

# **Diversified Investment Advisors, Inc.**

**Recordkeeping Services**

**Report on Specified Controls**

**For the Year Ended December 31, 2003**

**Prepared in accordance with Statement on Auditing Standards No. 70**

**Table of Contents**

	<u>Page</u>
I. Report of Independent Accountants	1
II. Description of Specified Controls of Diversified Investment Advisors, Inc.	3
A. Introduction	3
B. Purpose of This Report	5
C. Control Environment	5
1. Organization	5
A. Accounting Department	5
B. Business Units	5
C. Regional Offices	8
D. Information Technology	8
E. Internal Audit	10
F. Bank of America Alliance	10
G. Services Provided to Transamerica Financial Life Insurance Company (“TFLIC”) and Investors Bank & Trust Company (“IBT”)	11
2. Management Monitoring and Communication	11
3. Training	11
4. Compliance	12
5. Reporting	12
6. Use of Subservice Organization	12
D. Account Administration and Transaction Processing	13
1. Enrollment Processing	13
2. Contribution Processing	14
3. Withdrawal Processing	16
4. Loan Processing	17
5. Investment Fund Transfer Processing	18
6. Investment Fund Allocation Change Processing	19

**Table of Contents – continued**

	<u>Page</u>
7. Statement Preparation	19
8. Compliance Testing	20
9. Regulatory Reporting	20
10. Plan Document Administration	21
11. Investment Document Administration	22
12. Plan Takeover Procedures	23
13. Reversal Procedures	24
14. DAS Processing Procedures	24
15. Dividend Processing	25
E. Computer Systems	26
1. Systems Development and Maintenance	26
2. Computer Operations	27
3. Computer/Information Security	27
F. Control Objectives and Related Internal Controls	30
G. User Control Considerations	30
III. Information Provided by Independent Accountants and Tests of Operating Effectiveness	32
A. Control Environment Elements	32
B. Control Policies and Procedures	32
C. Control Objectives, Specified Controls, Tests of Operating Effectiveness and Results of Tests	33
IV. Information Provided by Diversified Investment Advisors, Inc.	91
V. Appendix: Glossary of Terms and Report Acronyms	94

**Report of Independent Accountants**

To the Board of Directors of  
Diversified Investment Advisors, Inc.:

We have examined the accompanying description of specified controls of Diversified Investment Advisors, Inc. (“Diversified”) applicable to the processing of transactions related to the participant level recordkeeping services provided to Diversified’s Corporate Defined Contribution Plans Group (“Corporate”) and Not-for-Profit Defined Contribution Plans Group (“Not-for-Profit”), and plan level recordkeeping services provided to Diversified’s Defined Benefit Group (“Defined Benefits”) clients. Our examination included procedures to obtain reasonable assurance about whether (1) the accompanying description presents fairly, in all material respects, the aspects of Diversified’s controls that may be relevant to the controls of Diversified’s clients as they relate to an audit of financial statements, (2) the controls included in the description were suitably designed to achieve the control objectives specified in the description, if those controls were complied with satisfactorily, and Diversified’s clients applied the controls contemplated in the design of Diversified’s controls as described in Section II, and (3) such controls had been placed in operation as of December 31, 2003. Diversified uses a data entry service organization to assist with its enrollment data entry for its Not-for-Profit and Corporate clients. The accompanying description includes only those controls and related control objectives at Diversified and does not include controls and related control objectives of the data processing service organization. Our examination did not extend to the controls of the data processing service organization. The control objectives were specified by the management of Diversified. Our examination was performed in accordance with standards established by the American Institute of Certified Public Accountants and included those procedures we considered necessary under the circumstances to obtain a reasonable basis for rendering our opinion.

In our opinion, the accompanying description of the aforementioned controls of Diversified presents fairly, in all material respects, the relevant aspects of Diversified’s recordkeeping services controls that may be relevant to Diversified’s clients and that had been placed in operation as of December 31, 2003. Also, in our opinion, the controls, as described, are suitably designed to provide reasonable assurance that the specified control objectives would be achieved if the described controls were complied with satisfactorily and Diversified’s clients applied the controls contemplated in the design of Diversified’s controls as described in Section II.

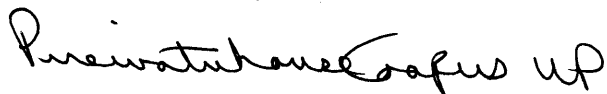
To the Board of Directors of  
Diversified Investment Advisors, Inc.

In addition to the procedures we considered necessary to render our opinion as expressed in the previous paragraph, we applied tests to specific controls, listed in Section III, to obtain evidence about their effectiveness in meeting the related control objectives, also described in Section III, during the period from January 1, 2003 to December 31, 2003. The specific controls, and the nature, timing, extent, and results of the tests applied are listed in Sections II and III. This information has been provided to Diversified's clients and to their auditors to be taken into consideration, along with information about the controls at client organizations, when making assessments of control risk for client organizations. In our opinion, the controls that were tested, as described in Section III, were operating with sufficient effectiveness to provide reasonable, but not absolute, assurance that the control objectives specified in Section III were achieved during the period from January 1, 2003 to December 31, 2003.

The relative effectiveness and significance of specific recordkeeping services' controls at Diversified, and their effect on assessments of control risk at client organizations, are dependent on their interaction with the controls and other factors present at individual client organizations. We have performed no procedures to evaluate the effectiveness of controls at individual client organizations.

The description of controls at Diversified is as of December 31, 2003, and information about tests of the operating effectiveness of specified controls covers the period from January 1, 2003 to December 31, 2003. Any projection of such information to the future is subject to the risk that, because of change, the description may no longer portray the system in existence. The potential effectiveness of specified controls at Diversified is subject to inherent limitations and, accordingly, errors or fraud may occur and not be detected. Furthermore, the projection of any conclusions, based on our findings, to future periods is subject to the risk that (1) changes made to the system or controls, (2) changes in processing requirements, or (3) changes required because of the passage of time may alter the validity of such conclusions.

This report is intended solely for use by the management of Diversified, its Corporate, Not-for-Profit, and Defined Benefit Group clients, and their independent auditors.



New York, New York  
January 29, 2004

### II. Description of Specified Controls of Diversified Investment Advisors, Inc.

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#### A. Introduction

Diversified Investment Advisors, Inc. (“Diversified”) is headquartered in Purchase, New York, with a service center in Cedar Rapids, Iowa and regional support offices located throughout the United States. Diversified operates as a registered investment advisor under the Investment Advisers Act of 1940, with an exclusive focus on retirement plans. Diversified services approximately \$58 billion in retirement plan assets on behalf of approximately 1 million participants, and is part of the AEGON N.V. group, a global financial services company with nearly \$244 billion of assets under management.

Diversified provides recordkeeping, investment management, technical, plan design, consulting, compliance testing, and employer and employee communication services for defined contribution and defined benefit plans and Individual Retirement Accounts (IRAs). These plans principally include 401(a) (including plans with 401(k) features), 403(b), 457(b) and non-qualified deferred compensation plans. The scope of this examination encompassed the operations and controls of the services provided by Diversified’s business units: (a) Corporate Defined Contribution Plans Group (“Corporate Plans Group”), providing services to Diversified’s 401(a) [including 401(k)], and non-qualified deferred compensation retirement plan clients, (b) Not-for-Profit Defined Contribution Plans Group (“Not-for-Profit Group”), providing services to Diversified’s 403(b), 457(b), governmental and selected 401(a) [including 401(k)] retirement plan clients, and (c) Defined Benefit Group, providing services to Diversified’s 401(a) (including defined contribution and defined benefit plans) retirement plan clients as well as the supporting operations of the Accounting Department and Systems Department, which is responsible for the development, maintenance, and security of the Pension Accounting and Reporting Information System (“PARIS”) and other applications.

Section II of this report provides an overview of the recordkeeping operations, a description of the key elements of the control environment, and an overview of the Corporate Plans Group, Not-for-Profit Group, Defined Benefit Group, Accounting Department and Systems Department. In addition, it also presents in detail the controls governing Diversified’s plan level and participant level processing.

Section III presents the control objectives and specific testing procedures applied to determine the operating effectiveness of the controls identified, and the results of those tests.

## **Diversified Investment Advisors, Inc.**

4

### **II. Description of Specified Controls of Diversified Investment Advisors, Inc.**

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Section IV presents additional information provided by Diversified management. The information is not part of the description of policies and procedures placed in operation and has not been subjected to the procedures applied in this examination.

This report does not include information on the controls, and related control objectives, at the subservice organization that provides data entry services as described in Section II and Section III.

### II. Description of Specified Controls of Diversified Investment Advisors, Inc.

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#### B. Purpose of This Report

This report is intended to describe certain controls at Diversified related to its recordkeeping services. It has been prepared for use by Diversified's clients and their independent accountants. This document was prepared according to the guidelines contained in AICPA Statement on Auditing Standards No. 70, "Service Organizations" (formerly entitled "Reports on the Processing of Transactions by Service Organizations"), Statement on Auditing Standards No. 78, "Consideration of Internal Controls in Financial Statement Audits: An Amendment to SAS No. 55" and Statement on Auditing Standards No. 88, "Service Organizations and Reporting on Consistency". The focus of this document is on the controls of Diversified that may be relevant to its clients but does not encompass all aspects of the services provided or procedures followed by Diversified.

#### C. Control Environment

The overall control environment at Diversified for plan level and participant level recordkeeping services has the following major elements:

##### 1. Organization

###### A. Accounting Department

Diversified's Accounting Department is responsible for ensuring the integrity of the financial records maintained for Diversified's retirement plan clients' cash and investment activities. The Accounting Department utilizes a system of checks and balances designed to independently verify the accuracy and timeliness of cash transaction processing. Utilizing various automated processes, the Accounting Department performs periodic proofs and reconciliations of cash positions and investment activities reflected on Diversified's general ledger, as compared to subsidiary records (e.g., participant recordkeeping, investment, cash movement, transfer agent, check disbursement and fund wire systems) and records maintained by Diversified's depository bank, custodian bank and fund accountants.

###### B. Business Units

Diversified's organizational structure includes distinct Business Units: the Corporate Plans Group, the Not-for-Profit Group, and the Defined Benefit Group. The Corporate Plans Group and the Not-for-Profit Group also provide participant



## Diversified Investment Advisors, Inc.

6

### II. Description of Specified Controls of Diversified Investment Advisors, Inc.

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recordkeeping services. Each Business Unit provides plan design, consulting and technical services to clients through the general functional groups listed below:

The **Manager Monitoring Group** is a dedicated team of analysts who perform the due diligence regarding the selection and monitoring of Diversified's investment managers. Each analyst monitors an assigned group of funds through due diligence reports and performance analyses to ensure that strict adherence to the investment objectives of each asset class is maintained. The analysts then decide to reaffirm the manager, increase the depth/frequency of the manager evaluation, or initiate a manager change.

Reasons for replacing a manager include organizational changes or uncertainty, key personnel turnover, deviation from investment objectives, and poor long-term performance.

The Manager Monitoring Group reports to the Chief Investment Officer of Diversified.

**Client Services Teams** are responsible for coordinating many of the services provided to each client. Workflow Associates are responsible for logging and tracking all transaction requests and correspondence received. Service Associates are the primary contacts for plan administrators on transaction issues, and are responsible for researching and responding to client inquiries. The Service Associates also specialize in the processing of withdrawals, transfers, allocation changes and loans, and preparing periodic statements at the participant and plan level. Service Managers oversee problem resolution at both the participant and plan level, and are responsible for overall production timeliness and processing accuracy, as measured against the quality indicators that have been established for client correspondence processing, withdrawal processing, loan processing, and the preparation of plan level and participant level statements.

The **Participant Services Team** handles telephone inquiries from participants. Service Associates also specialize in the processing of investment fund transfers, investment fund allocation changes and enrollments. Retirement Consultants provide counseling and distribution and annuity quotes to retiring and terminating participants. Participant Advisory Consultants provide comprehensive investment education and counseling to participants. Service Managers are responsible for problem resolution, maintenance of appropriate coverage for the various participant services telephone queues, production timeliness and processing accuracy relative to the quality indicators that have been established for participant inquiries, investment fund transfer processing and investment fund allocation change processing.

The **Investment Allocation Team** service associates specialize in the processing of plan contribution allocation data. Service

## Diversified Investment Advisors, Inc.

7

### II. Description of Specified Controls of Diversified Investment Advisors, Inc.

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Associates on this team are responsible for problem resolution as well as the integration of new media formats (e.g., electronic submission of contribution data). Service Managers are accountable for production timeliness and accuracy as measured against the quality indicators that have been established for plan contribution processing and commission processing.

The **Commission Team** service associates are responsible for the documentation, calculation and verification of commissions paid to Diversified's agents, brokers and other business producers.

System Support Consultants in the **Systems Support Unit** are responsible for the identification, documentation, user testing, implementation and overall coordination of scheduled enhancements to PARIS.

The **Compliance Testing and Reporting and Disclosure Unit** provides comprehensive compliance testing services to clients, including Actual Deferral Percentage/Actual Contribution Percentage, Multiple Use, Optional Benefits, Rights and Features (401(a)(4)), Amount of Contributions (401(a)(4)), Contribution Limits (415), Minimum Coverage (410(b)), Compensation (414(s)), and Top-Heavy Testing. Reporting and Disclosure Consultants prepare signature ready Form 5500 for clients.

**Plan Services** is responsible for providing initial and on-going plan design review and document compliance analysis, preparation of prototype documents and related adoption agreements, preparation of service agreements, preparation of individually designed plans and plan amendments, drafting of investment related documents for new sales (e.g., group annuity contracts, trust agreements, collective trust adoption agreements), preparation of 404(c) guidance materials for clients, drafting of Summary Plan Descriptions for participants, and preparation of applications for determination letter requests.

The **Technical Research Group** is responsible for consulting services, the thorough review and analysis of new legislation and regulations related to the retirement plan industry, and the timely communication of relevant technical issues to clients and Diversified staff. This group also performs maximum exclusion allowance calculations for participants in 403(b) programs.

**Contract Services** is responsible for the maintenance of Diversified's investment related documents (e.g., group annuity contracts, custodial agreements, collective trust, mutual funds and trust documents), preparation of amendments to the investment documents, issuing of investment documents and state filing of group annuity contracts with the various state insurance departments.

The **Client Integration Team** ("CIT") is responsible for all aspects of pre-sale underwriting, post-sale implementation and administration of new business. This group is particularly focused on converting plans from prior recordkeeping service

## Diversified Investment Advisors, Inc.

8

### II. Description of Specified Controls of Diversified Investment Advisors, Inc.

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providers to the Diversified environment, working with new clients to plan and perform the conversion and reconciling assets received to participant account data.

#### C. Regional Offices

Diversified's Regional Offices are located in Boston, Charlotte, Chicago, Cincinnati, Dallas, Irvine, New York and San Francisco. Other sales/service offices are in Baltimore, Houston, Little Rock, Michigan, Milwaukee, New Orleans, Pennsylvania, Phoenix and Portland.

The Regional Office is generally staffed with a Vice President who is responsible for new sales and a Vice President/Account Executive who is responsible for client services. Most offices will have other Vice Presidents/Account Executive/Specialists who are responsible for either new sales or sales and services to existing clients. Administrative Assistants provide clerical support to the office staff.

The Regional Offices support the Corporate Plans Group, Not-for-Profit Group, and the Defined Benefit Group by coordinating services provided to clients and by providing enrollment and investment education services directly to participants. The Regional Offices are the primary contacts for the plan administrators on issues relative to plan design, enrollments, investments, contractual interpretation, regulatory compliance, etc. The Regional Offices oversee problem resolution at both the plan and participant level.

#### D. Information Technology

The Information Technology ("IT") Department is comprised of three functional groups: Application and Internet Development, Technical Services and Business Services.

**Application and Internet Development** develops and maintains the systems that support recordkeeping and investment services. The Internet Development Team is responsible for the development and website maintenance of the Diversified Direct On-Line application ("DDOL"). The Internet Development Team maintains a DDOL development environment in Purchase, NY. The production DDOL infrastructure components (i.e. routers, gateways, application and web servers. etc.) reside in the AEGON Computer Operations center in Cedar Rapids, Iowa.

### II. Description of Specified Controls of Diversified Investment Advisors, Inc.

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**Business Services** encompasses Computer Operations, Data Center management, reprographics and mail services.

**Technical Services** provides the Pension Accounting and Reporting Information System (“PARIS”) database support, program change management, quality assurance testing, information security, help desk, PC/LAN networks and voice and data communications.

