

RISK WELL MANAGED
YOUR COURSE WELL PLANNED



Introduction to Protiviti: *Capital Projects & Construction Services*

protiviti[®]
Independent Risk Consulting

Know Risk. Know Reward.[™]

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Who is Protiviti?

Our Vision

To be recognized as the premier global risk consulting and internal audit services company in the world.

Our Mission

To constantly improve how businesses manage risk. We will develop deep competency in people that enhances their value. We will bring unparalleled expertise to clients in risk management.

Our Values

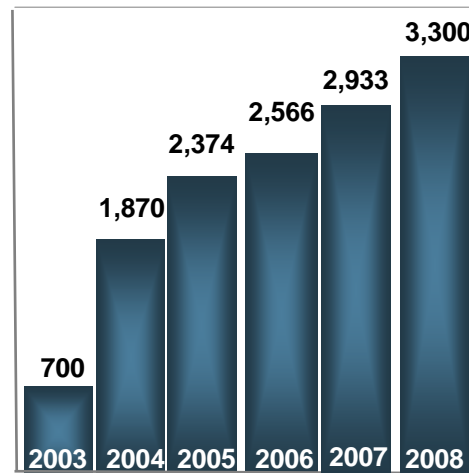
- Professionalism
- Productiviti
- Proactiviti
- Objectiviti
- Creativiti
- Integriti

•Protiviti is a leading independent provider focused solely on internal audit, technology and business risk consulting, and corporate governance. ***Governance, Risk, and Compliance are our core competencies.***

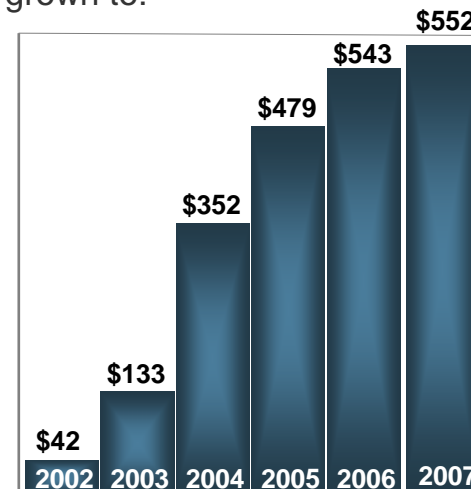
•Our parent company, Robert Half International (RHI), formed Protiviti in May 2002 by hiring over 700 "Big 5" professionals, including over 50 partners, with significant internal audit and risk consulting experience. RHI is a \$4.6 billion public company with over 400 worldwide offices.

•Protiviti's client base now includes over 20% of the Fortune 1000, over 25% of the Fortune 500, and over 35% of the Fortune 100.

•In just 6 years of operation, Protiviti has grown to:



**More than 3,300 employees in over
60 offices around the world**



2007 revenues over \$552M

- Protiviti fills a unique and valuable position in the market, as depicted below. We bring a unique blend of knowledge and experience to the table which combine the focus, dedication and independence of a boutique firm, with the methodologies, tools, global presence, and deep skill-sets of the Big 4.

Big Four:

- Methodologies & tools
- Experienced professionals
- Depth of risk consulting services
- Financial & management stability
- Recognized
- Global presence



Protiviti combines the strengths of the large consulting companies and independent alternatives...without compromise

Boutique:

- Responsive client service
- Lack of SEC restrictions
- Independent from attest & tax services
- Better teaming with external auditors
- Focus on core offerings

Protiviti Locations



* PROTIVITI MEMBER FIRM

** PROTIVITI ALLIANCE MEMBER

Protiviti employs over 3,300 professionals in 60 locations in North America, South America, Europe, Asia and Australia.

What We Bring to the Table

"Protiviti has consistently provided outstanding professional service over many projects. The value they have delivered has far exceeded the cost. We have been very pleased with the industry and functional knowledge of their team, and their service delivery is excellent."

*Paul Casey
Director of Internal Audit,
Level 3 Communications*

"Of all the professional service providers I have worked with, I have the most confidence in the work that you do. Your work is very clear and well organized and you are able to explain it in a way that assures me you are looking at the right things. You understand our business, provide solutions and reasonable explanations and acknowledge when you don't have enough information (and follow up to get it). Your work product is precise, on point, and well presented. My confidence in an Internal Audit function has never been higher."

