

**DOUGLAS R. HOFFER
STATE AUDITOR**



**STATE OF VERMONT
OFFICE OF THE STATE AUDITOR**

REQUEST FOR PROPOSALS

**FOR INDEPENDENT AUDIT SERVICES
AS REQUIRED BY UNIFORM GUIDANCE AND
GOVERNMENT AUDITING STANDARDS**

**FOR FISCAL YEARS 2018 THROUGH 2020
WITH OPTION FOR EXTENSIONS TO FISCAL
YEARS 2021 AND 2022**

Issue Date: July 6, 2017
Bidders Conference: July 17, 2017 3 PM
Questions Due By: July 12, 2017 5 PM
RFP Responses Due: August 7, 2017 5 PM

State Contact: Susan Mesner, Deputy State Auditor
Office of the State Auditor
132 State Street
Montpelier, VT 05633-5101
(802) 828-2281
www.auditor.vermont.gov

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REQUEST FOR PROPOSALS

1.0 INTRODUCTION AND GENERAL INFORMATION

1.1 Purpose and Scope of Procurement

The Single Audit Act of 1984 requires the Vermont State Auditor’s Office (SAO) to perform or contract with independent public accounting firms for the performance of financial and compliance audits. No statutes require financial reporting above and beyond what is required under GAAP. (See Vermont Statutes Annotated [VSA] Title 32 Section 163.) The SAO elects to contract with an independent public accounting firm (IPA) to satisfy the requirements and seeks proposals from qualified independent public accounting firms to conduct the financial statements audit and federal compliance audit for the State of Vermont’s financial operations as described in this Request for Proposals (RFP).

The purpose of this RFP is to acquire the services of an IPA with significant governmental accounting and auditing experience. The selected firm will perform annual financial and compliance audits of the State of Vermont’s financial operations for the fiscal years ending June 30, 2018, 2019, 2020. At the option of the SAO, this contract may be extended an additional two years—2021 and 2022. The State of Vermont’s procurement guidelines encourage two-year terms for contracts, however, longer periods are permitted with the approval of the Secretary of Administration, which the SAO has obtained.

Each year’s audits will be conducted in accordance with the provisions of the Single Audit Act, as amended, the Office of Management and Budget’s (OMB) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Government Auditing Standards as promulgated by the Comptroller General of the U.S., and other relevant laws and regulations.

1.2 Proposal Calendar

Subject to revision by the SAO, the following schedule of events will be observed for this solicitation:

	<u>Date</u>
Release of RFP by Vermont State Auditor	July 6, 2017
Submission of written questions for Bidder’s Conference	July 12, 2017, 5 PM
Bidders’ Teleconference*	July 17, 2017, 3 PM
Proposals Due	August 7, 2017, 5 PM

Evaluation of Proposals	August 7-11, 2017
Oral Interviews for Finalists	Week of August 14, 2017
Notification to IPAs/Contract Award	August 23, 2017
Contract Negotiations and Execution Period	August 23, 2017 – November 17, 2017
Contract Performance Begins	To be determined

*A conference call will be hosted by the SAO to address questions provided in advance. Registration for the conference call must be made prior to July 12, 2017. Please contact Kathy O'Rourke at (802) 828-2185 to register. Please provide your questions for the conference call via email to Kathy O'Rourke at: kathy.orourke@vermont.gov

Additional questions posed during the conference call may be addressed during the conference call or will be addressed at a later time, with the answers to be provided to all participants of the conference call.

1.3 IPA Minimum Qualifications

The following are the minimum required qualifications for the selected auditor.

- The firm should be an independent certified public accounting firm, registered in the State of Vermont or have submitted an application for registration. If an application has been submitted, a copy must be provided to SAO, and the IPA must assert that they have not made attempts to register in the past and been rejected.
- The IPA must meet the independence standards of the U.S. Government Accountability Office's Government Auditing Standards, as revised.
- Supervisory personnel (partners, managers) of the IPA should have at least five (5) years of experience in the audit of government organizations. These governmental audits should be comparable in complexity and size to the audit of a state government. The audits should have included systems, programs, activities, functions, and financial statements in accordance with GAGAS.
- Supervisory personnel on the contract should be licensed members of the AICPA and registered in the State of Vermont, or have submitted an application for registration.
- The IPA should be a member of the American Institute of Certified Public Accountants Governmental Audit Quality Center.

- The IPA shall comply with and be able to sign without modification confidentiality agreements required by certain departments such as the Department of Taxes (see Confidentiality Agreement in Appendix) and the Agency of Human Services Business Associate Agreement (see Attachment E in Appendix).
- The IPA shall comply with obligations under the Health Insurance Portability and Accountability Act of 1996 (HIPAA), as amended, and its accompanying requirements.

Two or more firms may propose as a joint venture or consortium if the minimum qualifications are met.

1.4 Informational Contact

Questions concerning this request should be directed to:

Ms. Susan Mesner
Deputy State Auditor
Office of the Vermont State Auditor
132 State Street
Montpelier, VT 05633-5101

Tel. (802) 828-2281
E-mail: Susan.Mesner@vermont.gov

2.0 BACKGROUND

2.1 Selected Background Information

General

Vermont state government is comprised of twenty-six departments. Certain departments are grouped together and managed under a single agency umbrella, such as the Agency of Human Services. There are nine separately audited component units. The fund managed by the Vermont Lottery Commission is separately audited. In addition, the Special Environmental Revolving Fund (SERF), managed by the Agency of Natural Resources, the Energy Efficiency Utility Fund (EEUF) and Universal Service Fund (USF), administered by fiscal agents under contract with the Department of Public Service, and the Tri-State Lotto Commission are separately audited. The SERF is blended into the Federal Revenue Fund and the EEUF and USF are blended into the Special Fund.

Copies of the most recent CAFR audit report and Federal Single Audit report, as required by Uniform Guidance, can be found on the State Auditor's website www.auditor.vermont.gov (click on Reports, Federal Single Audit).

Fiscal Environment

The Department of Finance & Management, within the Agency of Administration, is responsible for budgeting and financial reporting and produces the Comprehensive Annual Financial Report (CAFR) and the Schedule of Federal Expenditures (SEFA). The CAFR for the fiscal year ending June 30, 2016 (FY16) reports total primary government wide assets of \$4.7 billion. The statement of activities for FY16 reports total primary government revenues inclusive of program revenues and general revenues to be over \$5.9 billion. Because the state receives substantial federal financial assistance (nearly \$1.75 billion in FY16), Federal regulations require that Vermont conduct the single audit. This audit must be conducted in accordance with Government Auditing Standards and the audit requirements contained in the Uniform Guidance. The U.S. Department of Health and Human Services (HHS) is the cognizant agency for the State of Vermont.

The Vermont Department of Finance and Management is organized into two main areas of responsibility. Budget and Management is responsible for budget development, appropriations management, and the oversight of contracts and grants. Budgets are prepared and appropriated on a cash basis, usually at the program level. Financial Operations is responsible for the VISION accounting system, financial reporting, and statewide internal controls. The state of Vermont utilizes the VISION (Vermont Integrated Solution for Information and Organizational Needs) accounting system (Oracle/PeopleSoft v.8.8) for its accounting records and as a source to gather information for financial statement preparation. The system has been in place since 2001. The Department of Human Resources is responsible for payroll and utilizes VTHR (Oracle/PeopleSoft HCM v.9.1). VISION receives the journal entry via an integration broker message from VTHR.

Although the Department of Finance and Management is ultimately responsible for financial management issues, the State has more than 65 individual operating organizations (referred to as business units), most of which perform accounting transactions. Thus, the actual processing of revenue and disbursement accounting is decentralized, although most of the business units are located in central Vermont in or near the capital city of Montpelier. There are several sub-systems that are integrated into the VISION system, through automated and manual integration.

Various agencies have established internal audit groups, reporting to a senior management-level individual within the agency. Internal audit groups do not report to the SAO. These groups focus predominantly on monitoring sub-recipients and sub-contractors. Therefore, the selected external IPA may not be able to rely on the results of work performed by the internal audit groups.

The State does not have uniform internal control policies across all departments. Instead, it has chosen a more informal approach by working to influence awareness of internal controls and promote “best practices” rather than mandating policies and processes. The Department of Finance and Management has an Internal Control (IC)

Section within their Financial Operations Division. The focus is primarily on operational reviews based on a limited number of administrative bulletins and accounting procedures that the Agency of Administration and Department of Finance and Management have issued. The IC section publishes a best practices series to assist departments and manages an annual statewide self-assessment of internal controls review process each year.

See the following website for Finance & Management's policies/procedures:
<http://finance.vermont.gov/policies-and-procedures>

SAO reviewed the State's system of controls for accounts payable as part of a performance audit in 2010 focusing on improper payments. A recommendation follow-up report was issued in 2015:

<http://auditor.vermont.gov/sites/auditor/files/files/reports/performance-audits/10-3-RecRev-Report.pdf>

Funds

The State currently reports twenty governmental funds, of which six are classified as "major" governmental funds. These major funds are the General Fund, Transportation Fund, Education Fund, Special Fund, Federal Revenue Fund and Global Commitment Fund. The "non-major" funds include the Fish and Wildlife Fund, two capital project funds, two debt service funds, and nine permanent funds.

The State also reports nine enterprise funds (of which three are reported as major) and twenty-four internal service funds. The State's fiduciary funds are divided into four basic categories: Pension and Other Post-Employment Benefit (OPEB) Trust Funds, consisting of six separate pension plans and three OPEB plans; a Private Purpose Trust Fund – Unclaimed Property; nine Agency Funds; and an Investment Trust Fund. There are four discreetly presented major component units and five discreetly presented non-major component units within the financial statements.

Chart of Account Structure

A uniform chart of accounts that conforms to GAAP is utilized by the State. This account structure (chartfields) is maintained and controlled by Financial Operations. The state mandates that certain chartfields must be used. The chartfield structure was designed to be flexible and is organized as follows:

- General Ledger Business Units (Required)
- Sub-module Business Units (Required)
- Accounts (Required)
- Fund (Required)
- Department ID (Required)
- Program (Optional)
- Class (Optional)
- Project ID (Optional)

Program, Class, and Department ID are utilized by departments for internal management accounting. The State classifies expenditures by function utilizing the Dept ID chartfield; GL Business Unit, Account, Fund, and Dept ID are used to control appropriations budgets.

Compilation of Financial Reports

The State records its transactions on a cash basis and converts to GAAP modified accrual (for governmental activities) and full accrual financial reporting through a series of adjusting and reclassification entries at period end. This GAAP conversion process requires compilation and review of supporting documentation from the State's operating departments. It also relies on the audited financial statements of the component units, the SERF, the EEUF, and the USF.

Governmental Funds GAAP adjustments are posted to a Modaccrual ledger. Proprietary Funds, Pension/OPEB Trust Funds and Private Purpose Trust Fund GAAP adjustments are posted to the ACCRL/ADJ ledger. Agency funds and adjustments to government-wide statements are posted into Excel spreadsheets.

Single Audit Major Programs

Using the formula described in OMB's Uniform Guidance, a type A program was defined as any program in which federal expenditures exceeded \$6.4 million during the State's FY16 fiscal year. For FY16, there were 22 major programs. It is expected that the number of major programs in FY18 will be 20.

Pension Obligations

The State Treasurer's Office contracts for actuarial services related to the State's defined benefit pension and OPEB obligations and for the plans that require GASB 67 and 68 reports. The change in accounting rules and expanded audit requirements of GASB 68 affects state-level reporting and new reporting requirements for the State's pension plans for teachers and municipal employees.

Information Technology Environment

The Department of Information and Innovation was recently reorganized as the Agency of Digital Services (ADS). The Secretary of ADS is also the Chief Information Officer (CIO) and is charged with providing direction and oversight for all activities directly related to information technology (IT) in state government. The CIO also promulgates statewide IT policies and procedures. Agencies may publish their own policies and procedures, and where this occurs, they may not be less restrictive than ADS policy.

ADS manages wide area and local networks (WAN/LAN) for all state employees regardless of location. Specifically, ADS is responsible for network connectivity and cabling infrastructure up to and including the data jack in buildings where state employees work, except for home-based workers.