The control environment established within the IT Department has the following primary components:

Diversified uses the following applications in their processing of transactions:

*PARIS* - This application is used for plan and participant level record keeping for the Diversified retirement plan clients. It is a daily valued integrated transaction processing and administration system. The PARIS database resides on a MVS IBM compatible Hitachi mainframe computer; the application servers are on a distributed platform system located at the AEGON Computer Operations Center in Cedar Rapids, Iowa.

*ePeople and eBackoffice* - These applications are used for accounting and cash disbursements. ePeople handles annuity payments and direct payouts. eBackoffice handles benefit payments, commissions, accounts payable, purchasing and inventory management. ePeople and eBackoffice operate in a Windows NT environment and are located at the Diversified Data Center in Purchase, NY.

*Automated Workflow Distribution (“AWD”)* - This application is an imaging system used for customer service purposes. All customer correspondence and transactions are scanned into the AWD system. Once scanned, the application distributes the work to the appropriate department and tracks each request to ensure customer service level agreements are met. AWD resides on an AS/400 computer with PC/LAN interfaces located at the Diversified Data Center in Purchase, NY and Cedar Rapids, IA.

Diversified’s Application and Internet Development Team is responsible for all changes made to applications. All requests for PARIS logic changes are initiated from an authorized source, and the requirements of the change are documented and reviewed. Application programmers analyze the requests, make program modifications and test the new logic. The new function is then tested independently by the Business Unit and subsequently by the Quality Assurance Unit within the IT Department. No changes are introduced into the production environment without the written approval of authorized individuals in the Quality Assurance Unit, Maintenance and Support Unit and Business Unit.

### II. Description of Specified Controls of Diversified Investment Advisors, Inc.

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Diversified's IT Department is responsible for establishing standards and procedures related to security of the PARIS application and production environment. Use of PARIS is controlled through password security. No unauthorized individual in the IT Department has the capability of using any of the PARIS functions to modify production data. PARIS program libraries are protected from unauthorized modification by security software. Application programmers do not have the authority and cannot make changes to any of the production libraries.

Diversified's IT Department is responsible for developing, testing and implementing the applications that backup and/or archive the PARIS database. The IT Department periodically tests the ability to restore data from backup and/or archive files both in the mainframe computer center and in an alternative computer center, which could be used in case of a disaster or emergency.

Diversified's IT Department is responsible for supporting several non-mainframe based applications. AWD is an AS/400 based application with a PC/LAN interface that is used for customer service purposes. Diversified also uses an independent client server application, Diversified's Accounting and Investment Systems ("DAS"), which consists of a windows front-end and an Oracle database structure. The Investment Accounting System is a PC-LAN based application, which interfaces with PARIS.

#### **E. Internal Audit**

While not an integral part of Diversified's recordkeeping services operation, AEGON USA's Audit Department contributes to the overall control environment by performing periodic internal control evaluations along with operations and systems assessments with respect to recordkeeping services and investment services provided by Diversified.

#### **F. Bank of America Alliance**

Diversified has formed an alliance with Bank of America, N.A. ("BoA") to offer certain bundled retirement services products, most notably a full-service 401 (k) product designed for mid-to-large sized corporate defined contribution clients. Diversified, as an agent for BoA, provides the record keeping and administration service under the alliance and carries out the fiduciary responsibilities and regulatory reporting requirements on behalf of BoA, who serves as trustee of the products. Controls related to functions performed by BoA are beyond the scope of this report.

### II. Description of Specified Controls of Diversified Investment Advisors, Inc.

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#### G. Services Provided to Transamerica Financial Life Insurance Company (“TFLIC”) and Investors Bank & Trust Company (“IBT”)

Diversified has been designated by its affiliated company TFLIC, as TFLIC's agent for servicing group annuity contracts issued by TFLIC to Diversified clients. Diversified has been designated by IBT as its agent to perform certain trustee services that IBT would otherwise perform for Diversified clients, who have appointed IBT to be their plan trustee. In its capacity as agent for TFLIC and IBT, Diversified processes transactions on behalf of TFLIC and IBT, and these transactions are processed utilizing the same control procedures as for all other Diversified clients, as detailed in Section III of this report.

#### 2. Management Monitoring and Communication

The Executive Committee monitors control and quality measurements. Additionally, the Executive Committee is involved with the day-to-day activities of Diversified, which helps to ensure prompt management attention to client-related issues through immediate communication among all business units. The Executive Committee is comprised of the President of Diversified and all of the business unit managers.

Each business unit is headed by a manager who holds regularly scheduled status meetings with his/her respective staff. The business unit managers use a series of action plans, client surveys, employee surveys and quality indicators to manage among other things, client services, client satisfaction and loyalty, employee satisfaction, and internal projects. The Executive Committee meets once a month to review action plans, quality indicators and surveys and determines if Diversified's strategic objectives are on target, and if not, takes appropriate action.

#### 3. Training

Diversified maintains the following control environment elements relative to training:

Formal training programs on products, policies and procedures for all Client Service Associates, Consultants and Managers at Diversified's Purchase headquarters as well as for the Specialists and Directors in Diversified's Regional Offices; and

Comprehensive technical training of all Diversified personnel in pertinent Department of Labor, Internal Revenue Service, Securities and Exchange Commission, National Association of Securities Dealers, and State Insurance Department compliance

### II. Description of Specified Controls of Diversified Investment Advisors, Inc.

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requirements.

The business-training department is responsible for coordinating and delivering training programs to new employees and continuing education to all employees.

#### 4. Compliance

Diversified maintains the following control environment elements relative to compliance:

- Quality Control reviews over operating processes;
- Compliance reviews of plan documents;
- Compliance testing of individual client plans; and
- Regulatory testing of individual client plans.

#### 5. Reporting

As a business, Diversified is subject to legislation and regulations as promulgated by:

- Internal Revenue Service (“IRS”);
- Department of Labor (“DOL”);
- Securities and Exchange Commission (“SEC”);
- The Office of the Comptroller of the Currency (“OCC”);
- National Association of Securities Dealers (“NASD”); and
- New York State Insurance Department, as well as the State Insurance Department of the particular state where each retirement plan client is domiciled.

#### 6. Use of Subservice Organization

Diversified uses Business Alternatives Inc., to input participant enrollment information for Not-For-Profit (“NFP”) and Corporate plans. By the end of each day (usually by 4 P.M.) all enrollment documentation is scanned into the AWD System by Participant Services. This AWD image file is compared to the hard copy enrollment documentation to verify that all documentation was scanned. After this verification is completed, the file is sent to the vendor for processing. By 5 A.M. the next morning Computer Operations receives an e-mail from the vendor notifying Diversified that the two enrollment files (NFP and Corporate) have been received and can be uploaded into PARIS. Participant Services also receives an e-mail from the vendor with an Excel spreadsheet of

### II. Description of Specified Controls of Diversified Investment Advisors, Inc.

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all the enrollment information included in the two files. The enrollment information in the spreadsheet is compared to the AWD enrollment information scanned on the previous day to verify that all information sent was processed and will be input into PARIS. Any items not successfully loaded, are researched and updated in PARIS by Participant Services.

#### D. Account Administration and Transaction Processing

The significant aspects of internal controls have been identified and are presented below in terms of the internal controls employed by Diversified to achieve specific control objectives. To the extent that the Business Units do not share common internal controls (generally, due to the different needs of the Business Unit's clients), separate internal controls are presented.

For certain transactions presented below, Diversified utilizes the AWD system, which creates and stores optical images of transactions through a document scanning process. The AWD system electronically records the time, date and Diversified personnel who initially scan and subsequently review the documents. The images then are electronically routed from one workstation queue to another based upon a set of maps known as the "workflow", which dictates the step by step flow of transaction documents to appropriate Diversified personnel.

##### 1. Enrollment Processing

The plan administrator or participant may submit participant enrollment information by (1) mailing a completed participant enrollment form directly to Diversified (2) mailing a completed form to Diversified's Remittance Processing Center (along with the participant's contribution) or (3) through electronic enrollment from the participants' employer.

Upon receipt of the enrollment form by Diversified, a Service Associate reviews the form to verify that it is complete and includes the signatures of the participant and plan administrator, if applicable. The Service Associate then separates the enrollment forms for processing by Diversified staff or an external subservicer depending upon factors such as the size of the client or availability of Diversified personnel to process the transaction on a timely basis.



**II. Description of Specified Controls of Diversified Investment Advisors, Inc.**

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For the enrollment forms processed by Diversified, the Service Associate scans the enrollment form into the AWD system and a second Service Associate then enters the enrollment information into PARIS. PARIS initiates a series of automated checks to ensure that the enrolling employee meets eligibility requirements as defined by the specific plan. A Quality Service Associate then independently verifies the accuracy of the enrollment details that were entered into PARIS by comparing the data on PARIS to the enrollment form, via an on-line review using the AWD system.

For the enrollment forms processed by a subservicer, the enrollment information is logged into PARIS and forwarded to a subservicer. The subservicer then prepares the enrollment information for PARIS and electronically transmits this information to Diversified for nightly batch processing.

PARIS initiates a series of automated checks to ensure that the enrolling employee meets eligibility requirements as defined by the specific plan.

After the enrollment processes are completed, PARIS generates a confirmation statement. A Quality Service Associate verifies that accurate processing has been completed by comparing the details reflected on the confirmation statement to the enrollment form. For the Corporate Plans Group a copy of the confirmation statement is mailed to the plan administrator. For the Not-for-Profit Group, the confirmation statement is sent to the participant.

For electronic enrollments, a Service Associate verifies that the number of participant records received by PARIS through the electronic feed matches to the number of records provided by the employer. If a discrepancy is discovered, the process is halted until all discrepancies are resolved and corrected.

Enrollment processing is not applicable to the Defined Benefit Group.

**2. Contribution Processing**

The client sends a contribution check to Bank One, NA, (“Bank One”), Diversified’s depository bank. Bank One records the contribution amounts received into PARIS by client account number, through a database that recognizes Diversified’s specific client accounts. Bank One then electronically transmits this file to Diversified. Bank One also mails a copy of each contribution check, supporting documentation, and credit advices reflecting the total dollars received for the given date to Diversified.

### II. Description of Specified Controls of Diversified Investment Advisors, Inc.

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PARIS generates two reports from this file: a matched report (reflecting contributions matched by Bank One to a specific Diversified client account number) and an unmatched report (reflecting those contributions for which Bank One was unable to identify a specific contribution with a client account number or participant identification number). An Associate in the Cashiers Department compares each contribution amount appearing on the matched report to the actual copy of the check posted by Bank One. The Associate also researches each contribution amount appearing on the unmatched report, identifies the appropriate client account number, and manually records the contribution into PARIS.

After the cash receipt has been processed on PARIS, a query report (the “CMINV Report”) is generated and used to create a reconciliation report. The CMINV Report contains total matched remittances received for that date plus any unmatched accounts from prior day which were matched at the client account level. This report is reconciled to the summary of credit advices issued by Bank One for that date.

Once the reconciliation process is complete, contribution allocation data from clients and copies of the contribution checks are imaged for the business unit.

If the client sends a wire contribution to Investors Bank and Trust (“IBT”), Diversified’s custodian bank, IBT will transmit the information, including contribution amounts and client account numbers, to the Cashiers area of the Accounting Department via the Intranet System. If the client sends an Automated Clearinghouse (“ACH”) transmission to Bank One, Diversified’s depository bank, the Cashiers area of Diversified will print an intra-day report (“SMTI”). SMTI will give the detail of the incoming ACH. An associate then records these contributions into PARIS.

An Investment Allocation Associate then processes the contribution allocation at the participant level (Corporate Plans Group) or the plan level (Defined Benefit Group), via data entry (for manually submitted contributions) or the tape or diskette is loaded into PARIS (for electronically submitted contributions). The Service Associate verifies the accuracy of the allocation details that were entered into PARIS by comparing the data in PARIS to the allocation data submitted, via an on-line review. For the Defined Benefit Group, a Remittance Associate verifies that all contributions (check, wire and ACH) were processed accurately by reviewing the cash report the following day. The contribution allocation is then released for processing in PARIS.

### II. Description of Specified Controls of Diversified Investment Advisors, Inc.

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For the Not for Profit Group, computer tapes or diskettes, and information received via modem (for electronically submitted contributions) are loaded into PARIS by a Service Associate. PARIS allocates the contribution by participant among the selected investment fund options based on the investment allocation information on file in PARIS. The Service Associate verifies the accuracy of the allocation details that were entered into PARIS the next day by comparing the data in PARIS to the allocation data submitted, via an on-line review.

Any participant transaction that is not properly processed is reflected in a suspense account, which is reviewed and cleared on a timely basis. In addition, a monthly reconciliation of PARIS and the general ledger (i.e., at the contract level) is performed by the Accounting Department.

#### 3. Withdrawal Processing

The participant or beneficiary initiates a withdrawal request by submitting a withdrawal request form to the plan administrator or to Diversified. For the Defined Benefit Group, the plan administrator or Third Party Administrator (“TPA”) can initiate a withdrawal request. The plan administrator or TPA verifies that the withdrawal request meets the plan requirements applicable to the request and authorizes the withdrawal request. In certain cases, Diversified will authorize the withdrawal request.

Upon receipt of the withdrawal request form by Diversified, a Service Associate scans the withdrawal request into the AWD system. A second Service Associate reviews the form through the AWD system for proper completion and authorization by the participant or beneficiary and plan administrator.

If the request is for a specified dollar amount, a Service Associate enters the withdrawal amount into PARIS. For any other type of request, PARIS calculates the appropriate withdrawal amount. A Quality Service Associate then independently verifies the accuracy of a sample of withdrawal transactions that were entered into PARIS by comparing the data on PARIS to the withdrawal request form, via an on-line review using the AWD system. The withdrawal is then released for processing in PARIS.

If a distribution by wire is requested, the Service Associate enters the withdrawal amount into PARIS and indicates that a check is not required. A wire request form is prepared by the Service Associate, which is reviewed and approved by a Service Manager. The wire request form is imaged into the AWD system and then collected by the Cashiers area, where it is independently verified by a Cashiers associate. The Cashiers associate will compare totals to the CMINV Report (a query run which collects data from PARIS of all processed wire transactions effective current day). The wires are then released to the bank for processing.

**II. Description of Specified Controls of Diversified Investment Advisors, Inc.**

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After the withdrawal is processed, PARIS generates a confirmation statement that is then sent to the plan administrator, participant, or TPA. A Quality Service Associate reviews all processed withdrawals via the Cash Management System (“CMS”) daily report, and approves payments for disbursement. Proper authorization is obtained dependent upon individual authorization limits.

The CMS report is then forwarded to Cashiers where the check disbursement system (“eBackoffice”) generates the checks and check registers. CMS totals are matched to eBackoffice totals. Checks are then printed and prepared for mailing. Cashiers determine that the amount on the check register equals the amount posted to the general ledger.

Any participant transaction that is not properly processed is reflected in a suspense account, which is reviewed and cleared by a Service Associate on a timely basis. In addition, a monthly reconciliation of PARIS and the general ledger (i.e. at the contract level) is performed in the Accounting Department.

**4. Loan Processing**

The participant initiates a loan request by submitting a loan application, by contacting Diversified by telephone or on the Internet web site. All loans transacted by telephone are recorded and processed by a Diversified Service Associate. The Service Associate is responsible for ensuring that the participant authorizes the loan. A loan initiated by telephone or loan application is entered into PARIS with the appropriate effective date by a Service Associate. The plan administrator is responsible for verifying that the loan request meets the plan requirements applicable to the request and authorizing the loan request. The plan administrator approves the loan by either signing the loan application or via Diversified's Plan Sponsor online website. In certain cases, Diversified approves the loan.

Upon receipt of the loan application by Diversified, a Service Associate scans the loan application into the AWD system and a second Service Associate then reviews the application for proper completion and authorization by the participant and plan administrator via an on-line review using the AWD system. The loan request is then released for processing in PARIS.

If the request is for a specified dollar amount, a Service Associate enters the loan amount into PARIS, after verifying that the amount requested is within allowable limits. For any other type of request, PARIS calculates the appropriate loan amount. A Quality Service Associate then independently verifies the accuracy of a sample of loan transactions that were entered into PARIS by comparing the data on PARIS to the loan application, via an on-line review using the AWD system.

The amortization schedule, Loan Note, Security Agreement, and confirmation statement are then sent to the participant and/or plan

**II. Description of Specified Controls of Diversified Investment Advisors, Inc.**

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administrator. For coupon loans, after the loan is processed, PARIS generates an amortization schedule and payment coupon book, which are sent to the participant.

A Quality Service Associate reviews all processed loans via the CMS daily report, and approves payments for disbursement. Proper authorization is obtained dependent upon individual authorization limits.

