STATE OF MICHIGAN PROCUREMENT

Department Technology, Management and Budget
Central Procurement Services
320 S Walnut Street Lansing, MI 48933
P.O. Box 30026, Lansing, MI 48909

CONTRACT CHANGE NOTICE

Change Notice Number **13**
to
Contract Number **MA220000000125**

CONTRACTOR	
	Guidehouse Inc.
	2941 Fairview Park Drive
	Falls Church VA 22042
	Jeffrey S. Bankowski
	734-644-0595
	jbankowski@guidehouse.com
	CV0017579

STATE			
	Program Manager	Various	Various
	Contract Administrator	Colleen West	DTMB
		517-730-8430	
		WestC6@michigan.gov	

CONTRACT SUMMARY			
SW Financial Auditing and Accounting Prequal Program			
INITIAL EFFECTIVE DATE	**INITIAL EXPIRATION DATE**	**INITIAL AVAILABLE OPTIONS**	**EXPIRATION DATE BEFORE**
November 1, 2021	October 31, 2024	3 - 1 Year	October 31, 2027
PAYMENT TERMS		**DELIVERY TIMEFRAME**	
Net 45		N/A	
ALTERNATE PAYMENT OPTIONS			**EXTENDED PURCHASING**
☐ P-Card ☐ Direct Voucher (PRC) ☐ Other			☒ Yes ☐ No
MINIMUM DELIVERY REQUIREMENTS			
N/A			

DESCRIPTION OF CHANGE NOTICE				
OPTION	**LENGTH OF OPTION**	**EXTENSION**	**LENGTH OF EXTENSION**	**REVISED EXP. DATE**
☐		☐		
CURRENT VALUE	**VALUE OF CHANGE NOTICE**		**ESTIMATED AGGREGATE CONTRACT VALUE**	
$29,078,371.80	$693,890.00		$29,772,261.80	

DESCRIPTION
Please note the Program Manager or Contract Administrator may have changed, and are reflected on this Change Notice. Effective August 04, 2026, the following amendment is hereby incorporated into the Contract for use by the State of Michigan Department of Labor and Economic Opportunity (LEO): 1. Schedule A - Statement of Work adds scope for Realizing Opportunity with Broadband Infrastructure Networks (ROBIN) Grant Program – Project Audit and Closeout Support. 2. Schedule B - Pricing adds respective pricing. 3. The contract is increased by $693,890.00 to support the additional scope. All other terms, conditions, specifications and pricing remain the same. Per contractor and agency agreement, DTMB Central Procurement approval and the State Administrative Board approval on August 04, 2026.

Program Managers

for

Multi-Agency and Statewide Contracts

AGENCY	NAME	PHONE	EMAIL
DTMB	Diana McFadden	517-241-9104	McFaddenD@michigan.gov
MDE	Jenny Manar	517-335-0543	ManarJ@michigan.gov
LEO	Eric Frederick	517-230-8510	FrederickE1@michigan.gov
LARA	Brittanie Davis		DavisB48@michigan.gov

SCHEDULE A – Statement of Work

Contract No.220000000125, Change Notice 13
Amending Change Notice 9

Project Audit and Closeout of
Realizing Opportunity with Broadband Infrastructure Networks Grant Program (ROBIN)

Background
The Broadband Equity, Access, and Deployment Program (**BEAD**) is a single investment in high-speed internet infrastructure and is administered by the National Telecommunications and Information Administration (NTIA). While BEAD is a national program, each state and territory implements BEAD within the federal guidelines of the program. BEAD is designed to ensure that every one of Michigan's unserved and underserved homes and businesses can get connected to reliable high-speed internet infrastructure. The Michigan High-Speed Internet Office (**MIHI**) is the entity implementing BEAD in Michigan and administers grant programs such as Realizing Opportunity with Broadband Infrastructure Networks Grant Program (**ROBIN**) and BEAD to ensure that broadband resources are being utilized in the most effective and efficient manner possible for Michiganders.

The Michigan High-Speed Internet Office (MIHI) is carrying out 32 broadband deployment projects as a part of its Realizing Opportunity with Broadband Infrastructure Networks (ROBIN) Grant Program, which uses funds from the U.S. Department of Treasury's American Rescue Plan Act's Capital Projects Fund (**CPF**). These projects, awarded to 13 subgrantees, are slated to conclude by the end of 2026. This amendment provides for the audit/review and closure of the ROBIN grant program.

1.1.3. Requirement 3 – Provide Project Audit and Closeout of Realizing Opportunity with Broadband Infrastructure Networks Grant Program (ROBIN)

Period of Performance:

The proposed period of performance is from June 1, 2026 – December 31, 2026.

The Contractor and Subcontractor (Guidehouse and Integrated Tech Group (ITG)) can support the successful completion of the ROBIN Grant Program through four services to MIHI and its subgrantees:

1. **Physical Project Audits**
2. **Optical Time Domain Reflectometer (OTDR) Test Reviews**
3. **Network Performance Reviews**
4. **Program /Project Closeout and External Audit Support Approach**

The four services will confirm whether the entire network has been properly constructed to service all locations in the project area and whether that service meets the standards required by MIHI.

In addition, the Contractor will provide support the project closeout phase for both MIHI and its subgrantees. This includes guiding subgrantees through closeout requirements, validating the completion of the financial reconciliation and support appropriate documentation, and confirming that record retention protocols are established in accordance with requirements. The Contractor will manage and track closeout progress, interface directly with subgrantees to

resolve outstanding items, and support audit readiness by reviewing closeout packages for completeness and consistency.

1.1.3.1. Sub-Requirement 1 - Physical Project Audits

Contractor will perform physical, in-the-field, audits of all projects. These field audits provide MIHI with an on-site verification mechanism to verify that funded buildouts align with reported locations, infrastructure, and service availability, confirming funded infrastructure is serving the intended unserved locations. These project audits have the added benefit of addressing "cross-program risk" in that many ROBIN subgrantees also participate in BEAD. Incomplete ROBIN projects could leave Broadband Serviceable Locations unserved, creating downstream eligibility, duplication, or compliance risks for BEAD.

Project audits take place in three stages: 1) desktop reviews, 2) on-site verification, and 3) results delivery and remediation. In short, these field audits ensure that the network constructed is the same as the network the capabilities promised to MIHI. Contractor will coordinate with MIHI to make the site visit process as efficient as possible by grouping audits of neighboring completed projects.

1.1.3.1.1. Desktop Reviews

Before desktop reviews begin, subgrantees will supply MIHI and Contractor with the original construction designs as approved by MIHI, the diagrams of what has actually been constructed (i.e., as-built drawings), lists of locations to be served, and a point of contact to coordinate on behalf of the subgrantee.

During these reviews Contractor will assess whether the constructed network reaches all the locations slated to be passed in the approved designs, the architecture matches that proposed, and that the network as constructed should be able to provide requisite service to end users.

During this period, auditors will plan their route(s) for the physical audits and coordinate with the subgrantee representative to ensure they will have access to the facilities during the inspection. As an example, Contractor will ensure a representative of subgrantee will be available during the site visit to unlock cabinets and provide access to private property that contains deployed infrastructure.

Contractor will recommend to all subgrantees that they perform a detailed physical drive-through of the network before Contractor to reduce, or possibly eliminate, the need for remediation later. Reducing the amount of remediation in advance is the best way for MIHI to reduce time and costs associated with project audits.

1.1.3.1.2. On-Site Verification

At the time scheduled with the subgrantee and agreed to by MIHI, Contractor's auditors will travel to a project area and travel the route

planned during the desktop review. The auditor will inspect every mile of the project's infrastructure. This includes inspecting physically accessible:

1. Fiber optic cables,
2. Cabinets,
3. OLTs,
4. Poles and accompanying features,
5. MSTs,
6. Fiber closures,
7. Completed drops,
8. Pedestals,
9. Handholes, and more.

Auditors will use tools and checklists to record their audits, track their driven routes and geotag, take pictures of, and note any discrepancies found.

Contractor's engagement management team will maintain close contact with all deployed project audit teams and will receive daily reports from teams and issue timely guidance and direction to these deployed teams.

1.1.3.1.3. Results Delivery and Remediation

Once complete, auditors compile their standard-format reports and submit them to Contractor's engagement management team. The engagement management team will debrief all auditors, file and synthesize auditor reports, and provide summary reports to MIHI.

Contractor can provide technical assistance and corrective action support to MIHI and its subgrantees if remediation is necessary. This may include, but is not limited to, explaining the findings to the subgrantee, outlining the deficiencies, or simply advising MIHI and the subgrantee(s) on best practices to resolve an issue. If agreed to in advance, Contractor can perform follow-up field audits to confirm remediation has taken place or review evidence provided by a subgrantee indicating such.

1.1.3.2. Sub-Requirement 2 - OTDR Test Reviews

When installing fiber optic cable, engineers perform optical time-domain reflectometer (OTDR) tests to confirm the glass strands inside the cables do not have microbends or other imperfections that could impact network performance. OTDR tests send light pulses through the cables and measure the returning light to detect these issues. The size of these strands and the protective sheath around fiber optic cables prevent other methods of confirmation. Additionally, network performance does not replace these tests because performance may not be degraded enough to show up on traditional speed/latency tests until after closeout. Subgrantees perform these tests and then Contractor reviews them to confirm proper damage-free fiber installation.

1.1.3.3. Sub-Requirement 3 - Network Performance Reviews

As a part of the ROBIN Grant Program, recipients perform and report on network performance prior to closeout. Contractor reviews these reports to confirm

performance requirements are being met and that tests were performed in the manner prescribed by MIHI.

1.1.3.4. Sub-Requirement 4 - Program / Project Closeout and External Audit Support Approach

In addition to completing project audits, Contractor is also prepared to provide MIHI additional support to ensure full closeout of ROBIN projects. This includes meeting closeout requirements from Uniform Guidance (200.344) and U.S. Treasury guidance.

1.1.3.4.1. **Closeout Requirements – MIHI**

1.1.3.4.1.1. Oversee and verify closeout of individual projects (December 31, 2026)

1.1.3.4.1.2. Submit final report within 120 days of period of performance end (April 30, 2027)

1.1.3.4.1.2.1. Final financial reporting (obligations, expenditures, liquidated funds)

1.1.3.4.1.2.2. Final performance reporting (verifying project completion, impact, and metrics)

1.1.3.4.1.3. Organize and maintain program records (5-year timeline for ARPA)

1.1.3.4.2. **Closeout Requirements - Subgrantees**

1.1.3.4.2.1. Complete project construction – *confirmed by project audits and other monitoring*

1.1.3.4.2.2. Submit final financial and performance reports

1.1.3.4.2.3. Liquidate obligations before period of performance end

1.1.3.4.2.4. Resolve monitoring findings (if applicable)

1.1.3.4.2.5. Disposition of property and equipment in compliance with 2 CFR §200.311–200.313 (as needed)

1.1.3.4.2.5.1. Assets must continue to be used for the authorized CPF purpose

1.1.3.4.3. **Contractor is prepared to support MIHI's closeout for the ROBIN program by** –

1.1.3.4.3.1. Final verification of cost documentation

1.1.3.4.3.2. Documenting physical completion of projects (site audits).

1.1.3.4.3.3. Verifying subgrantee project completion

1.1.3.4.3.4. Supporting MIHI's final Project & Expenditure Report (as-needed)

1.1.3.4.3.5. Conducting a comprehensive review of MIHI's ROBIN recordkeeping to ensure:

1.1.3.4.3.5.1. Comprehensive completion

1.1.3.4.3.5.2. Accessibility and navigability

1.1.3.4.3.5.3. Resilience for future audits

1.1.3.4.3.6. Expanded 2027 Single Audit support

1.1.3.4.3.6.1. Review ROBIN project and cost records and identify gaps prior to 2027 Single Audit

1.1.3.4.3.6.2. Assess and address concerns from 2026 Single Audit, including policies & procedures

4.2.1. Program Manager – Audit & Closeout:

The Program Manager for each party will monitor and coordinate the day- to-day activities of the Contract.

State	Contractor
Eric Frederick, Chief Connectivity Officer Michigan High-Speed Internet Office Michigan Dept. of Labor & Economic Opportunity 105 W. Allegan St. Lansing, MI 48933 FrederickE1@michigan.gov	John Gianopoulos, Director State and Local Government Practice, Contractor 1001 Woodward Ave, Suite 500 Detroit, MI 48226 jgianopoulos@guidehouse.com (757) 291-7536

STATE OF MICHIGAN
PROCUREMENT
Michigan.gov/MiProcurement

SCHEDULE B - PRICING

Contract No.220000000125, Change Notice 13
Amending Change Notice 9

Project Audit and Closeout of
Realizing Opportunity with Broadband Infrastructure Networks Grant Program (ROBIN)

The Contractor recommends billing based on time and travel/lodging costs. This is most efficient for MIHI because fixed-cost pricing does not consider the variability that each project has, including for time spent and travel/lodging (as discussed below).

- **Time**. The time spent is most directly related to each project's size and the amount of equipment auditors need to examine across its distance. For fiber/HFC projects, the best proxy for this is miles of new build. The number of locations in each project is a less accurate measure for estimated time spent / level of effort because location density varies greatly. As an example, a city can serve more homes per mile of fiber than a rural area, even though a similar amount of construction has taken place.

- **Travel/Lodging**. It is Contractor's intention to marshal, deploy, and recover auditors as few times as possible. As more information becomes available on project completion status, Contractor can develop a more detailed plan about grouping and sequencing project audits and thus a better estimate of travel and lodging costs.

  Estimate of the costs per project audit using the number of new build miles listed in MIHI's quarterly reports:

Project	County	Planned Miles of Fiber	Locations	Grant Amount	Project Auditor Hourly Rate	Hours	Total Cost/Fee
Allegan Countywide	Allegan	250	11,024	$28,649,857	$315	32	**$10,080**
Ottawa County	Ottawa	1,100	2,456	$8,836,467	$315	141	**$44,415**
Highline/Aspire Upper Peninsula Region	Chippewa, Marquette, Delta, Menominee, Dickinson, Schoolcraft, Luce, Mackinac	155	1,243	$11,203,232	$315	20	**$6,300**

Brightspeed/Bay County	Bay	5	56	$67,899	$315	1	**$315**
Brightspeed/Missaukee County	Missaukee	29	254	$574,919	$315	4	**$1,260**
Brightspeed/Sanilac County	Sanilac	5	79	$131,260	$315	1	**$315**
Benzie County	Benzie	228	1,428	$2,858,188	$315	29	**$9,135**
DMCI-Hillsdale/Branch	Branch, Hillsdale	38	299	$2,293,539	$315	5	**$1,575**
Frontier North/Clinton County	Clinton	570	3,297	$14,975,732	$315	73	**$22,995**
Branch County	Branch	350	4,690	$22,308,071	$315	45	**$14,175**
Kalkaska District	Antrim, Grand Traverse, Kalkaska, Otsego	487	3,660	$17,777,533	$315	62	**$19,530**
Scottville District	Lake, Manistee, Mason, Oceana	834	3,384	$18,018,715	$315	107	**$33,705**
Waters District	Crawford, Montmorency, Otsego	265	2,465	$10,839,408	$315	34	**$10,710**
Midland-Saginaw	Bay, Gratiot, Midland, Saginaw	170	1,446	$6,388,110	$315	22	**$6,930**
MEC-VBCS	Berrien, Cass, St. Joseph, Van Buren	710	15,846	$25,250,242	$315	91	**$28,665**
Leelanau County	Benzie, Grand Traverse, Leelanau,	353	2,150	$4,998,637	$315	45	**$14,175**

	Manistee, Wexford						
Charter_Cheboygan	Cheboygan	193	669	$1,092,466	$315	25	**$7,875**
Charter_Montcalm	Montcalm	77	1,481	$5,861,101	$315	10	**$3,150**
Charter_Kent	Kent	56	792	$544,286	$315	7	**$2,205**
Charter_Newaygo	Newaygo	93	1,911	$3,970,117	$315	12	**$3,780**
Charter_Kalamazoo	Kalamazoo	62	917	$793,144	$315	8	**$2,520**
Charter/Mason County	Mason	73	468	$1,045,297	$315	9	**$2,835**
Charter_Hillsdale	Charter/Hillsdale County	81	555	$499,406	$315	10	**$3,150**
Charter/Ionia County	Ionia	59	583	$1,816,745	$315	8	**$2,520**
Charter/Shiawassee County	Shiawassee	43	933	$3,220,529	$315	6	**$1,890**
Charter/Genesee County	Genesee	187	793	$902,918	$315	24	**$7,560**
Charter/StJoseph County	St. Joseph	184	457	$1,079,251	$315	24	**$7,560**
Charter/Roscommon County	Roscommon	28	262	$875,531	$315	4	**$1,260**
Charter Antrim County	Antrim	136	1,023	$2,139,523	$315	17	**$5,355**
Eastern Chippewa County	Chippewa	49	1,979	$15,871,164	$315	6	**$1,890**

Surf - Livingston	Ingham, Livingston	246	3,562	$16,972,114	$315	32	**$10,080**
TEC Region	Huron, Sanilac	91	1,286	$6,243,479	$315	12	**$3,780**
						Total Hourly Fees for Project Auditors	**$291,690**
						Estimated Lodging and Travel for All 32 Projects	**$72,000**
						Program Management Fees	**$135,000**
						Total	**$498,690**

OTDR Test Reviews

Pricing

Service	Price /project	# of Projects	Total Cost
OTDR Test Reviews	$ 1,150	32	$ 36,800

Network Performance Reviews

Pricing

Service	Price /project	# of Projects	Total Cost
Network Performance Reviews	$ 1,150	32	$ 36,800

Program / Project Closeout and External Audit Support Approach

Pricing

Service	Price /project	# of Projects	Total Cost
Program / Project Closeout and External Audit Support Approach	$ 3,800	32	$121,600

Pricing Summary

A. Overview

Contractor presents a time and materials price of **$693,890** for the services requested by MIHI. The price is based on the estimate of the labor hours and labor mix that the Contractor believes are necessary to satisfy MIHI's requirements given the current understanding of the office's technical

needs and operational environment as well as the experience providing similar services. A time and materials model will allow the work to evolve as tasks are prioritized and scaled up or down depending on the level of effort and staffing required.

Table 1. Summary of Services and Fees

Service	Fee
OTDR Test Reviews	$36,800
Network Performance Reviews	$36,800
Project Audits	$498,690
Program /Project Closeout and External Audit Support Approach	$121,600
Total	**$693,890**

STATE OF MICHIGAN PROCUREMENT

Department Technology, Management and Budget
Central Procurement Services
320 S Walnut Street Lansing, MI 48933
P.O. Box 30026, Lansing, MI 48909

CONTRACT CHANGE NOTICE

Change Notice Number **12**
to
Contract Number **MA220000000125**

CONTRACTOR	
	Guidehouse Inc.
	2941 Fairview Park Drive
	Falls Church VA 22042
	Jeffrey S. Bankowski
	734-644-0595
	jbankowski@guidehouse.com
	CV0017579

STATE			
	Program Manager	Various	Various
	Contract Administrator	Colleen West	DTMB
		517-730-8430	
		westc6@michigan.gov	

CONTRACT SUMMARY			
SW Financial Auditing and Accounting Prequal Program			
INITIAL EFFECTIVE DATE	**INITIAL EXPIRATION DATE**	**INITIAL AVAILABLE OPTIONS**	**EXPIRATION DATE BEFORE**
November 1, 2021	October 31, 2024	3 - 1 Year	October 31, 2027
PAYMENT TERMS		**DELIVERY TIMEFRAME**	
Net 45		N/A	
ALTERNATE PAYMENT OPTIONS			**EXTENDED PURCHASING**
☐ P-Card ☐ Direct Voucher (PRC) ☐ Other			☒ Yes ☐ No
MINIMUM DELIVERY REQUIREMENTS			
N/A			

DESCRIPTION OF CHANGE NOTICE				
OPTION	**LENGTH OF OPTION**	**EXTENSION**	**LENGTH OF EXTENSION**	**REVISED EXP. DATE**
☐		☐		

CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE
$29,078,371.80	$0.00	$29,078,371.80

DESCRIPTION
Please note the Program Manager or Contract Administrator may have changed, and are reflected on this Change Notice. Effective November 21, 2025, this Contract is amended to reflect updated accessibility requirements. All prior references to ADA, Accessibility, and/or WCAG 2.0 are replaced and superseded with the following language: Accessibility Requirements: The State is required to comply with the Americans with Disabilities Act of 1990 (ADA) and has adopted standards and procedures regarding accessibility requirements for websites, applications, content, and electronic documents. Due to a change in the law, the State is required to comply with specific accessibility standards for websites, applications, content and documents. Starting 4/24/2026, throughout the Term, all websites, applications, software, content, and electronic documents, including but not limited to mobile applications, text, images, sounds, videos, controls, animations, links, and documents (including files in the following formats: PDF, word processing, presentation, and spreadsheet), created, provided, or made available by the Contractor under this Contract, must comply with WCAG 2.1 Level AA. All other terms, conditions, specifications and pricing remain the same. Per contractor and agency agreement, and DTMB Central Procurement approval.

Program Managers
for
Multi-Agency and Statewide Contracts

AGENCY	NAME	PHONE	EMAIL
TREA	Jeff Guilfoyle	517-335-7505	guilfoylej@michigan.gov
DTMB	Jordan Sherlock	517-897-1973	SherlockJ@michigan.gov
LARA	Rebecca Mack		MackR2@michigan.gov
DTMB	Diana McFadden	517-241-9104	McFaddenD@michigan.gov
LEO	Eric Frederick	517-230-8510	FrederickE1@michigan.gov
MDE	Jenny Manar	517-335-0543	ManarJ@michigan.gov
DTMB	Susan Watt-Smith	517-230-0535	WattSmithS@michigan.gov

STATE OF MICHIGAN
ENTERPRISE PROCUREMENT

DTMB
320 S Walnut Street Lansing, MI 48933
P.O. Box 30026, Lansing, MI 48909

CONTRACT CHANGE NOTICE

Change Notice Number **11**
to
Contract Number **MA220000000125**

CONTRACTOR	
	Guidehouse Inc.
	2941 Fairview Park Drive
	Falls Church VA 22042
	Jeffrey S. Bankowski
	734-644-0595
	jbankowski@guidehouse.com
	CV0017579

STATE			
	Program Manager	Various	Various
	Contract Administrator	Colleen West	DTMB
		517-730-8430	
		westc6@michigan.gov	

CONTRACT SUMMARY			
SW Financial Auditing and Accounting Prequal Program			
INITIAL EFFECTIVE DATE	**INITIAL EXPIRATION DATE**	**INITIAL AVAILABLE OPTIONS**	**EXPIRATION DATE BEFORE**
November 1, 2021	October 31, 2024	3 - 1 Year	October 31, 2027
PAYMENT TERMS		**DELIVERY TIMEFRAME**	
Net 45		N/A	
ALTERNATE PAYMENT OPTIONS		**EXTENDED PURCHASING**	
☐ P-Card ☐ Direct Voucher (PRC) ☐ Other		☒ Yes ☐ No	
MINIMUM DELIVERY REQUIREMENTS			
N/A			

DESCRIPTION OF CHANGE NOTICE				
OPTION	**LENGTH OF OPTION**	**EXTENSION**	**LENGTH OF EXTENSION**	**REVISED EXP. DATE**
☐		☐	0 Years	
CURRENT VALUE	**VALUE OF CHANGE NOTICE**		**ESTIMATED AGGREGATE CONTRACT VALUE**	
$29,078,371.80	$0.00		$29,078,371.80	

DESCRIPTION

Effective July 31, 2025, the following amendment is hereby incorporated into the contract:

1. LEO MIHI will add an Intern for 2 months for 160 hours at a value of $7,584
2. Please note the Contract Administrator has been changed to Colleen West.

All other terms, conditions, specifications and pricing remain the same per contractor and agency request and DTMB Central Procurement approval.

Program Managers

for

Multi-Agency and Statewide Contracts

AGENCY	NAME	PHONE	EMAIL
DTMB	Diana McFadden	517-241-9104	McFaddenD@michigan.gov
DTMB	Susan Watt-Smith	517-230-0535	WattSmithS@michigan.gov
MDE	Jenny Manar	517-335-0543	ManarJ@michigan.gov
LEO	Eric Frederick	517-230-8510	FrederickE1@michigan.gov

STATE OF MICHIGAN
ENTERPRISE PROCUREMENT

Department of Technology, Management, and Budget
320 S. Walnut Street 2nd Floor Lansing, MI 48933
P.O. BOX 30026 LANSING, MICHIGAN 48909

CONTRACT CHANGE NOTICE

Change Notice Number **10**
to
Contract Number **MA220000000125**

CONTRACTOR	
	Guidehouse Inc.
	2941 Fairview Park Drive
	Falls Church VA 22042
	Jeffrey S. Bankowski
	734-644-0595
	jbankowski@guidehouse.com
	CV0017579

STATE			
	Program Manager	Various	Various
	Contract Administrator	Susan Watt-Smith	DTMB
		517-230-0535	
		wattsmiths@michigan.gov	

CONTRACT SUMMARY			
SW Financial Auditing and Accounting Prequal Program			
INITIAL EFFECTIVE DATE	**INITIAL EXPIRATION DATE**	**INITIAL AVAILABLE OPTIONS**	**EXPIRATION DATE BEFORE**
November 1, 2021	October 31, 2024	3 - 12 Months	October 31, 2027
PAYMENT TERMS		**DELIVERY TIMEFRAME**	
Net 45		N/A	
ALTERNATE PAYMENT OPTIONS		**EXTENDED PURCHASING**	
☐ P-Card ☐ Direct Voucher (PRC) ☐ Other		☒ Yes ☐ No	
MINIMUM DELIVERY REQUIREMENTS			
N/A			

DESCRIPTION OF CHANGE NOTICE				
OPTION	**LENGTH OF OPTION**	**EXTENSION**	**LENGTH OF EXTENSION**	**REVISED EXP. DATE**
☐		☐		
CURRENT VALUE	**VALUE OF CHANGE NOTICE**	**ESTIMATED AGGREGATE CONTRACT VALUE**		
$28,803,371.80	$275,000.00	$29,078,371.80		

DESCRIPTION

Effective December 17, 2024, this Contract is hereby increased by $275,000.00 for use by DTMB Financial Services to extend the ERM Consulting Services Scope of Work from Change Notice 4, per attached Schedule A – Statement of Work.

All other terms, conditions, specifications, and pricing remain the same. Per contractor and agency agreement, DTMB Central Procurement approval, and State Administrative Board approval on December 17, 2024.

Program Managers
for
Multi-Agency and Statewide Contracts

AGENCY	NAME	PHONE	EMAIL
DTMB	Diana McFadden	517-241-9104	McFaddenD@michigan.gov
DTMB	Michael Gilliland	517-335-1557	GillilandM@michigan.gov
DTMB	Susan Watt-Smith	517-230-0535	WattSmithS@michigan.gov
MDE	Jenny Manar	517-335-0543	ManarJ@michigan.gov
LEO	Eric Frederick	517-230-8510	FrederickE1@michigan.gov

SCHEDULE A – STATEMENT OF WORK CONTRACT ACTIVITIES

Guidehouse Contract No.220000000125, CN 10
Enterprise Risk Management Consulting Services

Background

To complete the comprehensive Statewide Risk Profile, the State of Michigan (SOM) is extending its existing scope of services with the Contractor to continue working on the Enterprise Risk Management (ERM) Consulting Services project from Change Notice 4. This additional scope includes the development of risk profiles for the remaining 16 principal departments, support in ERM training for SOM executives using a webinar series of up to six sessions, and workshop facilitation support around integrating enterprise risks into strategic planning. Providing leaders with focused training will further develop a shared, comprehensive understanding of risk mitigation. The combination of these additional activities will provide the State with a more detailed risk profile, allowing executives across all departments to engage in more standardized and intentional risk-informed decision making.

The Contractor is able to accomplish this work for the fixed firm price of $300,000 ($25,000 in remaining funds from the previous phase and $275,000 additional funds) which will cover the planned interviews, training, support, and analyses necessary to accomplish the expanded project goals over the course of 9 months. The approach from previous phases of work is included in the appendix for reference.

Approach to Work

The Contractor's approach to accomplishing this phase of work will include three workstreams which will run concurrently with one another as depicted in Figure 1 below.

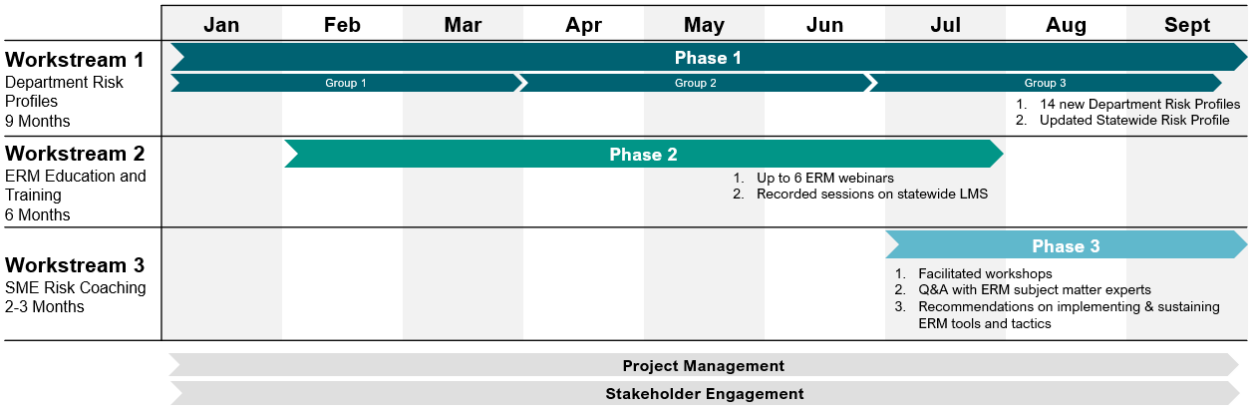

Figure 1 Proposed Timeline

Workstream 1: Department Risk Profiles

Description

ERM Strategy & Advisory For this phase of work, the Contractor will leverage the methodology that was developed together with the State in 2023. In July 2023, the Contractor was engaged by the State of Michigan, Office of Internal Audit Services (OIAS) to support the State's Enterprise Risk Management (ERM) program through the development of risk profiles. The State's Risk Committee (SRC) chose to pilot the development of department-level risk profiles using four targeted departments. OIAS and the Contractor also worked together to create a high-level statewide risk profile, and to develop and document a uniform methodology for creating and maintaining risk profiles going forward. The Committee's ERM Working Group was created to oversee and support this process. The Contractor will continue to assist with Michigan's risk profile construction whereby existing inputs including stakeholder interviews, the results of various agency audits, surveys and other reports will be evaluated to identify new or potentially existing enterprise risks and risk statements.

The effort will primarily consist of conducting interviews, workshops, and additional on-site and virtual sessions with each of the 16 additional in-scope Departments. These departments include: MDARD, AG, CSC, MILEAP, MDCR, DOC, MDE, DIFS, LEO, LARA, DMVA, DNR, MDOS, MSP, MDOT, and Treasury. The process will occur simultaneously with 5-6 departments in parallel for each review cycle and will include Contractor SMEs. There will be a total of 3 review cycles throughout the year. The process is as follows:

Phase 1 Activities and Deliverables

Activities	*Outputs*
Step 1.1 ***Align to Mission, Vision, Goals and Objectives*** • Validate goals/objectives with department leadership and respective ERM workgroup members • Identify department leaders to participate in risk profile development • Collect and review relevant reference information	1. Collective understanding of risk profile construction effort and structure, including identification of ties to State of Michigan mission and strategic objectives
Step 1.2 ***Risk Identification*** • Facilitate discussions on key risks/challenges to achieving objectives and goals	2. The beginning of departmental risk profiles with draft risk statements, risk owners, and potentially other key factors (if available)

• Identify existing and emerging risks with departmental level impacts • Draft initial risk statements	
Step 1.3 *Risk Assessment* • Review risk statements with Department leaders • Update and finalize based on leadership feedback • Develop and execute risk assessment survey • Calculate risk scores	3. Scoring of risks based on agreed upon risk rating criteria (e.g., likelihood and impact)
Step 1.4 *Risk Prioritization* • Prioritize risks based on assessment results and calibration with leaders	4. Selection of top risks requiring resource allocation in a specified timeframe
Step 1.5 *Risk Response* • Determine appropriate risk response type • Identify existing mitigation strategies in place • Document and develop plans if necessary for additional mitigation	5. Documentation of existing and proposed risk mitigation strategies
Step 1.6 *Department Risk Profile* • Develop and Present Department Risk Profiles • Map risks to Statewide Strategic Goals and Objectives • Identify risks that should be elevated to Statewide Risk Profile	6. Completed Departmental Risk Profiles 7. Updated Statewide Risk Profile

Outputs of Engagement

During the course of the engagement, the Contractor will leverage templates created during risk profile development for the initial four departments to begin populating information with existing risk information and information discovered in subsequent departmental interviews. Upon concluding each meeting series, the Contractor will provide each department's leader team with their Risk Profile populated with the following information:

- Risk Statements describing the nature, cause, and potential impact of each risk.
- Quantitative Risk Scores based on impact and likelihood ratings.
- Risk Response Type.
- Descriptive information on current mitigating activities.
- Mapping of risks to both department-level and statewide goals.
- Determination if a department-level risk should be elevated and included on the Statewide Risk Profile.

Workstream 2: ERM Education and Training

Description

The Contractor's will lead the development of a webinar series aimed at improving the efficiency of state government services, and the effectiveness of critical enterprise risk management functions. The webinars will provide training to department leadership on Enterprise Risk Management methodology and execution. The webinar series will consist of up to six webinars to be facilitated by a team of Contractor and State of Michigan ERM leads.

This series will provide focused guidance and specific examples on the following topics based on the COSO ERM Framework shown in Figure 2.

Figure 2 COSO ERM Framework

1. **Introduction to Enterprise Risk Management:**
   - What ERM is and how is it different from traditional Risk Management
   - Overview of COSO Framework
   - High-level explanation of how ERM fits into the bigger picture- strategy, performance and budget
   - Why are we doing this now, what are the benefits
   - What is the role of department leaders in supporting and executing ERM
2. **Governance and Culture:** ERM Governance and Establishing a Risk-Aware culture
   - Board Risk Oversight

        - Overview of SRC Charter and any related governance bodies
    - Established Operating Structures
        - Introduction to SoM ERM methodology
        - ERM Maturity Model, where SoM is and timeline for progression
    - Desired Culture and Commitment to Values
        - Clarify expectations for leaders, and what they can do to encourage a risk-aware culture
        - Provide examples and stories or speaking points leaders can use to inform their staff about ERM
        - Communicate feedback mechanisms on ERM program
    - Attracting, Developing and Retaining Capable individuals
        - How can leaders develop their teams to support a risk-aware culture
3. **Strategy and Objective Setting:** Understanding business context to define risk appetite, evaluate strategies, and formulate business objectives
    - Content to be determined in collaboration with DTMB team
4. **Performance**: Identifying and Assessing Portfolio View of Risks
    - Identifying and Prioritizing Risks
        - Tools and approaches that can be used to scan for risks
    - Techniques to assess and rate risks
        - Risk Rating tools
    - Introduce the risk treatment options and when each may be used
    - Process for developing and evaluating response strategies
    - Implementing response strategies and integrating them into operations
5. **Review and Revision:** Ongoing assessments and risk awareness
    - Assessing Changes
    - Reviewing Risks and Performance
    - Maturing and Improving ERM
6. **Information, Communication and Reporting:** Ensuring risk strategy & performance is integrated with regular reporting cycles and decision making
    - Communicating Risk Information
    - How to use ERM to inform decision-making

In addition to the webinar series, the Contractor will conduct Knowledge Transfer activities with department or OIAS designees to ensure State of Michigan has the skills and knowledge to continue evaluating and updating risk profiles in upcoming years.

Phase 2 Activities and Deliverables

Activities	*Outputs*
Step 2.1 *Develop Webinar Series on ERM* ○ Create outlines for each webinar ○ Develop training deck and additional reference materials	7. Up to 6 ERM trainings developed
Step 2.2 *Record and Share Webinars* ○ Identify learning platform for recording and posting webinars ○ Establish initial training schedule ○ Work with state LMS contact to publish and communicate trainings	8. Live ERM webinar series presented over six-month period 9. Recorded ERM Webinar Series on Statewide LMS
Step 2.3 *SoM ERM Department Lead Shadowing* ○ Identify designee who will facilitate ERM profile discussions in subsequent years ○ Include designee in process from beginning to end for knowledge transfer ○ Provide reference material to designee as needed	10. Risk Profile Development and Assessment Knowledge Transfer

Workstream 3: SME Risk Coaching

Description

During Phase 3 of this work, the Contractor will provide coaching to State leaders on how best to incorporate ERM into strategic planning and budgeting in meaningful and sustainable ways. A key focus will be ensuring that the State is prepared to monitor and measure how ERM strengthens the organization's ability to achieve its goals and prevent risks from turning into unexpected issues. Understanding this connection can increase buy-in from leadership, as it may shift the view from solely focused on what can go wrong, to how proactive planning and informed decision-making at the enterprise level drives progress and successful execution of the strategic plan. The Contractor will provide an

expert panel discussion with ERM Solution lead and COSO principal contributor, Kate Sylvis, to engage leaders in these discussions. The Contractor will provide pointed recommendations to department leaders in response to their specific questions and challenges in integrating risk into strategy, budget, and performance.

Phase 3 Activities and Deliverables

Activities	*Outputs*
Step 3.1. ***Up to 3 ad-hoc Workshop(s) with SMEs***	11. Recommendations on implementing the tools and tactics covered in Workshops

SCHEDULE B – PRICING

Guidehouse Contract No.220000000125, CN 10
Enterprise Risk Management Consulting Services

Pricing Proposal

The Contractor's proposal to complete this work for the **firm fixed price of $300,000** *($25,000 in remaining funds from the previous phase and $275,000 additional funds*) is based on the following assumptions:

- Project timeline of 9 months is based on commitment and participation from department leaders.
- OIAS team will take the lead on identifying availability and scheduling sessions with each department.
- Weekly status meetings with the State and 1 on-site presentation to share findings and conclude the project.
- An estimate of up to 60 total stakeholder interviews over the course of the project; with OIAS / DTMB to assist with identifying suitable points of contact for stakeholder entities.
- Engagement and participation from senior department leadership (Director and Deputy Director) levels was key in getting insight on the challenges departments face in achieving strategic goals and objectives; to develop the most valuable output, Senior Department Leadership must commit to allocating time to this engagement.
- Meeting schedule and agendas will be scheduled out for duration of profile development process and sent to impacted departments prior to each review cycle.
- DTMB / OIAS will endeavor to provide data, documents, and feedback in a timely fashion (e.g., 1 week turnaround).

STATE OF MICHIGAN
ENTERPRISE PROCUREMENT

Department of Technology, Management, and Budget
320 S. Walnut Street 2nd Floor Lansing, MI 48933
P.O. BOX 30026 LANSING, MICHIGAN 48909

CONTRACT CHANGE NOTICE

Change Notice Number **9**
to
Contract Number **MA220000000125**

CONTRACTOR	
	Guidehouse Inc.
	2941 Fairview Park Drive
	Falls Church VA 22042
	Jeffrey S. Bankowski
	734-644-0595
	jbankowski@guidehouse.com
	CV0017579

STATE			
	Program Manager	Various	Various
	Contract Administrator	Susan Watt-Smith	DTMB
		517-230-0535	
		wattsmiths@michigan.gov	

CONTRACT SUMMARY			
SW Financial Auditing and Accounting Prequal Program			
INITIAL EFFECTIVE DATE	**INITIAL EXPIRATION DATE**	**INITIAL AVAILABLE OPTIONS**	**EXPIRATION DATE BEFORE**
November 1, 2021	October 31, 2024	3 - 12 Months	October 31, 2027
PAYMENT TERMS		**DELIVERY TIMEFRAME**	
Net 45		N/A	
ALTERNATE PAYMENT OPTIONS		**EXTENDED PURCHASING**	
☐ P-Card ☐ Direct Voucher (PRC) ☐ Other		☒ Yes ☐ No	
MINIMUM DELIVERY REQUIREMENTS			
N/A			

DESCRIPTION OF CHANGE NOTICE				
OPTION	**LENGTH OF OPTION**	**EXTENSION**	**LENGTH OF EXTENSION**	**REVISED EXP. DATE**
☐		☐		

CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE
$19,913,476.80	$8,889,895.00	$28,803,371.80

DESCRIPTION
Effective November 19, 2024, the attached Schedule A - Statement of Work is added to the Contract for use by the State of Michigan Department of Labor and Economic Opportunity (LEO). Additionally, this contract is hereby increased by $8,889,895.00 for these activities. Please note the Program Manager for this project is Eric Frederick, 517-230-8510, fredericke1@michigan.gov All other terms, conditions, specifications, and pricing remain the same. Per contractor and agency agreement, DTMB Central Procurement approval, and State Administrative Board approval on November 19, 2024.

Program Managers
for
Multi-Agency and Statewide Contracts

AGENCY	NAME	PHONE	EMAIL
DTMB	Diana McFadden	517-241-9104	McFaddenD@michigan.gov
DTMB	Michael Gilliland	517-335-1557	GillilandM@michigan.gov
MDE	Jenny Manar	517-335-0543	ManarJ@michigan.gov
LEO	Eric Frederick	517-230-8510	FrederickE1@michigan.gov

SCHEDULE A - STATEMENT OF WORK CONTRACT ACTIVITIES

Change Number 9, Contract 220000000125

Financial Accounting, Integrity Oversight Monitoring or Auditing service by BEAD Program Compliance and Monitoring Support

BACKGROUND

The Broadband Equity, Access, and Deployment Program – most often called "BEAD" – is the largest single investment in high-speed internet infrastructure in our nation's history and is administered by the National Telecommunications and Information Administration (NTIA). While BEAD is a national program, each state and territory will be implementing BEAD in their own way within the federal guidelines of the program. The Michigan High-Speed Internet Office (MIHI) is the entity implementing BEAD in Michigan.

BEAD will be implemented as a geographically competitive grant program. Applicants will propose projects to build reliable high-speed internet infrastructure to connect unserved and underserved locations. Successful applicants will be awarded BEAD funding to construct those projects and provide service. BEAD will take some time given the scale and ambition of the program. MIHI anticipates opening the subgrantee selection process in mid-2024. We then have one year to select subgrantees and finalize the use of funds. Approval of Michigan's final list of subgrantees and the locations to be served is anticipated to occur in mid-2025. After final approval, subgrantees will have four years to complete their infrastructure projects and begin delivering service. BEAD also allows for a one-year extension on the construction time, if needed. BEAD grant closeout will occur at the end of 2030.

In order to support the Subgrantee Selection Process, MIHI is seeking a contract with a qualified vendor to develop subgrantee risk assessments, establish monitoring plans and reports, develop compliance policies and procedures and corrective action plans, and provide overall monitoring and compliance support for BEAD subgrantees. Ensuring subgrantee compliance with state and federal BEAD-relevant regulations is critical to the success of the program and ensuring BEAD-funded projects adhere to program guidelines and regulations. Knowing the monitoring and compliance requirements before the end of the subgrantee selection process will ensure potential subgrantee's are aware of and can account for these requirements in their applications. The work is expected to begin immediately. Implementation of the subgrantee monitoring and compliance plan is expected to be implemented and continue for the entirety of the BEAD period of performance.

