City of Minneapolis

Standard Agreement Form

(For Professional Services Contracts under $50,000- Non-grant Funded)

City Contract Number (Assigned by the City Contract Management Office):_____

City Department entering into contract: **Internal Audit**
Contractor's SSN or Federal ID Number: **13-4008324**

I. OPENING PARAGRAPH

THIS CONTRACT is made between the City of Minneapolis, Minnesota, a home rule charter city, referred to as the City and PricewaterhouseCoopers (PwC), referred to as the Contractor, for Risk Assurance services to be provided under the terms of this agreement (the "Contract").

II. SCOPE OF AGREEMENT

Contractor agrees to perform the following services ("Services") for the City:

Objective:

The City's Internal Audit Department (IA) will contract with PwC to conduct a review of the City's PeopleSoft Application Security from October 22, 2012 - December 31, 2012. This review will be conducted in accordance with the Internaitonal Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors.

The objective of this review is as follows:

To determine the current access of City employees for specified PeopleSoft software applications and assess whether appropriate controls are in place to prevent and detect inappropriate access to these PeopleSoft applications. Assess internal policies and procedures to determine the adequacy based on leading company best practices and operating effectiveness of controls over access management; furthermore, to assess whether access is appropriate, users are current and have appropriate segregation of duties.

Scope:

This review will be limited to the following applications:

- General Ledger (PeopleTools Version 9.0)
- Accounts Payable (PeopleTools Version 9.0)
- Accounts Receivable (PeopleTools Version 9.0)
- Payroll, and HR Job data access that is pay related (PeopleTools Version 8.29.28)
- Time and Labor (PeopleTools Version 8.29.28)

The approach and procedures performed for this statement of work is as follows:

1. Perform a risk assessment to determine key financial transactions and their related access within the General Ledger, Accounts Payable, Accounts Receivable, Payroll, Time and Labor, and Human Resource processes.

2. Collaborate to gain an understanding of the aforementioned PeopleSoft processes by performing a high level process walkthrough; including, reviewing existing documented PeopleSoft policies and procedures.

3. Assess the operating effectiveness of the provisioning and de-provisioning process for the applications noted in Item #2. Collaborate with Internal Audit and Management to confirm exceptions to the process.

4. Utilize PwC's proprietary tool, PeopleSoft GATE, to perform an automated assessment to determine individuals with access to transactions identified in Item #1. PwC will run the tool on all access areas and provide the results to Internal Audit for future process assessments.

   PeopleSoft GATE does not directly link to the City of Minneapolis PeopleSoft environment. A script will be provided that obtain relevant security information, which will be performed by management. All information provided does not include private or confidential data.

5. If results do not meet expectations based on procedures performed in Item #2, with Internal Audit we meet with applicable City of Minneapolis management to discuss results and next actions steps to address the expectation gap.

6. Create an audit report that includes an executive summary of results that can be shared with management. These observations could also include security enhancements, process improvements and control recommendations.

7. PwC will provide detailed workpapers to City of Minneapolis Internal Audit for internal retention.

Contractor's role is to advise City management on areas in need of improvements. The City management is responsible for all management functions and decisions relating to this engagement, including evaluating and accepting the adequacy of the scope of the Services in addressing the City's needs. The City is also responsible for the results achieved from using the Services or deliverables, and it is the City's responsibility to establish and maintain its internal controls. The City will designate a competent member of its management to oversee the Services. Contractor expects that the City will provide timely, accurate and complete information and reasonable assistance, and Contractor will perform the engagement on that basis.

Contractor will perform the Services in accordance with the Standards for Consulting Services established by the American Institute of Certified Public Accountants. Accordingly, Contractor will not provide an audit or attest opinion or other form of assurance, and Contractor will not verify or audit any information provided to Contractor.

III. COMPENSATION

Contractor shall be compensated at the following rate of $163.00 / hour.

