that an automated backup system was utilized to perform backups of corporate system programs, utilities, and applications.	No exceptions noted.
9.02	The automated backup system is configured to perform full backups of corporate system programs, utilities, and applications on a daily basis.	Inspected the backup system configurations to determine that full backups of corporate system, programs, utilities, and applications are performed on a daily basis.	No exceptions noted.
9.03	The automated backup system is configured to send e-mail alert notifications to operations personnel regarding backup job completion status.	Inspected the backup alert notification configurations and an example e-mail alert notification generated during the review period to determine that the automated backup system was configured to send e-mail alert notifications to operations personnel regarding backup job completion status.	No exceptions noted.
9.04	Access to backup data was restricted to user accounts accessible by authorized personnel.	Inspected the listing of user accounts with access to backup data with the assistance of the director of strategic services to determine that access to backup data was restricted to user accounts accessible by authorized personnel.	No exceptions noted.

Control Objective Specified by the Service Organization: Control activities provide reasonable assurance that client service level changes are properly authorized, reviewed, approved, and implemented.

#	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
10.01	Documented computer operations procedures are in place to guide personnel in client service specific activities that include, but are not limited to, the following: • Client interaction • Verbal and non-verbal communications • Ticketing and escalation	Inspected the computer operations procedures to determine that documented computer operations procedures were in place to guide personnel in client service specific activities that included the following: • Client interaction • Verbal and non-verbal communications • Ticketing and escalation	No exceptions noted.
10.02	Documented computer operations procedures are in place that address the monitoring, documenting, and resolution of client support requests.	Inspected the computer operations procedures to determine that documented computer operations procedures were in place that addressed the monitoring, documenting, and resolution of client support requests.	No exceptions noted.
10.03	Dedicated client services teams and supervisory personnel are assigned to monitor client service activities and performance indicators and implement service level changes.	Inquired of the director of strategic services regarding the monitoring of client service activities and performance indicators to determine that dedicated client services teams and supervisory personnel were assigned to monitor client service activities and performance indicators and implemented service level changes.	No exceptions noted.
		Inspected the client services teams and supervisory personnel assignments for a sample of current clients to determine that client services teams and supervisory personnel were assigned to each client sampled.	No exceptions noted.

#	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
10.04	An account manager completes a SLA amendment for client service level changes that includes the scope of changes, timeframe, and estimated costs prior to implementation.	Inquired of the director of strategic services regarding client service level changes to determine that an account manager completed a SLA amendments for client service level changes that includes the scope of changes, timeframe, and estimated costs prior to implementation.	No exceptions noted.
		Inspected the SLA amendments for a sample of SLA changes during the review period to determine that a service level amendment documenting the scope of changes, timeframe, and estimated costs was completed for each change sampled.	No exceptions noted.
10.05	Account management personnel require client personnel to review and approve SLA amendments prior to implementation.	Inquired of the director of strategic services regarding client service level changes to determine that account management personnel required client personnel to review and approve SLA amendments prior to implementation.	No exceptions noted.
		Inspected evidence of approval for a sample of SLA changes during the review period to determine that client approval was obtained for each change sampled.	No exceptions noted.

Control Objective Specified by the Service Organization: Control activities provide reasonable assurance that processing, maintenance, and service request activities are authorized and changes are properly reviewed, tested, and approved prior to implementation to production.

#	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
11.01	An automated ticketing system is utilized to prioritize, log, and track resolution steps for processing, maintenance, and service request activities.	Inspected the ticketing system for a sample of processing, maintenance, and service request activities logged during the review period to determine that an automated ticketing system was utilized to prioritize, log, and track resolution steps for each activity sampled.	No exceptions noted.

#	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
11.02	Operations management requires client personnel to perform UAT for upgrades prior to implementation.	Inquired of the director of strategic services regarding upgrades to determine that operations management required client personnel to perform UAT for upgrades prior to implementation.	No exceptions noted.
		Inspected evidence of UAT for a sample of upgrades implemented during the review period to determine that client personnel performed UAT for each upgrade sampled.	No exceptions noted.
11.03	Operations management requires client personnel to approve upgrades prior to implementation.	Inquired of the director of strategic services regarding upgrades to determine that operations management required client personnel to approve upgrades prior to implementation.	No exceptions noted.
		Inspected evidence of approval for a sample of upgrades implemented during the review period to determine that client personnel approved each upgrade sampled.	No exceptions noted.

