

STATE OF VERMONT CONTRACT SUMMARY AND CERTIFICATION ----- Form AA-14 (7/1/2016)

Note: All sections must be completed. Incomplete forms will be returned to originating department.

**I. CONTRACT INFORMATION:**

Agency/Department: Auditor of Accounts/ Contract #: 35472 Amendment #:  
 Vendor Name: CliftonLarsonAllen LLP VISION Vendor No: 366757  
 Vendor Address: 1966 Greenspring Drive, Suite 300, Timonium, MD 21093  
 Starting Date: 4/1/2018 Ending Date: 4/30/2021 Amendment Date:  
 Summary of agreement or amendment:

**II. FINANCIAL & ACCOUNTING INFORMATION**

Maximum Payable: \$3,901,585.00 Prior Maximum: \$ Prior Contract # (If Renewal):  
 Current Amendment: \$ Cumulative amendments: \$ % Cumulative Change:  
 Business Unit(s): 1250; ; - [notes: ] VISION Account(s): 507100;  
 Estimated Funding Split: % GF % SF % EF % FF 100% Other SARF (name)  
 % TF % GC

**III. PROCUREMENT & PERFORMANCE INFORMATION (section A & B)**

A. The agency has taken reasonable steps to control the price of the contract and to allow qualified organizations to compete for the work authorized by this contract. The agency has done this through:  
 Standard Bid/RFP  Simplified  Sole Source  Qualification Based Selection  Statutory  
 B. Contract includes performance measures/guarantees to ensure the quality and/or results of the service?  Yes  No

**IV. TYPE OF AGREEMENT (select all that apply)**

Personal Service  Construction  Arch/Eng.  Marketing  Info. Tech.  Prof. Service  Data Use  
 Non-Personal Service  Retiree/Former SOV EE  Financial Trans  Zero-Dollar  Privatization  Other  
 Commodity

**V. SUITABILITY FOR CONTRACT FOR SERVICE**

Yes  No  n/a Does this contract meet the federal determination of an Independent Contractor? If "NO", the contractor must be set up and paid on payroll through the VTHR system.

**VI. CONTRACTING PLAN APPLICABLE**

Is any element of this contract subject to a pre-approved Agency/Dept. Contracting Waiver Plan?  Yes  No

**VII. CONFLICT OF INTEREST**

By signing below, I (Agency/Dept. Head) certify that no person able to control or influence award of this contract had a pecuniary interest in its award or performance, either personally or through a member of his or her household, family, or business.  
 Yes  No Is there an "appearance" of a conflict of interest so that a reasonable person may conclude that this party was selected for improper reasons: (If yes, explain)

**VIII. PRIOR APPROVALS REQUIRED OR REQUESTED**

Yes  No Agreement must be Certified by the Attorney General under 3 V.S.A. § 342 (sign line #4 below)  
 Yes  No I request the Attorney General review this agreement As To Form: \_\_\_\_\_ (AAG initial)  
 Yes  No Agreement must be approved by the Comm. of DII/CIO: for IT hardware, software or services and Telecommunications over \$500,000  
 Yes  No Agreement must be approved by the CMO: for Marketing services over \$25,000  
 Yes  No Agreement must be approved by Comm. Human Resources: for Privatization, Retirees & Former Employees  
 Yes  No Agreement must be approved by the Secretary of Administration

**IX. AGENCY/DEPARTMENT HEAD CERTIFICATION; APPROVAL**

I have made reasonable inquiry as to the accuracy of the above information (sign in order):

|          |                          |          |                                  |
|----------|--------------------------|----------|----------------------------------|
| 12/7/17  | J.R.H.                   | 12/11/17 |                                  |
| 1-Date   | 1-Agency/Department Head | 2-Date   | 2-Agency Secretary (if required) |
| 3a-Date  | 3a-CIO                   | 3b-Date  | 3b-CMO                           |
| 3c-Date  | 3c-Commissioner DHR      |          |                                  |
| 12-12-17 | Wm B. / h                | 12/11/17 |                                  |
| 4-Date   | 4-Attorney General       | 5-Date   | 5-Secretary of Administration    |