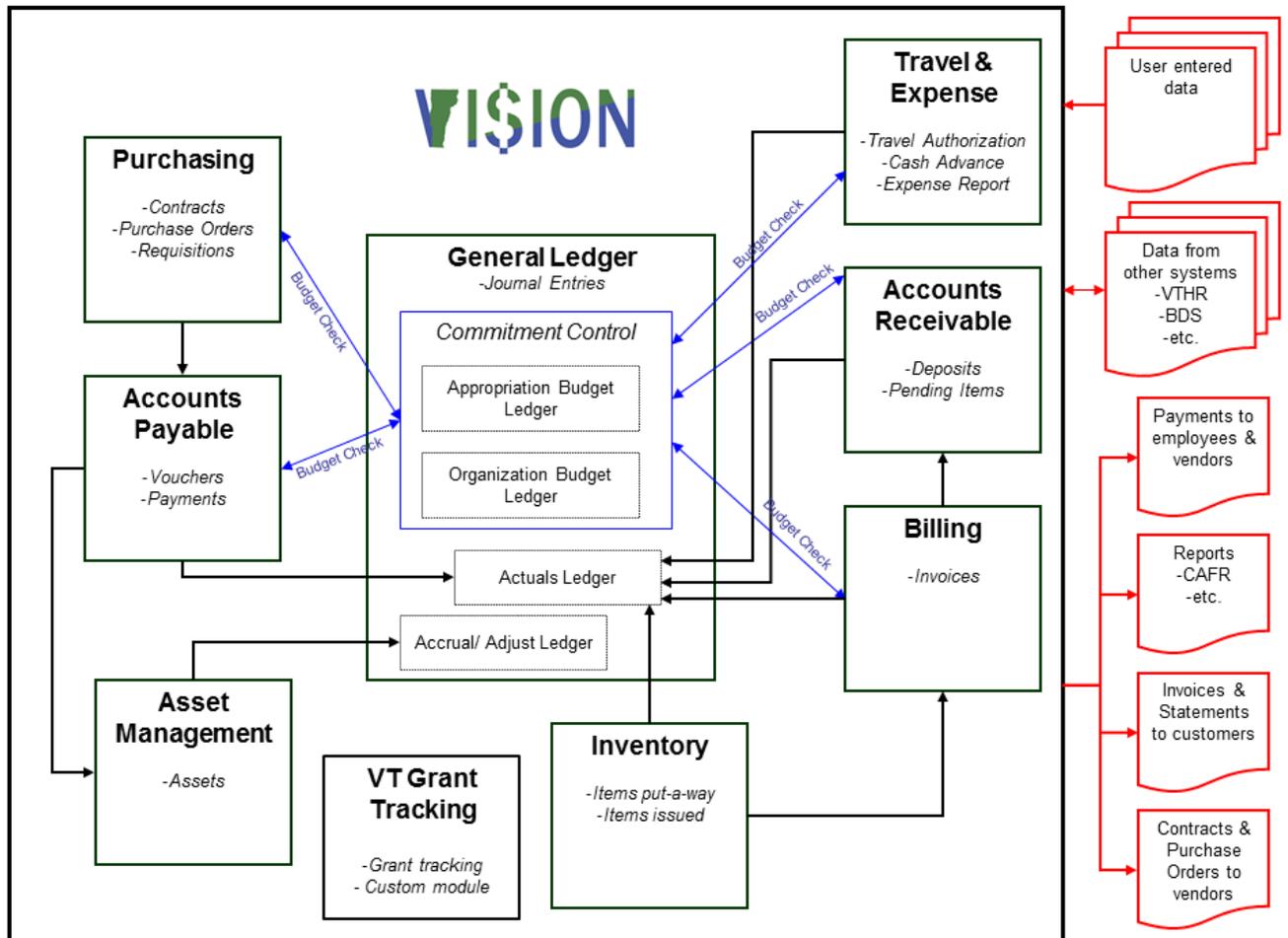
ADS operates multiple data centers at various locations, including the National Life Building in Montpelier, the Department of Labor in Montpelier and data centers in Berlin and South Burlington. State data and applications are also stored in commercial cloud datacenters, including Microsoft, Amazon and a few others. For the systems and applications housed in Vermont data centers, ADS is responsible for maintaining the hardware and virtual environments, troubleshooting, and other peripheral tasks, while the system owner (such as the Agency of Human Services) is responsible for the overall management of the applications. For commercial cloud data centers, the vendor maintains the hardware and virtual environments as directed by the terms of the contract or subscription with the provider. State policy and standards are reflected in these terms.

Tests of the design of general controls related to the State network and data centers were last conducted in 2012.

State-Managed Financial Management System

With respect to financial management systems, the State uses VISION-Financials (Oracle/PeopleSoft Financials v.8.8) as the statewide financial system. An upgrade to version 9.2 is expected to commence in the latter half of 2017. The system is managed by the Department of Finance and Management in conjunction with ADS' ERP Unit, and the servers are located at the National Life Building data center. VISION-Financials utilizes the following modules: General Ledger, Accounts Payable, Purchasing, Accounts Receivable, Billing, Asset Management, Inventory, Subrecipient Grant Tracking (custom module), and Travel & Expense. The following figure provides an overall view of the VISION financials modules.

Figure 1: VISION-Financials Modules



A general control test of design for the VISION system environment was last completed in 2012.

The Department of Finance and Management also utilizes Vantage as the statewide budgeting system. Vantage is interfaced to VISION and is used to prepare and submit department budgets. Any adjustments made by the Legislature are also tracked in this system.

Other State-Managed Financial-Related Systems

While it is the principal financial system of the State, VISION-Financials is not the originating system for a substantial amount of financial activity. For example, the Department of Taxes and the Agency of Human Services use a variety of systems to account for hundreds of millions of dollars in revenue and expenditures. In some cases, these systems have electronic interfaces with VISION, while in other cases

summary-level data from the system are manually entered into VISION through journal entries.

The following table provides a brief functional and technical description of other major financial-related systems utilized by State agencies and departments. Although not inclusive of all systems, it is believed that these are the most material feeder systems. The table also indicates the year of the last test of design of general controls (GC) for each system (e.g., controls related to access to programs and data, program changes, computer operations), and whether the system is scheduled to be replaced.

Name	Functional Description	Technical Description	Location	Year of Last GC Review	To Be Replaced?
Agency of Administration					
VTHR	The Oracle PeopleSoft Human Capital Management (HCM) v.9.1 application has various modules including those pertaining to (1) workforce administration, (2) benefits administration (including leave accruals), (3) compensation management, (4) recruitment, (5) time and labor rules, (6) time entry and approval, (7) employee self-service, and (8) payroll processing.	OS: Linux DBMS: Oracle	DII Data Center, National Life Building, Montpelier	2017	Recruitment module will be replaced with a SaaS solution January 2018. Core HCM functionality will be put out for bid in FY 2019
VTax (GenTax)	Administers personal income, meals and room, sales and use, school property, corporate and business income tax, property transfer tax, and fuel gross receipts. As of Dec. 2017, VTax will administer all taxes.	OS: MS Windows DBMS: MSSQL	DII Data Center, National Life Building, Montpelier	2017	No
Agency of Human Services/Department for Children and Families					
Bright Futures Information System (BFIS)	Tracks child placements for child care and calculates payments and funding sources.	OS: Linux 5.3 DBMS: Oracle 11g	DII Data Center, National Life Building, Montpelier	2012	No

Name	Functional Description	Technical Description	Location	Year of Last GC Review	To Be Replaced?
ACCESS	The State's integrated eligibility verification system for federal and state human services programs, including 3 Squares (food stamps), Reach Up (TANF), Foster Care, LIHEAP, Medicaid (ABD and Long Term Care), general assistance (emergency benefits for housing and fuel). In some cases this system establishes an individual's eligibility that is passed to another system (e.g., Medicaid), while in other cases the system both establishes eligibility and makes the payment (e.g., LIHEAP).	OS: ZOS DBMS: ADABAS	DII Data Center, National Life Building, Montpelier	2012	2021
Social Services Management Information System (SSMIS)	A benefit and eligibility system for Foster Care, Adoption Assistance, and Social Services Block Grant Programs.	OS: UNIX DBMS: Informix v.5	DII Data Center, National Life Building, Montpelier	2012	2023
Agency of Human Services/Vermont Department of Health Access					
Vermont Health Connect (VHC)	Vermont Health Connect is the system established to meet the federal requirements of the Patient Protection and Affordable Care Act (PPACA aka ACA), which allows individuals to compare and purchase qualified private health insurance plans, access federal and state tax credits, determine eligibility, and enroll individuals in public health insurance plans (MAGI Medicaid). Premium processing is handled through a subcontractor.	OS: Linux DBMS: Oracle	Elk River, MN Chaska, MN	A high-level design review in 2014	No, envisioned to converge with ACCESS replacement
Agency of Transportation					
STARS (State Transportation Accounting and Reporting System)	Performs accounting and control, project management, and program management. Generates billing documents and payment vouchers. Records allotments for projects and agreements.	OS: z/OS v1.13 upgrade to v2.1 in progress CICS/TS v4.2 DBMS: ADABAS v8.3	DII Data Center National Life Building, Montpelier	2012	No

Name	Functional Description	Technical Description	Location	Year of Last GC Review	To Be Replaced?
Department of Motor Vehicles (DMV) 1. POS 2. Phoenix-replaced Nexdorf 3. Cashiers 4. DMV Mainframe Application	Records revenue from DMV services (e.g., motor vehicle licenses and registrations).	POS - OS: Windows DBMS: Microsoft SQL Express 2005 Phoenix - OS: Windows DBMS: Microsoft SQL Server 2008 R2 Cashiers - OS: Windows DBMS: Access 97 DMV Mainframe - OS: z/OS v1.13 CICS/TS v4.2 Database – VSAM files	DII Data Center, National Life Building, Montpelier	None	POS: Aug. 2017 Phoenix: No Cashiers: No DMV Mainframe: No
Office of the Vermont State Treasurer					
Vermont Pension Administration System	Performs all retirement operations, including wage and contribution reporting, benefit estimates, calculating the cost of purchased service, retirement processing, payroll, 1099 processing, production of member annual statements.	OS: Windows 2012 R2 Server DBMS: SQL Server 2012 R2	DII Data Center, National Life Building, Montpelier	Test of design that covered major components in 2015	No
Department of Labor					
VABS (Voice Activated Benefit System)	Determines claimant eligibility and processes benefit payments for unemployment insurance compensation.	Application written in COBOL and CICS The basic file structure is Indexed VSAM files	5 Green Mountain Dr., Montpelier	2012	September 2018
CATS (Contribution Tax System)	Provides for the entry, storage, and maintenance of employer data required to collect quarterly employer unemployment insurance taxes. Processes and accounts for quarterly taxes paid by employers.	Application written in COBOL and CICS The basic file structure is Indexed VSAM files	5 Green Mountain Dr., Montpelier	2012	September 2018

Name	Functional Description	Technical Description	Location	Year of Last GC Review	To Be Replaced?
Financial Accounting and Reporting System (FARS)	Mainframe system that processes non-VISION employee time and vendor payments for the DOL. VISION interfaces with the FARS system so costs can be allocated to individual programs. Once costs are allocated, the FARS is used as the basis of the Department's federal cash draw requests and federal financial status reports.	Application written in COBOL and CICS The basic file structure is Indexed VSAM files	5 Green Mountain Dr., Montpelier	2012	September 2018
Agency of Commerce and Community Development					
Intelligrants (IG16)	Online grants management system for ACCD grants and incentives, including: Vermont Community Development Grants, Municipal Planning Grants, Vermont Employment Growth Incentives, and Vermont Training Program grants. The system manages the complete grant process from application through disbursements, monitoring and closeout.	ISS (Web) Server OS: Windows 2012 Server Database Server OS: Windows 2012 Server, running SQL Server 2012	Lansing, MI	2010	No
Department of Liquor Control					
Sequoia	Manages warehousing, inventory, purchasing, AP, tracking of sales/revenues, commission, licensing and GL. In addition, Point of Sale terminals, which are owned by the State and are installed in each store.	OS: Digital Unix DBMS: Informix C-ISAM with IQSL	DII Data Center, National Life Building, Montpelier	2012	Contract negotiations underway for partial replacement
Agency of Education					
Colyar Consulting Group (CCG) Child Nutrition System	Online Software-as-a-Service system allowing Vermont schools' Child Nutrition Programs to manage applications and claims in accordance with USDA regulations and the Vermont Agency of Education to account for claims, payments, and related state and federal reports related to the same.	Vendor hosted/ supported SAAS. Microsoft Net & SQL Server platforms	3 rd -party hosting provider, Nutech Digital (CA) and/or Server Intellect (FL); Disaster recovery site at CCG, Phoenix, AZ.	No	No
CSDC's Grantium (Grants Management System)	Allows applicants for grants managed by Vermont Agency of Education to apply for and provide electronic signature for grant awards. AOE manages application, award, amendment, assurances, and financial management/accounting for all grants within the system.	<u>Database:</u> OS: Windows Server 2008 R2; Oracle 11G R1 <u>Application:</u> OS: Debian GNU/Linux 5.0.10; JBOSS 4.0.5.GA & Apache	DII Data Center, National Life Building, Montpelier	No	Procurement under way for replacement system. Implementation of new system to be complete before start of FY19 grants cycle.

