

**STATE OF MICHIGAN  
 DEPARTMENT OF MANAGEMENT AND BUDGET  
 PURCHASING OPERATIONS  
 P.O. BOX 30026, LANSING, MI 48909  
 OR  
 530 W. ALLEGAN, LANSING, MI 48933**

April 24, 2009

**CHANGE NOTICE NO. 8  
 TO  
 CONTRACT NO. 071B4200151  
 between  
 THE STATE OF MICHIGAN  
 and**

NAME & ADDRESS OF VENDOR		TELEPHONE John Boyle <b>(248) 641-5020</b>
<b>Skillman, Boyle, Pollack, Smith &amp; Gilroy P.L.C.</b> <b>1301 West Long Lake Road</b> <b>Troy, MI 48098</b>  Jboyle@skillmancpa.com		
		BUYER/CA (517) 373-8622 <b>Malynda Little</b>
Contract Compliance Inspector: Christine White, Commissioner <b>Pari-Mutuel Audits/Race Meets – Department of Agriculture</b>		
CONTRACT PERIOD: From: <b>February 1, 2004</b> To: <b>May 31, 2009</b>		
TERMS		SHIPMENT
<b>N/A</b>		<b>N/A</b>
F.O.B.		SHIPPED FROM
<b>N/A</b>		<b>N/A</b>
MINIMUM DELIVERY REQUIREMENTS <b>N/A</b>		

**NATURE OF CHANGE (S):**

Effective immediately, this Contract is hereby **EXTENDED** through May 31, 2009, to allow for the State to complete the re-bidding process.

All other terms, conditions, specifications, and pricing remain the same.

**AUTHORITY/REASON:**

Per agency request, vendor concurrence (letter dated 4/22/09) and DMB/Purchasing Operations' approval.

**CURRENT AUTHORIZED SPEND LIMIT REMAINS: \$479,000.00**

**STATE OF MICHIGAN  
 DEPARTMENT OF MANAGEMENT AND BUDGET  
 PURCHASING OPERATIONS  
 P.O. BOX 30026, LANSING, MI 48909  
 OR  
 530 W. ALLEGAN, LANSING, MI 48933**

December 30, 2008

**CHANGE NOTICE NO. 7  
 TO  
 CONTRACT NO. 071B4200151  
 between  
 THE STATE OF MICHIGAN  
 and**

NAME & ADDRESS OF VENDOR  <b>Skillman, Boyle, Pollack, Smith &amp; Gilroy P.L.C.</b> <b>1301 West Long Lake Road</b> <b>Troy, MI 48098</b>  <p style="text-align: right;">Jboyle@skillmancpa.com</p>	TELEPHONE John Boyle <b>(248) 641-5020</b>  BUYER/CA (517) 373-8622 <b>Malynda Little</b>
Contract Compliance Inspector: Christine White, Commissioner <b>Pari-Mutuel Audits/Race Meets – Department of Agriculture</b>	
CONTRACT PERIOD: From: <b>February 1, 2004</b> To: <b>April 30, 2009</b>	
TERMS	SHIPMENT
<b>N/A</b>	<b>N/A</b>
F.O.B.	SHIPPED FROM
<b>N/A</b>	<b>N/A</b>
MINIMUM DELIVERY REQUIREMENTS <b>N/A</b>	

**NATURE OF CHANGE (S):**

Effective December 30, 2008, this Contract is hereby:

- Extended through April 30, 2009, to allow for completion of Auditor General's program review and for conclusion of the State's rebidding process;
- Increased by \$24,155.00

All other rates, terms, and conditions remain the same.

**AUTHORITY/REASON:**

Per vendor concurrence and DMB/Purchasing Operations' approval.

**REVISED CURRENT AUTHORIZED SPEND LIMIT: \$479,000.00**

**STATE OF MICHIGAN  
 DEPARTMENT OF MANAGEMENT AND BUDGET  
 PURCHASING OPERATIONS  
 P.O. BOX 30026, LANSING, MI 48909  
 OR  
 530 W. ALLEGAN, LANSING, MI 48933**

October 2, 2007

**CHANGE NOTICE NO. 6  
 TO  
 CONTRACT NO. 071B4200151  
 between  
 THE STATE OF MICHIGAN  
 and**

NAME & ADDRESS OF VENDOR		TELEPHONE John Boyle <b>(248) 641-5020</b>
<b>Skillman, Boyle, Pollack, Smith &amp; Gilroy P.L.C.</b> <b>1301 West Long Lake Road</b> <b>Troy, MI 48098</b>  Jboyle@skillmancpa.com		
		BUYER/CA (517) 373-8622 <b>Malynda Little</b>
Contract Compliance Inspector: Christine White, Commissioner <b>Pari-Mutuel Audits/Race Meets – Department of Agriculture</b>		
CONTRACT PERIOD: From: <b>February 1, 2004</b> To: <b>December 31, 2008</b>		
TERMS		SHIPMENT
<b>N/A</b>		<b>N/A</b>
F.O.B.		SHIPPED FROM
<b>N/A</b>		<b>N/A</b>
MINIMUM DELIVERY REQUIREMENTS <b>N/A</b>		

**NATURE OF CHANGE (S):**

Effective immediately, the Contract is hereby **EXTENDED** through December 31, 2008, and **INCREASED** by \$85,050.00. All other terms, conditions, specifications, and pricing remain unchanged.

**AUTHORITY/REASON:**

Per request of Department of Treasury and Ad Board approval on September 18, 2007.

**TOTAL REVISED ESTIMATED CONTRACT VALUE: \$454,845.00**

**STATE OF MICHIGAN  
 DEPARTMENT OF MANAGEMENT AND BUDGET  
 PURCHASING OPERATIONS  
 P.O. BOX 30026, LANSING, MI 48909  
 OR  
 530 W. ALLEGAN, LANSING, MI 48933**

February 27, 2007

**CHANGE NOTICE NO. 5  
 TO  
 CONTRACT NO. 071B4200151  
 between  
 THE STATE OF MICHIGAN  
 and**

NAME & ADDRESS OF VENDOR		TELEPHONE John Boyle <b>(248) 641-5020</b>
<b>Skillman, Boyle, Pollack, Smith &amp; Gilroy P.L.C.</b> <b>1301 West Long Lake Road</b> <b>Troy, MI 48098</b>  Jboyle@skillmancpa.com		
		BUYER/CA (517) 373-8622 <b>Malynda Little</b>
Contract Compliance Inspector: Christine White, Commissioner <b>Pari-Mutuel Audits/Race Meets – Department of Agriculture</b>		
CONTRACT PERIOD: From: <b>February 1, 2004</b> To: <b>December 31, 2007</b>		
TERMS		SHIPMENT
<b>N/A</b>		<b>N/A</b>
F.O.B.		SHIPPED FROM
<b>N/A</b>		<b>N/A</b>
MINIMUM DELIVERY REQUIREMENTS <b>N/A</b>		

**NATURE OF CHANGE (S):**

Effective immediately, the authorized user for this Contract is hereby changed to the Department of Agriculture. All other terms, conditions, specifications, and pricing remain the same. Note: The buyer for this Contract is changed to Malynda Little.

**AUTHORITY/REASON:**

Per DMB and Department of Agriculture agreement.

**TOTAL ESTIMATED CONTRACT VALUE REMAINS: \$369,795.00**

STATE OF MICHIGAN  
 DEPARTMENT OF MANAGEMENT AND BUDGET  
 ACQUISITION SERVICES  
 P.O. BOX 30026, LANSING, MI 48909  
 OR  
 530 W. ALLEGAN, LANSING, MI 48933

February 27, 2007

CHANGE NOTICE NO. 4  
 TO  
 CONTRACT NO. 071B4200151  
 between  
 THE STATE OF MICHIGAN  
 and

NAME & ADDRESS OF VENDOR		TELEPHONE John Boyle (248) 641-5020
Skillman, Boyle, Pollack, Smith & Gilroy P.L.C. 1301 West Long Lake Road Troy, MI 48098 Jboyle@skillmancpa.com		
		BUYER/CA (517) 373-8622 Malynda Little
Contract Compliance Inspector: Christine White, Commissioner Pari-Mutuel Audits/Race Meets – Department of Treasury		
CONTRACT PERIOD: From: February 1, 2004 To: December 31, 2007		
TERMS		SHIPMENT
N/A		N/A
F.O.B.		SHIPPED FROM
N/A		N/A
MINIMUM DELIVERY REQUIREMENTS N/A		

NATURE OF CHANGE (S):

Effective immediately, this Contract is hereby EXTENDED through December 31, 2007, and INCREASED by \$85,050.00. All other terms, conditions, specifications, and pricing remain unchanged.

AUTHORITY/REASON:

Per DMB/Purchasing Operations

INCREASE: \$85,050.00

TOTAL REVISED ESTIMATED CONTRACT VALUE: \$369,795.00

**STATE OF MICHIGAN  
 DEPARTMENT OF MANAGEMENT AND BUDGET  
 ACQUISITION SERVICES  
 P.O. BOX 30026, LANSING, MI 48909  
 OR  
 530 W. ALLEGAN, LANSING, MI 48933**

November 10, 2005

**CHANGE NOTICE NO. 3  
 TO  
 CONTRACT NO. 071B4200151  
 between  
 THE STATE OF MICHIGAN  
 and**

NAME & ADDRESS OF VENDOR		TELEPHONE John Boyle <b>(248) 641-5020</b>
<b>Skillman, Boyle, Pollack, Smith &amp; Gilroy P.L.C.</b> <b>1301 West Long Lake Road</b> <b>Troy, MI 48098</b>  Jboyle@skillmancpa.com		
		BUYER/CA (517) 335-4804 <b>Douglas Collier</b>
Contract Compliance Inspector: Christine White, Commissioner <b>Pari-Mutuel Audits/Race Meets – Department of Treasury</b>		
CONTRACT PERIOD: From: <b>February 1, 2004</b>		To: <b>December 31, 2006</b>
TERMS		SHIPMENT
<b>N/A</b>		<b>N/A</b>
F.O.B.		SHIPPED FROM
<b>N/A</b>		<b>N/A</b>
MINIMUM DELIVERY REQUIREMENTS		
<b>N/A</b>		

**NATURE OF CHANGE (S):**

Effective November 1, 2005 this Contract is hereby amended to remove the Saginaw Harness Raceway. This Contract is also DECREASED by \$24,035.00. All other terms, conditions, specifications and pricing remain unchanged.

**AUTHORITY/REASON:**

Per DMB/Acquisition Services

**DECREASE: \$24,035.00**

**TOTAL REVISED ESTIMATED CONTRACT VALUE: \$284,745.00**

STATE OF MICHIGAN  
 DEPARTMENT OF MANAGEMENT AND BUDGET  
 ACQUISITION SERVICES  
 P.O. BOX 30026, LANSING, MI 48909  
 OR  
 530 W. ALLEGAN, LANSING, MI 48933

October 27, 2005

**CHANGE NOTICE NO. 2**  
**TO**  
**CONTRACT NO. 071B4200151**  
**between**  
**THE STATE OF MICHIGAN**  
**and**

NAME & ADDRESS OF VENDOR		TELEPHONE John Boyle <b>(248) 641-5020</b>
<b>Skillman, Boyle, Pollack, Smith &amp; Gilroy P.L.C.</b> <b>1301 West Long Lake Road</b> <b>Troy, MI 48098</b>  Jboyle@skillmancpa.com		
		BUYER/CA (517) 335-4804 <b>Douglas Collier</b>
Contract Compliance Inspector: Christine White, Commissioner <b>Pari-Mutuel Audits/Race Meets – Department of Treasury</b>		
CONTRACT PERIOD: From: <b>February 1, 2004</b> To: <b>December 31, 2006</b>		
TERMS		SHIPMENT
<b>N/A</b>		<b>N/A</b>
F.O.B.		SHIPPED FROM
<b>N/A</b>		<b>N/A</b>
MINIMUM DELIVERY REQUIREMENTS <b>N/A</b>		

**NATURE OF CHANGE (S):**

The contract Compliance Inspector has been changed to Christine White, Commissioner.

Christine White, Commissioner  
 Office of Racing, Commissioner  
 Michigan Department of Agriculture  
 37650 Professional Center Drive, Suite 105A  
 Livonia, MI 48154-1100  
 Phone: (734) 462-2400  
 Email: WhiteC9@michigan.gov

**AUTHORITY/REASON:**

Per DMB/Acquisition Services

**TOTAL ESTIMATED CONTRACT VALUE REMAINS: \$308,780.00**

STATE OF MICHIGAN  
 DEPARTMENT OF MANAGEMENT AND BUDGET  
 ACQUISITION SERVICES  
 P.O. BOX 30026, LANSING, MI 48909  
 OR  
 530 W. ALLEGAN, LANSING, MI 48933

July 12, 2005

**CHANGE NOTICE NO. 1**  
**TO**  
**CONTRACT NO. 071B4200151**  
**between**  
**THE STATE OF MICHIGAN**  
**and**

NAME & ADDRESS OF VENDOR		TELEPHONE John Boyle <b>(248) 641-5020</b>
<b>Skillman, Boyle, Pollack, Smith &amp; Gilroy P.L.C.</b> <b>1301 West Long Lake Road</b> <b>Troy, MI 48098</b>  Jboyle@skillmancpa.com		
		BUYER (517) 335-4804 <b>Douglas Collier</b>
Contract Administrator: Steve Jenkins <b>Pari-Mutuel Audits/Race Meets – Department of Treasury</b>		
CONTRACT PERIOD: From: <b>February 1, 2004</b> To: <b>December 31, 2006</b>		
TERMS		SHIPMENT
<b>N/A</b>		<b>N/A</b>
F.O.B.		SHIPPED FROM
<b>N/A</b>		<b>N/A</b>
MINIMUM DELIVERY REQUIREMENTS <b>N/A</b>		

**NATURE OF CHANGE (S):**

The following changes have been made:

The contract Compliance Inspector has been changed to Steve Jenkins.