DEC 07 2017 2017-08709

1. **Parties.** This is a contract for services between the State of Vermont, Office of the State Auditor, (hereinafter called "State"), and CliftonLarsonAllen LLP, with a principal place of business in Timonium, Maryland (hereinafter called "Contractor"). Contractor's form of business organization is a limited liability partnership. 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 performing the State's annual financial and compliance audits. 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 up to a maximum of \$3,901,585 in accordance with the payment provisions specified in Attachment B.
4. **Contract Term.** The period of contractor's performance shall begin on April 1, 2018 and end on April 30, 2021. Subject to satisfactory performance by the Contractor, and at the sole option of the State, this contract may be renewed by the parties for an additional two years.
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.
  - a. Approval by the Attorney General's Office is required.
  - b. Approval by the Secretary of Administration is required.
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 150 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 25 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), except the first sentence in paragraph 7 of Attachment C shall be deleted and replaced with the following sentence: "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 negligence, errors, omissions or intentional misconduct of the Party or of any agent of the Party in connection with the performance of this Agreement."

Attachment D - Other Provisions

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
- (3) Attachment C (Standard Contract Provisions for Contracts and Grants)
- (4) Attachment A
- (5) Attachment B

**WE THE UNDERSIGNED PARTIES AGREE TO BE BOUND BY THIS CONTRACT**

By the State of Vermont:

Date: 12/7/17

Signature: J. R. Hoffer

Name: JOUGLAS R. HOFFER

Title: VERMONT STATE AUDITOR

By the Contractor:

Date: 1/5/18

Signature: William A. Early Jr.

Name: ~~XXXXXXXXXX~~ William A. Early Jr.

Title: Principal - Clifton Larson Allen LLP

**ATTACHMENT A – STATEMENT OF WORK**

The purpose of this contract is to provide auditing services to the State as required by *Government Auditing Standards* and the Uniform Guidance, as detailed in Sections A and B of this attachment.

**A. GENERAL SERVICES REQUIRED**

1. The Contractor will serve as the auditor for the State's annual financial and compliance audits in accordance with auditing standards generally accepted in the United States (GAAS); the standards for financial audits contained in *Government Auditing Standards* (GAGAS), issued by the Comptroller General of the United States; Title 2 U.S. *Code of Federal Regulations* Part 200; *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and other relevant laws and regulations.
2. The Contractor is responsible for auditing the basic financial statements reported in the State's Comprehensive Annual Financial Report (CAFR) to determine whether the Basic Financial Statements presented in the CAFR are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States (GAAP).
3. Contractor will perform tests of accounting records, a determination of major programs in accordance with Uniform Guidance, and other procedures Contractor considers necessary to express opinions and render the required reports.
4. Contractor will consider internal controls relevant to the State's preparation and fair presentation of the basic financial statements and compliance, but not for the purpose of expressing an opinion on the effectiveness of the State's internal control. However, Contractor will communicate in writing to the SAO and Management significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements.
5. Contractor will perform tests of the State's compliance with the provisions of laws, regulations, contracts, and grant agreements that have a material effect on the financial statements. Contractor is not expected to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material impact on the financial statements or on major programs.
6. As required by the Uniform Guidance, Contractor will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls relevant to preventing to detecting material noncompliance with the compliance requirements applicable to each inajor federal award program, but those tests will be less in scope than would be necessary to render an opinion, and no opinion will be expressed in Contractor's report on internal control.
7. Contractor will inform the SAO and Finance & Management of any material errors, fraudulent financial reporting, or misappropriation of assets, and also any violations of laws, regulations, contracts or grant agreements that come to the

attention of the Contractor. Contractor will include such matters in the reports required for the single audit.

8. The State utilizes a SharePoint site for posting documents and schedules relevant to audit fieldwork, to which the Contractor will have access. The Contractor will use email and other electronic methods to transmit and receive information between Contractor and the State and will employ reasonable efforts and take appropriate precautions to protect the privacy and confidentiality of transmitted information.
9. The Contractor will allow State personnel from the State Auditor's Office (SAO) and staff from relevant federal agencies access to audit work papers at no cost. In addition, the Contractor will grant access to other agencies or departments within the State at no cost as approved by the SAO and allowed under generally accepted auditing standards.
10. The audit documentation for this engagement will be retained for a minimum of seven years after the report release date or any additional period requested by the State (or oversight agency).
11. The State Auditor will coordinate the maintenance of independence on behalf of State agencies regarding consulting work by the Contractor. Contractor will utilize a template provided by SAO to document the nature of any potential consulting engagement for the State and will provide this information prior to submitting a proposal for consulting services to any state agency. Any consulting engagements will be outside the contract for audit services.
12. Contractor will provide the SAO with a copy its most recent peer review.