SCOPE

This project contains the following scope:

A. Provide financial accounting, integrity oversight monitoring or auditing services as required by this Tier 2 SOW issued by Michigan Department of Labor and Economic Opportunity. Services may include, but not be limited to, the following:

1. Cash Management
2. Forensic Accounting/Auditing (e.g. investigative engagements designed to detect fraud or misuse of funds, general auditing procedures to evaluate program operations and financial and other compliance requirements.
3. Budgeting (e.g. evaluating program needs and ensuring proper budgeting, forecasting and related monitoring controls)
4. Financial Forecasting (e.g. Assist with the coordination and development of multiyear financial plans and models.)
5. Internal Controls (e.g. evaluating sufficiency of the design and/or operating effectiveness of controls for business processes and associated IT systems)
6. Managing Debt/Issuing Public Debt (e.g. Assist as needed with the development of debt management strategies including but not limited to cost analysis of outstanding debts and refunding analysis, develop potential rating agency strategies, or develop a plan of finance. Including additional bond related services as requested by the local unit of government or the State, see C below for more information)
7. Applying for Grants/Administering Grant Monies (e.g. associated with COVID-19 federal relief funds)
8. Cybersecurity (e.g. focused at evaluating information security objectives)
9. Information Technology Systems (e.g. evaluating proper design of IT in support of critical business processes designed to ensure achievement of business objectives and related compliance requirements)

1. Requirements

1.1. General Requirements

1.1.1. Requirement 1 – BEAD Knowledge

1.1.1.1. Sub-Requirement 1 - Must have experience with BEAD and knowledge of all program requirements

1.1.1.1.1. Leverage existing BEAD materials

Through the Contractor's experience planning, designing, and executing various processes for BEAD Programs across the nation, the Contractor possess a library of BEAD-specific resources. Because of their familiarity with state BEAD Programs and associated boilerplate processes, the Contractor can quickly adapt their monitoring approach to meet Michigan's demands. This involves developing and continuously updating a consolidated

inventory of documents, templates, and other resources aligned to Michigan's needs and awarding agency requirements. The Contractor will leverage these resources to co-develop deliverables with the MIHI Office, including subgrantee document preparation, applicant scoring matrices, deploying a comprehensive risk assessment framework, and establishing monitoring processes and procedures (e.g., Michigan BEAD Compliance Monitoring User Guide and associated compliance documents). and the subsequent narrative highlight our understanding of Michigan's BEAD Program current positioning and future steps where the Contractor can provide valuable assistance.

- **Challenge Process:** As Michigan completes the final determination phase of its challenge process, the Contractor will assist the State with collecting all communication attempts with eligible challengers and other relevant publicly available information to demonstrate a comprehensive and accessible challenge process took place.
- **Subgrantee Selection:** While the BEAD program has a stated preference for fiber given its higher speeds and greater reliability when compared to Digital Subscriber Line or fixed wireless, this technology is more costly and may not be a feasible solution for more rural parts of the state. From experience, the Contractor knows that the subgrantee selection process offers an opportunity for the State to ascertain the optimal balance of technologies that are tailored to the needs of each community, as well as incorporate its own considerations and unique circumstances. For example, while several large, national, and well-known ISPs will participate in the program, the State also has an opportunity to incentivize home-grown service providers. The Contractor facilitates MIHI's subgrantee selection process in line with the State's strategic objectives.
- **Subgrantee Outreach and Technical Assistance:** To facilitate compliance with NTIA requirements for the Subgrantee Selection Process, communicating information and delivery of technical assistance to potential BEAD Program applicants. The Contractor assists MIHI with outreach and technical assistance through drafting content for websites, conducting webinars, developing presentations,

compiling FAQs, creating technical task guides, and furnishing the Michigan BEAD Compliance Monitoring User Guide with associated compliance documents.

- **Grant Management:** The Contractor will support MIHI on obtaining awardee status reports, reviewing awardee deliverables/supporting documentation, and conducting site visits at project-completion intervals to approve disbursements, identifying risks and enacting risk mitigation techniques. The Contractor's approach includes managing instances of contract breach (as applicable), monitoring and compliance reporting, fraud risk management, and more through program closeout.
- **Final Proposal:** While official guidance on the Final Proposal has yet to be released, draft guidance indicates that NTIA acceptance of the Final Proposal will be predicated on 16 requirements on Form and Content. The Contractor will work collaboratively with MIHI to support compliance with these requirements along with any state-specific requirements.

1.1.1.1.2. Coordinate with Community Building and Investment Center of Excellence

The Contractor is supported by a centralized group of experts who provide management and technical subject matter expertise to all grants management related workstreams. This nationwide team of professionals, the Community Building and Investment Center of Excellence (CBI CoE), have been closely monitoring the BIL and BEAD legislation from its infancy through ultimate passage and are now engaged in tracking and analyzing each subsequent release of guidance and how it affects our state and local government partners across the country. The CoE disseminates the most up-to-date Federal, state, and local requirements to aid and enrich the State's implementation of BEAD. This team has enabled the Contractor to create tools ready for deployment such as funding and policy tracking, coordination of benefits mapping, cost capture and projections, application guides, and compliance monitoring manuals. MIHI will directly benefit from this esteemed group's output throughout the BEAD Program's period of performance. Highlights of the Contractor's CBI CoE include:

- Access to a team of specialists with expertise and strong relationships in federal agencies (Treasury, FEMA, Health and

Human Services (HHS), Housing and Urban Development (HUD), CDC, NTIA)

- Active tracking of new programs, guidance, and policies issued by the Federal government and their applicability to state and local government
- Centralized repository of resources to deploy on Federal grants related projects (e.g., tools, templates, reference guides)
- Continual knowledge sharing of lessons learned from on the ground activities and decision making from state and local governments across the country.

The MIHI team will benefit from the skills and passion of hundreds of consultants across the country currently supporting dozens of states, counties, and cities. The Contractor will continuously monitor, and track updates released on the NTIA website. In conjunction, they will attend various broadband conferences, including recurring State Broadband Leaders Network meetings and summits. Where appropriate, the Contractor will coordinate with the State to clarify updates and identify downstream repercussions on subgrantees. The Contractor will consolidate this information and share with MIHI, along with any recommended programmatic changes. The Contractor will also consider downstream impacts on relevant stakeholder groups and push forward any program updates and associated implications.

1.1.1.1.3. Iterate with the MIHI team

Contractor will continuously monitor, and track updates released on the NTIA website, attend various broadband conferences (including recurring State Broadband Leaders Network meetings and summits) and coordinate with the FPO to clarify updates and identify downstream percussions on subgrantees. The Contractor will consolidate all information we gather along with any recommended programmatic changes. Our team will also consider downstream impacts on relevant stakeholder groups and push forward any program updates and associated implications.

1.1.2. Requirement 2 – Provide Ongoing Monitoring and Reporting Validation

1.1.2.1. Sub-Requirement 1 – Monitor reporting, reimbursement, and program compliance for subgrantees and MIHI

The Contractor will perform formal subgrantee monitoring assessments on a recurring basis throughout the program's lifecycle. This approach will

allow the Contractor to identify and correct concerns or findings early, provide custom-tailored technical assistance and training, and reduce the overall risk exposure to MIHI. Specific monitoring activities and frequencies will be determined in compliance monitoring plans and a compliance monitoring user guide, including activities outlined below in accordance with the subgrantee monitoring practices delineated within MIHI's BEAD Initial Proposal.

The following activities (Sections *1.1.2.1.1. – 1.1.2.1.9.*) will also be conducted with the MIHI office to verify compliance and mitigate risk exposure at the department level and provide consistent internal compliance oversight.

1.1.2.1.1. Select document samples for testing

In conjunction with MIHI, the Contractor will review selection, needs, resource availability, and unique program aspects, to make an informed determination of a formal, representative sampling methodology. Standard components for a risk- based sampling methodology are outlined below:

a. Tie Subrecipient Sample Size to Risk: Monitor a percentage of subgrantees at all risk levels, with the highest risk subgrantees or projects possessing the highest likelihood of being sampled. For example, a 30% sample of high-risk subgrantees, a 15% sample of medium-risk subgrantees, and a 10% sample of low-risk subgrantees.

b. Tie Testing Activities to Risk: Subject higher risk subgrantees or projects to more robust monitoring. For example, high-risk to have 25% of transactions tested, medium to have 10% of transactions tested and low risk to have 5% of transactions tested. For subgrantees with large amounts of project expenditures and activities, the Contractor has identified fixed amount sampling as a best practice to prevent excessive sample sizes and monitoring efforts. This approach is amendable and the Contractor will iterate their sampling strategy to fit MIHI's needs during monitoring and compliance design sessions.

c. Tie Testing Activities to Size: For smaller subgrantees or projects, consider monitoring 100% rather than a sample.

1.1.2.1.2. Develop checklists and testing procedures for monitoring

The Contractor will develop and use standardized compliance policies and procedures, including checklists, forms, reports,

toolkits, and templates for MIHI and subgrantees to use during the compliance monitoring process. In addition, they will develop monitoring plans and checklists for each project and subgrantee, which include the design and implementation of controls responsive to risks identified during the risk assessment process. It is critical that subrecipients are fully aware of the details surrounding the monitoring process(es) that apply to their project(s) and confirm their understanding of what is expected of their personnel.

1.1.2.1.3. Send monitoring announcement letters

The Contractor will develop a standardized monitoring announcement letter to notify selected subgrantees of monitoring activities and associated requests and expectations. Selected subgrantees will be notified via the monitoring announcement letter at least one week before scheduled monitoring activities. In addition to providing clear expectations regarding what subgrantees can expect, the monitoring announcement letters will allow the compliance team to confirm the schedule, scope, and proper contacts with subgrantees prior to monitoring, increasing efficiency and transparency. Further, the monitoring announcement letter will include a request for availability to hold a monitoring entrance conference to formally begin monitoring activities.

1.1.2.1.4. Hold entrance conferences

Prior to the start of monitoring activities, the Contractor will hold a formal entrance conference with relevant subgrantee points of contact. Entrance conferences provide the Contractor with the opportunity to further clarify anticipated schedules, scopes, and expectations for monitoring activities. The Contractor recognizes the pivotal importance of communication with subgrantees throughout compliance monitoring efforts and has a strong track record in developing positive, comfortable relationships with subgrantees through the consistent affirmation of their role as a compliance partner that can be used for guidance and technical assistance rather than an adversarial force. During entrance conferences, the Contractor will provide subgrantees with a preliminary document request of records and files needed for monitoring which may include general ledger detail, a statement of expenditures, and policies and procedures documentation.

1.1.2.1.5. Execute recurring monitoring activities

Team Guidehouse will conduct the following monitoring activities on at least a quarterly basis.

a. **Performance meetings:** We will hold meetings with subgrantees to provide an opportunity to discuss any updates to their projects, budgets, staffing, etc. and review any questions about financial and performance reports.

b. **Desk review:** In addition to the ongoing activities above, we will conduct a more thorough monitoring process to review the subgrantees award administration capacity, financial management, and compliance. Desk reviews are a condensed process that primarily involves the review of questionnaires, reports, and other supporting documentation. Additional information about these activities is outlined below.

c. **Internal Controls Review:** During the subgrantee risk assessment process, the Contractor will review the internal controls of subgrantees. During monitoring efforts, the Contractor will review subgrantee performance and financial documentation and assess whether subrecipients are following their internal controls appropriately.

d. **Records Retention & Recordkeeping Review:** The Contractor will review subgrantee records retention and recordkeeping practices to determine the nature of records kept, where records are retained, the timely retrievability of records should a request be made and offer recommendations as necessary in alignment with all program guidelines, NTIA guidelines, the BEAD NOFO, and 2 CRF 200. Ongoing monitoring efforts will confirm that records retention and recordkeeping standards are upheld.

e. **Documentation Review:** The Contractor will perform a documentation review of written documents, such as recent audit results, documented communications with MIHI, prior monitoring reports, pertinent performance data, and other documents or reports, as appropriate to validate compliance. This review will also confirm that subgrantees are retaining appropriate documentation to support fund disbursement and mitigate against any potential fraud risk.

f. **Expenditure Testing:** The Contractor will test expenditures and files provided by subrecipients against a checklist of compliance criteria developed in monitoring plans and

produce reports detailing compliance gaps with actionable recommendations for MIHI and its subgrantees. For expenditure testing, the Contractor will use a statistical sampling method, deploying either a systematic or simple random sampling approach.

1.1.2.1.6. Develop and review subgrantee monitoring reports

The Contractor will develop a monitoring report that incorporates the results from all monitoring activities, including any observations, concerns, and findings identified. They will provide a preliminary report and share with subgrantees, who will have an opportunity to respond. Following the subgrantee's response, the Contractor will update the monitoring report as necessary and present results to MIHI. These reports will incorporate both deficiencies in program performance and violations of statutory, regulatory or program requirements for which corrective actions may be necessary.

1.1.2.1.7. Develop corrective action plans and review subgrantee corrective actions, as needed

When a monitoring period – desk or onsite – identifies potential concerns, or opportunities for improving processes and practices, the Contractor will document and communicate these observations with MIHI and the subgrantee. As necessary, the Contractor will provide technical assistance in the development of a corrective action plan, which will address findings from monitoring activities and establish a deadline for remediation. The Contractor will review corrective action plans, and in collaboration with MIHI, confirm that they are sufficient to resolve any concerns or findings identified with the subgrantee. Subgrantees will then be responsible to execute corrective actions as identified by the corrective action plan. The Contractor will conduct follow-up visits as part of our monitoring schedule to assess how the program team or subgrantee has changed its policies, processes, or updated its files, as required.

1.1.2.1.8. Conduct field audits

The Contractor consultants from the Subcontractor will work with MIHI and its partners to perform desktop and field audit services necessary to ensure compliance with stated requirements and grant-disbursement agreements. In our previous consulting engagements, the Contractor typically use a process, noted in the bullet points below, that is successful and scalable. The Subcontractor consultants will collaborate with MIHI staff to customize this audit

process to meet the program requirements. The Contractor will then leverage GIS project mapping along with documents collected from the subgrantees to undertake post-award audit services including:

- Analysis of outside plant maps to ensure the subgrantee meets their obligation to make serviceable all qualifying locations included in the corresponding subgrantee agreements. This will include:
    - Locations of network components in the field
    - All fiber routes to reach all targeted addresses within the project area
    - Every targeted location within the project area
    - Road and street names
- PDF of each manufacturer's product specification data sheet for all material used in the project.
- Technical evaluation of the network to ensure the overall architecture and design, plant quality, and performance meet applicable body, manufacturer, and generally accepted industry standards, and can provide data speeds and throughput consistent with the program requirements.
- Review of spending requests for reimbursement submissions over the life of the project.
- Field validation to visually inspect and examine the network infrastructure and verify consistency with the project scope as described in the subgrantee's agreement. The examination will include inspection of physical plant, distribution electronics and optical components, IP network additions, other major network components, and improvements and installations. We will work with MIHI to determine the best use of resources for this task.

The Contractor will conduct a technical and field review of awarded projects in several standardized phases intended to provide a consistent monitoring regime for each project.

- Collection and desktop review of key documents
- Sample selection for field audits
- Field review
- Reporting and remediation

Desktop Reviews. Each project will be assigned a primary technical reviewer who will be responsible for becoming familiar with the

awarded network as well as conducting or directing the field audit and producing a final report. The technical reviewers are familiar with the BEAD grant guidelines, including the schedule of eligible and ineligible expenses and performance standards applicable to all projects.

Document Collection. Each project's technical reviewer will analyze all official project documentation associated with the selected project(s), including the awarded grant application and relevant portions of the executed grant disbursement agreement – e.g., General Project Plan, List of Awarded Target Addresses or Eligible Service Areas, Key Project Indicators. As the project progresses, each technical reviewer will review submitted and/or approved requests for grant reimbursement, as well as the invoices of all related materials from the subgrantee(s) and/or MIHI to support these requests, as appropriate. In addition, the technical reviewers will review network designs and plans requested from the applicant as they pass through different stages of the project lifecycle:

- Site survey data
- Network Architecture
- Detailed Network Designs
- Bills of Material
- For subgrantees that are approaching and/or have achieved completion of network construction, as-built documentation.

At a minimum, the Contractor expects that subgrantees' supplied documents will allow them to identify the location of cable routes, headend, and remote cabinets, and that we will be able to identify the equipment that should be at headend and cabinet locations, as well as at subscriber locations.

If needed, the Contractor expects to be able to determine the location of towers and base station equipment, as well as an inventory of base station equipment and towers, backhaul solutions (fiber, microwave, or other) for each base station, and backhaul equipment paid for with grant funds, if any. The technical reviewer will also review a supplied predicted propagation plot upon completion of detailed network design and technical data sheets for the manufacturer's equipment selected supplied by the subgrantee and key assumptions, specifically spectrum utilized, and transmit and receive power. A specific standard review checklist based on

these factors for use by all technical reviewers will be developed as part of the engagement.

Acceptance Testing. Although validation that a good-quality network has been deployed is an objective of the technical and field review, it is not intended to replace the subgrantee's own acceptance testing. Therefore, a part of the technical review will be a check on the applicant's acceptance testing plan. Each project's technical reviewer will review the subgrantee's planned set of acceptance tests to answer the following:

- Does the subgrantee's acceptance testing plan include adequate tests for inside plant facilities?
- Does the subgrantee's acceptance testing plan include adequate tests for network electronics as installed, consistent with manufacturer recommendations?
- Does the subgrantee's acceptance testing plan include adequate testing of installed fiber links?
- Does the subgrantee's acceptance testing plan include adequate end-to-end testing of the network for factors such as throughput, latency, jitter, and packet loss?

As part of the review, the reviewer will validate that the plan has clear standards for acceptance in each of the relevant tests (i.e. OTDR and OPM tests). After network completion, the technical reviewer will request and review both a sample of each category of test result (whether passing or failing), and a copy of any unaddressed failing tests.

Field Audits. The Contractor’s approach to field verification will involve sampling network equipment and facilities that the subgrantee has identified were built with grant funds and comparing it against the subgrantee’s plan/design and information that the subgrantee has filed with MIHI. The equipment and facilities sampled will vary depending on the technologies used by the awarded project. Upon request, and consistent with MIHI’s commitments in their Initial Proposal Volume 2, the technical reviewer will conduct field audits of constructed facilities per applicable project using a sample of constructed facilities, or direct field inspection conducted by a field technician. Specifically, field audits will be scheduled at pre-designated project completion intervals to obtain an understanding of project progress, project management, and the current status of non-expended funds.

The Contractor will work with MIHI to better define how 'Percent Complete' is measured to ensure they are evaluating project progress at appropriate milestones as well as to remain consistent with our approach to post-award monitoring with Subgrantees. The Contractor recommends incorporating both fiscal and physical progress to understand a project's holistic percent complete. One proposed definition of project progress may be an average of the total percent burn on the budget and the percent of BSL's that could receive service within 10 business days of requesting service (BSL Serviceability). For example, if a project budget reaches 25% complete/budget used, but the total BSL's that could receive service within 10 business days of a request is only 10%, then the project would only be 17.5% complete (25% + 10% = 35%/2= 17.5%).

Sample Selection. Based on submitted network designs and Bills of Material, the equipment and facilities reviewed will vary somewhat in the particulars depending on the technologies used by the awarded project. The technical reviewer for each project will conduct a 95% (or better) per project review of the constructed facilities.

For wireline projects, a sample will be selected of the following:

- Fiber (and/or coaxial cable routes), including accompanying poles.
- Headend/central office or remote terminal equipment.
- Splice cases/terminals/MST's/taps/drops

For fixed wireless applications, a sample will be selected of the following:

- Towers (to the extent constructed with grant funding).
- Base station equipment, including cable and antenna installations.
- Test routes within the awarded service area for received signal strength measurement.

Field audit resources will be allocated among projects within the overall available budget for the auditing program. Sample sizes will be based on the project's size (smaller projects will require a larger relative sample size compared to larger projects), geographic diversity, and perceived project risk.

Conducting the Audit. During the audit, the technical reviewer or field technician will visit the sample locations and record observations in a standard structured form based on the elements

listed below, depending on the overall percentage complete and general project progress. Photos will be collected of inventoried equipment and facilities that include geolocation information. For linear facilities on poles, the reviewer will collect photos from samples of locations along the route. Field review will focus on the following elements:

- For fiber or cable lines, are the routes covered consistent with the design (and, if available, as- builts)? Validation of presence of outside plant will be supported with visual inspection of plant assets, or in the case of buried underground plant, utility marking posts.
- Is equipment installed at head ends, central offices, remote terminals, or wireless base stations consistent with the design and the Bills of Material, and installed and ready for operation?
- For projects requiring pole attachments, have the attachments been properly made, consistent with generally applicable regulatory and licensing requirements?
- Has infrastructure been constructed/installed in a manner consistent with NESC standards, particularly pole attachments?
- For Fixed Wireless projects, the technical reviewer will verify the installation job quality by visual audit, sample RF Sweep test if necessary.
- For Fixed Wireless projects, the technical reviewer will validate coverage through field- verification of the subgrantee's RF Propagation maps. As a first step, we will verify that projected coverage from RF propagation covers all units located in awarded service areas, and that engineering assumptions used to generate the RF propagation maps are reasonable and consistent with the radio equipment manufacturer specifications.
    - The reviewer will validate coverage as well as Grade of Service (GoS) defined by the key indicators such as RSSI (Received Signal Strength Indication), CINR (Carrier-to- Interference-and-Noise Ratio), Data Throughput in the post construction stage. The testing should verify the received signal strength (e.g., RSSI)

meets target GoS requirement. The RF test engineer will conduct the drive test on a route predefined to cover the target coverage area. The test engineer will use the commercial wireless modem provided by the wireless ISP with RF data measurement software collecting the KPI data defined in the RF design. The collected data must meet the GoS requirement.

- The audit will be conducted with the wireless ISP RF engineer to verify the end-user service performance. The acceptance test will measure the KPI parameters as well as end-user service quality such as data connection, data service quality (e.g., Download/Upload throughput, Goodput) as the end-to-end network performance test. The acceptance test should be conducted by the end-user equipment with the testing software that is predefined in the network design.

- **General quality observations.** Although it is not the objective of the field audit to discover any and all potential defects in the construction of the awarded projects, the technical reviewer or field technician will make note of conditions that can be indicators of high or lower quality completion of the work and make note of findings.

If an inconsistency is discovered between the inspection findings and the subgrantee's prior representations and/or the approved grant proposal, the technical reviewer will ask the subgrantee to provide an explanation for the discrepancy. The technical reviewer will set a response deadline for the grant recipient and note if the grant recipient did not meet the deadline. A draft report will be shared with MIHI for final submission to the subgrantee.

1.1.2.1.9. Conduct reporting monitoring

The Contractor has provided services for Broadband programs for over 20 state and local governments. The Contractor has developed a deep understanding of BEAD reporting requirements and is prepared to assist MIHI and its subgrantees to comply with reporting requirements as provided by the NTIA, civil rights requirements, 2 CFR 200, and requirements set forth in the BEAD NOFO. The Contractor will leverage their significant experience in upholding BEAD reporting requirements to assist the development of all

semiannual reports and the final program report. Further, through their concurrent compliance monitoring cadence and the maintenance of monitoring plans, reports, and workpapers, MIHI will have the information and data on hand to respond to reporting requirements efficiently. Additionally, the Contractor will provide technical assistance and review of subgrantee reports. On at least a semiannual basis, the Contractor will engage subgrantees to notify relevant points of contact for reporting deadlines, provide reporting templates (to ensure seamless data collection for the State), and conduct technical reporting assistance to subgrantees as needed. The Contractor will conduct a thorough review of subgrantee reports to comply with all NTIA reporting mandates outlined in the BEAD NOFO and other pertinent guidance, such as adherence to 2 CFR 200 Uniform Guidance provisions.

1.1.2.2. Sub-Requirement 2 – Develop compliance policies and procedures for MIHI, including policies and procedures pertaining to corrective action plans for BEAD program

Sufficient monitoring and compliance of BEAD funds is critical in preventing misuse of funds, promoting accountability, verifying compliance with federal regulations, documenting the effective utilization of funds, and protecting the integrity of the program. The Contractor's support will allow MIHI to implement a robust compliance and monitoring methodology needed to accomplish these goals. Their approach to developing compliance policies and procedures will be done in six steps (*Sections 1.1.2.2.1. – 1.1.2.2.6.*):

1.1.2.2.1. Identify core compliance areas

The Contractor will leverage their existing knowledge, thoroughly review regulatory documents, and collaborate with MIHI to identify core compliance areas from BEAD NOFO, NTIA, state and federal guidelines, 2 CFR 200, and Michigan's Initial Proposal Volume II to include in all compliance monitoring policies and procedures materials.

1.1.2.2.2. Conduct monitoring and compliance design sessions with MIHI personnel

The Contractor will collaborate and receive input from the State throughout the runtime of this project, particularly as design policies and procedures are developed. The Contractor will conduct monitoring and compliance design sessions with MIHI personnel to align program goals, delivery targets, major milestones, and key

assumptions to inform all compliance and monitoring policies and procedures.

1.1.2.2.3. Develop drafts of MIHI compliance policies and procedures materials

Following the monitoring and compliance design sessions with MIHI, the Contractor will develop drafts of the program guidelines and standard operating procedures for the compliance monitoring team. In concert with MIHI, the Contractor will develop drafts of documents, including the MIHI BEAD Compliance and Monitoring User Guide. This will be a living document that consolidates the monitoring framework and policies to be used by the Contractor throughout the engagement. The User Guide will describe how to conduct monitoring activities to assess the compliance of BEAD projects, functions, and activities. One element of the User Guide will include standard practices for tracking and documenting expenditures, both internally and among subgrantees. This will allow the MIHI to track drawdowns and expenditures in a manner that is consistent with the overarching budget established in the Initial Proposal Funding Request and the expenditure restrictions dictated by the NTIA. The User Guide will serve as MIHI's central compliance monitoring policies and procedures document and will be accompanied with several additional standardized compliance documents, including standardized checklists, forms, reports, toolkits, site visit checklists templates, clawback provision plans, and corrective action plan policies and procedures. These monitoring tools have been refined over years of compliance monitoring engagements with the purpose of making them easy and effective for use. The Contractor will leverage this existing suite of materials, tailoring their resources to fit the compliance monitoring needs of MIHI's BEAD programs.

1.1.2.2.4. Develop allowable expenditure guidelines

The Contractor will also support MIHI's technical assistance efforts to ISPs through development of Allowable Expenditure Guidelines. This will be accompanied with the Recipient Funding and Disbursement Report to track disbursements to subgrantees in accordance with the allowable expenses. This document will help inform internal and subgrantee expenditure decisions. This will, for example, provide an explanation of various expenditure categories and limitations, including programmatic versus administrative

expenses. The Contractor understands this is not a traditional grant program and certain elements of 2 CFR 200 will not apply to this program. The Contractor's experience with newly authorized grant programs lends them to anticipate forthcoming guidance from NTIA in regard to proper accounting of grant expenditures. The Contractor will continuously work with MIHI management and NTIA to chart a path to minimize the compliance risk.

1.1.2.2.5. Finalize MIHI compliance policies and procedures materials

The Contractor will finalize the Compliance Monitoring User Guide and all additional compliance documents by incorporating feedback from stakeholders and securing signoffs on all plans and processes.

1.1.2.2.6. Conduct benchmarking activities

The Contractor will engage in benchmarking activities through their CBI CoE and strategy teams to integrate leading industry practices and performance metrics into the monitoring and compliance framework.

1.1.2.3. Sub-Requirement 3 – Maintain compliance monitoring plans and reports.

Throughout this project, the Contractor will provide the following (*Sections 1.1.2.3.1. – 1.1.2.3.2.*):

1.1.2.3.1. Develop and maintain a compliance and monitoring schedule

The Contractor will develop a system to regularly maintain reports so that MIHI and other stakeholders can gain clear visibility into subgrantee activities, overall grant program health, and meet NTIA requirements including financial reports, performance metric reports, and project milestone reports. To develop and maintain these reports, the Contractor will:

1. Take stock of current financial and programmatic tracking systems used by MIHI.
2. Build out a reporting calendar based on internal MIHI and federal deadlines, to include field visits to discern total project completion, and communication timelines to remind subgrantees of upcoming reporting obligations.
3. Coordinate with MIHI to determine tracking systems and develop mechanisms for monitoring progress, financial spending, and subgrantee reports.

4. Develop subgrantee compliance monitoring reports to identify areas where subgrantees have excelled, met, or needs improvement in accordance with guidelines.
5. Develop quarterly Project and Expenditure Reports with tracking systems documenting subgrantee compliance and monitoring processes, fund disbursement, program progression, and completed and upcoming tasks.

Based on the finalized monitoring policies and procedures previously developed, anticipated results of reviews, and risks posed to the program, the Contractor will prepare and deliver a monitoring report upon the conclusion of each instance of subgrantee monitoring that documents the degree to which uses of funds were compliant with federal requirements, State of Michigan regulations and requirements, and MIHI standards.

According to schedule, and as needed, the Contractor will provide regular reports and findings to MIHI. The monitoring results will help MIHI estimate the levels of corrective action needed and identify subrecipient compliance with confidence. This report will identify corrective actions and consolidate and summarize completed, in-progress, and upcoming activities related to the applicable program monitoring based on the latest federal guidance. The monitoring report will document these findings from monitoring activities:

- Monitoring objectives, requirements, and activities
- Findings and results
- Gaps and challenges
- Financial settle-up (percentage of funds allocated to projects; obligated to date by project and subgrantee; expended to date by project and subgrantee; projects at risk of over- or under-spending)
- Specific corrective actions, as needed.

1.1.2.3.2. Support MIHI with reports to NTIA, including at use of 20% funding reports, semi-annual reports, and the final report

The Contractor will support MIHI throughout this Contract with reports and communications to NTIA. Moreover, the Contractor prioritizes compliance with NTIA regulations and standards regarding processes, data requirements, funding expectations, and communication timelines. The Contractor's monitoring and compliance schedule will include NTIA reporting deliverables and

our regular reports will facilitate ease of reporting to NTIA well before approaching timelines.

Proper maintenance of monitoring plans and reports will be critical to adhere to NTIA reporting requirements in an accurate, compliant, and efficient manner. The Contractor will maintain monitoring plans, reports, and all supporting documentation gathered during monitoring activities in accordance with a standardized file structure approved by MIHI. Using a standardized file structure and clearly labeling files with workpaper references will make tracking, accessing, and reporting data from monitoring plans and reports a seamless process.

1.1.2.4. Sub-Requirement 4 – Support MIHI with any/all compliance activities as they pertain to the BEAD program

The Contractor will meet Sub-Requirement 4 by performing the following activities, including but not limited to (*Sections 1.1.2.4.1. – 1.1.2.4.4.*):

1.1.2.4.1. Prepare documentation as necessary

As detailed in Sub-Requirement 2 and 3, the Contractor will facilitate MIHI's creation and tracking of compliance documentation and streamline submission of required materials to the federal government. This will be important to help facilitate future audits, document reviews, and submissions as required by the NTIA. The Contractor accounts for the breadth and depth of documents, checklists, toolkits, and templates that will be used throughout the compliance and monitoring process. They will support MIHI in preparing any additional documentations throughout this engagement. Some of the key compliance documentation guidelines include:

- **Documentation of Internal Controls Review and Testing:** Detailed reports and analyses resulting from the internal controls review, confirming that all financial and management processes meet federal compliance standards.
- **Standardized Document Templates and Submission Guides:** Standardized templates and submission guides developed to facilitate uniformity and ease of financial and programmatic reporting. These resources aim to simplify the preparation of required documents, while also promoting consistency across reports and submissions.
- **Industry-Leading Practices for Document Management:** Advisory materials that share industry- leading practices for

program and project file management. These practices are designed to make document management comprehensive, yet non-burdensome, facilitating ease of access and review during audits and submissions.

- **Updates and Advisories on Federal Regulations:** Regularly updated advisories that keep the State informed of any changes or updates to federal regulations affecting the BEAD program. This ongoing monitoring and reporting will help MIHI remain proactive in adapting to regulatory changes, maintaining compliance across all aspects of the program. All grants management checklists, toolkits, and resources will be living documents that are updated as the NTIA releases further guidance.

1.1.2.4.2. Complete subgrantee quarterly report validations

The Contractor will assist MIHI in their efforts to uphold subgrantee reporting requirements as mandated by its office. Through their regularly scheduled monitoring efforts which, as outlined in Requirement 2, Sub-Requirement 1, includes performance meetings, internal control review, site visits, financial review, and thorough transaction testing, we will adopt a keen understanding of subgrantees' internal controls and project statuses. This understanding will be critical to review and validate state and NTIA mandated metrics such as locations served, types and locations of facilities installed, and contracts awarded in an efficient manner. During the period of performance, the Contractor will perform Subgrantee Quarterly Report Validation documents as follows:

1. **Create subgrantee quarterly report validation structure**, including the activities and documents to be reviewed, how access to files will be granted and relevant communications templates to notify subgrantees of upcoming reporting deadlines.
2. **Identify subgrantees who must provide a project workforce continuity plan** and notify them of additional reporting requirements.
3. **Use documentation from recurring monitoring activities and request additional supporting documentation to substantiate required information.** This documentation may include, but is not limited to, ledgers to substantiate non-promotional prices charged for different tiers of broadband

services, interconnection agreements, contracts, and invoices to verify locations served and the nature of those locations (residential, commercial, or community anchor institution), and contracts to verify the peak and off-peak actual speeds of the broadband service being offered.

4. The Contractor will deliver training materials tailored to the quarterly reporting requirements placed on subgrantees. They understand how important it is to properly train subgrantees on proper reporting procedures and are committed to serve as a compliance partner throughout the quarterly report creation and validation process.

The Contractor's federal and compliance reporting experience allows them to support all required reporting needs associated with this project. The Contractor will lead the development of financial and programmatic tracking mechanisms, as previously stated within this proposal. This system will include standardized project reporting and tracking tools and will help subrecipients identify, track, and submit costs and program documentation through EGrAMS on a quarterly basis. The Contractor's tracking tools will help consolidate project percentage of completion in tandem with site visits and allow for comparison against the reported expenditures. Reported expenditures and programmatic activities will be categorized and compared to the line-item budget and associated supporting documentation of the approved project. In line with the Contractor's monitoring and testing activities highlighted throughout this proposal, they will furnish monitoring reports and corrective action plans (as applicable) on a quarterly basis, which satisfies the quarterly grantee compliance review and validation requirement.

1.1.2.4.3. Support post-award reporting

Subgrantees that fall out of compliance with reporting requirements run the risk of undergoing extensive audits, having obligated funds recouped, or risking their relationship with federal funding entities. It is critical to follow post-award reporting requirements as communicated by NTIA; adhering to reporting requirements is a crucial component of successful and long-lasting grants management strategies.

The Contractor supports reporting requirements on a variety of federal programs including the CARES Act, CPF, ARPA, and FEMA PA for states across the country including New Hampshire, Vermont,

Massachusetts, North Dakota, Oklahoma, and South Carolina. This knowledge and experience with the Federal guidance will serve as the foundation for the Contractor's approach to assist the State with efficient and compliant reporting for the BEAD Program. Moreover, as the NTIA releases additional guidance related to BEAD Program reporting requirements, it will be imperative to track and convey these updates to all relevant stakeholders, including subgrantees. As part of the Contractor's preparation and work in prior tasks, they will already have identified the various reporting requirements at both the recipient and subgrantee levels.

To meet post-award reporting requirements, the Contractor will develop a reporting process that addresses follow-up as needed and provide technical assistance to mitigate risk of recapture. To set up the financial management functions, the Contractor will design the process for:

- Interfacing with subgrantees regarding financial/payment processes
- Establishing a reimbursement model for subgrantees
- Reviewing invoices for eligibility/contractual compliance
- Processing payments
- Maintaining program budgets and reporting to relevant stakeholders on the progress of spending grant money

The Contractor can efficiently tailor to the reporting needs of MIHI, such as web portals to assist and automate some of these reporting needs.

The Contractor will minimize the number of times they ask subgrantees for redundant information while still building a comprehensive view of overall compliance to BEAD requirements. While developing recipient compliance reports, the Contractor will concurrently develop templates that subgrantees must fill out in a standardized manner which will feed into the overall report.

1.1.2.4.4. Provide general support pertaining to Uniform Guidance

The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2.C.F.R. Part 200 (Uniform Guidance) establishes requirements for recipients and subgrantees to follow in the procurement of goods and services when using federal funds. These requirements include but are not limited to appropriate methods used to procure goods and services, language and federal policies to be included in contracts and subawards;

monitoring requirements and payment to other non-federal entities; and post-award requirements. The Contractor has extensive experience developing user-friendly tools and documents to assist clients in complying with Uniform Guidance, and the Contractor will support MIHI with this throughout the Contract. There are restrictions on various BEAD expenditures depending both on the cost category and the funding recipient. As the Contractor develops resources on cost categorizations, they will consider the following:

1. **Guidance documentation:** In accordance with Uniform Guidance, the NTIA, and the State of Michigan, grantees are required to track, categorize, and report costs and expenditures. The Contractor will develop cost categorizations that not only inform accounting procedures for the MIHI and subgrantees, but also facilitate proactive documentation and tracking to support any future audits or reviews by federal or state agencies.
2. **Funding category caps:** While grantees are subject to a two percent funding cap for administrative expenses, this cap typically does not apply to subgrantees. The Contractor will guide MIHI and its subgrantees to distinguish the difference between direct service delivery versus programmatic and administrative costs. The Contractor will document and distinguish between cost restrictions depending on the recipient. Their concurrent monitoring model will carefully track category caps so that the State's program operates within compliance of Section 60102(d)(2)(B) of the IIJA.
3. **Contract reviews:** The Contractor will assume the reviewer role, as requested by MIHI for proposed contracts and purchasing documentation. Uniform Guidance and NTIA guidance will be top of mind as they review proposed contracts and purchasing documentation to align with programmatic requirements.
4. **Trainings:** The Contractor understands that while some program staff may have a history of managing federal funding, others may be new or unfamiliar with federal regulations such Uniform Guidance. The Contractor has experience developing trainings, jobs aids and desk references to help orient them to the many requirements associated with managing BEAD funds to facilitate subgrantee risk assessments, subgrantee

compliance and monitoring plans, testing of transaction records, desk reviews of low risk subgrantees, and corrective action plans. The Contractor will provide trainings for staff to explain complex requirements in simple terms, using concrete examples and knowledge tests to assist with learning. Throughout the course of the Contract, the Contractor will continue to offer insights and expertise on Federal requirements, as well as respond to questions, challenges, or concerns that emerge.

The Contractor has an expert understanding of Uniform Guidance and applicable federal laws, regulations, requirements, and executive orders related to broadband access The Contractor will provide support and guidance in following these regulations, including but not limited to creating cost categorization determinations, reviewing contracts and purchasing documents, and providing training for staff and subgrantees.

1.2. Acceptable Use Policy

To the extent that Contractor has access to the State's computer system, Contractor must comply with the State's Acceptable Use Policy, see 1340.00.130.02 Acceptable Use of Information Technology (michigan.gov). All Contractor Personnel will be required, in writing, to agree to the State's Acceptable Use Policy before accessing the State's system. The State reserves the right to terminate Contractor's access to the State's system if a violation occurs.

2. Service Requirements

2.1. Timeframes

All Contract Activities must be delivered within three business days from receipt of order. The receipt of order date is pursuant to the **Notices** section of the Standard Contract Terms.

3. Acceptance

3.1. Acceptance, Inspection, and Testing

Acceptance will be determined following the criteria outlined in the State of Michigan Standard Terms and Conditions (Section 16).

4. Staffing

4.1. Contractor Representative

The Contractor must appoint 1 individual specifically assigned to State of Michigan accounts, who will respond to State inquiries regarding the Contract Activities, answer questions related to ordering and delivery, etc. (the "Contractor Representative").

The Contractor must notify the Contract Administrator at least 14 calendar days before removing or assigning a new Contractor Representative.

Contractor Representative:
Jeff S. Bankowski 1001 Woodward Ave, Suite 500 Detroit, MI 48226 jbankowski@guidehouse.com (734) 644-0595

4.2. Program Manager

The Program Manager for each party related to this SOW will monitor and coordinate the day-to-day activities of the Contract (each a "**Program Manager**"):

State:	Contractor:
Eric Frederick 105 W. Allegan St Lansing, MI 48933 fredericke1@michigan.gov 517-230-8510	John Gianopoulos 1001 Woodward Avenue Detroit, Michigan 48226 jgianopoulos@guidehouse.com (757) 291-7536

4.3. Customer Service Toll-Free Number

See master contract Schedule A - SOW section 4.2 for details.

4.4. Work Hours

See master contract Schedule A - SOW section 4.3 for details.

4.5. Key Personnel

The Contractor must appoint 1 individuals who will be directly responsible for the day-to-day operations of the Contract ("Key Personnel"). Key Personnel must be specifically assigned to the State account, be knowledgeable on the contractual requirements, and respond to State inquiries within 24 hours.

See master contract Schedule A - SOW section 4.4 for more details.

1. The Contractor must identify all Key Personnel that will be assigned to this contract in the table below which includes the following: Name and title of staff that will be designated as Key Personnel.
2. Key Personnel years of experience in the current classification.
3. Identify which of the required key personnel positions they are fulfilling.
4. Key Personnel's roles and responsibilities, as they relate to this RFP, if the Contractor is successful in being awarded the Contract. Descriptions of roles should be functional and not just by title.
5. Identify if each Key Personnel is a direct, subcontract, or contract employee.
6. Identify if each Key Personnel staff member is employed full-time (FT), part-time (PT) or temporary (T), including consultants used for the purpose of providing information for the proposal.

7. List each Key Personnel staff member's length of employment or affiliation with the Contractor's organization.
8. Identify each Key Personnel's percentage of work time devoted to this Contract.
9. Identify where each Key Personnel staff member will be physically located (city and state) during the Contract performance.