*Fred Trotter
Audit Committee Member
Longs Drugs
Walnut Creek, CA*

Proven Tools, Technology, and Methodologies

We regularly use a wide variety of proprietary tools and methodologies in our work, including our Best Practices Database, Diagnostic Tools, Internal Audit Reports and Programs Library, and our Risk Assessment / Planning Tools.

Focused Training Programs

Our personnel receive 60+ hours per year of training focused on business processes, technology and internal audit risks, enabling them to serve you more effectively and efficiently. We also provide training to address specific risks and current issues facing high-technology companies. At Protiviti we strongly encourage and reward our personnel to attain CIA / CPA / CISA certifications.

Customer Satisfaction

Independent surveys have ranked Protiviti far above the competition for our internal audit services - almost 40% higher than the average competitor and more than 20% higher than our closest competitors.

Significant International Expertise

We have more than 60 offices worldwide, including locations in London, Paris, Milan, Rome, Turin, Tokyo, Shenzhen, Melbourne, Sydney, Shanghai, Osaka, Beijing, Hong Kong, Toronto, and Mexico City. We also have professional service partnerships with risk consulting firms in India and South America.

In addition, our parent company can provide us virtually any language skill we need in the world to execute our work effectively. Our clients have been very pleased with our approach to international work.

Protiviti helps companies around the globe identify, measure, and navigate the risks they face within their industries and throughout their systems and processes using the proven value-add solutions summarized below.

Risk Consulting Services

Finance Transformation

- Finance Remediation & Reporting Compliance
- Finance Process Optimization & Integration
- Enterprise Performance Mgt

Financial Risk Strategy & Management

- Market & Commodity Risk
- Credit Risk
- Operational Risk
- Model Validation

Litigation, Restructuring, & Investigative Services

- Litigation Consulting
- Discovery Risk Management
- Fraud Risk Management
- Forensics
- e-Discovery
- Financial Investigations
- Corporate Restructuring & Recovery
- M&A Due Diligence
- M&A Integration

IT Solutions

- IT Organization Effectiveness
- IT Security & Privacy Management
- IT Process Improvement
- Business Continuity Management
- Application Controls Effectiveness

Governance, Risk, & Compliance

- Enterprise Risk Assessment
- Sarbanes-Oxley & Financial Reporting Controls Compliance
- Regulatory Compliance (incl. Anti-Money Laundering)

Internal Audit Services

- Full Out-Sourcing
- Co-Sourcing & Special Projects
- IT Internal Audit
- Quality Assurance Reviews
- Internal Audit Transformation
- Audit Committee/CAE Advisory

Business Operations Improvement

- Revenue Risk
- Supply Chain
- **Capital Projects & Construction**
- Global Sourcing
- Loss Prevention
- Policy & Strategy Communications

Enterprise Information Management

- Business Intelligence
- Data Mining & Analytics
- Content & Records Management
- Data Mngt & Information Architecture

Risks are managed by controls within an organization's business processes. These same processes drive business performance and ultimately determine enterprise value.

Our teams are comprised of [engineering](#), [financial](#), [accounting](#), and [technology](#) experts.

We focus on the key operational / financial risk areas, issues & reporting responsibilities facing boards, audit committees, senior executives and operational leaders. Working closely with clients, we assess their operational / financial processes and controls infrastructure in support of the following:

- Ensure that contractual obligations are appropriately fulfilled.
- Ensure the adequacy and effectiveness of the performance measures to properly control operational costs, financial cost, quality, schedule and safety standards.
- Ensure that processes are conducted in adherence to established policies and procedures.
- Ensure that adequate anti-fraud measures are in place to reduce the risk of fraud, waste or abuse.

Construction

Audits can help detect and recover costs

Construction Process and Internal Controls

Reviews can help identify gaps in processes that prevent cost and schedule overruns

Construction Audits

Analyze contracts for architect/engineer, general contractor/construction manager, and project/program manager that a client uses to manage their capital projects and construction activities. Assist the client to prioritize the key contract risk areas. Perform an audit of project documentation to determine if construction activities are conducted in accordance with established contract requirements and to potentially recover costs.