#### B. SPECIFIC SERVICES REQUIRED

1. Contractor will conduct meetings with the SAO to review and obtain concurrence on the overall audit plan. The work plan will be designed to ensure deliverables are provided timely and to optimize integration and coordination of the financial and compliance audits.
2. Senior representatives of the Contractor will conduct annual audit planning conferences with the State Auditor, the Commissioner of Finance & Management, and Secretaries or Commissioners of relevant agencies/ departments. A plan for audit status meetings will be developed at the commencement of this contract and reviewed each year before the start of audit work. Additional meetings involving agency/department staff may be scheduled as needed, e.g., "Town Hall" meetings that address the audit schedule and requests for documentation.
3. The Contractor will conduct entrance and exit meetings with agencies and departments in the single audit scope and invite the Statewide Grants Administrator to attend these meetings. Contractor will keep the SAO informed of the meeting schedule, and the State Auditor or designee will notify the Contractor of any intention to attend.

4. The Contractor will determine whether the schedule of expenditures of federal awards prepared by Management is presented fairly in all material respects in relation to the State's financial statements.
5. It is the Contractor's responsibility to follow up on prior audit findings from the compliance and financial statement audits. Contractor will perform procedures to assess the accuracy of the summary schedule of prior audit findings and perform audit follow-up procedures, regardless of whether a prior audit finding relates to internal controls over financial reporting or compliance with laws and regulations in the current year.
6. The Contractor will apply certain limited procedures to the required supplementary information (RSI) accompanying the financial statements, however, Contractor is not expected to express an opinion or provide any assurance on the RSI.
7. Contractor will also perform procedures in order to express an opinion on whether the supplementary information other than RSI accompanying the financial statements is fairly stated, in all material respects, in relation to the financial statements as a whole.
8. The Contractor will perform sufficient IT procedures in accordance with GAGAS to determine whether it may rely upon the processing of financial and program transactions by the State's information technology systems. The IT controls work will be performed by IT professionals with expertise in IT auditing. Contractor will provide the SAO and the relevant State agency or department with written comments pertaining to any control issues noted as a result of this work. These comments, as appropriate, will be included in the statewide management letter, which will be made publicly available consistent with the State's public records law and will be posted on the State's website.
9. Contractor is not responsible for auditing the financial statements of the Vermont Student Assistance Corporation, the University of Vermont, the Vermont State College System, the Vermont Housing Finance Agency, the Vermont Housing and Conservation Board, the Vermont Municipal Bond Bank, the Vermont Economic Development Authority, the Vermont Educational and Health Buildings Financing Agency, or the Vermont Veterans' Home, which are separately audited, or of the fund managed by the Vermont Lottery Commission, the Special Environmental Revolving Fund (SERF), the Energy Efficiency Utility Fund (EEUF) and Universal Service Fund (USF), and the Tri-State Lotto Commission, all of which are separately audited. The Vermont Transportation Authority is currently inactive and does not undergo an audit; should it be reactivated, Contractor is not responsible for auditing the Authority's financial statements. The Contractor may place reliance on the reports of other auditors and, if the Contractor does so, the audit opinion will reference this reliance.
10. Contractor will incorporate into its audit plan sufficient time for required analysis, internal control testing, and reporting, and is responsible for staying informed of all current and pending GASB pronouncements and their impact on the State's financial statements.