The total compensation under this contract for services (including reimbursable expenses) shall not exceed *$23,000*. Travel expenses, if any, are included in the hourly rate. Contractor shall submit itemized invoices for services rendered.

Expense Reimbursement

"Eligible reimbursable expenses" shall be paid upon submission of itemized invoice to the person signing this Contract. The City shall only pay for the following eligible reimbursable expenses- copying, printing, postage and shipping and travel as provide below- if reasonably and necessarily incurred.

IV. EFFECTIVE DATE AND TERMINATION DATE

This Contract shall be in full force and effect from October 22, 2012 through August 31, 2013 unless otherwise extended by mutual agreement or terminated earlier under Paragraph XV, Cancellation, Default and Remedies.

V. SUBSTITUTIONS AND ASSIGNMENTS

Services by the Contractor will be performed by the following person(s):

Kim Anderson, Risk Assurance Director, CPA and CISA

Holly Adams, Risk Assurance Senior, CPA

Chris Bevan, Risk Assurance Associate

Upon approval by the City, the Contractor may substitute other persons to perform the services. If substitution is permitted by the City, the Contractor shall furnish information to the person signing this Contract to allow proper review of the qualifications of the submitted person. No assignment of this Contract shall be permitted without the written amendment signed by the City and the Contractor.

VI. CONTRACT ADMINISTRATION

All provision of this Contract shall be coordinated and administered by the person identified in Paragraph XVI.

VII. AMENDMENTS

No amendments may be made to this Contract after signing by the parties, except for extensions of time, increases in compensation or increases or reductions of the services to be performed so long as the limit of $50,000 is not exceeded. All amendment shall be in writing, signed by the City and the Contractor. If that amount is to exceed $50,000, the amendment must be approved by the Mayor and City Council by formal Council action.

VIII. INDEPENDENT CONTRACTOR

The Contractor and its employees shall not be an employee of the City. It is agreed that the Contractor and its employees will act as an independent Contractor and acquire no rights to tenure, workers compensation benefits, unemployment compensation benefits, medical and hospital benefits, sick and vacation leave, severance pay, pension benefits, or other rights or benefits offered to employees of the City, its departments or agencies. The parties agree that the Contractor and its employees will not act as the agent representative or employee of the City.

IX. CONTRACTOR'S INSURANCE

If any insurance is required under this Contract, the Contractor shall maintain that insurance identified in Exhibit A which is attached and made part of this Contract.

X. DATA PRACTICES

To the extent applicable to Contractor's services under this Contract, the Contractor agrees to comply with the Minnesota Government Data Practices Act and all other applicable state and federal laws relating to data privacy or confidentiality. The Contractor will immediately report to the City any request from third parties for information relating to this Contract. The City agrees to promptly respond to inquiries from the Contracting concerning data requests.

XI. COMPLIANCE WITH THE LAW

Contractor agrees to abide by the requirements and regulations of the Americans with Disabilities Act of 1990 (ADA), the Minnesota Human Rights Act (Minn. Stat. C.363A), the Minneapolis Civil Rights Ordinance (Ch. 139) and Title VII of the Civil Rights Act of 1964. These laws deal with discrimination based on race, gender, disability, religion and with sexual harassment. In the event the Contractor has questions concerning these

requirements, the City agrees to promptly supply all necessary clarifications. Violations of any of the above laws can lead to terminations of this Contract.

XII. AUDITS

The Contractor agrees that the City, the State Auditor or any of their duly authorized representatives, after reasonable advance notice, at any time during normal business hours and as often as they may reasonably deem necessary, shall have access to and the right to examine, audit, excerpt and transcribe any time sheets and expense reports necessary to validate that invoiced amounts are in compliance with this Contract.

XIII. APPLICABLE LAW

The law of the State of Minnesota shall govern all interpretations of this Contract, and the appropriate venue and jurisdiction for any litigation which may arise under this Contract will be in and under those courts located within the County of Hennepin, State of Minnesota, regardless of the place of business, residence or incorporation of the Contractor.