Construction Process and Internal Controls Review

Conduct independent assessments of processes and controls associated with the initiation, planning, execution, monitoring, and completion of capital projects. Analyze and document processes, risks and controls, identify and document control gaps, and recommend remediation plans to improve capital project processes. Identify process linkages to key technology enablers such as project management, accounting, and procurement systems.

Construction Process Re-Engineering can help improve processes to prevent cost and schedule overruns

Project Risk Advisory can help proactively identify risks that lead to cost and schedule overruns

Construction Process Re-Engineering

Assist in the design of processes and controls around a client's initiation, planning, execution, monitoring and completion of capital projects. Identify areas of process improvement through the use of Protiviti's *Process Classification Framework*© tailored to the client's business, the *Six Elements of Risk Management Infrastructure*©, and the *Capability Maturity Model*©, and control objectives. Assist clients in their remediation and implementation of enhanced processes and controls for capital projects.

Project Risk Advisory

Perform review and evaluation of the capital project's proposed budgets, key milestones, schedules, contracts and other key control documentation. Assess the likelihood that potential risks and exposures have been identified, and that processes and controls are in place to reduce the risk of fraud, waste or abuse. Provide ongoing project risk oversight of key areas.

Construction Dispute Assistance can help recover costs after a project is complete and in dispute

Construction Project Management can help prevent cost and schedule overruns and help detect and recover costs in real time

Outsourced Construction Accounting provides independent construction accounting and “real time” audit of all invoices prior to payment

Construction Dispute Assistance

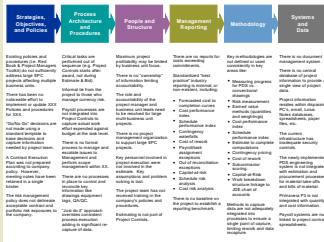
In support of a client, their in-house counsel or third-party legal counsel, provide subject matter expertise associated with construction related claims and disputes. Perform contract analysis, discovery assistance, cost analysis, schedule impact analysis, and project controls analysis for capital projects in dispute.

Construction Project Management

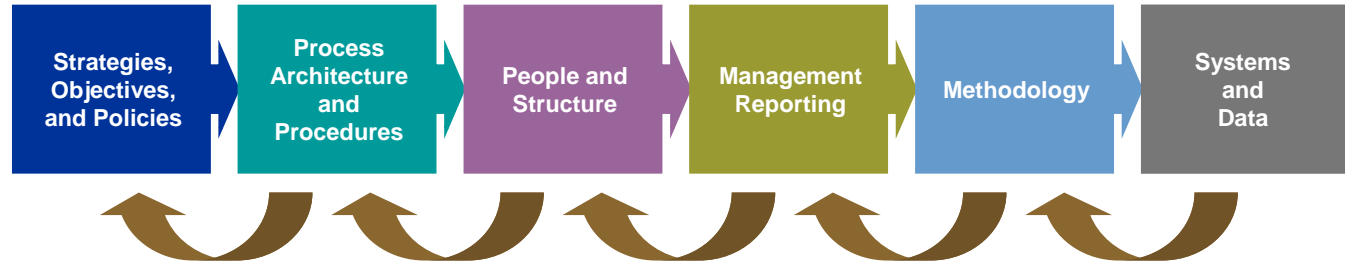
In support of a client, their project management or accounting/finance departments, provide subject matter expertise associated with construction related project management, accounting and controls. Perform project controls, including monthly project reporting, change order processing, payment application reviews, etc.

Outsourced Construction Accounting

Provide on site construction accounting guidance that includes assistance with the clients software installation, assistance with the chart of account development, and assistance with the processing all financial transactions through the duration of the project including “real time” audit of all contractual obligations and expenditures.