11. Contractor will review the design of controls at the department level and the responses to the annual internal control self-assessment to assess risk. Contractor will test controls, as applicable, for the compliance audit and determine whether testing controls would increase audit efficiency for the financial statement audit.
12. Contractor is expected to evaluate, report on, and recommend improvements to the State's structure of internal control. The Contractor will incorporate the objectives, components, and factors associated with generally accepted frameworks such as COSO, FISCAM, and COBIT when evaluating internal control.
13. As part of these follow-up procedures and in accordance with 32 V.S.A. §163(3)(A), the Contractor 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.
14. As required by GAGAS, the Contractor will prepare a written report on internal control over financial reporting and on compliance and other matters based on an audit of the financial statements, providing Contractor's consideration of internal controls over financial reporting and tests of compliance made as part of the audit of the statements.
15. Contractor will perform tests of the State's compliance with certain provisions of laws, regulations, contracts, and grants that the Contractor determines to be necessary based on the OMB *Compliance Supplement*, which outlines procedures suggested by each federal agency but do not cover all areas of regulations governing each program. Outside program reviews by federal agencies may identify additional instances of noncompliance.
16. Contractor will employ reasonable efforts and take appropriate precautions to protect the privacy and confidentiality of all transmitted information.
17. Senior representatives of the Contractor will be available to make formal presentations of the results of the audit to the Legislature, if so requested.
18. Contractor will not be required to issue consent letters in connection with debt offerings of the State and will not be involved with the any official statements made in the State's offering documents. The State will include the following disclosure in its offering documents:

CliftonLarsonAllen LLP, our independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report.

CliftonLarsonAllen LLP also has not performed any procedures relating to this offering document.

### C. REPORTING

1. The Contractor will prepare and sign the following reports required under the *Uniform Guidance*.

- i. Independent Auditor's Report on the Financial Statements
  - ii. Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*
  - iii. Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards as Required by the Uniform Guidance
  - iv. Schedule of Findings and Questioned Costs
2. Contractor will include in the single audit report the Schedule of Expenditures of Federal Awards and accompanying notes, prepared by Management and provided to the Contractor.
  3. The Contractor will provide a draft of all reports and findings to the State Auditor and Finance & Management annually for review by March 1, at least two weeks prior to the release of the Single Audit report.
  4. Contractor will issue the Yellow Book report each year within 60 days of the issuance of the CAFR. Findings contained in the report will be made available to Management for response at least two weeks prior to when the "Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements" is dated.
  5. Contractor will provide the management at relevant agencies and departments with the opportunity to respond to audit findings and will include the State's responses in the internal control report and in the Schedule of Findings and Questioned Costs. Prior to each exit meeting, the "conditions found" portion of each potential audit finding will be sent to the agency or department for review and the opportunity to provide documentation for consideration of the Contractor to eliminate or modify the finding, per Finance & Management's Policy #9. Information or data intended to resolve the condition may be provided by agency/department staff to Contractor for consideration by no later than two weeks after the exit meeting, after which findings will be finalized and submitted to Finance & Management for review and distribution for Management's response. If the State's response to a finding includes a disagreement or inadequate corrective action, the Contractor shall explain the reason(s) why it disagrees with Management's comments prior to submission of the draft report to SAO and Management.
  6. Upon completion of the audits, the Contractor will complete the auditor sections of the electronic Data Collection Form SF-SAC and perform the steps to certify SF-SAC and the single audit reporting package; Contractor will create the single audit reporting package. Management will complete the auditee sections of the Data Collection Form and is responsible for reviewing for completeness and accuracy of the reporting package. Management is responsible for uploading to



the federal audit clearinghouse the data collection form and the single audit reporting package within the earlier of 30 calendar days after receipt of the auditors' reports or nine months after the end of the audit period.

7. The Contractor must provide to the SAO and Finance & Management a PDF copy of the single audit report that is searchable, unencrypted, and unlocked in order to meet Federal Audit Clearinghouse Single Audit Reporting Package submission requirements.
8. Upon completion of its work, the Contractor will address the reports issued under this contract to the Speaker of the House or Representatives, President Pro-Tempore of the Senate, and the Governor of the State of Vermont. Management is responsible for distribution of the reports and financial statements.
9. Contractor will comply with requirements in AU-C Sections 260 for written communication, as agreed upon by the SAO and Finance & Management, and to include:
  - i. Corrected misstatements arising from the audit that could, in the Contractor's judgment, either individually or in aggregate, have a significant effect on the State's financial reporting process. In this context, corrected misstatements are proposed corrections of the financial statements that were recorded by the State and, in Contractor's judgment, may not have been detected except through the auditing procedures performed.
  - ii. Uncorrected misstatements aggregated during the current engagement and pertaining to the latest period presented that were determined by the State to be immaterial, both individually and in aggregate.
  - iii. Any disagreements with the State or other significant difficulties encountered in performance of the audit.
  - iv. Other matters required to be communicated by auditing standards generally accepted in the United States.
10. Contractor will issue a management letter to communicate deficiencies in internal control or other issues or recommendations for improvement noted during the audits.
11. The State understands that Contractor cannot provide assurance that unmodified opinions will be expressed. If Contractor's opinions on the financial statements or the single audit compliance opinion are other than unmodified, Contractor will discuss the reasons with Management and the SAO in advance.