All reports from the general ledger system are downloads to Excel. Most of the feeder systems, such as STARS (Agency of Transportation) and ACCESS (Agency of Human Services), can download information into Excel format.

Non-State-Managed Financial Related Systems

The SOV also contracts with service providers for substantial system operations. The following functions/systems have been outsourced, and the State obtains annual Service Organization Control Reports.

- Medicaid (non-pharmacy)—The SOV contracts with HP Enterprise Services (HPES) for the adjudication of all non-pharmacy Medicaid claims and for the payment of all Medicaid claims. To perform these activities, HPES uses its Medicaid Management Information System (MMIS).
- Medicaid (pharmacy)—The State contracts with Goold Heath Systems (now Change Healthcare) to be its pharmacy benefits manager. Adjudicated claims are transmitted to the HPES MMIS for payment.
- Food Stamps (electronic benefits only)—Vermont contracts with Xerox State and Local Solutions, which subcontracts with the Fidelity National Information System (FIS) to provide EBT services for the Food Stamps program (ebtEDGE).

2.2 Audit Hours and Audit Calendar

FY16 Financial Statement and Compliance Audit Hours

Audit of the basic financial statements and the compliance audit involved nearly 9,800 hours, which consisted of approximately 5,300 hours for the compliance audit and 4,500 hours for the financial statements audit. A total of 22 federal programs were audited.

Audit Calendar

Timeframe	Activity/Deliverable
March - May	<ul style="list-style-type: none"> ▪ Review actuarial reports on employer valuation for issuance of GASB 68 reports (March-May) ▪ F&M releases fiscal year-end closing instructions to departments (May) ▪ Planning meetings with IPA, SAO and Department of Finance & Management ▪ Planning meeting with Agency/ Department Secretaries and Commissioners ▪ Begin preliminary department work on internal controls and compliance issues ▪ Entrance conferences conducted (extends into late summer for single audit)
June - October	<ul style="list-style-type: none"> ▪ Complete majority of departmental audit activity for CAFR (test work Aug-Nov) ▪ Component unit audits due (October) ▪ Proprietary fund, fiduciary fund, and internal service fund financial statements available (October) ▪ Exit conferences begin
November - December	<ul style="list-style-type: none"> ▪ Majority of single audit test work completed ▪ Completion of GAAP conversion audit work, including the government-wide adjustments schedule (AP/AR in Oct-Nov) ▪ Major governmental fund financial statements (November) ▪ Complete draft CAFR available (by late November) ▪ Draft internal control findings prepared ▪ Exit conferences ▪ CAFR issued on or before 12/31
January/February	<ul style="list-style-type: none"> ▪ Finalize and summarize findings (January) ▪ All single audit findings to F&M/departments ▪ Draft single audit report submitted to SAO and F&M for review
March	<ul style="list-style-type: none"> ▪ Single audit report released ▪ Data Collection Form completed and submitted with report to Single Audit Clearinghouse

3.0 SCOPE OF WORK

3.1 General

These audits shall be conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS) and cover the entire operations of the State for each fiscal year identified.

3.2 Financial and Compliance Audits

The IPA will be responsible for auditing the basic financial statements reported in the State's Comprehensive Annual Financial Report (CAFR), in accordance with GAGAS and Uniform Guidance. As part of that responsibility, the IPA will prepare and sign the audit opinion and the required internal control report. The IPA shall determine whether the Basic Financial Statements presented in the CAFR are presented fairly in conformity with the accounting principles generally accepted in the United States (GAAP). The IPA shall also determine whether the schedule of expenditures of federal awards is presented fairly in all material respects in relation to the State's financial statements. The scope excludes rendering an opinion on the Required Supplementary Information and Other Supplementary Information, however, certain limited procedures are expected to be applied to these schedules in accordance with GAGAS. The Schedule of Expenditures of Federal Awards (SEFA) is not presented with the financial statements. This schedule is issued in a separate single audit package.

The IPA will be responsible for issuing a report on compliance with requirements applicable to each major program and internal control over compliance in accordance with the provisions of the Uniform Guidance. According to Uniform Guidance, the auditor should determine whether the State has complied with laws, regulations, and the provisions of contracts or grant agreements that may have a direct and material effect on each of its major programs. The OMB Compliance Supplement identifies existing compliance requirements, which the Federal Government expects to be considered as part of a single audit. The Supplement also provides guidance to assist auditors in determining compliance requirements relevant to the audit, audit objectives, and suggested procedures for programs not specifically included. According to OMB, auditors should use the Compliance Supplement in determining compliance requirements. In addition, the IPA is responsible for preparing a schedule of findings and questioned costs in accordance with OMB's Uniform Guidance.

It is the IPA's responsibility to follow up on prior audit findings from the compliance and financial statement audits. The IPA shall perform procedures to assess the accuracy of the summary schedule of prior audit findings and should perform audit follow-up procedures to determine if a prior audit finding relates to a major program in the current year. As part of these follow-up procedures and in accordance with 32 V.S.A. §163(3)(A), the IPA will complete a template provided

by SAO that records the extent to which prior recommendations from the compliance and financial statement audits have been implemented.

The Department of Finance and Management is responsible for preparing the CAFR and the Schedule of Expenditures of Federal Awards (SEFA), along with applicable footnotes and schedules.

The component units each have a separate GAGAS audit. Reliance is placed on the reports of other auditors, and the audit opinion references this reliance. We expect that these audits will continue to be separately audited. If circumstances change to require added incremental work to IPA on the basic financial statements, we would work with the IPA to amend the contract.

The three retirement systems (six plans) administered by the State are solely within the scope of the audit of the basic financial statements. The State implemented GASB Statement 67 for all three plans in 2014. GASB 68 was implemented in 2015 for the Vermont State Employees' Retirement System (VSERS) as the employer, and for the Vermont State Teachers' Retirement System (VSTRS) as the non-employer contributor. For VSTRS and the Vermont Municipal Employee Pension System (VMERS), the State is required to comply with the new reporting requirements. Expanded audit requirements that went into effect with the implementation of GASB 67/68 include, but are not limited to:

- analysis of discount rates assumptions and methodology;
- review of impact of changes to crossover analysis;
- analysis of experience studies; and
- additional internal control testing over census data, as required by AICPA standards.

In addition, GASB statements 74 and 77 have been incorporated into the FY17 audit procedures, and GASB 75 will be effective for the FY18 financial audit.

3.3 Internal Controls

As a condition for receiving federal financial awards, Uniform Guidance requires that the State establish and maintain sufficient internal control to provide reasonable assurance that it complies with all federal requirements. Internal control is also important to the State as an element of financial management. Although there are currently no specific statutory requirements to develop and document internal controls, the Department of Finance and Management requires each agency or department to perform an annual self-assessment, utilizing a tool developed by the Department.

Because internal controls are important to program and financial management, the IPA is expected to evaluate, report on, and recommend improvements to the State's structure of internal control. We expect the IPA's methodology for evaluating

internal control to incorporate the objectives, components, and factors associated with generally accepted frameworks such as COSO, FISCAM, and COBIT.

Some of the specific internal control-related responsibilities of the IPA will include:

- Review of the design of controls at the department level and the responses to the annual internal control self-assessment to assess risk. Test controls, as applicable, for the compliance audit. Determine whether testing controls would increase audit efficiency for the financial statement audit.
- Work with SAO and the Department of Finance and Management to assist staff in developing strategies to promote internal control throughout the State. This may include assistance with developing best practices or assisting with developing and implementing training for state financial managers.

3.4 Deliverable Deadlines

Financial and Compliance Reports

The IPA should be prepared to finalize the audit opinions so that the reports are issued no later than December 31 after the close of the fiscal year for the financial statement audit, as required by 32 VSA §182, and no later than March 31 after the close of the fiscal year for the compliance audit. SAO and the Department of Finance and Management shall receive a draft of all reports two weeks prior to issuance.

Data Collection Form

The IPA shall complete and sign specified sections of the OMB data collection form. We require that Form SF-SAC and the single audit reporting package is accurate and submitted to the Federal Audit Clearinghouse by March 31, nine months after the close of the audit year.

Audit Findings

Exit conferences will be conducted for each audited program after the field work is completed. Prior to the exit conference, the “conditions found” portion of each potential audit finding will be sent to the department for review and resolution. Departments are allowed up to two weeks to provide the IPA with additional data or information needed to resolve the issue. The IPA will communicate all final findings in writing to the Department of Finance & Management (F&M) for review, and F&M will distribute them to departments for management’s response. Departments have two weeks to respond. All audit findings shall be presented and documented by the IPA in sufficient detail to allow the State to prepare and implement a corrective action plan. This means that all findings must meet the GAGAS standards of addressing criteria, condition, cause, and effect.

3.5 Other Considerations

Senior representatives of the IPA shall conduct an annual audit planning conference with the State Auditor, the Commissioner of Finance & Management, and Secretaries or Commissioners of relevant agencies/departments.

Senior representatives of the IPAs shall provide the State Auditor and Commissioner of Finance & Management with weekly status reports during the course of the audit field work. Any issues that arise during field work that could impact the timely release of the reports or result in a modified opinion will be brought to the attention of the State Auditor and Commissioner of Finance & Management as early as possible.

Senior representatives of the IPA shall be available to make formal presentations of the results of the audit to the legislature, if so requested.

3.6 Audit Work Papers

The IPA shall allow SAO reasonable access to audit work papers at no cost. In addition, the IPA should allow staff from relevant federal agencies reasonable access to audit work papers at no cost. Access should also be granted to relevant agencies or departments within the State as approved by SAO.

3.7 Management Consultation and Other Services

As part of the contract, the IPA is expected to provide professional advice in various areas such as implementation of new accounting and financial reporting standards. An estimate of 100 hours per year is reserved for extended audit services, such as training for state departments on state defined topics.

The IPA will inform the SAO of potential consulting work for any state agencies and be required to complete a template to aid SAO review of independence prior to IPA response to RFP for consulting services. Any consulting engagements will be outside of the contract for audit services.

3.8 Role of State Auditor's Office

SAO is responsible for overall management of the audit services, including procurement, financial management of contract, monitoring contract performance, and timelines. In conjunction with the Department of Finance & Management, SAO will coordinate departmental support. SAO will attend bi/weekly status meetings and may participate in entrance and exit conferences.

SAO will provide limited office space with telephone lines, internet access, and fax/photocopying facilities. We will coordinate with the Department of Finance & Management to provide the following materials and information to the IPA:

- All required GAAP basis financial statements inclusive of combining, combined and supporting statements, footnotes, and supporting documentation prepared by the Department of Finance & Management;
- Technical advice and responses to inquiries on the state’s accounting system, including policies, procedures, and practice;
- Documentation such as policy and procedure manuals, copies of audit-related instructions distributed to departmental staff, and the State’s internal control guidance;
- Component unit and GAAP guidance;
- Standard and ad hoc system reports according to an agreed upon schedule; and
- Other training or orientation as needed, for example, introductory training on the State’s accounting system.

The SAO maintains strong communication with state departments and, as needed, will assist the IPA when working with other departments. SAO will provide to the IPA any audit reports or other information in its possession that may facilitate and expedite the work on the single audit. Internal audit groups at various state departments may generate reports and other written materials, and occasionally departments retain consultants to perform reviews of programs or processes. Information obtained from these internal audit groups or consultants may be useful. The IPA should plan to use existing information to the maximum advantage so that the single audit may build upon and incorporate this work.

4.0 BASIS FOR AWARD AND PROPOSAL REQUIREMENTS

The award shall be made to the IPA whose proposal represents the best value considering the following four factors:

Technical Proposal

1. Relevant Experience (30%)
2. Specific Technical Approach (30%)
3. Qualifications of Staff (30%)
4. Independence and Quality Control (10%)

Cost Proposal

Price

Proposals should set forth, in detail, the technical and management plans describing how the audits and reports of the objectives identified in the Scope of Work will be accomplished. These plans should be specific and complete. The technical and management plans should present the information necessary to provide a basis for the evaluation by the SAO of your technical and managerial qualifications.