1. Name	2. Years of Experience in Current Classification	3. Position	4. Role(s) / Responsibilities	5. Direct / Subcontract/ Contract	6. Percentage of Work Time Devoted to This Contract (FT/PT/T)	7. Physical Location
Jeff Bankowski, Partner	4 years in current classification; 30+ years total experience	Michigan Partner	Strategy development, client relationship lead	Direct (FT)	< 5%	Detroit, Michigan
Erik Garr, Partner	Less than 1 year in current classification; 30+ years total experience	Broadband Deployment Partner	Strategy development	Direct (FT)	< 5%	Norwich, Vermont
Raquel Malmberg, Partner	2 years in current classification; 21+ years total experience	Grants Management & Compliance Partner	Strategy development, federal funding, and infrastructure strategy lead	Direct (FT)	< 5%	New York, New York
Harrison Phelan, Director	Less than 1 year in current classification; 10+ years total experience	Broadband & Digital Inclusion Director	Provide high-speed internet expertise	Direct (FT)	5%	Los Angeles, California
John Gianopoulos, Associate Director	1.5 years in current classification; 23+ years total experience	Program Manager	Overall project management lead	Direct (FT)	15%	Detroit, Michigan
Christiana Gurgick, Director	1 year in current classification; 10+ years total experience	Economic and Workforce Development SME	Provide economic and workforce development strategy expertise	Direct (FT)	< 5%	Arlington, Virginia
Michael Witt, Principal Consultant	Less than 1 year in current classification; 10+ years total experience	Broadband Principal Consultant	Fiber design and broadband construction expertise	Subcontract (FT)	< 5%	South Point, Ohio

1. Name	2. Years of Experience in Current Classification	3. Position	4. Role(s) / Responsibilities	5. Direct / Subcontract/ Contract	6. Percentage of Work Time Devoted to This Contract (FT/PT/T)	7. Physical Location
Adam Smiddy, Managing Consultant	2 years in current classification; 15+ years total experience	Engagement Manager	Overall engagement management lead	Direct (FT)	100%	Detroit, Michigan
Saad Rehman, Managing Consultant	2 years in current classification;15+ years total experience	Compliance Lead	Project management, compliance monitoring	Direct (FT)	100%	Chester, Virginia
Sierra Utton, Senior Consultant	Less than 1 year in current classification; 4 years total experience	Compliance Consultant	General support to workstreams	Direct (FT)	100%	Durango, Colorado
Andrew Joseph, Senior Consultant	1 year in current classification; 8+ years total experience	Senior Broadband Consultant	General support to workstreams	Subcontract (FT)	20%	Commerce, Michigan
Kieran Coe, Compliance Manager	Less than 1 year in current classification; 15+ years total experience	Compliance Manager	Project management, compliance monitoring	Direct (FT)	15%	Missouri City, Texas
Adam North, Senior Consultant	1 year in current classification; 20+ years total experience	Compliance Consultant	General support to workstreams	Direct (FT)	15%	Grand Rapids, Michigan
David Baskin, Director	2 years in current classification; 20+ years total experience	Finance & Accounting SME	Provide IT systems, controls, cash management, and cybersecurity services	Direct (FT)	< 5%	Arlington, Virginia

1. Name	2. Years of Experience in Current Classification	3. Position	4. Role(s) / Responsibilities	5. Direct / Subcontract/ Contract	6. Percentage of Work Time Devoted to This Contract (FT/PT/T)	7. Physical Location
Vasanth Ganesan, Associate Director	4 years in current classification; 13+ years total experience	Federal Grants Management SME	Provide federal grants management expertise	Direct (FT)	< 5%	Arlington, Virginia
Tanya LeClair, Associate Director	4 years in current classification; 13+ years total experience	Fraud & Investigative Services SME	Provide fraud investigations, forensic accounting, financial analysis	Direct (FT)	< 5%	Tampa, Florida
Brett Kaiser, Managing Consultant	2 years in current classification; 8 years total experience	Broadband Deployment Strategy SME	Provide broadband advisory support expertise	Direct (FT)	5%	New York, New York

A. The Contractor must provide **detailed, chronological resumes** of all proposed Key Personnel, including a description of their work experience relevant to their purposed role as it relates to the RFP.

Qualifications will be measured by education and experience with particular reference to experience on projects similar to that described in the RFP.

4.6. Disclosure of Subcontractors

If the Contractor intends to utilize subcontractors, the Contractor must disclose the following:

- The legal business name; address; telephone number; a description of subcontractor's organization and the services it will provide; and information concerning subcontractor's ability to provide the Contract Activities.
- The relationship of the subcontractor to the Contractor.
- Whether the Contractor has a previous working experience with the subcontractor. If yes, provide the details of that previous relationship.
- A complete description of the Contract Activities that will be performed or provided by the subcontractor.

Bidder must provide detailed information as requested in the above requirement(s).	
The legal business name, address, telephone number of the subcontractor(s).	Tilson Technology Management, Inc 16 Middle Street, 4th Floor Portland, ME 04101 (207) 591-6427
A description of subcontractor's organization and the services it will provide and information concerning subcontractor's ability to provide the Contract Activities.	Tilson Technology Management, Inc (Tilson) is a multi-specialty telecommunications services firm with more than 28 years of experience designing, building, and maintaining telecommunications networks using both wireless and fiber technologies, in middle and last-mile applications. Their breadth of in-house resources allows us to lead projects from conception and planning through engineering, construction, and operations. They are recognized by customers and peers for their commitment to excellence in fiber network business and engineering consulting, design, and deployment. Tilson works collaboratively on meaningful, impactful projects for great clients. Their team environment fosters intellectual curiosity, motivates employees, and cultivates talented people who work with purpose, mastery, and autonomy. They strive to listen to clients, partner with them as a team, and accept their goals as their own. They aim to serve their customers by building, integrating, and maintaining the IT and communications infrastructure that enables great organizations to innovate and deliver.

Bidder must provide detailed information as requested in the above requirement(s).	
The relationship of the subcontractor to the Bidder.	Tilson is our preferred partner and will provide their on the ground expertise deploying broadband networks to help inform subgrantee selection, design effective compliance procedures, and undertake site inspections for the BEAD program in Michigan.
Whether the Bidder has a previous working experience with the subcontractor. If yes, provide the details of that previous relationship.	Between Guidehouse and Tilson, we have supported nearly 20 states/territories in BEAD planning and implementation.
A complete description of the Contract Activities that will be performed or provided by the subcontractor.	• Provide technical services and analytical expertise related to policy development, strategic planning, and project development. • Provide execution support for grant program workstreams, to include field audits.
Of the total bid, the price of the subcontractor's work.	Guidehouse will provide Tilson Technology Management, Inc, approximately 19% of the total amount awarded.

5. Project Management

5.1. Project Plan

The Contractor will carry out this project under the direction and control of the Program Manager. Within **30** calendar days of the Effective Date, the Contractor must submit a final project plan to the Program Manager for approval. The plan must include: (a) the Contractor's organizational chart with names and title of personnel assigned to the project, which must align with the staffing stated in accepted proposals; and (b) the project breakdown showing sub-projects, tasks, timeline, and resources required.

5.2. Meetings

The Contractor must attend the following meetings:
A kick-off meeting will be scheduled within 5 business days of the Effective Date. Attendance is required for mandatory 1-hour weekly meetings where program development and compliance status will be reviewed.

The State may request other meetings, as it deems appropriate.

5.3. Reporting

The Contractor must submit to the Program Manager the following written reports:

1. **Monthly report**, submitted with monthly invoice, documenting identified tasks and deliverable and progress status for each.

2. **Quarterly grantee compliance review reports**

The Contractor will utilize their reporting, compliance, and monitoring methodologies to help MIHI and its subgrantees efficiently expend and report on federal funds in a way that maximizes investment for all.

6. Pricing

6.1. Price Term

Pricing is firm for the entire length of the engagement related to this SOW. Contractor pricing must not exceed rates provided in Schedule B of the master contract.

7. Ordering

7.1. Authorizing Document

See master contract Schedule A - SOW section 7.1 for details.

8. Invoice and Payment

8.1. Invoice Requirements

See master contract Schedule A - SOW section 8.1 for details.

8.2. Payment Methods

See master contract Schedule A - SOW section 8.2 for details.

8.3. Procedure

Monthly invoices should be submitted to the Program Manager through email no later than 30 calendar days after the closing date of the invoice.

9. Liquidated Damages

See master contract Schedule A - SOW section 9. for details.

SCHEDULE B PRICING

1. The Contractor must provide a pricing schedule for the proposed Contract Activities using the table below. The pricing schedule should be submitted in a modifiable format (e.g., Microsoft Word or Excel); however, you may also submit an additional pricing schedule in a non-modifiable format (e.g., PDF). Failure to complete the pricing schedule as requested may result in disqualification of your proposal.
2. Price proposals must include all costs, including but not limited to, any one-time or set-up charges, fees, and potential costs that Contractor may charge the State (e.g., shipping and handling, per piece pricing, and palletizing).
3. The Contractor is encouraged to offer quick payment terms. The number of days must not include processing time for payment to be received by the Contractor's financial institution.

   Subcontractor offers quick payment terms of **3%** discount off invoice if paid within **15 days** after receipt of invoice.
4. By submitting its proposal, the Contractor certifies that the prices were arrived at independently, and without consultation, communication, or agreement with any other Contractor.
5. **NOTES**:
   a. As a reminder, *overtime, holiday pay, and travel expenses will **not** be paid*.
   b. Provide the hourly rate (not-to-exceed) for each staff level and all applicable personnel assigned to the Contract for the proposed services. For example, please indicate positions at Senior Manager, Director, Manager, etc. Senior levels, entry level staff, as well as Specialty Services (e.g., Cyber engineer, Subject Matter Expert, etc.).
   c. Hourly Rates must not exceed rates provided in Schedule B of the master contract.
6. **Fee Structure**

6.1. Overview

Contractor's revised time and materials, not-to-exceed (NTE) price is $8,889,895 for the services requested by MIHI. Contractor's price is based on their estimate of the labor hours and labor mix that are necessary to satisfy the MIHI's requirements given Contractor's current understanding of the office's technical needs and operational environment as well as Contractor's experience providing similar services.

6.1.1 Period of Performance

a. Contractor will begin supporting MIHI in September 2024.

6.1.2 Contractor's time and materials, not-to-exceed price will allow the work to evolve as tasks are prioritized and scaled up or down depending on the level of effort and staffing required.

6.2. Cost Proposal Details

6.2.1 Personnel

The Contractor's proposed team includes experienced broadband strategy and deployment, federal grants management, and compliance professionals who have provided comprehensive mobilization and compliance support for state and local government programs funded with federal COVID-19-related stimulus funds (CARES/CRF, CRRSA/HR 133, ARPA/SFRF, and FEMA-funded projects) and BIL/IIJA-funded broadband infrastructure projects. Many of the proposed team members support the State of Michigan in monitoring federally funded programs, developing risk assessment processes, compliance management plans, reporting methods, and additional procedures to ensure appropriate internal controls and successful compliance monitoring practices. Also, several of the Contractor's team members are Michigan residents and the team will work both remotely and on-site as required.

6.2.2 Hourly Rates

The hourly rates in the Contractor's proposed rate card below do not exceed rates allowed in Schedule B of the State of Michigan's Department of Technology, Management and Budget's Financial Accounting & Auditing Services Pre-Qual Program.

Table 1. Contractor Rate Card – Compliance Support to Michigan's BEAD Program

Position	Hourly Rate (Not to Exceed)
Partner	$395
Director	$315
Associate Director (Senior Manager)	$260
Manager	$220
Senior Consultant (Senior Associate)	$185
Consultant (Associate)	$155
Analyst	$100

In the future, the Contractor may request reasonable hourly rate increases (e.g. 3%) based on inflation and/or other economic factors.

6.2.3 Components of the Price Summary

Table 2. Estimated Costs

Estimated Timing	Key Activities	Estimated Cost
September 2024 – August 2025	Subgrantee Selection Process – Compliance support to subgrantee selection process and development of compliance approach for Deployment phase including internal controls,	$1,298,300.00

	processes, manuals, and templates.	
September 2025 – December 2030	Broadband Project Deployment – Monitoring subgrantee expenditures and general compliance support to the program.	$6,932,720.00
	Broadband Project Deployment – On-Site Monitoring and Field Verification	$658,875.00
Total Cost		**$8,889,895.00**
Total Cost with 3% Discount with Quick Payment Terms		**$8,623,198.00**

6.2.4 Pricing for On-Site Monitoring and Field Verification (Site / Project Audits)

6.2.4.1 Explanation of Fees for a Single Site Audit

Below please find enumerated fixed fee pricing for the tasks associated with post-award monitoring and field verification on a per-project basis. While there are many variables associated with post-award verification and validation activities, these estimates are a direct result of our experience doing this work for other state broadband programs at scale. We believe there are many ways to be efficient in executing field audits that will help reduce project cost without compromising quality of ongoing monitoring and assessment including: working with MIHI to incorporate their subgrantee risk assessment in an effort to focus audits on higher risk project details; tightly scoping each on-site visit in a way that aligns with the projects progress-to-date; identifying and leveraging local field technicians that will also work towards Michigan's stated goals for increasing business opportunities for Geographically Disadvantaged Business Enterprises (GDBEs); and strategically batching projects for on-site visit scheduling. To the extent that remediation efforts are required/requested, the table below can inform the costs of those efforts. In our experience, costs with remediation for non-compliance are highly variable and can often be passed along to the subgrantee through commitments in the grant disbursement agreement.

Table 3. Estimated Site Visit Cost

Task	Cost
Analysis of Network Maps/Wireless Coverage Areas**	$575
Product Specification/Bill of Materials Evaluation	$830
Technical Evaluation of Network	$1,118
On-Site Field Validation and Verification	$5,144
Reporting and Suggested Remediation	$1,118
Total	**$8,785**

***Assuming proper format of submitted maps/data (kmz or shapefile)*

6.2.4.2 Proposed Initial Approach for On-Site Monitoring and Field Verification (Site / Project Audits)

The Contractor acknowledges and understands MIHI's plan for on-site / physical project audits as described in MIHI's BEAD Initial Proposal Volume II:

"Conduct field visits at 25%, 50%, 75% and 100% of total location projects completion: Field reviews will consist of a walkthrough of each subgrantee project to obtain an understanding of project progress, project management, and the current status of non-expended funds."

Based on our understanding of Michigan's ROBIN Grant Program and the information provided in the "Question & Answer" process for this procurement, the Contractor has estimated that, in the future, there may be approximately 65 subgrantees and 115 projects in the State's BEAD Program.

Based on the Contractor's analysis of the ROBIN Grant Program and their experience in similar work in other states, the Contractor estimates that about 40% of subgrantees will be established and sophisticated internet service providers (ISP). These ISPs will be more likely to complete projects on-time and to-standard, and in a rules-compliant manner, and will require less supervision. The Contractor recommends treating the projects belonging to these "Low Risk" subgrantees as "Low Risk Projects".

The Contractor believes the remaining 60% of less mature ISPs and their projects may require more oversight. Contractor recommends treating the projects belonging to these "Elevated [Medium or High] Risk" subgrantees as "Elevated Risk Projects".

Understanding that the situation will evolve continuously as the Deployment phase develops, the Contractor proposes a risk-based approach to physical project audits that will focus on high-priority / high-risk projects to conserve program funds for more broadband deployment or other program needs.

To fully determine the quality and risk of the projects early in their development, the Contractor proposes a package of **up to 75 visits** to the highest risk projects, at a price of **$658,875**. This initial slate of visits will allow MIHI and Contractor to fully assess subgrantee performance and project health and enable MIHI to reassess and revise, as necessary, the next phase(s) of On-Site Monitoring and Field Verification.

In sum, Contractor's initial plan is to conduct 75 site / physical audits of Elevated Risk Projects.

Table 4. Site Audit Model

Site Audit Model		
Model Estimates / Planning Factors	Estimated Number of Locations to Serve	250,000
	Estimated Number of Project Sites	115
	Estimated Number of Subgrantees (ISPs)	65
	Total Estimated Site Visit Cost (per visit)	$8,785.00

Site Visits / Audits	Cost per Site Audit	Total Fees for Site Audits
75	$8,785.00	$658,875.00

This is the Contractor's initial plan and estimate of fees for On-Site Monitoring and Field Verification. The Contractor will discuss other options to satisfy MIHI's requirements as required.

STATE OF MICHIGAN
ENTERPRISE PROCUREMENT

Department of Technology, Management, and Budget
320 S. Walnut Street 2nd Floor Lansing, MI 48933
P.O. BOX 30026 LANSING, MICHIGAN 48909

CONTRACT CHANGE NOTICE

Change Notice Number **8**
to
Contract Number **MA220000000125**

CONTRACTOR	
	Guidehouse Inc.
	2941 Fairview Park Drive
	Falls Church VA 22042
	Jeffrey S. Bankowski
	734-644-0595
	jbankowski@guidehouse.com
	CV0017579

STATE			
	Program Manager	Various	Various
	Contract Administrator	Susan Watt-Smith	DTMB
		517-230-0535	
		wattsmiths@michigan.gov	

CONTRACT SUMMARY			
SW Financial Auditing and Accounting Prequal Program			
INITIAL EFFECTIVE DATE	**INITIAL EXPIRATION DATE**	**INITIAL AVAILABLE OPTIONS**	**EXPIRATION DATE BEFORE**
November 1, 2021	October 31, 2024	3 - 12 Months	October 31, 2027
PAYMENT TERMS		**DELIVERY TIMEFRAME**	
Net 45		N/A	
ALTERNATE PAYMENT OPTIONS		**EXTENDED PURCHASING**	
☐ P-Card ☐ Direct Voucher (PRC) ☐ Other		☒ Yes ☐ No	
MINIMUM DELIVERY REQUIREMENTS			
N/A			

DESCRIPTION OF CHANGE NOTICE				
OPTION	**LENGTH OF OPTION**	**EXTENSION**	**LENGTH OF EXTENSION**	**REVISED EXP. DATE**
☐		☐		

CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE
$17,413,476.80	$2,500,000.00	$19,913,476.80

DESCRIPTION
Effective October 29, 2024, Schedule A - Statement of Work (SOW) attached to Change Notice 1, to conduct American Rescue Plan/Elementary and Secondary School Emergency Relief Program (ARP/ESSER) monitoring and oversight services on behalf of the Michigan Department of Education (MDE), is hereby extended until March 31, 2026, and the contract is hereby increased by $2,500,00.00. These services are unrelated to the COVID 19 Stimulus PMO. Please note the Program Manager for this project is Jenny Manar, 517-335-0543, manarj@michigan.gov All other terms, conditions, specifications, and pricing remain the same. Per contractor and agency agreement, DTMB Central Procurement approval, and State Administrative Board approval on October 29, 2024.

Program Managers
for
Multi-Agency and Statewide Contracts

AGENCY	NAME	PHONE	EMAIL
DTMB	Diana McFadden	517-241-9104	McFaddenD@michigan.gov
DTMB	Michael Gilliland	517-335-1557	GillilandM@michigan.gov
MDE	Jenny Manar	517-335-0543	ManarJ@michigan.gov

STATE OF MICHIGAN
ENTERPRISE PROCUREMENT

Department of Technology, Management, and Budget
320 S. Walnut Street 2nd Floor Lansing, MI 48933
P.O. BOX 30026 LANSING, MICHIGAN 48909

CONTRACT CHANGE NOTICE

Change Notice Number **7**
to
Contract Number **MA220000000125**

CONTRACTOR	
	Guidehouse Inc.
	2941 Fairview Park Drive
	Falls Church VA 22042
	Jeffrey S. Bankowski
	734-644-0595
	jbankowski@guidehouse.com
	CV0017579

STATE			
	Program Manager	Various	SW
	Contract Administrator	Susan Watt-Smith	DTMB
		517-230-0535	
		wattsmiths@michigan.gov	

CONTRACT SUMMARY			
SW Financial Auditing and Accounting Prequal Program			
INITIAL EFFECTIVE DATE	**INITIAL EXPIRATION DATE**	**INITIAL AVAILABLE OPTIONS**	**EXPIRATION DATE BEFORE**
November 1, 2021	October 31, 2024	3 - 12 Months	October 31, 2024
PAYMENT TERMS		**DELIVERY TIMEFRAME**	
Net 45		N/A	
ALTERNATE PAYMENT OPTIONS		**EXTENDED PURCHASING**	
☐ P-Card ☐ Direct Voucher (PRC) ☐ Other		☒ Yes ☐ No	
MINIMUM DELIVERY REQUIREMENTS			
N/A			

DESCRIPTION OF CHANGE NOTICE				
OPTION	**LENGTH OF OPTION**	**EXTENSION**	**LENGTH OF EXTENSION**	**REVISED EXP. DATE**
☒	36 Months	☐		October 31, 2027
CURRENT VALUE	**VALUE OF CHANGE NOTICE**	**ESTIMATED AGGREGATE CONTRACT VALUE**		
$17,413,476.80	$0.00	$17,413,476.80		

DESCRIPTION

Effective November 1, 2024, all 3, 1-year options available on this contract are hereby exercised. The revised contract expiration date is October 31, 2027.

Additionally, the attached Schedule B - Pricing is hereby added to the contract to reflect a price adjustment due to a 5% increase to Guidehouse's hourly rates.

All other terms, conditions, specifications and pricing remain the same. Per contractor and agency agreement, and DTMB Central Procurement approval.

STATE OF MICHIGAN
PROCUREMENT
Michigan.gov/MiProcurement

SCHEDULE B – PRICING - REVISED

Change Notice 7, Contract No. 220000000125

Pre-Qualification for Statewide Financial Accounting, Integrity Oversight Monitoring or Auditing Services

1. The Contractor must provide a pricing schedule for the proposed Contract Activities using the table below. The pricing schedule should be submitted in a modifiable format (e.g. Microsoft Word or Excel); however, you may also submit an additional pricing schedule in a non-modifiable format (e.g., PDF). Failure to complete the pricing schedule as requested may result in disqualification of your proposal.

2. Price proposals must include all costs, including but not limited to, any one-time or set-up charges, fees, and potential costs that Contractor may charge the State (e.g., shipping and handling, per piece pricing, and palletizing).

3. The Contractor is encouraged to offer quick payment terms. The number of days must not include processing time for payment to be received by the Contractor's financial institution.

   Quick payment terms: % discount off invoice if paid within days after receipt of invoice.

4. By submitting its proposal, the Contractor certifies that the prices were arrived at independently, and without consultation, communication, or agreement with any other Contractor.

5. **NOTES**:
   a. As a reminder, *overtime, holiday pay, and travel expenses will **not** be paid*.

   b. Any exception to any insurance requirements must be noted ***before*** being qualified, in other words with bidder's response. If bidder is concerned about the cost of coverage, any extra costs must be incorporated into the pricing below with the understanding that this could impact being chosen as a tier two supplier.

   c. **Provide the hourly rate (not-to-exceed) for each staff level and all applicable personnel assigned to the Contract for the proposed services. For example, please indicate positions at Senior Manager, Director, Manager, etc. Senior levels, entry level staff, as well as Specialty Services (e.g., Cyber engineer, Subject Matter Expert, etc.).**

Position	Current Hourly Rates	5% Increase to Hourly Rates* (Not to Exceed)
Partner	$310	$326
Engagement Director	$265	$278
Senior Manager	$230	$242
Manager	$190	$200
Senior Staff	$155	$163
Staff	$140	$147

*Effective November 1, 2024, through October 31, 2027

STATE OF MICHIGAN
ENTERPRISE PROCUREMENT

Department of Technology, Management, and Budget
320 S. Walnut Street 2nd Floor Lansing, MI 48933
P.O. BOX 30026 LANSING, MICHIGAN 48909

CONTRACT CHANGE NOTICE

Change Notice Number **6**
to
Contract Number **MA220000000125**

CONTRACTOR	
	Guidehouse Inc.
	2941 Fairview Park Drive
	Falls Church VA 22042
	Jeffrey S. Bankowski
	734-644-0595
	jbankowski@guidehouse.com
	CV0017579

STATE			
	Program Manager	Various	DTMB
	Contract Administrator	Susan Watt-Smith	DTMB
		517-230-0535	
		wattsmiths@michigan.gov	

CONTRACT SUMMARY

SW Financial Auditing and Accounting Prequal Program

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE
November 1, 2021	October 31, 2024	3 - 12 Months	October 31, 2024

PAYMENT TERMS	DELIVERY TIMEFRAME
Net 45	N/A

ALTERNATE PAYMENT OPTIONS	EXTENDED PURCHASING
☐ P-Card ☐ Direct Voucher (PRC) ☐ Other	☒ Yes ☐ No

MINIMUM DELIVERY REQUIREMENTS

N/A

DESCRIPTION OF CHANGE NOTICE

OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
☐		☐		

CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE
$17,413,476.80	$0.00	$17,413,476.80

DESCRIPTION

Effective September 19, 2024, the attached Schedule A - Statement of Work hereby replaces and supersedes Schedule A - Statement of Work from Change Notice 5.

All other terms, conditions, specifications and pricing remain the same. Per contractor and agency agreement, and DTMB Central Procurement approval.

Program Managers
for
Multi-Agency and Statewide Contracts

AGENCY	NAME	PHONE	EMAIL
DTMB	Diana McFadden	517-241-9104	McFaddenD@michigan.gov
DTMB	Michael Gilliland	517-335-1557	GillilandM@michigan.gov

SCHEDULE A – STATEMENT OF WORK PROJECT ACTIVITIES

CN 6 - 220000000125

Economic Development Incentive Evaluation – Revised Phase 3
REPLACES STATEMENT OF WORK FROM CHANGE NOTICE 5

BACKGROUND

The Economic Development Incentive Evaluation Act, MCL 18.1751 et seq. (the "Act"), requires periodic evaluation of certain economic development incentives in connection to the Michigan Strategic Fund ("MSF"). This requirement includes Michigan's Match on Main grant program. Match on Main is a reimbursement grant program that serves to support new or expanding place-based businesses by providing up to $25,000 in funding to support an eligible small business through an application submitted, administered, and managed by the local unit of government, downtown development authority, or other downtown management or community development organization where the business is located.

Match on Main aims to:

- Support the creation and growth of businesses located in select or master Michigan Main Street districts or essentials or certified Redevelopment Ready Communities® across the state;
- Provide access to capital for place-based businesses, create and retain jobs, leverage private investment, and activate vacant or underutilized space; and
- Provide eligible communities with a business recruitment and retention tool as they work to grow and support their local entrepreneurial ecosystem.

SCOPE

Contractor to conduct evaluations of the above economic development program in accordance with the Act and outlined in the general requirements below.

Requirements

1.1. General Requirements

A. Evaluations must include, to the extent relevant, all of the following:
   1. A description of the history of the economic development incentive and its goals.
   2. A literature review of the effectiveness of this type of incentive, including an inventory of similar incentives in other states.
   3. An estimate of the economic and fiscal impact of the economic development incentive. This estimate shall take into account all of the following considerations in addition to other relevant factors:
      a. The extent to which the economic development incentive influences business behavior.

   b. The results of the economic development incentive for the economy of this state as a whole. This consideration includes both positive direct and indirect impacts and any negative effects on other businesses located in this state.
   c. A comparison to the results of other economic development incentives or other economic development strategies with similar goals.
   d. An evaluation of the loss of potential gains from other alternatives or programs enacted by the legislature or existing economic development incentives that have been extended.
4. An assessment of whether adequate protections are in place to ensure that the fiscal impact of the economic development incentive does not increase substantially beyond the state's means or expectations in future years.
5. An assessment of whether the economic development incentive is being administered effectively, including a review of auditor general reports.
6. An assessment of whether the economic development incentive is achieving its goals.
7. Recommendations for how this state can most effectively achieve the economic development incentive's goals, including recommendations on whether the economic development incentive should be retained, reconfigured, or repealed.
8. Recommendations for any changes to state policy, rules, or statutes that would allow the economic development incentive to be more easily or conclusively evaluated in the future. These recommendations may include changes to collection, reporting and sharing of data, and revisions or clarifications to the goal of the economic development incentive.
9. Any other information the contractor considers necessary to assess the effectiveness of the economic development incentive and whether it is achieving its goals.

B. Contractor must produce a Final Evaluation Report of each program evaluation. The report must include all the requirements listed in A above.

2. Service Requirements

2.1. Timeframes

All project activities must be delivered within 101 calendar days from issuance of purchase order/delivery order.

2.2. Delivery

Delivery of the Final Evaluation Report will be expected no later than November 1, 2024. Delivery will be made via email to the State Program Manager.

3. Acceptance

3.1. Final Acceptance

Final Acceptance will be met when the Contractor has successfully delivered the Final Evaluation Report to the State Program Manager.

4. Staffing

4.1. Contract Administrator

The Contractor Administrator for each party is the only person authorized to modify any terms of this project and approve and execute any change under this engagement (each a "Contract Administrator").

State:	Contractor:
Lacey Wilke 320 W. Walnut Street Lansing, MI 48933 **WilkeL@michigan.gov** 517-282-8057	**Jeff Bankowski** 1001 Woodward Ave, Suite 500 Detroit, MI 48226 jbankowski@guidehouse.com 734-644-0595

4.2. Program Manager

The Contractor must appoint an individual specifically assigned to State of Michigan accounts, who will respond to State inquiries regarding the project activities, answer questions related to ordering and delivery, etc. The Program Manager for each party will monitor and coordinate the day-to-day activities of the project (each a "Program Manager"):

The Contractor must notify the Contract Administrator at least 30 calendar days before removing or assigning a new Program Manager.

State:	Contractor:
Mike Gilliland 320 S. Walnut Street Lansing, MI 48933 GillilandM@michigan.gov 517-335-1557	**Anna Zinkel Walters** 1001 Woodward Ave, Suite 500 Detroit, MI 48226 awalters@guidehouse.com 313-802-0579

4.3. Customer Service Toll-Free Number

The Contractor Program Manager must be available for calls during the hours of 8:00 am to 5:00 pm EST.

4.4. Work Hours

The Contractor must provide Contract Activities during the State's normal working hours Monday – Friday, 8:00 a.m. to 5:00 p.m. EST and possible night and weekend hours depending on the requirements of the project.

4.5. Key Personnel

The Contractor must appoint individuals who will be directly responsible for the day-to-day operations of the Contract ("Key Personnel"). Key Personnel must be specifically assigned to the State account, be knowledgeable on the contractual requirements, and respond to State inquiries within 24 hours.

The State has the right to recommend and approve in writing the initial assignment, as well as any proposed reassignment or replacement, of any Key Personnel. Before assigning an individual to any Key Personnel position, Contractor will notify the State of the proposed assignment, introduce the individual to the State's Program Manager, and provide the State with a resume and any other information about the individual reasonably requested by the State. The State reserves the right to interview the individual before granting written approval. In the event the State finds a proposed individual unacceptable, the State will provide a written explanation including reasonable detail outlining the reasons for the rejection. The State may require a 30-calendar day training period for replacement personnel.

Contractor will not remove any Key Personnel from their assigned roles relating this project without the prior written consent of the State. The Contractor's removal of Key Personnel without the prior written consent of the State is an unauthorized removal ("Unauthorized Removal"). An Unauthorized Removal does not include replacing Key Personnel for reasons beyond the reasonable control of Contractor, including illness, disability, leave of absence, personal emergency circumstances, resignation, or for cause termination of the Key Personnel's employment. Any Unauthorized Removal may be considered by the State to be a material breach of the Contract, in respect of which the State may elect to terminate the Contract for cause pursuant to the **Termination for Cause** section of the Standard Contract Terms agreed to in the vendor's master agreement. It is further acknowledged that an Unauthorized Removal will interfere with the timely and proper completion of this project, to the loss and damage of the State, and that it would be impracticable and extremely difficult to fix the actual damage sustained by the State as a result of any Unauthorized Removal. Therefore, Contractor and the State agree that in the case of any Unauthorized Removal in respect of which the State does not elect to exercise its rights pursuant to the Termination for Cause, Contractor will issue to the State the corresponding credits set forth below (each, an "Unauthorized Removal Credit"):

i. For the Unauthorized Removal of any Key Personnel designated in the applicable Statement of Work, the credit amount will be $25,000.00 per individual if Contractor identifies a replacement approved by the State and assigns the replacement to shadow the Key Personnel who is leaving for a period of at least 30-calendar days before the Key Personnel's removal.

ii. If Contractor fails to assign a replacement to shadow the removed Key Personnel for at least 30-calendar days, in addition to the $25,000.00 credit specified above, Contractor will credit the State $833.33 per calendar day for each day of the 30-calendar day shadow period that the replacement Key Personnel does not shadow the removed Key Personnel, up to $25,000.00 maximum per individual. The total Unauthorized Removal Credits that may be assessed per Unauthorized Removal and failure to provide 30-calendar days of shadowing will not exceed $50,000.00 per individual.

Contractor acknowledges and agrees that each of the Unauthorized Removal Credits assessed above: (i) is a reasonable estimate of and compensation for the anticipated or actual harm to the State that may arise from the Unauthorized Removal, which would be

impossible or very difficult to accurately estimate; and (ii) may, at the State's option, be credited or set off against any fees or other charges payable to Contractor under the Contract.

A. The Contractor must identify all Key Personnel that will be assigned to this project in the table below which includes the following:

1. Name and title of staff that will be designated as Key Personnel.
2. Key Personnel years of experience in the current classification.
3. Identify which of the required key personnel positions they are fulfilling.
4. Key Personnel's roles and responsibilities, as they relate to this RFP, if the Contractor is successful in being awarded the Contract. Descriptions of roles should be functional and not just by title.
5. Identify if each Key Personnel is a direct, subcontract, or contract employee.
6. Identify if each Key Personnel staff member is employed full-time (FT), part-time (PT) or temporary (T), including consultants used for the purpose of providing information for the proposal.
7. List each Key Personnel staff member's length of employment or affiliation with the Contractor's organization.
8. Identify each Key Personnel's percentage of work time devoted to this project.
9. Identify where each Key Personnel staff member will be physically located (city and state) during the Contract performance.

1. Name	2. Years of Experience in Current Classification	3. Role(s) / Responsibilities	4. Direct / Subcontract / Contract	5. % of Work Time	6. Physical Location
Jeff Bankowski	5 Years	Engagement Partner	Direct	> 5%	Ann Arbor, MI
Shaun Fernando	6 Years	Strategy Director	Direct	> 5%	Los Angeles, CA
Christiana Gurgick	1 Year	Engagement Director	Direct	25%	Washington, DC
Jessica Gallagher	2 Years	Engagement Manager	Direct	100%	Chicago, IL
Anna Zinkel Walters	2 Years	Contract Administrator/ Relationship Manager	Direct	> 5%	Ann Arbor, MI
Anna Lam	1 Year	Senior Consultant	Direct	100%	Denver, CO
Senior Consultant (TBD)	TBD	Senior Consultant	Direct	100%	TBD

4.6. Security

Contractor must present certifications evidencing satisfactory Michigan State Police background checks for all staff identified for assignment to this project. Contractor will pay for all costs associated with ensuring their staff meets all requirements.

The State in its sole discretion may also perform additional background checks. Pursuant to Michigan law, all agencies subject to IRS Pub. 1075 are required to ask the Michigan State Police to perform fingerprint background checks on all employees, including Contractor and subcontractor employees, who may have access to any database of information maintained by the federal government that contains confidential or personal information, including, but not limited to, federal tax information ("FTI"). The Michigan Department if Technology, Management and Budget is subject to IRS Publication 1075. Contractors who may access FTI as part of provisioning the services of this solicitation will be required to agree and to comply with the National Crime Information Center ("NCIC") background check requirement. The State will pay the costs for the NCIC required background checks. Further, pursuant to Michigan law, any agency described above is prohibited from providing Contractors or subcontractors with the result of such NCIC background check. For more information, please see the Public Employee Fingerprint-Based Criminal History Check Act, MCL 15.651 *et. seq.*

4.7 Access to Tax Information

The Contractor must comply with the requirements of IRS Publication 1075 (including Exhibit 7 Safeguarding Contract Language) and Michigan Department of Treasury Safeguard Requirements of Confidential Tax Data, Attachment A.

5. Project Management

5.1. Project Plan

The Contractor will carry out this project under the direction and control of the State's Program Manager. Within 10 calendar days of the issuance of the purchase order/delivery order, the Contractor must submit a final project plan to the State's Program Manager for approval. The final project plan must include: (a) the Contractor's organizational chart with names and title of personnel assigned to the project, which must align with the staffing stated in accepted proposals; and (b) the project breakdown showing sub-projects, tasks, milestones, timeline, and resources required.

5.2. Meetings

The Contractor must attend monthly status meetings. Meetings will be scheduled by the State's Program Manager.

The State may request other meetings, as it deems appropriate.

5.3. Reporting

The Contractor must provide a Final Evaluation Report.

The State may request additional reports, as it deems appropriate.

6. Pricing

6.1. Price Term

Pricing is firm for the entire length of the project.

6.2. Price Changes

Adjustments will be based on changes in actual Contractor costs. Any request must be supported by written evidence documenting the change in costs. The State may consider sources, such as the Consumer Price Index; Producer Price Index; other pricing indices as needed; economic and industry data; manufacturer or supplier letters noting the increase in pricing; and any other data the State deems relevant.

Following the presentation of supporting documentation, both parties will have 30 days to review the information and prepare a written response. If the review reveals no need for modifications, pricing will remain unchanged unless mutually agreed to by the parties. If the review reveals that changes are needed, both parties will negotiate such changes, for no longer than 30 days, unless extended by mutual agreement.

The Contractor remains responsible for project Activities at the current price for all purchase order/delivery orders received.

7. Ordering

7.1. Authorizing Document

The appropriate authorizing document for the Contract will be a purchase order or delivery order.

8. Invoice and Payment

8.1. Invoice Requirements

All invoices submitted to the State must include: (a) date; (b) purchase order; (c) quantity; (d) description of the Contract Activities; (e) unit price; (f) shipping cost (if any); (g) vendor-generated invoice number and (h) total price. Overtime, holiday pay, and travel expenses will not be paid.

8.2. Payment Methods

The State will make payment for Contract Activities by Electronic Funds Transfer (EFT).

9. Liquidated Damages

Late or improper completion of the Contract Activities will cause loss and damage to the State and it would be impracticable and extremely difficult to fix the actual damage sustained by the State. Therefore, if there is late or improper completion of the Contract Activities the State is entitled to collect liquidated damages in the amount of $5,000 and an additional $100 per day for each day Contractor fails to remedy the late or improper completion of the Work.

SCHEDULE B - PRICING

Economic Development Incentive Evaluation – Phase 3

The Fixed Firm Price for the services for Phase 3 of the Economic Development Incentive Evaluation is **$502,500**. This price proposal includes all costs.

Guidehouse's Fixed Firm Price does not contain any other direct costs (including travel expenses). Guidehouse acknowledged that overtime, holiday pay, and travel expenses will not be paid.

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Title	% Allocation to Project	Hourly Rate/Person	Total Price
Partner (2)	<5%	$395	$5,836
Director (1)	25%	$310	$36,206
Contract Administrator (1)	<5%	$310	$16,824
Managing Consultant (1)	100%	$250	$143,015
Senior Consultant (2)	100%	$225	$300,619
		Total Budget	**$502,500**
		Total Budget if prompt pay discount is applied (3%)	**$487,425**

ATTACHMENT A – SAFEGUARD REQUIREMENTS OF CONFIDENTIAL TAX DATA

This section sets forth the safeguard requirements for the handling, storage, and processing of confidential tax information for a Contractor and their subcontractor(s) and is incorporated as an integral part of the Contract. It will facilitate administration and enforcement of the laws of the State of Michigan in a manner consistent with the applicable statutes, regulations, published rules and procedures or written communication.

I. Authority

Authority for the Michigan Department of Treasury ("Treasury") to require that this section be included in the Contract is contained in Section 28 of the Revenue Division of the Department of Treasury Act, as amended (the "Revenue Act"), MCL 205.28(1)(f), which subjects current or former contractors to the same restrictions and penalties imposed upon department employees regarding the treatment of confidential information. A private contractor or its employees are strictly prohibited from disclosing taxpayer information to a third party. The prohibition against disclosure does not bar an employee of a private contractor with whom the State of Michigan (State) contracts that processes tax returns or payments pursuant to the Contract from having access to confidential information that is reasonably required for the processing or collection of amounts due this State. Private contractors and any subcontractors will follow Treasury guidelines for Authorized representatives.

II. Confidentiality

It is agreed that all information exchanged under this section will be kept confidential in accordance with the confidentiality provisions contained in the Revenue Act, MCL 205.28(1)(f)-which states in part;

> "Except as otherwise provided in this subdivision, an employee, authorized representative, or former employee or authorized representative of the department or anyone connected with the department will not divulge any facts or information obtained in connection with the administration of a tax or information or parameters that would enable a person to ascertain the audit selection or processing criteria of the department for a tax administered by the department."

Confidential information obtained under this contract will not be disclosed except as required by state law, or in the proper administration of applicable laws, promulgated rules and procedures. In the event, confidentiality statutes are amended, Treasury will notify Contractor of any changes. No employee, agent, authorized representative or legal representative of Contractor will disclose any information obtained by virtue of this section to any other division within their company or any other governmental agency, department or unit within such governmental agency whether local, state, federal or foreign, department or unit within such governmental agency, or any unauthorized third party. No tax returns or tax return information accessed by Contractor will be duplicated

or disseminated within or outside the company without the written approval of Treasury. Tax returns and tax return information remain the property of Treasury.

Contractor may use a taxpayer's name, address and Social Security number or employer identification number to the extent necessary in connection with the processing and mailing of forms for any report or return required in the administration of any tax in the performance of the Contract. The use of the Social Security number must be in accordance with the state Social Security Number Privacy Act 454 of 2004, as amended.

Confidential information obtained under this Contract will not be disclosed in part of a report or document that is subject to FOIA.

The penalties for violating the confidentiality provisions of the Revenue Act are contained in, MCL 205.28(2) and MCL 205.27(4). MCL 205.28(2) states:

> "A person who violates subsection (1)(e), (1)(f), (4) or (5) is guilty of a felony, punishable by a fine of not more than $5,000.00, or imprisonment for not more than 5 years, or both, together with the costs of prosecution. In addition, if the offense is committed by an employee of this state, the person will be dismissed from office or discharged from employment upon conviction."

MCL 205.27(4) states:

> A person who is not in violation pursuant to subsection (2), but who knowingly violates any other provision of this act, or of any statute administered under this act, is guilty of a misdemeanor, punishable by a fine of not more than $1,000.00, or imprisonment for not more than 1 year, or both.

Information received by Treasury from the U.S. Internal Revenue Service, pursuant to section 6103(d) of the Internal Revenue Code or any other federal agency will not be subject to the exchange.

III. Procedure for Security

Contractor will safeguard any tax return information obtained under the Contract as follows:

A. Access to the tax returns and tax return information will be allowed only to those authorized employees and officials of Contractor who need the information to perform their official duties in connection with the uses of the information authorized in this Contract.

B. Any records created from tax returns and tax return information will be stored in an area that is physically safe from access by unauthorized persons during duty hours and locked in a secure area during non-duty hours, or when not in use.

C. Any records matched and any records created by the match will be processed under the immediate supervision and control of authorized personnel in a manner in which will protect the confidentiality of the records, and in such a way that unauthorized persons cannot retrieve any such records by means of a computer, remote terminal or other means.

D. All personnel who will have access to the tax returns and tax return information and to any records created by the tax return information will be advised annually of the confidential nature of the information, the safeguards required to protect the information and the civil and criminal sanctions for noncompliance contained in MCL 205.28 (2) and MCL 205.27(4) and will sign confidentiality certifications.

E. All confidential information, electronic and paper, will be secured from unauthorized access and with access limited to designated personnel only. Michigan tax return information will not be commingled with other information. All Michigan tax returns and return information will be marked as follows: **CONFIDENTIAL - DO NOT DISCLOSE - MICHIGAN TREASURY TAX RETURN INFORMATION**

F. Treasury, Office of Privacy and Security or Program Manager may make onsite inspections or make other provisions to ensure that adequate safeguards are being maintained by the Contractor.

G. The Treasury Office of Privacy and Security may monitor compliance of systems security requirements during the lifetime of the Contract or any extension.

H. Contractor will also adopt policies and procedures to ensure that information contained in their respective records and obtained from Treasury and taxpayers will be used solely as stipulated in the Contract.

IV. Computer System Security of Tax Data

The identification of confidential tax records and defining security controls are intended to protect Michigan tax return information from unlawful disclosure, modification, destruction of information and unauthorized secondary uses.

Computer system security and physical security of tax data stored and processed by Contractor must be in compliance with the following security guidelines and standards established by Treasury. These guidelines apply to any computer system developed by Contractor, either through its own systems staff, or through a contractor, subcontractor or vendor):

A. Controlled Access Protection

All computer systems processing, storing and transmitting Michigan tax information must have computer access protection controls These security standards are delineated in the National Institute of Standards and Technology (NIST) Special Publications number 800-53 “Recommended Security Controls for the Federal Information Systems” at http://csrc.nist.gov/publications/PubsSPs.html. To meet these standards, the operating security features of the system must have the following minimum requirements: a security policy, accountability, assurance, and documentation.

