



Response to RFP #2016-05:
Proposal to Provide Internal Audit
Services

KERNUTTSTOKES

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SECTION I:
PROPOSER'S GENERAL
QUALIFICATIONS

COVER LETTER

Thank you for the opportunity to submit a proposal to provide internal audit services for the Oregon Institute of Technology (Oregon Tech). Our entire team is delighted about the prospect of working with your organization. We are confident our firm is the right fit for your ongoing needs because:

1. Our customer service focus is foremost.

Kernutt Stokes has provided exceptional service to the Northwest region for more than 70 years. We believe our success lies directly in our people and our culture. In a world where client service is often an after-thought, the professionals at Kernutt Stokes consider it their top priority. We commit to you that we will:

- Involve partners and managers in all aspects of your engagement to ensure the highest quality of service
- Communicate with you throughout the engagement to avoid "surprises" along the way
- Efficiently manage all resources to provide the highest value at the lowest cost
- Deliver timely responses and products at every turn

2. Our people are top notch, and they will become familiar faces to you.

We are committed to providing our clients with the best team available. We take great pride in developing strong relationships with clients and investing the time necessary to understand their issues and concerns. You will find our staff members to be highly qualified, trained professionals. Their personal skills and enthusiastic demeanors will be reflected in their everyday interactions with your team. We hire and retain the best because we've got a clear focus on what's important for our clients - having a reliable team they are comfortable with year-after-year. We have a significantly lower staff turnover than normal for our industry. This means we work hard to keep our team members so that both Oregon Tech as well as Kernutt Stokes can enjoy smoother service, consistency in contact, deeper knowledge of your organization, and better communication.

3. We view our relationship as a proactive dialogue.

Kernutt Stokes' unique service philosophy makes us stand out in the marketplace. We build a working partnership with our clients. We are committed to engaging in communication with your Board of Trustees and key management team members, consistently offering valuable feedback and proactive input to help you improve your operations. Furthermore, we understand the importance of integrating with your management team and being responsive to your internal audit needs.

4. We are a premier local firm.

In December 2013, *Oregon Business* ranked Kernutt Stokes among the top two single office accounting firms in the State of Oregon. *Oregon Business* also ranked Kernutt Stokes as the largest single office CPA firm in the Willamette Valley.

COVER LETTER

5. We have global reach with a personal touch.

As a member of Accountants' Global Network (AGN) International, we have access to resources from the most innovative and widely respected CPA firms. Additionally, our affiliation includes a global network of independent professional service firms. Based on these relationships, we are able to offer our clients the depth of service of a "Big 4" firm, while providing a high degree of personal attention.

We look forward to the opportunity to showcase how our approach to client service can make a difference for Oregon Tech. Relationships are highly valued at Kernutt Stokes and we welcome the opportunity to get to know you and put our knowledge and experience to work on your behalf.

Sincerely,

KERNUTT STOKES



Steve Ritchie, CPA, CFE
Partner

1600 Executive Parkway, Suite 110
Eugene, Oregon 97401
541.687.1170
sritchie@kernuttstokes.com

DESCRIPTION OF EXPERIENCE

We encourage you to contact the following organizations and people for their opinion of our work product, service philosophy, and overall value to their organizations.

See Appendix A.

SECTION II:
SCOPE OF WORK
INFORMATION

D I F F E R E N T I A T I O N

We pride ourselves on our knowledge and understanding of our clients and their organizations. When we work with Oregon Tech, we will implement a service approach to consistently produce high quality results in an efficient manner. It is our continued goal to be a valued partner and resource to your organization. We realize that timing is an important aspect of quality service and will carefully coordinate our work and delivery timelines with you to ensure it works with your schedules and that your expectations are met.

CREATIVITY

At Kernutt Stokes, we believe in a forward-thinking approach that encourages flexibility according to the needs of your organization. By no means does uniformity shadow the continuous critical thinking of our key professionals. We will innovate and prepare effective and efficient approaches specific to your organization. As a result, our assignments and the results become more interesting, enjoyable, and valuable for all involved.

OUR NETWORK

Kernutt Stokes was founded over 70 years ago and has grown into one of the premiere professional service firms in the Willamette Valley. Kernutt Stokes also has a network of national and international experience through our association with, and membership in, one of the most progressive associations of CPA firms in the country - AGN. Our membership in AGN allows us to provide a higher level of service to our clients, utilizing AGN's network of expertise and state of the art training programs. AGN firms are located in 30 states and 90 countries.