The CMS report is then forwarded to Cashiers where eBackoffice generates the checks and check registers. CMS totals are matched to eBackoffice totals. Checks are then printed and prepared for mailing. Cashiers determine that the amount on the check register equals the amount posted to the general ledger.

Any participant transaction which is not properly processed is reflected in a suspense account that is reviewed and cleared on a timely basis. In addition, a monthly reconciliation of PARIS and the general ledger (i.e. at the contract level) is performed in the Accounting Department.

Loan processing is not applicable to the Defined Benefit Group.

**5. Investment Fund Transfer Processing**

The participant initiates an investment fund transfer by submitting a transfer request form, by contacting Diversified by telephone, through a self-initiated transaction on the Internet web site, or by using the Voice Response Unit (“VRU”). All transfers transacted by telephone are recorded and processed by a Diversified Service Associate. The Service Associate is responsible for ensuring that the participant authorizes the transfer request. A Service Associate then enters the transfer into PARIS with the appropriate effective date. PARIS initiates a series of automated checks to ensure that the transfer does not violate any applicable plan or investment fund option rules. On a sample basis, a Quality Service Associate independently compares the transfer details that were entered into PARIS to the transfer request, if submitted by form, via an on-line review using the AWD system. The transfer is then released for processing in PARIS. Internet transactions entered via the DDOL website or transactions entered via the VRU are automatically updated to PARIS.

After the transfer is processed, PARIS generates a confirmation statement. The confirmation statement is then mailed to the plan administrator, participant or TPA based on the plan administrator’s instructions.

**II. Description of Specified Controls of Diversified Investment Advisors, Inc.**

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For the Defined Benefit Group, a transfer report is generated, reviewed and initiated by the Service Associate and approved by a Manager.

**6. Investment Fund Allocation Change Processing**

An investment fund allocation change is initiated by the participant by submitting an allocation change form, by contacting Diversified by telephone, through a self-initiated transaction on the DDOL web site, or by using the VRU. All fund allocation changes transacted by telephone are recorded and processed by a Service Associate. The Service Associate is responsible for ensuring that the allocation change request is authorized by the participant. A Service Associate then enters the allocation change into PARIS with the appropriate effective date. PARIS initiates a series of automated checks to ensure that the allocation change does not violate any applicable plan or investment fund option rules. A Quality Service Associate then independently compares a sample of allocation change transactions that were entered into PARIS to the allocation change request, if submitted by form, via an on-line review using the AWD system. The allocation change is then released for processing in PARIS. Internet transactions entered via the DDOL website or transactions entered via the VRU are automatically updated to PARIS.

After the change in allocation is processed, PARIS generates a confirmation statement that is mailed to the plan administrator or participant.

Investment Fund Allocation Change Processing is not applicable to the Defined Benefit Group.

**7. Statement Preparation**

PARIS automatically generates the plan level statement which reflects transaction activity during the period reported.

The beginning balances reflected on the statement are systematically compared to the ending balances on the previous period statement to ensure that the amounts are identical. The statement is reviewed prior to the period end-date. To facilitate the review process, reports are generated by PARIS and reviewed by an associate followed by resolution of any reported discrepancies prior to the mailing of the statement.

Statement printing and fulfillment is outsourced to Pitney Bowes Management Service in Stamford, CT.

**II. Description of Specified Controls of Diversified Investment Advisors, Inc.**

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**8. Compliance Testing**

The Diversified Regulatory Testing System ("RTS") utilizes data from PARIS and other information provided in spreadsheet format by the plan administrator. The following compliance tests are performed by Diversified: 401(k) ADP, 401(m) ACP, 410(b) Minimum Coverage, 415 Limitation, the Top Heavy Determination, and if necessary 401(a)(4) General testing.

Information provided by the plan administrator is reviewed by a Compliance Consultant for completeness. If additional information is needed, the Compliance Consultant contacts the plan administrator.

Once complete information is received by Diversified, the data is merged with PARIS data and processed through RTS. Reports are generated (e.g., compensation, highly compensated employee) and are reviewed for accuracy by a Compliance Consultant. The Compliance Consultant also prepares a checklist, which is reviewed and initialed by a Senior Compliance Consultant. Questionable data is reviewed by the Compliance Consultant with the plan administrator.

Compliance tests applicable to plan type and plan provisions are generated and the results are forwarded to the plan administrator. The appropriate corrective measures are communicated to the plan administrator relative to any failed test, and a refund authorization form is sent to the plan administrator for signature.

When refunding is chosen as the method to correct a failed ADP/ACP or 415 Limitations test, a signed refund authorization form is required from the plan administrator. Upon receipt of the signed refund authorization form, the refunds are processed. PARIS then generates confirmation statements, which are reviewed by the Compliance Consultant to ensure that accurate refund processing has been completed. Confirmation statements for refunds or employer contribution forfeitures are mailed to the plan administrator, with the exception of forfeitures from an NFP plan.

Compliance Testing is not applicable to the Defined Benefit Group.

**9. Regulatory Reporting**

For the Corporate Plans Group and the Not-for-Profit Group hybrid plans, non-financial data is obtained from the previous year's filing and is compared to current data from PARIS. Financial data is obtained from the plan level statement and PARIS. A spreadsheet is used to reconcile between the plan level statement and the format needed for the financial schedules for the Form 5500 filing. A Service Associate determines the applicable filing forms and enters financial data for the plan year into the 5500

### II. Description of Specified Controls of Diversified Investment Advisors, Inc.

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forms software. They prepare a filing package, which includes the government forms and schedules. The Service Associate completes a self-audit checklist and a second Service Associate also reviews the filing package and initials an audit sheet. The Form 5500 filing package is then mailed to the client.

For the Not-for-Profit 403(b) plan limited 5500 filings, the Service Associate obtains information from PARIS and the previous year's filing. They prepare the filing package, review their own work and complete a self-audit checklist. The 5500 filing package is then mailed to the client.

Regulatory reporting is not applicable to the Defined Benefit Group.

#### 10. Plan Document Administration

##### New Case Installation Procedures

For the Corporate Plans Group and certain Not-For-Profit Groups, the Plan Consultant verifies that all required funding documents have been received and signed. The prior plan, or for purposes of new plans, plan specifications, are received and reviewed. The prior plan review sheet is completed. Using the prior plan review, the submission package, and the signed funding documents, the Plan Consultant enters the information into PARIS and completes the required plan documents. The Plan Consultant sends the completed documents along with the quality checklist to the auditor. The auditor reviews the documents and the system to ensure they properly reflect the documents' provisions. The auditor signs off on the quality checklist and indicates any required changes. The Plan Consultant then makes any required changes and checks off on the quality checklist that the changes have been made. Documents are forwarded to the client for signature.

##### Ongoing Plan Administration

A request for an amendment to a plan document is made by the Employer. The Plan Consultant reviews the request and determines the applicable documents to be updated and the system updates required. The Plan Consultant prepares the required documents, and updates PARIS accordingly. The documents are sent to an auditor along with a quality checklist. The auditor reviews the documents and PARIS to ensure they accurately reflect the client's requested change. The auditor signs off on the quality checklist and indicates any required changes. The Plan Consultant then makes any required changes and checks off on the quality checklist that the changes have been made. Documents are forwarded to the client for signature.



### II. Description of Specified Controls of Diversified Investment Advisors, Inc.

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Plan Document Administration is not applicable to the Defined Benefit Group.

#### 11. Investment Document Administration

For the Corporate Plans Group and certain Not-For-Profit Groups, the Plan Consultant reviews the completed submission package and chooses the appropriate funding documents and places them in the library. A second Plan Consultant reviews the funding documents that were placed in the library to ensure the appropriate ones were put in the directory. After the review is complete the Plan Consultant partially completes the funding document checklist. The Plan Consultant receives the signed funding documents and does an initial review of the documents and then forwards them to a second Plan Consultant for a final review. The second Plan Consultant reviews the documents for completeness and verifies, via on-line review that PARIS accurately reflects the contents of the signed documents. The second consultant completes the Funding Document checklist indicating that all documents have been received and reviewed. If there are any issues, the Plan Consultant documents the issues on the checklist and follows-up for accurate documents.

A request for a rider/amendment to an investment document is made by the Employer/Broker. The Plan Consultant reviews the request and determines the applicable investment documents that need to be updated and the system updates required. The Plan Consultant prepares the required documents and, when non-signature riders/amendments are applicable, updates PARIS accordingly. The documents are sent to an auditor with a quality checklist. The auditor reviews the documents and, when applicable, PARIS to ensure they accurately reflect the client's requested changes. The auditor signs off on the quality checklist and indicates any required changes. The Plan Consultant then makes any required changes and checks off on the quality checklist that the changes have been made. When an executed rider/amendment is required before updating PARIS, upon receipt of the executed rider/amendment, PARIS is updated by the Plan Consultant and the checklist is noted. An auditor reviews the PARIS update to ensure accuracy, signs off on the quality checklist and indicates any required changes. The Plan Consultant then makes any required changes and checks off on the quality checklist that changes were made.

For the Defined Benefit Group, a Contract Services Consultant verifies that PARIS records are supported by a contract, contract rider, collective trust adoption agreement or mutual fund application that is signed by the client. The Contract Services Consultant enters the provisions of the contract, contract rider, collective trust adoption agreement or mutual fund application, into PARIS. The Contract Services Consultant then compares the provisions to the information in PARIS via an on-line review, and notes any discrepancies. Discrepancies are reviewed and corrections are made in PARIS. A second Contract Services Consultant reviews the corrections to ensure accuracy and signs off on a workflow assignment form.

**II. Description of Specified Controls of Diversified Investment Advisors, Inc.**

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**12. Plan Takeover Procedures**

In order to take over plan recordkeeping and plan assets from another provider, a Transfer of Assets Agreement must be completed. The Agreement must list the account number of the plan (assigned by Diversified), the employer, plan name and type, investment options chosen by client (Mapping or Non-Mapping) and be signed and dated by the plan and Diversified authorized representatives.

The Mapping Option refers to identifying the plan's existing investment options and matching them to similar options available with the respective Diversified fund options. Transferred plan assets are invested in a plan level account based on the total fund liquidation values. These assets remain invested in the Mapped plan level investments until individual participant plan records are received and participant accounts are created on PARIS.

The Non-Mapping Option refers to investing all of the transferred plan assets, upon conversion, in an Employer Level Stable Fund or Cash Reserve Fund, which provides an interest bearing investment fund. Plan assets remain invested in the Employer Level fund until all plan records are received and participant accounts are created on PARIS.

Upon final evaluation and agreement, the plan's assets are liquidated and forwarded to Diversified. Diversified compares the total dollars received to the liquidation values provided and the check or wire transfer of the funds is deposited by IBT.

If the Mapping Option was selected, a breakdown of asset valuations among all individuals' investment options, must be provided, which then is matched and allocated to the preselected Diversified investment options.

The CIT will load the participant information on to PARIS to prepare the system for processing. For the Corporate Plans Group, client information is electronically loaded into PARIS and for the Not-For-Profit clients, information is manually input into PARIS.

Mapping Options; The account dollar values are assigned along with the actual allocation of the values among the appropriate investment options. It is at this time that the "plan level" account is liquidated and assets are allocated to all plan participant accounts. This allocation occurs during on-line processing windows.

Non-Mapping Options; Specific reports are run to determine which employees have not elected new investment options from the Diversified plan. All employees must specify how their dollar values are allocated. If the employee does not make the

### II. Description of Specified Controls of Diversified Investment Advisors, Inc.

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determination, the default investment option chosen by the employer will be used on the employees' behalf. When the allocation of dollars to all accounts occurs, the total Plan assets are withdrawn from the Employer Level account with earnings. Earnings are pro-rated to each of the participant's accounts based on their account value on date of conversion.

Within one to twelve weeks after the liquidation, participant plan records are received by the CIT via a magnetic tape or diskette, or via hard copy format if no other method is available. The information is then formatted by the CIT to enable efficient loading into PARIS. PARIS specific information is retrieved from the tape or diskette and saved in a spreadsheet.

When the individual plan records are received, the sum totals from the plan records are reconciled to the total amount of transferred plan assets and the data is loaded into PARIS.

Diversified performs a reconciliation of the individual account allocations. All of the different fund type investments and contribution source totals are re-confirmed and a spot check of a sample of accounts for each plan is performed. Accounts in the sample are selected to get a representation of all funds and sources.

#### 13. Reversal Procedures

A client or a service associate initiates an account adjustment. Once it is determined the adjustment is needed, a reversal request is directed to the reversal team, via electronic mail, form or AWD, for proper handling. Upon receipt of the reversal request, the reversal associate will analyze the request to determine the best way to handle the correction. The reversal associate will ensure that the proper paperwork and appropriate signatures are attached. The correction is entered into PARIS and released for processing. The following day the account is analyzed to ensure that the adjustment has successfully been processed in PARIS. When applicable a new participant statement will be generated and mailed to the client.

#### 14. DAS Processing Procedures

Once investment instructions are received from participants or plan administrators and processed in PARIS and ePeople/eBackoffice, information is downloaded to DAS. Transactions are rolled up on an investment fund level. The entries posted to DAS drive the investment transactions and the associated cash movements into (out of) the investment options selected by the participant.

System generated reports ("the Funding Package") are produced daily for all fund products. The Funding Package includes Cash

### II. Description of Specified Controls of Diversified Investment Advisors, Inc.

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Flows, Investment Memos, the Investment Memo Summary and the Daily Funding Summary. The Daily Funding Summary details all funding activity between IBT and other various custodians. The cash flow details capital stock activity on all IBT funds. The Investment Memo Summary summarizes capital stock activity to outside transfer agents.

Upon review and approval of the Cash Flow, Investment Memos and Summary by a manager, investment instructions are sent to IBT, Diversified's fund accounting and custody bank via file transmission. The Service Associate ensures that the net investment activity listed on the Daily Funding Summary agrees to the totals on the Cash Flow report. Any exceptions are researched and resolved in a timely manner. For differences noted, a Manual Funding Adjustment Form is completed, reviewed and approved by a manager.

The Service Associate prepares Transfer Authorization Letters detailing the amount of subscription money, redemption money, and the net subscription/redemption amount to be wired into/out of the Funds based on information listed in the Fund Activity Listing which details net activity among various custodians. The Transfer Authorization Letters are reviewed and approved by a Manager. The Transfer Authorization Letters are then faxed to the appropriate custodians as authorization for the cash movement.

#### 15. Dividend Processing

Dividends for Diversified Funds are processed upon authorization from Diversified's Fund Administration group. The Fund Administration Director supplies a memo that contains the fund name(s) and identifier(s), date(s) and dividend rate(s). This information (Fund, Record Date, Ex-Date, Dividend Rate, Capital Gain Rate) is entered into the Dividend Distribution System and then the Dividend jobs are executed via the system. The system generates an automated email to Diversified Operations instructing them which PARIS Batch Job to execute. Once the batch is completed, the participants are credited with the dividend.

Dividends for Non-Diversified Funds are processed upon receipt of the dividend file from SunGard. The file that SunGard provides contains the dividend information (CUSIP, Record Date, Ex-Date, Dividend Rate, Capital Gain Rate) and is loaded into the Dividend Distribution System. Next, phone calls are placed to each fund family to confirm the information that was received via the file. Any updates to the dividend information are made in the Dividend Distribution System. The Dividend jobs are then executed via the system. The system generates an automated email to Diversified Operations instructing them which PARIS Batch Job to execute. Once the batch is completed, the participants are credited with the dividend.

### II. Description of Specified Controls of Diversified Investment Advisors, Inc.

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#### E. Computer Systems

##### 1. Systems Development and Maintenance

Activity begins with a request from the Business Unit or IT Department to develop or enhance a function in PARIS. This request is documented on a change request form that identifies the requester, type of request (discrepancy or enhancement), date of request, and includes details of the change needed and the business impact of the change.

The requester submits the change request form to a Service Manager in the Business Unit for authorization. A Quality Assurance Coordinator in the IT Department reviews the request and assigns it to the appropriate IT Manager for approval. A prioritization meeting takes place between the IT Manager and the Business Managers.

A Project Leader is then assigned to coordinate the required work on the project. A Programmer is assigned to prepare various design documentation and to complete the necessary coding.

The Programmer copies the appropriate module from the production database to a test environment through the PAPER System (a production control system used by the Systems Librarian for PARIS), makes the necessary updates to the module, and tests the module for verification purposes. The Programmer then updates the change request form with the installation information that is required by the Quality Assurance Coordinator, and communicates the testing information to the Business Unit. The Quality Assurance coordinator reviews the program code change prior to the Business Unit user testing. The Business Unit performs user testing on the code and when completed, the Business Unit Manager signs off on the change request form to indicate agreement with the test results. The IT Manager also signs off on the change request form.