**Steve Jenkins**  
 Michigan Department of Agriculture  
 37650 Professional Center Drive, Suite 105A  
 Livonia, MI 48154-1100  
 Phone: (734) 462-2400  
 Email: [jenkinss@michigan.gov](mailto:jenkinss@michigan.gov)

**AUTHORITY/REASON:**

Per DMB/Acquisition Services

**TOTAL ESTIMATED CONTRACT VALUE REMAINS: \$308,780.00**

**STATE OF MICHIGAN  
 DEPARTMENT OF MANAGEMENT AND BUDGET  
 ACQUISITION SERVICES  
 P.O. BOX 30026, LANSING, MI 48909  
 OR  
 530 W. ALLEGAN, LANSING, MI 48933**

February 27, 2004

**NOTICE  
 TO  
 CONTRACT NO. 071B4200151  
 between  
 THE STATE OF MICHIGAN  
 and**

NAME & ADDRESS OF VENDOR		TELEPHONE John Boyle <b>(248) 641-5020</b>
<b>Skillman, Boyle, Pollack, Smith &amp; Gilroy P.L.C.</b> <b>1301 West Long Lake Road</b> <b>Troy, MI 48098</b>  Jboyle@skillmancpa.com		
		BUYER (517) 335-4804 <b>Douglas Collier</b>
Contract Administrator: Cary Vaughn, C.P.A. <b>Pari-Mutuel Audits/Race Meets – Department of Treasury</b>		
CONTRACT PERIOD: From: <b>February 1, 2004</b> To: <b>December 31, 2006</b>		
TERMS	SHIPMENT	
<b>N/A</b>	<b>N/A</b>	
F.O.B.	SHIPPED FROM	
<b>N/A</b>	<b>N/A</b>	
MINIMUM DELIVERY REQUIREMENTS <b>N/A</b>		

The terms and conditions of this Contract are those of [ITB #071I4001034](#), this Contract Agreement and the vendor's quote dated [12/8/2003](#). In the event of any conflicts between the specifications, terms and conditions indicated by the State and those indicated by the vendor, those of the State take precedence.

Estimated Contract Value: **\$308,780.00**

**STATE OF MICHIGAN  
 DEPARTMENT OF MANAGEMENT AND BUDGET  
 ACQUISITION SERVICES  
 P.O. BOX 30026, LANSING, MI 48909  
 OR  
 530 W. ALLEGAN, LANSING, MI 48933**

**CONTRACT NO. 071B4200151  
 between  
 THE STATE OF MICHIGAN  
 and**

NAME & ADDRESS OF VENDOR  <b>Skillman, Boyle, Pollack, Smith &amp; Gilroy P.L.C.</b> <b>1301 West Long Lake Road</b> <b>Troy, MI 48098</b>  Jboyle@skillmancpa.com	TELEPHONE John Boyle <b>(248) 641-5020</b>  BUYER (517) 335-4804 <b>Douglas Collier</b>
Contract Administrator: Cary Vaughn, C.P.A. <b>Pari-Mutuel Audits/Race Meets – Department of Treasury</b>	
CONTRACT PERIOD: From: <b>February 1, 2004</b> To: <b>December 31, 2006</b>	
TERMS	SHIPMENT
<b>N/A</b>	<b>N/A</b>
F.O.B.	SHIPPED FROM
<b>N/A</b>	<b>N/A</b>
MINIMUM DELIVERY REQUIREMENTS <b>N/A</b>	
MISCELLANEOUS INFORMATION: <b>The terms and conditions of this Contract are those of <a href="#">ITB #07114001034</a>, this Contract Agreement and the vendor's quote dated <a href="#">12/8/2003</a>. In the event of any conflicts between the specifications, terms and conditions indicated by the State and those indicated by the vendor, those of the State take precedence.</b>	
<b>Estimated Contract Value: \$308,780.00</b>	

**THIS IS NOT AN ORDER:** This Contract Agreement is awarded on the basis of our inquiry bearing the [ITB No. 07114001034](#). A Purchase Order Form will be issued only as the requirements of the Department of Treasury are submitted to Acquisition Services. Orders for delivery may be issued directly by the [Department of Treasury](#) through the issuance of a Purchase Order Form.

**All terms and conditions of the invitation to bid are made a part hereof.**

**FOR THE VENDOR:**

**Skillman, Boyle, Pollack, Smith & Gilroy**  
 \_\_\_\_\_  
 Firm Name

\_\_\_\_\_  
 Authorized Agent Signature

\_\_\_\_\_  
 Authorized Agent (Print or Type)

\_\_\_\_\_  
 Date

**FOR THE STATE:**

\_\_\_\_\_  
 Signature  
**Douglas Collier, Buyer**  
 \_\_\_\_\_  
 Name  
**Strategic Business Development  
 Acquisition Services**  
 \_\_\_\_\_  
 Title

\_\_\_\_\_  
 Date



ACQUISITION SERVICES  
STATE OF MICHIGAN

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- A PARI-MUTUEL RACING AUDIT PROGRAM**
- B DAILY PARI-MUTUEL AUDIT REPORT**
- C WEEKLY AUDIT REPORT**
- D ADDRESS INFORMATION**
- E CONTRACTOR’S TECHNICAL PROPOSAL**
- F CONTRACTOR’S PRICING**



**SECTION I**  
**CONTRACTUAL SERVICES TERMS AND CONDITIONS**

**I-A PURPOSE**

The purpose of this Contract is to obtain pari-mutuel audits of the 2004, 2005 and 2006 race meets. Schedules for the 2004, 2005 and 2006 Live Racing meets are available on November 1 of each year preceding the meet year and may be obtained from the Racing Commissioner's office (see Attachment D for the Racing Commissioner's address).

Contract awarded from this solicitation will be a fixed-price contract.

**I-B TERM OF CONTRACT**

The State of Michigan is not liable for any cost incurred by any bidder prior to signing of a Contract by all parties. The activities (be sure to spell out activity) in the proposed Contract cover the period February, 1 2004 through December 31, 2006 with the option for two (2) one-year extensions. All contracts will cover the period February, 1 2004 through December 31, 2006, except for Northville Harness Racing Corp. (which runs August 1 through December 31 each year) and Northville Downs (which runs January 2 through July 31 each year). Any deviations from the 366 days in 2004 and the 365 days in 2005 and 2006 will be prorated from the Contract price on a monthly basis. The State fiscal year is October 1st through September 30th. The prospective Contractor should realize that payments in any given fiscal year are contingent upon enactment of legislative appropriations.

**I-C ISSUING OFFICE**

This Contract is issued by the State of Michigan, Department of Management and Budget (DMB), Acquisition Services, hereafter known as Acquisition Services, for the State of Michigan, Department of Treasury. Where actions are a combination of those of Acquisition Services and **Department** of Treasury, the authority will be known as the State.

**Acquisition Services is the sole point of contact in the State with regard to all procurement and contractual matters relating to the services described herein.**

Acquisition Services is the only office authorized to change, modify, amend, alter, clarify, etc., the prices, specifications, terms, and conditions of this Request For Proposal and any Contract(s) awarded as a result of this Request. Acquisition Services will remain the SOLE POINT OF CONTACT throughout the procurement process, until such time as the Director of Acquisition Services shall direct otherwise in writing. See Paragraph II-C below. All communications concerning this procurement must be addressed to:

**Doug Collier**  
DMB, Acquisition Services  
2nd Floor, Mason Building  
P.O. Box 30026  
Lansing, MI 48909  
Collierd1@michigan.gov      517/ 335-4804

**I-D CONTRACT ADMINISTRATOR**



Upon receipt at Acquisition Services of the properly executed Contract Agreement, it is anticipated that the Director of Acquisition Services will direct that the person named below or any other person so designated be authorized to administer the Contract on a day-to-day basis during the term of the Contract. However, administration of any Contract resulting from this Request implies no authority to change, modify, clarify, amend, or otherwise alter the prices, terms, conditions, and specifications of such Contract. That authority is retained by Acquisition Services. The Contract Administrator for this project is:

Cary Jay Vaughn, CPA  
Department of Treasury  
Local Audit and Finance Division  
Treasury Building  
Lansing, MI 48922  
E-mail: [Vaughncj@michigan.gov](mailto:Vaughncj@michigan.gov)  
Phone: (517) 373-3227.

**I-E COST LIABILITY**

The State of Michigan assumes no responsibility or liability for costs incurred by the Contractor prior to the signing of any Contract resulting from this Request. Total liability of the State is limited to the terms and conditions of any resulting Contract.

**I-F CONTRACTOR RESPONSIBILITIES**

The Contractor will be required to assume responsibility for all contractual activities offered in this proposal whether or not that Contractor performs them. Further, the State will consider the Prime Contractor to be the sole point of contact with regard to contractual matters, including but not limited to payment of any and all costs resulting from the anticipated Contract. If any part of the work is to be subcontracted, the contractor must notify the state and identify the subcontractor(s), including firm name and address, contact person, complete description of work to be subcontracted, and descriptive information concerning subcontractor's organizational abilities. The State reserves the right to approve subcontractors for this project and to require the Contractor to replace subcontractors found to be unacceptable. The Contractor is totally responsible for adherence by the subcontractor to all provisions of the Contract.

**I-G NEWS RELEASES**

News releases pertaining to this document or the services, study, data, or project to which it relates will not be made without prior written State approval, and then only in accordance with the explicit written instructions from the State. No results of the program are to be released without prior approval of the State and then only to persons designated.

**I-H DISCLOSURE**

All information in a bidder's proposal and this Contract is subject to the provisions of the Freedom of Information Act, 1976 Public Act No. 442, as amended, MCL 15.231, *et seq.*

**I-I ACCOUNTING RECORDS**



The Contractor will be required to maintain all pertinent financial and accounting records and evidence pertaining to the Contract in accordance with generally accepted principles of accounting and other procedures specified by the State of Michigan. Financial and accounting records shall be made available, upon request, to the State of Michigan, its designees, or the Michigan Auditor General at any time during the Contract period and any extension thereof, and for three (3) years from the expiration date and final payment on the Contract or extension thereof.

**I-J INDEMNIFICATION**

**A. General Indemnification**

To the fullest extent permitted by law, the Contractor shall indemnify, defend and hold harmless the State, its departments, divisions, agencies, sections, commissions, officers, employees and agents, from and against all losses, liabilities, penalties, fines, damages and claims (including taxes), and all related costs and expenses (including reasonable attorneys' fees and disbursements and costs of investigation, litigation, settlement, judgments, interest and penalties), arising from or in connection with any of the following:

1. any claim, demand, action, citation or legal proceeding against the State, its employees and agents arising out of or resulting from (1) the product provided or (2) performance of the work, duties, responsibilities, actions or omissions of the Contractor or any of its subcontractors under this Contract.
2. any claim, demand, action, citation or legal proceeding against the State, its employees and agents arising out of or resulting from a breach by the Contractor of any representation or warranty made by the Contractor in the Contract;
3. any claim, demand, action, citation or legal proceeding against the State, its employees and agents arising out of or related to occurrences that the Contractor is required to insure against as provided for in this Contract;
4. any claim, demand, action, citation or legal proceeding against the State, its employees and agents arising out of or resulting from the death or bodily injury of any person, or the damage, loss or destruction of any real or tangible personal property, in connection with the performance of services by the Contractor, by any of its subcontractors, by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable; provided, however, that this indemnification obligation shall not apply to the extent, if any, that such death, bodily injury or property damage is caused solely by the negligence or reckless or intentional wrongful conduct of the State;
5. any claim, demand, action, citation or legal proceeding against the State, its employees and agents which results from an act or omission of the Contractor or any of its subcontractors in its or their capacity as an employer of a person.