TECHNOLOGY

All of our engagements are performed using paperless technology. As our files are electronic, our entire engagement team, whether at Oregon Tech or in our office, can access and review such documents thus streamlining our internal audit and review processes. In this way we have the ability to be "present" at Oregon Tech year round, even when we are not physically located onsite.

KEY COMPONENTS

Along with effective communication, the use of technology, and creative analytical tools, we will serve your internal audit needs through the following key components of our process:

- Thoughtful planning that creates efficiency
- Committed staff that work with your schedules and respect your time
- Document review that is efficient and effective
- Interaction with your staff to develop an understanding of your organizational needs and risks
- Strictly kept deadlines

TEAM PROFILES & PROFESSIONAL QUALIFICATIONS



STEVE RITCHIE, CPA, CFE
PARTNER

Steve serves a diverse group of clients, with a focus on privately held, owner-managed, entrepreneurial businesses in the manufacturing, forest products, wholesale, retail, technology, and insurance industries. In addition to accounting, auditing, and tax planning services, he also provides internal control evaluation, litigation support, financial reporting, financial analysis, business planning, and management consulting services. Steve is a Certified Fraud Examiner and has significant experience providing fraud prevention and detection services.

In addition to his client service, Steve takes an active role in promoting practice development within the firm. He is a member of the Audit and Accounting Steering Committee and is in charge of staff scheduling - making certain that each client receives the appropriate attention and highest quality of service.

Steve is a native of Oregon and grew up in Portland. After graduating from the University of Oregon in 1993, he spent three years serving as the General Manager for his family business, managing personnel and operations for the company's two locations. Steve joined Kernutt Stokes in 1996, and became a partner in 2007.

He lives in Eugene with his wife, Jill, and their son. In his free time, he enjoys spending time with his family and playing golf. Steve currently serves as a board member of the Eugene Montessori School.

TEAM PROFILES & PROFESSIONAL QUALIFICATIONS



KIM CONWAY, CPA
DIRECTOR

Kim graduated from Linfield College in 2000 and began working as an auditor for Deloitte & Touche. After moving to Eugene in 2006, she began working as an audit manager for Kernutt Stokes and was promoted to Director in 2014.

Kim works with clients in the non-profit, insurance, and professional services industries. As part of Kim's service to her non-profit clients, she has completed audits in accordance with government audit standards and circular A-133. Through working with her clients, she has gained experience with the technical issues they face, such as fund accounting, new systems implementation, accounting issues, and evaluations of internal control effectiveness.

In addition to her client service responsibilities, Kim serves as a member of the Audit and Accounting Steering Committee, which is charged with overseeing the audit and accounting practice within the firm. As part of her responsibilities, she works with committee members to develop firm guidelines within the audit and accounting practice to ensure quality control standards are met or exceeded, as well as provide meaningful continuing education and technical updates to staff and other members of the firm.

Kim lives in Eugene with her husband, John, and their two children. She enjoys spending time with her family, attending University of Oregon football games, and gardening.

TEAM PROFILES & PROFESSIONAL QUALIFICATIONS



HALEY LYONS, CPA
AUDIT SENIOR MANAGER

Haley provides assurance work for the clients she serves. Her emphasis is in the retail, manufacturing, construction, and insurance industries. She is licensed as a CPA in the state of Oregon.

Haley grew up in Corvallis, Oregon and received her Bachelor of Science in Business Administration in 2004 while attending Oregon State University. After graduating from OSU, Haley worked as an accountant in the construction industry for three years. In 2007, Haley joined Kernutt Stokes.

Haley currently supports the Eugene community as the past-president and board member of Alvord Taylor Independent Living Services which has been committed to helping adults with developmental disabilities live quality lives for the past 40 years. She also serves as a coach for Special Olympics.

Haley is very active in her profession through her service on the Complaints Committee for the Oregon Board of Accountancy, and as an instructor of Accounting 427/527: Assurance Services, at Oregon State University in addition to her duties at Kernutt Stokes.

Haley resides in Eugene with her husband, Greg, and their daughter. In their free time they enjoy rooting for the Oregon State Beavers and traveling.