The Programmer notifies the appropriate Systems Librarian that a program move is ready for regression testing by providing the Systems Librarian with an approved copy of the change request form. All financially significant changes are required to undergo regression testing. It is the responsibility of the Systems Librarian to verify that the proper signatures and information relative to the installation are in place. The Systems Librarian then performs the required installation tasks through the PAPER system (for PARIS), and communicates to the IT Manager and Programmer when the installation is completed.

The Internet Development team maintains the DDOL application. Written standards and procedures address the change management functions for the content and the programs. A limited number of individuals are authorized to make changes to the web servers. After the changes are implemented, e-mails are submitted to the applicable users to notify them of the changes to the

### II. Description of Specified Controls of Diversified Investment Advisors, Inc.

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internet environment.

#### 2. Computer Operations

Computer Operations handles all computer processing to support the Business Units. Production jobs for the mainframe are run automatically by the Background Processing System (the “BTIZ/BOCS System”), an automatic batch scheduling system. The BTIZ/BOCS System generates a batch schedule, which lists all jobs that are scheduled for processing. BTIZ generates an after batch report that includes start and end times for each job. Any abnormal processing (“abends”) is captured by BTIZ and identified on the after batch report along with associated error condition codes. An error report and turnover log is generated by operations for each job that abends and is entered into an event log database.

Operations has a daily batch review meeting with appropriate representatives from application development and user areas to resolve all errors and discrepancies. Changes to the job schedule require a formal request and must be approved.

Computer Operations at the Cedar Rapids, Iowa data center are also responsible for maintaining the infrastructure integrity as well as completing backups for the DDOL application and web servers as well as the applicable PARIS mainframe and DB2 database components. Operational problems regarding the DDOL distributed environment components are reported and followed up by the AEGON Cedar Rapids data center support staff using Remedy “Helpdesk.” Furthermore, requests for changes to the distributed infrastructure environment encompassing the DDOL application are required to be submitted using Tivoli “Change Management.” BMC Patrol and Robot Agents are utilized for monitoring the Internet environment.

#### 3. Computer/Information Security

##### a. Information Security

Diversified has an Information Security Office (“ISO”). The objective of the ISO is to protect company information and prevent security incidents. This is accomplished by developing policies and standards that establish and maintain an environment that ensures confidentiality, integrity, availability and privacy of corporate assets.

The roles and responsibilities of Security Administrators are clearly defined in the Diversified Security Policies and Procedures manual. Site security personnel administer and monitor the security policies and processes.

### II. Description of Specified Controls of Diversified Investment Advisors, Inc.

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Security capabilities, provided by the Resource Access Control Facility (“RACF”), include: granting authorization to potential users; verifying users through password and I.D. cross-checking; establishing access capabilities to system resources (data sets, etc.); creating logical groups of users with specific access capabilities; recording access to protected resources; and related reporting.

Security capabilities provided by the resident database software (“DB2”) include establishing select, update, insert and delete authorization over database tables and views; establishing authority to perform various database maintenance activities; and creating authorization levels relative to DB2 objects such as databases, plans, storage groups, buffer pools, table spaces, etc.

The Multiple Account Administration System (“MAAS”), developed specifically for PARIS, provides the ability to establish user access levels for all jobs within PARIS, i.e. authority based on specific jobs versus authority based on resources accessed as described above.

Network (dial-up) security to the host is provided by using a Virtual Private Network (“VPN”), which provides two factor authentication, what you know (a password) and what you have (a token.) VPN systems use encryption and other security mechanisms to ensure that only authorized users can access the network and that data cannot be intercepted.

Windows NT system security and AWD application security is used to provide for protection of AWD workflow and image data. In addition, Windows NT system security is used for protection at the operating system level for the primary and backup DDOL web and application servers.

NT systems security and ePeople and eBackoffice application security is used to provide for protection of applications and data. Access to the LAN environment is restricted. All requests for access to the LAN environment and the ePeople and eBackoffice applications must be authorized through the approval of a Data Communication Request Form.

Web and Application servers are located behind the firewall and routers in the DMZ to isolate them from the Internet and the AEGON enterprise network.

Application data that is transmitted over the Internet is encrypted. Internal users are restricted from access to PARIS or its information unless specifically authorized. Access to application servers is secured with the use of operating system level controls including unique IDs and passwords. Access to operating system resources is secured with the use of access control mechanisms including file and directory permissions. The connections to the mainframe system are proxied through a web

**II. Description of Specified Controls of Diversified Investment Advisors, Inc.**

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server so that users' personal computers never make a direct connection to the system storing application data. In addition, monitoring tools such as Snort, Bindview, e-Sentinel, Retina, and FoundScan are run periodically to help identify known vulnerabilities

Participants who initially set up their password through the Internet are required to enter their social security number and birth date and are required to enter their social security number and password in order to access information over the Internet. Participants who incorrectly enter a social security number or password multiple times are disconnected. Active DDOL sessions terminate after a period of inactivity. In addition, a reporting tool is utilized to give statistics on users who are accessing or attempting to access PARIS data and all key entries are written to a non-repudiation log. Confirmations are sent to participants for old/new address, allocations, and deferral changes.

**b. Physical Access Security**

The Diversified Data Center in Purchase, NY and the AEGON Data Center in Cedar Rapids, IA are physically protected from unauthorized access and environmental hazards.

All Diversified access doors are protected by a card-reader system.

The computer room at Diversified has two entrances that are equipped with a card-reader system and video cameras. The command center is staffed by at least one operator 24 hours a day. The center is closed from Saturday at 8:00 p.m. to Sunday at 8:00 p.m. The computer room contains the network equipment, communications equipment, various processing units and printing equipment.

The computer room is fully equipped with smoke detectors and a fire sprinkler system. The command center monitors changes in environment via sensors installed in the ceiling and floor of the Data Center, which monitor smoke, water and changes in humidity. Four fire extinguishers are strategically located within the computer room. A Liebert air conditioning system is in place to assure proper temperature control.

All major equipment in the computer room is equipped with an uninterrupted power supply system, which supplies temporary electricity to the equipment during a power outage. Emergency procedures are posted in the computer room.



**II. Description of Specified Controls of Diversified Investment Advisors, Inc.**

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The AEGON Data Center hosts the mainframe and AS/400 computers as well as associated peripheral and communications equipment. The Data Center is protected externally by a staffed guard gate and internally by card-key access.

The AEGON Data Center systems are protected by smoke detectors, heat detectors, water sprinkler systems, an under-floor water detection system, and an uninterruptible power supply. The AEGON Data Center is staffed by trained operators 24 hours per day.

**F. Control Objectives and Related Internal Controls**

Diversified's control objectives and related internal controls are included in Section III of this report, "Information Provided by Independent Accountants", to eliminate the redundancy that would result from listing them here in Section II and repeating them in Section III. Although the control objectives and related internal controls are included in Section III, they are, nevertheless, an integral part of Diversified's description of the internal controls.

**G. User Control Considerations**

The processing of transactions performed by Diversified and the controls at Diversified were designed with the assumption that certain controls would be placed in operation at user organizations. This section describes some of the controls that should be in operation at user organizations to complement the controls at Diversified. User auditors should determine whether user organizations have established controls to ensure that:

1. Each participant/plan administrator is responsible for establishing internal controls to ensure enrollment data and employee payroll data sent to Diversified for contributions processing, loan repayments processing and compliance testing is accurate, complete and received by Diversified on a timely basis.
2. Each plan administrator is responsible to perform regulatory compliance testing for its plan, except for those plan administrators who have agreements with Diversified to perform compliance tests.
3. It is the plan administrator's responsibility to monitor the contribution limitation set by IRS.
4. Procedures should be in place to ensure that transactions are appropriately authorized, complete and accurate prior to submission to Diversified by the plan administrators.

**II. Description of Specified Controls of Diversified Investment Advisors, Inc.**

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5. The plan administrator is responsible for notifying employees of the ERISA implications of multiple loans outstanding.
6. The plan administrator is responsible for approving participant loan requests for those plans that requested plan administrator's approval of a loan.
7. Procedures should be established to ensure that timely written notification of any plan change is communicated to Diversified.
8. The plan administrator is responsible for notifying employees of the tax implications for early withdrawals.
9. The plan administrator is responsible for ensuring that participants understand the potential tax ramifications of options available upon termination of employment.
10. For plans that use Form 5500 reporting, the plan administrator is responsible for ensuring that the information provided to Diversified is accurate, complete and timely.
11. It is the plan administrator's responsibility to file Form 5500 with the IRS on or before the specified due date.
12. The plan administrator/participant is responsible for timely review of all statements and/or confirmations provided by Diversified and to notify Diversified of discrepancies with its own records.
13. The plan administrator is responsible for the completeness and accuracy of any name and address updates, which the plan administrator processes.

Not all of the above user control considerations apply to all customers of Diversified. We anticipate that the user auditor will evaluate which of the above apply for each plan.

**III. Information Provided by Independent Accountants and Tests of Operating Effectiveness**

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**A. Control Environment Elements**

The control environment represents the collective effect of various elements that establish or enhance the effectiveness of specific internal controls. In addition to tests of specific internal controls described below, PricewaterhouseCoopers LLP's ("PricewaterhouseCoopers") procedures included tests of, or considered relevant elements of, Diversified's control environment, including:

- Organizational structure
- Management control methods for monitoring and following up on performance
- Personnel policies and practices
- Internal audit

PricewaterhouseCoopers' tests of the control environment included the following procedures, to the extent PricewaterhouseCoopers considered necessary: (a) a review of Diversified's organizational structure, including the segregation of functional responsibilities, policy statements, accounting and processing manuals, personnel policies and the internal audit policies, procedures and reports; (b) discussions with management, operations, administrative and other personnel who are responsible for developing, ensuring adherence to and applying internal controls; and (c) observations of personnel in the performance of their assigned duties.

The control environment was considered in determining the nature, timing and extent of the testing of the operating effectiveness of the internal controls relevant to achievement of the control objectives.

**B. Control Policies and Procedures**

PricewaterhouseCoopers' testing of the effectiveness of the controls included such tests as were considered necessary in the circumstances to evaluate whether those internal controls, and the extent of compliance with them, are sufficient to provide reasonable, but not absolute, assurance that the specified control objectives were achieved during the period from January 1, 2003 to December 31, 2003. PricewaterhouseCoopers' tests of the operating effectiveness of the internal controls were designed to cover the period from January 1, 2003 to December 31, 2003, for each of the controls listed in the matrix, which are designed to achieve the specified control objectives. In selecting particular tests of the operational effectiveness of the internal controls, PricewaterhouseCoopers considered the

**III. Information Provided by Independent Accountants and Tests of Operating Effectiveness**

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nature of the internal controls being tested, the types and competence of available evidential matter, and the control objectives to be achieved.

**C. Control Objectives, Specified Controls, Tests of Operating Effectiveness and Results of Tests**

The significant components of the recordkeeping services internal controls have been identified by Diversified and are discussed below in terms of: (1) control objectives and (2) internal control policies and procedures employed by Diversified to achieve the stated objectives. The specific testing procedures applied by PricewaterhouseCoopers to determine the operating effectiveness of the stated internal control policies and procedures and the results of those tests are presented herein.

Test procedures were applied to Diversified's Business Units: the Corporate Plans Group ("CP"), the Not-for-Profit Group ("NFP"), and the Defined Benefit Group ("DBG") for each transaction type except those listed below:

The following transaction types are not applicable to DBG and therefore were not tested.

- Enrollment Processing
- Loan Processing
- Investment Fund Allocation Change Processing
- Compliance Testing
- Regulatory Reporting
- Plan Document Administration
- Takeover Procedures

Exceptions identified herein are not necessarily control weaknesses when considering the control environment taken as a whole. Determination of specific control weaknesses can only be made after consideration of procedures in place at the client organization.

**III. Information Provided by Independent Accountants and Tests of Operating Effectiveness**

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Tests performed of the operational effectiveness of the controls detailed in the matrix are described below:

<u>Test</u>	<u>Description</u>
Inspection	Inspection of documents and reports, indicating the performance of the internal controls. This included, among other things: <ul style="list-style-type: none"><li>• Inspecting source documentation and authorization to verify the propriety of transactions processed.</li></ul>
Reperformance	Performance of application of the internal controls. This included, among other things: <ul style="list-style-type: none"><li>• Reperforming the matching of various records by independently matching the same records and comparing reconciling items to Diversified's prepared reconciliations.</li><li>• Obtaining evidence of the arithmetical accuracy and correct processing of transactions by performing independent calculations.</li><li>• Utilizing an Integrated Test Facility.</li></ul>
Observation	Observing application of specific internal controls as performed by Diversified personnel.
Inquiry	Making inquiries of appropriate Diversified personnel.

**III. Information Provided by Independent Accountants and Tests of Operating Effectiveness**

**1. Enrollment Processing**

**Control Objective:**

Participant enrollment records for the Corporate Plans (“CP”) and Not-For-Profit (“NFP”) Groups are created based on information that has been authorized by the participant and plan administrator, if applicable. The records are accurate as to name, social security number, contract number (account number) and participants’ investment elections (if any).

<b>Controls</b>	<b>Tests Performed by PricewaterhouseCoopers</b>	<b>Test Results</b>
Enrollment forms are reviewed for authorized signatures of the participant and plan administrator, if applicable.	Inspected a sample of enrollment forms for participant and plan administrator signatures.	No relevant exceptions noted.
Enrollment forms are scanned into the AWD system, reviewed by the Service Associate for accuracy and entered into PARIS by the Service Associate.	Inspected a sample of enrollment forms and compared the participant name, social security number, contract number or account number applicable to the participant, and Investment Elections (if any) to the PARIS Transaction Screen.	No relevant exceptions noted.
PARIS is programmed to identify and highlight/reject missing or contradictory enrollment data.	Using an Integrated Test Facility (“ITF”), tested whether PARIS rejected the following participant enrollment transactions: <ul style="list-style-type: none"> <li>• Blank fields including social security number, date of birth, address and zip code.</li> <li>• Numeric characters in an alpha field.</li> <li>• Total investment election not equal to 100%.</li> <li>• Invalid state and/or postal code.</li> </ul>	No relevant exceptions noted.

**III. Information Provided by Independent Accountants and Tests of Operating Effectiveness**

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**1. Enrollment Processing**

**Control Objective:**

Participant enrollment records for the Corporate Plans (“CP”) and Not-For-Profit (“NFP”) Groups are created based on information that has been authorized by the participant and plan administrator, if applicable. The records are accurate as to name, social security number, contract number (account number) and participants’ investment elections (if any).

<b>Controls</b>	<b>Tests Performed by PricewaterhouseCoopers</b>	<b>Test Results</b>
<p>An on-line review is performed by a Quality Associate for a sample of enrollments entered into PARIS, by comparing the data on PARIS to the enrollment form via the AWD system.</p> <p>The review is evidenced through an electronic signature, which identifies the Quality Associate and the date of the review.</p>	<p>For a sample of enrollments requiring review by a Quality Associate, inspected evidence of quality review within AWD.</p>	<p>No relevant exceptions noted.</p>

**III. Information Provided by Independent Accountants and Tests of Operating Effectiveness**

**1. Enrollment Processing**

**Control Objective:**

Participant enrollment records for the Corporate Plans (“CP”) and Not-For-Profit (“NFP”) Groups are created based on information that has been authorized by the participant and plan administrator, if applicable. The records are accurate as to name, social security number, contract number (account number) and participants’ investment elections (if any).

<b>Controls</b>	<b>Tests Performed by PricewaterhouseCoopers</b>	<b>Test Results</b>
<p>For Electronic Enrollments, a Service Associate performs a review of participant records for a sample of enrollments, to ensure that they were properly loaded from the EDS system into PARIS. All electronic enrollments are subject to the edit and validation checks within PARIS.</p>	<p>For a sample of electronic enrollments, compared enrollment data from the electronic feed to PARIS to ensure that the information is accurate.</p> <p>Using an ITF, tested whether PARIS rejected the following participant enrollment transactions:</p> <ul style="list-style-type: none"> <li>• Blank fields including social security number, date of birth, address and zip code.</li> <li>• Numeric characters in an alpha field.</li> <li>• Total investment election not equal to 100%.</li> <li>• Invalid state and/or postal code.</li> <li>• Invalid Dates</li> </ul>	<p>No relevant exceptions noted.</p>
<p>Properly completed enrollment forms are processed within five business days of receipt.</p>	<p>Selected a sample of participant enrollment forms to test that they were processed within five business days.</p>	<p>No relevant exceptions noted.</p>



**III. Information Provided by Independent Accountants and Tests of Operating Effectiveness**

**2. Contribution Processing**

**Control Objective:**

Contributions for the Corporate Plans (“CP”), Not-for-Profit (“NFP”), and Defined Benefit (“DBG”) Groups are applied to the correct plan contract, participant account, and investment fund option(s) and processed with the correct effective date.