Key components must be linked by design:



Risk if component is deficient:

Process does not achieve strategy

People are unable to perform process

Reports do not provide information for effective management

Methods do not adequately analyze information

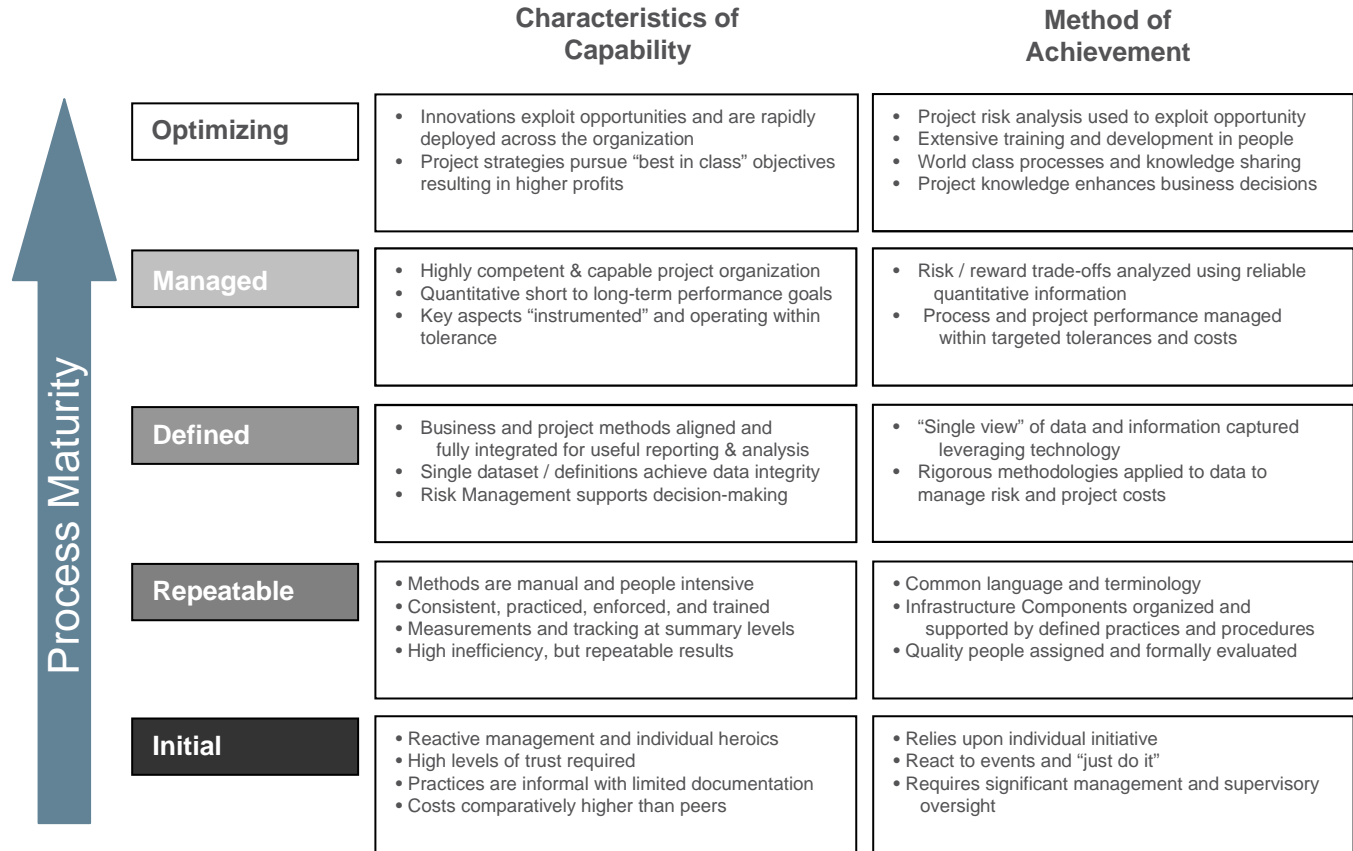
Information is not available for reporting and analysis

The individual components are themselves important, but equally critical are the interrelationships between the components. Without alignment, comprehensive and value-driven risk management capabilities are difficult to attain. These interrelationships are frequently the sources of internal control weaknesses and performance gaps.

The Protiviti reporting templates categorize observations and findings along these six components of infrastructure. Based upon our experience in using this tool, we have come to determine that it is a highly effective way to specifically isolate weaknesses in the internal control structure and provide targeted solutions.