TEAM PROFILES & PROFESSIONAL QUALIFICATIONS



TREVER CAMPBELL, CPA, CFE
AUDIT MANAGER

Trever earned a Masters of Accounting degree from the University of Oregon. He began his career at KPMG in Portland, as a consultant in the internal audit, risk, and compliance group.

As a consultant, he performed internal audit risk assessments and testing of internal controls, Sarbanes-Oxley compliance testing, IT systems implementation reviews, and observed physical inventory counts at multiple plants, nationally and internationally, for Fortune 500 companies. He also reviewed and advised on changes to internal controls for multi-entity organizations and privately owned companies.

Trever joined Kernutt Stokes in 2011 and now provides assurance services for his clients. He has experience in auditing financial statements, using data extraction and analysis software, providing internal control recommendations, providing accounting assistance, and analyzing and testing financial data. Trever serves clients in the insurance, brewing, manufacturing, and hospitality industries.

In 2014, Trever earned his designation as a Certified Fraud Examiner. He has training and experience in investigating and reporting on asset misappropriation schemes, investigative interviewing techniques, reviewing internal control structures, forensic examination techniques, and fraud prevention.

Trever currently supports the Eugene community as the treasurer of the Mount Pisgah Arboretum. He lives in Eugene with his wife, Anna, and their two sons. Trever enjoys spending time with his family, sports, traveling, and the outdoors.

TEAM PROFILES & PROFESSIONAL QUALIFICATIONS



JANA MICHEL, CPA, CIA
AUDIT SENIOR

Jana grew up in a suburb of Houston, Texas and received her Bachelors and Masters degrees in Business Administration from the University of Texas at Dallas. While attending graduate school, Jana completed multiple internships in internal audit. Jana was a teaching assistance during graduate school for the Internal Auditing Education Partnership Program at the University of Texas at Dallas.

Once she graduated in 2011 with her MBA, Jana began working as a consultant in internal audit, risk, and compliance for KPMG in Portland, Oregon, where she performed internal audit risk assessments and testing of internal controls, Sarbanes-Oxley compliance testing, IT systems implementation reviews, and observed physical inventory counts.

After moving to Eugene in 2012, she began working as an associate for Kernutt Stokes and was promoted to senior associate after one year with the firm. Jana earned her designation as a Certified Internal Auditor in 2014. Through her experience and advanced training Jana's specialty has become working with clients on internal control matters, including key control analysis, process evaluations, and control improvement recommendations.

Jana currently supports the Eugene community as a board member of the Boys and Girls Club of Emerald Valley. Jana enjoys spending time with family and friends, camping, boating, snowboarding, and playing softball.

WORK PLAN

Our internal audit work will begin with a risk assessment of Oregon Tech, considering all locations, departments, organizational objectives, and regulations. This will be accomplished using some or all of the following methods:

- Review of prior risk assessments
- Review of past internal audit results
- Review of reports from external auditors
- Review of organizational policies and procedures
- Review of organizational structure
- Review of federal and state regulations
- Interviews with staff, management, and board members
- Surveys of staff, students, vendors, etc.
- Onsite visits at the various campus locations

Upon completing the risk assessment, we will establish a comprehensive analysis of the perceived risks to the organization and organize them based on the level of risk, the immediacy of the risk, and the level of resources required to review the policies, procedures, and controls in place. We will present and discuss this analysis with the Board of Trustees, and formulate an internal audit plan that will consider the timing, scope, and objectives for the year's work. Based on the agreed upon audit plan we will establish individualized audit scopes and objectives for each audit to be performed with specific audit programs, tests, and other criteria designed to accomplish each objective.

We will communicate and work with the Board of Trustees throughout the year and provide quarterly updates regarding the internal audit process, potential changes to the audit plan, and results of audits performed.

Based on the annual risk assessment there are various types of audits/examinations that may be performed. These audit techniques are generally outlined as follows:

Operational Audits - Examines the use of resources to evaluate whether they are being used in the most effective and efficient manner to fulfill the organization's mission and objectives. Operational audits may include some elements of the other audit techniques listed below.

Financial Audits - Focuses on accounting and reporting of financial transactions, including commitments, authorizations, receipt, and disbursement of funds. This type of audit verifies that there are sufficient controls over cash and other assets, and that there are adequate process controls over the acquisition and use of resources.