The proposal shall be submitted in two separate parts entitled “Technical Proposal” and “Cost Proposal.” The Technical Proposal should address factors 1 through 4 of

the Basis for Award and Proposal Requirements (see below for details). The Technical Proposal should not make any reference to cost data in order that the evaluation may be made based strictly on technical merit. The cost proposal shall be separate from the technical proposal and shall be based on a fixed price contract with information presented on labor hour rates.

Specific information is being requested in the detailed descriptions of the four factors that follow and must be discussed in your Technical Proposal. Please follow the instructions and provide the specific information requested. Failure to follow instructions or to provide the specific information requested will result in a reduction in your Technical Proposal's overall score.

The State Auditor's Office will accept electronic submissions of offers for this procurement. If the IPA elects to submit its proposal electronically, please email the proposals to Doug.Hoffer@vermont.gov and Susan.Mesner@vermont.gov. In addition, five copies of the technical proposal and the cost proposal must be mailed to:

Office of the State Auditor
132 State Street
Montpelier, VT 05633-5101

The SAO may evaluate offers and award without discussions. Therefore, the initial offer should contain the IPA's best terms from a price and technical standpoint. However, the SAO reserves the right to conduct discussions if later determined necessary. The SAO may reject any or all offers if such action is in the public interest; accept other than the lowest offer; and waive informalities and minor irregularities in offers received. Discussions, if held, may take the form of written questions as well as oral presentations. The State Auditor is the only individual who can commit the SAO to the expenditure of public funds for this proposed procurement.

The proposal will become the property of the SAO and will not be returned. These proposals are subject to Vermont's public access laws. The successful response will become part of the contract file and will become a matter of public record, as will all other responses received. If the response includes material that is considered by the IPA to be proprietary and confidential under 1 V.S.A. Chapter 5, the IPA shall clearly designate the material as such in the transmittal letter, explaining why such material should be considered confidential. The IPA must identify each page or section of the response that it believes is proprietary and confidential with sufficient grounds to justify each exemption from release, including the prospective harm to the competitive position of the IPA if the identified material were to be released, and submit a redacted copy. Under no circumstances can the entire response or price information be marked confidential. Responses so marked may not be considered.

To simplify the review process and obtain the maximum degree of comparison, IPAs are required to organize their proposals according to the following format, in the same sequence and with the same titles.

TECHNICAL PROPOSAL

Title Page (to include):

Proposal title

Name and local address of the IPA's firm

Name, title, telephone number, and e-mail address of the contact person authorized to represent the firm

Date submitted

Letter of Transmittal

The transmittal letter should be on the proposing firm's letterhead and should be no more than three pages in length. It shall include:

- A statement that it is signed by the individual authorized to bind the firm contractually;
- A brief statement of the IPA's understanding of the work to be performed;
- A positive commitment to perform the work required within the specified time periods;
- The names of the persons who will be authorized to make representations for the firm, their titles, addresses and telephone numbers;
- A statement that this bid does not involve collusion with any unnamed parties;
- A statement that the IPA is not suspended and debarred as those terms are described by the U.S. Office of Management and Budget; and
- A statement that supervisory personnel on the contract are licensed members of the AICPA and registered in the State of Vermont, or have submitted an application for registration, and that the IPA has not made attempts to register in Vermont in the past and been rejected.

Factor 1: Relevant Experience

IPAs will be evaluated based on their past five years' experience performing Single Audits for state governments or for government entities of similar size and complexity as the state of Vermont.

Describe the firm's specific experience in performing Single Audits within the past five years. The IPA should provide the name(s) of audited entities and the fiscal years audited. Explain any complicated or unique accounting, compliance, and auditing issues associated with these audits. The IPAs must also explain their audit experience in the following areas, which are considered essential to the scope of work:

- Financial statement audits of state government (or other government entity) with decentralized operations, information technology systems, and accounting structure;
- Compliance audits as required by OMB Uniform Guidance;
- Approach to information systems control environments (including reviews of general and application controls);
- Pension funds and actuarial accounting; and
- Federal grant accounting.

Provide a minimum of three references for the most relevant work of the types specified above.

Please provide the following information regarding your firm’s capability to provide Single Audit services:

- Give the location of the office from which the work is to be done and the number of partners, managers, supervisors, seniors, and other professional staff employed at that office; also provide information on other offices that will be involved in the audit engagement.
- Describe the major types of work performed by the office and the approximate percentage of effort devoted to each type (e.g., internal controls, IT systems, substantive testing).
- Describe the office’s capability to audit computerized systems, including the numbers and classification of personnel skilled in the audit of complex automated information systems.
- Indicate the total staff available for this project.

Failure to address all of these areas will result in a reduction of your Technical Proposal’s score.

Factor 2: Specific Technical Approach

Under this factor, IPAs will be evaluated based on their overall and specific technical approach, along with their understanding of the specific issues and risks relating to the financial and compliance audits. IPAs are expected to demonstrate their understanding of the specific issues and risks associated with the financial and compliance audits, and to present their audit approach and methodology for the material account balances and major federal programs for the State. This should include a discussion of the approach to sample selection, specifically when the IPA would utilize statistical vs. non-statistical sampling and the factors that would influence the test approach decision. Specific examples of when statistical vs. non-statistical sample selection is relevant is encouraged.

IPAs should demonstrate their understanding of current accounting and auditing issues (i.e., pending changes to GASB accounting and GAO auditing standards, and OMB guidance) that may affect the audit of the reporting entity.

IPAs should address performing financial statement and compliance audit work for a client with decentralized IT and accounting.

IPAs should include an approach for assessing the appropriateness of the design of the information system control environment when numerous systems are used to provide information for the financial statements.

IPAs should include in their proposal an approach for the transition from the current auditor to limit the impact on the timing and expense of the audit.

IPAs shall include a general work plan outlining the approach to be followed and procedures to be employed for each work segment and task. Plans shall include the specific levels of IPA's personnel to be used for each task (identifying, by name, all supervisors), general dates for performance of tasks, and the projected dates of completion.

Plans shall include IPA's general intended uses of subcontractors, if any, and should describe the specific tasks to be assigned to the subcontractors and the expected hours of their professional personnel's time for supervision.

With reference to the availability of assistance (indicated above in this RFP), indicate in which areas and for what purposes the IPA's staff resources (by level) will be utilized and the number of the IPA's staff hours required for each area.

IPAs shall include an example of a Report on Internal Control Over Financial Reporting and on Compliance and Other Matters written by key members of the proposal team.

Factor 3: Qualifications of Staff

IPAs will be evaluated on their ability to provide experienced, qualified, and trained staff. Consideration should be given to providing staff that has demonstrated experience in performing complex audits and in the areas considered essential for this RFP (see Factors 1 and 2).

Please provide a tentative schedule of all staff that would be assigned to the audit with the information listed below.

1. Name, office location, and specific responsibilities for the project
2. Labor category (e.g., partner, manager, staff, etc.)
3. Expertise (e.g., financial statement auditor, IT specialist, etc.)
4. Whether the person is key personnel on this task

5. Professional certifications (CPA, CISA, etc.) and advanced degrees
6. Total years of state government financial statement and/or compliance audit experience
7. Total years employed by the IPA
8. Brief description of State government (or other government entity) financial statement and compliance audit experience in the last five years in the areas considered essential to this task order (see Factor 1)

Individual resumes will not be accepted in lieu of this schedule. However, for each individual proposed, a one-page summary of additional relevant experience may be submitted for consideration.

IPAs should include a summary of any specialists they would use for the tasks included in this request, such as actuaries, and whether these specialists are full-time employees or subcontractors. IPAs should also include information on any other work for the tasks included in this request that it might use a subcontractor to perform. The use of Vermont-based subcontractors is encouraged.

Factor 4: Independence and Quality Control

The IPA must provide information regarding its independence with respect to the reporting entity and its quality control procedures. Each of the following items must be addressed, including negative responses.

- A statement that the firm is independent with respect to the State of Vermont.
- All work, including non-audit services, with the State of Vermont in the last three years. In addition, the IPA shall briefly describe all services for which the IPA is planning to perform or has proposed to perform for the State of Vermont.
- Any lawsuits with the State of Vermont in the last three years.
- Any relationships with the State of Vermont that could impair independence.
- Describe any instances in which the firm's license to practice has been suspended or revoked by any state board of accountancy within the past five years.
- Explanation of the firm's current internal quality control system, including such items as audit documentation review procedures, staff independence requirements, and continuing professional education requirements.
- A copy of the IPA's most recent peer review report, related letter of comments, and the IPA's response to those comments. If the peer review report is more than one year old, the IPA must also discuss the results of its most recent internal inspection program or equivalent. This discussion shall include the date of the report, the period of the report, and the opinion.

COST PROPOSAL

Title Page (to include):

Proposal title

Name and local address of the IPA's firm

Name, title, telephone number, and e-mail address of the contact person authorized to represent the firm

Date submitted

Price Proposal

The IPA's price proposal will be considered and evaluated based upon its completeness and credibility in determining the overall best value and interest to the State of Vermont. For fiscal years 2018, 2019, and 2020, IPAs should utilize the cost table provided below (Table 1) to show the proposed estimates of time and hourly rates for all labor categories for the phases of the audit (planning & internal control, fieldwork, and reporting). IPAs shall also provide an estimated total cost to perform the proposed audit for each of the three years of the base contract.

For purposes of comparability, please assume the following number of programs scheduled for the compliance audit in each of the following years:

	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>
Programs Scheduled for Audit	18	17	16

Section 2.2 provided information on audit hours for the FY 2016 financial statement and compliance audits (9,800 total). Twenty-two (22) federal programs were audited.

In addition, the IPA shall provide an estimated total cost to perform the proposed audit for each of the two optional years—fiscal years 2021 and 2022—assuming the same number of programs as in FY 2020 (16).

Other Direct Costs

The IPA shall itemize any other direct costs necessary to perform this requirement. Other costs for clerical time and out-of-pocket expenses for travel, lodging, and meals should be added to show the resulting maximum fee for the work to be done by the IPA. (Bid totals will be assumed to include these costs.)

Cost Table

Please use the following cost table to submit your estimated hours, rates, and costs for the three years of the contract. Separate tables should be used for each year.

Table 1: Year ___ Cost Table

Work Product	Partner	Senior Manager	Manager	Senior Auditors	Staff Auditors	Specialists	Sub-contractors	Total Hours
1.0 Planning & Internal Control								
1.1 Financial Audit								
1.2 Compliance Audit								
1.3 Information Technology Planning								
Total Planning								
2.0 Field Work								
2.1 Financial Audit (includes review of CAFR)								
2.2 Compliance Audit (includes review of the Schedule of Federal Financial Assistance pursuant to OMB Circular A-133)								
2.3 Information Technology Field Work								
Total Field Work								
3.0 Deliverables								
3.1 Audit Opinion on the Comprehensive Annual Financial Report (CAFR)								
3.2 Reports on Compliance with Internal Controls and Compliance with Laws and Regulations								
3.3 Schedule of Findings and Questioned Costs								
Total Estimated Hours								
Rates								
Total hourly cost proposal (hours x rates)								
4.0 Direct Costs								
4.1 Travel, Lodging, and Meals								
4.2 Other Direct Costs								
Total Direct Costs								
Grand Total								

5.0 SELECTED BIDDING CONSIDERATIONS

All work requirements for the financial statement audit must be completed and the final financial statement audit opinion issued on or before December 31 of each fiscal year. The compliance audit must be completed and all necessary forms and paperwork filed with the Federal Audit Clearinghouse by no later than March 31 of each fiscal year.

The SAO will provide work space at 9 Baldwin Street, Montpelier, or at another available location in Montpelier, for a maximum of four (4) of the IPA's personnel. Work space in other areas, as necessary, will be similarly arranged. Additional work space requirements, if necessary, will be communicated to the Auditor, who will work with the IPA to arrange for appropriate accommodations at various departments.

The SAO will work with Buildings and General Services (BGS) to provide security passes and parking permits for IPA staff.

The SAO will assist the IPA in accessing the State's computer network, accounting system, and data files as necessary.

The SAO will arrange for the resolution of legal questions with the State's Attorney General.