**B. Patent/Copyright Infringement Indemnification**



To the fullest extent permitted by law, the Contractor shall indemnify, defend and hold harmless the State, its employees and agents from and against all losses, liabilities, damages (including taxes), and all related costs and expenses (including reasonable attorneys' fees and disbursements and costs of investigation, litigation, settlement, judgments, interest and penalties) incurred in connection with any action or proceeding threatened or brought against the State to the extent that such action or proceeding is based on a claim that any piece of equipment, software, commodity or service supplied by the Contractor or its subcontractors, or the operation of such equipment, software, commodity or service, or the use or reproduction of any documentation provided with such equipment, software, commodity or service infringes any United States or foreign patent, copyright, trade secret or other proprietary right of any person or entity, which right is enforceable under the laws of the United States. In addition, should the equipment, software, commodity, or service, or the operation thereof, become or in the Contractor's opinion be likely to become the subject of a claim of infringement, the Contractor shall at the Contractor's sole expense (i) procure for the State the right to continue using the equipment, software, commodity or service or, if such option is not reasonably available to the Contractor, (ii) replace or modify the same with equipment, software, commodity or service of equivalent function and performance so that it becomes non-infringing, or, if such option is not reasonably available to Contractor, (iii) accept its return by the State with appropriate credits to the State against the Contractor's charges and reimburse the State for any losses or costs incurred as a consequence of the State ceasing its use and returning it.

**C. Indemnification Obligation Not Limited**

In any and all claims against the State of Michigan, or any of its agents or employees, by any employee of the Contractor or any of its subcontractors, the indemnification obligation under the Contract shall not be limited in any way by the amount or type of damages, compensation or benefits payable by or for the Contractor or any of its subcontractors under worker's disability compensation acts, disability benefits acts, or other employee benefits acts. This indemnification clause is intended to be comprehensive. Any overlap in subclauses, or the fact that greater specificity is provided as to some categories of risk, is not intended to limit the scope of indemnification under any other subclause.

**D. Continuation of Indemnification Obligation**

The duty to indemnify will continue in full force and affect notwithstanding the expiration or early termination of the Contract with respect to any claims based on facts or conditions, which occurred prior to termination.

**I-K LIMITATION OF LIABILITY**

Except as set forth herein, neither the Contractor nor the State shall be liable to the other party for indirect or consequential damages, even if such party has been advised of the possibility of such damages, and either party's maximum aggregate liability shall be limited to the maximum amount of the executed Contract. Such limitation as to direct or consequential damages, and as to a party's maximum liability shall not be applicable for claims arising out of gross negligence, willful misconduct, or the Contractor's indemnification responsibilities to the State as set forth in Section I-J with respect to third party claims, actions and proceeding brought against the State.

**I-L NON INFRINGEMENT/COMPLIANCE WITH LAWS**



The Contractor warrants that in performing the services called for by this Contract it will not violate any applicable law, rule, or regulation, any contracts with third parties, or any intellectual rights of any third party, including but not limited to, any United States patent, trademark, copyright, or trade secret.

**I-M WARRANTIES AND REPRESENTATIONS**

The Contract will contain customary representations and warranties by the Contractor, including, without limitation, the following:

1. The Contractor will perform all services in accordance with high professional standards in the industry;
2. The Contractor will use adequate numbers of qualified individuals with suitable training, education, experience and skill to perform the services;
3. The Contractor will use its best efforts to use efficiently any resources or services necessary to provide the services that are separately chargeable to the State;
4. The Contractor will use its best efforts to perform the services in the most cost effective manner consistent with the required level of quality and performance;
5. The Contractor will perform the services in a manner that does not infringe the proprietary rights of any third party;
6. The Contractor will perform the services in a manner that complies with all applicable laws and regulations;
7. The Contractor has duly authorized the execution, delivery and performance of the Contract;
8. The Contractor has not provided any gifts, payments or other inducements to any officer, employee or agent of the State;

**I-N TIME IS OF THE ESSENCE**

The Contractor agrees that time is of the essence in the performance of the Contractor's obligations under this Contract.

**I-O STAFFING OBLIGATIONS**

The State reserves the right to approve the Contractor's assignment of Key Personnel to this project and to recommend reassignment of personnel deemed unsatisfactory by the State.

The Contractor shall not remove or reassign, without the State's prior written approval any of the Key Personnel until such time as the Key Personnel have completed all of their planned and assigned responsibilities in connection with performance of the Contractor's obligations under this Contract. The Contractor agrees that the continuity of Key Personnel is critical and agrees to the continuity of Key Personnel. Removal of Key Personnel without the written consent of the State may be considered by the State to be a material breach of this Contract.

The prohibition against removal or reassignment shall not apply where Key Personnel must be replaced for reasons beyond the reasonable control of the Contractor including



but not limited to illness, disability, resignation or termination of the Key Personnel's employment.

The State and the Contractor agree that the following personnel are Key Personnel for purposes of this Contract:

Name	_____
Title	_____
Name	_____
Title	_____
Name	_____
Title	_____

**I-P WORK PRODUCT AND OWNERSHIP**

1. Work Products shall be considered works made by the Contractor for hire by the State and shall belong exclusively to the State and its designees, unless specifically provided otherwise by mutual agreement of the Contractor and the State. If by operation of law any of the Work Product, including all related intellectual property rights, is not owned in its entirety by the State automatically upon creation thereof, the Contractor agrees to assign, and hereby assigns to the State and its designees the ownership of such Work Product, including all related intellectual property rights. The Contractor agrees to provide, at no additional charge, any assistance and to execute any action reasonably required for the State to perfect its intellectual property rights with respect to the aforementioned Work Product.
  
2. Notwithstanding any provision of this Contract to the contrary, any preexisting work or materials including, but not limited to, any routines, libraries, tools, methodologies, processes or technologies (collectively, the "Development Tools") created, adapted or used by the Contractor in its business generally, including any and all associated intellectual property rights, shall be and remain the sole property of the Contractor, and the State shall have no interest in or claim to such preexisting work, materials or Development Tools, except as necessary to exercise its rights in the Work Product. Such rights belonging to the State shall include, but not be limited to, the right to use, execute, reproduce, display, perform and distribute copies of and prepare derivative works based upon the Work Product, and the right to authorize others to do any of the foregoing, irrespective of the existence therein of preexisting work, materials and Development Tools, except as specifically limited herein.
  
3. The Contractor and its subcontractors shall be free to use and employ their general skills, knowledge and expertise, and to use, disclose, and employ any generalized ideas, concepts, knowledge, methods, techniques or skills gained or learned during the course of performing the services under this Contract, so long as the Contractor or its subcontractors acquire and apply such information without disclosure of any confidential or proprietary information of the State, and without any unauthorized use or disclosure of any Work Product resulting from this Contract.

**I-Q CONFIDENTIALITY OF DATA AND INFORMATION**



1. All financial, statistical, personnel, technical and other data and information relating to the State's operation which are designated confidential by the State and made available to the Contractor in order to carry out this Contract, or which become available to the Contractor in carrying out this Contract, shall be protected by the Contractor from unauthorized use and disclosure through the observance of the same or more effective procedural requirements as are applicable to the State. The identification of all such confidential data and information as well as the State's procedural requirements for protection of such data and information from unauthorized use and disclosure shall be provided by the State in writing to the Contractor. If the methods and procedures employed by the Contractor for the protection of the Contractor's data and information are deemed by the State to be adequate for the protection of the State's confidential information, such methods and procedures may be used, with the written consent of the State, to carry out the intent of this section.
2. The Contractor shall not be required under the provisions of this section to keep confidential, (1) information generally available to the public, (2) information released by the State generally, or to the Contractor without restriction, (3) information independently developed or acquired by the Contractor or its personnel without reliance in any way on otherwise protected information of the State. Notwithstanding the foregoing restrictions, the Contractor and its personnel may use and disclose any information which it is otherwise required by law to disclose, but in each case only after the State has been so notified, and has had the opportunity, if possible, to obtain reasonable protection for such information in connection with such disclosure.

**I-R REMEDIES FOR BREACH OF CONFIDENTIALITY**

The Contractor acknowledges that a breach of its confidentiality obligations as set forth in section I-Q of this Contract shall be considered a material breach of the Contract. Furthermore the Contractor acknowledges that in the event of such a breach the State shall be irreparably harmed. Accordingly, if a court should find that the Contractor has breached or attempted to breach any such obligations, the Contractor will not oppose the entry of an appropriate order restraining it from any further breaches or attempted or threatened breaches. This remedy shall be in addition to and not in limitation of any other remedy or damages provided by law.

**I-S CONTRACTOR'S LIABILITY INSURANCE**

The Contractor is required to provide proof of the minimum levels of insurance coverage as indicated below. The purpose of this coverage shall be to protect the State from claims which may arise out of or result from the Contractor's performance of services under the terms of this Contract, whether such services are performed by the Contractor, or by any subcontractor, or by anyone directly or indirectly employed by any of them, or by anyone for whose acts they may be liable.

The Contractor waives all rights against the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and agents for recovery of damages to the extent these damages are covered by the insurance policies the Contractor is required to maintain pursuant to this Contract. The Contractor also agrees to provide evidence that all applicable insurance policies contain a waiver of subrogation by the insurance company.

All insurance coverages provided relative to this Contract/Purchase Order is PRIMARY and NON-CONTRIBUTING to any comparable liability insurance (including self-insurances) carried by the State.

**TERMS AND CONDITIONS .....CONTRACT #071B4200151**



The Insurance shall be written for not less than any minimum coverage herein specified or required by law, whichever is greater. All deductible amounts for any of the required policies are subject to approval by the State.

The State reserves the right to reject insurance written by an insurer the State deems unacceptable.

BEFORE THE CONTRACT IS SIGNED BY BOTH PARTIES OR BEFORE THE PURCHASE ORDER IS ISSUED BY THE STATE, THE CONTRACTOR MUST FURNISH TO THE DIRECTOR OF Acquisition Services, CERTIFICATE(S) OF INSURANCE VERIFYING INSURANCE COVERAGE. THE CERTIFICATE MUST BE ON THE STANDARD "ACCORD" FORM. THE CONTRACT OR PURCHASE ORDER NO. MUST BE SHOWN ON THE CERTIFICATE OF INSURANCE TO ASSURE CORRECT FILING. All such Certificate(s) are to be prepared and submitted by the Insurance Provider and not by the Contractor. All such Certificate(s) shall contain a provision indicating that coverages afforded under the policies WILL NOT BE CANCELLED, MATERIALLY CHANGED, OR NOT RENEWED without THIRTY (30) days prior written notice, except for 10 days for non-payment of premium, having been given to the Director of Acquisition Services, Department of Management and Budget. Such NOTICE must include the CONTRACT NUMBER affected and be mailed to: Director, Acquisition Services, Department of Management and Budget, P.O. Box 30026, Lansing, Michigan 48909.

The Contractor is required to provide the type and amount of insurance checked (☑) below:

- ☑ 1. Commercial General Liability with the following minimum coverages:
  - \$2,000,000 General Aggregate Limit other than Products/Completed Operations
  - \$2,000,000 Products/Completed Operations Aggregate Limit
  - \$1,000,000 Personal & Advertising Injury Limit
  - \$1,000,000 Each Occurrence Limit
  - \$500,000 Fire Damage Limit (any one fire)

The Contractor must list the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and agents as ADDITIONAL INSUREDS on the Commercial General Liability policy.

- ☑ 2. If a motor vehicle is used to provide services or products under this Contract, the Contractor must have vehicle liability insurance on any auto including owned, hired and non-owned vehicles used in Contractor's business for bodily injury and property damage as required by law.

The Contractor must list the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and agents as ADDITIONAL INSUREDS on the vehicle liability policy.

- ☑ 3. Worker's disability compensation, disability benefit or other similar employee benefit act with minimum statutory limits. NOTE: (1) If coverage is provided by a State fund or if Contractor has qualified as a self-insurer, separate certification must be furnished that coverage is in the state fund or that Contractor has approval to be a self-insurer; (2) Any citing of a policy of insurance must include a listing of the States



where that policy's coverage is applicable; and (3) Any policy of insurance must contain a provision or endorsement providing that the insurers' rights of subrogation are waived. This provision shall not be applicable where prohibited or limited by the laws of the jurisdiction in which the work is to be performed.

- 4. For contracts providing temporary staff personnel to the State, the Contractor shall provide an Alternate Employer Endorsement with minimum coverage of \$1,000,000.
- 5. Employers liability insurance with the following minimum limits:
  - \$100,000 each accident
  - \$100,000 each employee by disease
  - \$500,000 aggregate disease
- 6. Professional Liability Insurance (Errors and Omissions coverage for pari-mutuel auditing) with the following minimum coverage:
  - \$1,000,000 each occurrence and \$3,000,000 annual aggregate
  - \$3,000,000 each occurrence and \$5,000,000 annual aggregate
  - \$5,000,000 each occurrence and \$10,000,000 annual aggregate
- 7. Medical Professional Liability, minimum coverage
  - \$100,000 each occurrence and \$300,000 annual aggregate (*for single practitioner*)
  - \$200,000 each occurrence and \$600,000 annual aggregate (*for single practitioner*)
  - \$1,000,000 each occurrence and \$5,000,000 annual aggregate (*for group practice*)

**I-T NOTICE AND RIGHT TO CURE**

In the event of a curable breach by the Contractor, the State shall provide the Contractor written notice of the breach and a time period to cure said breach described in the notice. This section requiring notice and an opportunity to cure shall not be applicable in the event of successive or repeated breaches of the same nature or if the State determines in its sole discretion that the breach poses a serious and imminent threat to the health or safety of any person or the imminent loss, damage or destruction of any real or tangible personal property.