#### D. DEADLINE FOR DELIVERABLES

1. All necessary work associated with the financial statements audit, in accordance with auditing standards generally must be completed and the final audit report (CAFR) issued within six (6) months of the fiscal year end. It is expected that the report will be issued by not later than December 31 each year and that only unusual events might require consideration of an alternative schedule. The findings associated with the related report on internal control over financial reporting and on compliance and other matters will be provided to Management for response at least two weeks prior to the date of the final CAFR report.
  
2. All necessary work associated with the audit of the State’s major federal programs, in accordance with Uniform Guidance and *Government Auditing Standards*, will be completed for issuance no later than March 31 each year. A draft of all findings will be provided to Management in advance, as specified in this attachment, and a draft of the single audit report will be delivered to the Auditor’s Office and Finance & Management for review by no later than March 1 each year, at least two weeks in advance of issuance.

| Deliverables   | Not later than                               |
|--|--|
| Independent Auditor's Report on the Financial Statements   | Dec. 31                                      |
| Findings contained in Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements (to be included with Single Audit Report)  | 2 weeks prior to date of CAFR report         |
| Single Audit Report inclusive of Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance; and Schedule of Findings and Questioned Costs | 3/31; draft to SAO and F&M for review by 3/1 |
| Management Letter  | Jan. 15 re: CAFR; April 15 re: Single Audit  |
| AU-C 260 correspondence  | TBD  |
| Template recording extent to which prior recommendations from compliance and financial statement audits have been implemented  | April 1                                      |

3. The State Auditor will:
  - i. provide workspace and photocopying equipment at 9 Baldwin Street, or another available location in Montpelier, for the Contractor’s personnel;
  - ii. assist the Contractor in obtaining all necessary access/ID badges and parking permits;
  - iii. arrange for resolution of legal questions with the Vermont Office of the Attorney General; and

- iv. authorize the predecessor auditor to allow Contractor to review auditor's workpapers and to respond fully to Contractor's inquiries.
4. Management will facilitate the Contractor's access to key officials and relevant personnel, documents, reports, data files, or other information needed for the audit work, including access to component information, component management, and component auditors.
5. State agencies/departments will provide office space for Contractor staff engaged in the single audit.

#### E. CONTRACTOR STAFF ASSIGNMENT AND SUBCONTRACTING

1. The Contractor will assign no less than five principals (or equivalent individual such as signing director) for the audit engagements, including one IT specialist and one QC reviewer (which may be a principal or director from the Contractor's national assurance technical group); four audit managers (or director with equivalent experience), including one IT specialist; one IT director; and senior associates and staff level associates as necessary. All principals, managers, directors, specialists, and senior associates assigned to the statewide audit engagement will have qualifications at least equivalent to those proposed in its Technical Proposal. It is the SAO's expectation that the principals listed in the Technical Proposal will remain on the engagement to the maximum time allowed given the Contractor's partner rotation requirements. Contractor will provide at least 30 days notification to SAO if there is to be a change in principal assignments.
2. Managers assigned to each component of the audit engagement, specifically the federal compliance audit and the basic financial statements audit, will have significant experience with their respective components. For example, the manager assigned to coordinate the audit of the State's pension and Other Postemployment Benefits plans shall have specific experience with financial reporting for public pensions with the size and complexity at least equivalent to the State of Vermont pensions.
3. With prior approval of the SAO, the Contractor may utilize the services of qualified independent public accountants and/or independent professional consultants ("Subcontractors") to assist in the performance of the statewide financial audit and/or federal compliance audit.
4. The State will engage in no discussions with Contractor staff regarding potential employment.

