ADDENDUM ONE TO ALL FIRMS:

Date: March 3, 2008

Reference: Request for Proposal (RFP) #END012808

Commodity: Enterprise Risk Management Consulting and Advisory Services

Proposal Due Date: Monday, March 10, 2008

Please reference the following for clarifications, changes, and additions to RFP #END012808 issued on January 28, 2008. The first three sections below address questions that were asked by multiple firms. The final section lists any remaining questions and answers.

The due date for receipt of proposals has been extended to March 10, 2008.

Section B: Scope of Services

- University of Virginia (“University”) Personnel
  - University leadership fully supports Enterprise Risk Management as a priority for the University.
  - The executive sponsor of this project is the Vice President and Chief Financial Officer. The project manager and ongoing point of contact are to be determined, and may be altered depending on the needs and recommendation of the Selected Firm.

- Current State of Enterprise Risk Management at the University
  - The University currently does not have a formal Enterprise Risk Management (ERM) program, but significant efforts in risk assessment and management have been in place for several years. The Board of Visitors has continued to support these efforts and demonstrated an interest in expanding the University’s ERM initiatives.
  - The University has addressed risks in a variety of areas, including information technology (IT) risk planning, non-IT emergency preparedness, insurance for property and liability, and regulatory compliance. The University’s most advanced risk management programs are in the area of hazard risk, including IT risk planning and emergency preparedness. The Information Technology Security Risk Management Program was approved in November 2004 and has been implemented. Every unit on Grounds is required to complete an IT security risk management
plan at least once every three years. In addition, the new position of Director of Emergency Preparedness was filled in August 2007.

- Thus, important hazard risks have been evaluated and strategies developed, but it is likely that there are operational and strategic risks that have not been analyzed.
- No incumbent firm is currently providing this service to the University.
- At this time, the University has various risk management plans in place, but lacks a comprehensive Enterprise Risk Management Program. A comprehensive Risk Assessment and Business Impact Analysis has not yet been performed for the University. The Selected Firm is not expected to perform a risk assessment for the University, but is expected to provide a framework or methodology for the University to perform the risk assessment facilitated by the Selected Firm.
- There is currently no integrated implementation plan available that defines the expectations, outcomes, and schedules for the six current risk management plans.
- The University has no single standard list of enterprise risks or glossary of common risk management language, and risk tolerance has not been defined.
- The University currently has no Enterprise Risk Management Committee. However, within major risk management areas there are some committees to address concerns and develop plans. For example, the Security and General Safety Committee receives suggestions and recommendations and submits each recommendation, if approved by the committee, to the President for improvement of sub-standard safety conditions in the various facilities of the University. The committee also encourages through educational channels, safety procedures to be practiced in the several activities of the University's everyday routine and recommends training programs for individuals in the University community.
- The University will provide to the Selected Firm a list of individuals who are responsible for each of the University’s current risk management programs. Various members of the University’s senior administration will be the audience for presentations and reports from the Selected Firm.
- The University currently has components of a formal Business Continuity and Disaster Recovery that have been updated within the past twelve months. Information about the University’s emergency preparedness and planning is located at: [www.virginia.edu/emergency/](http://www.virginia.edu/emergency/)
- Information about the University’s Internal Audit Department is located at: [www.virginia.edu/audit/](http://www.virginia.edu/audit/)
- The University’s Risk Management operation is responsible for managing financial risk at the University by providing a comprehensive program of insurance and self-insurance, giving loss prevention advice, managing claims for the University, and
reviewing arrangements for contractual and insurance concerns. We have no concerns with the current program. This office is not responsible for the University’s enterprise risk management project, which is outside its purview. Additional information regarding the scope and staff of the University’s Risk Management office, as well as procedures for reporting incidents, is located at: [www.virginia.edu/riskmanagement/](http://www.virginia.edu/riskmanagement/).

- **Scope of the Project**
  - The Selected Firm will assist in evaluating the University’s current framework for risk assessment and efforts to manage strategic risk.
  - To further clarify, “strategic and operational risks” (page 3, Section B) may refer to any type of risk for which the University does not have existing risk management plans (see Scope of Services, Section A). Examples may include the impact of a significant deterioration in the value of the University’s endowment or the risk associated with the implementation of initiatives in the new academic plan.
  - The Selected Firm should expect to achieve a high-level of understanding of current risk management programs through a combination of discussions with an appropriate number of key personnel and review of existing documentation.
  - There is potential for a future engagement for assistance in developing and implementing a comprehensive enterprise risk assessment program.
  - Successful proposals will respond to the overall plan, rather than offering a bid on partial work.
  - The University has tentatively targeted certain areas of focus, but expects to work with the Selected Firm to finalize direction. There are no particular risk events that this requested service is intended to mitigate. No specific incident or concern caused the University to initiate this effort. It is seen as a necessary component of strategic planning.
  - The RFP suggests that “Time required to complete item A should be one to two person-days” (p.3). This estimate is designed to give an expected level of effort; it is necessary to understand the current risk management efforts, but that item should not form the bulk of the services provided.
  - Final Deliverables will be presented to University leadership and risk management personnel in electronic format and hard copy.