**I-U CANCELLATION**

The State may cancel this Contract without further liability or penalty to the State, its departments, divisions, agencies, offices, commissions, officers, agents and employees for any of the following reasons:



1. Material Breach by the Contractor. In the event that the Contractor breaches any of its material duties or obligations under the Contract, which are either not capable of or subject to being cured, or are not cured within the time period specified in the written notice of breach provided by the State, or pose a serious and imminent threat to the health and safety of any person, or the imminent loss, damage or destruction of any real or tangible personal property, the State may, having provided written notice of cancellation to the Contractor, cancel this Contract in whole or in part, for cause, as of the date specified in the notice of cancellation.

In the event that this Contract is cancelled for cause, in addition to any legal remedies otherwise available to the State by law or equity, the Contractor shall be responsible for all costs incurred by the State in canceling the Contract, including but not limited to, State administrative costs, attorneys fees and court costs, and any additional costs the State may incur to procure the services required by this Contract from other sources. All excess procurement costs and damages shall not be considered by the parties to be consequential, indirect or incidental, and shall not be excluded by any other terms otherwise included in the Contract.

In the event the State chooses to partially cancel this Contract for cause charges payable under this Contract will be equitably adjusted to reflect those services that are cancelled.

In the event this Contract is cancelled for cause pursuant to this section, and it is therefore determined, for any reason, that the Contractor was not in breach of contract pursuant to the provisions of this section, that cancellation for cause shall be deemed to have been a cancellation for convenience, effective as of the same date, and the rights and obligations of the parties shall be limited to that otherwise provided in the Contract for a cancellation for convenience.

2. Cancellation For Convenience By the State. The State may cancel this Contract for its convenience, in whole or part, if the State determines that such a cancellation is in the State's best interest. Reasons for such cancellation shall be left to the sole discretion of the State and may include, but not limited to (a) the State no longer needs the services or products specified in the Contract, (b) relocation of office, program changes, changes in laws, rules, or regulations make implementation of the Contract services no longer practical or feasible, and (c) unacceptable prices for additional services requested by the State. The State may cancel the Contract for its convenience, in whole or in part, by giving the Contractor written notice 30 days prior to the date of cancellation. If the State chooses to cancel this Contract in part, the charges payable under this Contract shall be equitably adjusted to reflect those services that are cancelled.
3. Non-Appropriation. In the event that funds to enable the State to effect continued payment under this Contract are not appropriated or otherwise made available. The Contractor acknowledges that, if this Contract extends for several fiscal years, continuation of this Contract is subject to appropriation or availability of funds for this project.

If funds are not appropriated or otherwise made available, the State shall have the right to cancel this Contract at the end of the last period for which funds have been appropriated or otherwise made available by giving written notice of cancellation to the Contractor. The State shall give the Contractor written notice of such non-appropriation or unavailability within 30 days after it receives notice of such non-appropriation or unavailability.



4. Criminal Conviction. In the event the Contractor, an officer of the Contractor, or an owner of a 25% or greater share of the Contractor, is convicted of a criminal offense incident to the application for or performance of a State, public or private Contract or subcontract; or convicted of a criminal offense including but not limited to any of the following: embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, attempting to influence a public employee to breach the ethical conduct standards for State of Michigan employees; convicted under State or federal antitrust statutes; or convicted of any other criminal offense which in the sole discretion of the State, reflects upon the Contractor's business integrity.
  
5. Approvals Rescinded. The State may terminate this Contract without further liability or penalty in the event any final administrative or judicial decision or adjudication disapproves a previously approved request for purchase of personal services pursuant to Constitution 1963, Article 11, section 5, and Civil Service Rule 7. Termination may be in whole or in part and may be immediate as of the date of the written notice to Contractor or may be effective as of the date stated in such written notice.

**I-V RIGHTS AND OBLIGATIONS UPON CANCELLATION**

1. If the Contract is canceled by the State for any reason, the Contractor shall, (a) stop all work as specified in the notice of cancellation, (b) take any action that may be necessary, or that the State may direct, for preservation and protection of Work Product or other property derived or resulting from the Contract that may be in the Contractor's possession, (c) return all materials and property provided directly or indirectly to the Contractor by any entity, agent or employee of the State, (d) transfer title and deliver to the State, unless otherwise directed by the Contract Administrator or his or her designee, all Work Product resulting from the Contract, and (e) take any action to mitigate and limit any potential damages, or requests for Contractor adjustment or cancellation settlement costs, to the maximum practical extent, including, but not limited to, canceling or limiting as otherwise applicable, those subcontracts, and outstanding orders for material and supplies resulting from the canceled Contract.
  
2. In the event the State cancels this Contract prior to its expiration for its own convenience, the State shall pay the Contractor for all charges due for services provided prior to the date of cancellation and if applicable as a separate item of payment pursuant to the Contract, for partially completed Work Product, on a percentage of completion basis. In the event of a cancellation for cause, or any other reason under the Contract, the State will pay, if applicable, as a separate item of payment pursuant to the Contract, for all partially completed Work Products, to the extent that the State requires the Contractor to submit to the State any such deliverables, and for all charges due under the Contract for any cancelled services provided by the Contractor prior to the cancellation date.

All completed or partially completed Work Product prepared by the Contractor pursuant to this Contract shall, at the option of the State, become the State's property, and the Contractor shall be entitled to receive just and fair compensation for such Work Product. Regardless of the basis for the cancellation, the State shall not be obligated to pay, or otherwise compensate, the Contractor for any lost expected future profits, costs or expenses incurred with respect to Services not actually performed for the State.



3. If any such cancellation by the State is for cause, the State shall have the right to set-off against any amounts due the Contractor, the amount of any damages for which the Contractor is liable to the State under this Contract or pursuant to law and equity.
4. Upon a good faith cancellation, the State shall have the right to assume, at its option, any and all subcontracts and agreements for services and materials provided under this Contract, and may further pursue completion of the Work Product under this Contract by replacement contract or otherwise as the State may in its sole judgment deem expedient.

**I-W EXCUSABLE FAILURE**

1. Neither party shall be liable for any default or delay in the performance of its obligations under the Contract if and to the extent such default or delay is caused, directly or indirectly, by: fire, flood, earthquake, elements of nature or acts of God; riots, civil disorders, rebellions or revolutions in any country; the failure of the other party to perform its material responsibilities under the Contract (either itself or through another contractor); injunctions (provided the injunction was not issued as a result of any fault or negligence of the party seeking to have its default or delay excused); or any other cause beyond the reasonable control of such party; provided the non-performing party and its subcontractors are without fault in causing such default or delay, and such default or delay could not have been prevented by reasonable precautions and cannot reasonably be circumvented by the non-performing party through the use of alternate sources, workaround plans or other means, including disaster recovery plans. In such event, the non-performing party will be excused from any further performance or observance of the obligation(s) so affected for as long as such circumstances prevail and such party continues to use its best efforts to recommence performance or observance whenever and to whatever extent possible without delay provided such party promptly notifies the other party in writing of the inception of the excusable failure occurrence, and also of its abatement or cessation.
2. If any of the above enumerated circumstances substantially prevent, hinder, or delay performance of the services necessary for the performance of the State's functions for more than 14 consecutive days, and the State determines that performance is not likely to be resumed within a period of time that is satisfactory to the State in its reasonable discretion, then at the State's option: (a) the State may procure the affected services from an alternate source, and the State shall not be liable for payments for the unperformed services under the Contract for so long as the delay in performance shall continue; (b) the State may cancel any portions of the Contract so affected and the charges payable thereunder shall be equitably adjusted to reflect those services canceled; or (c) the Contract will be canceled without liability of the State to the Contractor as of the date specified by the State in a written notice of cancellation to the Contractor.

The Contractor will not have the right to any additional payments from the State as a result of any excusable failure occurrence or to payments for services not rendered as a result of the excusable failure condition. Defaults or delays in performance by the Contractor which are caused by acts or omissions of its subcontractors will not relieve the Contractor of its obligations under the Contract except to the extent that a subcontractor is itself subject to any excusable failure condition described above and the Contractor cannot reasonably circumvent the effect of the subcontractor's default or delay in performance through the use of alternate sources, workaround plans or other means.

**I-X ASSIGNMENT**

The Contractor shall not have the right to assign this Contract or to assign or delegate any of its duties or obligations under this Contract to any other party (whether by operation of law or otherwise), without the prior written consent of the State. Any purported assignment in violation of this section shall be null and void. Further, the Contractor may not assign the right to receive money due under the Contract without the prior written consent of the Director of Acquisition Services.

**I-Y DELEGATION**

The Contractor shall not delegate any duties or obligations under this Contract to a subcontractor other than a subcontractor named in the bid unless the Director of Acquisition Services has given written consent to the delegation.

**I-Z NON-DISCRIMINATION CLAUSE**

In the performance of any Contract or purchase order resulting herefrom, the bidder agrees not to discriminate against any employee or applicant for employment, with respect to their hire, tenure, terms, conditions or privileges of employment, or any matter directly or indirectly related to employment, because of race, color, religion, national origin, ancestry, age, sex, height, weight, marital status, physical or mental disability unrelated to the individual's ability to perform the duties of the particular job or position. The bidder further agrees that every subcontract entered into for the performance of any Contract or purchase order resulting herefrom will contain a provision requiring non-discrimination in employment, as herein specified, binding upon each subcontractor. This covenant is required pursuant to the Elliot Larsen Civil Rights Act, 1976 Public Act 453, as amended, MCL 37.2101, *et seq*, and the Persons with Disabilities Civil Rights Act, 1976 Public Act 220, as amended, MCL 37.1101, *et seq*, and any breach thereof may be regarded as a material breach of the Contract or purchase order.

**I-AA WORKPLACE SAFETY AND DISCRIMINATORY HARASSMENT**

In performing services for the State pursuant to this Contract, the Contractor shall comply with Department of Civil Service Rules 2-20 regarding Workplace Safety and 1-8.3 regarding Discriminatory Harassment. In addition, the Contractor shall comply with Civil Service Regulations governing workplace safety and discriminatory harassment and any applicable state agency rules on these matters that the agency provides to the Contractor. Department of Civil Service Rules and Regulations can be found on the Department of Civil Service website at [www.michigan.gov/mdcs](http://www.michigan.gov/mdcs).

**I-BB MODIFICATION OF SERVICE**

The Director of Acquisition Services reserves the right to modify this service during the course of this Contract. Such modification may include adding or deleting tasks that this service shall encompass and/or any other modifications deemed necessary.

This Contract may not be revised, modified, amended, extended, or augmented, except by a writing executed by the parties hereto, and any breach or default by a party shall not be waived or released other than in writing signed by the other party.



The State reserves the right to request from time to time, any changes to the requirements and specifications of the Contract and the work to be performed by the Contractor under the Contract. The Contractor shall provide a change order process and all requisite forms. The State reserves the right to negotiate the process during contract negotiation. At a minimum, the State would like the Contractor to provide a detailed outline of all work to be done, including tasks necessary to accomplish the deliverables, timeframes, listing of key personnel assigned, estimated hours for each individual per task, and a complete and detailed cost justification.

1. Within five (5) business days of receipt of a request by the State for any such change, or such other period of time as to which the parties may agree mutually in writing, the Contractor shall submit to the State a proposal describing any changes in products, services, timing of delivery, assignment of personnel, and the like, and any associated price adjustment. The price adjustment shall be based on a good faith determination and calculation by the Contractor of the additional cost to the Contractor in implementing the change request less any savings realized by the Contractor as a result of implementing the change request. The Contractor's proposal shall describe in reasonable detail the basis for the Contractor's proposed price adjustment, including the estimated number of hours by task by labor category required to implement the change request.
2. If the State accepts the Contractor's proposal, it will issue a change notice and the Contractor will implement the change request described therein. The Contractor will not implement any change request until a change notice has been issued validly. The Contractor shall not be entitled to any compensation for implementing any change request or change notice except as provided explicitly in an approved change notice.
3. If the State does not accept the Contractor's proposal, the State may:
  - a. withdraw its change request; or
  - b. modify its change request, in which case the procedures set forth above will apply to the modified change request.

If the State requests or directs the Contractor to perform any activities that are outside the scope of the Contractor's responsibilities under the Contract ("New Work"), the Contractor must notify the State promptly, and before commencing performance of the requested activities, that it believes the requested activities are New Work. If the Contractor fails to so notify the State prior to commencing performance of the requested activities, any such activities performed before notice is given by the Contractor shall be conclusively considered to be In-scope Services, not New Work.

If the State requests or directs the Contractor to perform any services or functions that are consistent with and similar to the services being provided by the Contractor under the Contract, but which the Contractor reasonably and in good faith believes are not included within the scope of the Contractor's responsibilities and charges as set forth in the Contract, then prior to performing such services or function, the Contractor shall promptly notify the State in writing that it considers the services or function to be an "Additional Service" for which the Contractor should receive additional compensation. If the Contractor does not so notify the State, the Contractor shall have no right to claim thereafter that it is entitled to additional compensation for performing such services or functions. If the Contractor does so notify the State, then such a service or function shall be governed by the change request procedure set forth in the preceding paragraph.