#### F. TRAINING, ACCESS KNOWLEDGE TOOLS, AND TECHNICAL CONSULTATION

1. Annually provide 100 hours of extended audit services, such as training and educational opportunities for the staff of the State Auditor's Office and staff in other departments on topics to be mutually agreed upon, of which 24 hours of NASBA CPE credits will be offered.
2. Contractor will work with the State Auditor's Office and the Department of Finance & Management in developing strategies to assist staff throughout the State to promote internal control and compliance with laws, regulations, and grant contract provisions. This may include assistance with developing best practices or assisting with developing and implementing training for state financial managers.

#### G. CPE REQUIREMENTS

1. The Contractor will meet all Continuing Professional Education (CPE) Standards specified by Government Auditing Standards.

#### H. MANAGEMENT RESPONSIBILITIES

The audits will be conducted on the basis that Management (and, when appropriate, those charged with governance) acknowledge and understand that management has certain responsibilities that are fundamental to the conduct of an audit, as follows:

1. Management is responsible for the preparation and fair presentation of the financial statements, RSI, and the schedule of expenditures of federal awards in accordance with U.S. GAAP. Management is also responsible for identifying all federal awards received, understanding and complying with the compliance requirements, and for the preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in accordance with the requirements of the Uniform Guidance.
2. Management's responsibilities include the selection and application of accounting principles; recording and reflecting all transactions in the financial statements; determining the reasonableness of significant accounting estimates included in the financial statements; adjusting the financial statements to correct material misstatements; and confirming to the Contractor in the management representation letter that the effects of any uncorrected misstatements aggregated by the Contractor during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Management is responsible for compliance with applicable laws and regulations and the provisions of contracts and grant agreements, including compliance with federal statutes, regulations, and the terms and conditions of federal awards applicable to the State's federal programs. Management's responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

3. Management is responsible for the design, implementation, and maintenance of effective internal control, including internal control over compliance, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; and that there is reasonable assurance that government programs are administered in compliance with compliance requirements.
4. Management is responsible for the design, implementation, and maintenance of internal controls to prevent and detect fraud; assessing the risk that the financial statements may be materially misstated as a result of fraud; and for informing the Contractor about all known or suspected fraud affecting the State involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Management's responsibilities include informing the Contractor of any knowledge of any allegations of fraud or suspected fraud affecting the State received in communications from employees, former employees, grantors, regulators, or others. In addition, Management is responsible for implementing systems designed to achieve compliance with applicable laws and regulations and the provisions of contracts and grant agreements, including compliance with federal statutes, regulations, and the terms and conditions of federal awards applicable to the State's federal programs; identifying and ensuring that the State complies with applicable laws, regulations, contracts, and grant agreements, including compliance with federal statutes, regulations, and the terms and conditions of federal awards applicable to the State's federal programs; and informing the Contractor of all instances of identified or suspected noncompliance whose effects on the financial statements should be considered.
5. Management is responsible for taking timely and appropriate steps to remedy any fraud; noncompliance with provisions of laws, regulations, contracts, or grant agreements; or abuse that the Contractor may report. Additionally, as required by the Uniform Guidance, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified, including noncompliance identified in audit findings; and to follow up and take prompt corrective action on reported audit findings.
6. Management will prepare the summary schedule of prior audit findings and a corrective action plan and provide to Contractor for review by a date that is mutually agreeable.
7. Management is responsible for providing the Contractor with (1) access to all information of which Management is aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters, and for the accuracy and completeness of that information, and for ensuring the information is reliable and properly reported; (2) access to personnel, accounts, books, records, supporting documentation, and other information as

needed to perform an audit under the Uniform Guidance; (3) additional information that we may request for the purpose of the audit; and (4) unrestricted access to persons within the State from whom we determine it necessary to obtain audit evidence.