1) **Security Policy** – A security policy is a written document describing the system in terms of categories of data processed, users allowed access and access rules

between the users and the data. Additionally, it describes procedures to prevent unauthorized access by clearing all protected information on objects before they are allocated or reallocated out of or into the system. Further protection must be provided where the computer system contains information for more than one program/project, office, or Agency and that personnel do not have authorization to see all information on the system.

2) **Accountability** – Computer systems processing Michigan tax information must be secured from unauthorized access. All security features must be available (audit trails, identification and authentication) and activated to prevent unauthorized users from indiscriminately accessing Michigan tax information. Everyone who accesses computer systems containing Michigan tax information is accountable. Access controls must be maintained to ensure that unauthorized access does not go undetected. Computer programmers and contractors who have a need to access databases, and are authorized under the law, must be held accountable for the work performed on the system. The use of passwords and access control measures must be in place to identify who accessed protected information and limit that access to persons with a need to know.

a) On-line Access –Users will be limited to any Treasury on-line functions, by limiting access through functional processing controls and organization restrictions.

Any employee granted access privileges through the Contractor's Security Administrator will be approved for access and viewing rights to Treasury's on-line systems by the Department of Treasury, Office of Privacy and Security.

b) Operating Features of System Security

Contractor must meet the following levels of protection with respect to Michigan tax return information. Individual user accountability must be ensured through user identification number and password.

i. Access rights to confidential tax information must be secured through appropriate levels of authorization.

ii. An audit trail must be maintained of accesses made to confidential information.

iii. All confidential and protected information must be cleared from a system before it is used for other purposes not related to the enforcement, collection or exchange of data not covered by this section or by an addendum to this Contract.

iv. Hard copies made of confidential tax return information must be labeled as confidential information.

v. Confidential Treasury tax information will be blocked or coded as confidential on system.

vi. Any computer system in which Michigan tax return information resides must systematically notify all users upon log-in of the following disclosure penalties for improperly accessing or making an authorized disclosure of Michigan tax return information:

NOTICE TO EMPLOYEES AND AUTHORIZED REPRESENTATIVES

This system contains Michigan Department of Treasury tax return information. **DO NOT DISCLOSE OR DISCUSS MICHIGAN RELATED TAX RETURN INFORMATION** with unauthorized individuals. The Revenue Act at MCL 205.28(1)(f) prohibits such disclosure.

MICHIGAN PENALTIES

A person making a willful unauthorized disclosure or inspection (browsing) of tax return information may be charged with the following Michigan penalties:

- Criminal penalties up to $5,000 and/or imprisonment for 5 years, plus costs and dismissal from employment if it is found that a current or former employee or authorized representative has made an unauthorized disclosure of a tax return or tax return information or divulged audit selection or processing parameters. [MCL 205.28(2)]

- A misdemeanor, punishable by a fine of not more than $1,000.00, or imprisonment for not more than 1 year, or both if the person is not in violation pursuant to MCL 205.27(2), but who knowingly violates any other provision of this act, or of any statute administered under this act.

This statement is subject to modification. A confidentiality statement, subject to modification, will be sent as needed by the Security Administrator to all employees, contractors, and legal representatives of Contractor.

3) **Assurance** – Contractor must ensure that all access controls and other security features are implemented and are working when installed on their computer system. Significant enhancements or other changes to their security system must follow the process of review, independent testing, and installation assurance. The security system must be tested at least annually to assure it is functioning correctly. All anomalies must be corrected immediately.

a) The Contractor must initiate corrective action for all non-conformities as soon as detected and immediately advise the Program Manager. Notice of the corrective action must be provided to the Program Manager. All non-conformities must be reported to the Program Manager with the following:

a. Duration of non-conformity/interruption

b. Reason for non-conformity/interruption
c. Resolution

b) All non-conformities to the specifications/tasks of the Contract must be corrected within four (4) hours. The State recognizes there will be instances when adherence to this time frame will not be possible. However, the State will only tolerate this on an exception basis. To request an exception to this time frame, the Contractor must submit a detailed project plan to address the non-conformity within four (4) hours to the Program Manager

4) **Documentation** – Design and test documentation must be readily available to the State. The developer or manufacturer should initially explain the security mechanisms, how they are implemented and their adequacy (limitations). This information should be passed on to the security officer or supervisor. Test documentation should describe how and what mechanisms were tested and the results. If recognized organizations/tests/standards are used, then a document to that effect will suffice. For example, a system that has been tested and certified as meeting certain criteria may have a document stating this fact, without detailed tests/results of information. Contractor, however, must ensure the documentation covers the exact system and that it includes the specific computer system used by Contractor.

Additionally, documentation must include a security administrator's guide. The security administrator's guide is addressed to the System's Administrator and Security Officer (as defined below) and will describe the protection mechanisms provided by the security system, guidelines on their use and how they interact. This document will present cautions about security functions and describe privileges that should be controlled when running a secure system. The document will be secured and locked at all times with access rights only by the Systems Administrator and Security Officer.

Note: When a security system is designed or purchased for a specific computer or computer system, the security mechanisms must be reviewed by the State to ensure that needed security parameters are met. An independent test should be implemented on the specific computer or computer system to ensure that the security system meets the security parameters within this contract and developed with the computer system. The test may be arranged by the developer but must be done by an independent organization. Contractor must assign responsible individuals (Security Officers) with knowledge of information technology and applications to oversee the testing process. These individuals must be familiar with technical controls used to protect the system from unauthorized entry.

Finally, contingency and backup plans must be in place to ensure protection of Michigan tax information.

V. Electronic Transmission of Michigan Tax Information

The two acceptable methods of transmitting Michigan tax information over telecommunications devices are encryption and using guided media. Encryption involves altering data objects in a way that the objects become unreadable until deciphered with the appropriate software at the intended destination. Guided media involves transmission of data over twisted pair cable, coaxial cable or end to end fiber optics which are typically used in secure computer networks like the state's Local Area Network (LAN), telephone systems, and television distribution.

Cryptography standards have been adopted by the IRS and can be used to provide guidance for encryption, message authentication codes or digital signatures and digital signatures with or without an associated certification infrastructure. For further information, see IRS Publication 1075 at the IRS web site.

Unencrypted cable circuits of fiber optics are an acceptable alternative for transmitting Michigan tax information. Adequate measures must be taken to ensure that circuits are maintained on cable and not converted to unencrypted radio or microwave transmission. Additional precautions should be taken to protect the cable, i.e., burying the cable underground or in walls or floors and providing access controls to cable vaults, rooms and switching centers.

A. **Remote Access**
Accessing databases containing Michigan tax information from a remote location – that is, a location not directly connected to the Local Area Network (LAN) will require adequate safeguards to prevent unauthorized entry.

For remote access, the contractor is required to use an identification security card that requires both PIN and card in possession. The State identified and approved methods for remote vendor access are as follows:

- SecureID through VPN – State provided SecureID taken and VPN software in order to access State of Michigan resources. Appropriate Acceptable Use policies and signoffs are required
- Follow-the Sun SecureID – Vendor is provided with VPN software and a SOM technical resource coordinates with the DTMB Client Service Center to provide secure ID code access to specific State of Michigan resources. Appropriate Acceptable Use Policies and signoffs are required.

B. **Portable Computer Devices**
Any entrusted confidential information collected or accessed during this Contract must be encrypted when stored on all storage devices and media. This includes, but not limited to, disk drives for servers and workstations, and portable memory media (PDAs, RAM drives, memory sticks, etc.).

VI. Record Keeping Requirements for Information Received

Each Contractor, requesting and receiving information will keep an accurate accounting of the information received. The audit trail will be required which will include the following information:

a. Taxpayer's name
b. Identification number
c. Information requested
d. Purpose of disclosure request
e. Date information received
f. Name of Division and employee making request
g. Name of other employees who may have had access
h. Date destroyed
i. Method of destruction

The Contractor will adopt and implement formal procedures to:

- Ensure proper handling of tax returns and tax return information;
- Secure and safeguard information from unauthorized use; and
- Ensure appropriate destruction of information and materials retrieved from Treasury.

A. **Electronic Media**
Contractor will keep an inventory of magnetic and electronic media received under the Contract.

Contractor must ensure that the removal of tapes and disks and paper documents containing Michigan tax return information from any storage area is properly recorded on charge-out records. Contractor is accountable for missing tapes, disks, and paper documents.

B. ***Recordkeeping Requirements of Disclosure Made to State Auditors***

When disclosures are made by Contractor to State Auditors, these requirements pertain only in instances where the Auditor General's staff extracts Michigan tax returns or tax information for further review and inclusion in their work papers. Contractor must identify the hard copies of tax records or if the Michigan tax information is provided by magnetic tape format or through other electronic means, the identification will contain the approximate number of taxpayer's records, the date of inspection, the best possible description of the records and the name of the Auditor(s) making the inspection.

The Treasury Disclosure Officer must be notified, in writing, of any audits done by auditors, internal or otherwise, of Contractor that would involve review of Treasury processing parameters.

VII. Contract Services

To the extent the Contractor employs an independent agency, consultant, or agent to process confidential information which includes Michigan tax return information; the

Contractor will notify the Treasury Disclosure Officer before the execution of any such agreement. Each agreement will include in the agreement the following recommended safeguard provisions:

A. The identification of confidential tax records and defining security controls are intended to protect Treasury tax return information from unlawful disclosure, modification, destruction of information and unauthorized secondary uses.

B. Definition of Treasury Tax Return Information as defined in Revenue Administrative Bulletin (RAB) 1989-39:

> Taxpayer's identity, address, the source or amount of his/her income, payments, receipts, deductions, exemptions, credits, assets, liabilities, net worth, tax liability, tax withheld, deficiencies, over assessments, or tax payments whether the taxpayer's return was, is being or will be examined or subject to their investigation or processing, or any other data, received by, recorded by, prepared by, furnished to or collected by the agency with respect to a return or with respect to the determination of the existence, or liability (or the amount thereof) of any person under the tax laws administered by the Department, or related statutes of the state for any tax, penalty, interest, fine, forfeiture, or other imposition or offense. The term "tax return information" also includes any and all account numbers assigned for identification purposes.

C. An acknowledgment that a taxpayer has filed a return is known as a "fact of filing" and may not be disclosed. All tax return data made available in any format will be used only for the purpose of carrying out the provisions of the Contract between Contractor and the sub-contractor. Information contained in such material will be treated as confidential and will not be divulged or made known in any manner to any person except as may be necessary in the performance of the Contract between Contractor and the subcontractor. In addition, all related output will be given the same level of protection as required for the source material.

D. The subcontractor will certify that the data processed during the performance of the Contract between Contractor and the subcontractor will be completely purged from all data storage components of the subcontractor's computer facility, and no output will be retained by the subcontractor at the time the work is completed.

E. Destruction of tax data, including any spoilage or any intermediate hard copy printout which may result during the processing of Michigan tax return information, will be documented with a statement containing the date of destruction, description of material destroyed, and the method used. Destruction parameters must meet the standards in Section IX, Disposal of Tax Information, of this agreement.

F. Computer system security and physical security of tax data stored and processed by the subcontractor must be in compliance with security guidelines and standards established by the Contract. See Section VI (Record Keeping Requirements for Information Received in Paper Format) for more details.

G. The Contractor will be responsible for maintaining a list of employees authorized to

access Michigan tax return information and will provide a copy of such list to Treasury.

H. No work involving information furnished under the Contract will be subcontracted without the specific approval of Treasury. Contractor and approved subcontractors handling Michigan tax return information will be required to sign the *Vendor, Contractor or Subcontractor Confidentiality Agreement* provided by Treasury, (Form 3337) attached to this RFP as Attachment A. The original agreements will be returned to the Disclosure Officer for the Department of Treasury and a copy sent to the Program Manager.

VIII. Transport of Tax Information

In the event, it is necessary to transport confidential Michigan tax return information the Contractor is responsible for holding the carrier responsible for safeguarding the records. The Contractor must obtain a signed Form 3337 for each carrier employee who has access to Michigan tax return information. The original agreements will be returned to the Department of Treasury, Disclosure Officer and a copy sent to the Program Manager.

If it is necessary to transfer records and responsibility for transport to a third carrier due to a mishap during transportation, the Contractor is responsible for ensuring safeguard standards remain enforce. This type of incident will be documented in accordance with the incident reporting guidelines in procedure PT-03253, “Incident Reporting and Handling”.

Any such incidents must be reported to the Contract Administrator immediately.

IX. Disposal of Tax Information

Materials furnished to Contractor, such as tax returns, remittance vouchers, W-2 reports, correspondence, computer printouts, carbon paper, notes, memorandums and work papers will be destroyed by burning, mulching, pulverizing or shredding. If shredded, destroy paper using cross cut shredders which produce particles that are 1 mm x 5mm (0.04in x 0.2 in.) in size (or smaller).

Data tracks should be overwritten or reformatted a minimum of three times or running a magnetic strip over entire area of disk at least three (3) times to remove or destroy data on the disk media–Electronic data residing on any computer systems must be purged based on Treasury’s retention schedule.

Contractor and its subcontractor(s) will retain all confidential Michigan tax information received by Treasury only for the period of time required for any processing relating to the official duties and then will destroy the records. Any confidential Michigan tax information that must be kept in order to meet evidentiary requirements must be kept in a secured, locked area and properly labeled as confidential return information. See Procedure for Security, Section III (Procedure for Security) for more details.

X. Security Responsibility

Contractor will designate a security person who will ensure that each individual having access to confidential tax information or to any system which processes Michigan tax return information is appropriately screened, trained and has executed a Form 3337 before gaining access or transaction rights to any process and computer system containing Treasury tax return information.

Each Contractor or their subcontractor(s) employees' access and transaction rights will be reviewed periodically to ensure that there is a need to know Michigan tax return information displayed in any media.

Michigan tax return information will be made available only to individuals authorized by the Contract. Contractor will maintain a list of persons authorized to request and receive information and will update the list as necessary. A copy of the list must be furnished to the Michigan Department of Treasury Disclosure Officer and Program Manager.

XI. Security Breach Notification

The Contractor is required to report to Treasury, on Form 4000, Incident Reporting (Attachment B) any use or disclosure of confidential information, whether suspected or actual, **immediately** after becoming aware of the misuse or disclosure. The Contractor may substitute its internal form for Form 4000 if all pertinent information is included.

The Contractor agrees to immediately contain the breach if it is determined ongoing.

Treasury has the right to terminate the Contract when a breach has occurred, and the Contractor cannot demonstrate proper safeguards were in place to avert a breach. Treasury must approve Contractor's resolution to the breach.

XIII. Certification of Compliance

The Contractor will fully protect State Tax Information (STI) entrusted to them. Each Contractor or subcontractor who will have access to STI must read and sign a confidentiality agreement. This contract requires that all information obtained from the Michigan Department of Treasury under the Revenue Act, PA 122 of 1941, MCL 205.28 (1)(f) be kept confidential. In the event of a security breach involving STI in the possession of the Contractor, the Contractor agrees to provide full cooperation to conduct a thorough security review. The review will validate compliance with the Contract, and state laws and regulations.

If, as a result of the Contractor's failure to protect STI, the State is challenged by a governmental authority or third party as to its compliance with State, Federal and local statutes, regulations, ordinances or instructions; the Contractor will be liable for the State's cost associated with the noncompliance.

The Contractor understands the State's cost reflect violation fines identified by the Michigan Social Security Number Privacy Act, MCL 445.81 *et seq.* and the Michigan Identity Theft Protection Act, MCL 445.61 *et seq.*

XI. Effective Date

These Safeguard requirements will be reviewed whenever the Contract modifications include specifications or processes that affect Michigan tax information

STATE OF MICHIGAN
ENTERPRISE PROCUREMENT

Department of Technology, Management, and Budget

525 W. ALLEGAN ST., LANSING, MICHIGAN 48913
P.O. BOX 30026 LANSING, MICHIGAN 48909

CONTRACT CHANGE NOTICE

Change Notice Number **5**
to
Contract Number **MA220000000125**

CONTRACTOR	
	Guidehouse Inc.
	2941 Fairview Park Drive
	Falls Church VA 22042
	Jeffrey S. Bankowski
	734-644-0595
	jbankowski@guidehouse.com
	CV0017579

STATE			
	Program Manager	Various	DTMB
	Contract Administrator	Susan Watt-Smith	DTMB
		5172300535	
		wattsmiths@michigan.gov	

CONTRACT SUMMARY			
SW Financial Auditing and Accounting Prequal Program			
INITIAL EFFECTIVE DATE	**INITIAL EXPIRATION DATE**	**INITIAL AVAILABLE OPTIONS**	**EXPIRATION DATE BEFORE**
November 1, 2021	October 31, 2024	3 - 12 Months	October 31, 2024
PAYMENT TERMS		**DELIVERY TIMEFRAME**	
Net 45		N/A	
ALTERNATE PAYMENT OPTIONS		**EXTENDED PURCHASING**	
☐ P-Card ☐ Direct Voucher (PRC) ☐ Other		☒ Yes ☐ No	
MINIMUM DELIVERY REQUIREMENTS			
N/A			

DESCRIPTION OF CHANGE NOTICE				
OPTION	**LENGTH OF OPTION**	**EXTENSION**	**LENGTH OF EXTENSION**	**REVISED EXP. DATE**
☐		☐		
CURRENT VALUE	**VALUE OF CHANGE NOTICE**	**ESTIMATED AGGREGATE CONTRACT VALUE**		
$16,910,976.80	$502,500.00	$17,413,476.80		

DESCRIPTION

Effective June 5, 2024, this contract is hereby increased by $502,500.00 for use by DTMB Financial Services for the attached Schedule A - Statement of Work, Economic Development Incentive Evaluation - Phase 3.

All other terms, conditions, specifications, and pricing remain the same. Per contractor and agency agreement, DTMB Central Procurement approval, and State Administrative Board approval on June 4, 2024.

Program Managers

for

Multi-Agency and Statewide Contracts

AGENCY	NAME	PHONE	EMAIL
DTMB	Diana McFadden	517-241-9104	McFaddenD@michigan.gov
DTMB	Michael Gilliland	517-335-1557	GillilandM@michigan.gov

SCHEDULE A – STATEMENT OF WORK PROJECT ACTIVITIES

Economic Development Incentive Evaluation – Phase 3

BACKGROUND

The Economic Development Incentive Evaluation Act, MCL 18.1751 et seq. (the "Act"), requires periodic evaluation of certain economic development incentives in connection to the Michigan Strategic Fund ("MSF"). This requirement includes the Michigan State Trade Expansion Program ("MI-STEP". Through Michigan's State Trade Expansion Program (MI-STEP), the International Trade team offers financial assistance to eligible Michigan small businesses for exporting activities, enabling access to global markets and buyers, while increasing the dollar value of Michigan exports.

The MEDC International Trade Program has a new allocation of State Trade Expansion Program (STEP) funds available for eligible small business concerns. On September 2, 2023, the U.S. Small Business Administration (SBA) awarded Michigan $900,000 in MI-STEP funds for FY24. With additional state match funding, total funds available are $1.2 million.

Then program has three primary objectives:

- Increase the number of Michigan small businesses that export;
- Increase the dollar value of Michigan exports; and
- Increase the number of Michigan small businesses exploring significant new trade opportunities.

SCOPE

Contractor to conduct evaluations of the above economic development program in accordance with the Act and outlined in the general requirements below.

Requirements

1.1. General Requirements

A. Evaluations must include, to the extent relevant, all of the following:
   1. A description of the history of the economic development incentive and its goals.
   2. A literature review of the effectiveness of this type of incentive, including an inventory of similar incentives in other states.
   3. An estimate of the economic and fiscal impact of the economic development incentive. This estimate shall take into account all of the following considerations in addition to other relevant factors:
      a. The extent to which the economic development incentive influences business behavior.

   b. The results of the economic development incentive for the economy of this state as a whole. This consideration includes both positive direct and indirect impacts and any negative effects on other businesses located in this state.
   c. A comparison to the results of other economic development incentives or other economic development strategies with similar goals.
   d. An evaluation of the loss of potential gains from other alternatives or programs enacted by the legislature or existing economic development incentives that have been extended.
4. An assessment of whether adequate protections are in place to ensure that the fiscal impact of the economic development incentive does not increase substantially beyond the state's means or expectations in future years.
5. An assessment of whether the economic development incentive is being administered effectively, including a review of auditor general reports.
6. An assessment of whether the economic development incentive is achieving its goals.
7. Recommendations for how this state can most effectively achieve the economic development incentive's goals, including recommendations on whether the economic development incentive should be retained, reconfigured, or repealed.
8. Recommendations for any changes to state policy, rules, or statutes that would allow the economic development incentive to be more easily or conclusively evaluated in the future. These recommendations may include changes to collection, reporting and sharing of data, and revisions or clarifications to the goal of the economic development incentive.
9. Any other information the contractor considers necessary to assess the effectiveness of the economic development incentive and whether it is achieving its goals.

B. Contractor must produce a Final Evaluation Report of each program evaluation. The report must include all the requirements listed in A above.

2. Service Requirements

2.1. Timeframes

All project activities must be delivered within 165 calendar days from issuance of purchase order/delivery order.

2.2. Delivery

Delivery of the Final Evaluation Report will be expected no later than November 1, 2024. Delivery will be made via email to the State Program Manager.

3. Acceptance

3.1. Final Acceptance

Final Acceptance will be met when the Contractor has successfully delivered the Final Evaluation Report to the State Program Manager.

4. Staffing

4.1. Contract Administrator

The Contractor Administrator for each party is the only person authorized to modify any terms of this project and approve and execute any change under this engagement (each a "Contract Administrator").

State:	Contractor:
Lacey Wilke 320 W. Walnut Street Lansing, MI 48933 **WilkeL@michigan.gov** 517-282-8057	**Jeff Bankowski** 1001 Woodward Ave, Suite 500 Detroit, MI 48226 jbankowski@guidehouse.com 734-644-0595

4.2. Program Manager

The Contractor must appoint an individual specifically assigned to State of Michigan accounts, who will respond to State inquiries regarding the project activities, answer questions related to ordering and delivery, etc. The Program Manager for each party will monitor and coordinate the day-to-day activities of the project (each a "Program Manager"):

The Contractor must notify the Contract Administrator at least 30 calendar days before removing or assigning a new Program Manager.

State:	Contractor:
Mike Gilliland 320 S. Walnut Street Lansing, MI 48933 GillilandM@michigan.gov 517-335-1557	**Anna Zinkel Walters** 1001 Woodward Ave, Suite 500 Detroit, MI 48226 awalters@guidehouse.com 313-802-0579

4.3. Customer Service Toll-Free Number

The Contractor Program Manager must be available for calls during the hours of 8:00 am to 5:00 pm EST.

4.4. Work Hours

The Contractor must provide Contract Activities during the State's normal working hours Monday – Friday, 8:00 a.m. to 5:00 p.m. EST and possible night and weekend hours depending on the requirements of the project.

4.5. Key Personnel

The Contractor must appoint individuals who will be directly responsible for the day-to-day operations of the Contract ("Key Personnel"). Key Personnel must be specifically assigned to the State account, be knowledgeable on the contractual requirements, and respond to State inquiries within 24 hours.

The State has the right to recommend and approve in writing the initial assignment, as well as any proposed reassignment or replacement, of any Key Personnel. Before assigning an individual to any Key Personnel position, Contractor will notify the State of the proposed assignment, introduce the individual to the State's Program Manager, and provide the State with a resume and any other information about the individual reasonably requested by the State. The State reserves the right to interview the individual before granting written approval. In the event the State finds a proposed individual unacceptable, the State will provide a written explanation including reasonable detail outlining the reasons for the rejection. The State may require a 30-calendar day training period for replacement personnel.

Contractor will not remove any Key Personnel from their assigned roles relating this project without the prior written consent of the State. The Contractor's removal of Key Personnel without the prior written consent of the State is an unauthorized removal ("Unauthorized Removal"). An Unauthorized Removal does not include replacing Key Personnel for reasons beyond the reasonable control of Contractor, including illness, disability, leave of absence, personal emergency circumstances, resignation, or for cause termination of the Key Personnel's employment. Any Unauthorized Removal may be considered by the State to be a material breach of the Contract, in respect of which the State may elect to terminate the Contract for cause pursuant to the **Termination for Cause** section of the Standard Contract Terms agreed to in the vendor's master agreement. It is further acknowledged that an Unauthorized Removal will interfere with the timely and proper completion of this project, to the loss and damage of the State, and that it would be impracticable and extremely difficult to fix the actual damage sustained by the State as a result of any Unauthorized Removal. Therefore, Contractor and the State agree that in the case of any Unauthorized Removal in respect of which the State does not elect to exercise its rights pursuant to the Termination for Cause, Contractor will issue to the State the corresponding credits set forth below (each, an "Unauthorized Removal Credit"):

i. For the Unauthorized Removal of any Key Personnel designated in the applicable Statement of Work, the credit amount will be $25,000.00 per individual if Contractor identifies a replacement approved by the State and assigns the replacement to shadow the Key Personnel who is leaving for a period of at least 30-calendar days before the Key Personnel's removal.

ii. If Contractor fails to assign a replacement to shadow the removed Key Personnel for at least 30-calendar days, in addition to the $25,000.00 credit specified above, Contractor will credit the State $833.33 per calendar day for each day of the 30-calendar day shadow period that the replacement Key Personnel does not shadow the removed Key Personnel, up to $25,000.00 maximum per individual. The total Unauthorized Removal Credits that may be assessed per Unauthorized Removal and failure to provide 30-calendar days of shadowing will not exceed $50,000.00 per individual.

Contractor acknowledges and agrees that each of the Unauthorized Removal Credits assessed above: (i) is a reasonable estimate of and compensation for the anticipated or actual harm to the State that may arise from the Unauthorized Removal, which would be

impossible or very difficult to accurately estimate; and (ii) may, at the State's option, be credited or set off against any fees or other charges payable to Contractor under the Contract.

A. The Contractor must identify all Key Personnel that will be assigned to this project in the table below which includes the following:

1. Name and title of staff that will be designated as Key Personnel.
2. Key Personnel years of experience in the current classification.
3. Identify which of the required key personnel positions they are fulfilling.
4. Key Personnel's roles and responsibilities, as they relate to this RFP, if the Contractor is successful in being awarded the Contract. Descriptions of roles should be functional and not just by title.
5. Identify if each Key Personnel is a direct, subcontract, or contract employee.
6. Identify if each Key Personnel staff member is employed full-time (FT), part-time (PT) or temporary (T), including consultants used for the purpose of providing information for the proposal.
7. List each Key Personnel staff member's length of employment or affiliation with the Contractor's organization.
8. Identify each Key Personnel's percentage of work time devoted to this project.
9. Identify where each Key Personnel staff member will be physically located (city and state) during the Contract performance.

1. Name	2. Years of Experience in Current Classification	3. Role(s) / Responsibilities	4. Direct / Subcontract / Contract	5. % of Work Time	6. Physical Location
Jeff Bankowski	5 Years	Engagement Partner	Direct	> 5%	Ann Arbor, MI
Shaun Fernando	6 Years	Strategy Director	Direct	> 5%	Los Angeles, CA
Christiana Gurgick	1 Year	Engagement Director	Direct	25%	Washington, DC
Meghann Perez	1 Year	Engagement Manager	Direct	100%	Los Angeles, CA
Anna Walters	2 Years	Contract Administrator/ Relationship Manager	Direct	> 5%	Ann Arbor, MI
Anna Lam	1 Year	Senior Consultant	Direct	100%	Denver, CO
Senior Consultant (TBD)	TBD	Senior Consultant	Direct	100%	TBD

4.6. Security

Contractor must present certifications evidencing satisfactory Michigan State Police background checks for all staff identified for assignment to this project. Contractor will pay for all costs associated with ensuring their staff meets all requirements.

The State in its sole discretion may also perform additional background checks. Pursuant to Michigan law, all agencies subject to IRS Pub. 1075 are required to ask the Michigan State Police to perform fingerprint background checks on all employees, including Contractor and subcontractor employees, who may have access to any database of information maintained by the federal government that contains confidential or personal information, including, but not limited to, federal tax information ("FTI"). The Michigan Department if Technology, Management and Budget is subject to IRS Publication 1075. Contractors who may access FTI as part of provisioning the services of this solicitation will be required to agree and to comply with the National Crime Information Center ("NCIC") background check requirement. The State will pay the costs for the NCIC required background checks. Further, pursuant to Michigan law, any agency described above is prohibited from providing Contractors or subcontractors with the result of such NCIC background check. For more information, please see the Public Employee Fingerprint-Based Criminal History Check Act, MCL 15.651 *et. seq.*

4.7 Access to Tax Information

The Contractor must comply with the requirements of IRS Publication 1075 (including Exhibit 7 Safeguarding Contract Language) and Michigan Department of Treasury Safeguard Requirements of Confidential Tax Data, Attachment A.

5. Project Management

5.1. Project Plan

The Contractor will carry out this project under the direction and control of the State's Program Manager. Within 10 calendar days of the issuance of the purchase order/delivery order, the Contractor must submit a final project plan to the State's Program Manager for approval. The final project plan must include: (a) the Contractor's organizational chart with names and title of personnel assigned to the project, which must align with the staffing stated in accepted proposals; and (b) the project breakdown showing sub-projects, tasks, milestones, timeline, and resources required.

5.2. Meetings

The Contractor must attend monthly status meetings. Meetings will be scheduled by the State's Program Manager.

The State may request other meetings, as it deems appropriate.

5.3. Reporting

The Contractor must provide a Final Evaluation Report.

The State may request additional reports, as it deems appropriate.

6. Pricing

6.1. Price Term

Pricing is firm for the entire length of the project.

6.2. Price Changes

Adjustments will be based on changes in actual Contractor costs. Any request must be supported by written evidence documenting the change in costs. The State may consider sources, such as the Consumer Price Index; Producer Price Index; other pricing indices as needed; economic and industry data; manufacturer or supplier letters noting the increase in pricing; and any other data the State deems relevant.

Following the presentation of supporting documentation, both parties will have 30 days to review the information and prepare a written response. If the review reveals no need for modifications, pricing will remain unchanged unless mutually agreed to by the parties. If the review reveals that changes are needed, both parties will negotiate such changes, for no longer than 30 days, unless extended by mutual agreement.

The Contractor remains responsible for project Activities at the current price for all purchase order/delivery orders received.

7. Ordering

7.1. Authorizing Document

The appropriate authorizing document for the Contract will be a purchase order or delivery order.

8. Invoice and Payment

8.1. Invoice Requirements

All invoices submitted to the State must include: (a) date; (b) purchase order; (c) quantity; (d) description of the Contract Activities; (e) unit price; (f) shipping cost (if any); (g) vendor-generated invoice number and (h) total price. Overtime, holiday pay, and travel expenses will not be paid.

8.2. Payment Methods

The State will make payment for Contract Activities by Electronic Funds Transfer (EFT).

9. Liquidated Damages

Late or improper completion of the Contract Activities will cause loss and damage to the State and it would be impracticable and extremely difficult to fix the actual damage sustained by the State. Therefore, if there is late or improper completion of the Contract Activities the State is entitled to collect liquidated damages in the amount of $5,000 and an additional $100 per day for each day Contractor fails to remedy the late or improper completion of the Work.

SCHEDULE B - PRICING

Economic Development Incentive Evaluation – Phase 3

The Fixed Firm Price for the services for Phase 3 of the Economic Development Incentive Evaluation is **$502,500**. This price proposal includes all costs.

Guidehouse's Fixed Firm Price does not contain any other direct costs (including travel expenses). Guidehouse acknowledged that overtime, holiday pay, and travel expenses will not be paid.

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Title	% Allocation to Project	Hourly Rate/Person	Total Price
Partner (2)	<5%	$395	$5,836
Director (1)	25%	$310	$36,206
Contract Administrator (1)	<5%	$310	$16,824
Managing Consultant (1)	100%	$250	$143,015
Senior Consultant (2)	100%	$225	$300,619
		Total Budget	**$502,500**
		Total Budget if prompt pay discount is applied (3%)	**$487,425**

ATTACHMENT A – SAFEGUARD REQUIREMENTS OF CONFIDENTIAL TAX DATA

This section sets forth the safeguard requirements for the handling, storage, and processing of confidential tax information for a Contractor and their subcontractor(s) and is incorporated as an integral part of the Contract. It will facilitate administration and enforcement of the laws of the State of Michigan in a manner consistent with the applicable statutes, regulations, published rules and procedures or written communication.

I. Authority

Authority for the Michigan Department of Treasury ("Treasury") to require that this section be included in the Contract is contained in Section 28 of the Revenue Division of the Department of Treasury Act, as amended (the "Revenue Act"), MCL 205.28(1)(f), which subjects current or former contractors to the same restrictions and penalties imposed upon department employees regarding the treatment of confidential information. A private contractor or its employees are strictly prohibited from disclosing taxpayer information to a third party. The prohibition against disclosure does not bar an employee of a private contractor with whom the State of Michigan (State) contracts that processes tax returns or payments pursuant to the Contract from having access to confidential information that is reasonably required for the processing or collection of amounts due this State. Private contractors and any subcontractors will follow Treasury guidelines for Authorized representatives.

II. Confidentiality

It is agreed that all information exchanged under this section will be kept confidential in accordance with the confidentiality provisions contained in the Revenue Act, MCL 205.28(1)(f)-which states in part;

> "Except as otherwise provided in this subdivision, an employee, authorized representative, or former employee or authorized representative of the department or anyone connected with the department will not divulge any facts or information obtained in connection with the administration of a tax or information or parameters that would enable a person to ascertain the audit selection or processing criteria of the department for a tax administered by the department."

Confidential information obtained under this contract will not be disclosed except as required by state law, or in the proper administration of applicable laws, promulgated rules and procedures. In the event, confidentiality statutes are amended, Treasury will notify Contractor of any changes. No employee, agent, authorized representative or legal representative of Contractor will disclose any information obtained by virtue of this section to any other division within their company or any other governmental agency, department or unit within such governmental agency whether local, state, federal or foreign, department or unit within such governmental agency, or any unauthorized third party. No tax returns or tax return information accessed by Contractor will be duplicated

or disseminated within or outside the company without the written approval of Treasury. Tax returns and tax return information remain the property of Treasury.

Contractor may use a taxpayer's name, address and Social Security number or employer identification number to the extent necessary in connection with the processing and mailing of forms for any report or return required in the administration of any tax in the performance of the Contract. The use of the Social Security number must be in accordance with the state Social Security Number Privacy Act 454 of 2004, as amended.

Confidential information obtained under this Contract will not be disclosed in part of a report or document that is subject to FOIA.

The penalties for violating the confidentiality provisions of the Revenue Act are contained in, MCL 205.28(2) and MCL 205.27(4). MCL 205.28(2) states:

> "A person who violates subsection (1)(e), (1)(f), (4) or (5) is guilty of a felony, punishable by a fine of not more than $5,000.00, or imprisonment for not more than 5 years, or both, together with the costs of prosecution. In addition, if the offense is committed by an employee of this state, the person will be dismissed from office or discharged from employment upon conviction."

MCL 205.27(4) states:

> A person who is not in violation pursuant to subsection (2), but who knowingly violates any other provision of this act, or of any statute administered under this act, is guilty of a misdemeanor, punishable by a fine of not more than $1,000.00, or imprisonment for not more than 1 year, or both.

Information received by Treasury from the U.S. Internal Revenue Service, pursuant to section 6103(d) of the Internal Revenue Code or any other federal agency will not be subject to the exchange.

III. Procedure for Security

Contractor will safeguard any tax return information obtained under the Contract as follows:

A. Access to the tax returns and tax return information will be allowed only to those authorized employees and officials of Contractor who need the information to perform their official duties in connection with the uses of the information authorized in this Contract.

B. Any records created from tax returns and tax return information will be stored in an area that is physically safe from access by unauthorized persons during duty hours and locked in a secure area during non-duty hours, or when not in use.

C. Any records matched and any records created by the match will be processed under the immediate supervision and control of authorized personnel in a manner in which will protect the confidentiality of the records, and in such a way that unauthorized persons cannot retrieve any such records by means of a computer, remote terminal or other means.

D. All personnel who will have access to the tax returns and tax return information and to any records created by the tax return information will be advised annually of the confidential nature of the information, the safeguards required to protect the information and the civil and criminal sanctions for noncompliance contained in MCL 205.28 (2) and MCL 205.27(4) and will sign confidentiality certifications.

E. All confidential information, electronic and paper, will be secured from unauthorized access and with access limited to designated personnel only. Michigan tax return information will not be commingled with other information. All Michigan tax returns and return information will be marked as follows: **CONFIDENTIAL - DO NOT DISCLOSE - MICHIGAN TREASURY TAX RETURN INFORMATION**

F. Treasury, Office of Privacy and Security or Program Manager may make onsite inspections or make other provisions to ensure that adequate safeguards are being maintained by the Contractor.

G. The Treasury Office of Privacy and Security may monitor compliance of systems security requirements during the lifetime of the Contract or any extension.

H. Contractor will also adopt policies and procedures to ensure that information contained in their respective records and obtained from Treasury and taxpayers will be used solely as stipulated in the Contract.

IV. Computer System Security of Tax Data

The identification of confidential tax records and defining security controls are intended to protect Michigan tax return information from unlawful disclosure, modification, destruction of information and unauthorized secondary uses.

Computer system security and physical security of tax data stored and processed by Contractor must be in compliance with the following security guidelines and standards established by Treasury. These guidelines apply to any computer system developed by Contractor, either through its own systems staff, or through a contractor, subcontractor or vendor):

A. Controlled Access Protection

All computer systems processing, storing and transmitting Michigan tax information must have computer access protection controls These security standards are delineated in the National Institute of Standards and Technology (NIST) Special Publications number 800-53 “Recommended Security Controls for the Federal Information Systems” at http://csrc.nist.gov/publications/PubsSPs.html. To meet these standards, the operating security features of the system must have the following minimum requirements: a security policy, accountability, assurance, and documentation.

1) **Security Policy** – A security policy is a written document describing the system in terms of categories of data processed, users allowed access and access rules

between the users and the data. Additionally, it describes procedures to prevent unauthorized access by clearing all protected information on objects before they are allocated or reallocated out of or into the system. Further protection must be provided where the computer system contains information for more than one program/project, office, or Agency and that personnel do not have authorization to see all information on the system.

2) **Accountability** – Computer systems processing Michigan tax information must be secured from unauthorized access. All security features must be available (audit trails, identification and authentication) and activated to prevent unauthorized users from indiscriminately accessing Michigan tax information. Everyone who accesses computer systems containing Michigan tax information is accountable. Access controls must be maintained to ensure that unauthorized access does not go undetected. Computer programmers and contractors who have a need to access databases, and are authorized under the law, must be held accountable for the work performed on the system. The use of passwords and access control measures must be in place to identify who accessed protected information and limit that access to persons with a need to know.

a) On-line Access –Users will be limited to any Treasury on-line functions, by limiting access through functional processing controls and organization restrictions.

Any employee granted access privileges through the Contractor's Security Administrator will be approved for access and viewing rights to Treasury's on-line systems by the Department of Treasury, Office of Privacy and Security.

b) Operating Features of System Security

Contractor must meet the following levels of protection with respect to Michigan tax return information. Individual user accountability must be ensured through user identification number and password.

i. Access rights to confidential tax information must be secured through appropriate levels of authorization.

ii. An audit trail must be maintained of accesses made to confidential information.

iii. All confidential and protected information must be cleared from a system before it is used for other purposes not related to the enforcement, collection or exchange of data not covered by this section or by an addendum to this Contract.

iv. Hard copies made of confidential tax return information must be labeled as confidential information.

v. Confidential Treasury tax information will be blocked or coded as confidential on system.

vi. Any computer system in which Michigan tax return information resides must systematically notify all users upon log-in of the following disclosure penalties for improperly accessing or making an authorized disclosure of Michigan tax return information:

NOTICE TO EMPLOYEES AND AUTHORIZED REPRESENTATIVES

This system contains Michigan Department of Treasury tax return information. **DO NOT DISCLOSE OR DISCUSS MICHIGAN RELATED TAX RETURN INFORMATION** with unauthorized individuals. The Revenue Act at MCL 205.28(1)(f) prohibits such disclosure.

MICHIGAN PENALTIES

A person making a willful unauthorized disclosure or inspection (browsing) of tax return information may be charged with the following Michigan penalties:

- Criminal penalties up to $5,000 and/or imprisonment for 5 years, plus costs and dismissal from employment if it is found that a current or former employee or authorized representative has made an unauthorized disclosure of a tax return or tax return information or divulged audit selection or processing parameters. [MCL 205.28(2)]

- A misdemeanor, punishable by a fine of not more than $1,000.00, or imprisonment for not more than 1 year, or both if the person is not in violation pursuant to MCL 205.27(2), but who knowingly violates any other provision of this act, or of any statute administered under this act.

This statement is subject to modification. A confidentiality statement, subject to modification, will be sent as needed by the Security Administrator to all employees, contractors, and legal representatives of Contractor.

3) **Assurance** – Contractor must ensure that all access controls and other security features are implemented and are working when installed on their computer system. Significant enhancements or other changes to their security system must follow the process of review, independent testing, and installation assurance. The security system must be tested at least annually to assure it is functioning correctly. All anomalies must be corrected immediately.

a) The Contractor must initiate corrective action for all non-conformities as soon as detected and immediately advise the Program Manager. Notice of the corrective action must be provided to the Program Manager. All non-conformities must be reported to the Program Manager with the following:

a. Duration of non-conformity/interruption

b. Reason for non-conformity/interruption
c. Resolution

b) All non-conformities to the specifications/tasks of the Contract must be corrected within four (4) hours. The State recognizes there will be instances when adherence to this time frame will not be possible. However, the State will only tolerate this on an exception basis. To request an exception to this time frame, the Contractor must submit a detailed project plan to address the non-conformity within four (4) hours to the Program Manager

4) **Documentation** – Design and test documentation must be readily available to the State. The developer or manufacturer should initially explain the security mechanisms, how they are implemented and their adequacy (limitations). This information should be passed on to the security officer or supervisor. Test documentation should describe how and what mechanisms were tested and the results. If recognized organizations/tests/standards are used, then a document to that effect will suffice. For example, a system that has been tested and certified as meeting certain criteria may have a document stating this fact, without detailed tests/results of information. Contractor, however, must ensure the documentation covers the exact system and that it includes the specific computer system used by Contractor.

Additionally, documentation must include a security administrator's guide. The security administrator's guide is addressed to the System's Administrator and Security Officer (as defined below) and will describe the protection mechanisms provided by the security system, guidelines on their use and how they interact. This document will present cautions about security functions and describe privileges that should be controlled when running a secure system. The document will be secured and locked at all times with access rights only by the Systems Administrator and Security Officer.

Note: When a security system is designed or purchased for a specific computer or computer system, the security mechanisms must be reviewed by the State to ensure that needed security parameters are met. An independent test should be implemented on the specific computer or computer system to ensure that the security system meets the security parameters within this contract and developed with the computer system. The test may be arranged by the developer but must be done by an independent organization. Contractor must assign responsible individuals (Security Officers) with knowledge of information technology and applications to oversee the testing process. These individuals must be familiar with technical controls used to protect the system from unauthorized entry.

Finally, contingency and backup plans must be in place to ensure protection of Michigan tax information.

V. Electronic Transmission of Michigan Tax Information

The two acceptable methods of transmitting Michigan tax information over telecommunications devices are encryption and using guided media. Encryption involves altering data objects in a way that the objects become unreadable until deciphered with the appropriate software at the intended destination. Guided media involves transmission of data over twisted pair cable, coaxial cable or end to end fiber optics which are typically used in secure computer networks like the state's Local Area Network (LAN), telephone systems, and television distribution.