W O R K P L A N

Compliance Audits - Reviews adherence to laws, regulations, policies, and procedures. Examples include federal and state law, Trustee policies, organizational, or departmental directives. Recommendations based on findings or observations typically call for improvements in processes and controls intended to ensure compliance with the regulations noted.

Information Systems (IS) Audits - Examine the internal control environment of automated information processing systems and how people use those systems. IS audits typically evaluate system input, output, and processing controls; backup and recovery plan; system security; and computer facility reviews. IS auditing projects can focus on either existing systems or systems in the development stage (system implementation audits).

Internal Control Reviews - Focuses on the components of the organizations major activities. Areas such as payroll and benefits, cash handling, inventory, and/or equipment and their physical security, grants and contracts, and financial reporting are subject to review.

Investigations - Seeks to establish evidence of impropriety; implies a systematic track-down of information the auditor hopes to discover or needs to know. Investigations include alleged instances of fraud, waste, and abuse, and improper governmental activities.

Consultations and Other Advisory Services - Consultative in nature and performed in response to requests from the Board of Trustees. Advisory services enhance awareness of risk, control, and compliance issues and provide a proactive independent review and appraisal of specifically identified concerns. Advisory services may include internal control and risk management reviews, transition reviews, business process assessments, and other activities.

External Audit Assistance - Aid in the audit of the annual financial statements under the guidance of the selected external auditor.

WORK PLAN

Each audit will be specifically designed to accomplish agreed upon objectives; however, most audits will generally consist of the following stages:

- **Preliminary interviews and surveys** - This will help to evaluate the internal controls in place regarding business transactions, safeguarding assets, compliance with policies, promotion of operating efficiency, etc. If significant internal control deficiencies are detected at this stage, our initial audit findings will be communicated to the Board of Trustees and changes to intended procedures or to the audit plan will be evaluated. If adequate controls and sound operating procedures are deemed to be in place we will continue with the control and transaction testing phase.
- **Fieldwork** - We will make every effort to minimize disruption of departments, deadlines, and seasonal busy periods when scheduling our time on campuses. We will work with management to establish contact people and to analyze areas of concern. We will organize a time to perform the audit and meet with the staff and management to outline the purpose of the audit, the audit objectives, the expected time schedule, the types of tests, and the reporting process.

Audits may be performed using many various techniques which may include:

- Interviews
- Observations of processes
- Testing of transactions, invoices, records, etc.
- Review of contracts and reports
- Comparison of performance results to other departments, campuses, universities, or organizations
- Analytical analysis (on both financial and non-financial data)
- Evaluation of control compliance and control effectiveness

Based on the audit steps performed we will identify control deficiencies that will result in reported audit findings. We may also discover other opportunities or suggestions for improvement. We will communicate these through an exit conference to ensure that all relevant data has been considered and properly evaluated.

We estimate that most audit fieldwork times will range from three to ten days depending on the scope of work to be performed.

W O R K P L A N

- **Audit Report, Wrap-Up, and Response** - Upon completion of the fieldwork stage we will draft a report which identifies the audit scope and objective, the audit steps performed, audit findings (including condition, criteria, cause, and effect), overall opinion, audit observations, and recommendations for change or improvement. This initial report will be sent to the established contact at the audit location to be reviewed and commented on by appropriate management or personal, including any corrective action, if necessary.

We estimate that the this phase will be completed within two to six weeks following the completion of fieldwork depending on the scope of the audit performed and the season (as certain times of year may take longer to coordinate management responses).

- **Final Report** - Once the report is commented on and finalized it will be issued and made available to the Board of Trustees for review.

We estimate that most audits will range from one to four months from preliminary assessment to final report issuance depending on the scope of the audit, location of testing, and the season.

- **Quarterly Updates** - Quarterly we will meet with the Board of Trustees to present the results of audits completed or in-process. We will discuss the audit processes, any issues with management, difficulties encountered, new risks identified, or proposed adjustments to the audit plan - if necessary. We are also available throughout other times of the year for additional phone or video conferences if desired.

We anticipate performing three to five audits or examinations each year. While this equates to one per quarter, there may be times when it is more beneficial and efficient to both Oregon Tech and Kernutt Stokes to perform more or less work during any individual quarter.