Control Objective Specified by the Service Organization: Control activities provide reasonable assurance that documentation exists that accurately and completely defines BHDS environments and is updated in a timely manner when changes are made.

#	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
12.01	Operations personnel maintain and utilize a system inventory to document system history and activity details including, but not limited to, the following: • Subsystem, utility, and program installations • Upgrades, releases, and changes	Inspected the system maintenance for sample of current clients to determine that a system inventory was maintained and utilized to document system history and activity details for each client sampled that included the following: • Subsystem, utility, and program installations • Upgrades, releases, and changes	No exceptions noted.

#	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
12.02	Operations personnel update the system inventory during the installation and maintenance activities.	Inquired of the director of strategic services regarding the system maintenance procedures to determine that operations personnel updated the system inventory during installation and maintenance activities.	No exceptions noted.
		Inspected the system inventory for a sample of current clients to determine that a system inventory was maintained and utilized to document system history and activity details for each client sampled that included the following: • Subsystem, utility, and program installations • Upgrades, releases, and changes	No exceptions noted.

Logical Access Restrictions

Control Objective Specified by the Service Organization: Control activities provide reasonable assurance that access to client data is restricted to authorized individuals.

#	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
13.01	Operations personnel require authorization from an authorized client representative for the modification of client user account access privileges.	Inquired of the director of strategic services regarding user account administration to determine that operations personnel required authorization from an authorized client representative for the modification of client user account access privileges.	No exceptions noted.

#	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
		Inspected evidence of authorization for a sample of client user account access privilege modification requests during the review period to determine that authorization from a client representative was obtained for each request sampled.	No exceptions noted.
13.02	Terminated employees' system access rights to client systems are revoked as a component of the termination process.	Inquired of the director of strategic services regarding termination procedures to determine that terminated employees' system access rights to client systems were revoked as a component of the termination process.	No exceptions noted.
		Inspected the client system user access privileges for a sample of client systems and employees terminated during the review period to determine that access privileges to client systems were revoked for each client system and terminated employee sampled.	No exceptions noted.
	Managed Infrastructure Authentication		
13.03	Access to managed infrastructure is secured via an encrypted VPN that requires two-factor authentication using RSA SecurID technology that includes the following: • User account • PIN • Individual token generator	Observed the VPN authentication process to determine that access to managed infrastructure required two-factor authentication using RSA SecurID technology that included the following: • User account • PIN • Individual token generator	No exceptions noted.
		Inspected the VPN and RSA system configurations to determine that access to managed infrastructure was secured via an encrypted VPN that required two-factor authentication using RSA SecurID technology that included the following: • User account • PIN • Individual token generator	No exceptions noted.

#	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
13.04	The VPN system is configured to encrypt communication sessions between the managed environment and user entities via TLS.	Inspected the VPN system configurations to determine that the VPN was configured to encrypt communication sessions between the managed environment and user entities via TLS.	No exceptions noted.
13.05	The managed infrastructure is configured to enforce the following user account and password controls: • Password minimum length • Password expiration intervals • Password complexity requirements • Password minimum history • Invalid password account lockout threshold	Inspected the managed infrastructure authentication configurations to determine that the managed infrastructure was configured to enforce the following user account and password controls: • Password minimum length • Password expiration intervals • Password complexity requirements • Password minimum history • Invalid password account lockout threshold	No exceptions noted.
	Managed Infrastructure Access		
13.06	Administrator access within the managed environments is restricted to user accounts accessible by authorized personnel.	Inspected the user access permissions for a sample of client systems with the assistance of the director of strategic services to determine that administrator access within the managed environment of each client system sampled was restricted to user accounts accessible by authorized personnel.	No exceptions noted.
13.07	Remote access to managed environments is restricted to user accounts accessible by authorized personnel.	Inspected the listing of user accounts with remote access to managed environments with the assistance of the director of strategic services to determine that remote access to managed environments was restricted to user accounts accessible by authorized personnel.	No exceptions noted.
13.08	Shared processing environments are logically segmented to help ensure the confidentiality of client data.	Inquired of the director of strategic services regarding the segregation of client environments to determine that shared processing environments were logically segmented to help ensure the confidentiality of client data.	No exceptions noted.