Cryptography standards have been adopted by the IRS and can be used to provide guidance for encryption, message authentication codes or digital signatures and digital signatures with or without an associated certification infrastructure. For further information, see IRS Publication 1075 at the IRS web site.

Unencrypted cable circuits of fiber optics are an acceptable alternative for transmitting Michigan tax information. Adequate measures must be taken to ensure that circuits are maintained on cable and not converted to unencrypted radio or microwave transmission. Additional precautions should be taken to protect the cable, i.e., burying the cable underground or in walls or floors and providing access controls to cable vaults, rooms and switching centers.

A. **Remote Access**
Accessing databases containing Michigan tax information from a remote location – that is, a location not directly connected to the Local Area Network (LAN) will require adequate safeguards to prevent unauthorized entry.

For remote access, the contractor is required to use an identification security card that requires both PIN and card in possession. The State identified and approved methods for remote vendor access are as follows:

- SecureID through VPN – State provided SecureID taken and VPN software in order to access State of Michigan resources. Appropriate Acceptable Use policies and signoffs are required
- Follow-the Sun SecureID – Vendor is provided with VPN software and a SOM technical resource coordinates with the DTMB Client Service Center to provide secure ID code access to specific State of Michigan resources. Appropriate Acceptable Use Policies and signoffs are required.

B. **Portable Computer Devices**
Any entrusted confidential information collected or accessed during this Contract must be encrypted when stored on all storage devices and media. This includes, but not limited to, disk drives for servers and workstations, and portable memory media (PDAs, RAM drives, memory sticks, etc.).

VI. Record Keeping Requirements for Information Received

Each Contractor, requesting and receiving information will keep an accurate accounting of the information received. The audit trail will be required which will include the following information:

a. Taxpayer's name
b. Identification number
c. Information requested
d. Purpose of disclosure request
e. Date information received
f. Name of Division and employee making request
g. Name of other employees who may have had access
h. Date destroyed
i. Method of destruction

The Contractor will adopt and implement formal procedures to:

- Ensure proper handling of tax returns and tax return information;
- Secure and safeguard information from unauthorized use; and
- Ensure appropriate destruction of information and materials retrieved from Treasury.

A. **Electronic Media**
Contractor will keep an inventory of magnetic and electronic media received under the Contract.

Contractor must ensure that the removal of tapes and disks and paper documents containing Michigan tax return information from any storage area is properly recorded on charge-out records. Contractor is accountable for missing tapes, disks, and paper documents.

B. ***Recordkeeping Requirements of Disclosure Made to State Auditors***

When disclosures are made by Contractor to State Auditors, these requirements pertain only in instances where the Auditor General's staff extracts Michigan tax returns or tax information for further review and inclusion in their work papers. Contractor must identify the hard copies of tax records or if the Michigan tax information is provided by magnetic tape format or through other electronic means, the identification will contain the approximate number of taxpayer's records, the date of inspection, the best possible description of the records and the name of the Auditor(s) making the inspection.

The Treasury Disclosure Officer must be notified, in writing, of any audits done by auditors, internal or otherwise, of Contractor that would involve review of Treasury processing parameters.

VII. Contract Services

To the extent the Contractor employs an independent agency, consultant, or agent to process confidential information which includes Michigan tax return information; the

Contractor will notify the Treasury Disclosure Officer before the execution of any such agreement. Each agreement will include in the agreement the following recommended safeguard provisions:

A. The identification of confidential tax records and defining security controls are intended to protect Treasury tax return information from unlawful disclosure, modification, destruction of information and unauthorized secondary uses.

B. Definition of Treasury Tax Return Information as defined in Revenue Administrative Bulletin (RAB) 1989-39:

> Taxpayer's identity, address, the source or amount of his/her income, payments, receipts, deductions, exemptions, credits, assets, liabilities, net worth, tax liability, tax withheld, deficiencies, over assessments, or tax payments whether the taxpayer's return was, is being or will be examined or subject to their investigation or processing, or any other data, received by, recorded by, prepared by, furnished to or collected by the agency with respect to a return or with respect to the determination of the existence, or liability (or the amount thereof) of any person under the tax laws administered by the Department, or related statutes of the state for any tax, penalty, interest, fine, forfeiture, or other imposition or offense. The term "tax return information" also includes any and all account numbers assigned for identification purposes.

C. An acknowledgment that a taxpayer has filed a return is known as a "fact of filing" and may not be disclosed. All tax return data made available in any format will be used only for the purpose of carrying out the provisions of the Contract between Contractor and the sub-contractor. Information contained in such material will be treated as confidential and will not be divulged or made known in any manner to any person except as may be necessary in the performance of the Contract between Contractor and the subcontractor. In addition, all related output will be given the same level of protection as required for the source material.

D. The subcontractor will certify that the data processed during the performance of the Contract between Contractor and the subcontractor will be completely purged from all data storage components of the subcontractor's computer facility, and no output will be retained by the subcontractor at the time the work is completed.

E. Destruction of tax data, including any spoilage or any intermediate hard copy printout which may result during the processing of Michigan tax return information, will be documented with a statement containing the date of destruction, description of material destroyed, and the method used. Destruction parameters must meet the standards in Section IX, Disposal of Tax Information, of this agreement.

F. Computer system security and physical security of tax data stored and processed by the subcontractor must be in compliance with security guidelines and standards established by the Contract. See Section VI (Record Keeping Requirements for Information Received in Paper Format) for more details.

G. The Contractor will be responsible for maintaining a list of employees authorized to

access Michigan tax return information and will provide a copy of such list to Treasury.

H. No work involving information furnished under the Contract will be subcontracted without the specific approval of Treasury. Contractor and approved subcontractors handling Michigan tax return information will be required to sign the *Vendor, Contractor or Subcontractor Confidentiality Agreement* provided by Treasury, (Form 3337) attached to this RFP as Attachment A. The original agreements will be returned to the Disclosure Officer for the Department of Treasury and a copy sent to the Program Manager.

VIII. Transport of Tax Information

In the event, it is necessary to transport confidential Michigan tax return information the Contractor is responsible for holding the carrier responsible for safeguarding the records. The Contractor must obtain a signed Form 3337 for each carrier employee who has access to Michigan tax return information. The original agreements will be returned to the Department of Treasury, Disclosure Officer and a copy sent to the Program Manager.

If it is necessary to transfer records and responsibility for transport to a third carrier due to a mishap during transportation, the Contractor is responsible for ensuring safeguard standards remain enforce. This type of incident will be documented in accordance with the incident reporting guidelines in procedure PT-03253, “Incident Reporting and Handling”.

Any such incidents must be reported to the Contract Administrator immediately.

IX. Disposal of Tax Information

Materials furnished to Contractor, such as tax returns, remittance vouchers, W-2 reports, correspondence, computer printouts, carbon paper, notes, memorandums and work papers will be destroyed by burning, mulching, pulverizing or shredding. If shredded, destroy paper using cross cut shredders which produce particles that are 1 mm x 5mm (0.04in x 0.2 in.) in size (or smaller).

Data tracks should be overwritten or reformatted a minimum of three times or running a magnetic strip over entire area of disk at least three (3) times to remove or destroy data on the disk media–Electronic data residing on any computer systems must be purged based on Treasury’s retention schedule.

Contractor and its subcontractor(s) will retain all confidential Michigan tax information received by Treasury only for the period of time required for any processing relating to the official duties and then will destroy the records. Any confidential Michigan tax information that must be kept in order to meet evidentiary requirements must be kept in a secured, locked area and properly labeled as confidential return information. See Procedure for Security, Section III (Procedure for Security) for more details.

X. Security Responsibility

Contractor will designate a security person who will ensure that each individual having access to confidential tax information or to any system which processes Michigan tax return information is appropriately screened, trained and has executed a Form 3337 before gaining access or transaction rights to any process and computer system containing Treasury tax return information.

Each Contractor or their subcontractor(s) employees' access and transaction rights will be reviewed periodically to ensure that there is a need to know Michigan tax return information displayed in any media.

Michigan tax return information will be made available only to individuals authorized by the Contract. Contractor will maintain a list of persons authorized to request and receive information and will update the list as necessary. A copy of the list must be furnished to the Michigan Department of Treasury Disclosure Officer and Program Manager.

XI. Security Breach Notification

The Contractor is required to report to Treasury, on Form 4000, Incident Reporting (Attachment B) any use or disclosure of confidential information, whether suspected or actual, **immediately** after becoming aware of the misuse or disclosure. The Contractor may substitute its internal form for Form 4000 if all pertinent information is included.

The Contractor agrees to immediately contain the breach if it is determined ongoing.

Treasury has the right to terminate the Contract when a breach has occurred, and the Contractor cannot demonstrate proper safeguards were in place to avert a breach. Treasury must approve Contractor's resolution to the breach.

XIII. Certification of Compliance

The Contractor will fully protect State Tax Information (STI) entrusted to them. Each Contractor or subcontractor who will have access to STI must read and sign a confidentiality agreement. This contract requires that all information obtained from the Michigan Department of Treasury under the Revenue Act, PA 122 of 1941, MCL 205.28 (1)(f) be kept confidential. In the event of a security breach involving STI in the possession of the Contractor, the Contractor agrees to provide full cooperation to conduct a thorough security review. The review will validate compliance with the Contract, and state laws and regulations.

If, as a result of the Contractor's failure to protect STI, the State is challenged by a governmental authority or third party as to its compliance with State, Federal and local statutes, regulations, ordinances or instructions; the Contractor will be liable for the State's cost associated with the noncompliance.

The Contractor understands the State's cost reflect violation fines identified by the Michigan Social Security Number Privacy Act, MCL 445.81 *et seq.* and the Michigan Identity Theft Protection Act, MCL 445.61 *et seq.*

XI. Effective Date

These Safeguard requirements will be reviewed whenever the Contract modifications include specifications or processes that affect Michigan tax information

STATE OF MICHIGAN
CENTRAL PROCUREMENT SERVICES
Department of Technology, Management, and Budget
320 S. WALNUT ST., LANSING, MICHIGAN 48933
P.O. BOX 30026 LANSING, MICHIGAN 48909

CONTRACT CHANGE NOTICE

Change Notice Number **4**

to

Contract Number **220000000125**

CONTRACTOR	
	Guidehouse Inc.
	2941 Fairview Park Drive
	Falls Church, VA 22042
	Jeffrey S. Bankowski
	734-644-0595
	jbankowski@guidehouse.com
	CV0017579

STATE			
	Program Manager	Various	SW
	Contract Administrator	Susan Watt-Smith	DTMB
		517-230-0535	
		wattsmiths@michigan.gov	

CONTRACT SUMMARY			
SW FINANCIAL AUDITING AND ACCOUNTING PREQUAL PROGRAM			
INITIAL EFFECTIVE DATE	**INITIAL EXPIRATION DATE**	**INITIAL AVAILABLE OPTIONS**	**EXPIRATION DATE BEFORE**
November 1, 2021	October 31, 2024	3 - 1 Year	October 31, 2024
PAYMENT TERMS		**DELIVERY TIMEFRAME**	
NET 45		N/A	
ALTERNATE PAYMENT OPTIONS			**EXTENDED PURCHASING**
☐ P-Card	☐ PRC	☐ Other	☒ Yes ☐ No
MINIMUM DELIVERY REQUIREMENTS			
N/A			

DESCRIPTION OF CHANGE NOTICE				
OPTION	**LENGTH OF OPTION**	**EXTENSION**	**LENGTH OF EXTENSION**	**REVISED EXP. DATE**
☐		☐		October 31, 2024
CURRENT VALUE	**VALUE OF CHANGE NOTICE**		**ESTIMATED AGGREGATE CONTRACT VALUE**	
$15,965,026.80	$945,950.00		$16,910,976.80	

DESCRIPTION

Effective September 15, 2023, this contract is hereby increased by $945,950.00 for use by DTMB Financial Services as follows:

1). $100,000.00 is added to expand the scope of ERM Consulting Services from Change Notice 3 per attached Schedule A – Statement of Work;

2). $845,950.00 is added to close out the Economic Development Incentive Programs added in Change Notice 2.

All other terms, conditions, specifications, and pricing remain the same. Per contractor and agency agreement, DTMB Central Procurement approval, and State Administrative Board approval on September 14, 2023.

Program Managers
for
Multi-Agency and Statewide Contracts

AGENCY	NAME	PHONE	EMAIL
DTMB	Diana McFadden	517-241-9104	McFaddenD@michigan.gov
DTMB	Michael Gilliland	517-335-1557	GillilandM@michigan.gov

SCHEDULE A – STATEMENT OF WORK CONTRACT ACTIVITIES

Guidehouse Contract No.220000000125, CN 4
Enterprise Risk Management Consulting Services

1.0 Proposed Scope Change

To enhance the State's ability to create a comprehensive Statewide Risk Profile, the State has requested to expand the existing scope of Enterprise Risk Management Consulting Services (ERM) project to include three additional state departments to be identified after November 2023 as well as additional workstream support around its enterprise State rollout. The additional workstream support generally relates assessment and proposed methods for integrating department risk profile information into existing budget and performance management systems. Ultimately, this will allow the State to develop a more detailed risk profile with stronger inputs and leverage in decision-making processes around strategy, resourcing (budget) and performance management

Contractor proposes that they can accomplish this additional work for the fixed firm price of $100,000 that will cover the additional interviews and analyses necessary to accomplish the expanded project goals. The original approach to this work is included below, along with an updated timeline and pricing model for the State's reference.

2.0 Original Scope of Work: ERM Strategy & Advisory

For this additional proposal, Contractor is planning to leverage similar methodology to the existing engagement. This work will largely consist of conducting interviews, workshops, and additional on-site and virtual sessions with each of the additional in scope Departments as well as enterprise support tasks as directed by the Chief Internal Auditor and Chairperson of the State Risk Committee.

A. Additional COSO ERM Framework Expertise and Advice

Contractor's approach to ERM is grounded in the COSO ERM Framework and with that the State of Michigan will have consistent access to Contractor's expertise and experience, including prevailing practices, lessons learned, and emerging trends.

B. *ERM Maturity Assessment*

One of the tools the Contractor uses to help organizations determine an optimal application of the COSO ERM principles is the development and application of the ERM maturity model, sometimes also known as an attribute or capability model. As appropriate, the Contractor will work with key stakeholders, such as the ERM workgroup and Statewide Risk Committee, to develop a model that reflects the State of Michigan's expectations for their ERM journey.

The Contractor will introduce this model to the State of Michigan as a baseline maturity model for consideration, and then work with the ERM workgroup to customize the levels of maturity and characteristics within each ERM dimension, as appropriate. Based on direction from OIAS, the Contractor can then work with identified Department leaders to conduct an assessment of the Department's current ERM maturity level, as well as a forecasted target maturity level for each dimension by a certain time. The Contractor will

then develop a set of recommendations, based on characteristics at the desired maturity level, as well as a timeline to inform department efforts towards advancing these ERM capabilities.

C. *Review and Revision*

Output from an ERM maturity assessment can also inform the application of COSO principles within the Review and Revision Component. An organization's strategy and approach to achieving its strategic objectives should not be stagnant and must be revisited on a regular basis to account for changes in the internal and external environment. Depending on the organization and pace of change, this may need to be completed on a more frequent basis. Based on direction from OIAS, the Contractor will work with the State of Michigan to conduct workshops with key stakeholders, such as the members of the Statewide Risk Council and ERM workgroup, to identify and define changes that are occurring within the State and changes occurring external to the State. Identified and defined changes will be considered within the context of the State of Michigan's strategic objectives and business context to determine if there are aspects of the overall strategy and approach that may need to be re-visited to account for risks associated with the identified changes. The Contractor may conduct information gathering to further understand the specific risks and work with stakeholders to determine how to adjust the strategic approach to address those risks that necessitate a response.

In addition to assessing changes that could impact the State of Michigan's ability to achieve its strategic objectives, the performance of the State should also be observed and analyzed for deviations from expected performance. By reviewing performance, the State of Michigan should consider questions from the COSO ERM Framework as shown in ***Figure 1***.

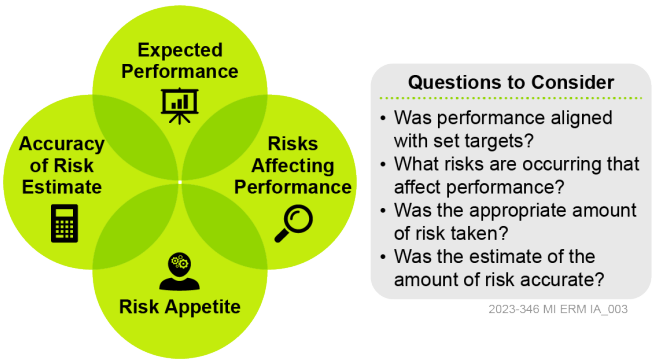


***Figure 1*. Reviewing Risk and Performance**

Questions should start with assessing how the State of Michigan performed – was performance below or above expectations? Interestingly, performance above expectations can also serve as an indicator of risk, depending on the underlying causes of the performance result. It is important for the State of Michigan to consider how closely performance aligns with expectations and the risks associated with performance being affected. Those risks could point to underlying challenges in the organization that may not have been previously identified during performance target-setting. The State of Michigan should consider the risks that may have affected performance and whether enough risk was taken to achieve strategic objectives. So often organizations set risk appetite and then aim to remain below accepted levels of risk; not taking enough risk can be just as harmful as taking too much risk. Lastly, it is important to consider whether risks were assessed

accurately. Underlying assumptions and business context should be challenged, and new information gathered as needed to help refine the risk assessment.

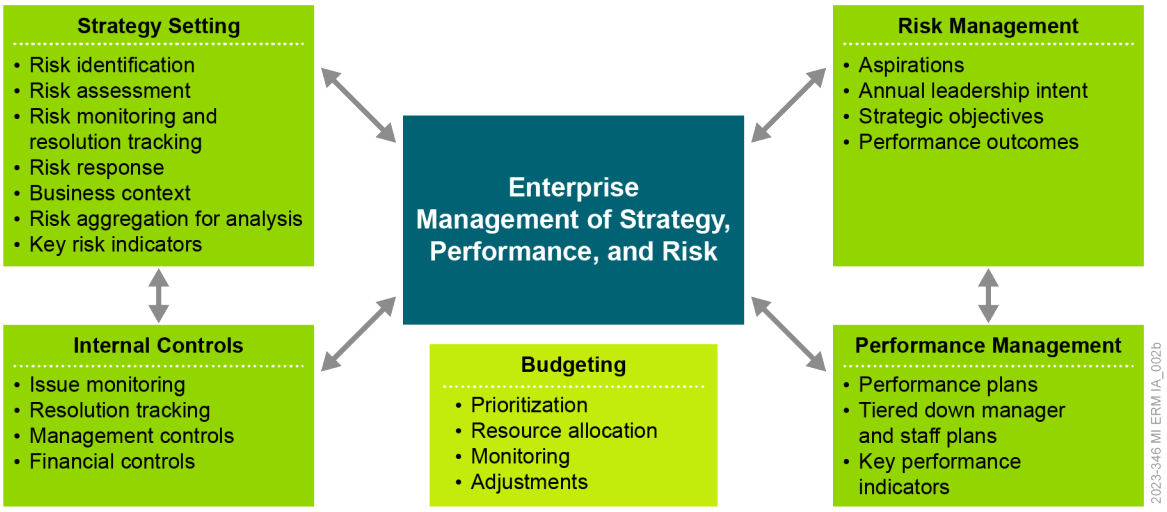


Figure 2. **The Intersection of Strategy, Performance, Risk, and Budget**

There are always opportunities for assessing, refining, and improving ERM capabilities at all levels of an organization. Management should use information gathered throughout the Review and Revision Component to highlight areas in which ERM capabilities may be enhanced to better serve the organization in the future. Considerations for enhancements include new technology, increased or more targeted communications, fine-tuning the ERM approach to monitoring performance, adjusting risk appetite, or other adjustments in response to changing conditions (e.g., rate of change).

As we have done with many of our multi-year public sector ERM engagements, The Contractor can assist the State of Michigan in Review and Revision by working closely with stakeholders to determine the needs of the organization, often based on a Maturity Model capability assessment, and accordingly gather data and information to help facilitate conversations and decision-making to achieve the desired outcomes.

D. Reporting – ERM Consulting Services and Subject Matter Expertise

The Contractor consistently provides high-quality, detailed, explanatory reports at the conclusion of projects and engagements to ensure clients not only have output from work completed but also the rationale and approach taken to arrive at conclusions or results. A typical risk assessment report will include the following sections and information, based on COSO principles 10-13, and an example report is included in this proposal.

i) **Executive Summary** – Provides the bottom-line-up-front – key observations, risk statements, and recommendations to maximize executives' time and jump-start conversations regarding next steps

ii) **Background and Approach** – Describes the purpose and scope of the project, assumptions, aspects that may have been out of scope
iii) **Identify Risk** – Includes documentation reviewed, approach to gathering stakeholder input, including number of stakeholders interviewed, and scope of stakeholders in aggregated format to protect anonymity

In addition, the Contractor will work with the State of Michigan to use the results from risk assessments to develop a portfolio view of risk as described in COSO principle 14. The Contractor will also be sure to include templates and guidance for populating templates to enable Departments to repeat the steps taken to complete both risk assessments and effectively developing their own portfolio views of risk.

SCHEDULE B – PRICING

Guidehouse Contract No.220000000125, CN 4
Enterprise Risk Management Consulting Services

Pricing Proposal

The total fixed price for this scope increase is $100,000. The Contractor's price proposal assumes a 5-month period of performance. This project is a fixed price to complete all work and deliverables and includes all travel costs. The Contractor intends to be present onsite during key activities through this engagement.

The Contractor will invoice based on the deliverables/performance measures below:

Total Additional Hours: 315

Employee Name	Employee Role	Hourly Rate	Total Additional Cost
Bobbi-Jo Pankaj	Director	$315	$21,715
Anna Zinkel Walters	OCM SME	$267	$6,693
Facilitation SME	Facilitation Support	$238	$17,898
ERM SME	SME	$238	$53,694
		Total ERM Facilitation Amount:	**$100,000**

STATE OF MICHIGAN
CENTRAL PROCUREMENT SERVICES
Department of Technology, Management, and Budget
320 S. WALNUT ST., LANSING, MICHIGAN 48933
P.O. BOX 30026 LANSING, MICHIGAN 48909

CONTRACT CHANGE NOTICE

Change Notice Number **3**

to

Contract Number **220000000125**

CONTRACTOR	
	Guidehouse Inc.
	2941 Fairview Park Drive
	Falls Church, VA 22042
	Jeffrey S. Bankowski
	734-644-0595
	jbankowski@guidehouse.com
	CV0017579

STATE			
	Program Manager	Various	SW
	Contract Administrator	Susan Watt-Smith	DTMB
		517-230-0535	
		wattsmiths@michigan.gov	

CONTRACT SUMMARY			
SW FINANCIAL AUDITING AND ACCOUNTING PREQUAL PROGRAM			
INITIAL EFFECTIVE DATE	**INITIAL EXPIRATION DATE**	**INITIAL AVAILABLE OPTIONS**	**EXPIRATION DATE BEFORE**
November 1, 2021	October 31, 2024	3 - 1 Year	October 31, 2024
PAYMENT TERMS		**DELIVERY TIMEFRAME**	
NET 45		N/A	
ALTERNATE PAYMENT OPTIONS			**EXTENDED PURCHASING**
☐ P-Card	☐ PRC	☐ Other	☒ Yes ☐ No
MINIMUM DELIVERY REQUIREMENTS			
N/A			

DESCRIPTION OF CHANGE NOTICE				
OPTION	**LENGTH OF OPTION**	**EXTENSION**	**LENGTH OF EXTENSION**	**REVISED EXP. DATE**
☐		☐		October 31, 2024
CURRENT VALUE	**VALUE OF CHANGE NOTICE**		**ESTIMATED AGGREGATE CONTRACT VALUE**	
$15,721,593.80	$243,433.00		$15,965,026.80	

DESCRIPTION

Effective June 16, 2023, the attached Schedule A - Statement of Work and Schedule B - Pricing are hereby added to the contract.

All other terms, conditions, specifications and pricing remain the same. Per contractor and agency agreement, and DTMB Central Procurement approval.

Program Managers
for
Multi-Agency and Statewide Contracts

AGENCY	NAME	PHONE	EMAIL
DTMB	Diana McFadden	517-241-9104	McFaddenD@michigan.gov
DTMB	Michael Gilliland	517-335-1557	GillilandM@michigan.gov

STATE OF MICHIGAN
PROCUREMENT
Michigan.gov/MiProcurement

SCHEDULE A – STATEMENT OF WORK
CONTRACT NO. 220000000125 - CN 3

Enterprise Risk Management and Select Internal Audit Engagements

BACKGROUND

The SOM executive branch has a Statewide Risk Committee (SRC) that provides oversight and support of statewide risk management practices.

The Office of Internal Audit Services (OIAS) provides risk advisory/internal audit services to all executive branch principal departments.

OIAS is also a key member of the SRC and provides advice and administrative support to the SRC.

Services under Change Notice # 3 will be coordinated and under the direction of OIAS, in conjunction with the Chairman of the SRC for ERM related services.

SCOPE

1.) ***Enterprise risk management (ERM) expertise***, as prescribed in the 2017 Enterprise Risk Management Integration with Strategy and Performance publication by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) organization. The SRC goals for FY2023 includes enhancements to state risk management practices and oversight of select risks within a Statewide risk profile. To support these goals, the SRC has established an ERM workgroup consisting of State department executives for select departments: Department of Technology, Management and Budget (DTMB); Department of Environment, Great Lakes and Energy (EGLE); Department of Health and Human Services (DHHS); and the State Budget Office (SBO). Other department executives may join this workgroup. The ERM workgroup will assess existing practices and available information to leverage in developing departmental risk profiles for strategy and core mission-related business objectives. Based on workgroup assessment results, a method will be developed for use by the select departments to develop their risk profile(s) and portfolio view. For each of these departments, facilitation services will be needed to work with departmental leadership teams to develop their risk profiles and portfolio view. The contractor will coordinate, provide project management, and facilitation services to aide in the completion of the workgroup and individual department risks profiles. As a concluding deliverable, the workgroup, with the assistance of the contractor, will develop uniform guidance for other State departments to leverage in future periods, so that over time all departments will maintain current risks profiles and a portfolio view.

The contractor and ERM workgroup will apply COSO ERM principles 10-14 in accomplishing this work.

The contractor may be asked to provide expertise and advice on other aspects of the COSO ERM framework as well (e.g., a maturity model to assess departments' practices for other COSO ERM principles, methods for implementing "review and revision" principles 15-17).

2.) ***Consulting service and subject matter expertise to support an internal audit consulting engagement associated with on medical revenue, billing and collection processes*** for long-term care facilities (Michigan Veterans Hospitals). The OIAS FY2023 engagement plan includes a consulting engagement for the Michigan Veteran Homes (MVH) housed within the Department of Military and Veterans Affairs (DMVA). The engagement objective is to assist in assessing and improving the design of the medical billing and collections processes for certain medical service including physicians and pharmacy services for its three veteran homes. These homes provide certain basic living services as well as certain medical services for veterans living at the homes. Currently, the medical revenue, billing and collection processes are inconsistently performed and there are certain deficiencies in the design and operation of the processes. The attached document (Attachment 6) further explains the engagement and approach.

1. Requirements

1.1. General Requirements

The scope of services will cover an estimated start date of May 22, 2023, through September 30, 2024. Much of the work for the ERM service, medical billing, and permit processes will be completed this summer through October 2023. Additional consulting services and subject matter expertise associated with the ERM project may occur after September 2023 until the end period of this contract in September 2024. Contractors time on these projects will not be full time for the entire duration of the contract. OIAS will work with the Contractor to determine scheduling that meets the needs for each of the designated projects and is workable for the contractor's team members.

In addition to firm and individual resource experience, Contractors should describe:

a) suggested methods, tools, and other factors/considerations for completing the project and facilitating ERM risk assessment sessions with department executives.

b) factors the state should consider for process mapping and evaluation and recommended enhancements of the medical revenue billing and collection processes.

c) Benchmark information that may be utilized in the internal audit consulting engagement associated with inland lakes and streams permit processes administered by the Michigan EGLE department. Contractor should describe other factors or other evaluative methods for conducting this engagement, that would help to evaluate existing or enhanced processes, including at a minimum: risk prioritization criteria and other methods to optimize timely application approval processes, standards for evaluating permit types and relevant variables or attributes that impact risks and effort to approve administratively complete permit applications, any other considerations to evaluate overall process performance efficiency and effectiveness.

1.2. Training

The Contractor must provide the following training:
Related to the ERM risk profile project, please describe any training that the contractor would recommend in advance of risk assessment facilitation sessions with the ERM workgroup and department executives, or throughout the duration of the ERM risk profile project. Contractor is also encouraged to describe any training or methodology used to assess an organizations capability maturity relative to the 20 principles outlined in the COSO ERM publication, and training on methods/approach for "review and revision" principles within the COSO ERM publication (for refreshing risk profiles).

All training, methods, and approaches used for these services will be under the general direction of the OIAS contract manager or designee.

1.3. Funding Requirements

There are no specific funding requirements associated with these projects. However, the scope of services that may be leveraged with this contract are dependent on a level of funding that is not yet certain. A base amount of funding will be available to commence the contract, but additional funding may be added as additional services/effort are identified during the contract period.

2. Service Requirements

2.1. Timeframes

The contract period is through September 2024. However, phases or completion of each of the three specific projects should commence within two-weeks of the contract approval, and completion of these projects by October 2023. The State may extend adjust the commencement or ending date of the initial phase projects, but the Contractor should expect these dates to be firm. Contractors time on these projects will not be full time for the entire duration of the contract. OIAS will work with the Contractor to determine scheduling that meets the needs for each of the designated projects and is workable for the contractor's team members.

3. Staffing

3.1. Contractor Representative

The Contractor must appoint an engagement partner, engagement(s) project managers, and subject matter experts that are recommended for each of the three services. Further delineation of subject matter experts should be noted using Senior Manager, Manager, Senior staff, or staff designations and the general percent of time each role will contributed for each project. The engagement partner is responsible for all aspects of the engagement services and quality of service.

The Contractor must notify the Contract Administrator at least 10 calendar days before removing or assigning a new Contractor Representative.

Jeff S. Bankowski, Partner
1001 Woodward Ave, Suite 500
Detroit, MI 48226
jbankowski@guidehouse.com
734-644-0595

3.2. Customer Service Toll-Free Number

The Contractor must specify its toll-free number for the State to contact the Contractor Representative. The Contractor Representative must be available for calls during the hours of 8:00 am to 5:00 pm EST.

Contractor's Program Director is Matt Davis and Contractor Representative, and the customer service number is 734-489-6230.

3.3. Technical Support, Repairs and Maintenance

The Contractor must specify its toll-free number for the State to contact the Contractor for technical support, repairs, and maintenance. The Contractor must be available for calls and service during the hours of 8:00 am to 5:00 pm EST.

Contractor's Program Director is Matt Davis and Contractor Representative, and the customer service number is 734-489-6230.

3.4. Work Hours

The Contractor must provide Contract Activities during the State's normal working hours Monday – Friday, 7:00 a.m. to 6:00 p.m. EST and possible night and weekend hours depending on the requirements of the project.

Contractor work will include both onsite and remote work environment through use of Microsoft Teams technology. The State and Contractor will agree to requirements of onsite and remote work for each of the designed project types.

3.5. Key Personnel

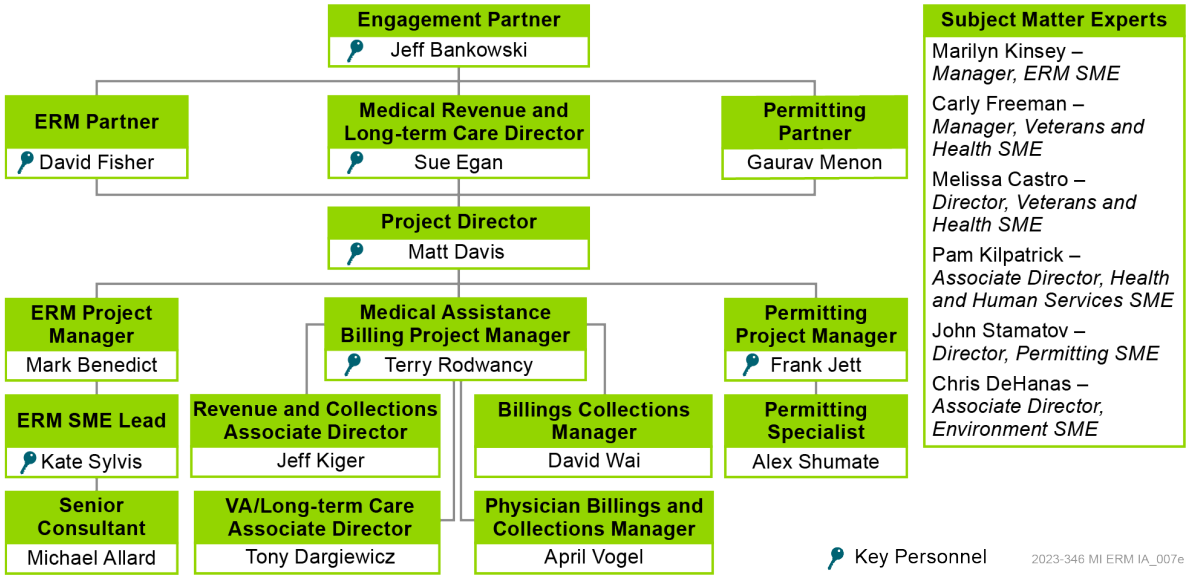
The Contractor must appoint all individuals who will be directly responsible for the day-to-day operations of Change Notice # 3.

1. Name	2. Years of Experience in Current Classification	3. Role(s) / Responsibilities	4. Direct / Subcontract/ Contract	5. % of Work Time	6. Physical Location
Jeff Bankowski, Partner	3 years in current classification; 25 years+ total experience	Engagement Partner / Strategy development lead, client relationship lead	Direct	<5%	Ann Arbor, MI
David Fisher, Partner	7 years in current classification; 25 years+ total experience	ERM Partner / Strategy development, ERM projects strategy lead and facilitator, ERM execution	Direct	≤10%	Rockville, MD
Kate Sylvis, Director	5 years in current classification; 20 years total experience	ERM SME Lead / Strategy development, ERM facilitator, ERM execution	Direct	≤10%	Tysons Corner, VA
Matt Davis, Director	1 year in current classification; 13 years total experience	Project Director / Engagement strategy lead, strategy development, strategy execution	Direct	≤5%	Grosse Pointe, MI
Sue Egan, Director	15 years in current classification; 20 years+ total experience	Medical Revenue and Long-term Care Director / Strategy development, medical projects strategy lead	Direct	≤5%	Charlotte, NC

1. Name	2. Years of Experience in Current Classification	3. Role(s) / Responsibilities	4. Direct / Subcontract/ Contract	5. % of Work Time	6. Physical Location
Terry Rodwancy, Associate Director	2 years in current classification, 25 years + total experience	Medical Assistance Billing Project Manage / Strategy development, medical projects strategy and execution lead	Direct	≤10%	Port Clinton, Ohio
Frank Jett, Manager	1 year in current classification; 13 years+ total experience	Permitting Project Manager / Strategy development, permitting projects strategy and execution lead	Direct	≤20%	Arlington, VA

3.3. Organizational Chart

The Contractor must provide an overall organizational chart that details staff members, by name and title, and subcontractors.



3.4. Disclosure of Subcontractors

Contractor will not utilize a subcontractor.

3.5. Security

The Contractor will be subject the following security procedures:

The Contractor must explain any additional security measures in place to ensure the security of State facilities. The State may require the Contractor's personnel to wear State issued identification badges.

The Contractor's staff will be required to enter State facilities. The Contractor must: (a) explain how it intends to ensure the security of State facilities, (b) whether it uses uniforms and ID badges, etc., (c) identify the company that will perform background checks, and (d) the scope of the background checks.

Contractor will ensure the security of State facilities in part by taking measures to ensure that our employees are not a risk to others. It is the policy of Guidehouse to

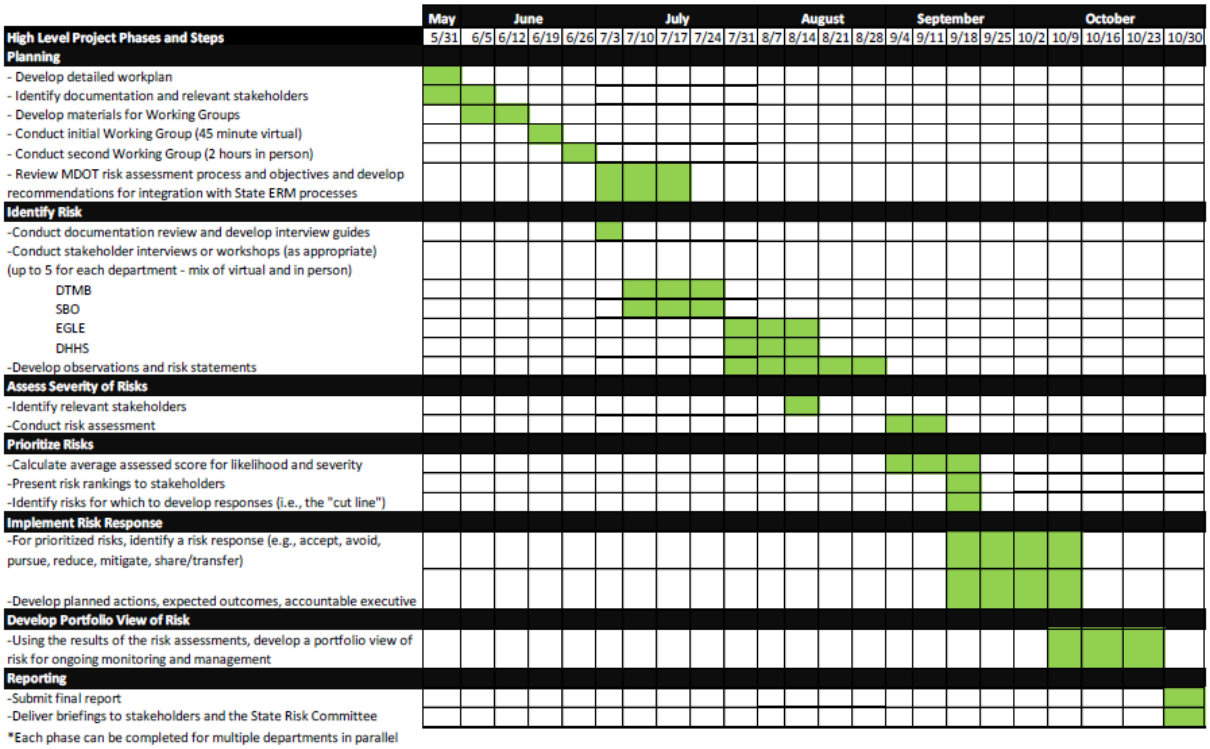
require pre-employment background checks on each new hire. The type of background checks required is determined by the Company considering the nature of the position. The background check generally will include a review of information concerning an individual's employment history, educational history, criminal history and, in some cases, credit history. Background checks are conducted by the Company or by a reputable third-party consumer reporting agency. Guidehouse employees do not routinely wear uniforms or ID badges, however we are amenable to taking reasonable measures prescribed by the State to identify our staff.

4. Project Management

4.1. Project Plan

A preliminary project plan is required only for the ERM risk profile project. The Contractor will carry out this project under the direction and control of the Program Manager. Within fifteen calendar days of the Effective Date, the Contractor must submit a final project plan to the Program Manager for approval. The plan must include: (a) the Contractor's organizational chart with names and title of personnel assigned to the project, which must align with the staffing stated in accepted proposals; and (b) the project breakdown showing sub-projects, tasks, timeline, and resources required.

ERM Risk Profile Project Plan
Guidehouse will work with the State of Michigan to refine specific steps in the project plan and will use the initial first week of the engagement to develop a detailed workplan, including the identification of relevant documentation and stakeholders. After this initial planning phase, Guidehouse will follow the steps as described in Section 13.1.1 in alignment with principles 10-14 of the COSO ERM Framework, as illustrated in **Figure 5**.



4.2. Meetings

The Contractor must attend the following meetings:

Kick-off meeting within 10 - calendar days of the delivery date of the Delivery Order Date.

The State may request other meetings, as it deems appropriate.

4.3. Reporting

The Contractor must submit, to the Program Manager, the following written reports:

a. **ERM Consultation and Expertise:** At the conclusion of the project, the Contractor will provide a report and supporting information. Supporting information should include, at a minimum, a description of the methodology, templates/forms, and other guidance the State can use to facilitate other departments' creation of and updates to risk profiles and portfolio views. The report and associated information should also describe the method and approach for updating risk profiles, incorporating the principles (principles 10-14 and 15-17) and considerations outlined in the COSO ERM framework associated with developing and updating risk profile information.

b. **Internal audit consulting engagement associated with on medical revenue, billing, and collection processes:** At the conclusion of the project, the Contractor will provide a written report and supporting information. The report and supporting information will document the methodology applied in enhancing the related processes, and information that can be used to maintain the processes, including guidance and key performance indicators. Any other information that will be useful for the State to administer the related processes is desired and would likely be incorporated into existing process documentation.

5. Pricing

5.1. Price Term

Pricing is firm for the entire length of the Contract.

5.2. Price Changes

Adjustments will be based on changes in actual Contractor costs. Any request must be supported by written evidence documenting the change in costs. The State may consider sources, such as the Consumer Price Index; Producer Price Index; other pricing indices as needed; economic and industry data; manufacturer or supplier letters noting the increase in pricing; and any other data the State deems relevant.

Following the presentation of supporting documentation, both parties will have 30 days to review the information and prepare a written response. If the review reveals no need for modifications, pricing will remain unchanged unless mutually agreed to by the parties. If the review reveals that changes are needed, both parties will negotiate such changes, for no longer than 30 days, unless extended by mutual agreement.

The Contractor remains responsible for Contract Activities at the current price for all orders received before the mutual execution of a Change Notice indicating the start date of the new Pricing Period.

6. Ordering

6.1. Authorizing Document

The appropriate authorizing document for the Contract will be a Delivery Order.

7. Invoice and Payment

7.1. Invoice Requirements

All invoices submitted to the State must include: (a) date; (b) delivery order; (c) quantity; (d) description of the Contract Activities; (e) unit price; (f) shipping cost (if any); (g) vendor-generated invoice number; and (h) total price. Overtime, holiday pay, and travel expenses will not be paid.

7.2. Payment Methods

The State will make payment for Contract Activities by EFT.

25 % will be paid in the beginning of each project and completion of:

a) ERM project: Upon completion of initial planning meeting and project plan.

b) MVH Medical Billing consulting project: Upon completion of initial planning meeting and written approach document.

Remaining payment will be issued upon successful completion of the services and final reporting for the individuals projects.

7.3. Procedure

All invoices must be emailed to DTMB-Accounts-Payable@michigan.gov

8. Liquidated Damages

See master contract section 9.

9. Services Levels

All Contract Activities must be delivered during the contract period, with individual activities/milestone dates agreed to by the State's Contract administrator and the "Contractor Representative" director. The receipt of order date is pursuant to Section 2, Notices, of the Standard Contract Terms.

SCHEDULE B – PRICING
CONTRACT NO. 220000000125 - CN 3

Enterprise Risk Management and Select Internal Audit Engagements

1. Price proposals must include all costs, including but not limited to, any one-time or set-up charges, fees, and potential costs that Contractor may charge the State (e.g., shipping and handling, per piece pricing, and palletizing).
2. The Contractor is encouraged to offer quick payment terms. The number of days must not include processing time for payment to be received by the Contractor's financial institution.