IPAs should review the attachments at the end of this document, as agreement with them is required as part of the contract being offered. Any required internal legal or other review should be commenced by the IPA upon submission of the Technical and Cost proposals to reduce the time needed to finalize contract negotiations. Confidentiality agreements required by certain departments will be provided to the IPA upon contract award, and any IPA required review of these documents should be expedited.

Any material changes in the nature or scope of the programs to be audited may result in modification to the firm fixed-price.

The initiation and continuation of the contract will be subject to the SAO receiving adequate funding through the annual appropriation for the SAO through the Legislature, with approval by the Governor.

6.0 PAYMENT PROVISIONS

The contract to be awarded will be on a firm, fixed-price basis, inclusive of all personnel costs, travel, and incidental expenses for audit work related to the fiscal years ending 2018, 2019, and 2020. Therefore, we request one all-inclusive maximum price for each year of the three-year period covered by the proposal. No

additional amounts will be paid for out-of-pocket expenses or overhead. At the SAO's discretion, the contract may be extended for two one-year periods.

Periodic progress and time reporting procedures and forms for monitoring audit progress will be included in the final contract.

The final contract will outline the procedures for periodic submission of invoices with detailed backup for period payment. Typically, the contract will require that the IPA's invoices provide a detailed listing of various personnel and related costs, showing hours and description of work performed.

7.0 GENERAL REQUIREMENTS AND CONDITIONS

7.1 Limitation

This request for proposals does not commit the SAO to award a contract, to pay any costs incurred in the preparation of a proposal to this request, or to procure or contract for materials or supplies.

This requester reserves the right to reject any or all proposals received in response to this request.

7.2 Contract Award

The requester may award a contract based on offers received, without additional submissions from the IPA. However, the requester reserves the right to request additional data, oral discussions, or presentations in support of written proposals.

7.3 Contract Cancellation

In the final contract, the SAO will reserve the right to cancel any contract at any time with 150 days written notice to the IPA, paying only for work performed to date of cancellation. If the SAO determines that a documented transition plan is necessary, then no later than 60 days prior to termination, the IPA and the SAO shall mutually prepare a Transition Plan identifying transition services to be provided.

7.4 Retention of and Access to Work Papers

The IPA agrees that all work papers prepared in connection with this project shall be retained for a period of five years from the date of the audit report, unless notified in writing to extend the retention period, and that these work papers will be made available for examination, if requested, by duly authorized representatives of the state and federal governments.

7.5 Other Requirements and Conditions

- All bidders must be equal opportunity employers.
- All bids must be signed by an official having authority to bind the firm contractually.
- All bids must remain firm for a period of ninety (90) days from the postmarked date of mailing or the date of electronic submission.
- Specifications in this RFP are the minimum acceptable to the requester, and any responses which fail to meet all specifications may be rejected as non-compliant.
- The SAO reserves the right to waive informalities and minor technical errors when in the best interests of the State.
- Bidders agree to abide by the provisions of Attachment C of Administrative Bulletin 3.5.

8.0 APPENDIX

Certificate of Compliance

Standard State Contract Provisions

Attachment C: Standard State Provisions

Attachment D: Other Contract Provisions

Attachment E: Business Associate Agreement

Department of Taxes Confidentiality Agreement

Worker Classification Compliance—Self-reporting

Worker Classification Compliance—Subcontractor Reporting Form

CERTIFICATE OF COMPLIANCE

For a bid to be considered valid, this form must be completed in its entirety, executed by a duly authorized representative of the bidder, and submitted as part of the response to the proposal.

A. **NON-COLLUSION:** Bidder hereby certifies that the prices quoted have been arrived at without collusion and that no prior information concerning these prices has been received from or given to a competitive company. If there is sufficient evidence to warrant investigation of the bid/contract process by the Office of the Attorney General, bidder understands that this paragraph might be used as a basis for litigation.

B. **CONTRACT TERMS:** Bidder hereby acknowledges that is has read, understands and agrees to the terms of this RFP, including Attachment C: Standard State Contract Provisions, and any other contract attachments included with this RFP.

C. **FORM OF PAYMENT:** Does Bidder accept the Visa Purchasing Card as a form of payment?
 ____ Yes ____ No

D. **WORKER CLASSIFICATION COMPLIANCE REQUIREMENT:** In accordance with Section 32 of The Vermont Recovery and Reinvestment Act of 2009 (Act No. 54), the following provisions and requirements apply to Bidder when the amount of its bid exceeds \$250,000.00.

Self-Reporting. Bidder hereby self-reports the following information relating to past violations, convictions, suspensions, and any other information related to past performance relative to coding and classification of workers, that occurred in the previous 12 months.

Summary of Detailed Information	Date of Notification	Outcome

Subcontractor Reporting. Bidder hereby acknowledges and agrees that if it is a successful bidder, prior to execution of any contract resulting from this RFP, Bidder will provide to the State a list of all proposed subcontractors and subcontractors' subcontractors, together with the identity of those subcontractors' workers compensation insurance providers, and additional required or requested information, as applicable, in accordance with Section 32 of The Vermont Recovery and Reinvestment Act of 2009 (Act No. 54), and Bidder will provide any update of such list to the State as additional

subcontractors are hired. Bidder further acknowledges and agrees that the failure to submit subcontractor reporting in accordance with Section 32 of The Vermont Recovery and Reinvestment Act of 2009 (Act No. 54) will constitute non-compliance and may result in cancellation of contract and/or restriction from bidding on future state contracts.

Bidder Name: _____ Contact Name: _____

Address: _____ Fax Number: _____

_____ Telephone: _____

_____ E-Mail: _____

By: _____ Name: _____

Signature of Bidder (or Representative)

(Type or Print)

1. **Parties.** This is a contract for services between the State of Vermont, _____ (called "State"), and _____, with a principal place of business in _____, (hereinafter called "Contractor"). Contractor's form of business organization is _____. It is Contractor's responsibility to contact the Vermont Department of Taxes to determine if, by law, Contractor is required to have a Vermont Department of Taxes Business Account Number.

2. **Subject Matter.** The subject matter of this contract is services generally on the subject of _____. Detailed services to be provided by Contractor are described in Attachment A.

3. **Maximum Amount.** In consideration of the services to be performed by Contractor, the State agrees to pay Contractor, in accordance with the payment provisions specified in Attachment B, a sum not to exceed \$_____.00.

4. **Contract Term.** The period of contractor's performance shall begin on _____, 20__ and end on _____, 20__.

5. **Prior Approvals.** This Contract shall not be binding unless and until all requisite prior approvals have been obtained in accordance with current State law, bulletins, and interpretations.

6. **Amendment.** No changes, modifications, or amendments in the terms and conditions of this contract shall be effective unless reduced to writing, numbered and signed by the duly authorized representative of the State and Contractor.

7. **Termination for Convenience.** This contract may be terminated by the State at any time by giving written notice at least thirty (30) days in advance. In such event, Contractor shall be paid under the terms of this contract for all services provided to and accepted by the State prior to the effective date of termination.

8. **Attachments.** This contract consists of ___ pages including the following attachments which are incorporated herein:

Attachment A - Statement of Work

Attachment B - Payment Provisions

Attachment C – "Standard State Provisions for Contracts and Grants" a preprinted form (revision date 07/01/2016)

Attachment D - Other Provisions (if any)

Additional attachments may be lettered as necessary

9. **Order of Precedence.** Any ambiguity, conflict or inconsistency between the documents comprising

this contract shall be resolved according to the following order of precedence:

- (1) Standard Contract
- (2) Attachment D (if applicable)
- (3) Attachment C (Standard Contract Provisions for Contracts and Grants)
- (4) Attachment A (Scope of Work)
- (5) Attachment B (Payment Provisions)

List other attachments, if any, in order of precedence

WE THE UNDERSIGNED PARTIES AGREE TO BE BOUND BY THIS CONTRACT

By the State of Vermont:

By the Contractor:

Date: _____

Date: _____

Signature: _____

Signature: _____

Name: _____

Name: _____

Title: _____

Title: _____

**ATTACHMENT C: STANDARD STATE PROVISIONS
FOR CONTRACTS AND GRANTS
REVISED JULY 1, 2016**

1. Definitions: For purposes of this Attachment, “Party” shall mean the Contractor, Grantee or Subrecipient, with whom the State of Vermont is executing this Agreement and consistent with the form of the Agreement. “Agreement” shall mean the specific contract or grant to which this form is attached.

2. Entire Agreement: This Agreement, whether in the form of a Contract, State Funded Grant, or Federally Funded Grant, represents the entire agreement between the parties on the subject matter. All prior agreements, representations, statements, negotiations, and understandings shall have no effect.

3. Governing Law, Jurisdiction and Venue; No Waiver of Jury Trial: This Agreement will be governed by the laws of the State of Vermont. Any action or proceeding brought by either the State or the Party in connection with this Agreement shall be brought and enforced in the Superior Court of the State of Vermont, Civil Division, Washington Unit. The Party irrevocably submits to the jurisdiction of this court for any action or proceeding regarding this Agreement. The Party agrees that it must first exhaust any applicable administrative remedies with respect to any cause of action that it may have against the State with regard to its performance under the Agreement.

Party agrees that the State shall not be required to submit to binding arbitration or waive its right to a jury trial.

4. Sovereign Immunity: The State reserves all immunities, defenses, rights or actions arising out of the State’s sovereign status or under the Eleventh Amendment to the United States Constitution. No waiver of the State’s immunities, defenses, rights or actions shall be implied or otherwise deemed to exist by reason of the State’s entry into this Agreement.

5. No Employee Benefits For Party: The Party understands that the State will not provide any individual retirement benefits, group life insurance, group health and dental insurance, vacation or sick leave, workers compensation or other benefits or services available to State employees, nor will the state withhold any state or federal taxes except as required under applicable tax laws, which shall be determined in advance of execution of the Agreement. The Party understands that all tax returns required by the Internal Revenue Code and the State of Vermont, including but not limited to income, withholding, sales and use, and rooms and meals, must be filed by the Party, and information as to Agreement income will be provided by the State of Vermont to the Internal Revenue Service and the Vermont Department of Taxes.

6. Independence: The Party will act in an independent capacity and not as officers or employees of the State.

7. Defense and Indemnity: The Party shall defend the State and its officers and employees against all third party claims or suits arising in whole or in part from any act or omission of the

Party or of any agent of the Party in connection with the performance of this Agreement. The State shall notify the Party in the event of any such claim or suit, and the Party shall immediately retain counsel and otherwise provide a complete defense against the entire claim or suit. The State retains the right to participate at its own expense in the defense of any claim. The State shall have the right to approve all proposed settlements of such claims or suits. In the event the State withholds approval to settle any such claim, then the Party shall proceed with the defense of the claim but under those circumstances, the Party's indemnification obligations shall be limited to the amount of the proposed settlement initially rejected by the State.

After a final judgment or settlement the Party may request recoupment of specific defense costs and may file suit in Washington Superior Court requesting recoupment. The Party shall be entitled to recoup costs only upon a showing that such costs were entirely unrelated to the defense of any claim arising from an act or omission of the Party in connection with the performance of this Agreement.

The Party shall indemnify the State and its officers and employees in the event that the State, its officers or employees become legally obligated to pay any damages or losses arising from any act or omission of the Party or an agent of the Party in connection with the performance of this Agreement.

The Party agrees that in no event shall the terms of this Agreement nor any document required by the Party in connection with its performance under this Agreement obligate the State to defend or indemnify the Party or otherwise be liable for the expenses or reimbursement, including attorneys' fees, collection costs or other costs of the Party except to the extent awarded by a court of competent jurisdiction.

8. Insurance: Before commencing work on this Agreement the Party must provide certificates of insurance to show that the following minimum coverages are in effect. It is the responsibility of the Party to maintain current certificates of insurance on file with the State through the term of the Agreement. No warranty is made that the coverages and limits listed herein are adequate to cover and protect the interests of the Party for the Party's operations. These are solely minimums that have been established to protect the interests of the State.

Workers Compensation: With respect to all operations performed, the Party shall carry workers' compensation insurance in accordance with the laws of the State of Vermont. Vermont will accept an out-of-state employer's workers' compensation coverage while operating in Vermont provided that the insurance carrier is licensed to write insurance in Vermont and an amendatory endorsement is added to the policy adding Vermont for coverage purposes. Otherwise, the party shall secure a Vermont workers' compensation policy, if necessary to comply with Vermont law.