#	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
		Inspected evidence of logical segmentation for a sample of current clients operating in a shared processing environment to determine that shared processing environments were logically segmented for each client sampled.	No exceptions noted.
13.09	Open system environments run on dedicated and physically separate processing environments.	Inquired of the director of strategic services regarding open system environments to determine that open system environments ran on dedicated and physically separated processing environments.	No exceptions noted.
		Inspected the physical system inventories for a sample of open system clients to determine that open system environments ran on physically separate processing environments for each client sampled.	No exceptions noted.
13.10	Open system environments utilizing shared SAN disk storage are segregated via fiber switch SAN zoning and storage array logical unit number level masking assignments.	Inspected the SAN disk configurations for a sample of open system clients utilizing shared storage to determine that open system environments utilizing SAN disk storage were segregated via fiber switch SAN zoning and storage array logical unit number level masking assignments for each client sampled.	No exceptions noted.
	Managed Infrastructure Monitoring and Logging		
13.11	The managed infrastructure is configured to log the following events: • Account logon events • Account management events • Directory service access events • Logon events • Policy changes • System events Technical services personnel review managed infrastructure logs on an ad hoc basis.	Inquired of the director of strategic services regarding the managed infrastructure log review process to determine that technical services personnel reviewed managed infrastructure logs on an ad hoc basis during the review period.	No exceptions noted.

#	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
		Inspected the managed infrastructure logging configurations and an example event log generated during the review period to determine that the managed infrastructure was configured to log the following events: • Account logon events • Account management events • Directory service access events • Logon events • Policy changes • System events	No exceptions noted.

TELECOMMUNICATIONS

Control Objective Specified by the Service Organization: Control activities provide reasonable assurance that telecommunications issues are identified and investigated in a timely manner.

#	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
14.01	Documented telecommunications procedures are in place to guide personnel in identifying and investigating telecommunications issues.	Inspected the telecommunications procedures to determine that documented telecommunications procedures were in place to guide personnel in identifying and investigating telecommunications issues.	No exceptions noted.
14.02	Enterprise monitoring applications are utilized to monitor operational performance of production servers and network devices.	Inspected the configurations from the enterprise monitoring applications to determine that enterprise monitoring applications were utilized to monitor operational statistics of production servers and network devices.	No exceptions noted.

#	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
14.03	The enterprise monitoring applications are configured to send e-mail alert notifications to operations personnel when predefined thresholds are exceeded on monitored systems.	Inspected the alerting notification configurations from the enterprise monitoring applications and example e-mail alert notifications generated during the review period to determine that the enterprise monitoring applications were configured to send e-mail alert notifications to operations personnel when predefined thresholds were exceeded on monitored systems.	No exceptions noted.
14.04	Operations personnel are available on a 24 hour per day basis to monitor data center and client infrastructure.	Inquired of the director of strategic services regarding staffing of operations personnel to determine that operations personnel were available on a 24 hour per day basis to monitor data center and client infrastructure.	No exceptions noted.
		Inspected the staffing schedule to determine that operations personnel were available on a 24 hour per day basis.	No exceptions noted.
14.05	Help desk personnel are available on a 24 hour per day basis to monitor client environments and respond to support requests.	Inquired of the director of operations regarding the staffing of help desk personnel to determine that help desk personnel were available on a 24-hour basis to monitor client environments and respond to support requests.	No exceptions noted.
		Inspected the staffing schedule for a sample of months during the review period to determine that help desk personnel were available on a 24 hour per day basis for each month sampled.	No exceptions noted.
14.06	A maintenance and service agreement is in place with an ISP to provide coverage for communications components on a 24 hour per day basis.	Inquired of the director of strategic services regarding the ISP to determine that a maintenance and service agreement was in place with an ISP to provide coverage for communications components on a 24 hour per day basis.	No exceptions noted.

#	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
		Inspected the maintenance and service agreement for the ISP to determine that a maintenance and service agreement was in place with an ISP to provide coverage for communications components.	No exceptions noted.

Control Objective Specified by the Service Organization: Control activities provide reasonable assurance that data transmissions between BHDS and its clients are complete, accurate, and secure.