**IN THE EVENT PRICES ARE NOT ACCEPTABLE TO THE STATE, THE CONTRACT SHALL BE SUBJECT TO COMPETITIVE BIDDING BASED UPON THE NEW SPECIFICATIONS.**

**I-CC NOTICES**

Any notice given to a party under this Contract must be written and shall be deemed effective, if addressed to such party as addressed below upon (i) delivery, if hand delivered; (ii) receipt of a confirmed transmission by facsimile if a copy of the notice is sent by another means specified in this section; (iii) the third (3rd) Business Day after being sent by U.S. mail, postage pre-paid, return receipt requested; or (iv) the next Business Day after being sent by a nationally recognized overnight express courier with a reliable tracking system.

**For the Contractor:** John Boyle, C.P.A.  
Skillman, Boyle, Pollack, Smith & Gilroy  
1301 West Long Lake Road  
Troy, MI 48098

**For the State:** Douglas Collier, CPPB  
DMB, Acquisition Services  
P.O. Box 30026  
Lansing, MI 48909

Either party may change its address where notices are to be sent giving written notice in accordance with this section.

**I-DD ENTIRE AGREEMENT**

The contents of this document and the vendor's proposal will become contractual obligations, if a Contract ensues. Failure of the successful bidder to accept these obligations may result in cancellation of the award.

This Contract shall represent the entire agreement between the parties and supersedes all proposals or other prior agreements, oral or written, and all other communications between the parties relating to this subject.

**I-EE NO WAIVER OF DEFAULT**

The failure of a party to insist upon strict adherence to any term of a Contract shall not be considered a waiver or deprive the party of the right thereafter to insist upon strict adherence to that term, or any other term, of the Contract.

**I-FF SEVERABILITY**

Each provision of the Contract shall be deemed to be severable from all other provisions of the Contract and, if one or more of the provisions of the Contract shall be declared invalid, the remaining provisions of the Contract shall remain in full force and effect.

**I-GG HEADINGS**



Captions and headings used in the Contract are for information and organization purposes. Captions and headings, including inaccurate references, do not, in any way, define or limit the requirements or terms and conditions of this Contract.

**I-HH RELATIONSHIP OF THE PARTIES**

The relationship between the State and the Contractor is that of client and independent Contractor. No agent, employee, or servant of the Contractor or any of its subcontractors shall be or shall be deemed to be an employee, agent, or servant of the State for any reason. The Contractor will be solely and entirely responsible for its acts and the acts of its agents, employees, servants and subcontractors during the performance of this Contract.

**I-II UNFAIR LABOR PRACTICES**

Pursuant to 1980 Public Act 278, as amended, MCL 423.231, et seq, the State shall not award a Contract or subcontract to an employer whose name appears in the current register of employers failing to correct an unfair labor practice compiled pursuant to section 2 of the Act. This information is compiled by the United States National Labor Relations Board.

A Contractor of the State, in relation to the Contract, shall not enter into a Contract with a subcontractor, manufacturer, or supplier whose name appears in this register. Pursuant to section 4 of 1980 Public Act 278, MCL 423.324, the State may void any Contract if, subsequent to award of the Contract, the name of the Contractor as an employer, or the name of the subcontractor, manufacturer or supplier of the Contractor appears in the register.

**I-JJ SURVIVOR**

Any provisions of the Contract that impose continuing obligations on the parties including, but not limited to the Contractor's indemnity and other obligations shall survive the expiration or cancellation of this Contract for any reason.

**I-KK GOVERNING LAW**

This Contract shall in all respects be governed by, and construed in accordance with, the laws of the State of Michigan. Any dispute arising herein shall be resolved in the State of Michigan.

**I-LL YEAR 2000 SOFTWARE COMPLIANCE**

The Contractor warrants that services provided under this Contract including but not limited to the production of all Work Products, shall be provided in an accurate and timely manner without interruption, failure or error due the inaccuracy of Contractor's business operations in processing date/time data (including, but not limited to, calculating, comparing, and sequencing) from, into, and between the twentieth and twenty-first centuries, and the years 1999 and 2000, including leap year calculations. The Contractor shall be responsible for damages resulting from any delays, errors or untimely performance resulting therefrom.

**I-MM CONTRACT DISTRIBUTION**



Acquisition Services shall retain the sole right of Contract distribution to all State agencies and local units of government unless other arrangements are authorized by Acquisition Services.

**I-NN STATEWIDE CONTRACTS**

If the contract is for the use of more than one agency and if the goods or services provided under the contract do not meet the form, function and utility required by an agency, that agency may, subject to state purchasing policies, procure the goods or services from another source.

**I-OO ADHERANCE TO PM METHODOLOGY STANDARD**

The State has adopted a standard, documented Project Management Methodology (PMM) for use on all Information Technology (IT) based projects. This policy is referenced in the document titled "Project Management Methodology" – DMB Administrative Guide Procedure 1380.02 issued June 2000. Vendors may obtain a copy of this procedure by contacting the DMB Office of Information Technology Solutions. The State of Michigan Project Management Methodology can be obtained from the DMB Office of Project Management's website at <http://www.state.mi.us/cio/opm>.

The contractor shall use the State's PMM to manage State of Michigan Information Technology (IT) based projects. The requesting agency will provide the applicable documentation and internal agency processes for the methodology. If the vendor requires training on the methodology, those costs shall be the responsibility of the vendor, unless otherwise stated.

**I-PP ELECTRONIC FUNDS TRANSFER**

Electronic transfer of funds is available to State contractors. Vendors are encouraged to register with the State of Michigan Office of Financial Management so the State can make payments related to this Contract electronically at [www.cpexpress.state.mi.us](http://www.cpexpress.state.mi.us).

**I-QQ DISCLOSURE OF LITIGATION**

1. The Contractor shall notify the State in its bid proposal, if it, or any of its subcontractors, or their officers, directors, or key personnel under this Contract, have ever been convicted of a felony, or any crime involving moral turpitude, including, but not limited to fraud, misappropriation or deception.

Contractor shall promptly notify the State of any criminal litigation, investigations or proceeding which may have arisen or may arise involving the Contractor or any of the Contractor's subcontractor, or any of the foregoing entities' then current officers or directors during the term of this Contract and three years thereafter.

2. The Contractor shall notify the State in its bid proposal, and promptly thereafter as otherwise applicable, of any civil litigation, arbitration, proceeding, or judgments that may have arisen against it or its subcontractors during the five years proceeding its bid proposal, or which may occur during the term of this Contract or three years thereafter, which involve (1) products or services similar to those provided to the State under this Contract and which either involve a claim in excess of \$250,000 or which otherwise may affect the viability or financial stability of the Contractor, or (2) a claim or written allegation of fraud by the Contractor or any subcontractor hereunder, arising out of their business activities, or (3) a claim or written allegation



that the Contractor or any subcontractor hereunder violated any federal, state or local statute, regulation or ordinance. Multiple lawsuits and or judgments against the Contractor or subcontractor, in any an amount less than \$250,000 shall be disclosed to the State to the extent they affect the financial solvency and integrity of the Contractor or subcontractor.

3. All notices under subsection 1 and 2 herein shall be provided in writing to the State within fifteen business days after the Contractor learns about any such criminal or civil investigations and within fifteen days after the commencement of any proceeding, litigation, or arbitration, as otherwise applicable. Details of settlements which are prevented from disclosure by the terms of the settlement shall be annotated as such. Semi-annually, during the term of the Contract, and thereafter for three years, Contractor shall certify that it is in compliance with this Section. Contractor may rely on similar good faith certifications of its subcontractors, which certifications shall be available for inspection at the option of the State.
4. Assurances - In the event that such investigation, litigation, arbitration or other proceedings disclosed to the State pursuant to this Section, or of which the State otherwise becomes aware, during the term of this Contract, causes the State to be reasonably concerned about:
  - a) the ability of the Contractor or its subcontractor to continue to perform this Contract in accordance with its terms and conditions, or
  - b) whether the Contractor or its subcontractor in performing services is engaged in conduct which is similar in nature to conduct alleged in such investigation, litigation, arbitration or other proceedings, which conduct would constitute a breach of this Contract or violation of Michigan or Federal law, regulation or public policy, then

The Contractor shall be required to provide the State all reasonable assurances requested by the State to demonstrate that: (a) the Contractor or its subcontractors hereunder will be able to continue to perform this Contract in accordance with its terms and conditions, (b) the Contractor or its subcontractors will not engage in conduct in performing services under this Contract which is similar in nature to the conduct alleged in any such litigation, arbitration or other proceedings.

5. The Contractor's failure to fully and timely comply with the terms of this section, including providing reasonable assurances satisfactory to the State, may constitute a material breach of this Contract.

**I-RR LIQUIDATED DAMAGES**

- A. The State and the Contractor hereby agree to the specific standards set forth in this Contract. It is agreed between the Contractor and the State that the actual damages to the State as a result of Contractor's failure to provide promised services would be difficult or impossible to determine with accuracy. The State and the Contractor therefore agree that liquidated damages as set out herein shall be a reasonable approximation of the damages that shall be suffered by the State as a result thereof. Accordingly, in the event of such damages, at the written direction of the State, the Contractor shall pay the State the indicated amount as liquidated damages, and not



as a penalty. Amounts due the State as liquidated damages, if not paid by the Contractor within fifteen (15) days of notification of assessment, may be deducted by the State from any money payable to the Contractor pursuant to this Contract. The State will notify the Contractor in writing of any claim for liquidated damages pursuant to this paragraph on or before the date the State deducts such sums from money payable to the Contractor. No delay by the State in assessing or collecting liquidated damages shall be construed as a waiver of such rights.

- B. The Contractor shall not be liable for liquidated damages when, in the opinion of the State, incidents or delays result directly from causes beyond the control and without the fault or negligence of the Contractor. Such causes may include, but are not restricted to, acts of God, fires, floods, epidemics, and labor unrest; but in every case the delays must be beyond the control and without the fault or negligence of the Contractor.
- C. Liquidated damages will be assessed as follows: A penalty of \$100 per day will be assessed for each day a specific deliverable in section II is late.



## SECTION II WORK STATEMENT

### II-A BACKGROUND/PROBLEM STATEMENT

The purpose of this Contract is for auditing pari-mutuel operations in accordance with the requirements set forth in Section 23 of Act 279 of the Public Acts of 1995 (the "Horse Racing Law of 1995"). Section 23 states:

- (1) The auditing of pari-mutuel operations at each race meeting shall be performed by a private auditing firm appointed by the state treasurer and approved by the racing commissioner. The expense of pari-mutuel audits shall be paid by the state as a part of the state treasurer's budget. Daily audit reports on each day of pari-mutuel racing shall be forwarded to the racing commissioner and the holder of the race meeting license not later than 2 business days after the day for which the report is made. Within 60 days following each race meeting, at least 3 copies of the pari-mutuel audit report for the entire race meeting shall be forwarded to the racing commissioner and additional copies shall be supplied to the state treasurer and the holder of the race meeting license. The scope of the pari-mutuel audits shall be established in specifications prepared by the state treasurer and approved by the racing commissioner.
- (2) The auditors representing the state shall have free and full access to the space or enclosure where the payoff prices are calculated, to the rooms and enclosures where the totalisator equipment is operated, and to the money rooms and cashier terminals, and shall be responsible for verifying the accuracy of the calculations on which are based the payoff prices to the public and amount of racetrack commission, state tax and breakage, and for the amounts withheld by the holder of the race meeting license for payment of un-cashed tickets. The auditors at all times shall have full and free access to all pari-mutuel records and all aspects, areas, and functions of the totalisator system, including but not limited to all hardware, software, input and output data, documents and files. The auditors may audit internally and externally any or all parts and elements of the totalisator system whether on or off the site of the race meeting grounds. If the records are maintained in a machine-readable form, such as computer tapes or disks, copies shall be made available to the auditors on request. The auditors, in addition to their regular reports, shall make prompt report to the racing commissioner, the state treasurer, and the holder of the race meeting licenses of any irregularities or discrepancies which they may encounter during their auditing.
- (3) In addition to auditing the pari-mutuel operations, the auditors shall include in their final reports the daily attendance figures as supplied by the holder of the race meeting license."

### II-B OBJECTIVES

#### General:

The Contractor is to audit the pari-mutuel operations and the paid tickets at all performances of the race meet specified on the Bid for Pari-Mutuel Race Meet Audit Form and to furnish reports in accordance with Section 23 of Act 279 of the Public Acts of 1995 as stated in section II-D(2).



Specific:

The Contractor agrees to use the Pari-Mutuel Audit Program (Attachment A), provided by the State, in performing the pari-mutuel audit as set forth in this Contract. Use of the provided audit program is not intended to restrict the use of professional judgment, in the event the Contractor recognizes the need for additional audit steps. If the Contractor believes that additional audit steps are necessary, beyond those included in the provided audit program, the contractor should request approval from the State to modify the procedures provided in the audit program.

**II-C TASKS**

The following is a preliminary analysis of the major tasks involved for developing the end product of this project. The Contractor is not, however, constrained from supplementing this listing with additional steps, sub tasks or elements deemed necessary to permit the development of alternative approaches or the application of proprietary analytical techniques.