- **Monitoring and Follow-up of Campus Fraud, Waste, and Abuse Line** - We will monitor the campus fraud, waste and abuse line on a weekly basis by reviewing any messages and performing any clarifying, follow-up phone calls or other basic procedures. If a tip requires extensive investigation services, we will coordinate with the Board of Trustees to establish an action plan. Implementation of the action plan will be scoped, scheduled, and billed as a separate engagement.

WORK PLAN

ADDITIONAL INFORMATION -

Audits will use primarily Kernutt Stokes staff, although Oregon Tech staff will be requested to provide information, reports, or other data required to complete the audit objectives.

We anticipate that most audits will be comprised of between two to three staff (an onsite supervisor and one to two staff members) depending on the size, location, and complexity of the audit. Additional review and oversight will also be provided the manager, director, and partner.

Should additional specialists or expertise be needed for a specific audit or situation we will utilize the resources of our member firms in AGN to meet any additional needs.

Kernutt Stokes uses many different audit techniques including the aid of computer assisted technology. We use IDEA data analysis software to quickly and accurately analyze relationships in data, view outliers, identify trends, create correlations, and compare data sets. This tool improves our ability to analyze your data while maximizing efficiency. It also improves our ability to compare data across multiple formats or data bases, creates dynamic reports, and leaves an easy to follow audit trail. Team members on your internal audit engagement have been trained in the use of IDEA to provide the best possible audit results.

We are confident that with all of these resources at your disposal, Kernutt Stokes is the right firm to provide the quality of internal audit service you need along with the close relationship you can depend on and trust.

FIRM QUALITY CONTROL REVIEWS-

We are a member firm of the American Institute of Certified Public Accountants. As a member we are required to undergo independent third-party peer reviews of our internal system of quality control in order to determine the level to which we conform to the strict quality control standards established by the profession. As a result, every three years an independent and authorized firm examines, not only our work product and its conformance to all related professional standards, but also evidence to support our conformance to our strict internal quality control standards. As a result of these reviews, the firm has received an unqualified opinion on each review without incurring any critical management letter comments. See Appendix B for a copy of our most recent peer review report.

In addition to the independent third party examinations, we also perform internal inspections of our system of quality control in the two intervening years as required by professional standards. As part of this process, selected assurance engagements are reviewed by authorized individuals outside of each selected engagement team for conformity to professional and internal quality control standards. The results of these internal inspections are also provided to the third-party peer review firm each third year.

W O R K P L A N

ENGAGEMENT QUALITY CONTROL REVIEW-

Under our firm quality control standards, all work performed is required to be subject to an appropriate level of review by an authorized professional in order to ensure the quality and accuracy in our final work product. What this means for our engagements with Oregon Tech is that each engagement will be reviewed by the engagement manager to ensure that workpapers and supporting documentation is adequate to support the final product delivered in accordance with any corresponding professional standards as well as our own internal quality control standards. In addition to this level of review, the corresponding engagement partner will also conduct a review of the final deliverable and any supporting workpapers they determine necessary.

In addition to the strict and detailed engagement review policies noted previously, our quality control program also requires adherence to other general firm policies and initiatives including:

- Policies to ensure that the appropriate level of staff are assigned to each engagement.
- Professional development programs and adequate allocation of resources to provide our people with comprehensive continuing education.
- Counseling and promotion programs that move our people ahead in their careers as quickly as their experience and knowledge allow, developing a creative and motivated client-service staff and high levels of staff retention.
- Appropriate supervision and responsibilities at all levels and in all aspects of their respective engagements.
- An adequate allocation of firm resources to ensure recruiting, hiring, training and compensation practices attract and retain the most talented people.

SECTION III:
COMPLETE AND ITEMIZED
PRICING

HOURLY RATES AND PRICE QUOTE

It is our policy to bill for our services based on time expended. Our hourly rate is dependent on the Kernutt Stokes team member providing the service. We assign the work to the team member most capable of performing the work effectively and efficiently, keeping in mind our clients' desires to limit their professional service costs. We bill on a monthly basis and reserve the right to suspend any further work if invoices are delinquent. We work with our clients to streamline the client relationship and reduce our time. When billing events present themselves during the year, unless we otherwise have made predetermined billing arrangements, our rates are as follows:

- Partners - \$320
- Professional Staff - \$90 - \$220

Our estimate of your investment is as follows*:

- 2016/2017: \$96,250 - \$112,000
- 2017/2018: \$99,250 - \$115,500
- 2018/2019: \$103,000 - \$119,000