#	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
	Firewall Systems		
15.01	Firewall systems are in place to filter unauthorized inbound network traffic from the Internet.	Inspected the firewall system configurations for a sample of firewall systems to determine each firewall system sampled was in place to filter unauthorized inbound network traffic from the Internet.	No exceptions noted.
15.02	The firewall systems are configured to deny any type of network connection that is not explicitly authorized by a firewall rule.	Inspected the firewall system configurations for a sample of firewall systems to determine that each firewall system sampled was configured to deny any type of network connection that was not explicitly authorized by a firewall rule.	No exceptions noted.
15.03	The firewall systems are configured to log unauthorized remote access attempts to the BHDS environment and client environments. The senior director of network services and senior network engineers review firewall system logs on an ad hoc basis.	Inquired of the senior director of network services regarding the firewall systems to determine that the firewall systems were configured to log unauthorized remote access attempts to the BHDS environment and client environments and that the senior director of network services and senior network engineers reviewed firewall system logs on an ad hoc basis during the review period.	No exceptions noted.

#	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
		Inspected the firewall system logging configurations for a sample of firewall systems and example firewall system logs generated during the review period to determine that each firewall system sampled was configured to log unauthorized remote access attempts.	No exceptions noted.
15.04	Administrator access within the BHDS firewall system is restricted to user accounts accessible by authorized personnel.	Inspected the BHDS firewall system administrator account listing with the assistance of the director of strategic services to determine that administrator access within the BHDS firewall system was restricted to user accounts accessible by authorized personnel.	No exceptions noted.
15.05	Administrator access within the client firewall systems is restricted to user accounts accessible by authorized personnel.	Inspected the firewall system administrator account listings for a sample of client firewall systems with the assistance of the director of strategic services to determine that administrator access within each client firewall system sampled was restricted to user accounts accessible by authorized personnel.	No exceptions noted.
	Vulnerability Assessments		
15.06	A network engineer obtains the third party external vulnerability scan reports as evidence that external vulnerability scans of the production network are performed on a monthly basis.	Inspected the vulnerability scan reports for a sample of months during the review period to determine that a network engineer obtained the third party external vulnerability scan reports as evidence that external vulnerability scans of the production network were performed for each month sampled.	No exceptions noted.
	Remote Access		
15.07	Encrypted VPNs are utilized for remote network access to client environments to help ensure the privacy and integrity of data passing over the public network.	Inquired of a senior network engineer regarding remote network access to client environments to determine that encrypted VPNs were utilized for remote network access to client environments to help ensure the privacy and integrity of data passing over the public network.	No exceptions noted.

#	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
		Inspected the VPN encryption configurations for a sample of VPN systems to determine that encrypted VPNs were utilized for remote network access to client environments for each VPN system sampled.	No exceptions noted.
15.08	Administrator access within the BHDS VPN system is restricted to user accounts accessible by authorized personnel.	Inspected the BHDS VPN system administrator account listing with the assistance of the director of strategic services to determine that administrator access within the BHDS VPN system was restricted to user accounts accessible by authorized personnel.	No exceptions noted.
15.09	Administrator access within the client VPN systems is restricted to user accounts accessible by authorized personnel.	Inspected the VPN system administrator account listings for a sample of client VPN systems with the assistance of the director of strategic services to determine that administrator access within each client VPN system sampled was restricted to user accounts accessible by authorized personnel.	No exceptions noted.

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TRANSITION

Control Objective Specified by the Service Organization: Control activities provide reasonable assurance that risk involved with migrating new client applications to BHDS is mitigated through formal transition planning and multiple validation testing.

#	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
16.01	A project management team is assigned to each client application migration project, prior to migration, that is responsible for creating the client migration plan that includes, but is not limited to, the following: • Timelines and due dates • Tasks and responsibilities • Testing requirements • Client acceptance	Inquired of the director of strategic services regarding the transition process to determine that a project management team was assigned to each client application migration project, prior to migration, that is responsible for creating the client migration plan that includes the following: • Timelines and due dates • Tasks and responsibilities • Testing requirements • Client acceptance	No exceptions noted.
		Inspected the project management team member assignments for a sample of client application migrations during the review period to determine that a project management team was assigned and that a client migration plan was created for each migration sampled.	No exceptions noted.
16.02	Project management personnel conduct project status meetings with client personnel on an ad hoc basis prior to the migration of new client applications.	Inquired of the director of strategic services regarding the transition process to determine that project management personnel conducted project status meetings with client personnel on an ad hoc basis prior to the migration of new client applications.	No exceptions noted.
		Inspected evidence of client meetings for a sample of client application migrations during the review period to determine that project management personnel conducted project status meetings with client personnel for each migration sampled.	No exceptions noted.