- **Project Timeline**
  - The original RFP, issued January 28, outlines the expected timeline for Phase 1 of the project. The University expects the Selected Firm to propose timelines and requirements of future phases.
  - There are no regulatory deadlines that the University needs to meet in 2008 or 2009 in any of the six risk management programs.
  - Once the engagement begins, the Selected Firm should plan to meet with academic faculty during May, before many of them
leave for the summer. Further we anticipate that the VP&CFO will report findings to the University’s Board of Visitors in October. As such the Selected Firm would likely complete its report sometime in August.

Section C: Basis of Selection
- The Selection Committee will consist of representatives from the areas of the Office of the Vice President and Chief Financial Officer; Internal Audit; Risk Management; and one member of the University faculty.
- Criteria weights are posted 30 minutes prior to RFP closing, as per standard operating procedure. Firms are encouraged to consider all selection criteria in preparing proposals.
- The skills and experiences sought are outlined in the original RFP, issued January 28, 2008.

Section D: Contents of Proposal
- The University prefers that proposals offer fixed fee bids, but will consider other options. Travel costs should be included in the price.
- Proposals should include any facilities, equipment and services needed in order to successfully complete the project.
- As per standard policy, the University does not disclose the amount of the project budget.

Additional Questions and Answers
- Are considerations regarding the University’s Medical School included within the scope of services requested by this RFP?
  - Answer: The School of Medicine is part of the University’s academic division, so a portion of the plan may address the School of Medicine.
- What stages of ARMICS has the University completed?
  - Answer: The University has completed Phase 1 of ARMICS, and expects to complete Phases 2 and 3 in June 2008. Various departments contributed to this effort, but the project manager is part of the Comptroller’s office.
- Has the University completed an OFCCP audit (Office of Federal Contract Compliance Programs)?
  - Answer: This is outside the scope of services to be provided by the Selected Firm.
- With respect to HR risk management in general, is EEO compliance the only area of concern for the University or is the University also interested in other areas such as workers compensation, ERISA, COBRA, FMLA, USERRA, FLSA, FMCSA, etc?
  - Answer: The University is interested in each of the compliance areas, but none of these areas are specifically within the scope of services to be provided by the Selected Firm.
• Will the selected vendor be responsible for determining the University’s compliance with any type of regulations (ex. ARMICS, VDEM Continuity of Operations, VITA Security, Financial Aid regulations, etc.)?
  o Answer: No

• Are the University’s efforts to achieve and maintain compliance with the requirements of Security and Privacy Rules of the Health Insurance Portability and Accountability Act of 1996 (HIPAA) within the scope of services requested by this RFP?
  o Answer: No

• With Respect to EEO compliance, does the University have a written Affirmative Action (AA) plan?
  o Answer: Yes (see: http://www.virginia.edu/eop)

• Does the review of EEO compliance include the updating of the AA plan and providing reporting tools?
  o Answer: No. A detailed review of the EEO and AA plan is outside the scope of services to be provided by the Selected Firm.

• Will the memorandum of February 4, 2008 regarding Agency Cost Saving Strategies from Wayne Turnage, Governor Kaine’s Chief of Staff, to Cabinet Secretaries and Heads of Executive Branch Agency affect this RFP?
  o Answer: No

• Does the University operate outside of Virginia, for instance international campuses, research facilities, etc?
  o Answer: Yes, a few. Internationalization is one of the priorities outlined in the University’s academic plan.

• What elements of the 10-Year Academic Plan will be included? Can we get a final version (internet site shows a 2006 draft).
  o Answer: The draft academic plan will be subsumed by the recommendations of the University’s Commission of the Future of the University. A final version of the Commission’s report will be provided to the Selected Firm upon completion. Draft reports and additional information about the Commission may be found at: http://www.virginia.edu/planningdocuments/commission/

• Where does the University stand in its achieving its Ten-Year Academic Plan? Is it on pace? If not, what factors are at play?
  o Answer: The University is on target in achieving the goals outlined in the plan. This plan has formed the basis for the work of the Commission on the Future of the University, which will further refine the strategic priorities and core values of the University. The University plans to begin implementation no earlier than Fall 2008. A critical success factor will be the identification of resources to invest in the strategic priorities.

• Will there be an opportunity for follow-up questions and clarifications?
  o Answer: If additional questions are necessary please contact Eric Denby.
• Considering the type contract (services rather than construction), is there an absolute need for the Professional Insurance listed in section “F” of the RFP?
  o Answer: The Selected Firm should have the type of insurance specified in the RFP. As with any preferred contractual provision, firms should state the firm’s acceptance, with any proposed modifications, of insurance requirements.

If you have any questions concerning this Addendum or the RFP, please contact me at (434) 924-4019. Thank you for your participation in this RFP Process. I look forward to receiving your firm’s proposal on Monday, March 10, 2008.

Sincerely,

Eric N. Denby
Director

Please sign below, acknowledging receipt of this Addendum and return this document with your response to the RFP.

_________________________________________  __________________________
Signature                                    Name of Firm

_________________________________________  __________________________
Please Print Name of Person Signing Above    Date

END/rgs