<b>Controls</b>	<b>Tests Performed by PricewaterhouseCoopers</b>	<b>Test Results</b>
<p>PARIS generates a matched report (CMINV) and an unmatched report based on the processing of contributions by Bank One. Each contribution on the matched report is agreed to a copy of the check. Each contribution amount appearing on the unmatched report is researched and manually recorded to PARIS.</p>	<p>Inspected a sample of matched reports and determined that there were checks and/or request forms for selected items contained within the CMINV report.</p> <p>Inspected a sample of unmatched reports and determined that each item was resolved by noting that a plan contract number was posted next to each item.</p>	<p>No relevant exceptions noted.</p>
<p>The CMINV report is reconciled to the summary of credit advices for wire transfers issued by Bank One.</p>	<p>Inspected a sample of CMINV Reports, and agreed the details on the CMINV and Unmatched Reports to the credit advices and the Daily Reconciliations prepared by the Cashier Associate.</p>	<p>No relevant exceptions noted.</p>
<p>In the business unit, an associate processes the contribution allocation at the participant level. The remittance advice and the remittance summary for each case file are entered into PARIS.</p>	<p>Inspected a sample of remittance advices and remittance summaries, and agreed the case number, employer name, effective date of the contribution, and the total contribution amount to PARIS.</p>	<p>No relevant exceptions noted.</p>

**III. Information Provided by Independent Accountants and Tests of Operating Effectiveness**

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**2. Contribution Processing**

**Control Objective:**

Contributions for the Corporate Plans (“CP”), Not-for-Profit (“NFP”), and Defined Benefit (“DBG”) Groups are applied to the correct plan contract, participant account, and investment fund option(s) and processed with the correct effective date.

<b>Controls</b>	<b>Tests Performed by PricewaterhouseCoopers</b>	<b>Test Results</b>
The remittance advice is reviewed and compared to the remittance listing prior to processing into PARIS by the supervisor, and the review is evidenced by the supervisor’s signature.	Inspected a sample of Remittance Advice, Remittance Summary, and the Remittance Listing Detail to ensure that the amount agrees to the Remittance Listing Detail in total and that there is a supervisor’s signature on the Remittance Summary for evidence of review.	No relevant exceptions noted.

**III. Information Provided by Independent Accountants and Tests of Operating Effectiveness**

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**3. Withdrawal Processing**

**Control Objective:**

Withdrawal requests for the Corporate Plans (“CP”), Not-for-Profit (“NFP”), and Defined Benefit (“DBG”) Groups are properly authorized by the participant or beneficiary and plan administrator, recorded in the correct plan account and participant account, and disbursements are authorized by Diversified management.

<b>Controls</b>	<b>Tests Performed by PricewaterhouseCoopers</b>	<b>Test Results</b>
<p>All withdrawal request forms are reviewed for authorization by the participant or beneficiary and plan administrator. The withdrawal request form is scanned into the AWD system, reviewed by the Service Associate for accuracy and entered into PARIS.</p>	<p>Inspected a sample of withdrawal request forms for the participant or beneficiary and plan administrator signatures, and compared the name, social security number, contract number, type of withdrawal and method of payment to the withdrawal request form.</p>	<p>No relevant exceptions noted.</p>
<p>For a sample of withdrawals entered into PARIS, an on-line review is performed by a Quality Associate by comparing the data on PARIS to the withdrawal request form via the AWD system.</p> <p>The review is evidenced through an electronic signature, which identifies the Quality Associate and the date of the review.</p>	<p>For a sample of withdrawals requiring review by a Quality Associate, inspected evidence of quality review within AWD.</p>	<p>No relevant exceptions noted.</p>

**III. Information Provided by Independent Accountants and Tests of Operating Effectiveness**

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**3. Withdrawal Processing**

**Control Objective:**

Withdrawal requests for the Corporate Plans (“CP”), Not-for-Profit (“NFP”), and Defined Benefit (“DBG”) Groups are properly authorized by the participant or beneficiary and plan administrator, recorded in the correct plan account and participant account, and disbursements are authorized by Diversified management.

<b>Controls</b>	<b>Tests Performed by PricewaterhouseCoopers</b>	<b>Test Results</b>
PARIS is programmed to detect and reject withdrawal requests exceeding a participant’s vested balance.	Using an ITF, tested that PARIS rejected the withdrawal transactions where the requested withdrawal amount exceeded the vested account balance.	No relevant exceptions noted.
Blank check stock is maintained in a locked check room. Physical access to the room is restricted to authorized DIA personnel only.	Observed that blank check stock was secured in an area accessible only to authorized DIA personnel	No relevant exceptions noted.
All processed withdrawals are automatically posted to the daily CMS report. The CMS report is reviewed and approved by a manager and forwarded to the Cashiers area where ePeople and eBackoffice generate checks and check registers.	Observed the Cashiers area receiving daily CMS reports and withdrawal packages.  Traced a sample of processed withdrawals between CMS and PARIS to test that withdrawals are automatically posted to CMS.	No relevant exceptions noted.

III. Information Provided by Independent Accountants and Tests of Operating Effectiveness

3. Withdrawal Processing

**Control Objective:**

Withdrawal requests for the Corporate Plans (“CP”), Not-for-Profit (“NFP”), and Defined Benefit (“DBG”) Groups are properly authorized by the participant or beneficiary and plan administrator, recorded in the correct plan account and participant account, and disbursements are authorized by Diversified management.

Controls	Tests Performed by PricewaterhouseCoopers	Test Results
<p>The Cashiers reconcile the CMS report to the check register and the void checks register. Any differences are resolved by the Cashiers in a timely manner.</p>	<p>For the sample selected above:</p> <ul style="list-style-type: none"> <li>• Traced and agreed check register totals on the daily CMS Reconciliation to the cash account totals on the check register.</li> <li>• Traced and agreed the CMS Report totals on the Reconciliation to the Batch totals on the CMS Reports.</li> <li>• Inspected the daily reconciliation of the CMS report to the check register and determined whether all differences were resolved.</li> </ul> <p>Inspected the Void Checks Register for date, check number, vendor name and check amount and agreed the Void Checks Register to the CMS Report and the Reconciliation.</p>	<p>No relevant exceptions noted.</p>
<p>Completed checks are picked up by a courier and delivered to the post office in a locked container.</p>	<p>Observed a courier picking up completed checks in a locked container for delivery to the post office.</p>	<p>No relevant exceptions noted.</p>

**III. Information Provided by Independent Accountants and Tests of Operating Effectiveness**

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**4. Loan Processing**

**Control Objective:**

Loan requests for the Corporate Plans (“CP”) and Not-for-Profit (“NFP”) Groups are authorized by the participant and the plan administrator, recorded to the correct plan account and participant account, and disbursements are authorized by Diversified management.

<b>Controls</b>	<b>Tests Performed by PricewaterhouseCoopers</b>	<b>Test Results</b>
All loan request forms are reviewed by the Service Associate for authorization by the participant and plan administrator.	Inspected a sample of the loan request forms for the participant and plan administrator signatures.	No relevant exceptions noted.
PARIS is programmed to detect and reject contradictory and missing loan information.	Using an ITF, tested that PARIS rejected the following loan requests: <ul style="list-style-type: none"> <li>• Loan request did not contain all required fields.</li> <li>• Total loan amount exceeded the participant’s vested balance.</li> </ul>	No relevant exceptions noted.
PARIS generates an amortization schedule, loan note, security agreement and a confirmation statement, which is compared to the loan request form by the Service Associate.	For the sample selected above, compared the information on the loan request forms to the PARIS statement and the amortization schedule.	No relevant exceptions noted.

**III. Information Provided by Independent Accountants and Tests of Operating Effectiveness**

**4. Loan Processing**

**Control Objective:**

Loan requests for the Corporate Plans (“CP”) and Not-for-Profit (“NFP”) Groups are authorized by the participant and the plan administrator, recorded to the correct plan account and participant account, and disbursements are authorized by Diversified management.

Controls	Tests Performed by PricewaterhouseCoopers	Test Results
<p>All processed loans are automatically posted to the daily CMS report. The CMS report is reviewed and approved by a manager and forwarded to the Cashiers area where ePeople and eBackoffice generate checks and check registers.</p>	<p>Observed the Cashiers area receiving daily CMS reports and loan packages.</p> <p>Traced a sample of processed loans between CMS and PARIS to test that withdrawals are automatically posted to CMS.</p>	<p>No relevant exceptions noted.</p>
<p>For a sample of loans entered into PARIS, an on-line review is performed by a Quality Associate by comparing the data on PARIS to the loan request form via the AWD system.</p> <p>The review is evidenced through an electronic signature, which identifies the Quality Associate and the date of the review.</p>	<p>For a sample of loans requiring review by a Quality Associate, inspected evidence of quality review within AWD.</p>	<p>No relevant exceptions noted.</p>
<p>Loan requests processed by participants on the DDOL web site are accurately and completely updated in PARIS.</p>	<p>Using an ITF, entered a loan request via the DDOL website to test that the transaction was accurately and completely updated in PARIS.</p>	<p>No relevant exceptions noted.</p>

**III. Information Provided by Independent Accountants and Tests of Operating Effectiveness**

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**4. Loan Processing**

**Control Objective:**

Loan requests for the Corporate Plans (“CP”) and Not-for-Profit (“NFP”) Groups are authorized by the participant and the plan administrator, recorded to the correct plan account and participant account, and disbursements are authorized by Diversified management.

<b>Controls</b>	<b>Tests Performed by PricewaterhouseCoopers</b>	<b>Test Results</b>
<p>The DDOL website is programmed to detect and reject contradictory or missing information for loan disbursement requests.</p>	<p>Using an ITF, tested that the DDOL website rejected the following loan disbursement requests:</p> <ul style="list-style-type: none"> <li>• Loan disbursement request was below the plan minimum amount as established in PARIS</li> <li>• Loan disbursement request was above the plan maximum amount as established in PARIS.</li> <li>• Loan disbursement amount exceeded the participant’s vested balance.</li> </ul>	<p>No relevant exceptions noted.</p>
<p>Loan requests taken over the telephone are taped. The Service Associate confirms that the participant has authorized the loan and that the details of the loan request are accurate.</p>	<p>For a sample selected, listened to the recorded request and ensured accuracy of the participant name, social security number, and loan details to the PARIS allocation screen.</p>	<p>No relevant exceptions noted.</p>



**III. Information Provided by Independent Accountants and Tests of Operating Effectiveness**

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**4. Loan Processing**

**Control Objective:**

Loan requests for the Corporate Plans (“CP”) and Not-for-Profit (“NFP”) Groups are authorized by the participant and the plan administrator, recorded to the correct plan account and participant account, and disbursements are authorized by Diversified management.

<b>Controls</b>	<b>Tests Performed by PricewaterhouseCoopers</b>	<b>Test Results</b>
For loan requests taken over the telephone, the Service Associate verifies that the caller is a valid participant by verifying unique participant information such as participant social security number, address and date of birth before entering the request into PARIS.	For a sample of recorded telephone calls, tested that the Service Associate verified that the caller was a valid participant prior to entering the request into PARIS.	No relevant exceptions noted.

**III. Information Provided by Independent Accountants and Tests of Operating Effectiveness**

**5. Investment Fund Transfer Processing**

**Control Objective:**

Investment fund transfers for the Corporate Plans (“CP”), Not-for-Profit (“NFP”), and Defined Benefit (“DBG”) Groups are authorized and processed between the correct investment fund options, and with the correct effective date.

<b>Controls</b>	<b>Tests Performed by PricewaterhouseCoopers</b>	<b>Test Results</b>
All transfer request forms are reviewed for authorization by the participant.	Inspected a sample of the transfer request forms for the participant signature.	No relevant exceptions noted.
Transfer request forms are scanned into the AWD system, reviewed by the Service Associate for accuracy and entered into PARIS.	For the sample selected above, agreed the data on the PARIS screen to the transfer request form to ensure that the participant directed investment fund transfers were properly processed between the correct funds, in the correct percentages.	No relevant exceptions noted.
PARIS is programmed to detect and reject contradictory or missing information.	Using an ITF, tested that PARIS rejected the following transactions: <ul style="list-style-type: none"> <li>• Transfer “from” dollar amount exceeded the participant’s account balance.</li> <li>• Transfer “from” percentage was greater than 100%.</li> <li>• Transfer “to” total dollar amount not equal to transfer “from” total dollar amount.</li> <li>• Transfer into an investment fund not set up in the plan.</li> <li>• Transfer “to” percentage not equal to 100%.</li> </ul>	No relevant exceptions noted.

**III. Information Provided by Independent Accountants and Tests of Operating Effectiveness**

**5. Investment Fund Transfer Processing**

**Control Objective:**

Investment fund transfers for the Corporate Plans (“CP”), Not-for-Profit (“NFP”), and Defined Benefit (“DBG”) Groups are authorized and processed between the correct investment fund options, and with the correct effective date.

Controls	Tests Performed by PricewaterhouseCoopers	Test Results
A valid User ID and password is required to access the DDOL Website. Transfer requests processed by participants on the DDOL web site are accurately updated to the PARIS application.	Using an ITF, verified that a valid User ID and password must be used to gain access to the DDOL website and entered an investment fund transfer via the DDOL website to test that the transaction was accurately updated in PARIS with the correct effective date	No relevant exceptions noted.
A valid User ID and password is required to access the Voice Response Unit (“VRU”). Transfer requests processed by participants on the VRU are accurately updated to the PARIS application.	Using an ITF, verified that a valid User ID and password must be used to gain access to the VRU and entered an investment fund transfer via the VRU to test that the transaction was accurately updated in PARIS with the correct effective date.	No relevant exceptions noted.
The VRU and DDOL are programmed to detect and reject duplicate, missing and/or contradictory transactions entered by the participant for transfers.	Using an ITF, tested that the VRU and DDOL rejected the following transactions: <ul style="list-style-type: none"> <li>• Transfer “from” percentage was greater than 100%.</li> <li>• Transfer “from” dollar amount exceeded the participant’s account balance.</li> </ul>	No relevant exceptions noted.

**III. Information Provided by Independent Accountants and Tests of Operating Effectiveness**

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**5. Investment Fund Transfer Processing**

**Control Objective:**

Investment fund transfers for the Corporate Plans (“CP”), Not-for-Profit (“NFP”), and Defined Benefit (“DBG”) Groups are authorized and processed between the correct investment fund options, and with the correct effective date.

<b>Controls</b>	<b>Tests Performed by PricewaterhouseCoopers</b>	<b>Test Results</b>
<p>For CP and NFP, transfer requests taken over the telephone are taped. The Service Associate confirms that the participant has authorized the transfer and that the details of the request are accurate.</p>	<p>For a sample selected, listened to the recorded request and ensured accuracy of the participant name, social security number, effective date and the movement in investments on the recorded requests to the PARIS allocation screen.</p>	<p>No relevant exceptions noted.</p>
<p>For a sample of transfers entered into PARIS, an on-line review is performed by a Quality Associate by comparing the data on PARIS to the transfer request form via the AWD system.</p> <p>The review is evidenced through an electronic signature, which identifies the Quality Associate and the date of the review.</p>	<p>For a sample of transfers requiring review by a Quality Associate, inspected evidence of quality review within AWD.</p>	<p>No relevant exceptions noted.</p>

**III. Information Provided by Independent Accountants and Tests of Operating Effectiveness**

**6. Investment Fund Allocation Change Processing**

**Control Objective:**

Investment fund allocation changes for the Corporate Plans (“CP”) and Not-for-Profit (“NFP”) Groups are authorized and processed to the correct investment fund option(s), in the correct percentage, and with the correct effective date.

Controls	Tests Performed by PricewaterhouseCoopers	Test Results
All allocation change request forms are reviewed for authorization by the participant.	Inspected a sample of the allocation change request forms for the participant signature.	No relevant exceptions noted.
Allocation change request forms are scanned into the AWD system, reviewed by the Service Associate for accuracy and entered into PARIS.	For the sample selected above, agreed the data on the PARIS screen to the allocation change request form to ensure that the participant directed investment fund allocation percentages were properly processed to correct funds.	No relevant exceptions noted.
PARIS is programmed to detect and reject contradictory or missing information.	Using an ITF, tested that PARIS rejected the following transactions: <ul style="list-style-type: none"> <li>• Investment allocation changes not equal to 100%</li> <li>• Investment allocation change was placed into an investment fund not set up in the plan</li> <li>• Investment allocation percentage was entered without a corresponding investment fund.</li> </ul>	No relevant exceptions noted.