#	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
16.03	The project management team requires client personnel to perform multiple validation testing for new client applications prior to migration.	Inquired of the director of strategic services regarding the transition process to determine that the project management team required client personnel to perform multiple validation testing for new client applications prior to migration.	No exceptions noted.
		Inspected evidence of validation testing for a sample of client application migrations during the review period to determine that client personnel performed validation testing for each migration sampled.	No exceptions noted.
16.04	The project management team requires final client approval of new client applications prior to migration.	Inquired of the director of strategic services regarding the transition process to determine that the project management team required final client approval of new client applications prior to migration.	No exceptions noted.
		Inspected evidence of approval for sample of client application migrations during the review period to determine that client approval was obtained for each migration sampled.	No exceptions noted.

DATA SECURITY

In addition to the controls established for our main computer system, ASUS utilizes Microsoft Office 365 for our personal computers. Our top priority is the security and protection of the data that comes into our possession. Therefore, all of our laptops have Bitlocker security software installed to prevent access to any data if the machine is compromised.

Security, compliance, and privacy in Office 365 has two equally important dimensions:

- The first dimension includes Microsoft-managed service-level capabilities that include technologies, operational procedures, and policies that are enabled by default.
- The second dimension includes customer-managed controls that enable you to customize your Office 365 environment based on the specific needs of your organization, while still maintaining security and compliance.

Microsoft is recognized as an industry leader in cloud security. At the service level, they use a defense-in-depth strategy that protects our data through multiple layers of security (physical, logical and data).

A defense-in-depth strategy ensures that security controls are present at various layers of the service and that, should any one area fail, there are compensating controls to maintain security at all times. The strategy also includes tactics to detect, prevent, and mitigate security breaches before they happen. This involves continuous improvements to service-level security features, including:

- Port scanning and remediation
- Perimeter vulnerability scanning
- Operating system security patching
- Network-level distributed denial-of-service (DDoS) detection and prevention
- Multi-factor authentication for service access

Physical Layer – Facility

Customer data is stored in Office 365 datacenters that are geographically distributed while taking regional data location considerations into account. Datacenters are built from the ground up to protect services and data from harm by natural disaster or unauthorized access. Datacenter access is restricted 24 hours a day by job function—with only customer application and services access given to essential personnel. Physical access control uses multiple authentication and security processes, including badges and smart cards, biometric scanners, on-premises security officers, continuous video surveillance, and two-factor authentication. The datacenters are monitored using motion sensors, video surveillance, and security breach alarms. In case of a natural disaster, security also includes automated fire prevention and extinguishing systems and seismically braced racks where necessary.

Physical Layer – Network

Perimeter protection is implemented through the use of controlled devices at the network edge and on points throughout the network. The overarching principle of our network security is to

allow only connections and communications that are necessary to allow systems to operate, blocking all other ports, protocols and connections. Access Control Lists (ACLs) implemented in the form of tiered ACLs on routers, IPsec policies on hosts, firewall rules and host based firewall rules are implemented in the network with restrictions on network communication, protocols, and port numbers. Edge router security allows the ability to detect intrusions and signs of vulnerability at the network layer. Networks within the Office 365 datacenters are further segmented to provide physical separation of critical back-end servers and storage devices from the public-facing interfaces.

Logical Layer

The logical layer of security involves many controls and processes implemented to secure the host machines, applications running on those hosts and from administrators that may perform any work on those host machines and applications.

Automated Operations

Most of the operations performed on hosts and applications by administrators are automated so that human intervention is reduced to a minimum, reducing the possibility of an inconsistent configuration or a malicious activity. This automated approach extends to the deployment of systems within our datacenters.

Admin Access to Data

Administrator access to Office 365 and our data is strictly controlled. Core tenets of this process are role based access and granting personnel least privilege access to the service that is necessary to perform specific operations. These tenets are followed whether the access is physical or logical.