8. Management agrees to inform the Contractor of events occurring or facts discovered subsequent to the date of the financial statements that may affect the financial statements. Management is also responsible for providing the Contractor access to component information, those charged with governance of components, component management, and component auditors (including relevant audit documentation and communications).
9. Management is responsible for providing the Contractor with, or making arrangements to facilitate (1) unrestricted communication between the Contractor and the component auditor(s) to the extent permitted by law or regulation; (2) communications between the component auditor(s), those charged with governance of the component(s), and component management, including communications of significant deficiencies and material weaknesses in internal control; (3) communications between regulatory authorities and the component(s) related to financial reporting matters; (4) access to component information, those charged with governance of the component(s), component management, and the component auditor(s) (including relevant audit documentation requested by the Contractor); and (5) permission to perform work, or request a component auditor to perform work, on the financial information of the component(s).
10. Management will include the Contractor's report on the schedule of expenditures of federal awards in any document that contains and indicates that the Contractor has reported on the schedule of expenditures of federal awards. Management also agrees to include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes the Contractor's report thereon or make the audited financial statements readily available to intended users of the schedule of expenditures of federal awards no later than the date the schedule of expenditures of federal awards is issued with the Contractor's report thereon. Management responsibilities include acknowledging to the Contractor in the representation letter that (1) Management is responsible for presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; (2) Management believes the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with the Uniform Guidance; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) Management has disclosed to the Contractor any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.
11. Management is responsible for the preparation and fair presentation of other supplementary information in accordance with U.S. GAAP. Management agrees to include the Contractor's report on the supplementary information in any

document that contains, and indicates that we have reported on, the supplementary information. Management also agrees to include the audited financial statements with any presentation of the supplementary information that includes the Contractor's report thereon or make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with the Contractor's report thereon. Management agrees to provide the Contractor written representations related to the presentation of the supplementary information.

12. Management is responsible for providing the Contractor with a written confirmation concerning representations made by Management and staff to the Contractor in connection with the audit and the presentation of the basic financial statements and RSI. During the engagement, the Contractor will request information and explanations from Management regarding, among other matters, the State's activities, internal control, future plans, specific transactions, and accounting systems and procedures. The procedures the Contractor will perform during the engagement and the conclusions the Contractor will reach as a basis for the Contractor's report will be heavily influenced by the representations that the Contractor receives in the representation letter and otherwise from Management. Accordingly, inaccurate, incomplete, or false representations could cause the Contractor to expend unnecessary effort or could cause a material fraud or error to go undetected by the audit procedures. In view of the foregoing, Management agrees that the Contractor shall not be responsible for any misstatements in the State's financial statements that the Contractor may fail to detect as a result of misrepresentations made by Management.

**ATTACHMENT B – PAYMENT PROVISIONS**

The maximum dollar amount payable under this contract is not intended as any form of a guaranteed amount. The Contractor will be paid for products or services actually delivered or performed, as specified in Attachment A, up to the maximum allowable amount specified on page 1 of this contract.

**A. CONTRACTUAL ARRANGEMENTS**

1. Prior to commencement of work and release of any payments, Contractor shall submit to the State:
  - i. a certificate of insurance consistent with the requirements set forth in Attachment C, Section 8 (Insurance) and Attachment D, Section 1; and
  - ii. a current IRS Form W-9, signed within the last six months.
2. Payment terms are Net 30 days from the date the State receives an error-free invoice with all necessary and complete supporting documentation.
3. The contract for this engagement will be on a firm, fixed-price basis, inclusive of all personnel, out-of-pocket expenses and other indirect costs for the audit of fiscal years ending June 30, 2018 through June 30, 2020. At the option of the Auditor's Office, this contract may be extended an additional two years, for fiscal years 2021 and 2022. The State will notify Contractor by June 2020 if contract is to be extended.
  - i. The requisite funding to continue this engagement is provided by the Vermont General Assembly.
  - ii. This contract may be cancelled by either the Auditor or the Contractor, provided that written notice is given at least 150 days in advance. In the event of cancellation of contract, the SAO will pay Contractor 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.