**III. Information Provided by Independent Accountants and Tests of Operating Effectiveness**

**6. Investment Fund Allocation Change Processing**

**Control Objective:**

Investment fund allocation changes for the Corporate Plans (“CP”) and Not-for-Profit (“NFP”) Groups are authorized and processed to the correct investment fund option(s), in the correct percentage, and with the correct effective date.

<b>Controls</b>	<b>Tests Performed by PricewaterhouseCoopers</b>	<b>Test Results</b>
A valid User ID and password is required to access the DDOL Website. Allocation change requests processed by participants on the DDOL web site are accurately updated to the PARIS application.	Using an ITF, verified that a valid User ID and password must be used to gain access to the DDOL website and entered an allocation change via the DDOL website to test that the transaction was accurately updated in PARIS with the correct effective date.	No relevant exceptions noted.
A valid User ID and password is required to access the Voice Response Unit (“VRU”). Allocation change requests processed by participants on the Voice Response Unit are accurately updated to the PARIS application.	Using an ITF, verified that a valid User ID and password must be used to gain access to the VRU and entered an allocation change via the Voice Response Unit to test that the transaction was accurately updated in PARIS with the correct effective date.	No relevant exceptions noted.
The VRU and DDOL are programmed to detect and reject duplicate, missing and/or contradictory transactions entered by the participant for investment allocation changes.	Using an ITF, tested that the VRU and DDOL rejected the following transactions: <ul style="list-style-type: none"> <li>• The total investment allocation change did not equal 100%.</li> <li>• Investment allocation percentage was entered without a corresponding investment fund.</li> </ul>	No relevant exceptions noted.

**III. Information Provided by Independent Accountants and Tests of Operating Effectiveness**

**6. Investment Fund Allocation Change Processing**

**Control Objective:**

Investment fund allocation changes for the Corporate Plans (“CP”) and Not-for-Profit (“NFP”) Groups are authorized and processed to the correct investment fund option(s), in the correct percentage, and with the correct effective date.

<b>Controls</b>	<b>Tests Performed by PricewaterhouseCoopers</b>	<b>Test Results</b>
<p>Allocation change requests which are taken over the telephone are taped. The Service Associate confirms that the participant has authorized the allocation change and that the details of the request are accurate.</p>	<p>For a sample selected, compared the participant name and social security number from the taped telephone transaction to the PARIS allocation screen and determined that the fund allocation changes were properly processed between the correct funds, in the correct percentages, and with the correct effective date.</p>	<p>No relevant exceptions noted.</p>
<p>For a sample of allocation changes entered into PARIS, an on-line review is performed by a Quality Associate by comparing the data on PARIS to the allocation change request form via the AWD system.</p> <p>The review is evidenced through an electronic signature, which identifies the Quality Associate and the date of the review.</p>	<p>Inspected the transaction file in the AWD system noting that some of the transactions in the samples selected above were reviewed by a Quality Associate. The review was evidenced through an electronic signature, which identifies the Quality Associate who performed the review and the date of the review on the transaction file.</p>	<p>No relevant exceptions noted.</p>

**III. Information Provided by Independent Accountants and Tests of Operating Effectiveness**

**7. Statement Processing**

**Control Objective:**

The plan-level and participant-level statements for the Corporate Plans (“CP”) and Not-for-Profit (“NFP”) Groups accurately reflect transactions processed during the period reported.

<b>Controls</b>	<b>Tests Performed by PricewaterhouseCoopers</b>	<b>Test Results</b>
The PARIS plan-level and participant-level statements are compared to PARIS generated reports on a sample basis and reported discrepancies are resolved.	Inspected a sample of plan-level and participant-level statements to test that they accurately reflect transactions that have been entered into PARIS.  Inquired as to the process for reporting and resolving discrepancies between statements.	No relevant exceptions noted.
Daily meetings are conducted during statement processing to highlight production issues and identify corrective actions necessary to ensure timely processing and mailing of participant statements.	Inquired of appropriate DIA personnel regarding the process of identifying production issues and resultant corrective actions.	No relevant exceptions noted.
A reconciliation is generated to ensure that all statement data sent to an off-site printing facility was received accurately and completely and that statements were printed in a timely manner.	Inspected a sample of statement summary reports to test that they were completed and discrepancies, if any, were resolved in a timely manner.	No relevant exceptions noted.



**III. Information Provided by Independent Accountants and Tests of Operating Effectiveness**

**8. Compliance Testing**

**Control Objective:**

Compliance tests are performed for the Corporate Plans (“CP”) and Not-for-Profit (“NFP”) Groups based on information in PARIS or provided by the plan administrator, and any corrective actions were applied.

<b>Controls</b>	<b>Tests Performed by PricewaterhouseCoopers</b>	<b>Test Results</b>
Compliance testing is based upon client data and loaded into the Regulatory Testing System (“RTS”). RTS contains automated data checks to validate the integrity of data received and automatically displays accurate responses to queries.	Reviewed the RTS online to test that the system automatically highlights data discrepancies and calculates accurate responses.	No relevant exceptions noted.
Compliance testing reports and results are reviewed by a Compliance Consultant, and a checklist is completed. The checklist is reviewed and initialed by a Senior Compliance Consultant, and mailed to the client.	For a sample of plans, inspected the compliance checklist for evidence of a review and the initials of a Compliance Consultant and a Senior Compliance Checklist.	No relevant exceptions noted.
For plans for which corrective actions are necessary, a letter is mailed to the plan administrator explaining the required corrective actions along with an authorization form. The authorization form is reviewed for the signature of the plan administrator.	For the sample selected above, inspected copies of correspondence sent to plan administrators, for tests that failed (if applicable), describing the appropriate corrective actions, and copies of signed letters from the plan administrators authorizing Diversified to process the refunds.	No relevant exceptions noted.

**III. Information Provided by Independent Accountants and Tests of Operating Effectiveness**

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**8. Compliance Testing**

**Control Objective:**

Compliance tests are performed for the Corporate Plans (“CP”) and Not-for-Profit (“NFP”) Groups based on information in PARIS or provided by the plan administrator, and any corrective actions were applied.

<b>Controls</b>	<b>Tests Performed by PricewaterhouseCoopers</b>	<b>Test Results</b>
A Compliance database is used to monitor the status of testing completion and mailing for all client reports.	For a sample of plans, reviewed output from the Compliance database to test that testing was completed and reports mailed to clients in a timely manner.	No relevant exceptions noted.

**III. Information Provided by Independent Accountants and Tests of Operating Effectiveness**

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**9. Regulatory Reporting**

**Control Objective:**

Form 5500 for the Corporate Plans (“CP”) and Not-for-Profit (“NFP”) Groups reflects the data stored on PARIS and/or supplied by the plan administrator.

<b>Controls</b>	<b>Tests Performed by PricewaterhouseCoopers</b>	<b>Test Results</b>
<p>The data on Form 5500 is compared to the plan-level statement and an audit sheet is completed. For CP plans and NFP hybrid plans, a second Service Associate reviews the Form 5500 package and initials the audit sheet.</p>	<p>Inspected a sample of Form 5500 audit sheets for evidence of completion.</p> <p>For a sample of CP plans and NFP hybrid plans, inspected the audit sheet for evidence of review by a second Service Associate.</p> <p>For the CP selected, compared the beginning and ending balances, contributions, value of the separate accounts, total assets, total liabilities, plan income, expenses, benefits paid and loan information on the Form 5500 to the plan level statements.</p> <p>For all samples selected, compared client name and address to the plan level statements.</p>	<p>No relevant exceptions noted.</p>

**III. Information Provided by Independent Accountants and Tests of Operating Effectiveness**

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**9. Regulatory Reporting**

**Control Objective:**

Form 5500 for the Corporate Plans (“CP”) and Not-for-Profit (“NFP”) Groups reflects the data stored on PARIS and/or supplied by the plan administrator.

<b>Controls</b>	<b>Tests Performed by PricewaterhouseCoopers</b>	<b>Test Results</b>
<p>A Service Associate is assigned a list of Form 5500s to complete. The Manager reviews the Service Associate’s list to ensure all assigned Form 5500s are completed. The master database is updated as Form 5500s are completed. The Manager periodically reviews the master database to ensure that all Form 5500s are completed.</p>	<p>Inspected output from the master database detailing all Form 5500s prepared for the 2002 plan year to ensure that all accounts were included.</p>	<p>No relevant exceptions noted.</p>

**III. Information Provided by Independent Accountants and Tests of Operating Effectiveness**

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**10. Plan Document Administration**

**Control Objective:**

All documents and amendments to documents for the Corporate Plans (“CP”) and Not-For-Profit (“NFP”) Groups, are reviewed for accuracy and for client authorization.

<b>Controls</b>	<b>Tests Performed by PricewaterhouseCoopers</b>	<b>Test Results</b>
Plan documents and modifications to plan documents are reviewed for authorization by the plan administrator.	Inspected a sample of plan documents and amendments for the plan administrator's authorization.	No relevant exceptions noted.
Plan documents and data contained in the PARIS system are reviewed by an auditor for accuracy. The auditor notes any errors or issues and signs off on a quality checklist. All issues/errors are addressed by the Plan Consultant and details of the resolution are noted on the checklist as applicable.	For the sample selected, inspected the checklists for evidence of review by the auditor and Plan Consultant.	No relevant exceptions noted.

**III. Information Provided by Independent Accountants and Tests of Operating Effectiveness**

**11. Investment Document Administration**

**Control Objective:**

All investment documents and amendments to investment documents for the Corporate Plans (“CP”), Not-For-Profit (“NFP”) and Defined Benefit (“DBG”) Groups are reviewed for accuracy and for client authorization.

<b>Controls</b>	<b>Tests Performed by PricewaterhouseCoopers</b>	<b>Test Results</b>
<p>Investment documents and modifications (e.g. group annuity contracts, riders and amendments) are reviewed for authorization by the plan administrator.</p>	<p>Inspected a sample of the investment documents and amendments for the plan administrator’s authorization.</p>	<p>No relevant exceptions noted.</p>
<p>For CP and NFP: Investment Documents and data contained in the PARIS system are reviewed by the Plan Consultant for completeness and accuracy. A checklist is completed indicating all documents have been received and reviewed.</p> <p>Group annuity contracts, riders, and amendments to Investment Documents and related data contained in the PARIS system are reviewed by an auditor for accuracy. The auditor completes and signs off on a quality checklist. All issues/errors are addressed by the appropriate Plan Consultant.</p>	<p>For a sample selected, inspected the checklist for completion by the auditor and Plan Consultant.</p>	<p>No relevant exceptions noted.</p>

**III. Information Provided by Independent Accountants and Tests of Operating Effectiveness**

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**11. Investment Document Administration**

**Control Objective:**

All investment documents and amendments to investment documents for the Corporate Plans (“CP”), Not-For-Profit (“NFP”) and Defined Benefit (“DBG”) Groups are reviewed for accuracy and for client authorization.

<b>Controls</b>	<b>Tests Performed by PricewaterhouseCoopers</b>	<b>Test Results</b>
<p>For DBG: A consultant agrees plan data and modifications to PARIS data and a workflow assignment form is completed. Any discrepancies are reviewed and corrected by the consultant. The workflow assignment form is reviewed and initialed by a second consultant.</p>	<p>For a sample selected, inspected the workflow assignment form for evidence of completion and review by two consultants.</p>	<p>No relevant exceptions noted.</p>

**III. Information Provided by Independent Accountants and Tests of Operating Effectiveness**

**12. Plan Takeover Procedures**

**Control Objective:**

Plans within the Corporate Plans (“CP”) and Not-for-Profit (“NFP”) Groups, which are taken over from other administrators, are processed so as to ensure that prior participant information is properly reflected in PARIS.

<b>Controls</b>	<b>Tests Performed by PricewaterhouseCoopers</b>	<b>Test Results</b>
<p>A Qualified Plans Submission Package is completed and signed by the Plan representative which describes the type of plan to be established as well as what options need to be made available to the participants (number and type of investment selections and loans).</p>	<p>For a sample of plan takeovers, examined the Qualified Plans Submission Package for required information and approval from the Plan representative and the Diversified Representative.</p>	<p>No relevant exceptions noted.</p>
<p>A CIT Group associate reviews prior providers’ end of enrollment statements which break out total valuations in each investment selection by participant and reconciles to clients’ statements.</p>	<p>For the sample selected above:</p> <ul style="list-style-type: none"> <li>• Inspected prior providers’ end of enrollment statement and compared to the client provided reconciliation and to wire or check received.</li> <li>• Inspected reports provided by client which list all participant information necessary for PARIS processing and selected a sample of participants to determine whether all information such as address, social security number, plan dollars and investment selections were correctly input into PARIS.</li> </ul>	<p>No relevant exceptions noted.</p>



## Diversified Investment Advisors, Inc.

### III. Information Provided by Independent Accountants and Tests of Operating Effectiveness

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#### 12. Plan Takeover Procedures

##### Control Objective:

Plans within the Corporate Plans (“CP”) and Not-for-Profit (“NFP”) Groups, which are taken over from other administrators, are processed so as to ensure that prior participant information is properly reflected in PARIS.

Controls	Tests Performed by PricewaterhouseCoopers	Test Results
Transfer of Assets Agreement must be completed in order to take over a plan from another provider. The Agreement must list the account number of the plan (assigned by Diversified), the employer, plan name and type, investment options chosen by client (Mapping or Non-Mapping) and be signed and dated by the plan and Diversified authorized representatives.	Obtained a sample of Transfer of Assets Agreements noting the account number of the plan, the employer, plan name and type, investment options chosen by the client and that it was signed and dated by the plan and Diversified authorized representatives.	No relevant exceptions noted.
Diversified compares the total dollars received to the liquidation values provided by the prior vendor.	For the above sample, noted that the total dollars received agreed to the liquidation values provided by the prior vendor.	No relevant exceptions noted.
When the individual plan records are received, Diversified reconciles the sum totals from the plan records to the total amount of transferred plan assets. Any discrepancies are followed up in a timely manner.	For the above sample, reviewed the reconciliation of the sum totals from the plan records to the total amount of transferred plan assets and noted that any discrepancies were followed up in a timely manner.	No relevant exceptions noted.

**III. Information Provided by Independent Accountants and Tests of Operating Effectiveness**

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**12. Plan Takeover Procedures**

**Control Objective:**

Plans within the Corporate Plans (“CP”) and Not-for-Profit (“NFP”) Groups, which are taken over from other administrators, are processed so as to ensure that prior participant information is properly reflected in PARIS.

<b>Controls</b>	<b>Tests Performed by PricewaterhouseCoopers</b>	<b>Test Results</b>
<p>Diversified performs a reconciliation of the individual account allocations as set up in PARIS to the plan records. All of the different fund type investments and contribution source totals are reconfirmed and a spot check of a representative sample of accounts for each plan is performed to ensure accuracy of data.</p>	<p>For the above sample, reviewed the reconciliation of the individual account allocations as set up in PARIS to the plan records, noting follow up on any discrepancies.</p> <p>Selected a sample of accounts and ensured the accuracy of the data that was entered into PARIS.</p>	<p>No relevant exceptions noted.</p>

**III. Information Provided by Independent Accountants and Tests of Operating Effectiveness**

**13. Reversal Procedures**

**Control Objective:**

All corrections are properly analyzed, approved and processed.

<b>Controls</b>	<b>Tests Performed by PricewaterhouseCoopers</b>	<b>Test Results</b>
All reversals are authorized by management prior to processing.	Inspected a sample of reversal forms and noted that the forms have signatures from the Diversified Associate and Supervisor.	No relevant exceptions noted.
Reversal transactions processed by an associate are reviewed via PARIS the following day to verify appropriate processing.	Inquired of the associate if a review is performed the day following the reversal.  For the sample selected above, inspected PARIS, noting that the transaction was processed as directed on the reversal forms.	No relevant exceptions noted.
PARIS generates a report listing all reversal transactions on a daily basis. A supervisor on a daily basis reviews these transactions and notifies the originating department that the reversal was made. Any discrepancies are followed up and resolved in a timely manner.	For a sample of dates, obtained a listing of reversals to test that they were reviewed for appropriateness by a supervisor within the Reversal group. Also noted that the notification was sent to the originating department for review. Any discrepancies were followed up and resolved in a timely manner.	No relevant exceptions noted.

**III. Information Provided by Independent Accountants and Tests of Operating Effectiveness**

**14. DAS Processing Procedures**

**Control Objective:**

All investment and cash transactions are correctly processed into/out of the correct investment elections as directed by the participants on a timely basis.