XIV. LIABILITY AND INDEMNITY

a. The City agrees to defend, indemnify and hold harmless the Contractor against any and all claims, liability, loss, damage or expense arising under the provisions of this Contract and caused by the negligent acts or omissions of the City or its employees.

b. The Contractor agrees to defend, indemnify and hold harmless the City against any and all claims, liability, loss, damage or expense for death or bodily injury or the damage to or loss or destruction of any real or tangible personal property, but only to the extent caused by the negligent acts or omissions of the Contractor or its employees, agents and any subcontractors in their performance under this Contract. The indemnities in this paragraph are contingent upon: (1) the City promptly notifying Contractor in writing of any claim which may give rise to a claim for indemnification hereunder; (2) Contractor being allowed to control the defense and settlement of such claim; and (3) the City cooperating with all reasonable requests of Contractor (at the indemnifying party's expense) in defending or settling a claim. The City shall have the right, at its option and expense, to participate in the defense of any suit or proceeding through a counsel of its own choosing.

c. Except to the extent finally determined to have resulted from Contractor's gross negligence or intentional misconduct, Contractor's aggregate liability to pay damages for any losses incurred by the City as a result of breach of contract, negligence or other tort committed by Contractor, regardless of the theory of liability asserted, is limited in the aggregate to no more than three (3) times the total amount of fees paid to Contractor for the particular Service giving rise to the liability no more than the total amount of fees paid to Contractor under this Contract. In addition, Contractor will not be liable in any event for lost profits, consequential, indirect, punitive, exemplary or special damages. Also, Contractor shall have no liability to the City arising from or relating to third-party hardware, software, information or materials selected or supplied by the City.

d. Contractor is the U.S. firm of the global network of separate and independent PricewaterhouseCoopers firms (exclusive of Contractor, the "Other PwC Firms"). During its performance of the Services, Contractor may, in its discretion, draw on the resources of its subsidiaries, the Other PwC Firms and/or third party contractors (each a "PwC Contractor"), in each case within or outside of the United States. The City agrees that Contractor may provide information Contractor receives in connection with this engagement letter to each PwC Contractor to perform the Services and/or for internal administrative and regulatory compliance purposes. Contractor will be solely responsible for the provision of the Services (including those performed by the PwC Contractors) and the PwC Contractors, their and Contractor's respective partners, principals or employees (collectively the "Beneficiaries") shall have no liability or obligations arising out of this engagement letter. The City agrees to: (a) bring any claim or other legal proceeding of any nature arising from the Services against Contractor and not against the Beneficiaries; and (b) ensure or procure that the City's consolidated subsidiaries or affiliates receiving services under this engagement letter who the City binds to this engagement letter by its signature ("City's Subsidiaries") do not assert any such claim or other legal proceeding against Contractor or the Beneficiaries. If any of the City's Subsidiaries receive Services under this engagement letter, the City agrees to provide a copy of

this engagement letter to such Subsidiaries, and the City will notify them that although PwC Contractors may interact with them, the delivery of the Services is governed by the terms of this engagement letter (including the liability limitations herein), and the City's Subsidiaries should notify the City of any disputes or potential claims arising from the Services. Contractor disclaims any contractual or other responsibility or duty of care to any other subsidiaries or affiliates. While Contractor is entering into this engagement letter on its own behalf, this section also is intended for the benefit of each PwC Contractor.

XV. CANCELLATION, DEFAULT AND REMEDIES

Either party to this Contact may cancel this Contract upon thirty (30) days written notice. In instances where a party is in material breach under this Contract, the non-breaching party has the right to terminate this Contract, if the breaching party has not cured the default within seven (7) days after receiving written notice of the default.

The rights or remedies provided here shall not limit the City, in case of any default, error or omission, by the Contractor, from asserting any other right or remedy allowed by law, equity, or by statue. Nothing in the Contract shall be construed as a waiver of any right, remedy, liability limit or immunity of the City under law.