Tools – Capability Maturity Continuum

The Capital Projects & Construction Capability Maturity Continuum is an effective framework for discerning present and desired capabilities. The five steps of process evolution eventually lead to maximizing the creation and protection of shareholder value.



The Capability Maturity Continuum is based on the Carnegie Mellon SEI Capability Maturity Model.

Tools – Summarized Owner Key Risk Areas

To the owner total installed cost is more than contract amount. Our understanding of how clients view total installed cost helps to develop and perform better audits.

Feasibility & Planning

• Feasibility

- Market Assessment
- Portfolio Analysis
- Site Selection and Acquisition
- Environmental Review
- Assumptions & Risk
- Financial Analysis

• Planning

- Development Plan, Schedule & Budget
- Risk Assessment
- Plant Configuration
- Design Specifications
- Topographical Studies
- Taxes and Permits
- T&D Interconnection

Resource Allocation & Commitment

• Prioritize Projects

- Risk Strategy
- Strategic Fit
- Selection

• Capital Availability

- Deal Structuring
- Financing
- Funding & Cash Flow
- Monitor Use of Capital

• Deal Approval

- Portfolio Risk
- Risk Committee
- Deal Authorization

• Owner Agreements

- Turbine Purchase
- Power Purchase
- Fuel Supply and Transportation
- Transmission

Contractor Selection

• Contractor Award

- Plant Bid Package
- Scope Clarification
- Capability & Risk Assessment
- Negotiated Bid Evaluation
- Award Notification

• Contracting

- Terms & Conditions
- Permitting
- Standstill Costs
- Liquidated Damages
- Performance Guarantees
- Contractor Schedule and Incentives
- Insurance and Bonding
- Review and Approvals
- Notice to Proceed

Contract Management

• Contractor

- Contract Administration
- Change Order Authorization
- Progress Billings
- Claim Prevention
- Work Oversight and Inspection
- Quality Assessment
- Risk & Issue Management
- Status & Regulatory Reporting

• Project Financing

- Letters of Credit
- Contingency Reserves
- Project Draws
- Covenant Compliance
- Change Order Funding

Commission & Turnover

• Operations

- Performance and Guarantee Testing
- Compliance and Emissions Testing
- Start-up Plan and Responsibilities
- T&D Interconnection
- Operations Transfer

• Close-out

- Certificates of Completion
- Liquidated Damages
- Warranty & Claims
- Release of Liens
- Contractual Terms