General Liability and Property Damage: With respect to all operations performed under this Agreement, the Party shall carry general liability insurance having all major divisions of coverage including, but not limited to:

Premises - Operations

Products and Completed Operations

Personal Injury Liability

Contractual Liability

The policy shall be on an occurrence form and limits shall not be less than:

\$1,000,000 Each Occurrence

\$2,000,000 General Aggregate

\$1,000,000 Products/Completed Operations Aggregate

\$1,000,000 Personal & Advertising Injury

Automotive Liability: The Party shall carry automotive liability insurance covering all motor vehicles, including hired and non-owned coverage, used in connection with the Agreement. Limits of coverage shall not be less than \$500,000 combined single limit. If performance of this Agreement involves construction, or the transport of persons or hazardous materials, limits of coverage shall not be less than \$1,000,000 combined single limit.

Additional Insured. The General Liability and Property Damage coverages required for performance of this Agreement shall include the State of Vermont and its agencies, departments, officers and employees as Additional Insureds. If performance of this Agreement involves construction, or the transport of persons or hazardous materials, then the required Automotive Liability coverage shall include the State of Vermont and its agencies, departments, officers and employees as Additional Insureds. Coverage shall be primary and non-contributory with any other insurance and self-insurance.

Notice of Cancellation or Change. There shall be no cancellation, change, potential exhaustion of aggregate limits or non-renewal of insurance coverage(s) without thirty (30) days written prior written notice to the State.

9. Reliance by the State on Representations: All payments by the State under this Agreement will be made in reliance upon the accuracy of all representations made by the Party in accordance with the Contract, including but not limited to bills, invoices, progress reports and other proofs of work.

10. False Claims Act: The Party acknowledges that it is subject to the Vermont False Claims Act as set forth in 32 V.S.A. § 630 *et seq.* If the Party violates the Vermont False Claims Act it shall be liable to the State for civil penalties, treble damages and the costs of the investigation and prosecution of such violation, including attorney's fees, except as the same may be reduced by a court of competent jurisdiction. The Party's liability to the State under the False Claims Act shall not be limited notwithstanding any agreement of the State to otherwise limit Party's liability.

11. Whistleblower Protections: The Party shall not discriminate or retaliate against one of its employees or agents for disclosing information concerning a violation of law, fraud, waste, abuse of authority or acts threatening health or safety, including but not limited to allegations concerning the False Claims Act. Further, the Party shall not require such employees or agents to forego monetary awards as a result of such disclosures, nor should they be required to report misconduct to the Party or its agents prior to reporting to any governmental entity and/or the public.

12. Federal Requirements Pertaining to Grants and Subrecipient Agreements:

- A. Requirement to Have a Single Audit:** In the case that this Agreement is a Grant that is funded in whole or in part by federal funds, the Subrecipient will complete the Subrecipient Annual Report annually within 45 days after its fiscal year end, informing the State of Vermont whether or not a Single Audit is required for the prior fiscal year. If a Single Audit is required, the Subrecipient will submit a copy of the audit report to the granting Party within 9 months. If a single audit is not required, only the Subrecipient Annual Report is required.

For fiscal years ending before December 25, 2015, a Single Audit is required if the subrecipient expends \$500,000 or more in federal assistance during its fiscal year and must be conducted in accordance with OMB Circular A-133. For fiscal years ending on or after December 25, 2015, a Single Audit is required if the subrecipient expends \$750,000 or more in federal assistance during its fiscal year and must be conducted in accordance with 2 CFR Chapter I, Chapter II, Part 200, Subpart F. The Subrecipient Annual Report is required to be submitted within 45 days, whether or not a Single Audit is required.

- B. Internal Controls:** In the case that this Agreement is a Grant that is funded in whole or in part by Federal funds, in accordance with 2 CFR Part II, §200.303, the Party must establish and maintain effective internal control over the Federal award to provide reasonable assurance that the Party is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States and the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

- C. Mandatory Disclosures:** In the case that this Agreement is a Grant funded in whole or in part by Federal funds, in accordance with 2CFR Part II, §200.113, Party must disclose, in a timely manner, in writing to the State, all violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the Federal award. Failure to make required disclosures may result in the imposition of sanctions which may include disallowance of costs incurred, withholding of payments, termination of the Agreement, suspension/debarment, etc.

13. Records Available for Audit: The Party shall maintain all records pertaining to performance under this agreement. “Records” means any written or recorded information, regardless of physical form or characteristics, which is produced or acquired by the Party in the performance of this agreement. Records produced or acquired in a machine readable electronic format shall be maintained in that format. The records described shall be made available at reasonable times during the period of the Agreement and for three years thereafter or for any period required by law for inspection by any authorized representatives of the State or Federal Government. If any litigation, claim, or audit is started before the expiration of the three-year period, the records shall be retained until all litigation, claims or audit findings involving the records have been resolved.

14. Fair Employment Practices and Americans with Disabilities Act: Party agrees to comply with the requirement of 21 V.S.A. Chapter 5, Subchapter 6, relating to fair employment practices, to the full extent applicable. Party shall also ensure, to the full extent required by the Americans with Disabilities Act of 1990, as amended, that qualified individuals with disabilities receive equitable access to the services, programs, and activities provided by the Party under this Agreement.

15. Set Off: The State may set off any sums which the Party owes the State against any sums due the Party under this Agreement; provided, however, that any set off of amounts due the State of Vermont as taxes shall be in accordance with the procedures more specifically provided hereinafter.

16. Taxes Due to the State:

- A. Party understands and acknowledges responsibility, if applicable, for compliance with State tax laws, including income tax withholding for employees performing services within the State, payment of use tax on property used within the State, corporate and/or personal income tax on income earned within the State.
- B. Party certifies under the pains and penalties of perjury that, as of the date the Agreement is signed, the Party is in good standing with respect to, or in full compliance with, a plan to pay any and all taxes due the State of Vermont.
- C. Party understands that final payment under this Agreement may be withheld if the Commissioner of Taxes determines that the Party is not in good standing with respect to or in full compliance with a plan to pay any and all taxes due to the State of Vermont.
- D. Party also understands the State may set off taxes (and related penalties, interest and fees) due to the State of Vermont, but only if the Party has failed to make an appeal within the time allowed by law, or an appeal has been taken and finally determined and the Party has no further legal recourse to contest the amounts due.

17. Taxation of Purchases: All State purchases must be invoiced tax free. An exemption certificate will be furnished upon request with respect to otherwise taxable items.

18. Child Support: (Only applicable if the Party is a natural person, not a corporation or partnership.) Party states that, as of the date the Agreement is signed, he/she:

- A. is not under any obligation to pay child support; or
- B. is under such an obligation and is in good standing with respect to that obligation; or
- C. has agreed to a payment plan with the Vermont Office of Child Support Services and is in full compliance with that plan.

Party makes this statement with regard to support owed to any and all children residing in Vermont. In addition, if the Party is a resident of Vermont, Party makes this statement with regard to support owed to any and all children residing in any other state or territory of the United States.

19. Sub-Agreements: Party shall not assign, subcontract or subgrant the performance of this Agreement or any portion thereof to any other Party without the prior written approval of the State. Party shall be responsible and liable to the State for all acts or omissions of subcontractors and any other person performing work under this Agreement pursuant to an agreement with Party or any subcontractor.

In the case this Agreement is a contract with a total cost in excess of \$250,000, the Party shall provide to the State a list of all proposed subcontractors and subcontractors' subcontractors, together with the identity of those subcontractors' workers compensation insurance providers, and additional required or requested information, as applicable, in accordance with Section 32 of The Vermont Recovery and Reinvestment Act of 2009 (Act No. 54).

Party shall include the following provisions of this Attachment C in all subcontracts for work performed solely for the State of Vermont and subcontracts for work performed in the State of Vermont: Section 10 ("False Claims Act"); Section 11 ("Whistleblower Protections"); Section 14 ("Fair Employment Practices and Americans with Disabilities Act"); Section 16 ("Taxes Due the State"); Section 18 ("Child Support"); Section 20 ("No Gifts or Gratuities"); Section 22 ("Certification Regarding Debarment"); Section 23 ("Certification Regarding Use of State Funds"); Section 31 ("State Facilities"); and Section 32 ("Location of State Data").

20. No Gifts or Gratuities: Party shall not give title or possession of anything of substantial value (including property, currency, travel and/or education programs) to any officer or employee of the State during the term of this Agreement.

21. Copies: Party shall use reasonable best efforts to ensure that all written reports prepared under this Agreement are printed using both sides of the paper.

22. Certification Regarding Debarment: Party certifies under pains and penalties of perjury that, as of the date that this Agreement is signed, neither Party nor Party's principals (officers, directors, owners, or partners) are presently debarred, suspended, proposed for debarment, declared ineligible or excluded from participation in federal programs, or programs supported in whole or in part by federal funds.

Party further certifies under pains and penalties of perjury that, as of the date that this Agreement is signed, Party is not presently debarred, suspended, nor named on the State's debarment list at: <http://bgs.vermont.gov/purchasing/debarment>

23. Certification Regarding Use of State Funds: In the case that Party is an employer and this Agreement is a State Funded Grant in excess of \$1,001, Party certifies that none of these State funds will be used to interfere with or restrain the exercise of Party's employee's rights with respect to unionization.

24. Conflict of Interest: Party shall fully disclose, in writing, any conflicts of interest or potential conflicts of interest.

25. Confidentiality: Party acknowledges and agrees that this Agreement and any and all

information obtained by the State from the Party in connection with this Agreement are subject to the State of Vermont Access to Public Records Act, 1 V.S.A. § 315 et seq.

26. Force Majeure: Neither the State nor the Party shall be liable to the other for any failure or delay of performance of any obligations under this Agreement to the extent such failure or delay shall have been wholly or principally caused by acts or events beyond its reasonable control rendering performance illegal or impossible (excluding strikes or lock-outs) (“Force Majeure”). Where Force Majeure is asserted, the nonperforming party must prove that it made all reasonable efforts to remove, eliminate or minimize such cause of delay or damages, diligently pursued performance of its obligations under this Agreement, substantially fulfilled all non-excused obligations, and timely notified the other party of the likelihood or actual occurrence of an event described in this paragraph.

27. Marketing: Party shall not refer to the State in any publicity materials, information pamphlets, press releases, research reports, advertising, sales promotions, trade shows, or marketing materials or similar communications to third parties except with the prior written consent of the State.

28. Termination: In addition to any right of the State to terminate for convenience, the State may terminate this Agreement as follows:

- A. Non-Appropriation:** If this Agreement extends into more than one fiscal year of the State (July 1 to June 30), and if appropriations are insufficient to support this Agreement, the State may cancel at the end of the fiscal year, or otherwise upon the expiration of existing appropriation authority. In the case that this Agreement is a Grant that is funded in whole or in part by federal funds, and in the event federal funds become unavailable or reduced, the State may suspend or cancel this Grant immediately, and the State shall have no obligation to pay Subrecipient from State revenues.
- B. Termination for Cause:** Either party may terminate this Agreement if a party materially breaches its obligations under this Agreement, and such breach is not cured within thirty (30) days after delivery of the non-breaching party’s notice or such longer time as the non-breaching party may specify in the notice.
- C. No Implied Waiver of Remedies:** A party’s delay or failure to exercise any right, power or remedy under this Agreement shall not impair any such right, power or remedy, or be construed as a waiver of any such right, power or remedy. All waivers must be in writing.

29. Continuity of Performance: In the event of a dispute between the Party and the State, each party will continue to perform its obligations under this Agreement during the resolution of the dispute until this Agreement is terminated in accordance with its terms.

30. Termination Assistance: Upon nearing the end of the final term or termination of this Agreement, without respect to cause, the Party shall take all reasonable and prudent measures to facilitate any transition required by the State. All State property, tangible and intangible, shall be returned to the State upon demand at no additional cost to the State in a format acceptable to the State.

31. State Facilities: If the State makes space available to the Party in any State facility during the term of this Agreement for purposes of the Party's performance under this Agreement, the Party shall only use the space in accordance with all policies and procedures governing access to and use of State facilities which shall be made available upon request. State facilities will be made available to Party on an "AS IS, WHERE IS" basis, with no warranties whatsoever.

32. Location of State Data: No State data received, obtained, or generated by the Party in connection with performance under this Agreement shall be processed, transmitted, stored, or transferred by any means outside continental United States, except with the express written permission of the State.

**ATTACHMENT D
OTHER CONTRACT PROVISIONS**

1. ***Professional Liability Insurance.*** Before commencing work on this contract and throughout the term of this contract, contractor shall procure and maintain professional liability insurance for any and all services performed under this contract, with minimum coverage of \$5,000,000 per occurrence and \$10,0000 per policy aggregate.