   Quick payment terms: 3% discount off invoice if paid within 15 days after receipt of invoice.
3. By submitting its proposal, the Contractor certifies that the prices were arrived at independently, and without consultation, communication, or agreement with any other Contractor.

1. ERM Facilitation: 747 hours

Employee Name	Employee Role	Hourly Rate	% of Time/Total Project
David Fisher	ERM Partner	$395	5% / $15,800
Kate Sylvis	Director	$315	16.5% / $39,375
Mark Benedict	ERM Project Manager / Associate Director	$267	37.5% / $74,760
Anna Zinkel Walters	Engagement Manager/Associate Director	$267	9%/$16,554
Michael Allard	Senior Consultant	$200	32% / $48,000
		Total ERM Facilitation Amount:	**$194,489**

2. Medical Billing SME: 194 Hours

Employee Name	Employee Role	Hourly Rate	% of Time/Total Project
Sue Egan	Medical Revenue and Long-term Care Director	$315	2.5% / $1,575
Terry Rodwancy	Medical Assistance Billing Project Manager / Associate Director	$267	34.5% / $17,889
Jeff Kiger	Associate Director	$267	30.0% / $15,486
April Vogel	Manager	$238	20.0% / $9,044
David Wai	Manager	$238	13% / $5,950
		Total Medical Billing SME Amount:	**$49,944**

4. Rate Card

Employee Role	Hourly Rate
Engagement and Additional Partners	$395
Engagement Director / Director	$315
Enterprise Risk Management SME	$305
Medical Billing SME	$305
Permitting SME	$305
Senior Manager / Associate Director	$267
Manager	$238
Senior Consultant	$200
Consultant	$170

STATE OF MICHIGAN
CENTRAL PROCUREMENT SERVICES
Department of Technology, Management, and Budget
320 S. WALNUT ST., LANSING, MICHIGAN 48933
P.O. BOX 30026 LANSING, MICHIGAN 48909

CONTRACT CHANGE NOTICE

Change Notice Number **2**

to

Contract Number **220000000125**

CONTRACTOR	
	Guidehouse Inc.
	2941 Fairview Park Drive
	Falls Church, VA 22042
	Jeffrey S. Bankowski
	734-644-0595
	jbankowski@guidehouse.com
	CV0017579

STATE			
	Program Manager	various	SW
	Contract Administrator	Susan Watt-Smith	DTMB
		517-230-0535	
		wattsmiths@michigan.gov	

CONTRACT SUMMARY			
SW FINANCIAL AUDITING AND ACCOUNTING PREQUAL PROGRAM			
INITIAL EFFECTIVE DATE	**INITIAL EXPIRATION DATE**	**INITIAL AVAILABLE OPTIONS**	**EXPIRATION DATE BEFORE**
November 1, 2021	October 31, 2024	3 - 1 Year	October 31, 2024
PAYMENT TERMS		**DELIVERY TIMEFRAME**	
NET 45		N/A	
ALTERNATE PAYMENT OPTIONS			**EXTENDED PURCHASING**
☐ P-Card ☐ PRC ☐ Other			☒ Yes ☐ No
MINIMUM DELIVERY REQUIREMENTS			
N/A			

DESCRIPTION OF CHANGE NOTICE				
OPTION	**LENGTH OF OPTION**	**EXTENSION**	**LENGTH OF EXTENSION**	**REVISED EXP. DATE**
☐		☐		October 31, 2024
CURRENT VALUE	**VALUE OF CHANGE NOTICE**		**ESTIMATED AGGREGATE CONTRACT VALUE**	
$0.00	$15,721,593.80		$15,721,593.80	

DESCRIPTION

Effective 9/13/22, the following changes are hereby added:

1). $2,171,593.80 in funding and the SOW attached with CN-10 is moved from 071B7700036 to 220000000125.

2). The attached 220000000125 CN 2 Schedule A - SOW is added to the Contract for use by DTMB FS.

3). $13,550,000.00 is being added to this contract: $12,900,000.00 for OIAS and $650,000.00 for DTMB FS.

4). The State Program Manager for OIAS has been changed to Diana McFadden, (517) 241-9104, McFaddenD@michigan.gov, and the State Program Manager for DTMB FS has been changed to Mike Gilliland, (517) 335-1557, GillilandM@michigan.gov

All other terms, conditions, specifications, and pricing remain the same. Per contractor and agency agreement, DTMB Central Procurement approval, and State Administrative Board approval on 9/13/22.

Program Managers
for
Multi-Agency and Statewide Contracts

AGENCY	NAME	PHONE	EMAIL
DTMB	Diana McFadden	517-241-9104	McFaddenD@michigan.gov
DTMB	Michael Gilliland	517-335-1557	gillilandm@michigan.gov

071B7700036 CN 10
SCHEDULE A STATEMENT OF WORK (SOW)
CONTRACT ACTIVITIES

1. PROJECT REQUEST

This SOW is for a Financial Accounting, Integrity Oversight Monitoring or Auditing service by Treasury and the State Budget Office Financial Consulting Related to COVID – 19 Stimulus Management Project.

2. BACKGROUND

The federal government has now passed several major pieces of legislation designed to support the response and recovery related to the COVID-19 crisis. Accordingly, the State has been awarded over $5 billion in Coronavirus Aid, Relief and Economic Security (CARES) Act funding enacted by the U.S. Congress. With respect to the Coronavirus Relief Fund (CRF) component of CARES Act funding, the State has implemented over 130 specifically designated uses for this funding. Additionally, funds from the Federal Emergency Management Agency (FEMA) are being deployed to address the pandemic. Also, Congress and the President passed H.R. 133 and the CRRSA – Coronavirus Response & Relief Supplemental Appropriation to address national needs associated with the pandemic, as well on March 3, 2021, the President signed the American Rescue Plan Act (ARPA) and there is discussion with the Biden administration that Congress will pass additional, future legislative action related to infrastructure and other additional pandemic relief funding to address affects from the pandemic.

Attached to this SOW is information concerning the following:

- Inventory and brief description of CRF programs – **Attachment A**
- State appropriation (links to public acts) references for COVID-19 funding – **Attachment E**
- Reference for all CARES Act funded programs (excerpts from overall the State's overall blueprint) – **Attachment F**

Many of the designated uses of CRF, CRRSA, and ARPA programs involve grants to subrecipients, involving all local units of Michigan government, K-12 educational districts, Community Colleges, other Higher Education institutions, and a myriad of other subrecipients. For the State's CRF, CRRSA, and ARPA related programs, SOM agencies/program staff are required to establish appropriate internal controls and subrecipient monitoring processes in accordance with uniform administrative requirements issued by the U.S. Office of Management and Budget, commonly referred to as 2 CFR 200, which includes subpart F related Audit requirements.

With respect to the Michigan Department of Treasury, a primary scope for this contract, following is a brief description of the three (3) programs.

1. The **First Responder Hazard Pay Premiums Program** reimburses local governments for hazard pay expenses of up to $1,000 per employee. Approximately $30 million in payments have been made to 500 governments and organizations that employ first responders, which represent payments to more than 30,000 people who performed hazardous work serving Michigan.
    a. ~700 applications have been reviewed; payments have been made to ~600.
2. The **Public Safety and Public Health Payroll Reimbursement Program** will provide funding of $200 million for local government payroll costs incurred during the pandemic.
    a. Preliminary payments have been made to ~500 units.
3. The **Coronavirus Relief Local Government Grants Program** issued payments totaling $150 million to 717 cities, villages, townships and counties based on statutory revenue sharing paymentformulas.

Additional information about the Treasury programs is included in **Attachments B, C, D, and G** to this SOW.

The State Budget Office (SBO) has implemented a COVID-19 Federal Stimulus Program Management Organization (PMO) to oversee the funding and implementation of programs associated with all Federal pandemic stimulus funding. Additionally, Governor Whitmer, through executive directive 2020-05, established a COVID-19 Office of Accountability (OOA). Both the COVID-19 PMO and COVID-19 OOA work closely to implement and establish compliance oversight over the myriad of programs with COVID-19 pandemic funded programs.

The State currently has resource capacity limitations with federal compliance and grant management and

matters necessary to implement programs associated with COVID-19 Pandemic Funded Programs, H.R. 133, or any future additional COVID related programs ("Funded Programs") to ensure compliance with federal and state requirements. This SOW is associated with specific Treasury CRF programs. However, it is also seeking to allow for likely and necessary SOW expansion based on newly identified needs associated with other Funded Programs. The State may also expand the SOW scope further for all current and future COVID Funded Programs as funding becomes available.

3. SCOPE

As described below, the Contractor will provide the State with service resources associated with: Compliance Management Strategy and Planning (Advisory); and Compliance Administration and Monitoring Activities. These services are needed to address current resource capacity limitations for the SOW period through December 30, 2020. The State may extend the period of this SOW performance if new funding options are exercised as described further below in this section.

The current needs of the State are not emergency management (EM) or disaster recover (DR) services, though the contractor's related experience with Federal compliance and grant management activities may be associated with EM and DR projects. However, Contractor's related experience in auditing or providing other assurance/advisory services to recipients (state/local governments, K-12 schools, a myriad of other recipients/subrecipients) of federal grant awards is equally, if not more important.

CRF or other COVID-19 Pandemic Funds will be used to pay for all tasks related to this SOW. The State may determine other funding is available, or the U.S. Treasury may extend the use of CRF funds past December 30, 2021. In either of these scenarios, this period of performance for this SOW would be extended accordingly through a Change Notice.

As described in the background, the State currently has several challenges it is trying to address through use of contractual resources. Contractor resources must be experienced to provide the services outlined in this SOW. The State will consider the following information when evaluating Contractor's resources/experience:

Leadership team, including the Engagement Partner, Engagement Director/Manager, and Supervisors, with hands-on experience including but not limited to:

- Experience with distribution of Federal and State dollars to recipients and subrecipients through grants, contracts, and other forms of distribution (including awarding/contracting, reporting, compliance of subrecipients/contractors). Specific expertise involved in advising or auditing requirements in 2 CFR 200 and Single Audit requirements should be explicitly described
- Risk based compliance monitoring of multiple programs across Government departments
    - Designing and establishing a compliance program (defining requirements, communicating requirements to parties of interest, defining monitoring procedures) in consultation with points of contact (POCs) and agencies
    - Operating and Managing a compliance program (Staffing, executing, reporting)
- Experience with working with leadership across State or local governments.
- Experience with working with leadership across State of Michigan government, Michigan local governments, or Michigan K-12 and Higher Education units.
- Expertise of Federal and State compliance reporting and compliance requirements and practical experience in addressing and resolving technical issues
- Direct knowledge and experience with FEMA and CARES Act funded programs, in particular CRF funds/requirements
- National federal support for existing and new Federal funding and regulations
- Supervisors/managers
    - Coordination of staff planning scheduling and coordination with POCs and subrecipients
    - Oversee and review monitoring work for quality

Staff augmentation resources with audit or compliance experience including but not limited to:

- Skilled at performing monitoring (audit) procedures and documenting results and findings – experience with Federal and State compliance audit preferred
- Skilled at performing detailed review procedures related to grant applications or related documents to ensure program requirements are adhered to

It is expected that the staff augmentation resources will work 40 hours/week.

Scope items 1-3 related to assistance with the three (3) Treasury CRF programs:

a) **SCOPE 1*:*** Provide federal compliance and grant management expertise for three separate Department of Treasury CRF programs. This will include leading, advising, and supporting the Department of Treasury in developing compliance management, reporting methods, and procedures to ensure appropriate internal controls and subrecipient monitoring procedures. This will involve the Contractor leading, designing, and supporting development of a risk-based compliance approach for the individual programs tobe executed.

   Principal roles for Project Leadership include the following individuals:
   1) Jeff Bankowski – Engagement Partner
   2) Gaurav Menon – Engagement Partner
   3) Ellen Zimlies – Engagement Partner
   4) Phil Pierce – Engagement Partner
   5) Mark Kettner – Engagement Partner

   Principal roles for Project Management Office include the following individuals:
   6) Raquel Malmberg – Engagement Director
   7) Stephen Blann – Senior Manager
   8) Jeff Reese – Manager
   9) Phyliss Carter – Senior Staff

   Principal roles for Scope 1, 2, & 3 Leadership include the following individuals:
   10) Richard Walker – Senior Manager
   11) Jim Knoeck – Senior Staff
   12) Julie Hartle – Senior Staff

b) **SCOPE 2:** Provide staff augmentation to the Department of Treasury to review grant/subrecipient applications for the associated CRF grant programs. This involves ensuring the submitted grant applications are complete, accurate, and address all federal and state requirements associated with the grant programs. Initially staff augmentation is planned for grant applications reviews of Public Safety Public Health Payroll Reimbursement (PSPHPR), but additional programs can be added if needed.

   Staff for this Scope include the following individuals:
   1) Jeff Hirschmann
   2) Melinda Altimore
   3) Todd Knoll
   4) Joyce Li
   5) Gen Majores

c) **SCOPE 3:** Provide staff augmentation to perform subrecipient monitoring procedures, including integration with existing Treasury staff assigned to grant application processing and subrecipient monitoring, and including supervision of contractor staff and some level of supervision of SOM staff. Limited supervision of State staff may be agreed to early on by the State and Contractor to ensure optimal approach for consistent execution of related procedures.

   Staff for this Scope include the following individuals:
   1) Lucy Guiterrez
   2) Lynn Harvey
   3) Mario Lugo
   4) Mariselle Gregory
   5) Maudner Dieudonne

   6) Rosa Chaves
   7) Ruth Regis

8) Solmary Rosario

Scope items 4-6 related to all Funded Programs:

d) **SCOPE 4**: Provide federal Compliance and grant management expertise. Lead, advise, and support the State's COVID-19 PMO and COVID-19 OOA in developing processes and procedures to address compliance management, reporting methods, to ensure appropriate internal controls, to develop a risk assessment process for Funded Programs, and to evaluate the appropriateness of subrecipient monitoring for the other Funded Programs (in addition to the Treasury Funded Programs), The State's need and resource effort associated with this service is not estimable at this time, and the Contractor's ability to adjust quickly is a consideration for Contractor selection. For example, at this time, we know we will need support with CRF grants to Higher Education subrecipients. Within this set of activities, Contractor will develop guidance and training associated with subrecipient monitoring that can be utilized by all State POC's administering Funded Programs, which we believe could also be utilized by other State programs administering other Funded Programs.

Principal roles for Project Leadership include the following individuals:
1) Jeff Bankowski – Engagement Partner
2) Gaurav Menon – Engagement Partner
3) Ellen Zimlies – Engagement Partner
4) Phil Pierce – Engagement Partner
5) Mark Kettner – Engagement Partner

Principal roles for Project Management Office include the following individuals:
6) Raquel Malmberg – Engagement Director
7) Stephen Blann – Senior Manager
8) Jeff Reese – Manager
9) Phyliss Carter – Senior Staff

Principal roles for Scope 4, 5, & 6 Leadership include the following individuals:
10) Paul Matz – Senior Manager
11) Rob Derling – Senior Staff
12) James Karner – Senior Staff

e) **SCOPE 5:** Provide staff augmentation to review grant/subrecipient applications for the Funded Programs. This would include supervision of contractor staff and potentially some level of supervision of SOM staff. Limited supervision of State staff will be agreed to early on by the State and Contractor to ensure optimal approach for consistent execution of related procedures.

Staff for this Scope include the following individuals:
1) Rob Derling – Senior Staff
2) James Karner – Senior Staff
3) Alex Simmons
4) Megan Byers
5) Sydney Czerniakowski
6) Deborah Olaoye
7) Zachary Moore

f) **SCOPE 6**: As needed, the Contractor will provide staff augmentation to perform subrecipient monitoring procedures for other Funded Programs (i.e., identified as part of item "d"). This would include supervision of contractor staff and potentially some level of supervision of SOM staff. Limited supervision of State staff will be agreed to early on by the State and Contractor to ensure optimal approach for consistent execution of related procedures.

Staff for this Scope include the following individuals:
1) James Karner – Senior Staff
2) Betina Fredric

3) Emma Rivera
4) Fierdia Liriano
5) Jeammette Abreu
6) Karen Lara
7) Labranda Lee
8) Lee Jeffrey

Related to Scope 1, 2, and 3, the Contractor will immediately deploy a team of up to fifteen (15) professionals. Of these, three (3) or more Contractor staff must have significant federal compliance grant management experience, and the remainder of Contractor staff should have some level of experience performing the duties associated with these tasks.

Additionally, the Contractor's key project director/partner will begin immediate discussions with the PMO on other programs/services needed in addition to the services provided to Treasury for their three CRF programs.

The Contractor will work under the direction of Treasury for select Treasury Funded Programs and will work directly with the PMO and OOA organization for all Funded Programs. The PMO will also provide some level of oversight of Contractor assistance for the Treasury program as it relates to the establishment of new or enhanced subrecipient monitoring approaches, so that the PMO and Contractor are consistent with other Funded Programs.

For non-Treasury programs, the Contractor will work under the direction of the PMO and be assigned to agency POCs involved in managing all aspects of other Funded Programs.

The Contractor is expected to provide expertise and recommendations necessary to achieve the outcomes intended for the scope and tasks outlined above.

g) The State will have access to the full range of the Contractor's knowledge, tools and resources (designed for this Contract) and will be updated daily on progress. The State expects the Contractor to have federal compliance, grant management expertise, and experience with the CRF, other CARES Act and future Fund Programs grant management activities and associated federal requirements.

h) The State acknowledges that this Contract may have conflicts of interest issues associated with specific subrecipients of State Funded Programs. Those conflicts are disclosed below:

Contractor and Pierce Monroe & Associates currently assist the City of Detroit, Oakland County, and Wayne County on Stimulus Management and navigating their own COVID-19 responses and funding sources. Contractor has developed a project team that can segment responsibilities and review outside of direct Contractor involvement. The Rehmann Robson staff are free of any conflicts with the above-mentioned clients and would be able to review, monitor, and report on their specific applications or funding. There are no clients where the combined team of Contractor, Pierce Monroe, and Rehmann Robson would all have a conflict of interest.

4. REQUIREMENTS AND DELIVERABLES

4.1. General Requirements

The Contractor will provide various services as outlined below. Specific deliverables will include written status reports; action / project plans; formal recommendations (in writing/report); formal written guidance and training deliverables; new or enhanced policies and procedures; documentation of work performed associated with application review and subrecipient monitoring activities; and a final report for the PMO/OOA and each agency POC that outlines a future roadmap and recommended activities for continued processing activities (application reviews and subrecipient monitoring) that were not fully completed during the period of the contract. Additional deliverables may also be appropriate as identified during the project.

The Contractor must provide the following services/deliverables to assist the State with the Project:

Related to Scope items 1-3 (Treasury programs) may include, at a minimum, all of the following activities/tasks:

a) Assess existing application processing workload

b) Evaluate application process requirements /procedures
c) As soon as possible, assign staff to help review grant applications
d) Assess grant programs, existing internal controls and related subrecipient requirements
e) Evaluate existing subrecipient monitoring requirements
f) Develop new or enhanced subrecipient monitoring procedures
g) Utilize analytics and other evaluation methods to facilitate a risk based subrecipient monitoring program.
h) Assign staff to perform subrecipient monitoring activities.
i) Provide weekly status reports associated with all tasks.
j) Provide supervision of Contractor's staff and other State staff assigned to application processing and subrecipient monitoring procedures

Related to Scope items 4-5 (All Funded Programs) may include, at a minimum, all of the following activities/tasks:

Review inventory of existing Funded Programs implemented by the State

a) Work with OOA and PMO resources to complete understanding of existing Funded Programs
b) Develop a method for prioritizing programs that should be further evaluated related to internal controls and subrecipient monitoring. Work closely with OOA and PMO staff to develop prioritization.
c) Analysis, evaluation and development of proposed processes, procedures, etc… to address items identified in scope 4-6
d) Work with individual POCs associated with Funded Programs to further evaluate the appropriateness of existing subrecipient monitoring activities.
e) Develop new or enhance existing methods and subrecipient monitoring procedures for select Funded Programs.
f) Where identified by OOA or PMO, assign staff resources to help process grant applications for select Funded Programs.
g) Track and manage progress of application review processes and subrecipient monitoring activities.

General Services/Deliverables may include, at a minimum, all of the following activities/tasks:

a) Establish effective communication and decision-making mechanisms to facilitate action
b) Assist the State in removing and overcoming obstacles
c) Identify and develop guidance for SOM staff to follow related to subrecipient monitoring activities.
d) Maintain communication and engagement
e) Serve as an expert resource to key State personnel (e.g., OOA, PMO, SBO and other Department leaders) regarding federal compliance issues associated with Funded Programs enacted by the State.
f) Other activities as deemed beneficial for the outcomes and mutually agreed to be the State and the Contractor

4.2. High Level Project Approach and Activities

The work being performed will support the State establishing Federal compliance and Grant Management procedures to lead, support and execute aspects of processing grant applications, establishing subrecipient monitoring procedures, and executing subrecipient monitoring procedures for Funded Programs in scope. Immediate deployment of Contractor staff is necessary, and the ability of the Contractor to add resources quickly as needs are identified and prioritized will be considered as essential criteria in evaluating Contractor proposals.

The urgency of this contract is due to the fact that Funded Programs must be expended within specified deadlines. However, if additional funding is identified for use the contract may be extended for up to two (2), six (6)-month extensions. The State reserves the right to discontinue or adjust the Contractor hours on this project as the needs may fluctuate given progress of managing select Funded Programs.

To start this process, at a minimum, the Contractor will execute the following project activities:

a) Project Approach

The Contractor will work under the direction of Treasury for select Treasury CRF programs and will work directly with the PMO and OOA organization for all other Funded Programs. The PMO will also provide some level of oversight of Contractor assistance for the Treasury program as it relates to the establishment of new or enhanced subrecipient monitoring approaches, so that the PMO and Contractor are consistent with other Funded Programs. For other Funded Programs, the Contractor will work under the direction of the PMO and be assigned to agency POCs involved in managing all aspects of other Funded Programs. The project approach includes: staff augmentation resources, and risk assessment and subrecipient monitoring procedures.

b) Individual Action Plans for Each CRF program

The Contractor will lead, support and participate in the execution of Federal Compliance and Grant Management procedures for Funded Programs in scope. For each program, an action plan format will be utilized to establish activities and measuring progress of various activities and related outcomes. The action plan is analogous to a project plan and design of a consistent format should include base elements that would typically be included in a project plan.

The Contractor will maintain the standard approach/contents for all action plans. Each action plan describes the Funded Program, the activities and tasks, measurements, and progress reporting to ensure the action plan is executed consistently and in accordance with requirements and deadlines.

c) Guidance for Reporting and Compliance Requirements

Contractor will analyze, interpret, and develop guidance to State departments of primary reporting and compliance requirements associated with select Funded Programs. This information will guide State agencies and select POCs to establish or enhance compliance procedures and will also be used as a basis for risk assessment and control/compliance evaluations.

d) Final Report: Roadmap and Recommendations

Prior to closing the contract, the Contractor will provide a report which includes a roadmap and recommendations for continued performance of the internal control and subrecipient monitoring activities and other compliance related activities associated with this Contract. A report will be for use by Treasury leadership, the PMO and other department leaders to who the Contractor provided service. As such, the Contractor may consider separate reports to each department leader managing a Funded Program (for whom the Contractor provided service) and a composite report to the PMO. Other relevant information may also be included in the report if it can help the State successfully execute its responsibilities associated with the Funded Programs. The report shall be issued prior to January 31, 2021 or another date if mutually agreed to by the State and the Contractor. The report will provide a roadmap and recommendations for continued use of tracking and reporting tools, and any other knowledge transfer to key State personnel to successfully complete in progress tasks/outcomes.

e) Other Considerations or Success Factors

Contractor should describe any other factors or considerations they believe the State should consider in executing this contract and achieving the outcomes outlined above for SCOPE 1-6 activities.

The Guidehouse COVID-19 Center of Excellence links Contractor's federal compliance and disaster recovery team members from COVID-19 response projects around the country. The Command Center supports state and municipal governments with tracking, summarizing, and creating training as new guidance is issued by the Treasury, FEMA, CDC, and other federal and state funding sources. Highlights of the Guidehouse COVID-19 Command Center include:

- Access to a team of specialists with expertise and strong relationships in federal government agencies (Treasury, FEMA, HHS, HUD, CDC), state and local agencies, the healthcare industry, disaster recovery, and emergency operations;
- Active tracking of programs, guidance, and policies issued under the CARES Act and their applicability to state and local governments;

- Centralized repository of resources to deploy on federal grants-related projects (e.g., tools, templates, reference guides); and

Constant knowledge sharing of lessons learned from on-the-ground activities and decision making from state and local governments across the country.

5. Acceptance

The Deliverables will be provided after contractor quality assurance and review/acceptance by the State.

5.1. Acceptance

The State will review all plans, documents, and to determine acceptance of the Contract Activities:

5.2. Final Acceptance

The State will deem completing all duties outlined by the end date specified in Contract Number 071B7700036, Change Notice 9 and delivering the final report to the State by one month thereafter, to be the Final Acceptance.

6. Staffing

6.1. Contractor Representative

The Contractor must appoint individuals, specifically assigned to State of Michigan accounts, that will respond to State inquiries regarding the Contract Activities, answering questions related to ordering and delivery, etc. (the "Contractor Representative").

6.2. Work Hours

The Contractor must provide Contract Activities during the State's normal working hours Monday – Friday, 7:00 a.m. to 6:00 p.m. ET, and possible night and weekend hours depending on the requirements of the project. Working remotely during the initial phase of the contract period is expected. Upon the State's return to physical work locations, the Contractor may work at on-site facilities and remotely as agreed upon between the Contract Administrator and the Contractor Representative.

6.3. Key Personnel

See master contract SOW section 3.D.4.

However, due to the urgent nature of this SOW, should the State request replacement Key Personnel, the required timeframe for replacement will be two (2) – three (3) business days, with a maximum of five (5) business days.

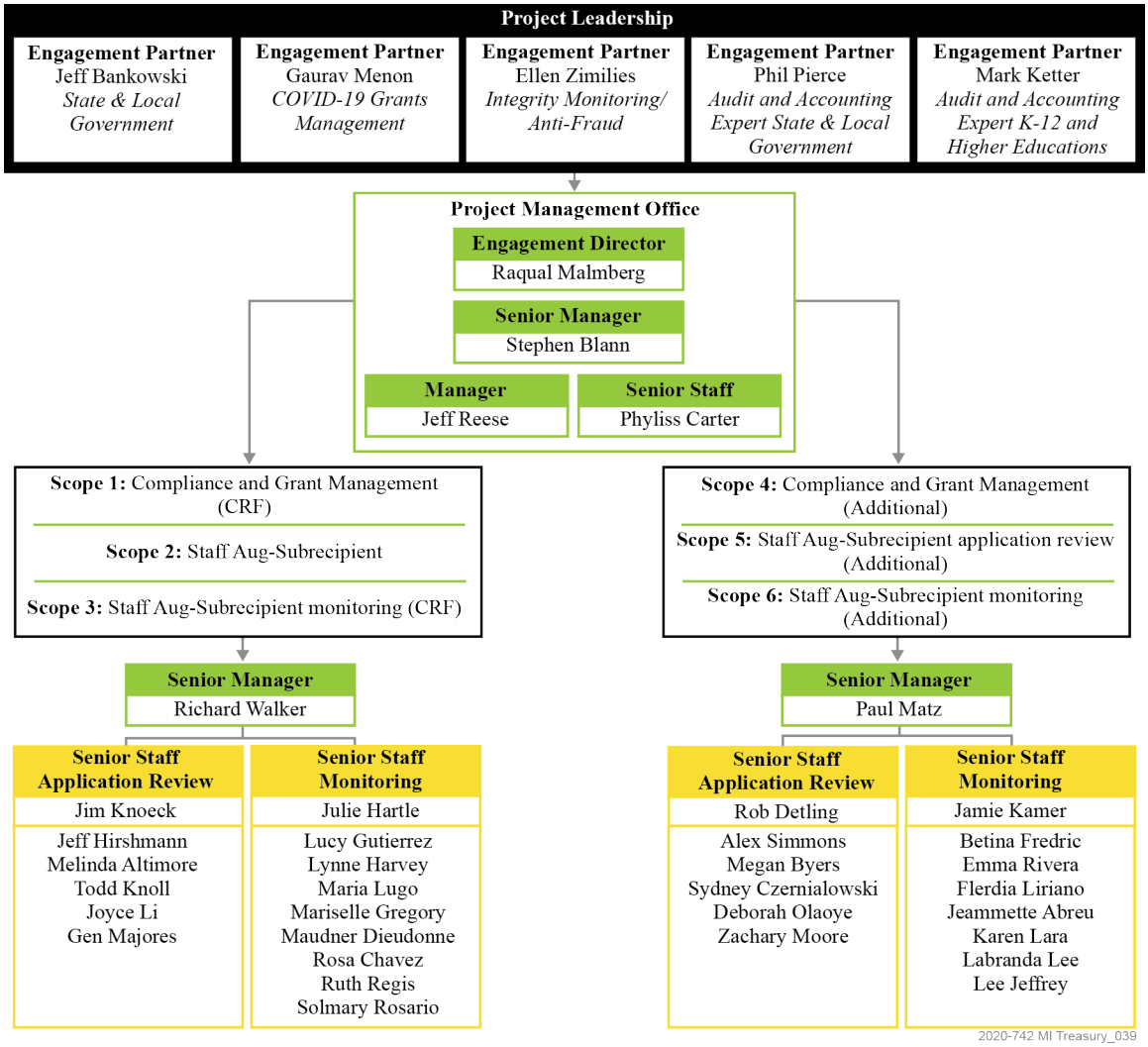
6.4. Organizational Chart

The Contractor must provide an overall organizational chart that details its leaders and staff augmentation resources (for application review/subrecipient monitoring activities). Only name, title and role of leader positions (Partners, directors, managers, senior staff, and supervisors) should be explicitly listed, and use of subcontractors.

Key Personnel for this SOW include the following:

- Jeff Bankowski
- Raquel Malmberg
- Stephen Blann
- Jim Knoeck
- Jeff Reese

In the event any Key Personnel assigned to this engagement becomes unavailable to provide the services described herein, the Contractor will undertake reasonable efforts to notify the State in writing and replace that individual with a person of equivalent experience and qualifications. Similarly, should the Contractor need to assign additional staff to this engagement, the Contractor will provide the State with written notice. The State shall have the right to approve or disapprove of any proposed changes to Key Personnel within five (5) business days of such notice, which approval shall not be unreasonably withheld ("Notice Period"). If the State does not provide approval or disapproval within the Notice Period, the proposed change shall be deemed accepted by the State.



6.5. Disclosure of Subcontractors
Contractor must disclose the following of this SOW subcontractors:

The legal business name; address; telephone number; a description of subcontractor's organization and the services it will provide; and information concerning subcontractor's ability to provide the Contract Activities, including the number of people to be utilized from subcontractor.

The relationship of the subcontractor to the Contractor.

Whether the Contractor has a previous working experience with the subcontractor. If yes, provide the details of that previous relationship.

A complete description of the Contract Activities that will be performed or provided by the subcontractor.

a) **Pierce, Monroe & Associates, LLC (PM&A)** is located at, 35 Griswold St # 2200, Detroit, MI 48226, and can be reached via phone at, (313) 961-1940. PM&A is a Detroit- headquartered financial and management consulting business that has extensive experience in financial operational assessment and information systems related matters. PM&A clients include governmental entities, small businesses, major corporations, and non-profit organizations representing various industries. PM&A was established in 1985 and is managed by Philip Pierce who is the former National President of the National Association of Black Accountants. Contractor and PM&A work together on numerous engagements and are currently working on COVID-19 Stimulus Management in Detroit, Oakland, and Wayne County.

b) **Rehmann Robson (Rehmann)** has offices across Michigan, and in Lansing at, 4086 Legacy

Pkwy, Lansing, MI 48911, (517) 316-2400. Rehmann is a fully integrated financial services and advisory firm that provides accounting and assurance, comprehensive technology, accounting and human resource solutions, specialized consulting and wealth management services with over 900 associates in Michigan, Ohio and Florida. Rehmann's government, not-for-profit and higher education team is staffed by professionals who primarily focus on governmental accounting, auditing and consulting and have extensive prior experience in auditing federal programs. Each year, Rehmann audits organizations administering hundreds of millions of dollars in federal awards. Accordingly, during 2018 (the last year for which complete data is available) we conducted 105 single audits for public sector clients totaling more than $700 million in federal awards expended. Contractor and Rehmann are currently engaged and working together to provide COVID-19 Single Audit Readiness Consulting Services for MidMichigan Health.

6.6. Security
The Contractor will be subject the following security procedures:

- When on premises, wearing clearly identifying uniforms or identification card.
- Signing any required Treasury security forms for access to Treasury systems.
- Completing the Treasury Disclosure training before being granted access to Treasury information.
- Completing the Vendor, Contractor, or Subcontractor Confidentiality Agreement (Form 3337)

6.7. Access to Tax Information
The Contractor must comply with the requirements of Michigan Department of Treasury Safeguard Requirements of Confidential Tax Data.

7. Project Management
Project management activities are required by the Contractor as described above (action plans, various other deliverables)

7.1. Project Approach
The overall project approach is described above.

The Contractor will carry out this project under the direction and control of Treasury leadership (for the 3 Treasury CRF programs), the PMO, and to assigned department leaders as assigned by the PMO. Within 2 weeks from the Effective Date, the Contractor must submit a project plan/approach for final approval to Treasury leadership (relative to the 3 CRF programs), and the PMO for other scope items. The plan must include: (a) the Contractor's organizational chart with names and title of personnel assigned to the project, which must align with the staffing stated in accepted proposals; and (b) the project breakdown showing sub-projects, tasks, and resources required.

7.2. Meetings
The Contractor must attend the meetings based on standard frequencies agreed to by the Contractor and

the State. The State may request other meetings, as it deems appropriate.

7.3. Reporting
The Contractor must submit a detailed report of the work done for each hour billed while working under this contract to the State as requested.

8. Pricing
Pricing is firm for the entire length of this SOW.

9. Authorizing Document
The appropriate authorizing documents for the Contract will be a signed Master Agreement (MA) as well as an Agency Issued Delivery Order (DO) and Project Plan.

10. Invoice and Payment
10.1. Invoice Requirements
All invoices submitted to the State must include: (a) date; (b) purchase order; (c) quantity; (d) description of the Contract Activities; (e) unit price; (f) shipping cost (if any); and (g) total price. Overtime, holiday pay, and travel expenses will not be paid.

10.2. Payment Methods

The State will make payment for Contract Activities by Electronic Fund Transfer (EFT). Electronic transfer of funds is required for payments on State contracts. The Contractor must register with the State electronically at http://www.cpexpress.state.mi.us. Payments will be made on a monthly basis and the remaining amount, up to 20%, will be paid upon completion of activities.

The State will make payment for Contract Activities EFT.

11. Liquidated Damages
See master contract SOW section 9.

12. Services Levels
All Contract Activities must be delivered during the contract period, with individual activities/milestone dates agreed to by the State's Contract administrator and the "Contractor Representative" (defined below) director. The receipt of order date is pursuant to Section 2, Notices, of the Standard Contract Terms.

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Schedule A – Statement of Work

Economic Development Incentive Evaluation

BACKGROUND

The Economic Development Incentive Evaluation Act, MCL 18.1751 et seq. (the "Act"), requires periodic evaluation of certain economic development incentives in connection to the Michigan Strategic Fund ("MSF"). This requirement includes the following economic development programs, which are early-stage entrepreneurship programs administered through a network of partners throughout the state. These programs and services are designed to support the start-up, commercialization, and growth of technology-based companies in the state.

Capital Support Programs

The Michigan Emerging Technologies Fund ("ETF") is designed to expand funding opportunities for Michigan technology-based companies in the federal innovation research and development arena by providing match dollars (of up to $25,000 for Phase I and up to $125,000 for Phase II) to eligible Small Business Innovation Research ("SBIR") or Small Business Technology Transfer ("STTR") proposals. Approved ETF applications receive a letter of support to include with their SBIR/STTR proposal. This program is administered by the Michigan Small Business Development Center ("SBDC"). Since 2014, the Michigan SBDC has been granted over $19M for this program.

The Early Stage Funding program allocates funding to non-profit organizations to capitalize funds that invest in pre-seed and start-up stage competitive edge technologies that require capital to transition from research to the earliest stages of the commercialization process. Since 2014, three entities have received funding to administer and deploy pre-seed investments including:

Invest Michigan Pre-Seed Fund: $15,208,000
Invest Detroit First Capital Fund: $2,000,000
Michigan State University Foundation Pre-Seed Fund: $9,500,000

The Business Accelerator Fund ("BAF") is available to participating business accelerators in Michigan's statewide SmartZone network. These funds (up to $50k) are used toward the delivery of highly specialized services to their clients that are not otherwise available from these business accelerators. Participating business accelerators engage third party specialists to help advance the client's path to commercialization, company success, and economic impact for the state of Michigan. This program is administered by the Michigan SBDC. Since 2019, the Michigan SBDC has been granted over $15M for this program.

Service Provider Programs

BBC Entrepreneurial Training Corporation ("BBCetc") offers support to businesses in preparing the application and administering for Small Business Innovation Research ("SBIRs") and Small Business Technology Transfer ("STTRs") applications. Since 2019, BBCetc has been awarded $1.5M to support this program.

Entrepreneurial Support Services and Business Incubator Gateway Grants allocate funding to non-profit organizations, such as incubators and accelerators, that provide specialized support services to assist companies and institutions in commercializing competitive edge technologies, building successful innovative businesses with the potential for high growth and job retention and promoting a culture of entrepreneurship. Since 2014, 32 organizations have been awarded over $43M to provide these services.

The Michigan Small Business Development Center ("SBDC") enhances Michigan's economic well-being by providing consulting, training and research for new ventures, existing small businesses, and advanced technology companies. Headquartered at Grand Valley State University, representing a long-term collaboration between the Small Business Administration and the State of Michigan, the SBDC operates 11 regional offices and more than 20 satellite offices. The SBDC provides entrepreneurs and business owners with convenient access to consulting and training throughout Michigan at low or no cost. Since 2014, the Michigan SBDC has been granted over $14M, along with funding from the SBA, to support technology-based companies.

University Technology Commercialization Programs

The Michigan Translational Research and Commercialization Program ("MTRAC") was created in 2012 to accelerate the transfer of new technologies from Michigan's institutions of higher learning into the commercial market by way of licenses or startups. In 2016 the program expanded as a statewide program to support translational research throughout the state of Michigan. The program supports five (5) Innovation Hubs in key technology areas of - Advanced Computing, Advanced Transportation, Advanced Materials, Agriculture-Biology and Life Sciences. Since 2016, over $11M of funding has been granted to 4 universities to support this program.

9+ administered by Michigan State University, is designed to provide a pipeline of de-risked technologies and fundable startup opportunities for further advancement. The program provides matching funds, a strong incentive for faculty with early-stage technologies at Michigan universities to engage with their university's Technology Transfer Office ("TTO") and commercialization activities. Inventors, their technologies and TTOs will benefit through the achievement of critical early-stage milestones such as proof-of-concept or market opportunity validation which will lead to follow-on commercialization activities. Since 2016, $2M of funding has been granted to support this program.

The Technology Transfer Talent Network ("T3N") is a statewide university network designed to support, through key talent programs, the commercialization of university technologies through licenses and startups. This program, created in 2012, provides critical expertise with mentors in residence and postdocs who are focused on the commercialization strategies of university projects. Since 2017, $4.4M of funding has been granted to support this program.

SCOPE

Contractor to conduct evaluations of the above economic development programs in accordance with the Act and outlined in the general requirements below.

Requirements

1. General Requirements

A. Evaluations must include, to the extent relevant, all of the following:

1. A description of the history of the economic development incentive and its goals.
2. A literature review of the effectiveness of this type of incentive, including an inventory of similar incentives in other states.
3. An estimate of the economic and fiscal impact of the economic development incentive. This estimate shall take into account all of the following considerations in addition to other relevant factors:
    a. The extent to which the economic development incentive influences business behavior.

b. The results of the economic development incentive for the economy of this state as a whole. This consideration includes both positive direct and indirect impacts and any negative effects on other businesses located in this state.

c. A comparison to the results of other economic development incentives or other economic development strategies with similar goals.

d. An evaluation of the loss of potential gains from other alternatives or programs enacted by the legislature or existing economic development incentives that have been extended.

4. An assessment of whether adequate protections are in place to ensure that the fiscal impact of the economic development incentive does not increase substantially beyond the state's means or expectations in future years.
5. An assessment of whether the economic development incentive is being administered effectively, including a review of auditor general reports.
6. An assessment of whether the economic development incentive is achieving its goals.
7. Recommendations for how this state can most effectively achieve the economic development incentive's goals, including recommendations on whether the economic development incentive should be retained, reconfigured, or repealed.
8. Recommendations for any changes to state policy, rules, or statutes that would allow the economic development incentive to be more easily or conclusively evaluated in the future. These recommendations may include changes to collection, reporting and sharing of data, and revisions or clarifications to the goal of the economic development incentive.
9. Any other information the contractor considers necessary to assess the effectiveness of the economic development incentive and whether it is achieving its goals.

Phase 1 – Research and Understanding

Hold Kick-Off Meeting

Guidehouse will host a kick-off meeting to establish expectations. They will meet with the program manager to introduce the project team and further defined project objectives and requirements, including timelines. The full Guidehouse team would join the kick-off meeting (as appropriate) to make sure there is a consistent understanding of project objectives and expectations at the onset. Establishing a mutual understanding of what you want this project to accomplish will be the central focus of our initial conversation with you. Charting out this project "path" will enable them to prioritize our efforts, efficiently apply resources, and develop shared expectations. During the kick-off meeting, they will work with the SOM team to confirm project objectives, establish a cadence for interaction and collaboration, and outline their way of working together, essentially confirming our "game plan."

Following the project kickoff, Guidehouse team will provide a detailed project management plan that outlines the key activities to meet the requirements identified in this SOW. The Project Plan is a communication tool that will support broad awareness of program/project schedule, roles and responsibilities, and deliverables. It will contribute to overall project success by documenting important information and defining processes that will be carried out as part of project execution. This living documentation will be monitored and updated throughout the life of the project in close coordination with the program manager.

Establish Project Management Infrastructure

From a project management perspective, Guidehouse will establish a project plan, laying out the key milestones and deadlines over the duration of the engagement. They will initiate a project management infrastructure that includes document and presentation templates, quality review processes, and weekly update meetings. This will establish the cadence for successfully executing on the engagement.

Messaging Strategy

Guidehouse will support the project's designated Point of Contact by developing a high level messaging strategy to communicate the intent of the project within 30 days of the kick-off meeting. This strategy will span the duration of the project and across all other assessment phases. In addition, outreach to the programs within the Michigan Strategic Fund will be guided by this messaging strategy and conducted in advance of stakeholder interviews to orient these stakeholders to the objectives of the project and timelines. Guidehouse will use these stakeholder interviews to introduce the team and give insight to the project objectives and timelines.

Stakeholder Interviews

Guidehouse will also be conducting interviews with key stakeholders including the Michigan Strategic Fund directors, management and other identified stakeholders for each of the nine economic development programs. While the general format of our interviews will remain consistent, Guidehouse will develop interview guides that identify the most important questions related to each of the individual programs. As Guidehouse's data-gathering process moves forward and they have more relevant information on hand, their interviews will become more pointed and attempt to answer specific questions as opposed to creating a picture of the general operating landscape. These interviews will also inform data points that we be gathered.