Access control happens at various levels:

- Personnel level to ensure that there are appropriate background checks and strict account management so that only those essential to the task may perform the task
- Role based access control
- A Lockbox process which allows:
    - Just-in-time accounts with high-entropy passwords
    - Access for a limited amount of time
    - Access to take specific actions based on the role
- The servers in the Office 365 service have a pre-determined set of processes that can be run using Applocker
- Auditing and review of all access

Anti-malware, Patching, and Configuration Management

The use of anti-malware software is a principal mechanism for protection of our assets in Office 365 from malicious software. The software detects and prevents the introduction of computer viruses and worms into the service systems. It also quarantines infected systems and prevents further damage until remediation steps are taken. Anti-malware software provides both preventive and detective control over malicious software.

Advanced Threat Protection

Office 365 provides robust email protection against spam, viruses and malware with Exchange Online Protection (EOP).

Security Monitoring and Response

Many threats target software vulnerabilities, but others attack operational weaknesses, which is why Microsoft uses the Operational Security Assurance (OSA) framework. OSA supports continuous monitoring, helps to identify operational risks, provides operational security guidelines, and validates that those guidelines are followed. OSA helps make Microsoft cloud infrastructure more resilient to attack by decreasing the amount of time needed to protect, detect, and respond to security threats.

Highly Secure End-User Access

Office 365 customer data and services are secured at the datacenter, network, logical, storage, and transit levels. In addition, it is critical to be able to control access to data and how it may be used. In the Office 365 service, Azure Active Directory is used as the underlying identity platform. This enables your tenant with strong authentication options granular control over how IT professionals and users can access and use the service. Office 365 also allows integration with an on-premises Active Directory or other directory stores and identity systems such as Active Directory Federation Services (ADFS) or third-party secure token systems (STSs) to enable secure, token-based authentication to services.

Data Loss Prevention

Although malware and targeted attacks can cause data breaches, user error is actually a much greater source of data risk for most organizations. Exchange Online provides data loss prevention (DLP) technology that identifies, monitors, and protects sensitive data and helps users understand and manage data risk.

State of Florida
Department of State

I certify from the records of this office that AUDIT SERVICES, U.S., LLC is a limited liability company organized under the laws of the State of Florida, filed on June 1, 1999.

The document number of this limited liability company is L99000003106.

I further certify that said limited liability company has paid all fees due this office through December 31, 2016, that its most recent annual report was filed on April 14, 2016, and that its status is active.

Given under my hand and the Great Seal of the State of Florida at Tallahassee, the Capital, this the Seventh day of June, 2016

Ken Detzner

Secretary of State

Tracking Number: CU2067724528

To authenticate this certificate,visit the following site,enter this number, and then follow the instructions displayed.

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ASUS Contract States

Alabama State Treasury
Chad Wright (334) 353-3627
PO Box 302520
Montgomery, AL 36130-2520

Arkansas Auditor of State
Bradley Earl (501) 683-7175
1400 W 3rd Street, #100
Little Rock, AR 72201-1811

Arizona Department of Revenue
Joshua Joyce (602) 716-6033
1600 W. Monroe
Phoenix, AZ 85007-2612

Controller of the State of California
Gary Qualset, (916) 445-8318
10600 White Rock Road, Ste 141
Rancho Cordova, CA 95670

Colorado Department of Treasury
Patty White (303) 866-6070
1580 Logan St., Ste. 500
Denver, CO 80203-1941

Connecticut Office of State Treasurer
Maria Greenslate (860) 702-3125
55 Elm Street
Hartford, CT 06106-1748

District Of Columbia
Lynn Hall (202) 442-8193
1101 4th Street, SW, Suite W 800-B
Washington, DC 20024

Georgia Department of Revenue
Steve Harbin (404) 968-0490
4125 Welcome All Road SW
Atlanta, GA 30349-1824

Idaho State Tax Commission
Cozette Walters (208) 332-2979
PO Box 83720
Boise, ID 83720-9101

Illinois Dept. of State Treasurer
Roxanna Hollenstine (217) 557-4319
400 W. Monroe St., Suite 401
Springfield, IL 62704-1800

Indiana Office of Attorney General
Lindsey Mayes (317) 883-4521
P.O. Box 2504
Greenwood, IN 46142