<b>Controls</b>	<b>Tests Performed by PricewaterhouseCoopers</b>	<b>Test Results</b>
On a daily basis, a Service Associate reviews the system generated Daily Funding Package to ensure that all cash flows are accounted for and properly recorded.	Inspected a sample of Daily Funding Packages for evidence of review by a Service Associate.	No relevant exceptions noted.
A Service Associate reviews the Daily Funding Summary and ensures that the IBT spoke activity agrees to the activity on the Fund Summary Listing.	For the sample above, inspected and agreed Daily Funding Summary to the Fund Summary Listing total and ensured that they agree.	No relevant exceptions noted.
A Service Associate ensures that all balances per the Daily Funding Summary are reconciled to supporting documentation and that all daily activities net to zero, which ensures that all cash flow is accounted for. Any differences are documented on a Manual Funding Adjustment Form, which is approved by a Manager.	For the sample above: <ul style="list-style-type: none"> <li>• Inspected the Manual Funding Adjustment Forms and noted approval by a Manager.</li> <li>• Inspected that all totals on the Daily Funding Summary net to zero.</li> </ul>	No relevant exceptions noted.

**III. Information Provided by Independent Accountants and Tests of Operating Effectiveness**

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**14. DAS Processing Procedures**

**Control Objective:**

All investment and cash transactions are correctly processed into/out of the correct investment elections as directed by the participants on a timely basis.

<b>Controls</b>	<b>Tests Performed by PricewaterhouseCoopers</b>	<b>Test Results</b>
<p>Transfer Authorization Letters, which authorize cash movement among various custodians are agreed to the Fund Activity List, reviewed and approved by a Manager prior to being sent.</p>	<p>For the sample above:</p> <ul style="list-style-type: none"> <li>• Inspected Transfer Authorization Letters for signatures from a Manager.</li> <li>• Compared the Summary List to the Transfer Authorization letters for proper cash movement instructions.</li> </ul>	<p>No relevant exceptions noted.</p>
<p>Outgoing wires sent by Bank One are reconciled to expected wires detailed on the CMINV report on a daily basis.</p>	<p>For a sample of dates, obtained the Bank One outgoing wire report and the CMINV report to test that any discrepancies were highlighted and resolved as applicable.</p>	<p>No relevant exceptions noted.</p>

**III. Information Provided by Independent Accountants and Tests of Operating Effectiveness**

**15. Dividend Processing**

**Control Objective:**

Controls provide reasonable assurance that authorized dividends are processed on PARIS completely and accurately and accurately reflected in participant accounts.

<b>Controls</b>	<b>Tests Performed by PricewaterhouseCoopers</b>	<b>Test Results</b>
For Diversified Funds, dividends are processed only upon authorization from the fund administrator.	For a sample of dividends, obtained the quarterly dividend authorization memo to test that each dividend payment was properly authorized.	No relevant exceptions noted.
For non-Diversified Funds, notification of dividends is received on a file provided by SunGard containing all authorized dividends. Rates received from SunGard are confirmed via telephone with the appropriate fund administrator.	For a sample of dividends, obtained the SunGard file to test that all processed dividends were authorized.  Observed DIA personnel confirming dividend rates with fund administrators.	No relevant exceptions noted.
All dividend rates are accurately entered into the Dividend System and subsequently downloaded into PARIS via batch processing.	For a sample of funds, inspected dividend rate detail in the Dividend System and PARIS to test that rates were accurately entered.	No relevant exceptions noted.
Dividends are accurately credited to participant accounts on payment date.	For a sample of funds, inspected the details of a shareholder account in PARIS to test that the account was accurately credited.	No relevant exceptions noted.

**III. Information Provided by Independent Accountants and Tests of Operating Effectiveness**

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**16. Systems – Application Development & Maintenance**

**Control Objective:**

Controls provide reasonable assurance that all application development and maintenance activities are properly authorized, tested, and approved before implementation.

<b>Controls</b>	<b>Tests Performed by PricewaterhouseCoopers</b>	<b>Test Results</b>
All development requests are submitted in writing and authorized by business unit management.	Inspected documentation of a major development project and noted proper approvals by business unit management.	No relevant exceptions noted.
Each development project is analyzed and a development strategy is outlined. This strategy consists of a Project Workplan, Project Specifications, Test Plans, and Procedures.	Inspected documentation of a major development project and noted that a Project Workplan, Project Specification and Test Plan, and Procedures were documented.	No relevant exceptions noted.

**III. Information Provided by Independent Accountants and Tests of Operating Effectiveness**

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**16. Systems – Application Development & Maintenance**

**Control Objective:**

Controls provide reasonable assurance that all application development and maintenance activities are properly authorized, tested, and approved before implementation.

<b>Controls</b>	<b>Tests Performed by PricewaterhouseCoopers</b>	<b>Test Results</b>
<p>Application change requests are documented in writing and approved by a manager in the business unit. The Quality Assurance area reviews the request. A programmer copies the appropriate modules from production through the PAPER system for modification of the code, and tests the modifications. The programmer updates the change request form and communicates testing information to the Business Unit. Business Unit and Quality Assurance personnel perform tests and a manager approves the test results. The IT Department Manager also approves the change at this time. The Quality Assurance team of the Applications Development group performs all code moves to production.</p>	<p>Inspected a sample of PARIS program modifications and noted that the changes were documented in writing and were approved by the Business Unit Managers. Also, noted that the modifications were tested by Business Unit personnel and Quality Assurance personnel in the QA environment, and that the IT Department Manager approved the changes. Also, noted that the Quality Assurance team of the Applications Development group performs all code moves to production.</p> <p>Inquired that there were no program changes for AWD, ePeople and eBackoffice for the testing period.</p>	<p>No relevant exceptions noted.</p>



**III. Information Provided by Independent Accountants and Tests of Operating Effectiveness**

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**17. Systems – System Software Development & Maintenance**

**Control Objective:**

Controls provide reasonable assurance that changes to the existing system software and the implementation of new system software are authorized, tested, approved, properly implemented, and documented.

<b>Controls</b>	<b>Tests Performed by PricewaterhouseCoopers</b>	<b>Test Results</b>
A systems software change control procedure exists at the AEGON Technical Services Data Center in Cedar Rapids, IA. All systems software changes require testing and authorization, prior to migration to the production environment.	Inspected documentation of a sample of systems software updates at the AEGON Technical Services Data Center in Cedar Rapids, IA and noted that the changes were tested and authorized prior to migration into production.	No relevant exceptions noted.

**III. Information Provided by Independent Accountants and Tests of Operating Effectiveness**

**18. Systems - Computer Operations**

**Control Objective:**

Controls provide reasonable assurance that processing is appropriately scheduled and deviations from scheduled processing are identified and resolved.

<b>Controls</b>	<b>Tests Performed by PricewaterhouseCoopers</b>	<b>Test Results</b>
Shift supervisors are present on all shifts to ensure that computer operators are following prescribed processing procedures.	Observed Data Center operations at the AEGON Cedar Rapids, IA facility and the Diversified Data Center facility in Purchase, NY and inspected shift logs noting that supervisors were present on all shifts.	No relevant exceptions noted.
The BTIZ/BOCS System generates a batch schedule listing all jobs that are scheduled for processing.	Inspected BTIZ/BOCS System batch schedule and noted that it listed all jobs scheduled for processing.	No relevant exceptions noted.
Changes to the job schedule require a formal request and must be approved prior to implementation.	Inspected a sample of batch job changes and noted that requested changes were documented and approved, prior to implementation.	No relevant exceptions noted.
Any abnormal processing (“abends”) are captured by BTIZ and identified on the after batch report along with associated error condition codes.	Inspected the after batch report and noted that abends and associated error condition codes were captured by BTIZ.	No relevant exceptions noted.

**III. Information Provided by Independent Accountants and Tests of Operating Effectiveness**

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**18. Systems - Computer Operations**

**Control Objective:**

Controls provide reasonable assurance that processing is appropriately scheduled and deviations from scheduled processing are identified and resolved.

<b>Controls</b>	<b>Tests Performed by PricewaterhouseCoopers</b>	<b>Test Results</b>
<p>An error report and turnover log is generated by operations for each job that abends and is entered into an event log database to ensure timely resolution. Operations has a daily batch review meeting with appropriate representatives from applications development and user areas to resolve all errors and discrepancies.</p>	<p>Inquired of Operations to confirm that applications development and user personnel attend a daily batch review meeting.</p> <p>Inspected a sample of Batch Turnover Logs and Batch Reports and noted that operations problems, abends, and other critical operations-related information were documented.</p>	<p>No relevant exceptions noted.</p>

**III. Information Provided by Independent Accountants and Tests of Operating Effectiveness**

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**19. Systems – Computer System Security**

**Control Objective:**

Controls provide reasonable assurance that logical access to data files is restricted to properly authorized individuals.

<b>Controls</b>	<b>Tests Performed by PricewaterhouseCoopers</b>	<b>Test Results</b>
The roles and responsibilities of the security administrator are clearly defined in the Diversified and AEGON Security Policies and Procedures Manuals.	Inspected the Diversified and AEGON Security Policy and Procedures Manuals and noted that the roles and responsibilities of the Security Administration function were documented.	No relevant exceptions noted.
Site security personnel administer and monitor the security policies and processes. Segregation of duties exists for the security function.	Inspected the Diversified IT Department Organizational Chart and noted that separation of duties exists.	No relevant exceptions noted.
Security violations and unauthorized access attempts are logged by the system and are reviewed on a regular basis by site security personnel.	Inspected security violation reports for the PARIS (IBM Mainframe/RACF) and AWD (Windows NT) environments and noted that security violations and unauthorized access attempts were logged by the system. Per discussion with IT Security Administrator, noted that these reports are reviewed by Security Administration personnel on a regular basis.	No relevant exceptions noted.

**III. Information Provided by Independent Accountants and Tests of Operating Effectiveness**

**19. Systems – Computer System Security**

**Control Objective:**

Controls provide reasonable assurance that logical access to data files is restricted to properly authorized individuals.

<b>Controls</b>	<b>Tests Performed by PricewaterhouseCoopers</b>	<b>Test Results</b>
Security capabilities provided by RACF include granting authorization to potential users, verifying users through password and ID cross-checking, establishing access capabilities to systems resources, creating logical groups of users, and recording access attempts to protected applications.	Inspected applicable RACF security installation parameters and noted that they were set to provide adequate systems security.	No relevant exceptions noted.
Access to the PARIS application is protected by RACF and by the MAAS application security sub-system. New hire access to PARIS is granted by security personnel via an access request form requiring proper authorization and access level assignment.	Inspected a sample of new hires and noted that access to the PARIS application was documented, authorized by the appropriate manager, and appropriately assigned.	No relevant exceptions noted.
PARIS production libraries are protected by RACF systems security.	Inspected the PARIS production libraries and noted that they were protected by RACF security.	No relevant exceptions noted.
Only Systems Librarians can move programs into the PARIS production environment.	Inspected RACF access to the PARIS production library and noted that only authorized personnel had the capability to migrate programs into the production environment.	No relevant exceptions noted.

**III. Information Provided by Independent Accountants and Tests of Operating Effectiveness**

**19. Systems – Computer System Security**

**Control Objective:**

Controls provide reasonable assurance that logical access to data files is restricted to properly authorized individuals.

<b>Controls</b>	<b>Tests Performed by PricewaterhouseCoopers</b>	<b>Test Results</b>
MAAS provides the ability to establish user access levels for all jobs within PARIS.	Inspected a sample of PARIS application users and noted that application access via MAAS was authorized to appropriate users based upon job responsibilities.	No relevant exceptions noted.
PARIS access for terminated users is revoked via notification from Human Resources to security personnel. User IDs are revoked/deleted in a timely manner.	Inspected a sample of terminated PARIS users and noted that their PARIS and RACF IDs had been revoked/deleted in a timely manner.	No relevant exceptions noted.
The PARIS application utilizes DB2 databases. DB2 security includes establishing authorization access over database tables and views, establishing authority to perform various database maintenance activities and creating authorization levels to DB2 objects. Access to DB2 databases is restricted to authorized users.	Inspected DB2 access listings and noted that access was authorized.	No relevant exceptions noted.
Remote users require VPN access that utilizes dynamic passwords to authenticate the users' connection to the network. This access is authorized by management.	Inspected a sample of VPN users and noted that remote access was authorized to the appropriate users.	No relevant exceptions noted.

**III. Information Provided by Independent Accountants and Tests of Operating Effectiveness**

**19. Systems – Computer System Security**

**Control Objective:**

Controls provide reasonable assurance that logical access to data files is restricted to properly authorized individuals.

<b>Controls</b>	<b>Tests Performed by PricewaterhouseCoopers</b>	<b>Test Results</b>
New hire access to the ePeople and eBackoffice application is granted by security personnel via an access request form requiring proper authorization and access level assignment.	Inspected documentation of a sample of new hires and noted that access to the ePeople and eBackoffice application was documented, authorized by the Business Unit manager, and appropriately assigned.	No relevant exceptions noted.
ePeople and eBackoffice access for terminated users is revoked via notification from Human Resources to security personnel. User IDs are revoked and/or deleted in a timely manner.	Inquired of appropriate personnel to ensure that ePeople and eBackoffice access is revoked or deleted on a timely basis.  Inspected a sample of terminated employees with access to ePeople and eBackoffice and noted that these users had been appropriately deleted from the system.	No relevant exceptions noted.
Windows NT systems security is used to restrict access to authorized users.	Inspected the Windows NT login and password parameters (Account and Audit Policy) and noted evidence that access is restricted to authorized users.	No relevant exceptions noted.
AS/400 systems security is used to restrict access to authorized users.	Inspected the AS/400 security installation parameters and noted the access is restricted to authorized users.	No relevant exceptions noted.

**III. Information Provided by Independent Accountants and Tests of Operating Effectiveness**

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**19. Systems – Computer System Security**

**Control Objective:**

Controls provide reasonable assurance that logical access to data files is restricted to properly authorized individuals.

<b>Controls</b>	<b>Tests Performed by PricewaterhouseCoopers</b>	<b>Test Results</b>
AWD application security is used to restrict AWD workflow and image data to authorized users.	Inspected a sample of AWD users and noted that access is restricted to authorized users	No relevant exceptions noted.
New hire access to the AWD application through Windows NT and AS/400 is granted by Business security personnel via an access request form requiring proper authorization and access levels assignment.	Inspected documentation of a sample of new hires and noted that access to the Windows NT, AS/400 system IDs and the AWD application was documented, authorized by the business unit manager, and appropriately assigned.	No relevant exceptions noted.
Access for terminated AWD users is revoked via notification from Human Resources to Business security personnel. User IDs are revoked and/or deleted in a timely manner.	Inspected documentation of a sample of terminated users and noted that the Windows NT, AS/400 system IDs and AWD application IDs had been revoked or deleted on a timely basis.	Exception Noted: 1 out of 20 terminated users selected for testing was found to have an active Windows NT ID on the DIVINVEST domain.



**III. Information Provided by Independent Accountants and Tests of Operating Effectiveness**

**20. Systems - Physical Access Security**

**Control Objective:**

Controls provide reasonable assurance that physical access to computer equipment, storage media, and program documentation is restricted to properly authorized individuals.

Controls	Tests Performed by PricewaterhouseCoopers	Test Results
<p>The Diversified Data Center in Purchase, NY and the AEGON Data Center in Cedar Rapids, IA are physically protected from unauthorized access and environmental hazards. A visitor log is signed by guests who are accompanied by employees with appropriate access. The Diversified Data Center is protected by smoke detectors, a water sprinkler system and an uninterruptible power supply. The AEGON Data Center is protected by smoke detectors, heat detectors, a water sprinkler system, an under-floor water detection system, and an uninterruptible power supply.</p>	<p>Toured the Diversified Data Center in Purchase, NY and observed that the Data Center doors were kept locked and were protected by card key access. Inspected a sample of visitor logs that are signed by guests who are accompanied by employees with appropriate access. Observed that the Diversified Data Center was protected by smoke detectors, a water sprinkler system and an uninterruptible power supply.</p> <p>Toured the AEGON Data Center in Cedar Rapids, IA and observed that the Data Center doors were kept locked and were protected by card key access. Inspected a sample of visitor logs that are signed by guests who are accompanied by employees with appropriate access. Observed that the AEGON Data Center was protected by smoke detectors, heat detectors, a water sprinkler system, an under-floor water detection system, and an uninterruptible power supply.</p>	<p>No relevant exceptions noted.</p>

**III. Information Provided by Independent Accountants and Tests of Operating Effectiveness**

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**20. Systems - Physical Access Security**

**Control Objective:**

Controls provide reasonable assurance that physical access to computer equipment, storage media, and program documentation is restricted to properly authorized individuals.