2. ***Work Product Ownership.*** Upon full payment by the State, all deliverables produced by the Contractor for the State, including outlines, reports, charts, sketches drawings, artwork, plans, photographs, specifications, estimates, computer programs, or similar documents, becomes property of the State Auditor’s Office and may not be copyrighted or resold by the Contractor. The Contractor shall retain ownership and physical custody of the work papers. The State Auditor’s Office shall have access to the work papers as necessary, at reasonable times and upon reasonable advance notice, in accordance with the applicable professional standards. Contractor will make certain that work papers are available in a full and timely manner to regulatory agencies upon request for their reviews of audit quality and for use by their auditors as required by Government Auditing Standards. Contractor will make certain that work papers are available to the Federal oversight agency pursuant to authority given to it by law or regulation and such access to the requested work papers will be provided under the Contractor’s personnel. In the event copies of work papers are requested under the auspices of the Vermont Public Access law, these copies shall be paid for by the party making the request.

3. ***Dispute Resolution.*** In the event of a dispute between or among the State and Contractor, regarding the obligations and covenants in this agreement, the following dispute resolution provisions shall be followed:
 - a. Contractor or the State may initiate informal dispute resolution by providing written notice to the other party or parties, identifying the matter(s) in dispute and requesting that this process be initiated. In the event of such notice, the parties shall attempt to resolve the matters in dispute through informal discussions within ten (10) working days after receipt of such notice.

 - b. If within this initial ten working day period the parties are unable to resolve the dispute, the Contractor and the State shall each submit to the other a written summary of the matter(s) in dispute and a statement of their position on that matter (“Statement of Position”), including any data, analysis, or opinion supporting that position and all supporting documentation.

Within ten (10) working days of submitting the Statement of Position, the Work Parties and the State shall confer and attempt to resolve the dispute.

ATTACHMENT E BUSINESS ASSOCIATE AGREEMENT

This Business Associate Agreement (“Agreement”) is entered into by and between the State of Vermont Agency of Human Services, operating by and through its _____ **[Insert Name of AHS Department, Office or Division]** (“Covered Entity”) and **[Insert Name of Contractor/Grantee]** (“Business Associate”) as of _____ (“Effective Date”). This Agreement supplements and is made a part of the contract/grant to which it is attached.

Covered Entity and Business Associate enter into this Agreement to comply with standards promulgated under the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”), including the Standards for the Privacy of Individually Identifiable Health Information, at 45 CFR Parts 160 and 164 (“Privacy Rule”), and the Security Standards, at 45 CFR Parts 160 and 164 (“Security Rule”), as amended by Subtitle D of the Health Information Technology for Economic and Clinical Health Act (HITECH), and any associated federal rules and regulations.

The parties agree as follows:

1. Definitions. All capitalized terms used but not otherwise defined in this Agreement have the meanings set forth in 45 CFR Parts 160 and 164 as amended by HITECH and associated federal rules and regulations.

“Agent” means those person(s) who are agents(s) of the Business Associate, in accordance with the Federal common law of agency, as referenced in 45 CFR § 160.402(c).

“Breach” means the acquisition, access, use or disclosure of protected health information (PHI) which compromises the security or privacy of the PHI, except as excluded in the definition of Breach in 45 CFR § 164.402.

“Business Associate shall have the meaning given in 45 CFR § 160.103.

“Individual” includes a person who qualifies as a personal representative in accordance with 45 CFR § 164.502(g).

“Protected Health Information” or PHI shall have the meaning given in 45 CFR § 160.103, limited to the information created or received by Business Associate from or on behalf of Agency.

“Security Incident” means any known successful or unsuccessful attempt by an authorized or unauthorized individual to inappropriately use, disclose, modify, access, or destroy any information or interference with system operations in an information system.

“Services” includes all work performed by the Business Associate for or on behalf of Covered Entity that requires the use and/or disclosure of protected health information to perform a business associate function described in 45 CFR § 160.103 under the definition of Business Associate.

“Subcontractor” means a person or organization to whom a Business Associate delegates a function, activity or service, other than in the capacity of a member of the workforce of the Business Associate. For purposes of this Agreement, the term Subcontractor includes Subgrantees.

2. Identification and Disclosure of Privacy and Security Offices. Business Associate and Subcontractors shall provide, within ten (10) days of the execution of this agreement, written notice to the Covered Entity's contract/grant manager the names and contact information of both the HIPAA Privacy Officer and HIPAA Security Officer. This information must be updated any time either of these contacts changes.

3. Permitted and Required Uses/Disclosures of PHI.

3.1 Except as limited in this Agreement, Business Associate may use or disclose PHI to perform Services, as specified in the underlying grant or contract with Covered Entity. The uses and disclosures of Business Associate are limited to the minimum necessary, to complete the tasks or to provide the services associated with the terms of the underlying agreement. Business Associate shall not use or disclose PHI in any manner that would constitute a violation of the Privacy Rule if used or disclosed by Covered Entity in that manner. Business Associate may not use or disclose PHI other than as permitted or required by this Agreement or as Required by Law.

3.2 Business Associate may make PHI available to its employees who need access to perform Services provided that Business Associate makes such employees aware of the use and disclosure restrictions in this Agreement and binds them to comply with such restrictions. Business Associate may only disclose PHI for the purposes authorized by this Agreement: (a) to its agents and Subcontractors in accordance with Sections 9 and 17 or, (b) as otherwise permitted by Section 3.

3.3 Business Associate shall be directly liable under HIPAA for impermissible uses and disclosures of the PHI it handles on behalf of Covered Entity, and for impermissible uses and disclosures, by Business Associate's Subcontractor(s), of the PHI that Business Associate handles on behalf of Covered Entity and that it passes on to Subcontractors.

4. Business Activities. Business Associate may use PHI received in its capacity as a Business Associate to Covered Entity if necessary for Business Associate's proper management and administration or to carry out its legal responsibilities. Business Associate may disclose PHI received in its capacity as Business Associate to Covered Entity for Business Associate's proper management and administration or to carry out its legal responsibilities if a disclosure is Required by Law or if Business Associate obtains reasonable written assurances via a written agreement from the person to whom the information is to be disclosed that the PHI shall remain confidential and be used or further disclosed only as Required by Law or for the purpose for which it was disclosed to the person, and the Agreement requires the person or entity to notify Business Associate, within two (2) business days (who in turn will notify Covered Entity within two (2) business days after receiving notice of a Breach as specified in Section 6.1), in writing of any Breach of Unsecured PHI of which it is aware. Uses and disclosures of PHI for the purposes identified in Section 3 must be of the minimum amount of PHI necessary to accomplish such purposes.

5. Safeguards. Business Associate, its Agent(s) and Subcontractor(s) shall implement and use appropriate safeguards to prevent the use or disclosure of PHI other than as provided for by this Agreement. With respect to any PHI that is maintained in or transmitted by electronic media, Business Associate or its Subcontractor(s) shall comply with 45 CFR sections 164.308 (administrative safeguards), 164.310 (physical safeguards), 164.312 (technical safeguards) and 164.316 (policies and procedures and documentation requirements). Business Associate or its Agent(s) and Subcontractor(s) shall identify in writing upon request from Covered Entity all of the safeguards that it uses to prevent impermissible uses

or disclosures of PHI.

6. Documenting and Reporting Breaches.

6.1 Business Associate shall report to Covered Entity any Breach of Unsecured PHI, including Breaches reported to it by a Subcontractor, as soon as it (or any of its employees or agents) becomes aware of any such Breach, and in no case later than two (2) business days after it (or any of its employees or agents) becomes aware of the Breach, except when a law enforcement official determines that a notification would impede a criminal investigation or cause damage to national security.

6.2 Business Associate shall provide Covered Entity with the names of the individuals whose Unsecured PHI has been, or is reasonably believed to have been, the subject of the Breach and any other available information that is required to be given to the affected individuals, as set forth in 45 CFR § 164.404(c), and, if requested by Covered Entity, information necessary for Covered Entity to investigate the impermissible use or disclosure. Business Associate shall continue to provide to Covered Entity information concerning the Breach as it becomes available to it. Business Associate shall require its Subcontractor(s) to agree to these same terms and conditions.

6.3 When Business Associate determines that an impermissible acquisition, use or disclosure of PHI by a member of its workforce is not a Breach, as that term is defined in 45 CFR § 164.402, and therefore does not necessitate notice to the impacted individual(s), it shall document its assessment of risk, conducted as set forth in 45 CFR § 402(2). When requested by Covered Entity, Business Associate shall make its risk assessments available to Covered Entity. It shall also provide Covered Entity with 1) the name of the person(s) making the assessment, 2) a brief summary of the facts, and 3) a brief statement of the reasons supporting the determination of low probability that the PHI had been compromised. When a breach is the responsibility of a member of its Subcontractor's workforce, Business Associate shall either 1) conduct its own risk assessment and draft a summary of the event and assessment or 2) require its Subcontractor to conduct the assessment and draft a summary of the event. In either case, Business Associate shall make these assessments and reports available to Covered Entity.

6.4 Business Associate shall require, by contract, a Subcontractor to report to Business Associate and Covered Entity any Breach of which the Subcontractor becomes aware, no later than two (2) business days after becomes aware of the Breach.

7. Mitigation and Corrective Action. Business Associate shall mitigate, to the extent practicable, any harmful effect that is known to it of an impermissible use or disclosure of PHI, even if the impermissible use or disclosure does not constitute a Breach. Business Associate shall draft and carry out a plan of corrective action to address any incident of impermissible use or disclosure of PHI. If requested by Covered Entity, Business Associate shall make its mitigation and corrective action plans available to Covered Entity. Business Associate shall require a Subcontractor to agree to these same terms and conditions.

8. Providing Notice of Breaches.

8.1 If Covered Entity determines that an impermissible acquisition, access, use or disclosure of PHI for which one of Business Associate's employees or agents was responsible constitutes a Breach as defined in 45 CFR § 164.402, and if requested by Covered Entity, Business Associate shall provide notice to the individual(s) whose PHI has been the subject of the Breach. When requested to provide notice, Business Associate shall consult with Covered Entity about the timeliness, content and method of notice, and shall receive Covered Entity's approval concerning these elements. The cost of notice and related remedies shall be borne by Business Associate.

8.2 If Covered Entity or Business Associate determines that an impermissible acquisition, access, use or disclosure of PHI by a Subcontractor of Business Associate constitutes a Breach as defined in 45 CFR § 164.402, and if requested by Covered Entity or Business Associate, Subcontractor shall provide notice to the individual(s) whose PHI has been the subject of the Breach. When Covered Entity requests that Business Associate or its Subcontractor provide notice, Business Associate shall either 1) consult with Covered Entity about the specifics of the notice as set forth in section 8.1, above, or 2) require, by contract, its Subcontractor to consult with Covered Entity about the specifics of the notice as set forth in section 8.1

8.3 The notice to affected individuals shall be provided as soon as reasonably possible and in no case later than 60 calendar days after Business Associate reported the Breach to Covered Entity.

8.4 The notice to affected individuals shall be written in plain language and shall include, to the extent possible, 1) a brief description of what happened, 2) a description of the types of Unsecured PHI that were involved in the Breach, 3) any steps individuals can take to protect themselves from potential harm resulting from the Breach, 4) a brief description of what the Business Associate is doing to investigate the Breach, to mitigate harm to individuals and to protect against further Breaches, and 5) contact procedures for individuals to ask questions or obtain additional information, as set forth in 45 CFR § 164.404(c).

8.5 Business Associate shall notify individuals of Breaches as specified in 45 CFR § 164.404(d) (methods of individual notice). In addition, when a Breach involves more than 500 residents of Vermont, Business Associate shall, if requested by Covered Entity, notify prominent media outlets serving Vermont, following the requirements set forth in 45 CFR § 164.406.

9. Agreements with Subcontractors. Business Associate shall enter into a Business Associate Agreement with any Subcontractor to whom it provides PHI received from Covered Entity or created or received by Business Associate on behalf of Covered Entity in which the Subcontractor agrees to the same restrictions and conditions that apply through this Agreement to Business Associate with respect to such PHI. Business Associate must enter into this Business Associate Agreement before any use by or disclosure of PHI to such agent. The written agreement must identify Covered Entity as a direct and intended third party beneficiary with the right to enforce any breach of the agreement concerning the use or disclosure of PHI. Business Associate shall provide a copy of the Business Associate Agreement it enters into with a subcontractor to Covered Entity upon request. Business associate may not make any disclosure of PHI to any Subcontractor without prior written consent of Covered Entity.