Contractor may terminate this Contract upon five (5) days written notice if it is required to do so to comply with applicable laws, regulations or professional independence standards.

In the unlikely event that differences arise between the parties related to or arising from the Services or this Contract that are not resolved by mutual agreement, to facilitate a judicial resolution and save time and expense of both parties, the City and Contractor agree not to demand a trial by jury in any action, proceeding or counterclaim.

XVI. NOTICES

Any notice or demand authorized or required under this Contract shall be in writing and shall be sent by certified mail to the other party as follows:

To the Contractor:

Kim Anderson

PricewaterhouseCoopers
225 South Sixth Street, Suite 1400
Minneapolis, MN 55402

To the City:

Magdy S. Mossaad

Director of Internal Audit
City of Minneapolis
350 South 5th St., Suite 302
Minneapolis, MN 55415
Office (612) 673-2056
magdy.mossaad@ci.minneapolis.mn.us

XVII. INTELLECTUAL PROPERTY

The City will own all deliverables except as follows: Contractor owns its working papers, preexisting materials and any general skills, know-how, processes, or other intellectual property (including a non-client specific version of any deliverables) which Contractor may have discovered or created as a result of the Services. The City has a nonexclusive, non-transferable license to use such materials included in the deliverables for its own internal use as part of such deliverables. The contractor may maintain a copy of any deliverable to satisfy professional requirements and to respond to subsequent queries from the City. Contractor will provide a copy of Contractor's working papers to the City upon request.

The Contractor represents and warrants that the Work does not and will not infringe upon any intellectual property rights of other persons or entities.

Each party acknowledges and agrees that each party is the sole and exclusive owner of all right, title and interest in and to its services, products, software, source and object code, specifications, designs, techniques, concepts, improvements, discoveries and inventions including all intellectual property rights thereto, including without limitations any modifications, improvements or derivative works thereof, created prior to, or independently, during the term of this Contract. This contract does not affect the ownership of each party's pre-existing, intellectual property. Each party further acknowledges that it acquires no other rights under this Contract to the other party's pre-existing intellectual property, other than any limited right explicitly granted in this Contract.

XVIII. BILLBOARD ADVERTISING

Ordinance 544.120 prohibits the use of City or City-derived funds to pay for billboard advertising as a part of a City project or undertaking.

XIX. CONFLICT OF INTEREST/CODE OF ETHICS

XX. By signing this Contract, the Contractor agrees that the Contractor personnel performing services under this Contract will not represent any other party or other client which may create a conflict of interest in its representation with the City. If the Contractor is unclear if a conflict of interest exists, the Contactor will immediately contact the City representative identified as the Contract Manager in this Contract and ask for an interpretation.

In so far as it relates to its relationship with the City created by this Contract, the Contractor agrees that Contractor personnel performing services under this Contract will comply with the City's Code of Ethics, as codified at the Minneapolis Code of Ordinances, Title 2, Chapter 15. Contractor certifies that to the best of its knowledge all City employees and officers participating in this Contract have also complied with Title 2, Chapter 15 or that Ordinance as it related to their relationships between the City and the Contractor created by this Contract. Compliance with the Code of Ethics by the Contractor will be in its potential role as an "interested person," "lobbyist," or "lobbyist principal: and not as a "local official" or "local employee" (except to the extent that a Contractor representative or member of its board of directors is already a City official or employee). It is agreed by the Parties that any violations of the Code of Ethics constitutes grounds for the City to void this Contract. All questions relative to this section shall be referred to the City and shall be promptly answered.

XXI. [RESERVED]

XXII. The parties being in Agreement, have caused this Contract to be signed as follows:

FOR THE CONTRACTOR:

By _____
Steve Zawoyski, Risk Assurance Partner

By signing this agreement, I represent that I have the authority to enter into and bind the Contractor to this agreement.

FOR THE CITY:

By _____
Magdy S. Mossaad, Director of Internal Audit

By signing this agreement, I represent that I have the authority to enter into and bind the City to this agreement.