<b>Controls</b>	<b>Tests Performed by PricewaterhouseCoopers</b>	<b>Test Results</b>
Card key access to the Diversified Data Center in Purchase, NY and the AEGON Data Center in Cedar Rapids, IA is only provided to active and authorized personnel.	Inspected the Card Key access lists for the Diversified Data Center in Purchase, NY and the AEGON Data Center in Cedar Rapids, IA and noted that only active and authorized employees had access to Data Center facilities.	No relevant exceptions noted.

**III. Information Provided by Independent Accountants and Tests of Operating Effectiveness**

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**21. Systems – Back-Up**

**Control Objective:**

Control activities provide reasonable assurance that data files and production software are backed up regularly, that back-ups are maintained off-site.

<b>Controls</b>	<b>Tests Performed by PricewaterhouseCoopers</b>	<b>Test Results</b>
<p>Backups are taken daily according to schedule. PARIS backup tapes are sent off-site by Computer Operations in Cedar Rapids on a daily basis. Diversified uses an in-house data safe to store daily ePeople, eBackoffice and AWD backup tapes. Weekly ePeople, eBackoffice and AWD backup tapes are sent off-site on Mondays.</p>	<p>Inspected a sample of backup tapes for PARIS, ePeople, eBackoffice and the AWD system and noted that backup tapes were generated as scheduled and moved to the appropriate off-site storage facility.</p>	<p>Exception Noted: 1 out of 20 backup tapes selected for testing could not be located at the off-site storage facility.</p>

**III. Information Provided by Independent Accountants and Tests of Operating Effectiveness**

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**22. Internet - System Security**

**Control Objective:**

Control activities provide reasonable assurance that logical access to system files, data files, program files, transactions and hardware is restricted to authorized users based upon job function.

<b>Controls</b>	<b>Tests Performed by PricewaterhouseCoopers</b>	<b>Test Results</b>
<p>Web and Application servers sit behind the firewall and routers in the DMZ to isolate them from the Internet and the AEGON enterprise network.</p>	<p>Inquired as to the security configuration of the firewall rule base to verify that access from the Internet to the internal AEGON enterprise network was properly restricted.</p> <p>Inspected network diagrams to verify that gateway routers were properly implemented and configured to isolate resources residing on the AEGON enterprise network from the Internet.</p>	<p>No relevant exceptions noted.</p>
<p>Application data transmitted over the Internet is encrypted.</p>	<p>Observed a user login session from the Diversified website to the DDOL website to verify the login process.</p> <p>Inspected the web browser settings and verified the VeriSign Digital ID Certificate information to ensure encryption is being utilized.</p>	<p>No relevant exceptions noted.</p>

**III. Information Provided by Independent Accountants and Tests of Operating Effectiveness**

**22. Internet - System Security**

**Control Objective:**

Control activities provide reasonable assurance that logical access to system files, data files, program files, transactions and hardware is restricted to authorized users based upon job function.

<b>Controls</b>	<b>Tests Performed by PricewaterhouseCoopers</b>	<b>Test Results</b>
Intrusion Detection software is being utilized to identify unauthorized access attempts, security breaches as well as internal misuse of the AEGON enterprise network.	Observed the existence of Intrusion Detection software up and running on the AEGON enterprise network.  Inquired as to the incident response procedures invoked after intrusion detections alerts.	No relevant exceptions noted.
Connections to the mainframe system are proxied through a web server so that users' personal computers never make a direct connection to the system storing application data.	Inspected application architecture documentation to verify the information data flows and the various interfaces between personal computers and web servers and web servers and the mainframe.	No relevant exceptions noted.
Sessions with regions not being used are disconnected.	Inquired as to timeout features of the application to verify that sessions disconnect.  Inspected a session to validate the timeout process.	No relevant exceptions noted.

**III. Information Provided by Independent Accountants and Tests of Operating Effectiveness**

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**22. Internet - System Security**

**Control Objective:**

Control activities provide reasonable assurance that logical access to system files, data files, program files, transactions and hardware is restricted to authorized users based upon job function.

<b>Controls</b>	<b>Tests Performed by PricewaterhouseCoopers</b>	<b>Test Results</b>
Scanning software is used periodically to help identify known vulnerabilities.	<p>Inquired as to timing and procedures surrounding the running of scanning software to ensure that these scans are performed.</p> <p>Inquired of staff to ensure that identified vulnerabilities were appropriately followed-up and resolved in a timely manner.</p> <p>Inspected the results of a sample of selected scans to verify that they are run.</p>	No relevant exceptions noted.
Internal users are restricted from access to PARIS or its information unless specifically authorized.	Inspected application access lists to ensure that only valid users were provided access to the application.	No relevant exceptions noted.

**III. Information Provided by Independent Accountants and Tests of Operating Effectiveness**

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**22. Internet - System Security**

**Control Objective:**

Control activities provide reasonable assurance that logical access to system files, data files, program files, transactions and hardware is restricted to authorized users based upon job function.

<b>Controls</b>	<b>Tests Performed by PricewaterhouseCoopers</b>	<b>Test Results</b>
<p>Access to application servers is secured with the use of operating system level controls including unique IDs and passwords, password expiration, account lockout as well as the use of auditing.</p>	<p>Inspected operating system settings and verified users' accounts utilized unique IDs and passwords, passwords were set to expire, and accounts were automatically locked after a specified number of invalid logon attempts.</p> <p>Inspected operating system settings to ensure auditing has been enabled and verified procedures surrounding periodic review of the logs.</p>	<p>No relevant exceptions noted.</p>
<p>Access to operating system resources including registry settings is secured with the use of access control mechanisms including file and directory permissions in addition to restricting the number of enabled services on the system.</p>	<p>Inspected operating system access control mechanisms and ensured access to system resources, registry settings and enabled services were appropriately restricted.</p>	<p>No relevant exceptions noted.</p>

**III. Information Provided by Independent Accountants and Tests of Operating Effectiveness**

**23. Internet - Application Security**

**Control Objective:**

Control activities provide reasonable assurance that Internet access to the online applications and transaction functions is restricted to authorized participants.

<b>Controls</b>	<b>Testing Performed by PricewaterhouseCoopers</b>	<b>Test Results</b>
The participant's ID number and password are required to access information over the Internet	Attempted to logon and access participant information via the Internet and verified that a valid ID number and password were required prior to granting participant access.	No relevant exceptions noted.
Participants who initially set up their password through the Internet are required to enter their social security number and birth date.	Attempted to setup an initial password via the Internet and verified that both social security number and birth date were required.	No relevant exceptions noted.
Active DDOL sessions terminate after a period of inactivity.	Established an active DDOL session and let the session remain inactive to verify that the session timed out and was subsequently disconnected.	No relevant exceptions noted.
Participants who incorrectly enter an ID number multiple times are disconnected.	Attempted to circumvent authentication security by entering multiple invalid ID numbers and verified that the session was disconnected.	Exception Noted: Security settings for the DDOL application allow users to bypass account and session lockout controls.
Participants who incorrectly enter a password multiple times are disconnected.	Attempted to circumvent authentication security by entering multiple incorrect passwords and verified that the session was disconnected.	Exception Noted: Security settings for the DDOL application allow users to bypass account and session lockout controls.



**III. Information Provided by Independent Accountants and Tests of Operating Effectiveness**

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**23. Internet - Application Security**

**Control Objective:**

Control activities provide reasonable assurance that Internet access to the online applications and transaction functions is restricted to authorized participants.

<b>Controls</b>	<b>Testing Performed by PricewaterhouseCoopers</b>	<b>Test Results</b>
A reporting tool is utilized to give statistics on whom is accessing or attempting to access PARIS data. All key clicks are written to a non-repudiation log.	Inspected the non-repudiation log for a sample of days and ensured suspicious activity was identified and appropriately followed-up.	No relevant exceptions noted.
Confirmations are sent to participants for old/new address, allocations, and deferral changes.	<p>Inspected the policies surrounding the sending of confirmations to ensure that users are notified after updates to user profiles are made online.</p> <p>Inspected a sample of confirmations sent to participants to ensure that they are produced.</p>	No relevant exceptions noted.

**III. Information Provided by Independent Accountants and Tests of Operating Effectiveness**

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**24. Internet - Application Development & Maintenance**

**Control Objective:**

Control activities provide reasonable assurance that change management procedures are being utilized for the migration of programming changes from development to production environment.

<b>Controls</b>	<b>Tests Performed by PricewaterhouseCoopers</b>	<b>Test Results</b>
Written standards and procedures regarding changes to content, programs, hardware, and infrastructure are distributed to staff.	Inspected documented policies and procedures and verified that they address change management functions over content, programs, hardware, and infrastructure.	No relevant exceptions noted.
Only authorized individuals have access to make changes to the web servers.	Inspected all web server users to ensure that administrative or privileged access is appropriate.  Inquired as to the usage of Windows NT account IDs associated with "Administrator" or privileged level of access to determine appropriateness.	No relevant exceptions noted.
Change notifications are communicated via Change management e-mails.	Inspected a sample of emails to confirm change management notifications are properly communicated to affected staff.	No relevant exceptions noted.

III. Information Provided by Independent Accountants and Tests of Operating Effectiveness

25. Internet – Computer Operations

**Control Objective:**

Control activities provide reasonable assurance that Internet applications are monitored to ensure availability and disaster recovery procedures are in place.

Controls	Tests Performed by PricewaterhouseCoopers	Test Results
<p>Backups of all hardware devices are performed and backup tapes are stored off-site.</p>	<p>Inspected formalized and comprehensive backup and recovery procedures to verify the following areas were included:</p> <p>Instructions on performing backups and performing restores (i.e. files and folders); Existence of backup schedule; and Troubleshooting procedures</p> <p>Inspected backup storage and off-site removal procedures to verify the following were areas included:</p> <ul style="list-style-type: none"> <li>• Offsite tape storage requirements;</li> <li>• Tape management and rotation procedures; and</li> <li>• Off-site tape vendor contact information.</li> </ul> <p>Inspected formal evidence of off-site tape storage (i.e. pickup receipt, sign-off, listing of tapes returned) to verify that tapes are maintained off-site.</p>	<p>No relevant exceptions noted.</p>

**III. Information Provided by Independent Accountants and Tests of Operating Effectiveness**

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**25. Internet – Computer Operations**

**Control Objective:**

Control activities provide reasonable assurance that Internet applications are monitored to ensure availability and disaster recovery procedures are in place.

<b>Controls</b>	<b>Tests Performed by PricewaterhouseCoopers</b>	<b>Test Results</b>
Production web servers and firewall devices are located in the computer room at the data center with limited physical access and the test web servers are only in Cedar Rapids.	Toured the AEGON Data Center in Cedar Rapids, IA and observed the presence of the production web servers, firewall devices and test web servers and that the Data Center doors were kept locked and were protected by card key access.	No relevant exceptions noted.
Redundant web and application servers are in place.	Inspected network diagrams and verified fail-over web and applications servers were in place.  Inspected the Cedar Rapids, IA data center and verified the existence of redundant web and application servers.	No relevant exceptions noted.
Redundant firewall devices are in place.	Inspected network diagrams and verified fail-over firewall devices were present for each firewall.  Inspected the Cedar Rapids, IA data center and verified the existence of redundant firewalls.	No relevant exceptions noted.

**III. Information Provided by Independent Accountants and Tests of Operating Effectiveness**

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**25. Internet – Computer Operations**

**Control Objective:**

Control activities provide reasonable assurance that Internet applications are monitored to ensure availability and disaster recovery procedures are in place.

<b>Controls</b>	<b>Tests Performed by PricewaterhouseCoopers</b>	<b>Test Results</b>
<p>The PARIS application has been coded to display an appropriate message for participants to view via the Internet during times the application is known to be unavailable (i.e. during scheduled maintenance, etc.).</p>	<p>Inquired as to the process followed by the Internet Team for notifying participants of planned PARIS unavailability.</p>	<p>No relevant exceptions noted.</p>
<p>Monitoring tools are utilized to ensure that the Internet servers remain operational and available.</p>	<p>Inspected policies and procedures relating to the use of monitoring tools and verified they are being used.</p> <p>Observed that monitoring tools existed and were operating from the consoles.</p> <p>Inspected output (i.e. logs, email messages) generated by monitoring tools and verified that the tools are operating as intended.</p>	<p>No relevant exceptions noted.</p>

**Diversified Investment Advisors, Inc.**

**IV. Information provided by Diversified Investment Advisors, Inc.**

The following represents Management’s response and status on the exceptions cited in the control activity matrices in Section III.

<b>Control Activity</b>	<b>Control Exception and Management Response</b>
<p>ePeople and eBackoffice access for terminated users is revoked via notification from Human Resources to security personnel. User IDs are revoked and/or deleted in a timely manner.</p>	<p>1 out of 20 terminated users selected for testing was found to have an active Windows NT ID on the DIVINVEST domain.</p> <p>The failure to remove access occurred through human error. To mitigate the risk of failing to terminate users through the Remedy process, Data Security started receiving daily Peoplesoft reports for terminated associates. The list is run through a program to help us identify LAN and Mainframe User IDs active on the system. Data Security then reviews this updated list and verifies the termination and removes access.</p>
<p>Backups are taken daily according to schedule. PARIS backup tapes are sent off-site by Computer Operations in Cedar Rapids on a daily basis. Diversified uses an in-house data safe to store daily ePeople, eBackoffice and AWD backup tapes. Weekly ePeople, eBackoffice and AWD backup tapes are sent off-site on Mondays.</p>	<p>1 out of 20 backup tapes selected for testing could not be located at the off-site storage facility.</p> <p>A flaw was found in the Veritas vaulting report. When discovered, the backup administrator changed the software to fix the problem. We have validated vaulting reports after the fix was applied to ensure all tapes were getting off-site. The results were positive.</p>

**Diversified Investment Advisors, Inc.**

**IV. Information provided by Diversified Investment Advisors, Inc.**

<b>Control Activity</b>	<b>Control Exception and Management Response</b>
Participants who incorrectly enter a social security number multiple times are disconnected.	Security settings for the DDOL application allow users to bypass account and session lockout controls.  We are enhancing the redesigned DDOL website, enforcing tighter controls by adding a count feature that will disable unsuccessful logon attempts after a set number of times. This is regardless of when you log back into the site (not per browser session).
Participants who incorrectly enter a password multiple times are disconnected.	Security settings for the DDOL application allow users to bypass account and session lockout controls.  We are enhancing the redesigned DDOL website, enforcing tighter controls by adding a count feature that will disable unsuccessful logon attempts after a set number of times. This is regardless of when you log back into the site (not per browser session).

## **Diversified Investment Advisors, Inc.**

### **IV. Information provided by Diversified Investment Advisors, Inc.**

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93

#### **Systems Recovery**

AEGON Computer Operations located in Cedar Rapids, Iowa has a Disaster Recovery Plan, which is tested regularly. Diversified's Computer Operations has a Disaster Recovery Plan, which includes systems recovery and business resumption at SunGard Recovery Service in Philadelphia, Pennsylvania and/or Carlstadt, New Jersey.

Diversified has documented critical business functions and applications that need to be recovered on a priority basis. Action items have been assigned to a disaster recovery implementation team.

Back-ups are performed daily according to schedule. PARIS backup tapes are sent off-site by Computer Operations in Cedar Rapids on a daily basis. Diversified performs daily ePeople and eBackoffice backups. ePeople, eBackoffice and AWD backup tapes are sent off-site by Computer Operations in Purchase on a daily basis.

Redundant web and application servers and firewall devices are utilized.



**V. Glossary of Terms and Report Acronyms**

**Appendix: Glossary of Terms and Report Acronyms**

ACH	Automated Clearinghouse
AWD	Automated Workflow Distribution
CIT	Client Integration Team
CMS	Cash Management System
CP	Corporate Plans Group
DAS	Diversified Accounting System
DBG	Defined Benefit Group
DDOL	Diversified Direct On-Line
DMZ	Demilitarized Zone
GP	Government Plans Group
IBT	Investors Bank & Trust Company
IP	Internet Protocol
ISO	Information Security Office
ISS	Internet Security Systems (vendor of vulnerability scanner)
IT	Information Technology
ITF	Integrated Test Facility
LPAR	Logical Partitioning
MAAS	Multiple Account Administration System
NFP	Not-for-Profit Group
PARIS	Pension Accounting and Reporting Information System
RACF	Resource Access Control Facility
RTS	Diversified Regulatory Testing System
TPA	Third Party Administrator
VPN	Virtual Private Network
VRU	Voice Response Unit