10. Access to PHI. Business Associate shall provide access to PHI in a Designated Record Set to Covered Entity or as directed by Covered Entity to an Individual to meet the requirements under 45 CFR § 164.524. Business Associate shall provide such access in the time and manner reasonably designated by Covered Entity. Within three (3) business days, Business Associate shall forward to Covered Entity

for handling any request for access to PHI that Business Associate directly receives from an Individual.

11. Amendment of PHI. Business Associate shall make any amendments to PHI in a Designated Record Set that Covered Entity directs or agrees to pursuant to 45 CFR § 164.526, whether at the request of Covered Entity or an Individual. Business Associate shall make such amendments in the time and manner reasonably designated by Covered Entity. Within three (3) business days, Business Associate shall forward to Covered Entity for handling any request for amendment to PHI that Business Associate directly receives from an Individual.

12. Accounting of Disclosures. Business Associate shall document disclosures of PHI and all information related to such disclosures as would be required for Covered Entity to respond to a request by an Individual for an accounting of disclosures of PHI in accordance with 45 CFR § 164.528. Business Associate shall provide such information to Covered Entity or as directed by Covered Entity to an Individual, to permit Covered Entity to respond to an accounting request. Business Associate shall provide such information in the time and manner reasonably designated by Covered Entity. Within three (3) business days, Business Associate shall forward to Covered Entity for handling any accounting request that Business Associate directly receives from an Individual.

13. Books and Records. Subject to the attorney-client and other applicable legal privileges, Business Associate shall make its internal practices, books, and records (including policies and procedures and PHI) relating to the use and disclosure of PHI received from Covered Entity or created or received by Business Associate on behalf of Covered Entity available to the Secretary in the time and manner designated by the Secretary. Business Associate shall make the same information available to Covered Entity, upon Covered Entity's request, in the time and manner reasonably designated by Covered Entity so that Covered Entity may determine whether Business Associate is in compliance with this Agreement.

14. Termination.

14.1 This Agreement commences on the Effective Date and shall remain in effect until terminated by Covered Entity or until all of the PHI provided by Covered Entity to Business Associate or created or received by Business Associate on behalf of Covered Entity is destroyed or returned to Covered Entity subject to Section 18.8.

14.2 If Business Associate breaches any material term of this Agreement, Covered Entity may either: (a) provide an opportunity for Business Associate to cure the breach and Covered Entity may terminate the contract or grant without liability or penalty if Business Associate does not cure the breach within the time specified by Covered Entity; or (b) immediately terminate the contract or grant without liability or penalty if Covered Entity believes that cure is not reasonably possible; or (c) if neither termination nor cure are feasible, Covered Entity shall report the breach to the Secretary. Covered Entity has the right to seek to cure any breach by Business Associate and this right, regardless of whether Covered Entity cures such breach, does not lessen any right or remedy available to Covered Entity at law, in equity, or under the contract or grant, nor does it lessen Business Associate's responsibility for such breach or its duty to cure such breach.

15. Return/Destruction of PHI.

15.1 Business Associate in connection with the expiration or termination of the contract or grant shall return or destroy, at the discretion of the Covered Entity, all PHI received from Covered

Entity or created or received by Business Associate on behalf of Covered Entity pursuant to this contract or grant that Business Associate still maintains in any form or medium (including electronic) within thirty (30) days after such expiration or termination. Business Associate shall not retain any copies of the PHI. Business Associate shall certify in writing for Covered Entity (1) when all PHI has been returned or destroyed and (2) that Business Associate does not continue to maintain any PHI. Business Associate is to provide this certification during this thirty (30) day period.

15.2 Business Associate shall provide to Covered Entity notification of any conditions that Business Associate believes make the return or destruction of PHI infeasible. If Covered Entity agrees that return or destruction is infeasible, Business Associate shall extend the protections of this Agreement to such PHI and limit further uses and disclosures of such PHI to those purposes that make the return or destruction infeasible for so long as Business Associate maintains such PHI. This shall also apply to all Agents and Subcontractors of Business Associate.

16. Penalties and Training. Business Associate understands that: (a) there may be civil or criminal penalties for misuse or misappropriation of PHI and (b) violations of this Agreement may result in notification by Covered Entity to law enforcement officials and regulatory, accreditation, and licensure organizations. If requested by Covered Entity, Business Associate shall participate in training regarding the use, confidentiality, and security of PHI.

17. Security Rule Obligations. The following provisions of this section apply to the extent that Business Associate creates, receives, maintains or transmits Electronic PHI on behalf of Covered Entity.

17.1 Business Associate shall implement and use administrative, physical, and technical safeguards in compliance with 45 CFR sections 164.308, 164.310, and 164.312 with respect to the Electronic PHI that it creates, receives, maintains or transmits on behalf of Covered Entity. Business Associate shall identify in writing upon request from Covered Entity all of the safeguards that it uses to protect such Electronic PHI.

17.2 Business Associate shall ensure that any Agent and Subcontractor to whom it provides Electronic PHI agrees in a written agreement to implement and use administrative, physical, and technical safeguards that reasonably and appropriately protect the Confidentiality, Integrity and Availability of the Electronic PHI. Business Associate must enter into this written agreement before any use or disclosure of Electronic PHI by such Agent or Subcontractor. The written agreement must identify Covered Entity as a direct and intended third party beneficiary with the right to enforce any breach of the agreement concerning the use or disclosure of Electronic PHI. Business Associate shall provide a copy of the written agreement to Covered Entity upon request. Business Associate may not make any disclosure of Electronic PHI to any Agent or Subcontractor without the prior written consent of Covered Entity.

17.3 Business Associate shall report in writing to Covered Entity any Security Incident pertaining to such Electronic PHI (whether involving Business Associate or an Agent or Subcontractor). Business Associate shall provide this written report as soon as it becomes aware of any such Security Incident, and in no case later than two (2) business days after it becomes aware of the incident. Business Associate shall provide Covered Entity with the information necessary for Covered Entity to investigate any such Security Incident.

17.4 Business Associate shall comply with any reasonable policies and procedures Covered Entity implements to obtain compliance under the Security Rule.

18. Miscellaneous.

18.1 In the event of any conflict or inconsistency between the terms of this Agreement and the terms of the contract/grant, the terms of this Agreement shall govern with respect to its subject matter. Otherwise, the terms of the contract/grant continue in effect.

18.2 Business Associate shall cooperate with Covered Entity to amend this Agreement from time to time as is necessary for Covered Entity to comply with the Privacy Rule, the Security Rule, or any other standards promulgated under HIPAA.

18.3 Any ambiguity in this Agreement shall be resolved to permit Covered Entity to comply with the Privacy Rule, Security Rule, or any other standards promulgated under HIPAA.

18.4 In addition to applicable Vermont law, the parties shall rely on applicable federal law (e.g., HIPAA, the Privacy Rule and Security Rule, and the HIPAA omnibus final rule) in construing the meaning and effect of this Agreement.

18.5 As between Business Associate and Covered Entity, Covered Entity owns all PHI provided by Covered Entity to Business Associate or created or received by Business Associate on behalf of Covered Entity.

18.6 Business Associate shall abide by the terms and conditions of this Agreement with respect to all PHI it receives from Covered Entity or creates or receives on behalf of Covered Entity even if some of that information relates to specific services for which Business Associate may not be a "Business Associate" of Covered Entity under the Privacy Rule.

18.7 Business Associate is prohibited from directly or indirectly receiving any remuneration in exchange for an individual's PHI. Business Associate will refrain from marketing activities that would violate HIPAA, including specifically Section 13406 of the HITECH Act. Reports or data containing the PHI may not be sold without Agency's or the affected individual's written consent.

18.8 The provisions of this Agreement that by their terms encompass continuing rights or responsibilities shall survive the expiration or termination of this Agreement. For example: (a) the provisions of this Agreement shall continue to apply if Covered Entity determines that it would be infeasible for Business Associate to return or destroy PHI as provided in Section 14.2 and (b) the obligation of Business Associate to provide an accounting of disclosures as set forth in Section 11 survives the expiration or termination of this Agreement with respect to accounting requests, if any, made after such expiration or termination.



Vermont Department of Taxes
133 State Street PO Box 429
Montpelier, VT 05633-1401
Tel: 802-828-6848 Fax: 802-828-2701

Agency of Administration

[Date]

[Name]
[Entity]
[Address]
[City, State, Zip]

Re: Agent Designation and Confidentiality Agreement

Dear [Name]:

By this letter, you are designated as an agent of the Department of Taxes for the purpose of [reason for access to information]. The designation is in effect until [End Date]. If the [activity] requires additional time, a new designation letter must be obtained.

The information supplied to you by the Department must be kept confidential and any access to that information must be limited to you or other agents of the Department. Tax revenue information without taxpayer information is not confidential and may be used in the aggregate as long as the revenue is attributable to at least 10 taxpayers and there is no possibly to identify the taxpayer. To insure the confidentiality of taxpayer information, any information you release based upon data received from the Department must be reviewed by the Department prior to disclosure.

ALL INFORMATION IN THIS OFFICE IS CONFIDENTIAL, EVEN IF NOT SPECIFICALLY REFERENCED TO IN THE LAW.

As an agent of the Vermont Department of Taxes, you must adhere to the confidentiality provisions of Internal Revenue and Vermont Department of Taxes tax laws and regulations contained in 32 V.S.A., Sections 3102 and 10009, 21 V.S.A., Section 1314 (f) and the Internal Revenue Code, Sections 7213, 7213A, 7431, and 6103. A copy of each law is enclosed. After you have read the enclosed copies of Vermont and Internal Revenue Code laws, sign this letter to verify understand the confidentiality provisions and overall confidentiality policy of the Department. The signed letter must be on file before you will be allowed access to Department information.

Sincerely,

Jeffrey M. Dooley
Disclosure Officer



SIGNATURE _____



WORKER CLASSIFICATION COMPLIANCE REQUIREMENT

**Self Reporting
Form 1 of 1**

This form must be completed in its entirety and submitted as part of the response for the proposal to be considered valid.

The Department of Buildings and General Services in accordance with Act 54, Section 32 of the Acts of 2009 and for total projects costs exceeding \$250,000.00, requires bidders comply with the following provisions and requirements.

Bidder is required to self report the following information relating to past violations, convictions, suspensions, and any other information related to past performance relative to coding and classification for worker's compensation. The state is requiring information on any violations that occurred in the previous 12 months.

Summary of Detailed Information	Date of Notification	Outcome

WORKER CLASSIFICATION COMPLIANCE REQUIREMENT: Bidder hereby certifies that the company/individual is in compliance with the requirements as detailed in Act 54, Section 32 of the Acts of 2009.

Date: _____

Name of Company: _____

Contact Name: _____

Address: _____

Title: _____

Phone Number: _____

E-mail: _____

Fax Number: _____

By: _____

Name: _____

Signature (Bid Not Valid Unless Signed)*

(Type or Print)

*Form must be signed by individual authorized to sign on the bidder's behalf.

WORKER CLASSIFICATION COMPLIANCE REQUIREMENT

Subcontractor Reporting Form

This form must be completed in its entirety and submitted prior to contract execution and updated as necessary and provided to the State as additional subcontractors are hired.

The Department of Buildings and General Services in accordance with Act 54, Section 32 of the Acts of 2009 and for total project costs exceeding \$250,000.00 requires bidders to comply with the following provisions and requirements.

Contractor is required to provide a list of subcontractors on the job along with lists of subcontractor's subcontractors and by whom those subcontractors are insured of workers. Include additional pages if necessary. This is not a requirement for subcontractor's providing supplies only and no labor to the overall contract or project.

Subcontractor	Insured By		Subcontractor's Sub	Insured By

Date: _____

Name of Company: _____

Contact Name: _____

Address: _____

Title: _____

Phone Number: _____

E-mail: _____

Fax Number: _____

By: _____

Name: _____

Failure to adhere to Act 54, Section 32 of the Acts of 2009 and submit Subcontractor Reporting: Worker Classification Compliance Requirement will constitute non-compliance and may result in cancellation of contract and/or forfeiture of future bidding privileges until resolved.

Send Completed Form to: Office of Purchasing & Contracting
109 State Street
Montpelier, VT 05609-3001
Attention: Contract Administration