Data and Document Analysis

Guidehouse will prepare and distribute a survey intended to summarize and capture critical information related to each of the nine economic development program area's mission, vision, goals, strategic plan, enabling legislation, organizational structure, operating model, financial history, investment structure and key partners. They will also supplement this survey with a focused request for supporting documents and relevant data. They will review the documents and generate a number of hypotheses related to these incentive programs.

Guidehouse will develop a detailed understanding of the Michigan Strategic Fund and each of the nine programs within the fund, in comparison to national and international trends, including the impacts of COVID-19.

Guidehouse will conduct a literature review that includes local, regional, national, and international trends will provide insight into the economic assets and competitive advantages of the economic development incentives programs and enable a comprehensive evaluation of early-stage entrepreneurship programs administered throughout the state. Guidehouse will review the nine economic development programs to examine which ones are experiencing growth (dominant and emerging) and declining (waning & non-existent) trajectories to assess the "profile" of each program to understand where it has been and where it is headed.

Phase 2: Modeling and Impacts

Guidehouse will develop program evaluations and prioritization rubric that assesses and evaluates the State's existing portfolio of economic incentive programs in MSF. They will provide SOM with an evidence-based recommendations on priority impact areas, as well as a sense of direction, magnitude, and materiality of the expected trends and impacts.

The IMPLAN tool is used by Guidehouse's team of economic development experts to analyze the direct, indirect and induced effects on an economy as a result of some economic shock, for instance a new capital infrastructure program, or a policy agenda, or in this case, economic development incentive programs. The key outputs are changes to business sales, gross state product (the state analog of GDP), labor income, employment, and state and local tax revenues – all disaggregated by geography (down to the census tract level) and industry sector (down to any of 1,066 NAICS codes). The extent to which the economic development incentive influences business behavior. ***This analysis will help evaluate economic development incentive for the economy of this state as a whole, including positive direct and indirect impacts and any negative effects on other businesses located in this state.***
Guidehouse will use the IMPLAN model for Michigan and set it up to conduct analysis at the 4-digit county level and report out at the 3-digit county level of each of the nine economic development incentive programs.

Additionally, the outputs from IMPLAN will be used for the comparison to the results of other economic development incentives or other economic development strategies with similar goals, as well as for the data needed to evaluate the loss of potential gains from other alternatives or programs enacted by the legislature or existing economic development incentives that have been extended.

Guidehouse will:
a. Create and utilize a standardized method to evaluate the individual and collective impact of the state's economic development incentive programs
b. Identify gaps in the state's economic development incentive program portfolio
c. Conduct benchmark analysis to identify leading economic recovery programs and practices from peer states
d. Meet with program managers and/or beneficiaries to understand program performance

Guidehouse will:
a. Develop a financial model to sustain economic recovery programs and initiate new investments with forecasts considering a variety of funding scenarios (e.g., minimum, and ideal budget levels)
b. Funding typology which can be used for existing and future economic development programs

Phase 3: Assessment and Evaluation of Program Administration

Guidehouse will conduct desktop research and document reviews to map the landscape of current economic development policies, programs, and initiatives. Their research will be structured by tier of government as well as program type. Program types may be either monetary – such as incentives, rebates, vouchers, concessionary financing – or non-monetary, such as marketing promotions, workforce development programs, small business/entrepreneurial support, partnerships, and services. They will also review all existing audits and previous evaluations.

This review will be focused on both understanding how existing economic development programs and plans fit together and determining their administrative effectiveness in supporting economic growth. They will take this forward into a single, integrated picture that will allow them to identify synergies across plans and develop initiatives that align with State economic development priorities.

Phase 4: Recommendations

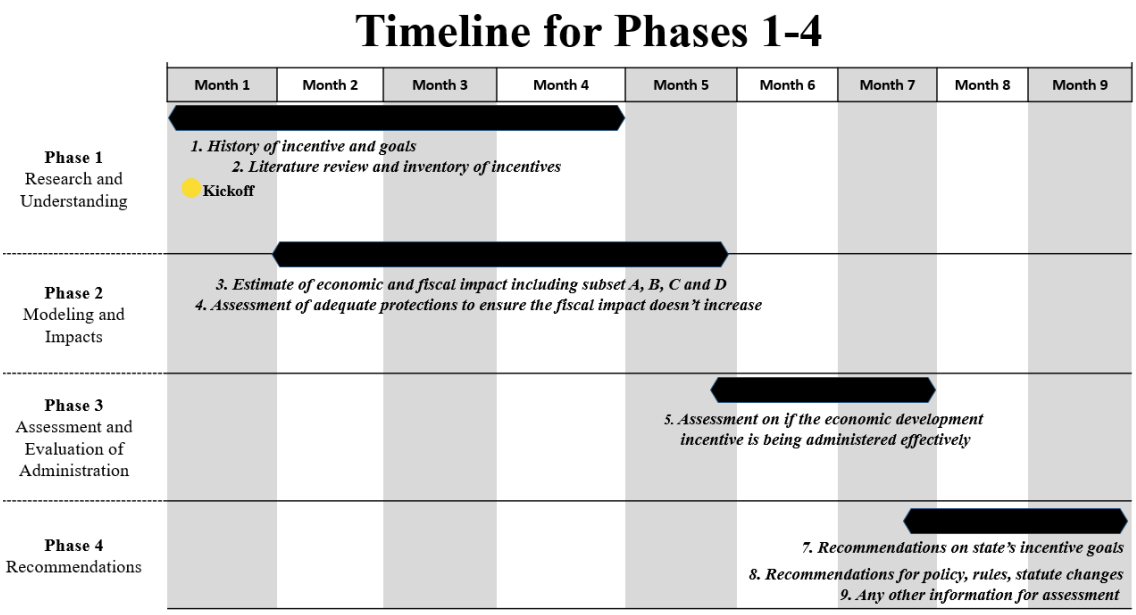
Guidehouse will provide recommendations for each of the nine economic development incentive programs, including an assessment framework for each program. This framework is used to identify elements of society that create value for residents, businesses, and institutions (e.g., government, education, non-profits,

etc.). They will use this assessment framework to summarize the findings and insights gathered in the current state analysis in a scorecard.

Guidehouse will work with the State of Michigan to customize the assessment framework by identifying the metrics that are most important to the MSF. After selecting and scoring each metric, Guidehouse will assemble a current state scorecard, which is essentially a 1-pager that communicates the salient insights from the current state analysis in a standardized way and identifies areas of strength and weakness for the state programs. This scorecard will highlight the metrics and give the state a qualitative rating (high, medium, low) for each category. The scorecard can be used to 1) communicate current state findings in an easily digestible fashion, and 2) act as a guide to developing equitable policies and strategies to enhance overall value.

Following the approval of the drafts, the Guidehouse team will develop the final Recommendations and supporting materials. Their team will not simply provide a Recommendation document; our goal will be to set the State of Michigan up with the tools and support it needs to carry out the Recommendations after the Guidehouse team departs. The Guidehouse team will build an implementation roadmap that further breaks down the strategy into actionable steps, sequences projects and initiatives, assigns projects to owners, and establishes clear timelines for project completion.

Guidehouse will help also build supporting templates and processes (monthly or quarterly check-in meetings to provide a cadence and rhythm of accountability) by which implementation status can be tracked and communicated. They will work with goal owners and initiative owners to ensure that they understand the actions they will need to take to implement their portion of the strategy, how it's connected to the overall plan, and how to communicate feedback, ask for help, or highlight risks or issues as they arise.



Guidehouse will disclose a summary of our methodology and source materials in how they arrived at the evaluation.

Guidehouse will incorporate feedback on the draft recommendations to develop an internal and external version of the final reports. The two documents must have consistent messaging and end goals. The internal document may include more detail than the external version. Both the internal and external final recommendation report documents will be socialized and iterated with the State of Michigan team and

stakeholders to ensure we are all aligned. At the conclusion of the project, Guidehouse will also help the State of Michigan team compile any needed documentation to support the presentation of the final reports.

2. Service Requirements

2.1. Timeframes

All project activities must be delivered within 270 calendar days from issuance of purchase order/delivery order.

2.2. Delivery

Delivery of the Final Evaluation Report will be expected within 270 calendar days from issuance of purchase order/delivery order. Delivery will be made via email to the State Program Manager.

3. Acceptance

3.1. Final Acceptance

Final Acceptance will be met when the Contractor has successfully delivered the Final Evaluation Report to the State Program Manager.

4. Staffing

4.1. Contract Administrator

The Contractor Administrator for each party is the only person authorized to modify any terms of this project and approve and execute any change under this engagement (each a "Contract Administrator").

State:	Contractor:
Lacey Wilke 320 W. Walnut Street Lansing, MI 48933 WilkeL@michigan.gov 517-282-8057	Jeff Bankowski 1001 Woodward Ave, Suite 500 Detroit, MI 48226 jbankowski@guidehouse.com 734-644-0595

4.2. Program Manager

The Contractor must appoint an individual specifically assigned to State of Michigan accounts, who will respond to State inquiries regarding the project activities, answer questions related to ordering and delivery, etc. The Program Manager for each party will monitor and coordinate the day-to-day activities of the project (each a "Program Manager"):

The Contractor must notify the Contract Administrator at least 30 calendar days before removing or assigning a new Program Manager.

State:	Contractor:
Mike Gilliland 320 S. Walnut Street Lansing, MI 48933 GillilandM@michigan.gov 517-335-1557	Matt Davis 1001 Woodward Ave, Suite 500 Detroit, MI 48226 mrdavis@guidehouse.com 949-456-2284

4.3. Customer Service Toll-Free Number

The Contractor must specify its toll-free number for the State to contact the Contractor Program Manager. The Contractor Program Manager must be available for calls during the hours of 8:00 am to 5:00 pm EST.

Guidehouse's Contractor Representative will be Jarell Potts, who can be reached toll-free at 937-739-4203 between the hours of 8:00am and 5:00pm EST. Our backup Contractor Representative is Matt Davis, who can be reached at 949-456-2284.

4.4. Work Hours

The Contractor must provide Contract Activities during the State's normal working hours Monday – Friday, 8:00 a.m. to 5:00 p.m. EST and possible night and weekend hours depending on the requirements of the project.

4.5. Key Personnel

The Contractor must appoint individuals who will be directly responsible for the day-to-day operations of the Contract ("Key Personnel"). Key Personnel must be specifically assigned to the State account, be knowledgeable on the contractual requirements, and respond to State inquiries within 24 hours.

The State has the right to recommend and approve in writing the initial assignment, as well as any proposed reassignment or replacement, of any Key Personnel. Before assigning an individual to any Key Personnel position, Contractor will notify the State of the proposed assignment, introduce the individual to the State's Program Manager, and provide the State with a resume and any other information about the individual reasonably requested by the State. The State reserves the right to interview the individual before granting written approval. In the event the State finds a proposed individual unacceptable, the State will provide a written explanation including reasonable detail outlining the reasons for the rejection. The State may require a 30-calendar day training period for replacement personnel.

Contractor will not remove any Key Personnel from their assigned roles relating this project without the prior written consent of the State. The Contractor's removal of Key Personnel without the prior written consent of the State is an unauthorized removal ("Unauthorized Removal"). An Unauthorized Removal does not include replacing Key Personnel for reasons beyond the reasonable control of Contractor, including illness, disability, leave of absence, personal emergency circumstances, resignation, or for cause termination of the Key Personnel's employment. Any Unauthorized Removal may be considered by the State to be a material breach of the Contract, in respect of which the State may elect to terminate the Contract for cause pursuant to the Termination for Cause section of the Standard Contract Terms agreed to in the vendor's master agreement. It is further acknowledged that an Unauthorized Removal will interfere with the timely and proper completion of this project, to the loss and damage of the State, and that it would be impracticable and extremely difficult to fix the actual damage sustained by the State as a result of any Unauthorized Removal. Therefore, Contractor and the State agree that in the case of any Unauthorized Removal in respect of which the State does not elect to exercise its rights pursuant to the Termination for Cause, Contractor will issue to the State the corresponding credits set forth below (each, an "Unauthorized Removal Credit"):

i. For the Unauthorized Removal of any Key Personnel designated in the applicable Statement of Work, the credit amount will be $25,000.00 per individual if Contractor identifies a replacement approved by the State and assigns the replacement to shadow the Key Personnel who is leaving for a period of at least 30-calendar days before the Key Personnel's removal.

ii. If Contractor fails to assign a replacement to shadow the removed Key Personnel for at least 30-calendar days, in addition to the $25,000.00 credit specified above, Contractor will credit the State $833.33 per calendar day for each day of the 30-calendar day shadow period that the replacement Key Personnel does not shadow the removed Key Personnel, up to $25,000.00 maximum per individual. The total Unauthorized Removal Credits that may be assessed per Unauthorized Removal and failure to provide 30-calendar days of shadowing will not exceed $50,000.00 per individual.

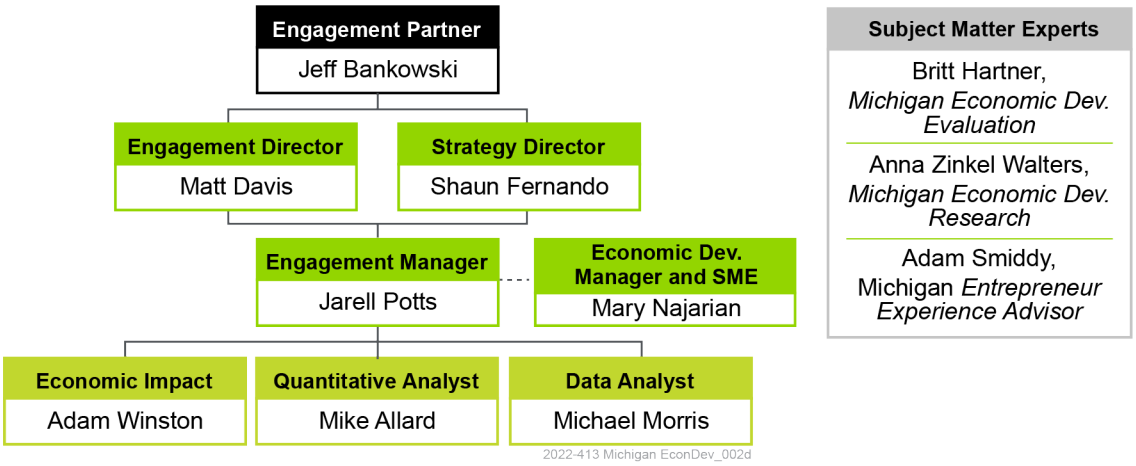
Contractor acknowledges and agrees that each of the Unauthorized Removal Credits assessed above: (i) is a reasonable estimate of and compensation for the anticipated or actual harm to the State that may arise from the Unauthorized Removal, which would be impossible or very difficult to accurately estimate; and

(ii) may, at the State's option, be credited or set off against any fees or other charges payable to Contractor under the Contract.

Guidehouse will provide the following key personnel.

1. Name	2. Years of Experience with Contractor's Organization	3. Role(s) / Responsibilities	4. Direct / Subcontract/ Contract	5. % of Work Time	6. Physical Location
Jeff Bankowski	4 Years	Engagement Partner	Direct	>5%	Ann Arbor, MI
Shaun Fernando	5 Years	Strategy Director	Direct	5%	Los Angeles, CA
Matt Davis	1 Year	Engagement Director	Direct	5%	Grosse Pointe, MI
Jarell Potts	1 Year	Engagement Manager	Direct	65%	Columbus, OH
Mary Najarian	2 Years	Economic development SME	Direct	15%	Los Angeles, CA
Adam Winston	1 Year	Economic Impact Analyst SME	Direct	25%	Boulder, CO
Michael Allard	2 Years	Quantitative Analyst	Direct	100%	Detroit, MI
Michael Morris	1 Year	Data Analyst	Direct	100%	Columbus, OH

4.6. Organizational Chart



4.8. Security

Contractor must present certifications evidencing satisfactory Michigan State Police background checks for all staff identified for assignment to this project. Contractor will pay for all costs associated with ensuring their staff meets all requirements.

The State in its sole discretion may also perform additional background checks. Pursuant to Michigan law, all agencies subject to IRS Pub. 1075 are required to ask the Michigan State Police to perform fingerprint background checks on all employees, including Contractor and subcontractor employees, who may have access to any database of information maintained by the federal government that contains confidential or personal information, including, but not limited to, federal tax information ("FTI"). The Michigan Department if Technology, Management and Budget is subject to IRS Publication 1075. Contractors who may access FTI as part of provisioning the services of this solicitation will be required to agree and to comply with the National Crime Information Center ("NCIC") background check

requirement. The State will pay the costs for the NCIC required background checks. Further, pursuant to Michigan law, any agency described above is prohibited from providing Contractors or subcontractors with the result of such NCIC background check. For more information, please see the Public Employee Fingerprint-Based Criminal History Check Act, MCL 15.651 et. seq.

4.9. Access to Tax Information

The Contractor must comply with the requirements of IRS Publication 1075 (including Exhibit 7 Safeguarding Contract Language) and Michigan Department of Treasury Safeguard Requirements of Confidential Tax Data, Attachment A.

5. Project Management

5.1. Project Plan

The Contractor will carry out this project under the direction and control of the State's Program Manager. Within 10 calendar days of the issuance of the purchase order/delivery order, the Contractor must submit a final project plan to the State's Program Manager for approval. The final project plan must include: (a) the Contractor's organizational chart with names and title of personnel assigned to the project, which must align with the staffing stated in accepted proposals; and (b) the project breakdown showing sub-projects, tasks, milestones, timeline, and resources required.

5.2. Meetings

The Contractor must attend monthly status meetings. Meetings will be scheduled by the State's Program Manager.

The State may request other meetings, as it deems appropriate.

6. Pricing

6.1. Price Term

Pricing is firm for the entire length of the project.

6.2. Price Changes

Adjustments will be based on changes in actual Contractor costs. Any request must be supported by written evidence documenting the change in costs. The State may consider sources, such as the Consumer Price Index; Producer Price Index; other pricing indices as needed; economic and industry data; manufacturer or supplier letters noting the increase in pricing; and any other data the State deems relevant.

Following the presentation of supporting documentation, both parties will have 30 days to review the information and prepare a written response. If the review reveals no need for modifications, pricing will remain unchanged unless mutually agreed to by the parties. If the review reveals that changes are needed, both parties will negotiate such changes, for no longer than 30 days, unless extended by mutual agreement.

The Contractor remains responsible for project Activities at the current price for all purchase order/delivery orders received.

7. Ordering

7.1. Authorizing Document

The appropriate authorizing document for the Contract will be a purchase order or delivery order.

8. Invoice and Payment

8.1. Invoice Requirements

All invoices submitted to the State must include: (a) date; (b) purchase order; (c) quantity; (d) description of the Contract Activities; (e) unit price; (f) shipping cost (if any); (g) vendor-generated invoice number and (h) total price. Overtime, holiday pay, and travel expenses will not be paid.

8.2. Payment Methods

The State will make payment for Contract Activities by Electronic Funds Transfer (EFT).

9. Liquidated Damages

Late or improper completion of the Contract Activities will cause loss and damage to the State and it would be impracticable and extremely difficult to fix the actual damage sustained by the State. Therefore, if there is late or improper completion of the Contract Activities the State is entitled to collect liquidated damages in the amount of $5,000 and an additional $100 per day for each day Contractor fails to remedy the late or improper completion of the Work.

Schedule B – Pricing

The Fixed Firm Price for the services requested by the Agency Title for the Economic Development Incentive Evaluation is **$650,000**. This price proposal includes all costs.

Guidehouse's Fixed Firm Price does not contain any other direct costs (including travel expenses). Guidehouse acknowledged that overtime, holiday pay, and travel expenses will not be paid.

Title	% Allocation to Project	Hourly Rate/Person	Total Price
Partner	<5%	$395	$5,240
Director (1)	5%	$310	$16,500
Director (2)	5%	$310	$16,500
Subject Matter Experts	15%	$250	$33,165
Managing Consultant (1)	65%	$250	$129,300
Managing Consultant (2)	25%	$250	$66,330
Senior Consultant (1)	100%	$225	$223,800
Consultant (1)	100%	$160	$159,165
		Total Budget	**$650,000**
		Total Budget if prompt pay discount is applied (3%)	**$630,500**

STATE OF MICHIGAN
CENTRAL PROCUREMENT SERVICES
Department of Technology, Management, and Budget
320 S. WALNUT ST., LANSING, MICHIGAN 48933
P.O. BOX 30026 LANSING, MICHIGAN 48909

CONTRACT CHANGE NOTICE

Change Notice Number **1**

to

Contract Number **220000000125**

CONTRACTOR	
	Guidehouse Inc.
	2941 Fairview Park Drive
	Falls Church, VA 22042
	Jeffrey S. Bankowski
	734-644-0595
	jbankowski@guidehouse.com
	CV0017579

STATE			
	Program Manager	various	SW
	Contract Administrator	Susan Watt-Smith	DTMB
		517-241-7000	
		wattsmiths@michigan.gov	

CONTRACT SUMMARY			
SW FINANCIAL AUDITING AND ACCOUNTING PREQUAL PROGRAM			
INITIAL EFFECTIVE DATE	**INITIAL EXPIRATION DATE**	**INITIAL AVAILABLE OPTIONS**	**EXPIRATION DATE BEFORE**
November 1, 2021	October 31, 2024	3 - 1 Year	October 31, 2024
PAYMENT TERMS		**DELIVERY TIMEFRAME**	
NET 45		N/A	
ALTERNATE PAYMENT OPTIONS			**EXTENDED PURCHASING**
☐ P-Card	☐ PRC	☐ Other	☒ Yes ☐ No
MINIMUM DELIVERY REQUIREMENTS			
N/A			

DESCRIPTION OF CHANGE NOTICE				
OPTION	**LENGTH OF OPTION**	**EXTENSION**	**LENGTH OF EXTENSION**	**REVISED EXP. DATE**
☐		☐		N/A
CURRENT VALUE	**VALUE OF CHANGE NOTICE**		**ESTIMATED AGGREGATE CONTRACT VALUE**	
$0.00	$0.00		$0.00	

DESCRIPTION

Effective 7/27/22, the attached Schedule A - Statement of Work, Schedule B - Pricing, and Federal Provisions Addendum are hereby added to the Contract. Please note, the State's Contract Administrator is changed to Susan Watt-Smith. All other terms, conditions, specifications and pricing remain the same. Per contractor and agency agreement, and DTMB Central Procurement approval.

FEDERAL PROVISIONS ADDENDUM

This addendum applies to purchases that will be paid for in whole or in part with funds obtained from the federal government. The provisions below are required, and the language is not negotiable. If any provision below conflicts with the State's terms and conditions, including any attachments, schedules, or exhibits to the State's Contract, the provisions below take priority to the extent a provision is required by federal law; otherwise, the order of precedence set forth in the Contract applies. Hyperlinks are provided for convenience only; broken hyperlinks will not relieve Contractor from compliance with the law.

1. **Equal Employment Opportunity**

If this Contract is a "**federally assisted construction contract**" as defined in 41 CFR Part 60-1.3, and except as otherwise may be provided under 41 CFR Part 60, then during performance of this Contract, the Contractor agrees as follows:

> (1) The Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, sexual orientation, gender identity, or national origin. The Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color, religion, sex, sexual orientation, gender identity, or national origin. Such action shall include, but not be limited to the following:
>
> Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided setting forth the provisions of this nondiscrimination clause.
>
> (2) The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, sexual orientation, gender identity, or national origin.
>
> (3) The Contractor will not discharge or in any other manner discriminate against any employee or applicant for employment because such employee or applicant has inquired about, discussed, or disclosed the compensation of the employee or applicant or another employee or applicant. This provision shall not apply to instances in which an employee who has access to the compensation information of other employees or applicants as a part of such employee's essential job functions discloses the compensation of such other employees or

applicants to individuals who do not otherwise have access to such information, unless such disclosure is in response to a formal complaint or charge, in furtherance of an investigation, proceeding, hearing, or action, including an investigation conducted by the employer, or is consistent with the Contractor's legal duty to furnish information.

(4) The Contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice to be provided advising the said labor union or workers' representatives of the Contractor's commitments under this section, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(5) The Contractor will comply with all provisions of Executive Order 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.

(6) The Contractor will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the administering agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

(7) In the event of the Contractor's noncompliance with the nondiscrimination clauses of this contract or with any of the said rules, regulations, or orders, this Contract may be canceled, terminated, or suspended in whole or in part and the Contractor may be declared ineligible for further Government contracts or federally assisted construction contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

(8) The Contractor will include the portion of the sentence immediately preceding paragraph (1) and the provisions of paragraphs (1) through (8) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to section 204 of Executive Order 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The Contractor will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions, including sanctions for noncompliance:

> Provided, however, that in the event a Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such

direction by the administering agency, the Contractor may request the United States to enter into such litigation to protect the interests of the United States.

The applicant further agrees that it will be bound by the above equal opportunity clause with respect to its own employment practices when it participates in federally assisted construction work: *Provided*, that if the applicant so participating is a State or local government, the above equal opportunity clause is not applicable to any agency, instrumentality or subdivision of such government which does not participate in work on or under the contract.

The applicant agrees that it will assist and cooperate actively with the administering agency and the Secretary of Labor in obtaining the compliance of contractors and subcontractors with the equal opportunity clause and the rules, regulations, and relevant orders of the Secretary of Labor, that it will furnish the administering agency and the Secretary of Labor such information as they may require for the supervision of such compliance, and that it will otherwise assist the administering agency in the discharge of the agency's primary responsibility for securing compliance.

The applicant further agrees that it will refrain from entering into any contract or contract modification subject to Executive Order 11246 of September 24, 1965, with a contractor debarred from, or who has not demonstrated eligibility for, Government contracts and federally assisted construction contracts pursuant to the Executive Order and will carry out such sanctions and penalties for violation of the equal opportunity clause as may be imposed upon contractors and subcontractors by the administering agency or the Secretary of Labor pursuant to Part II, Subpart D of the Executive Order. In addition, the applicant agrees that if it fails or refuses to comply with these undertakings, the administering agency may take any or all of the following actions: Cancel, terminate, or suspend in whole or in part this grant (contract, loan, insurance, guarantee); refrain from extending any further assistance to the applicant under the program with respect to which the failure or refund occurred until satisfactory assurance of future compliance has been received from such applicant; and refer the case to the Department of Justice for appropriate legal proceedings.

2. **Davis-Bacon Act (Prevailing Wage)**

If this Contract is a **prime construction contracts** in excess of $2,000, the Contractor (and its Subcontractors) must comply with the Davis-Bacon Act (40 USC 3141-3148) as supplemented by Department of Labor regulations (29 CFR Part 5, “Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction”), and during performance of this Contract the Contractor agrees as follows:

(1) All transactions regarding this contract shall be done in compliance with the Davis-Bacon Act (40 U.S.C. 3141- 3144, and 3146-3148) and the requirements of 29 C.F.R. pt. 5 as may be applicable. The contractor shall comply with 40 U.S.C. 3141-3144, and 3146-3148 and the requirements of 29 C.F.R. pt. 5 as applicable.

(2) Contractors are required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specified in a wage determination made by the Secretary of Labor.

(3) Additionally, contractors are required to pay wages not less than once a week.

3. Copeland "Anti-Kickback" Act

If this Contract is a contract for construction or repair work in excess of $2,000 where the Davis-Bacon Act applies, the Contractor must comply with the Copeland "Anti-Kickback" Act (40 USC 3145), as supplemented by Department of Labor regulations (29 CFR Part 3, "Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States"), which prohibits the Contractor and subrecipients from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he or she is otherwise entitled, and during performance of this Contract the Contractor agrees as follows:

(1) Contractor. The Contractor shall comply with 18 U.S.C. §874, 40 U.S.C. § 3145, and the requirements of 29 C.F.R. pt. 3 as may be applicable, which are incorporated by reference into this contract.

(2) Subcontracts. The Contractor or Subcontractor shall insert in any subcontracts the clause above and such other clauses as FEMA or the applicable federal awarding agency may by appropriate instructions require, and also a clause requiring the Subcontractors to include these clauses in any lower tier subcontracts. The prime contractor shall be responsible for the compliance by any subcontractor or lower tier subcontractor with all of these contract clauses.

(3) Breach. A breach of the contract clauses above may be grounds for termination of the contract, and for debarment as a Contractor and Subcontractor as provided in 29 C.F.R. § 5.12.

4. Contract Work Hours and Safety Standards Act

If the Contract is **in excess of $100,000** and **involves the employment of mechanics or laborers**, the Contractor must comply with 40 USC 3702 and 3704, as supplemented

by Department of Labor regulations (29 CFR Part 5), as applicable, and during performance of this Contract the Contractor agrees as follows:

(1) Overtime requirements. No Contractor or Subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics shall require or permit any such laborer or mechanic in any workweek in which he or she is employed on such work to work in excess of forty hours in such workweek unless such laborer or mechanic receives compensation at a rate not less than one and one-half times the basic rate of pay for all hours worked in excess of forty hours in such workweek.

(2) Violation; liability for unpaid wages; liquidated damages. In the event of any violation of the clause set forth in paragraph (1) of this section the Contractor and any Subcontractor responsible therefor shall be liable for the unpaid wages. In addition, such Contractor and Subcontractor shall be liable to the United States (in the case of work done under contract for the District of Columbia or a territory, to such District or to such territory), for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer or mechanic, including watchmen and guards, employed in violation of the clause set forth in paragraph (1) of this section, in the sum of $27 for each calendar day on which such individual was required or permitted to work in excess of the standard workweek of forty hours without payment of the overtime wages required by the clause set forth in paragraph (1) of this section.

(3) Withholding for unpaid wages and liquidated damages. The State shall upon its own action or upon written request of an authorized representative of the Department of Labor withhold or cause to be withheld, from any moneys payable on account of work performed by the Contractor or Subcontractor under any such contract or any other Federal contract with the same prime contractor, or any other federally-assisted contract subject to the Contract Work Hours and Safety Standards Act, which is held by the same prime contractor, such sums as may be determined to be necessary to satisfy any liabilities of such contractor or subcontractor for unpaid wages and liquidated damages as provided in the clause set forth in paragraph (2) of this section.

(4) Subcontracts. The Contractor or Subcontractor shall insert in any subcontracts the clauses set forth in paragraph (1) through (4) of this section and also a clause requiring the Subcontractors to include these clauses in any lower tier subcontracts. The prime contractor

shall be responsible for compliance by any subcontractor or lower tier subcontractor with the clauses set forth in paragraphs (1) through (4) of this section.

5. **Rights to Inventions Made Under a Contract or Agreement**

If the Contract is funded by a federal "funding agreement" as defined under 37 CFR §401.2 (a) and the recipient or subrecipient wishes to enter into a contract with a small business firm or nonprofit organization regarding the substitution of parties, assignment or performance of experimental, developmental, or research work under that "funding agreement," the recipient or subrecipient must comply with 37 CFR Part 401, "Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements," and any implementing regulations issued by the awarding agency.

6. **Clean Air Act and the Federal Water Pollution Control Act**

If this Contract is **in excess of $150,000,** the Contractor must comply with all applicable standards, orders, and regulations issued under the Clean Air Act (42 USC 7401-7671q) and the Federal Water Pollution Control Act (33 USC 1251-1387), and during performance of this Contract the Contractor agrees as follows:

Clean Air Act

1. The Contractor agrees to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act, as amended, 42 U.S.C. § 7401 et seq.
2. The Contractor agrees to report each violation to the State and understands and agrees that the State will, in turn, report each violation as required to assure notification to the Federal Emergency Management Agency or the applicable federal awarding agency, and the appropriate Environmental Protection Agency Regional Office.
3. The Contractor agrees to include these requirements in each subcontract exceeding $150,000 financed in whole or in part with Federal assistance provided by FEMA or the applicable federal awarding agency.

Federal Water Pollution Control Act

1. The Contractor agrees to comply with all applicable standards, orders, or regulations issued pursuant to the Federal Water Pollution Control Act, as amended, 33 U.S.C. 1251 et seq.
2. The Contractor agrees to report each violation to the State

and understands and agrees that the State will, in turn, report each violation as required to assure notification to the Federal Emergency Management Agency or the applicable federal awarding agency, and the appropriate Environmental Protection Agency Regional Office.

3. The Contractor agrees to include these requirements in each subcontract exceeding $150,000 financed in whole or in part with Federal assistance provided by FEMA or the applicable federal awarding agency.

7. Debarment and Suspension

A "contract award" (see 2 CFR 180.220) must not be made to parties listed on the government-wide exclusions in the System for Award Management (SAM), in accordance with the OMB guidelines at 2 CFR 180 that implement Executive Orders 12549 (51 FR 6370; February 21, 1986) and 12689 (54 FR 34131; August 18, 1989), "Debarment and Suspension." SAM Exclusions contains the names of parties debarred, suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority other than Executive Order 12549.

(1) This Contract is a covered transaction for purposes of 2 C.F.R. pt. 180 and 2 C.F.R. pt. 3000. As such, the Contractor is required to verify that none of the Contractor's principals (defined at 2 C.F.R. § 180.995) or its affiliates (defined at 2 C.F.R. § 180.905) are excluded (defined at 2 C.F.R. § 180.940) or disqualified (defined at 2 C.F.R. § 180.935).

(2) The Contractor must comply with 2 C.F.R. pt. 180, subpart C and 2 C.F.R. pt. 3000, subpart C, and must include a requirement to comply with these regulations in any lower tier covered transaction it enters into.

(3) This certification is a material representation of fact relied upon by the State. If it is later determined that the contractor did not comply with 2 C.F.R. pt. 180, subpart C and 2 C.F.R. pt. 3000, subpart C, in addition to remedies available to the State, the Federal Government may pursue available remedies, including but not limited to suspension and/or debarment.

(4) The bidder or proposer agrees to comply with the requirements of 2 C.F.R. pt. 180, subpart C and 2 C.F.R. pt. 3000, subpart C while this offer is valid and throughout the period of any contract that may arise from this offer. The bidder or proposer further agrees to include a provision requiring such compliance in its lower tier covered transactions.

8. **Byrd Anti-Lobbying Amendment**

Contractors who apply or bid for an award of **$100,000 or more** shall file the required certification in Exhibit 1 – Byrd Anti-Lobbying Certification below. Each tier certifies to the tier above that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, officer or employee of Congress, or an employee of a Member of Congress in connection with obtaining any Federal contract, grant, or any other award covered by 31 U.S.C. § 1352. Each tier shall also disclose any lobbying with non-Federal funds that takes place in connection with obtaining any Federal award. Such disclosures are forwarded from tier to tier up to the recipient who in turn will forward the certification(s) to the awarding agency.

9. **Procurement of Recovered Materials**

Under 2 CFR 200.322, Contractors must comply with section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act.

(1) In the performance of this contract, the Contractor shall make maximum use of products containing recovered materials that are EPA-designated items unless the product cannot be acquired—

   a. Competitively within a timeframe providing for compliance with the contract performance schedule.

   b. Meeting contract performance requirements; or

   c. At a reasonable price.

(2) Information about this requirement, along with the list of EPA-designated items, is available at EPA's Comprehensive Procurement Guidelines web site: https://www.epa.gov/smm/comprehensive- procurement-guideline-cpg-program.

(3) The Contractor also agrees to comply with all other applicable requirements of Section 6002 of the Solid Waste Disposal Act.

10. **Additional FEMA Contract Provisions.**

The following provisions apply to purchases that will be paid for in whole or in part with funds obtained from the Federal Emergency Management Agency (FEMA):

(1) Access to Records. The following access to records requirements apply to this contract:

   a. The Contractor agrees to provide the State, the FEMA Administrator, the Comptroller General of the United States, or any of their authorized representatives access to any

books, documents, papers, and records of the Contractor which are directly pertinent to this contract for the purposes of making audits, examinations, excerpts, and transcriptions.

b. The Contractor agrees to permit any of the foregoing parties to reproduce by any means whatsoever or to copy excerpts and transcriptions as reasonably needed.

c. The Contractor agrees to provide the FEMA Administrator or his authorized representatives access to construction or other work sites pertaining to the work being completed under the contract.

d. In compliance with the Disaster Recovery Act of 2018, the State and the Contractor acknowledge and agree that no language in this contract is intended to prohibit audits or internal reviews by the FEMA Administrator or the Comptroller General of the United States.

(2) Changes.

See the provisions regarding modifications or change notice in the Contract Terms.

(3) DHS Seal, Logo, And Flags

The Contractor shall not use the DHS seal(s), logos, crests, or reproductions of flags or likenesses of DHS agency officials without specific FEMA pre-approval.

(4) Compliance with Federal Law, Regulations, and Executive Orders

This is an acknowledgement that FEMA financial assistance will be used to fund all or a portion of the contract. The Contractor will comply with all applicable Federal law, regulations, executive orders, FEMA policies, procedures, and directives.

(5) No Obligation by Federal Government

The Federal Government is not a party to this contract and is not subject to any obligations or liabilities to the State, Contractor, or any other party pertaining to any matter resulting from the Contract."

(6) Program Fraud and False or Fraudulent Statements or Related Acts

The Contractor acknowledges that 31 U.S.C. Chap. 38 (Administrative Remedies for False Claims and Statements)

applies to the Contractor’s actions pertaining to this contract.

CN 1 - SCHEDULE A - STATEMENT OF WORK

Financial Accounting, Integrity Oversight Monitoring or Auditing Services – COVID-19 Stimulus Management Projects Prequalification Program

BACKGROUND

The federal government has now passed several major pieces of legislation designed to support the response and recovery related to the COVID-19 crisis including the CARES Act, FEMA and on March 3, 2021 the President signed the American Rescue Plan Act (ARPA) related to infrastructure and other additional pandemic relief funding to address affects from the pandemic. We also anticipate additional new major federal funded programs to be deployed such as Infrastructure and Investments Job Act (IIJA).

The State Budget Office (SBO) has implemented a COVID-19 Federal Stimulus Program Management Organization (PMO) to oversee the funding and implementation of programs associated with COVID federal funding. Additionally, Governor Whitmer, through executive directive 2020-05, established a COVID-19 Office of Accountability (OOA). Both the COVID-19 PMO and COVID-19 OOA work closely to implement and establish compliance oversight over the myriad of programs funded by these federal funds.

Many of the designated uses of CRF, CRRSA, and ARPA programs involve grants to subrecipients, involving all local units of Michigan government, K-12 educational districts, Community Colleges, other Higher Education institutions, and a myriad of other subrecipients. For the State's CRF, CRRSA, and ARPA related programs, SOM agencies/program staff are required to establish appropriate internal controls and subrecipient monitoring processes in accordance with uniform administrative requirements issued by the U.S. Office of Management and Budget, commonly referred to as 2 CFR 200, which includes subpart F related Audit requirements.

The State currently has resource capacity limitations with program administration and grant management and matters necessary to implement programs associated with the CRF CARES Act, FEMA, and ARPA funded programs to ensure compliance with federal and state requirements. Although there is no immediate need requiring this contract, there may be a need in the future with urgent timeframes associated with program implementation timelines. This subset of prequalified Contracts specifically for COVID-19 Stimulus Management projects will be engaged via 3rd Tier DS when the need is identified.

SCOPE

The Contractor will provide the State with service resources associated with administering grant programs. These services are needed to address resource capacity limitations and urgent timeframes associated with program implementation timelines. Services rendered under this contract will be associated with, and funded by, COVID-19 Pandemic Relief funds and potential additional new major federal funds.

Contractor resources must be experienced to provide the services outlined in this SOW. It is expected that the staffing resources proposed will be deployed in the timeframe provided by the State. The State will consider the following information when evaluating Contractor's resources/experience:

Leadership team, including the Engagement Partner, Engagement Director/Manager, and Supervisors, with hands-on experience including but not limited to:

- Experience with distribution of Federal and State dollars to recipients and subrecipients through grants, contracts, and other forms of distribution (including awarding/contracting, reporting, compliance of subrecipients/contractors). Specific expertise involved in advising or auditing requirements in 2 CFR 200 and Single Audit requirements should be explicitly described
- Experience with working with leadership across State or local governments.
- Experience with working with leadership across State of Michigan government, Michigan local governments, or Michigan K-12 and Higher Education units.
- Expertise of Federal and State compliance reporting and compliance requirements and practical experience in addressing and resolving technical issues
- Direct knowledge and experience with Federal funded programs, in particular FRF funds/requirements
- National federal support for existing and new Federal funding and regulations
- Supervisors/managers
    - Coordination of staff planning scheduling and coordination with POCs and subrecipients
    - Oversee and review monitoring work for quality

Provide any necessary services for the administration of a grant program including, but not limited to, detailed program design, developing grant agreements, communication, outreach, application processing, fund distribution processing, reporting and compliance oversight with applicable Federal and State requirements, and implementation of technology solutions, as determined necessary.

The contractor is expected to perform all tasks to support the identified programs as determined during initial scoping of the services to be rendered in conjunction with program staff.

a) The Contractor may be responsible for leading, advising, and supporting the agency in developing grant administration procedures, developing grant agreements, reporting methods, and processes to ensure appropriate internal controls and monitoring procedures.

b) The Contractor may be responsible for the development of an application workflow and application review process in accordance with legislation. This includes but is not limited to:
    i. developing and posting an application website for program recipients to apply for the grant in accordance with prescribed SOM IT security standards. The application website must be reviewed and approved by DTMB IT Agency Services.
    ii. developing a workflow to manage all aspects of the applications
    iii. developing and posting Frequently Asked Questions (FAQ's) related to the grant program
    iv. providing for a program application period window
    v. providing outreach for potential recipients
    vi. providing an application method requiring applicant information needed to confirm program eligibility. The application method must be secure and ensure proper privacy controls to protect applicants' information.
    vii. providing a call center to staff answering phone and email inquiries related to the grant program
    viii. providing weekly program metrics to track the status of the program

c) **The Contractor may be responsible for providing *staff augmentation to the agency to review all grant applications*** for proof of eligibility of the program. This involves ensuring the submitted grant applications are complete, accurate, and address all federal and state requirements associated with the grant program. This review process will determine the applicants meeting program eligibility in accordance with legislation and selected to receive the program award. The application review process must include proper internal controls to identify duplicate, fraudulent, inaccurate, and ineligible applications. In addition, it will include calculating, and if applicable proration calculations of the grant award amount of each eligible applicant. It will also include notifying all eligible applicants of the approved award by a predetermined date and notifying all ineligible applicants that their application has been rejected by a predetermined date. Contractor will consult with the agency on the eligibility process.

d) the Contractor may be responsible for transmitting in a manner prescribed by agency the listing of all approved program applicants, including the following required data necessary to issue payments by a predetermined date:
    i. Applicant name
    ii. Applicant address
    iii. Applicant full federal employer identification number (FEIN), employer identification number (EIN), or social security number (SSN).
    iv. Award amount for each applicant
    v. W-9 form auto filled with the applicant's information including electronic signature

e) **The Contractor may be responsible for** providing all staff necessary to administer the program according to legislation which may include but is not limited to:
    i. Staff to operate a Call center
    ii. Staff to develop all IT applications, including website and system applications necessary to administer the program – this must follow all requirements the Master Agreement, including Section 1.3 and any development of IT applications must be reviewed and approved by DTMB IT Agency Services.
    iii. Staff to Audit applications
    iv. Staff to provide agency with information needed to re-issue checks after original payments have been distributed. This staffing need would end three months after original checks are issued for the program.
    v. Staff to research questions directed to agency regarding program within one day of receiving the request.

f) The Contractor must provide to agency in a manner prescribed by agency all records supporting the application and review process for a period by a predetermined date. Upon providing these records, provide agency with an attestation that all program records have been deleted from the contractor's possession.

g) The Contractor must complete program monitoring procedures and provide agency with a report of these procedures by a predetermined date, approved by the Program Manager.

h) Reporting: **The Contractor must** provide agency a final direct cost expense listing of actual costs and supporting documentation of those expenses by a predetermined date; and provide federal quarterly expenditure reports to the agency through a predetermined date. Also provide to agency the legislative reports required in accordance with legislation by a predetermined date. In addition, Provide the agency

a copy of the contractor's most recent and subsequent SINGLE audit reports. Also comply with all program requirements, IRS reporting requirements, federal guideline requirements, and agency Nondisclosure requirements.

i) In the event the proration is necessary administrative costs will be added to grant available funds. The methodology to determine the administrative costs will be determined by agency.