ANALYSIS OF TIME ESTIMATE FOR THE AUDIT

Your internal audit team would be comprised of the partner, director, senior manager, manager, and associates from our internal audit team. We anticipate the hours to perform your services, by major project phase, would be as follows:

2016/2017:

<ul style="list-style-type: none"> • Annual Risk Assessment • Development of Internal Audit Work Plan • On-Site field work and substantive work • Reporting • Monitoring and follow-up of Campus Fraud, Waste, and Abuse Ethics Line • Investigation of issues reported from Campus Fraud, Waste, and Abuse Ethics Line • Assist External Auditors 	<ul style="list-style-type: none"> • 150-175 hours • 80-100 hours • 225-250 hours • 80-100 hours • 15-20 hours • To Be Determined (TBD)** • TBD***
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HOURLY RATES AND PRICE QUOTE

2017/2018:

<ul style="list-style-type: none"> • Update Annual Risk Assessment • Development of Internal Audit Work Plan • On-Site field work and substantive work • Reporting • Monitoring and follow-up of Campus Fraud, Waste, and Abuse Ethics Line • Investigation of issues reported from Campus Fraud, Waste, and Abuse Ethics Line • Assist External Auditors 	<ul style="list-style-type: none"> • 50-60 hours • 80-100 hours • 325-350 hours • 80-110 hours • 15-20 hours • TBD** • TBD***
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2018/2019:

<ul style="list-style-type: none"> • Update Annual Risk Assessment • Development of Internal Audit Work Plan • On-Site field work and substantive work • Reporting • Monitoring and follow-up of Campus Fraud, Waste, and Abuse Ethics Line • Investigation of issues reported from Campus Fraud, Waste, and Abuse Ethics Line • Assist External Auditors 	<ul style="list-style-type: none"> • 50-60 hours • 80-100 hours • 325-350 hours • 80-110 hours • 15-20 hours • TBD** • TBD***
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*ESTIMATE OF INVESTMENT

Our estimate is based on our assumptions of what your internal audit needs are. However, as we have not performed a full risk assessment we cannot guarantee that our bid hours will fully meet your desired objectives. We will work with Oregon Tech to fully scope out all aspects of this proposal such that the goals of both Oregon Tech and Kernutt Stokes are met. If you have concerns, we would be pleased to have the opportunity to meet with you to discuss any and all components of this proposal.

HOURLY RATES AND PRICE QUOTE

****INVESTIGATION OF FRAUD, WASTE, AND ABUSE**

Time attributable to investigation of issues reported from Campus Fraud, Waste, and Abuse Ethics Line has not been estimated as it is highly dependent upon the nature and the scope of the issue involved. Additional investigation work will be coordinated with and authorized by the board of trustees and billed at our regular hourly rates. Fees for these services are not included in the estimated bid, and will be billed as a separate engagement.

*****ASSIST EXTERNAL AUDIT**

Time attributable to aiding in the audit of the annual financial statements under the guidance of the selected external auditor has not been estimated and is dependent upon the nature and scope of the work involved. Assistance with the external audit can either be scoped and billed as a separate engagement or incorporated in the annual internal audit plan.

CONSULTATIONS AND OTHER ADVISORY SERVICES

We are available to provide consultation and other services as outlined in our list of additional services. Our fees for these services will generally be at our standard hourly billing rates, which range from \$90 per hour to \$320 per hour, depending on who is providing the service.

BILLING

We believe in up front communication of any scope deviations that may result in extra billings. It is our policy to discuss the performance of any additional work and the associated investment for that work with you prior to commencing with that work. We believe this will reduce any surprise billings.

MULTI-YEAR ENGAGEMENT

We estimate that our hourly billing rates for years ending subsequent to 2016/2017 would increase approximately 3% per year. The increase will be dependent on inflation and no significant changes to your organizational operations. This quote is based on our understanding of what will be required to provide your internal audit services. Should we significantly underestimate the budget, we will discuss this with you and evaluate our future fees.

SECTION IV:
ADDITIONAL
INFORMATION

DISCLOSURES AND STATEMENTS

- We have no judgments, pending or expected litigation, or other real or potential financial reversals to disclose.
- We have had no contract terminations for default during the past five years.
- We have a sufficient internal quality control system in place and are participating in an external quality review program.

See Appendix B for our most recent peer review report.