**B. PAYMENT**

1. The following all-inclusive fee schedule, for a total maximum price of \$3,901,585, is effective for audits of fiscal years 2018 through 2020:

| <b>Fiscal Year</b> | <b>Maximum Fees</b> | <b>Federal programs</b> |
|--------------------|---------------------|-------------------------|
| 2018               | \$1,301,175         | 18                      |
| 2019               | \$1,301,705         | 17                      |
| 2020               | \$1,298,705         | 16                      |



2. For the audits of fiscal years 2018 through 2020, the Contractor’s hourly rates will be as follows:

| <b>CLA Staff</b> | <b>2018 Rates</b> | <b>2019 Rates</b> | <b>2020 Rates</b> |
|------------------|-------------------|-------------------|-------------------|
| Partner          |                   |                   |                   |
| Manager          |                   |                   |                   |
| Senior Auditor   |                   |                   |                   |
| Staff Auditor    |                   |                   |                   |
| Specialist       |                   |                   |                   |
| Subcontractors   |                   |                   |                   |

3. Subject to the provisions of the Standard Contract for Personal Services, if other programs or work are to be added to this contract, the Contractor is required to provide advance notification and obtain prior approval from the SAO. The cost of any potential adjustments will be subject to negotiation between the Auditor’s Office and Contractor. All modifications and amendments to this contract and payment provisions are subject to approval by the Secretary of Administration and the availability of funds.
4. In the event that the number of federal programs audited in any year is lower than that on which the fees are based, the Contractor and the SAO will negotiate a lower fee to reflect the reduced effort.
5. If the Auditor’s Office exercises its option to extend the contract an additional two years, the following fee schedule will apply for fiscal years 2021 and 2022:

| <b>Fiscal Year</b> | <b>Fees</b> | <b>Federal programs</b> |
|--------------------|-------------|-------------------------|
| 2021               | \$1,325,240 | 16                      |
| 2022               | \$1,351,775 | 16                      |

6. If the Auditor’s Office exercises its option to extend the contract an additional two years, the Contractor’s hourly rates for fiscal years 2021 and 2022 will be as follows:

| <b>CLA Staff</b> | <b>2021 Rates</b> | <b>2022 Rates</b> |
|------------------|-------------------|-------------------|
| Partner          |                   |                   |
| Manager          |                   |                   |
| Senior Auditor   |                   |                   |
| Staff Auditor    |                   |                   |
| Specialist       |                   |                   |
| Subcontractors   |                   |                   |

7. These fees cover audit work for all current and pending GASB pronouncements that will take effect during the term of this contract, including the required GASB statements 68 and 75 attestation reports. Should it be determined that the implementation of a new GASB pronouncement may require a significant amount of additional work by the Contractor, the Contractor and SAO shall agree on the additional fee prior to the billing of the work.

8. Contractor shall submit detailed invoices itemizing all work performed during the invoice period in a mutually agreeable format to be determined by the Auditor and Contractor that will provide sufficient information and/or documentation to substantiate the amount invoiced for payment by the State. All invoices must include the Contract # for this contract.
9. Contractor shall submit invoices to the State Auditor's Office in accordance with the schedule set forth in this Attachment B. Invoices shall be submitted not more frequently than monthly.
10. Contractor's invoices will recognize a five percent (5%) retainage of each invoiced amount pending the proper and timely completion of the project. The Auditor reserves the right to increase the percentage of retainage or utilize some other mechanism for holding back payment in the event doubt arises regarding the Contractor's ability to continue operations and meet its obligations under this arrangement.
11. The fees associated with audit work for the three fiscal years include the specifications defined in Attachment A. If the Auditor elects to extend the contract an additional two years, the fees associated with fiscal years 2021 and 2022 include the specifications defined in Attachment A, unless the Auditor and Contractor agree to changes in the Statement of Work.

**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.

(End of Standard Provisions)

**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 \$10,000,000 per occurrence and \$10,000,000 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. **Mediation.** Any disagreement, controversy, or claim ("Dispute") that may arise out of any aspect of our services or relationship with you, including this engagement, shall be submitted to non-binding mediation by written notice ("Mediation Notice") to the other party. In mediation, we will work with you to resolve any differences voluntarily with the aid of an impartial mediator. The mediation will be conducted as specified by the mediator and agreed upon by the parties. The parties agree to discuss their differences in good faith and to attempt, with the assistance of the mediator, to reach an amicable resolution of the Dispute. Each party will bear its own costs in the mediation. The fees and expenses of the mediator will be shared equally by the parties. If the differences are not resolved through mediation the parties may pursue legal remedies as provided in Attachment C, paragraph 3.