- I. An overall plan must be developed as a basis for executing subsequent steps as the project progresses. Essential to the process of this task is the preparation of a sound approach to attaining the objectives of the project.
2. Audits are to be performed in accordance with the Pari-Mutuel Audit Program, as revised 11/02 (Attachment A); the Daily Pari-Mutuel Audit Report (prepared by the Race Track personnel), as revised 11/02 (included in Attachment B); the Weekly Audited Report Format, as revised 11/02 (included in Attachment C); the Rules and Orders of the Michigan Racing Commissioner; and U. S. generally accepted auditing standards.
3. An Annual Pari-Mutual Audit Report must be submitted to the Contract Administrator sixty (60) days after the completion of the 2004, 2005 and 2006 Live Racing Schedules as referenced in section 11-D (2) (c).
4. Representatives from the Contractor must be present during the hours of the race meet in accordance with the Pari-Mutuel Audit Program (Attachment A).

**II-D PROJECT CONTROL AND REPORTS**

- I. Project Control
  - a. The Contractor will carry out this project under the direction and control of the Department of Treasury.
  - b. Although there will be continuous liaison with the Contractor team, the client agency's project director will meet periodically with the Contractor's project manager for the purpose of reviewing progress and providing necessary guidance to the Contractor in solving problems which arise.
  - c. The Contractor will submit brief written summaries, when applicable, of progress which outline the work accomplished during the reporting period; work to be accomplished during the subsequent reporting period; problems, real or anticipated, which should be brought to the attention of the client agency's project director; and notification of any significant deviation from previously agreed-upon work plans. A copy of this report will be forwarded to the named buyer in Acquisition Services.



d. Within five (5) working days of the award of the Contract, the Contractor will submit to the Contract Administrator for final approval a work plan. This final implementation plan must be in agreement with section IV-C subsection 2 as proposed by the bidder and accepted by the State for Contract, and must include the following:

- (1) The Contractor's project organizational structure.
- (2) The Contractor's staffing table with names and title of personnel assigned to the project. This must be in agreement with staffing of accepted proposal. Necessary substitutions due to change of employment status and other unforeseen circumstances may only be made with prior approval of the State.
- (3) The project breakdown showing sub-projects, activities and tasks, and resources required and allocated to each.
- (4) The time-phased plan in the form of a graphic display, showing each event, task, and decision point in your work plan.

2. Reports

The following reports must be submitted according to the format of the Pari-Mutuel Audit Program (Attachment A):

- a. A Daily Pari-Mutuel Audit Report for each performance must be sent by the Race Track so that it is received within two (2) business days after the performance reported. The reports must be sent to the following: Contractor (one copy); Racing Commissioner (two copies); race meeting licensee (one copy); and the Michigan Harness Horsemen's Association (one copy).
- b. A weekly audited report of the daily performances must be sent so that it is received within two (2) business days after the end of the week reported. The reports must be sent to the following: Contract Administrator (one copy, including 1 copy of each Daily Audit Pari-Mutuel Report); Racing Commissioner (two copies); race meeting licensee (one copy); the Michigan Harness Horsemen's Association (one copy); the Michigan HBPA, Inc. (one copy); the Northern Michigan Fairs and Racing Association (one copy); and the Great Lakes Quarter Horse Association (one copy).

Note: Weekly reports may be emailed or faxed to the Contract Administrator and Racing Commissioner's office within two business days after end of the week. Signed original weekly reports accompanied with the respective daily reports must be mailed at the beginning of each month for the preceding month to the Contract Administrator. See Attachment D for email/fax addresses.

- c. An Annual Pari-Mutuel Audit Report, covering the entire race meets for each of the years 2004, 2005 and 2006 must be submitted to the Contract Administrator within 60 days following the meets. The reports must be sent to the following: Contract Administrator (two copies); Michigan Department of Agriculture (one copy); Racing Commissioner (four copies); and race meeting licensee (copies as requested).



A draft report may be submitted to the Contract Administrator prior to final submission to review for completeness and accuracy of those items being reported. Submission of a draft copy will not affect the 60-day deadline for the Audit Report of Pari-Mutuel Operations.

- d. A Report of Irregularities or Discrepancies regarding any irregularities or discrepancies encountered during the daily audits (one each to the Contract Administrator, the Racing Commissioner and the race meeting licensee) within ten (10) business days.

**II-E PRICE PROPOSAL**

All prices/rates quoted in bidder's response will be firm for the duration of the Contract. No price changes will be permitted.

NO PRICE CHANGES will be permitted except under the following circumstances: no activity at the race track for three continuous days or when race meet performances are canceled for any reason, including the fair, rodeos, weather, strikes, electrical power failure, or any other cause. The contract price shall be reduced by a proration of the monthly rate for qualifying extended closures of three continuous days or more of the racetrack.

All contracts will cover the period February 1, 2004 through December 31, 2006, except for Northville Harness Racing Corp. (which runs August 1 through December 31 each year) and Northville Downs (which runs January 2 through July 31 each year). Any deviations from the 366 days in 2004 and the 365 days in 2005 and 2006 will be prorated from the Contract on a monthly basis.

**II-F CONTRACT PAYMENT**

Upon satisfactory completion of one (1) month of the total racing performances, the Contractor may request partial payment (1/24 of the total) of the Contract amount, not to exceed the actual performances completed at the time of billing. Satisfactory completion for one month consists of submission of all daily audit reports and weekly reports for the respective month. The Contractor may not invoice more frequently than monthly. The Contractor must list the tasks completed during the invoicing period and the hours by person/function (i.e. developer, designer, project manager, etc.) to complete any task; furthermore, the invoice must list the Contract number and/or purchase order number.

The payment for the last month of the race meet, for each year, will be paid subject to the Contractor's satisfactory completion of the final audit reports and upon the Contract Administrator's receipt of the reports described in section II-D (2).

All invoices must be submitted to the following address (failure to do so may result in late payment):

Michigan Department of Treasury  
Local Audit and Finance Division  
Attn: Cary Jay Vaughn, CPA  
PO Box 30728  
Lansing, MI 48909-8228

**STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
Local Audit and Finance Division**

**PARI-MUTUEL RACING AUDIT PROGRAM**

Under the Authority of the  
HORSE RACING LAW OF 1995

# MICHIGAN DEPARTMENT OF TREASURY PARI-MUTUEL AUDIT PROGRAM

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## MICHIGAN DEPARTMENT OF TREASURY PARI-MUTUEL AUDIT PROGRAM

### INTRODUCTION

The Local Audit and Finance Division of the Michigan Department of Treasury has been given the responsibility for implementing the audit requirements of the Horse Racing Law of 1995. The pertinent sections of the Horse Racing Law of 1995 are included as Attachment A in this Audit Guide. As stated in Section 23 (1) of the Act:

The auditing of pari-mutuel operations at each race meeting shall be performed by a private auditing firm appointed by the state treasurer and approved by the racing commissioner.

The expense of pari-mutuel audits shall be paid by the state as part of the state treasurer's budget.

Daily pari-mutuel audit reports on each day of pari-mutuel racing shall be forwarded to the racing commissioner and the holder of the race meeting license not later than 2 business days after the day for which the report is made.

#### Reports required include:

- a. **Daily Pari-Mutuel Audit Reports** are to be prepared and signed by the race track and submitted to the CPA for audit and accumulation purposes (one copy), to the Racing Commissioner (two copies), the race meeting licensee (one copy), and the Michigan Harness Horsemen's Association (one copy). **The CPA will accumulate and summarize the daily reports and prepare a weekly audit report.**
- b. **The Weekly Audit Report** must be submitted by the CPA to the Department of Treasury (one copy), the Racing Commissioner (two copies), each racing meeting licensee (one copy), the Michigan Harness Horsemen's Association (one copy), the Michigan HBPA, Inc. (one copy), the Northern Michigan Fairs and Racing Association (one copy), and the Great Lakes Quarter Horse Association (one copy) not later than 2 business days after the last day of the weekly reporting period for which the report is made. The last day of the weekly reporting period is Sunday or, if the track is open less than 7 days, the day before the day the track reopens. **The daily pari-mutuel audit reports supporting the weekly audit report must be submitted to the Department of Treasury at the same time as the weekly audit report.**

Note: The weekly reports may be emailed to the Department of Treasury and the Racing Commissioner's office within two business days following the race after the last day of the weekly reporting period for which the report is made. If the weekly reports are emailed, the original signed weekly reports and the respective daily reports must be submitted to the Department of Treasury within two days following the month end.

- c. A **Report of Irregularities or Discrepancies** regarding any irregularities or discrepancies encountered during the daily audits must be submitted (one each) to the Department of Treasury, the Racing Commissioner and to the race meeting licensee. A verbal report on the problem must be made immediately, with a written report submitted as soon as possible, but no later than 10 business days.
- d. An **Audit Report of Pari-Mutuel Operations** covering the entire race meet, must be submitted within 60 days of the end of the meet to the Department of Treasury (two copies), Department of Agriculture (one copy), the Racing Commissioner (four copies), and the race meeting licensee (copies as requested).

## MICHIGAN DEPARTMENT OF TREASURY PARI-MUTUEL AUDIT PROGRAM

Sample daily and weekly audit reports are included as Attachment B of the Audit Guide.

### **Audit Scope**

The scope of the pari-mutuel audits shall be established in specifications prepared by the state treasurer and approved by the racing commissioner.

The CPA shall be in attendance at the race track at least two days of the week, **during the period in which live and/or simulcast races are in process.** Those days may be at the discretion of the CPA. However, the Department of Treasury suggests that the auditor attend the last day of the week and one other day on a random basis.

### **Rules of the Racing Commissioner**

Rules promulgated by the Racing Commissioner by authority of the Racing Law include Rules 431.1001 through 431.4290, effective May 31, 1985. Rules of particular interest to the pari-mutuel auditor are described here:

Rule 431.1145(3) prohibits wagering on a race at the meeting by the pari-mutuel auditors, stewards, mutuel department managers, mutuel department calculating room employees, totalisator computer programmers, or technicians.

Rule 431.2001 - .2120 address the pari-mutuel function, including definitions, ticket sales, types of wagers and pay-off calculations.

Rule 431.2035 provides for the approval of the totalisator system by the Racing Commissioner (see also Rule 431.1095(20)).

## MICHIGAN DEPARTMENT OF TREASURY PARI-MUTUEL AUDIT PROGRAM

### Escheats Law for Racing Meets

PA 90 of 1951, as amended, Sec. 2. For the calendar year 1998 and each year thereafter, all funds held by any licensee for the payment of outstanding winning tickets for any race meeting conducted under the horse racing law of 1995, 1995 PA 279, MCL 431.301 to 431.336, which have not been claimed by the owner of those funds within 60 days after the close of the race meeting, shall be retained by the licensee and distributed as follows:

- a) If the licensee is a standardbred race meeting licensee:
  - (i) Fifty percent of the funds shall be retained by the licensee.
  - (ii) Fifty percent of the funds shall be deposited into the Michigan Agriculture equine fund created in section 20(3) of the horse racing law of 1995, 1995 PA 279, MCL 431.320, and designated for standardbred programs described in section 20(5)(a), (c), (e), (h), and (i) of the horse racing law of 1995, 1995 PA 279, MCL 431.320.
  
- b) If the licensee is a thoroughbred race meeting licensee, then for calendar year 1999 and every year thereafter:
  - (i) Fifty percent of the funds shall be retained by the licensee.
  - (ii) Fifty percent of the funds shall be deposited in the Michigan Agriculture equine fund established in section 20(3) of the horse racing law of 1995, 1995 PA 279, MCL 431.320, and designated for thoroughbred programs described in section 20(6)(a) to (e) of the horse racing law of 1995, 1995 PA 279, MCL 431.320.
  
- c) If the licensee is a light horse racing meeting licensee:
  - (i) Fifty percent of the funds shall be retained by the licensee.
  - (ii) Fifty percent of the funds shall be deposited in the Michigan Agriculture equine fund established in section 20(3) of the horse racing law of 1995, 1995 PA 279, MCL 431.320, and designated for light horse programs described in section 20(7), (8), and (9) of the horse racing law of 1995, 1995 PA 279, MCL 431.320.

### Audit Program

The audit program is to be used at all race tracks. The size, location, management and local procedures and reports may affect the audit procedures necessary at an individual track. Additional reporting is necessary for those race tracks that have signal exports. The auditor is expected to use professional judgement in determining if a particular procedure is applicable at a specific track or if track reports identified in the Program are not prepared or obtainable and alternative procedures or report testing are necessary.