Iowa Office of State Treasurer
Karen Austin (515) 281-7677
State Capitol Building
Des Moines, IA 50319-0005

Kansas State Treasury
Katherine Priest (785) 291-3174
900 SW Jackson, Suite 201
Topeka, KS 66612

Kentucky Treasury Department
Samara Heavrin (502) 564-4722
1050 US Hwy 127 South, Suite 100
Frankfort, KY 40601-2800

Louisiana Department of Treasury
Kathleen Lobell (225) 219-9377
1051 North 3rd Street, Room 150
Baton Rouge, LA 70802

Maine Department of the Treasury
Tim Rodriguez (207) 624-7460
39 State House Station
Augusta, ME 04333-0039

Maryland Comptroller's Office
Eric Eichler (410) 767-1812
301 W. Preston Street, Room 310
Baltimore, MD 21201-2383

Massachusetts State Treasurer
Mark Bracken (617) 367-0400
1 Ashburton Place, 12th Floor
Boston, MA 02108-1518

Michigan Department of Treasury
Terry Stanton (517) 636-5313
PO Box 30756
Lansing, MI 48909-8256

Missouri State Treasurer's Office
Scott Harper (573) 751-2082
P.O. Box 1272
Jefferson City, MO 65102-1272

Montana Department of Revenue
Mark Schoenfeld (406) 444-1940
PO Box 5805
Helena, MT 59604-5805

Nebraska State Treasurer's Office
Megan Aguirre (402) 471-1089
809 P Street
Lincoln, NE 68508-1390

Nevada Dept of Business & Industry
Grant Hewitt (702) 486-4354
555 E. Washington Ave, Ste. 4200
Las Vegas, NV 89101-1070

New Hampshire Treasury Dept.
Thomas McAnespie, Esq. (603) 271-1499
25 Capitol Street, Room 205
Concord, NH 03301-6312

New Jersey Dept of the Treasury
Steven Harris (609) 777-4655
50 Barrack Street, 6th Floor
Trenton, NJ 08695-0214

New Mexico Taxation & Revenue
Stephanie Dennis (505) 827-0762
P. O. Box 25123
Santa Fe, NM 87504-5123

New York Office of State Comptroller
Lawrence Schantz (518) 473-6318
110 State Street, 8th Floor
Albany, NY 12207-2027

North Carolina Treasury
Brenda Williams (919) 814-4207
3200 Atlantic Avenue
Raleigh, NC 27604

ND State Land Department
Susan Dollinger (701) 328-1944
PO Box 5523
Bismarck, ND 58506-5523