- Kernutt Stokes and all key staff are independent with respect to Oregon Tech and will comply with all applicable independence standards.
- No members of this engagement team have been disciplined by any state licensing board within the last five years.

Oregon Board of Accountancy license numbers are as follows:

- Steve Ritchie - 9174
 - Kim Conway - 10676
 - Haley Lyons - 12140
 - Trever Campbell - 13404
 - Jana Michel - 14337
- Our Federal Tax ID number and Secretary of State Corporation Division Business Registry number are as follows:
 - Federal Tax ID number - 93-0396435
 - Secretary of State number - 49496482

We are registered as a firm with the Oregon Board of Accountancy.

- We understand the required timetables outlined on pages 14 and 15 of RFP #2016-05.

SECTION V: MINIMUM QUALIFICATIONS

See Section II - Scope of Work Information.

SECTION VI: REFERENCES

See Appendix A.

SECTION VII: SCOPE OF WORK

See Section II - Scope of Work Information.

SECTION VIII: ANNUAL REPORT & PRESENTATION TO BOARD OF TRUSTEES

See Section II - Scope of Work Information.

SECTION IX: ADDITIONAL SERVICES

See Section II - Scope of Work Information for additional services we can provide.

APPENDIX A

This information constitutes a trade secret under ORS 192.501(2), and shall not be disclosed except in accordance with the Oregon Public Records Law, ORS Chapter 192.

APPENDIX A

This information constitutes a trade secret under ORS 192.501(2), and shall not be disclosed except in accordance with the Oregon Public Records Law, ORS Chapter 192.

APPENDIX B

PEER REVIEW REPORT



FAW CASSON
CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS

System Review Report

November 6, 2014

To the Partners of Kernutt Stokes LLP
And the Peer Review Committee of the Oregon Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Kernutt Stokes LLP (the firm) in effect for the year ended July 31, 2014. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under Government auditing Standards and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Kernutt Stokes LLP in effect for the year ended July 31, 2014, has been suitably designed and compiled with to provide the firm with reasonable assurances of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency (ies)* or *fail*. Kernutt Stokes LLP has received a peer review rating of *pass*.

Faw, Casson & Co., LLP

FAW, CASSON & CO., LLP



WWW.FAWCASSON.COM

160 GREENTREE DRIVE, SUITE 203 DOVER, DE 19904 T 302-674-4305 F 302-674-0910
9748 STEPHEN DECATUR HWY., SUITE 103 OCEAN CITY, MD 21842 P 410-213-8700 F 410-213-7221

APPENDIX C

BIDDER/PROPOSER TAX LAWS AND NON-DISCRIMINATION CERTIFICATION RFP #2016-05 Internal Audit Services

I, the undersigned, have read all of the terms and conditions of this Request for Proposals, and I understand that if awarded the contract, I and the firm represented herein shall be bound by its terms and conditions and representations made in this response. I certify that Proposer has not discriminated against minority, women or emerging small business enterprises in obtaining any required subcontracts.

Certified Minority, Women, and Emerging Small Business

For statistical purposes only, please indicate if your firm is an Oregon certified minority, women, or emerging small business: DBE MBE WBE ESB

Certificate of Compliance with Tax Laws

I, the undersigned, (Check one)

- hereby certify under penalty of perjury that I am not in violation of any Oregon Tax laws,
 hereby certify under penalty of perjury that I am authorized to act on behalf of Contractor and to the best of my knowledge; Contractor is not in violation of any Oregon tax laws.

For purposes of this certification, "Oregon Tax Laws" means a state tax imposed by ORS 320.005 to 320.150 and 403.200 to 403.250, ORS Chapters 118, 314, 316, 317, 318, 321 and 323; the elderly rental assistance program under ORS 310.630 to 310.706; and local taxes administered by the Oregon Department of Revenue under ORS 305.620

Business Designation (check one): Corporation Partnership Sole Proprietorship
 Governmental/Non-Profit Limited Partnership Limited Liability Partnership
 Limited Liability Company

Signature:



Date:

June 15, 2016

Name:

Pat Deming

Title:

Partner

Firm:

Kernutt Stokes LLP

Address:

1600 Executive Parkway, Suite 110

City/State/Zip:

Eugene, OR 97401

Phone:

(541) 687-1170

e-mail:

info@kernuttstokes.com

Fax:

(541) 345-8540