**If changes are made in the audit program, the auditor is required to document in the workpapers the need for the change and the alternatives used. Material changes in the Program must be reported to and approved by the Department of Treasury.**

## MICHIGAN DEPARTMENT OF TREASURY PARI-MUTUEL AUDIT PROGRAM

### Pre-Performance

Association Name:

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	Initials	W/P Reference
<p>I. Treasurer's Report and Outs Summary internal consistency testing</p> <p>A. Obtain the manually prepared treasurer's reports from the previous week's performances and:</p> <ol style="list-style-type: none"> <li>1. Note that the reports are signed and otherwise properly completed as to identifying information: dates, days, and performance numbers.</li> <li>2. Agree total of receipts columns with total of disbursements columns. They must be equal; if not, determine why and provide a written explanation.</li> <li>3. Test clerical accuracy by footing the respective columns.</li> <li>4. Agree "cash on-hand" (i.e. cash held at track) balance per previous treasurer's report to beginning cash balance per next report throughout week.</li> <li>5. Agree "cash on-hand" to total cash indicated on the form (e.g. money room balance sheet) which records cash counted in the money room at the end of the same week.</li> </ol> <p>B. For overage/shortage discrepancy and totalisator adjustment:</p> <ol style="list-style-type: none"> <li>1. Agree to related source documents for this activity on test basis.</li> <li>2. Review for large and/or unusual amounts.</li> <li>3. Investigate large and/or unusual amounts with mutuel manager. Document in writing the results of your findings.</li> </ol>		

**MICHIGAN DEPARTMENT OF TREASURY  
PARI-MUTUEL AUDIT PROGRAM**

Pre-Performance

Association Name:

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	Initials	W/P Reference
<p>C. Obtain the totalisator Daily Outs Balance Report of OUTS activity during the previous week's performances and:</p> <ol style="list-style-type: none"> <li>1. Agree amounts of OUTS cashed each day and new OUTS created each day to the manually prepared treasurer's report (tested in Step A).</li> <li>2. Agree beginning balance to ending balance per report for each preceding performance.</li> <li>3. Review activity for unusual items (e.g. adjustments) and discuss any noted with Mutuel Manager.</li> </ol> <p><b>D. Obtain the necessary totalisator report(s) for each day's performance and agree commissions and surplus to the treasurer's reports.</b></p> <p>II. Withheld taxes verification and reporting</p> <p>A. Obtain the IRS Tax Report for each day and:</p> <ol style="list-style-type: none"> <li>1. Identify any wagering transaction paying \$5,000 or more.</li> <li>2. Verify that the proper State and Federal income tax withholding is deducted from such wagers.</li> <li>3. Include the sum of the State and Federal income tax withholding in the Weekly Audit Report.</li> </ol> <p>B. Verify the daily withholding activity to the Treasurer's report.</p>		

**MICHIGAN DEPARTMENT OF TREASURY  
PARI-MUTUEL AUDIT PROGRAM**

Pre-Performance

Association Name:

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	Initials	W/P Reference
<p>III. Prepare the Weekly Audit Report in the current format.</p> <p>A. Obtain the Reconciliation Report, or other necessary reports from the tote operator, for each day and verify the "Daily Pari-Mutuel Audit Reports" prepared by the track licensee.</p> <ol style="list-style-type: none"> <li>1. Enter individual track daily totals for Sales, Refunds, Commission, Breakage, Runner Pay and Settlements to spreadsheet software.</li> <li>2. Obtain Host commission from Mutuel Balance Sheet for each track, each day.</li> <li>3. Reconcile weekly audit report to Licensee's prepared daily pari-mutuel audit report.</li> </ol> <p><b>B. Reconcile the licensees "Daily Pari-Mutuel Audit Reports" for each day to each other and to the Treasurer's Reports.</b></p> <p><b>C. Agree the State racing tax from the daily pari-mutuel audit report to the Treasurer's Report. Footnote any differences in the report.</b></p> <p>D. Obtain the totalisator Reconciliation report for the performance.</p> <ol style="list-style-type: none"> <li>1. Record pool totals for the performance onto the performance summary form.</li> <li>2. Using the pool information recorded in Step 1, calculate total commission and the allocation of commission and breaks due the Association and the State assuring that any "minus pools" are treated properly.</li> <li>3. Agree commission calculated in Step 1 to the totalisator summary report.</li> <li>4. Obtain and record attendance.</li> </ol>		

**MICHIGAN DEPARTMENT OF TREASURY  
PARI-MUTUEL AUDIT PROGRAM**

Pre-Performance

Association Name:

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	Initials	W/P Reference
<p>E. Mail copies of the Weekly Audit Report, to be received within two business days after end of the week to:</p> <ol style="list-style-type: none"> <li>1. Local Audit and Finance Division, Michigan Department of Treasury, P.O. Box 30728, Lansing, MI 48909-8228 (one copy)</li> <li>2. Office of the Racing Commissioner, 37650 Professional Center Drive, Suite 105A, Livonia, MI 48154-1114 (two copies)</li> <li>3. <b>Each</b> race licensee, to their designated recipient (one copy)</li> <li>4. Michigan Harness Horsemen's Association, Attn: Nancy Jewell, P.O. Box 349, Okemos, MI 48805 (one copy)</li> <li>5. The Michigan HBPA, Inc., 510 West Grand River Avenue, Brighton, MI 48166 (one copy)</li> <li>6. Northern Michigan Fairs and Racing Association, c/o 1964 Strawberry Avenue, Lake, MI 48632 (one copy)</li> <li>7. Great Lakes Quarter Horse Association, c/o 890 North Briggs, Quincy, MI 48082 (one copy)</li> </ol> <p>Note: Weekly reports may be emailed or faxed to the Department of Treasury and Racing Commissioner's office within two business days after end of the week. Signed original weekly reports accompanied with the respective daily reports must be mailed at the beginning of each month for the preceding month to the Department of Treasury and Racing Commissioner if the reports are emailed. See attachment D for email/fax addresses.</p>		

## MICHIGAN DEPARTMENT OF TREASURY PARI-MUTUEL AUDIT PROGRAM

To Be Performed Throughout the Performance

Association Name:

Page 1

	Initials	W/P Reference
<p>I. Teller/Terminal Activity testing</p> <p>A. During each performance at which you are present, observe _____ complete selling lines and record identification numbers of terminals operating and of those not operating (Note: Rotate lines observed so all lines will be tested during a period of _____). Be sure to record the race number during which each observation is made as this may be critical in follow-up work.</p> <p>B. At "stop betting" for _____ live races each week,  <b>RECORD FROM THE TOTE BOARD (OR SCREENS)                      DISPLAYED TO THE</b>                      wagering public the final approximate odds for each runner in the WIN pool, the order of finish and pay-off price for each winner in win, place, show, and feature pools.</p> <p>C. Ascertain that pay-off prices recorded in Step B are reasonable based upon final approximate odds displayed and recorded in Step B.</p>		

## MICHIGAN DEPARTMENT OF TREASURY PARI-MUTUEL AUDIT PROGRAM

### Post-Performance

Association Name:

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	Initials	W/P Reference
<p>I. Ascertain that the following totalisator "shutdown" procedures have been performed:</p> <ul style="list-style-type: none"> <li>A. All log tapes/files and OUTS tapes/files are stored in a secured cabinet.</li> <li>B. Computer CPU memory has been cleared of betting programs (ask the tote operator).</li> </ul> <p>AND</p> <p>II. Obtain a copy of the totalisator operator's console log for the performance and:</p> <ul style="list-style-type: none"> <li>A. Review for unusual items</li> <li>B. Discuss unusual items with the totalisator manager and seek a satisfactory resolution.</li> <li>C. Verify that all auditor-requested reports, including those from the "Various Periodic Procedures" section of this guide, are properly included in the console activity log, particularly "Outs" listings.</li> </ul> <p style="text-align: center;">OR</p> <p>III. Query Mutuel manager and tote manager for unusual activities.</p> <p>NOTE: Perform either: step I and II or perform only step III</p>		

## MICHIGAN DEPARTMENT OF TREASURY PARI-MUTUEL AUDIT PROGRAM

### Various Periodic Procedures

The objectives of this program are to ascertain through periodic tests that: (1) recorded cashing activity is supported by cashed tickets; (2) recorded cancellations are supported by cancelled tickets; and (3) recorded pay-off prices are calculated properly and agree with those displayed to the patrons.

Due to the interrelationships of these elements, tests of each should be conducted using data from the same wagering period (i.e., performance and race) and subject (i.e. terminal operator). Accordingly, select \_\_\_\_\_ performance(s), \_\_\_\_\_ races within the selected performance(s), and \_\_\_\_\_ terminal operator(s) for testing. Record below basis of selection and other identifying information.

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	Initials	W/P Reference
<p>I. Obtain the following reports and documents for testing:</p> <ul style="list-style-type: none"> <li>A. Transaction Search report of terminal operator activity. (Note: These reports include all transactions initiated by a terminal operator - sales, cashes, cancellations, etc. - and related ticket numbers.)</li> <li>B. Teller Balance report of terminal operator activity which includes sales, cancellations, cashes, draws, returns, etc. for all terminal operators.</li> <li>C. Required performance/race summary reports of handle, commissions, pay-off, etc.</li> <li>D. Race "final reports" which include order-of-finish and pay-off prices by race.</li> <li>E. Summary totalisator report of all ticket cancellations during the performance(s).</li> <li>F. Report of tickets/bets cashed during the performance(s).</li> <li>G. Summary report of activity of OUTS.</li> <li>H. Packets/bundles of paid/cancelled tickets for terminal operators/performances selected for testing.</li> </ul>		

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PARI-MUTUEL AUDIT PROGRAM**

Various Periodic Procedures

Association Name:

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	Initials	W/P Reference
<p>II. <u>Cashed and cancelled tickets</u> - for the performance(s) selected for testing, perform the following:</p> <p>A. Test clerical accuracy of the Teller Balance report of terminal operator activity.</p> <p>B. Agree total sales per the Teller Balance report tested in Step IIA to the respective performance summary report.</p> <p>C. For selected terminal operators:</p> <ol style="list-style-type: none"> <li>1. Obtain the report of tickets/bets cashed, and agree total to: The Teller Balance report tested in Step II A and the Transaction Search report in OUTS.</li> <li>2. Agree cashed tickets, including ticket identification numbers in the bundle to the "special reports."</li> <li>3. Agree cancelled tickets, including ticket identification numbers to the "special reports."</li> <li>4. Trace _____ cashed tickets per the "special reports" to the report of tickets/bets cashed during the performance, agreeing: date, ticket number, terminal number amount, pool, and runner number(s).</li> <li>5. Trace cancelled tickets per the "special reports" to the summary report of all tickets cancelled during the performance, agreeing: terminal number, ticket number and amount.</li> </ol> <p>D. Review the summary report of all tickets cancelled for type of cancellation indicated (e.g. operator vs. supervisor, read electronically vs. manual entry and tote cancellation) and:</p> <ol style="list-style-type: none"> <li>1. Note frequency of manual and supervisor cancellations and <u>all</u> tote cancellations.</li> </ol>		

## MICHIGAN DEPARTMENT OF TREASURY PARI-MUTUEL AUDIT PROGRAM

### Various Periodic Procedures

Association Name:

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	Initials	W/P Reference								
<p>2. Discuss findings in Step D. 1. With Mutuel Manager and Tote Manager to satisfactory resolution, particularly tote cancellations.</p> <p>III. <u>OUTS</u> - For the performance(s) tested in Step II above:</p> <p>A. Obtain the summary of activity in OUTS and:</p> <p>1. Agree "OUTS paid" and "new OUTS created" per the Summary to the respective manually prepared treasurer's report.</p> <p>2. Agree total winning tickets for the current performance to "total public pay" per the performance Summary report of handle, commissions, etc.</p> <p>3. Agree previous OUTS paid and new OUTS paid to the report of tickets/bets cashed.</p> <p>4. Agree previous OUTS balance to the ending OUTS balance per the summary of activity in OUTS for the previous performance.</p> <p>B. Obtain the report of tickets/bets cashed and:</p> <p>1. Select _____ recorded OUTS payments for testing <b>(NOTE: RECORD BASIS OF SELECTION, INCLUDING DATES AND ticket numbers).</b></p> <p>2. For each item selected in Step B 1, inspect cashed ticket (in ticket bundles), agreeing the following information (as applicable) per each ticket, recordings in report of tickets/bets cashed and official records of winners:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%;">a. Ticket number</td> <td style="width: 50%;">e. Race number</td> </tr> <tr> <td>b. Terminal number</td> <td>f. Pool</td> </tr> <tr> <td>c. Date</td> <td>g. Winner(s)</td> </tr> <tr> <td>d. Pay-off amount</td> <td></td> </tr> </table>	a. Ticket number	e. Race number	b. Terminal number	f. Pool	c. Date	g. Winner(s)	d. Pay-off amount			
a. Ticket number	e. Race number									
b. Terminal number	f. Pool									
c. Date	g. Winner(s)									
d. Pay-off amount										

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Various Periodic Procedures

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	Initials	W/P Reference
<p>C. Pay-off prices select _____ races during the same performance(s) tested in Step II, and test the calculation of all pay-off prices, including total breakage.</p> <p>IV. <u>Cash count and reconciliation</u> - On a surprise basis, Conduct an observation and confirmation of the count of cash in the main money room, in the morning after the end of a performance as follows:</p> <ol style="list-style-type: none"> <li>1. Be present in the main money room before "mini-bankers" and terminal operators begin forwarding performance end cash to the main money room</li> <li>2. Confirm and record the count of cash on hand before "mini-bankers" and/or terminal operators return.</li> <li>3. Observe and confirm the count of all cash returned that is to be counted immediately after the performance (e.g. terminal operators' ending cash retained in pouches) and perform the following procedures:               <ol style="list-style-type: none"> <li>a. Require all such cash to be placed in a sealable container or safe.</li> <li>b. Seal the container or safe with your own seal to assure any opening will be readily detectable.</li> <li>c. Instruct the Head Cashier/Money Room Manager not to open the sealed container or safe until you are present.</li> </ol> </li> <li>4. Before leaving the money room inquire of the Head Cashier and all "mini-bankers" as to whether there is any other cash (e.g. loads which they may retain at their respective locations), and document their responses.</li> <li>5. Summarize the counts of cash obtained in Steps 1-3.</li> </ol>		