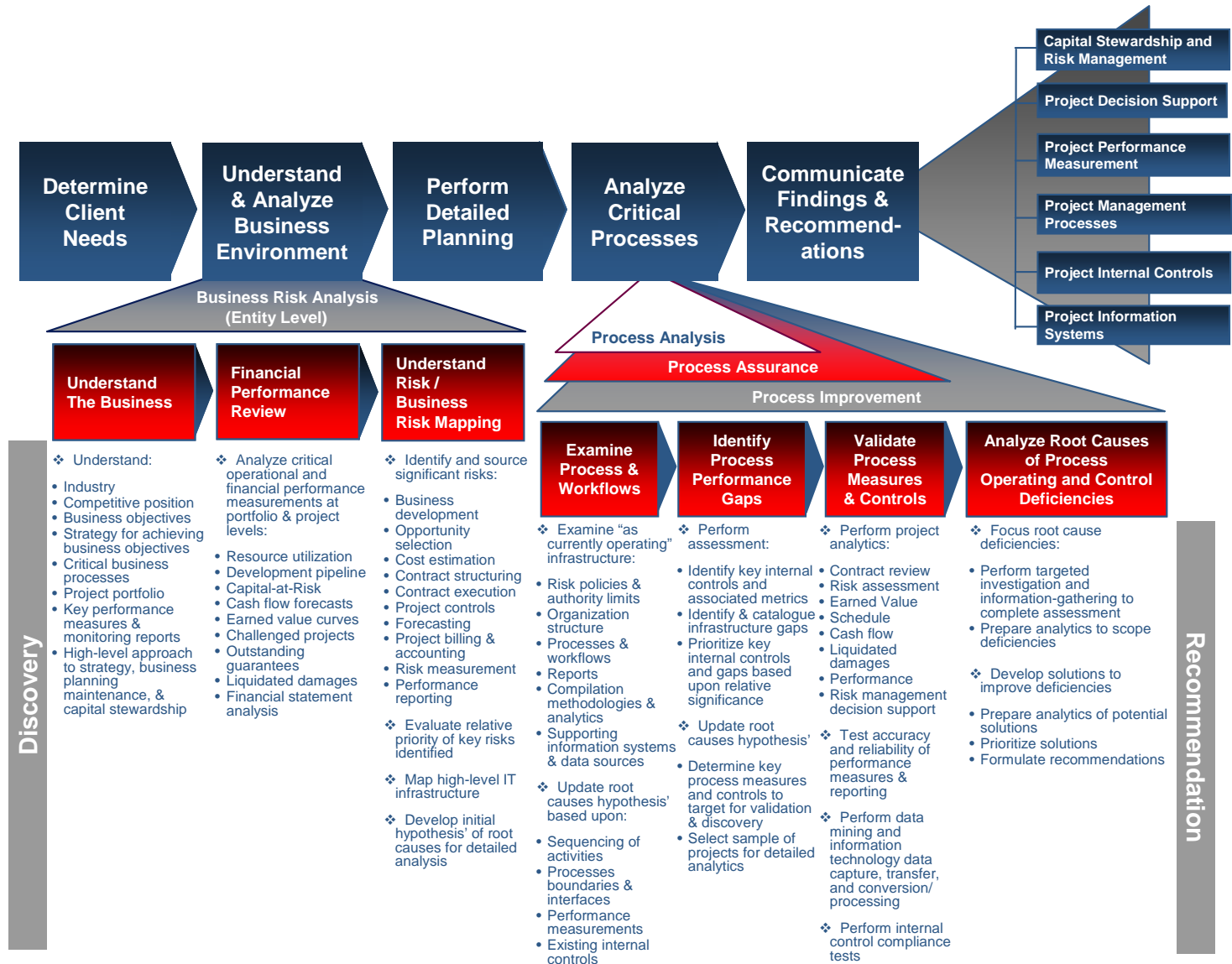
• Post Audit

- Contractor Audit
- Post Financial Analysis
- Lessons Learned

Tools – Assessment of Business Processes

Our assessment approach leads to proven methodology based upon risk to focus discovery and lead to legitimate conclusions and specific recommended actions. Our objectives are:

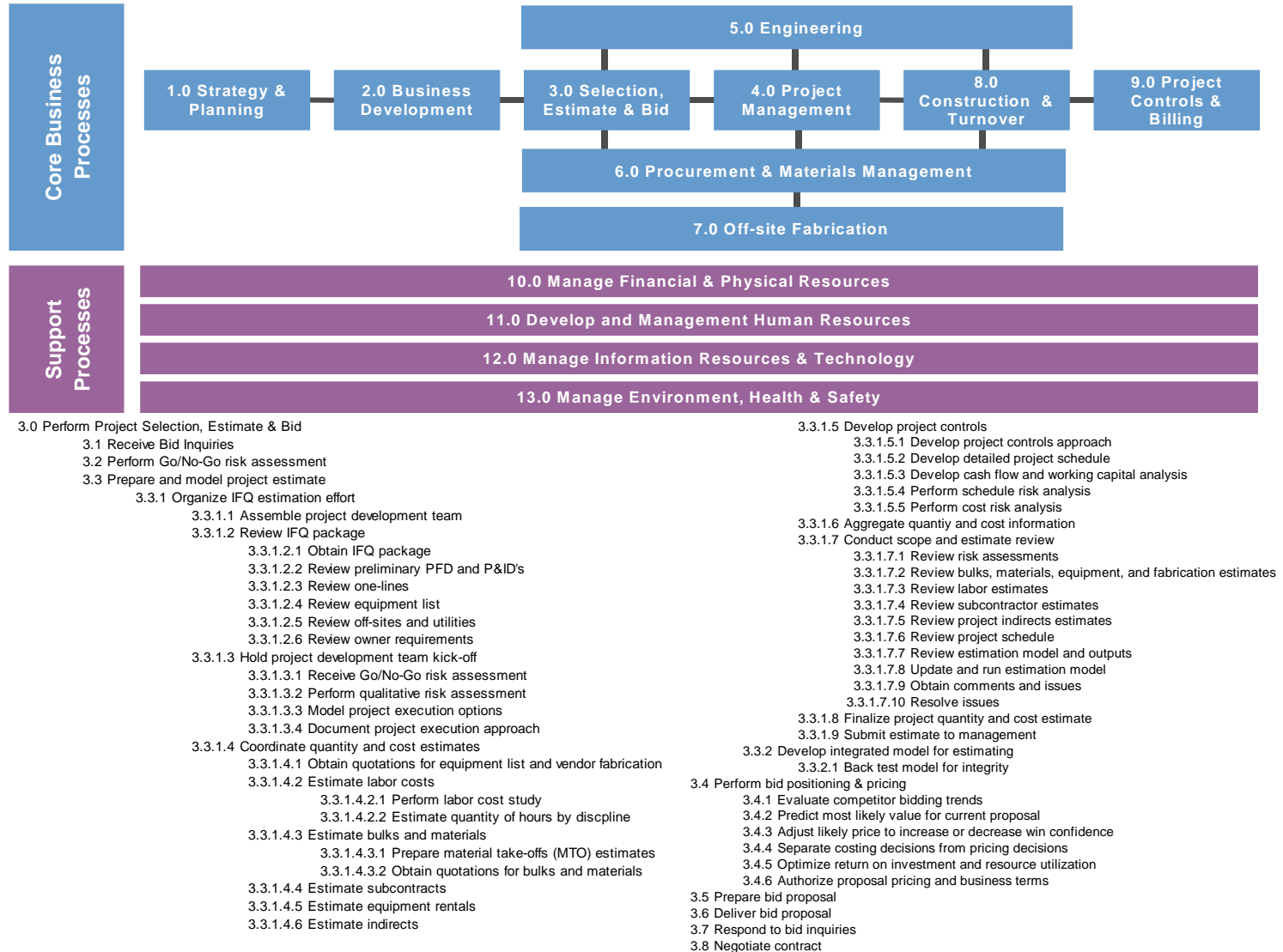
- To evaluate business processes and related controls designed to reduce risk to an acceptable level
- To validate process performance measures and business controls
- To source root causes of process deficiencies and propose solutions
- To provide assurances about the process efficiency, effectiveness, and reliability
- To make recommendations to improve business process performance



Tools – Processes Classification Framework

A Key Difference

Many firms have various process classification tools based upon generic process models. Protiviti is the only risk consultancy and internal audit firm to have a customized database of process information specific to the Engineering & Construction industry. Protiviti's database includes more than 1,000 processes and sub-processes. The extract included here for - *3.0 Perform Project Selection, Estimate & Bid* is a sample.

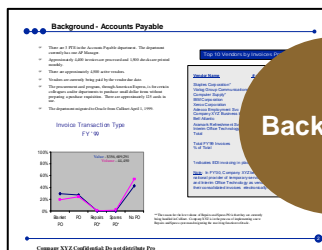


Our assessment and audit reports are designed to allow users to understand the importance of issues raised. Succinct Executive Summaries and Action Matrices highlighting important issues are a key part of our reporting style. The reports will have a format tailored to meet your specific needs.



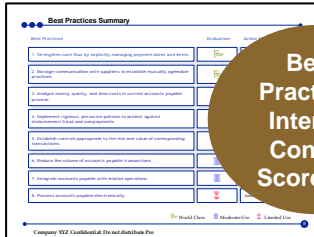
Executive Summary

A high-level overview of the engagement, including scope of the work, audit objectives, and the actual work performed.



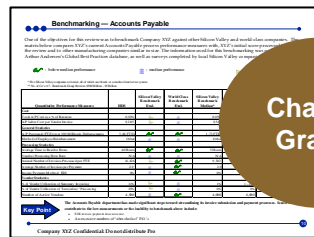
Background

Information on the process being reviewed, including process background, statistics, graphs.