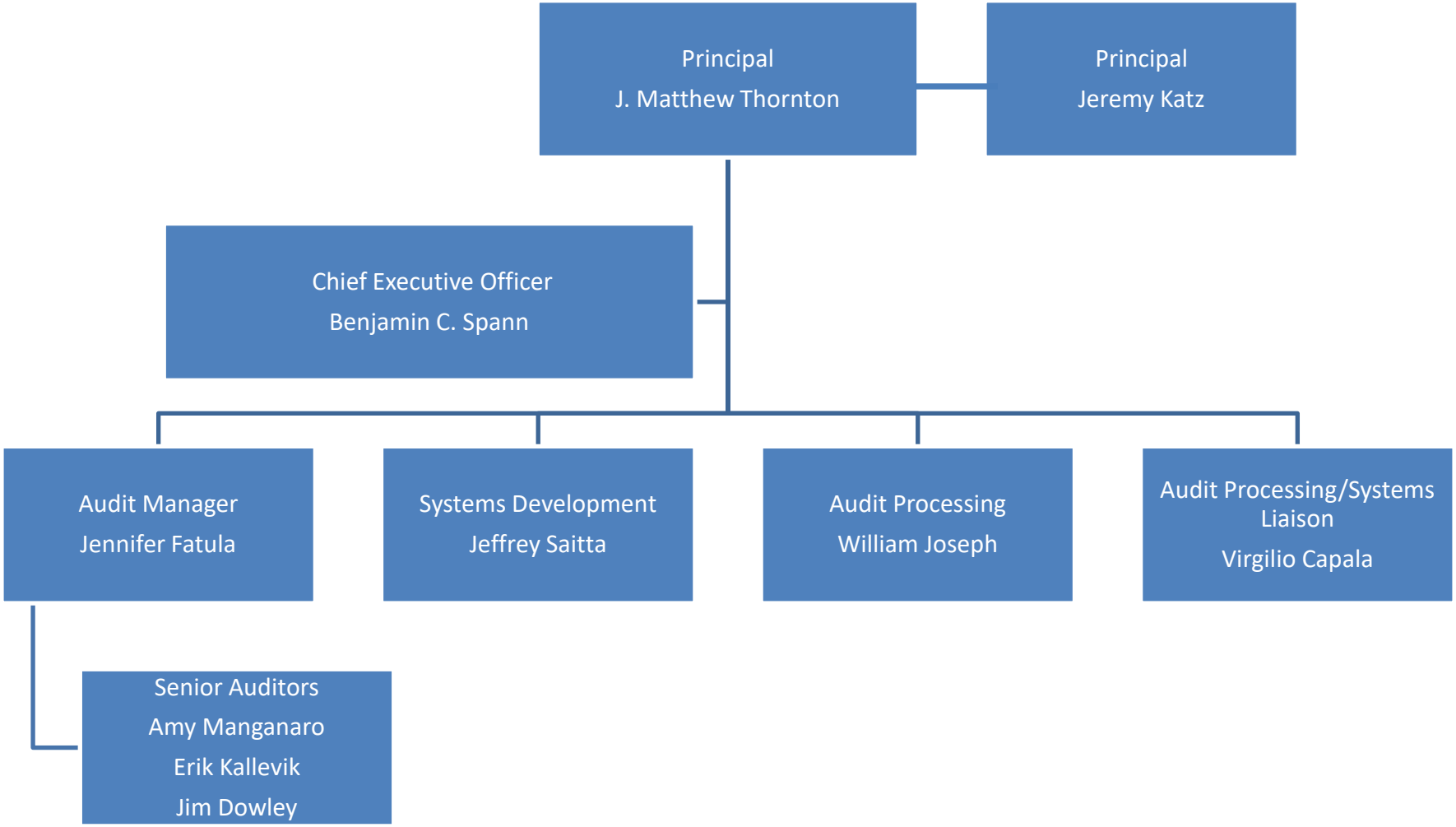
Ohio Department of Commerce
Akil Hardy (614) 644-6094
77 S. High Street, 20th Floor
Columbus, OH 43226-0545

Oklahoma Dept of State Treasurer
Kathy Janes (405) 522-6743
2300 N. Lincoln Blvd. Room 217
Oklahoma City, OK 73105-4801

Oregon Department of State Lands
Patrick Tate (503) 986-5248
775 Summer St. NE, Suite 100
Salem, OR 97301-1279

Pennsylvania State Treasury
Brian Munley (717) 787-3344
PO Box 1837
Harrisburg, PA 17105-1837

RI Office of the General Treasurer
Lammis Vargas (401) 462-7639
PO Box 1435
Providence, RI 02901-1435

SD Office of State Treasurer Lee DeJabet (605) 773-3900 500 E. Capitol Ave Pierre, SD 57501-5007 Tennessee Treasury Department John Gabriel (615) 253-5354 Andrew Jackson Bldg. 9th Floor Nashville, TN 37243-0203 TX Comptroller of Public Accounts Joani Bishop (512) 463-4673 LBJ State Office Building 111 East 17 th Street Austin, TX 78774-0001 Utah State Treasurer's Office Dennis Johnston (801) 715-3321 341 S. Main Street, 5th Floor Salt Lake City, UT 84111-2707 Vermont State Treasury Albert LaPerle (802) 828-1452 109 State Street, 4th Floor Montpelier, VT 05609-6200 Virginia Department of the Treasury Vicki Bridgeman (804) 225-3156 P.O. Box 2478 Richmond, VA 23207-2478 Washington Dept of Revenue Celeste Monahan ((360) 534-1301 P.O. Box 47454 Olympia, WA 98504-7454 WV Office of State Treasurer Carolyn Atkinson (304) 341-0703 One Player's Club Drive Charleston, WV 25311-1639 Wisconsin Dept. of State Treasurer Wesley Stefonek (608) 264-1972 X4 PO Box 8982 Madison, WI 53708-8982	

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