## MICHIGAN DEPARTMENT OF TREASURY PARI-MUTUEL AUDIT PROGRAM

### Various Periodic Procedures

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	Initials	W/P Reference
<p>V. Obtain a complete set of reports produced at the end of the Performance. Be certain the following reports are included:</p> <ol style="list-style-type: none"> <li>1. Summary report of terminal operator activity which includes sales, cancellations, cashes, draws, returns, ending cash balance, shortage/overage, etc. for all operators.</li> <li>2. Summary report of activity in OUTS.</li> <li>3. Performance summary report of handle, commission, breakage, pay, etc.</li> </ol> <p>A. During the next performance, test the reconciliation of Beginning cash, wagering transaction results and ending Cash as follows:</p> <ol style="list-style-type: none"> <li>1. Test the manually prepared treasurer's report for the performance in accordance with Steps A-C, Section I of the Pre-Performance Program</li> <li>2. Reconcile sending cash to stated bank roll by segregating components such as cash held for OUTS balance payable and deposits held.</li> <li>3. Agree ending cash balance per the treasurer's report to cash counted (see Step D.2).</li> </ol> <p>VI. Obtain a complete set of reports produced at the end of the Performance. Be certain the following reports are included:</p> <ol style="list-style-type: none"> <li>1. Summary report of terminal operator activity which includes sales, cancellations, cashes, draws, returns, ending cash balance, shortage/overage, etc. for all operators.</li> <li>2. Summary report of activity in OUTS.</li> <li>3. Performance summary report of handle, commission, breakage, pay, etc.</li> </ol>		

**MICHIGAN DEPARTMENT OF TREASURY  
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	Initials	W/P Reference
<p>A. During the next performance, test the reconciliation of Beginning cash, wagering transaction results and ending Cash as follows:</p> <ol style="list-style-type: none"> <li>1. Test the manually prepared treasurer's report for the performance in accordance with Steps A-C, Section I of the Pre-Performance Program</li> <li>2. Reconcile sending cash to stated bank roll by segregating components such as cash held for OUTS balance payable and deposits held.</li> <li>3. Agree ending cash balance per the treasurer's report to cash counted (see Step D.2).</li> <li>4. Obtain a copy of the final over-short report; compare total amount to that indicated on the summary report of terminal operator activity obtained in Step D.3; and review reconciling items, if any, for reasonableness.</li> <li>5. If cash in terminal operator pouches was counted separately (see Step D), compare count to total balance indicated on summary report of terminal operator activity and review reconciling items for reasonableness (coordinate with Step D.3(d)).</li> </ol> <p>B. Summarize test results, including disposition of any discrepancies.</p> <p style="text-align: center;"><b>ONE TIME PROCEDURE</b></p> <p><b>At the appropriate date obtain purged tickets and vouchers OUTS report and confirm payment to respective parties in accordance with MCL 431.252 – 54.</b></p>		

## MICHIGAN DEPARTMENT OF TREASURY PARI-MUTUEL AUDIT PROGRAM

### Attachment A

**Section 15. (1)** Before March 31 of each year, each holder of a race meeting or track license shall file with the racing commissioner a certified statement of receipts from all sources during the previous calendar year and of all expenses and disbursements, itemized in a manner and on a standardized form as directed by the state treasurer, showing the net revenue from all sources derived by the holder of the license. These certified financial statements shall be considered public records and made available for public inspection during regular business hours. The certified financial statements submitted shall be prepared by a certified public accountant in accordance with generally accepted accounting and auditing standards as promulgated by the American Institute of Certified Public Accountants. The working papers and other records pertaining to preparation of the financial statements may be reviewed by the state treasurer and the racing commissioner and shall be promptly provided to them by the holders of the race meeting license upon request.

**Section 15 (2)** On the first day other than Sunday after each day of operation, each holder of a race meeting license shall remit the money due to the state or other entities under this act at the close of the day of operation with a detailed statement of that money as required by this act and the rules promulgated under this act.

**Section 23 (1)** The auditing of pari-mutuel operations at each race meeting shall be performed by a private auditing firm appointed by the state treasurer and approved by the racing commissioner. The expense of pari-mutuel audits shall be paid by the state as part of the state treasurer's budget. Daily audit reports on each day of pari-mutuel racing shall be forwarded to the racing commissioner and the holder of the race meeting license not later than 2 business days after the day for which the report is made. Within 60 days following each race meeting, at least three copies of the pari-mutuel audit report for the entire race meeting shall be forwarded to the racing commissioner and additional copies shall be supplied to the state treasurer and the race meeting license. The scope of the pari-mutuel audits shall be established in specifications prepared by the state treasurer and approved by the racing commissioner.

**Section 23 (2)** The auditors representing the state shall have free and full access to the space or enclosure where the pay-off prices are calculated, to the rooms and enclosures where the totalisator equipment is operated, and to the money rooms and cashier terminals, and shall be responsible for verifying the accuracy of the calculations on which are based the pay-off prices to the public and amount of racetrack commission, state tax and breakage, and for the amounts withheld by the holder of the race meeting license for payment of uncashed tickets. The auditors at all times shall have full and free access to all pari-mutuel records and all aspects, areas, and functions of the totalisator system, including but not limited to, all hardware, software, input and output data, documents, and files. The auditors may audit internally and externally any or all parts and elements of the totalisator system whether on or off the site of the race meeting grounds. If the records are maintained in a machine-readable form, such as computer tapes or disks, copies shall be made available to the auditors on request. The auditors, in addition to their regular reports, shall make prompt report to the racing commissioner, the state treasurer, and the holder of the race meeting license of any irregularities or discrepancies which they may encounter during their auditing.

**Section 23 (3)** In addition to auditing the pari-mutuel operations, the auditors shall include in their final reports the daily attendance figures as supplied by the holder of the race meeting license.

**ANY RACETRACK  
DAILY PARI-MUTUEL AUDIT REPORT  
PURSUANT TO SECTIONS 15(2) AND 23-1 OF THE HORSE RACING LAW OF 1995**

DAY: \_\_\_\_\_

DATE: \_\_\_\_\_

	DAY #	DAY #	
	SIMULCAST	LIVE ON-SITE	TOTAL
<b>AMOUNT WAGERED:</b>			
WIN-PLACE-SHOW WAGERS*	0	0	0
MULTIPLE WAGERS*	0	0	0
<b>TOTAL AMOUNT WAGERED</b>	0	0	0
<b>DISTRIBUTION OF POOL:</b>			
AMOUNT PAYABLE TO PUBLIC			
PAYMENTS TO WINNERS	0	0	0
CARRYOVER/(PAID)	0	0	0
<b>TOTAL PAYABLE TO PUBLIC</b>	0	0	0
<b>TRACK SETTLEMENTS</b>	0	0	0
<b>BREAKAGE DUE LOCAL GOVERNMENT</b>	0	0	0
<b>HOST TRACK COMMISSION</b>	0	0	0
<b>STATE RACING TAX @ 3.5%</b>	0	0	0
<b>RACING LICENSEE NET COMMISSION</b>	0	0	0
<b>TOTAL DISTRIBUTION</b>	0	0	0

ATTENDANCE	
PAID	0
COMP	0
<b>TOTAL ATTENDANCE</b>	0

INCOME TAX WITHHELD	
STATE OF MICHIGAN	
FEDERAL	
<b>TOTAL TAXES WITHHELD</b>	

**PURSE DISTRIBUTION:**  
 TOTAL PURSES PAID EXCEPT STATE SUPPLEMENTS  
 STATE SUPPLEMENTS (MICHIGAN-BRED RACES)  
 GROSS DISTRIBUTION


UNDER PENALTIES OF PERJURY, I DECLARE THAT I HAVE EXAMINED THIS RETURN AND THAT TO THE BEST OF MY KNOWLEDGE AND BELIEF, IT IS TRUE, CORRECT AND COMPLETE.

PRINTED NAME OF PREPARER:

SIGNATURE OF PREPARER:

\_\_\_\_\_

\_\_\_\_\_

TITLE OF PREPARER:

\_\_\_\_\_

ATTACHMENT B

RACE TRACK  
WEEKLY AUDIT REPORT  
PURSUANT TO SECTIONS 15(2) AND 23-1 OF  
THE HORSE RACING LAW OF 1995

Simulcast Week  
For the week ending: \_\_\_\_\_

Date: \_\_\_\_\_

SENDING TRACK	HOST %	# RACES	W-P-S	MULTIPLE/SPL/SWEEP	TOTAL	PAYABLE TO PUBLIC	PAYOUT SETTLEMENT	GROSS	HOST	STATE TAX	NET	NET BREAKAGE	TOTAL DISTRIBUTION	HORSEMENS PURSE
Live Races														
Previous weeks YTD - Live														
Year to date totals - Live														

INTERTRACK-SIMULCAST - MEMO ITEM ONLY														
Standardbred - Current Week														
Previous YTD Standardbred														
Total Intertrack-Standardbred YTD														

INTERTRACK-THOROUGHBRED - MEMO ITEM ONLY														
Thoroughbred - Current Week														
Previous YTD Thoroughbred														
Total Intertrack-Thoroughbred YTD														

STANDARD-BRED														
Hazel Park	3.00%													
Hocater Park	3.00%													
Meadowlands (H)	3.00%													
Meadows	3.00%													
Norfield Park	3.00%													
Freehold	3.00%													
Total simulcast standardbred														
Previous Year to Date-Standardbred														
Total simulcast standardbred YTD														

THOROUGHBRED														
Bay Meadows	3.00%													
Belmont	3.00%													
Calder	3.25%													
Churchill	3.75%													
Hollywood Park	4.25%													
Charlestown	3.00%													
Monmouth	3.00%													
Pimlico	3.00%													
Harrington	3.00%													
Great Lakes Downs	3.00%													
Total simulcast thoroughbred														
Previous Year to Date-Thoroughbred														
Total simulcast thoroughbred YTD														

ORIGIN:														
Michigan Intertrack														
Interstate														
Total simulcast														
Previous weeks YTD - Simulcast														
Year to date totals - Simulcast														
Total simulcastive this week														
Total simulcastive YTD														

Average Daily Handle-Week # \_\_\_\_\_

Average Daily Handle-YTD \_\_\_\_\_



## ATTACHMENT D

### ADDRESS INFORMATION

Mr. Cary Jay Vaughn, CPA, CGFM  
Michigan Department of Treasury  
Local Audit and Finance Division  
P.O. Box 30728  
Lansing, Michigan 48909-8228  
Phone: (517) 373-3227  
Fax: (517) 373-0633  
Email: [Treas\\_LAFD@michigan.gov](mailto:Treas_LAFD@michigan.gov)

Mr. R. Robert Geake  
Office of the Racing Commissioner  
37650 Professional Center Drive  
Livonia, Michigan 48154-1114  
Phone: (734) 462-2400  
Fax: (734) 734-462-2429  
Email: [potterjo@michigan.gov](mailto:potterjo@michigan.gov)

The Michigan Harness Horsemen's Association  
Attn: Nancy Jewell  
P.O. Box 349  
Okemos, Michigan 48805

The Michigan HBPA, Inc.  
510 West Grand River Avenue  
Brighton, Michigan 48166

Northern Michigan Fairs and Racing Association  
1964 Strawberry Avenue  
Lake, Michigan 48632

Great Lakes Quarter Horse Association  
890 North Briggs  
Quincy, Michigan 48082

**ATTACHMENT E**

**CONTRACTOR'S TECHNICAL PROPOSAL**

**(Stored in DMB Records)**

# **ATTACHMENT F**

## **CONTRACTOR'S PRICING**

**Skillman, Boyle, Pollack, Smith & Gilroy, P.L.C.**

**Price per year:**

	<b>1<sup>st</sup> Year</b>	<b>2<sup>nd</sup> Year</b>	<b>3<sup>rd</sup> Year</b>
<b>Sports Creek Raceway</b>	<b>\$19,590.00</b>	<b>\$20,130.00</b>	<b>\$20,680.00</b>
<b>Hazel Park Raceway</b>	<b>\$17,990.00</b>	<b>\$18,480.00</b>	<b>\$18,990.00</b>
<b>Saginaw Harness Raceway</b>	<b>\$19,590.00</b>	<b>\$20,130.00</b>	<b>\$20,680.00</b>
<b>Mount Pleasant Meadows</b>	<b>\$21,490.00</b>	<b>\$22,080.00</b>	<b>\$22,690.00</b>
<b>Great Lakes Down</b>	<b>\$21,490.00</b>	<b>\$22,080.00</b>	<b>\$22,690.00</b>