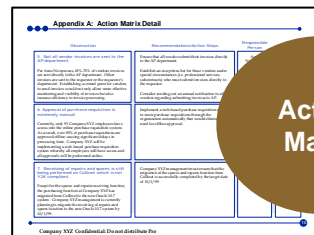
Best Practices/
Internal Control
Scorecard

An evaluation of the company's practices and internal controls against best practices / internal controls.



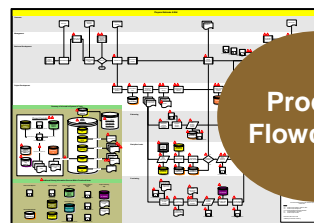
Charts &
Graphs

Using charts, graphs, and other effective tools, we communicate quantitative measurements and benchmarking analysis.



Action
Matrix

Discussion of key issues identified during the engagement, including recommendations that have been agreed upon by management with committed implementation timeframes.



Process
Flowcharts

Graphical representation of the process being reviewed which identifies key internal control points, best practices and internal control / process improvement opportunities.

Director New York

Contact Information

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Service Line

- Construction and Real Estate

Areas of Practice

- Capital Projects & Construction
- Outsourced Construction Accounting
- Project Controls
- Construction Cost Audits
- Forensic Auditing
- Process Improvements

Industry Lines

- Energy & Utilities
- Manufacturing
- Transportation/Infrastructure
- Construction
- Hospitality
- Gaming

Background

Fred is a Director within the Protiviti Capital Projects and Construction Practice specializing in all aspects of construction consulting including operational and financial controls, construction project management, outsourced project accounting and contract administration, risk management, fraud identification, examination and quantification, forensic auditing, construction cost recovery, schedule analysis and claim resolution.

Prior to joining Protiviti, Fred worked for a large general contractor for eighteen years, Arthur Andersen for four years and Ernst & Young for six years. During the eighteen years at the general contractor, Fred was responsible for the financial and operational status of approximately \$350 million of work in place on an annual basis. The scope of the contract administration role at Macomber included management of all aspects of the organization including project management and financial management.

While at Arthur Andersen and Ernst & Young, Fred served as the client service leader for a variety of corporate clients in several industries that required outsourced internal audit services or outsourced construction accounting services. A partial list of the client engagements Fred has executed has been listed below.

Major Projects

Outsourced project controls/construction accounting/contract administrator on the \$1.8 billion Newark Airport expansion project on behalf of Continental Airlines.

Outsourced internal audit function for a privately owned real estate development company located in Tribeca, New York.

Outsourced construction project controls and accounting manager for a five plant, \$1.0 billion expansion program located in Juarez, Mexico.

Performed construction process reviews, outsourced construction project accounting/contract administration and construction cost recovery audits for several large projects located in Leiden, The Netherlands, Trinidad/Tobago, Puerto Rico, Bermuda, Canada and in various locations in the United States.

Provided ongoing consulting to resolve all identified or breached compliance issues including the initial report, identification of inappropriate expenditures resulting from prohibited business relationships, inappropriate contracts, and non-compliance to the requirements contained within the corporate governance charter.

Developed job cost accounting and contract modules prior to administering all financial transactions and risk based management tools on client projects.

Intellectual Property Restriction

"This proposal contains confidential material proprietary to Protiviti Inc. ("Protiviti"), a wholly owned subsidiary of Robert Half International Inc. ("RHI"). RHI is a publicly-traded company and as such, the materials, information, ideas, and concepts contained herein are non-public, should be used solely and exclusively to evaluate the capabilities of Protiviti to provide assistance to the Client, and should not be used in any inappropriate manner or in violation of applicable securities laws. The contents of this proposal are intended for the use of the Client and may not be distributed to third parties. This proposal does not constitute an agreement between Protiviti and the Client. Any services Protiviti may provide to the Client will be governed by the terms of a separate written agreement signed by both Protiviti and Client. This proposal is based solely on information provided to us by the Client, which we have not verified. Accordingly, we are not responsible for any inaccuracies in that information. Furthermore, changes in the Client's definition of requirements will necessarily affect the proposal set forth herein."

At Protiviti, we believe the companies that most effectively understand and manage their risk are the companies that most often succeed. Or as we like to say...

Know Risk. Know Reward.®

protiviti®
Independent Risk Consulting