The State will have access to the full range of the Contractor's knowledge, tools and resources (designed for this Contract) and will be updated daily on progress. The State expects the Contractor to have federal compliance, grant management expertise, and experience with the ARPA, CRF, CARES Act and other grant management activities and associated federal requirements.

j) The State acknowledges that bidders for this Contract may have conflicts of interest issues associated with specific grant programs of State ARPA, CRF and CRF/FEMA and other federally funded programs. Those conflicts must be disclosed in the bidder's proposal and will be considered in the Contractor selection. The State reserves the right to either disqualify a bidder from this SOW, limit the scope of Contractor's work to avoid conflicts, and/or create multiple contracts with multiple bidders to meet the State's overall need due to the extent of conflicts of interest. In addition to explicitly describing the Contractor's actual or potential conflicts of interest, the Contractor should propose alternatives to mitigate the conflict of interest so that the State can evaluate the related risks and limits in the services provided by the Contractor.

1. REQUIREMENTS AND DELIVERABLES

1.1. General Requirements

The Contractor must provide the services/deliverables to assist the State with the Project as outlined in scope items a – j.

General Services/Deliverables may include, at a minimum, all of the following activities/tasks:

a) Establish effective communication and decision-making mechanisms to facilitate action
b) Assist the State in removing and overcoming obstacles
c) Identify and develop guidance for SOM staff to follow related to monitoring activities.
d) Maintain communication and engagement

e) Serve as an expert resource to key State personnel (e.g., OOA, PMO, SBO and other Department leaders) regarding federal compliance issues associated with ARPA, CRF, CRF/FEMA funded, CARES Act funded, and ARPA funded programs enacted by the State.
f) Other activities as deemed beneficial for the outcomes and mutually agreed to be the State and the Contractor

1.2. High Level Project Approach and Activities

The work being performed will support the agency with establishing procedures to lead, support and execute aspects of processing grant applications, establishing monitoring procedures, and following federal compliance. Immediate deployment of Contractor staff is necessary, and the ability of the Contractor to add resources quickly as needs are identified and prioritized will be considered as essential criteria in evaluating Contractor proposals.

A. **Individual Action Plans for Each federal program**

The Contractor will lead, support and participate in the execution of Federal Compliance and Grant Management procedures for CRF, CRF/FEMA, and ARPA funded programs in scope. For the program, an action plan format will be utilized to establish activities and measuring progress of various activities and related outcomes. The action plan is analogous to a project plan and design of a consistent format should include base elements that would typically be included in a project plan.

The Contractor will maintain the standard approach/contents for all action plans. Each action plan describes the CRF, CRF/FEMA funded, and ARPA program, the activities and tasks, measurements, and progress reporting to ensure the action plan is executed consistently and in accordance with requirements and deadlines.

B. **Final Report: Roadmap and Recommendations**

Prior to closing the contract, the Contractor will provide to agency by a predetermine date a report which includes a roadmap and recommendations for continued performance of the internal control and monitoring activities and other compliance related activities associated with this Contract. A report will be for use by agency leadership, the PMO and other department leaders to who the Contractor provided service. Other relevant information may also be included in the report if it can help the State successfully execute its responsibilities associated with the APRA, CRF and CRF/FEMA funding. The report will provide a roadmap and recommendations for continued use of tracking and reporting

tools, and any other knowledge transfer to key State personnel to successfully complete in progress tasks/outcomes.

C. **Other Considerations or Success Factors**
Contractor should describe any other factors or considerations they believe the State should consider in executing this contract and achieving the outcomes outlined above for SCOPE a-j activities.

2. Acceptance

The Deliverables will be provided after contractor quality assurance and review/acceptance by the State.

2.1. Acceptance

The State will review all plans, documents, and to determine acceptance of the Contract Activities:

2.2. Final Acceptance

The State will deem completing all duties outlined by a predetermine date and delivering the final report to the State by a predetermine date, to be the Final Acceptance.

3. Staffing

3.1. Contractor Representative

The Contractor must appoint individuals, specifically assigned to State of Michigan accounts, that will respond to State inquiries regarding the Contract Activities, answering questions related to ordering and delivery, etc. (the “Contractor Representative”).

3.2. Work Hours

The Contractor must provide Contract Activities during the State’s normal working hours Monday – Friday, 7:00 a.m. to 6:00 p.m. ET, and possible night and weekend hours depending on the requirements of the project. Working remotely during the initial phase of the contract period is expected. Upon the State’s return to physical work locations, the Contractor may work at on-site facilities and remotely as agreed upon between the Contract Administrator and the Contractor Representative.

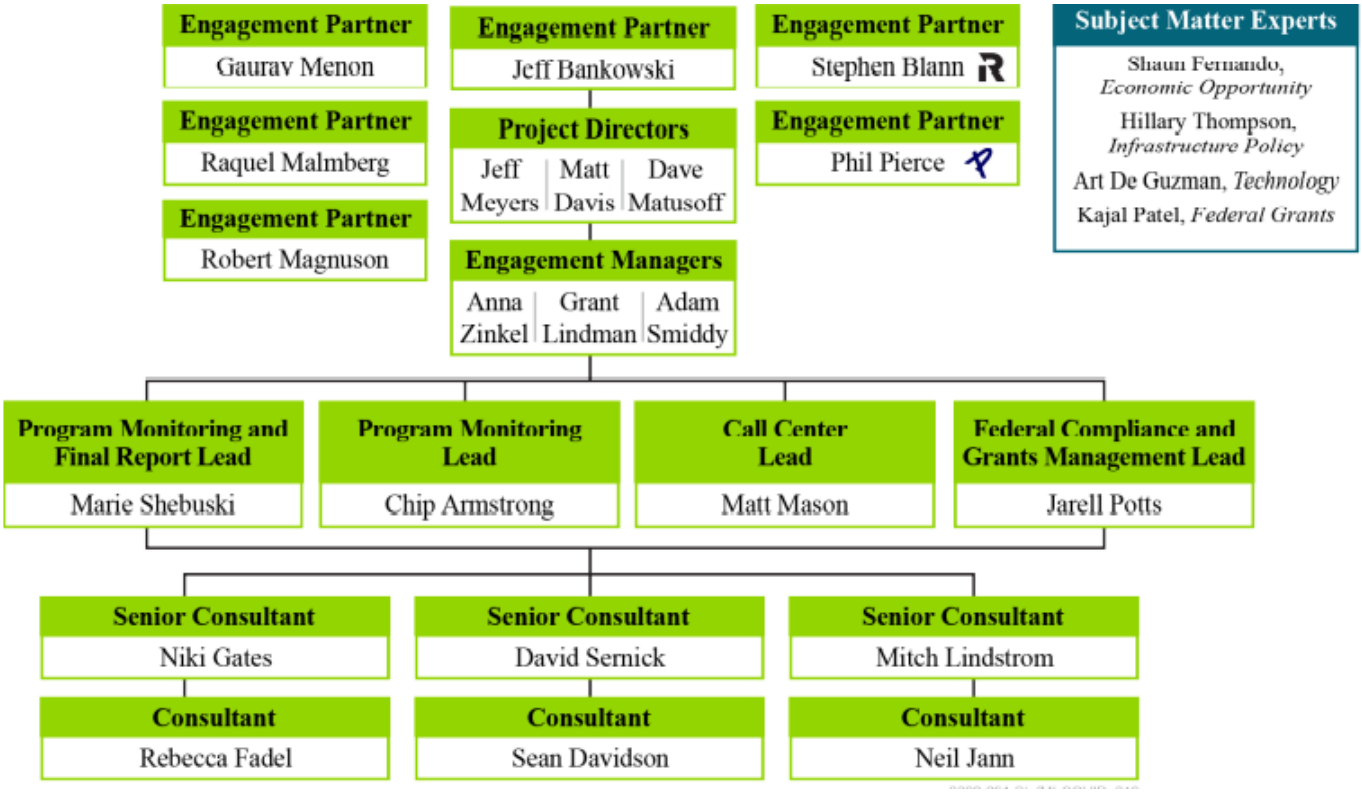
3.3. Key Personnel

See master contract section 4.4

However, due to the urgent nature of this SOW, should the State request replacement Key Personnel, the required timeframe for replacement will be two (2) – three (3) business days, with a maximum of five (5) business days.

3.4. Organizational Chart

The Contractor must provide an overall organizational chart that details its leaders and staff augmentation resources (for application review/monitoring activities). Only name, title and role of leader positions (Partners, directors, managers, senior staff, and supervisors) should be explicitly listed, and use of subcontractors.



3.5. Security

The Contractor will be subject to the following security procedures:

- When on premises, wearing clearly identifying uniforms or identification card.
- Signing any required agency security forms for access to agency systems.
- Completing the agency Disclosure training before being granted access to agency information.
- Completing the Vendor, Contractor, or Subcontractor Confidentiality Agreement (Form 3337)

The Contractor must explain any additional security measures in place to ensure the security of State information.

3.6. Access to Tax Information

The Contractor must comply with the requirements of agency Safeguard Requirements of Confidential Tax Data.

4. Project Management

4.1. Meetings

The Contractor must attend the meetings based on standard frequencies agreed to by the Contractor and the State.

The State may request other meetings, as it deems appropriate.

4.2. Reporting
The Contractor must submit a detailed report of the work done for each hour billed while working under this contract to the State as requested.

5. Pricing
Pricing is firm for the entire length of this SOW.

6. Authorizing Document
The appropriate authorizing documents for the Contract will be a signed Master Agreement (MA) as well as an Agency Issued Delivery Order (DO) and Project Plan.

7. Invoice and Payment
7.1. Invoice Requirements
All invoices submitted to the State must include: (a) date; (b) purchase order; (c) quantity; (d) description of the Contract Activities; (e) unit price; (f) shipping cost (if any); and (g) total price. Overtime, holiday pay, and travel expenses will not be paid.

7.2. Payment Methods
The State will make payment for Contract Activities by Electronic Fund Transfer (EFT). Electronic transfer of funds is required for payments on State contracts. The Contractor must register with the State electronically at http://www.cpexpress.state.mi.us. Payments will be made on a monthly basis and the remaining amount, up to 20%, will be paid upon completion of activities.

The State will make payment for Contract Activities EFT.

8. Liquidated Damages
See master contract section 9.

9. Services Levels
All Contract Activities must be delivered during the contract period, with individual activities/milestone dates agreed to by the State's Contract administrator and the "Contractor Representative" director. The receipt of order date is pursuant to Section 2, Notices, of the Standard Contract Terms.

CN 1 - SCHEDULE B PRICING

Financial Accounting, Integrity Oversight Monitoring or Auditing Services – COVID-19 Stimulus Management Projects Prequalification Program

1. Price proposals include all costs, including but not limited to, any one-time or set-up charges, fees, and potential costs that Contractor may charge the State (e.g., shipping and handling, per piece pricing, and palletizing). Only Contractor hourly rates and other administrative costs allowable by federal guidelines are eligible for invoice and payment. All other Contractor costs, including travel and other incidental costs, cannot be invoiced to the State.

2. The Contractor certifies that the prices were arrived at independently, and without consultation, communication, or agreement with any other Contractor.

3. Pricing must not exceed rates provided in current Contract.

4. Pricing must be provided for each of the designated titles/functions, as follows:
   - Engagement Partner
   - Engagement Director/Manager
   - Senior Manager
   - Senior staff/supervisor
   - Staff designed to perform review of grant applications (include related title of staff classification)
   - Staff designated for monitoring procedures (include related title of staff classification)
   - Call center
   - Any other costs associated with this project, for example but not limited to IT allowable by federal guidelines

The scope of services needed in for this project includes potential grant programs funded by Federal COVID stimulus funds. Immediate deployment of contractor staff to agency and the PMO will be necessary, and other Contractor staff added as needs are determined. Accordingly, the following pricing information is an estimate, with additional information for the State to evaluate the Contract costs as additional programs are added to scope. The estimate below is based on initial assessment of need for grant program administration.

For estimated hours, present in a manner that the State can calculate the scalable increase as more ARPA, CRF and CRF/FEMA funded programs are

added to the scope. It is assumed that all project staff will work 40 hours a week, except for Partner/Director resources. Assume a start date of to be determined based on need, and a minimum team makeup up as follows:

(1) engagement partner – immediate engagement
(1) engagement director/manager – immediate engagement
(1-3) senior managers – immediate engagement
(1-3) senior staff/supervisors – immediate engagement
(10) staff designated for grant application reviews – after initial need analysis (likely within a week)
(15) staff designated for monitoring procedures – likely within two – four weeks

Contract Pricing			
Staff Level/Position	**Number of People**	**Estimated Hours/ Per week**	**Hourly Rate/person**
Engagement Partner	1	2	$425
Engagement Director	1	4	$300
Senior Manager	1	8	$250
Senior Staff/Supervisors	2	40	$225
Staff designated for Grant Application Reviews –(Consultant)	3	120	$140
Staff designated for Grant Application Reviews –(Recovery Analyst II)	7	280	$70
Staff designated for Monitoring Procedures	15	600	$180
IT Application Website Developer / Salesforce	1	20	$250
Call Center Supervisor	1	40	$65
Call Center Lead	2	60	$60
Call Center Agent	10	400	$50

Project Pricing	
Scope 6	**Total Fixed Price**
Call Center staff and Administration	$26,200 (includes staff cost)
IT Application Website and other IT	Website – one time cost range $5,000-

applications	$20,000
Audit Application Review Staff	$153,400 (includes staff cost)
PMO Administration	$4,050 (includes staff cost)

STATE OF MICHIGAN PROCUREMENT

Department of Technology, Management, and Budget –
Central Procurement Services

525 W Allegan St, Lansing, MI 48933
P.O. Box 30026, Lansing, MI 49809

NOTICE OF CONTRACT

NOTICE OF CONTRACT NO. **220000000125**
between
THE STATE OF MICHIGAN
and

CONTRACTOR	
	Guidehouse Inc.
	2941 Fairview Park Drive
	Falls Church,VA 22042
	Jeffrey S. Bankowski
	734-644-0595
	jbankowski@guidehouse.com
	CV0017579

STATE			
	Program Manager	Various	SW
	Contract Administrator	Marissa Gove	DTMB
		517-449-8952	
		Govem1@michigan.gov	

CONTRACT SUMMARY			
DESCRIPTION:SW Financial Auditing and Accounting Prequal Program			
INITIAL EFFECTIVE DATE	**INITIAL EXPIRATION DATE**	**INITIAL AVAILABLE OPTIONS**	**EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW**
11/1/2021	10/31/2024	3-1 year	
PAYMENT TERMS		**DELIVERY TIMEFRAME**	
Net 45		N/A	
ALTERNATE PAYMENT OPTIONS			**EXTENDED PURCHASING**
☐ P-card ☐ Payment Request (PRC) ☐ Other			☒ Yes ☐ No
MINIMUM DELIVERY REQUIREMENTS			
N/A			
MISCELLANEOUS INFORMATION			
THIS IS NOT AN ORDER: This Contract Agreement is awarded on the basis of our inquiry bearing the solicitation 210000002247. Payments will be issued directly by the agency requiring services associated with specific SOWs.			
ESTIMATED CONTRACT VALUE AT TIME OF EXECUTION			**$0**

FOR THE CONTRACTOR:

Company Name

Authorized Agent Signature

Authorized Agent (Print or Type)

Date

FOR THE STATE:

Signature

Name & Title

Agency

Date

STANDARD CONTRACT TERMS

This STANDARD CONTRACT ("**Contract**") is agreed to between the State of Michigan (the "**State**") and Guidehouse Inc. ("**Contractor**"), a Delaware corporation. This Contract is effective on November 1, 2021 ("**Effective Date**"), and unless terminated, expires on October 31, 2024.

This Contract may be renewed for up to two (2) additional one (1) year period(s). Renewal is at the sole discretion of the State and will automatically extend the Term of this Contract. The State will document its exercise of renewal options via Contract Change Notice.

The parties agree as follows:

1. **Duties of Contractor.** Contractor must perform the services and provide the deliverables described in **Schedule A – Statement of Work** (the "**Contract Activities**"). An obligation to provide delivery of any commodity is considered a service and is a Contract Activity.

   Contractor must furnish all labor, equipment, materials, and supplies necessary for the performance of the Contract Activities, and meet operational standards, unless otherwise specified in Schedule A.

   Contractor must: (a) perform the Contract Activities in a timely, professional, safe, and workmanlike manner consistent with standards in the trade, profession, or industry; (b) meet or exceed the performance and operational standards, and specifications of the Contract; (c) provide all Contract Activities in good quality, with no material defects; (d) not interfere with the State's operations; (e) obtain and maintain all necessary licenses, permits or other authorizations necessary for the performance of the Contract; (f) cooperate with the State, including the State's quality assurance personnel, and any third party to achieve the objectives of the Contract; (g) return to the State any State-furnished equipment or other resources in the same condition as when provided when no longer required for the Contract; (h) not make any media releases without prior written authorization from the State; (i) assign to the State any claims resulting from state or federal antitrust violations to the extent that those violations concern materials or services supplied by third parties toward fulfillment of the Contract; (j) comply with all State physical and IT security policies and standards which will be made available upon request; and (k) provide the State priority in performance of the Contract except as mandated by federal disaster response requirements. Any breach under this paragraph is considered a material breach.

   Contractor must also be clearly identifiable while on State property by wearing identification issued by the State, and clearly identify themselves whenever making contact with the State.

2. **Notices.** All notices and other communications required or permitted under this Contract must be in writing and will be considered given and received: (a) when verified by written receipt if sent by courier; (b) when actually received if sent by mail without verification of receipt; or (c) when verified by automated receipt or electronic logs if sent by facsimile or email.

If to State:	If to Contractor:
Marissa Gove **525 W Allegan St** **Lansing, MI 48933** **Govem1@michigan.gov** **517-449-8952**	Jeffrey S. Bankowski, Partner 2941 Fairview Park Drive, Suite 501 Falls Church, VA 22042 jbankowski@guidehouse.com 734-644-0595

3. **Contract Administrator.** The Contract Administrator for each party is the only person authorized to modify any terms of this Contract, and approve and execute any change under this Contract (each a "**Contract Administrator**"):

State:	Contractor:
Marissa Gove **525 W Allegan St** **Lansing, MI 48933** **Govem1@michigan.gov** **517-449-8952**	Jeffrey S. Bankowski, Partner 2941 Fairview Park Drive, Suite 501 Falls Church, VA 22042 jbankowski@guidehouse.com 734-644-0595

4. **Program Manager.** The Program Manager for each party will monitor and coordinate the day-to-day activities of the Contract (each a "**Program Manager**"):

State:	Contractor:
Various by Tier 2 requirements. List will be provided as needs arise.	Jeffrey S. Bankowski, Partner 2941 Fairview Park Drive, Suite 501 Falls Church, VA 22042 jbankowski@guidehouse.com 734-644-0595

5. **Performance Guarantee.** Contractor must at all times have financial resources sufficient, in the opinion of the State, to ensure performance of the Contract and must provide proof upon request. The State may require a performance bond (as specified in Schedule A – Statement of Work) if, in the opinion of the State, it will ensure performance of the Contract.

6. **Insurance Requirements.** Contractor, at its sole expense, must maintain the insurance coverage identified below. All required insurance must: (a) protect the State from claims that may arise out of, are alleged to arise out of, or otherwise result from Contractor's or a subcontractor's performance; (b) be primary and non-contributing to any comparable liability insurance (including self-insurance) carried by the State; and (c) be provided by a company with an A.M. Best rating of "A-" or better, and a financial size of VII or better.

Required Limits	Additional Requirements
Commercial General Liability Insurance	
Minimum Limits: $1,000,000 Each Occurrence $1,000,000 Personal & Advertising Injury	Contractor must have their policy endorsed to add "the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents" as additional

Required Limits	Additional Requirements
$2,000,000 Products/Completed Operations $2,000,000 General Aggregate	insureds using endorsement CG 20 10 11 85, or both CG 20 10 12 19 and CG 20 37 12 19
Automobile Liability Insurance	
If a motor vehicle is used in relation to the Contractor's performance, the Contractor must have vehicle liability insurance on the motor vehicle for bodily injury and property damage as required by law.	
Workers' Compensation Insurance	
Minimum Limits: Coverage according to applicable laws governing work activities.	Waiver of subrogation, except where waiver is prohibited by law.
Employers Liability Insurance	
Minimum Limits: $500,000 Each Accident $500,000 Each Employee by Disease $500,000 Aggregate Disease	
Privacy and Security Liability (Cyber Liability) Insurance	
Minimum Limits: $1,000,000 Each Occurrence $1,000,000 Annual Aggregate	Contractor must have their policy cover information security and privacy liability, privacy notification costs, regulatory defense and penalties, and website media content liability.
Crime (Fidelity) Insurance	
Minimum Limits: $1,000,000 Employee Theft Per Loss	Contractor must have their policy: (1) cover forgery and alteration, theft of money and securities, robbery and safe burglary, computer fraud, funds transfer fraud, money order and counterfeit currency, and (2) endorsed to add “the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents” as Loss Payees.
Professional Liability (Errors and Omissions) Insurance	
Minimum Limits: $3,000,000 Each Occurrence $3,000,000 Annual Aggregate	

If any of the required policies provide **claims-made** coverage, the Contractor must: (a) provide coverage with a retroactive date before the Effective Date of the Contract or the beginning of Contract Activities; (b) maintain coverage and provide evidence of coverage for at least three (3) years after completion of the Contract Activities; and (c) if coverage is cancelled or not renewed, and not replaced with another claims-made policy form with a retroactive date prior to the Contract Effective Date, Contractor must purchase extended reporting coverage for a minimum of three (3) years after completion of work.

Contractor must: (a) provide insurance certificates to the Contract Administrator, containing the agreement or delivery order number, at Contract formation and within twenty (20) calendar days of the expiration date of the applicable policies; (b) require that subcontractors maintain the required insurance contained in this Section; (c) notify the Contract Administrator within five (5) business days if any insurance is cancelled; and (d) waive all rights against the State for damages covered by insurance. Failure to maintain the required insurance does not limit this waiver.

This Section is not intended to and is not to be construed in any manner as waiving, restricting or limiting the liability of either party for any obligations under this Contract (including any provisions hereof requiring Contractor to indemnify, defend and hold harmless the State).

7. **Administrative Fee and Reporting.** Contractor must pay an administrative fee of 0.75% on all payments made to Contractor under the Contract including transactions with the State (including its departments, divisions, agencies, offices, and commissions), MiDEAL members, and other states (including governmental subdivisions and authorized entities). Administrative fee payments must be made online by check or credit card at: https://www.thepayplace.com/mi/dtmb/adminfee

   Contractor must submit an itemized purchasing activity report, which includes at a minimum, the name of the purchasing entity and the total dollar volume in sales. Reports should be mailed to MiDeal@michigan.gov.

   The administrative fee and purchasing activity report are due within 30 calendar days from the last day of each calendar quarter.

8. **Extended Purchasing Program.** This contract is extended to MiDEAL members. MiDEAL members include local units of government, school districts, universities, community colleges, and nonprofit hospitals. A current list of MiDEAL members is available at www.michigan.gov/mideal.

   Upon written agreement between the State and Contractor, this contract may also be extended to: (a) other states (including governmental subdivisions and authorized entities) and (b) State of Michigan employees.

   If extended, Contractor must supply all Contract Activities at the established Contract prices and terms. The State reserves the right to impose an administrative fee and negotiate additional discounts based on any increased volume generated by such extensions.

   Contractor must submit invoices to, and receive payment from, extended purchasing program members on a direct and individual basis.

9. **Independent Contractor.** Contractor is an independent contractor and assumes all rights, obligations and liabilities set forth in this Contract. Contractor, its employees, and agents will not be considered employees of the State. No partnership or joint venture relationship is created by virtue of this Contract. Contractor, and not the State, is responsible for the payment of wages, benefits and taxes of Contractor's employees and any subcontractors. Prior performance does not modify Contractor's status as an independent contractor.

10. **Subcontracting.** Contractor may not delegate any of its obligations under the Contract without the prior written approval of the State. Contractor must notify the State at least 90 calendar days before the proposed delegation and provide the State any information it requests to determine whether the delegation is in its best interest. If approved, Contractor must: (a) be the sole point of contact regarding all contractual matters, including payment and charges for all Contract Activities; (b) make all payments to the subcontractor; and (c) incorporate the terms and conditions contained in this Contract in any subcontract with a subcontractor. Contractor remains responsible for the completion of the Contract Activities, compliance with the terms of this Contract, and the acts and omissions of the subcontractor. The State, in its sole discretion, may require the replacement of any subcontractor.

11. **Staffing.** The State's Contract Administrator may require Contractor to remove or reassign personnel by providing a notice to Contractor.

12. **Background Checks.** Pursuant to Michigan law, all agencies subject to IRS Pub. 1075 are required to ask the Michigan State Police to perform fingerprint background checks on all employees, including Contractor and Subcontractor employees, who may have access to any database of information maintained by the federal government that contains confidential or personal information, including, but not limited to, federal tax information. Further, pursuant to Michigan law, any agency described above is prohibited from providing Contractors or Subcontractors with the result of such background check. For more information, please see Michigan Public Act 427 of 2018. Upon request, or as may be specified in Schedule A, Contractor must perform background checks on all employees and subcontractors and its employees prior to their assignment. The scope is at the discretion of the State and documentation must be provided as requested. Contractor is responsible for all costs associated with the requested background checks. The State, in its sole discretion, may also perform background checks.

13. **Assignment.** Contractor may not assign this Contract to any other party without the prior approval of the State. Upon notice to Contractor, the State, in its sole discretion, may assign in whole or in part, its rights or responsibilities under this Contract to any other party. If the State determines that a novation of the Contract to a third party is necessary, Contractor will agree to the novation and provide all necessary documentation and signatures.

14. **Change of Control.** Contractor will notify within 30 days of any public announcement or otherwise once legally permitted to do so, the State of a change in Contractor's organizational structure or ownership. For purposes of this Contract, a change in control means any of the following: (a) a sale of more than 50% of Contractor's stock; (b) a sale of substantially all of Contractor's assets; (c) a change in a majority of Contractor's board members; (d) consummation of a merger or consolidation of Contractor with any other entity; (e) a change in ownership through a transaction or series of transactions; (f) or the board (or the stockholders) approves a plan of complete liquidation. A change of control does not include any consolidation or merger effected exclusively to change the domicile of Contractor, or any transaction or series of transactions principally for bona fide equity financing purposes.

In the event of a change of control, Contractor must require the successor to assume this Contract and all of its obligations under this Contract.

15. **Ordering.** Contractor is not authorized to begin performance until receipt of authorization as identified in Schedule A.

16. **Acceptance.** Contract Activities are subject to inspection and testing by the State within 30 calendar days of the State's receipt of them ("**State Review Period**"), unless otherwise provided in Schedule A. If the Contract Activities are not fully accepted by the State, the State will notify Contractor by the end of the State Review Period that either: (a) the Contract Activities are accepted but noted deficiencies must be corrected; or (b) the Contract Activities are rejected. If the State finds material deficiencies, it may: (i) reject the Contract Activities without performing any further inspections; (ii) demand performance at no additional cost; or (iii) terminate this Contract in accordance with Section 23, Termination for Cause.

    Within 10 business days from the date of Contractor's receipt of notification of acceptance with deficiencies or rejection of any Contract Activities, Contractor must cure, at no additional cost, the deficiency and deliver unequivocally acceptable Contract Activities to the State. If acceptance with deficiencies or rejection of the Contract Activities impacts the content or delivery of other non-completed Contract Activities, the parties' respective Program Managers must determine an agreed to number of days for re-submission that minimizes the overall impact to the Contract. However, nothing herein affects, alters, or relieves Contractor of its obligations to correct deficiencies in accordance with the time response standards set forth in this Contract.

    If Contractor is unable or refuses to correct the deficiency within the time response standards set forth in this Contract, the State may cancel the order in whole or in part. The State, or a third party identified by the State, may perform the Contract Activities and recover the difference between the cost to cure and the Contract price plus an additional 10% administrative fee.

17. **Reserve.**

18. **Reserve.**

19. **Reserve.**

20. **Terms of Payment.** Invoices must conform to the requirements communicated from time-to-time by the State. All undisputed amounts are payable within 45 days of the State's receipt. Contractor may only charge for Contract Activities performed as specified in Schedule A. Invoices must include an itemized statement of all charges. The State is exempt from State sales tax for direct purchases and may be exempt from federal excise tax, if Services purchased under this Agreement are for the State's exclusive use. All prices are exclusive of taxes, and Contractor is responsible for all sales, use and excise taxes, and any other similar taxes, duties and charges of any kind imposed by any federal, state, or local governmental entity on any amounts payable by the State under this Contract.

    The State has the right to withhold payment of any disputed amounts until the parties agree as to the validity of the disputed amount. The State will notify Contractor of any

dispute within a reasonable time. Payment by the State will not constitute a waiver of any rights as to Contractor's continuing obligations, including claims for deficiencies or substandard Contract Activities. Contractor's acceptance of final payment by the State constitutes a waiver of all claims by Contractor against the State for payment under this Contract, other than those claims previously filed in writing on a timely basis and still disputed.

The State will only disburse payments under this Contract through Electronic Funds Transfer (EFT). Contractor must register with the State at http://www.michigan.gov/SIGMAVSS to receive electronic fund transfer payments. If Contractor does not register, the State is not liable for failure to provide payment. Without prejudice to any other right or remedy it may have, the State reserves the right to set off at any time any amount then due and owing to it by Contractor against any amount payable by the State to Contractor under this Contract.

21. **Liquidated Damages.** Liquidated damages, if applicable, will be assessed as described in Schedule A.

22. **Stop Work Order.** The State may suspend any or all activities under the Contract at any time. The State will provide Contractor a written stop work order detailing the suspension. Contractor must comply with the stop work order upon receipt. Within 90 calendar days, or any longer period agreed to by Contractor, the State will either: (a) issue a notice authorizing Contractor to resume work, or (b) terminate the Contract or delivery order. The State will not pay for Contract Activities, Contractor's lost profits, or any additional compensation during a stop work period.

23. **Termination for Cause.** The State may terminate this Contract for cause, in whole or in part, if Contractor, as determined by the State: (a) endangers the value, integrity, or security of any location, data, or personnel; (b) becomes insolvent, petitions for bankruptcy court proceedings, or has an involuntary bankruptcy proceeding filed against it by any creditor; (c) engages in any conduct that may expose the State to liability; (d) breaches any of its material duties or obligations; or (e) fails to cure a breach within the time stated in a notice of breach. Any reference to specific breaches being material breaches within this Contract will not be construed to mean that other breaches are not material.

    If the State terminates this Contract under this Section, the State will issue a termination notice specifying whether Contractor must: (a) cease performance immediately, or (b) continue to perform for a specified period. If it is later determined that Contractor was not in breach of the Contract, the termination will be deemed to have been a Termination for Convenience, effective as of the same date, and the rights and obligations of the parties will be limited to those provided in Section 24, Termination for Convenience.

    The State will only pay for amounts due to Contractor for Contract Activities accepted by the State on or before the date of termination, subject to the State's right to set off any amounts owed by the Contractor for the State's reasonable costs in terminating this Contract. The Contractor must pay all reasonable costs incurred by the State in terminating this Contract for cause, including administrative costs, attorneys' fees, court costs, transition costs, and any costs the State incurs to procure the Contract Activities from other sources.

24. **Termination for Convenience**. The State may immediately terminate this Contract in whole or in part without penalty and for any reason, including but not limited to, appropriation or budget shortfalls. The termination notice will specify whether Contractor must: (a) cease performance of the Contract Activities immediately, or (b) continue to perform the Contract Activities in accordance with Section 25, Transition Responsibilities. If the State terminates this Contract for convenience, the State will pay all reasonable costs, as determined by the State, for State approved Transition Responsibilities.

25. **Transition Responsibilities.** Upon termination or expiration of this Contract for any reason, Contractor must, for a period of time specified by the State (not to exceed 90 calendar days), provide all reasonable transition assistance requested by the State, to allow for the expired or terminated portion of the Contract Activities to continue without interruption or adverse effect, and to facilitate the orderly transfer of such Contract Activities to the State or its designees. Such transition assistance may include, but is not limited to: (a) continuing to perform the Contract Activities at the established Contract rates; (b) taking all reasonable and necessary measures to transition performance of the work, including all applicable Contract Activities, training, equipment, software, leases, reports and other documentation, to the State or the State's designee; (c) taking all necessary and appropriate steps, or such other action as the State may direct, to preserve, maintain, protect, or return to the State all materials, data, property, and confidential information provided directly or indirectly to Contractor by any entity, agent, vendor, or employee of the State; (d) transferring title in and delivering to the State, at the State's discretion, all completed or partially completed deliverables prepared under this Contract as of the Contract termination date; and (e) preparing an accurate accounting from which the State and Contractor may reconcile all outstanding accounts (collectively, "**Transition Responsibilities**"). This Contract will automatically be extended through the end of the transition period.

26. **General Indemnification.** Contractor must defend, indemnify and hold the State, its departments, divisions, agencies, offices, commissions, officers, and employees harmless, without limitation, from and against any and all actions, claims, losses, liabilities, damages, costs, attorney fees, and expenses (including those required to establish the right to indemnification), arising out of or relating to: (a) any breach by Contractor (or any of Contractor's employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable) of any of the promises, agreements, representations, warranties, or insurance requirements contained in this Contract; (b) any infringement, misappropriation, or other violation of any intellectual property right or other right of any third party; (c) any bodily injury, death, or damage to real or tangible personal property occurring wholly or in part due to action or inaction by Contractor (or any of Contractor's employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable); and (d) any acts or omissions of Contractor (or any of Contractor's employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable).

    The State will notify Contractor in writing if indemnification is sought; however, failure to do so will not relieve Contractor, except to the extent that Contractor is materially prejudiced. Contractor must, to the satisfaction of the State, demonstrate its financial ability to carry out these obligations.

The State is entitled to: (i) regular updates on proceeding status; (ii) participate in the defense of the proceeding; (iii) employ its own counsel; and to (iv) retain control of the defense if the State deems necessary. Contractor will not, without the State's written consent (not to be unreasonably withheld), settle, compromise, or consent to the entry of any judgment in or otherwise seek to terminate any claim, action, or proceeding. To the extent that any State employee, official, or law may be involved or challenged, the State may, at its own expense, control the defense of that portion of the claim.

Any litigation activity on behalf of the State, or any of its subdivisions under this Section, must be coordinated with the Department of Attorney General. An attorney designated to represent the State may not do so until approved by the Michigan Attorney General and appointed as a Special Assistant Attorney General.

27. **Infringement Remedies.** If, in either party's opinion, any piece of equipment, software, commodity, or service supplied by Contractor or its subcontractors, or its operation, use or reproduction, is likely to become the subject of a copyright, patent, trademark, or trade secret infringement claim, Contractor must, at its expense: (a) procure for the State the right to continue using the equipment, software, commodity, or service, or if this option is not reasonably available to Contractor, (b) replace or modify the same so that it becomes non-infringing; or (c) accept its return by the State with appropriate credits to the State against 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.

28. **Limitation of Liability and Disclaimer of Damages. IN NO EVENT WILL THE STATE'S AGGREGATE LIABILITY TO CONTRACTOR UNDER THIS CONTRACT, REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY OR BY STATUTE OR OTHERWISE, FOR ANY CLAIM RELATED TO OR ARISING UNDER THIS CONTRACT, EXCEED THE MAXIMUM AMOUNT OF FEES PAYABLE UNDER THIS CONTRACT.** The State is not liable for consequential, incidental, indirect, or special damages, regardless of the nature of the action.

29. **Disclosure of Litigation, or Other Proceeding.** Contractor must notify the State within 14 calendar days of receiving notice of any litigation, investigation, arbitration, or other proceeding (collectively, "**Proceeding**") involving Contractor, a subcontractor, or an officer or director of Contractor or subcontractor, that arises during the term of the Contract, including: (a) a criminal Proceeding; (b) a parole or probation Proceeding; (c) a Proceeding under the Sarbanes-Oxley Act; (d) a civil Proceeding involving: (1) a claim that might reasonably be expected to adversely affect Contractor's viability or financial stability; or (2) a governmental or public entity's claim or written allegation of fraud; or (e) a Proceeding involving any license that Contractor is required to possess in order to perform under this Contract.

30. **Reserved.**

31. **State Data.**

    a. **Ownership**. The State's data ("**State Data**," which will be treated by Contractor as Confidential Information) includes: (a) the State's data collected, used,

processed, stored, or generated as the result of the Contract Activities; (b) personally identifiable information ("**PII**") collected, used, processed, stored, or generated as the result of the Contract Activities, including, without limitation, any information that identifies an individual, such as an individual's social security number or other government-issued identification number, date of birth, address, telephone number, biometric data, mother's maiden name, email address, credit card information, or an individual's name in combination with any other of the elements here listed; and, (c) personal health information ("**PHI**") collected, used, processed, stored, or generated as the result of the Contract Activities, which is defined under the Health Insurance Portability and Accountability Act (HIPAA) and its related rules and regulations. State Data is and will remain the sole and exclusive property of the State and all right, title, and interest in the same is reserved by the State. This Section survives the termination of this Contract.

b. **Contractor Use of State Data**. Contractor is provided a limited license to State Data for the sole and exclusive purpose of providing the Contract Activities, including a license to collect, process, store, generate, and display State Data only to the extent necessary in the provision of the Contract Activities. Contractor must: (a) keep and maintain State Data in strict confidence, using such degree of care as is appropriate and consistent with its obligations as further described in this Contract and applicable law to avoid unauthorized access, use, disclosure, or loss; (b) use and disclose State Data solely and exclusively for the purpose of providing the Contract Activities, such use and disclosure being in accordance with this Contract, any applicable Statement of Work, and applicable law; and (c) not use, sell, rent, transfer, distribute, or otherwise disclose or make available State Data for Contractor's own purposes or for the benefit of anyone other than the State without the State's prior written consent. This Section survives the termination of this Contract.

c. **Extraction of State Data**. Contractor must, within five (5) business days of the State's request, provide the State, without charge and without any conditions or contingencies whatsoever (including but not limited to the payment of any fees due to Contractor), an extract of the State Data in the format specified by the State.

d. **Backup and Recovery of State Data**. Unless otherwise specified in Schedule A, Contractor is responsible for maintaining a backup of State Data and for an orderly and timely recovery of such data. Unless otherwise described in Schedule A, Contractor must maintain a contemporaneous backup of State Data that can be recovered within two (2) hours at any point in time.

e. **Loss or Compromise of Data**. In the event of any act, error or omission, negligence, misconduct, or breach on the part of Contractor that compromises or is suspected to compromise the security, confidentiality, or integrity of State Data or the physical, technical, administrative, or organizational safeguards put in place by Contractor that relate to the protection of the security, confidentiality, or integrity of State Data, Contractor must, as applicable: (a) notify the State as soon as practicable but no later than twenty-four (24) hours of becoming aware of such occurrence; (b) cooperate with the State in investigating the occurrence, including

making available all relevant records, logs, files, data reporting, and other materials required to comply with applicable law or as otherwise required by the State; (c) in the case of PII or PHI, at the State's sole election, (i) with approval and assistance from the State, notify the affected individuals who comprise the PII or PHI as soon as practicable but no later than is required to comply with applicable law, or, in the absence of any legally required notification period, within five (5) calendar days of the occurrence; or (ii) reimburse the State for any costs in notifying the affected individuals; (d) in the case of PII, provide third-party credit and identity monitoring services to each of the affected individuals who comprise the PII for the period required to comply with applicable law, or, in the absence of any legally required monitoring services, for no less than twenty-four (24) months following the date of notification to such individuals; (e) perform or take any other actions required to comply with applicable law as a result of the occurrence; (f) pay for any costs associated with the occurrence, including but not limited to any costs incurred by the State in investigating and resolving the occurrence, including reasonable attorney's fees associated with such investigation and resolution; (g) without limiting Contractor's obligations of indemnification as further described in this Contract, indemnify, defend, and hold harmless the State for any and all claims, including reasonable attorneys' fees, costs, and incidental expenses, which may be suffered by, accrued against, charged to, or recoverable from the State in connection with the occurrence; (h) be responsible for recreating lost State Data in the manner and on the schedule set by the State without charge to the State; and (i) provide to the State a detailed plan within ten (10) calendar days of the occurrence describing the measures Contractor will undertake to prevent a future occurrence. Notification to affected individuals, as described above, must comply with applicable law, be written in plain language, not be tangentially used for any solicitation purposes, and contain, at a minimum: name and contact information of Contractor's representative; a description of the nature of the loss; a list of the types of data involved; the known or approximate date of the loss; how such loss may affect the affected individual; what steps Contractor has taken to protect the affected individual; what steps the affected individual can take to protect himself or herself; contact information for major credit card reporting agencies; and, information regarding the credit and identity monitoring services to be provided by Contractor. The State will have the option to review and approve any notification sent to affected individuals prior to its delivery. Notification to any other party, including but not limited to public media outlets, must be reviewed and approved by the State in writing prior to its dissemination. The parties agree that any damages relating to a breach of this **Section 31** are to be considered direct damages and not consequential damages. This section survives termination or expiration of this Contract.

f. **State's Governance, Risk and Compliance (GRC) platform**. Contractor is required to assist the State with its security accreditation process through the development, completion and ongoing updating of a system security plan using the State's automated GRC platform and implement any required safeguards or remediate any security vulnerabilities as identified by the results of the security accreditation process.

32. **Non-Disclosure of Confidential Information.** The parties acknowledge that each party may be exposed to or acquire communication or data of the other party that is confidential, privileged communication not intended to be disclosed to third parties. The provisions of this Section survive the termination of this Contract.

    a. **Meaning of Confidential Information**. For the purposes of this Contract, the term "**Confidential Information**" means all information and documentation of a party that: (a) has been marked "confidential" or with words of similar meaning, at the time of disclosure by such party; (b) if disclosed orally or not marked "confidential" or with words of similar meaning, was subsequently summarized in writing by the disclosing party and marked "confidential" or with words of similar meaning; and, (c) should reasonably be recognized as confidential information of the disclosing party. The term "Confidential Information" does not include any information or documentation that was: (a) subject to disclosure under the Michigan Freedom of Information Act (FOIA); (b) already in the possession of the receiving party without an obligation of confidentiality; (c) developed independently by the receiving party, as demonstrated by the receiving party, without violating the disclosing party's proprietary rights; (d) obtained from a source other than the disclosing party without an obligation of confidentiality; or, (e) publicly available when received, or thereafter became publicly available (other than through any unauthorized disclosure by, through, or on behalf of, the receiving party). For purposes of this Contract, in all cases and for all matters, State Data is deemed to be Confidential Information.

    b. **Obligation of Confidentiality**. The parties agree to hold all Confidential Information in strict confidence and not to copy, reproduce, sell, transfer, or otherwise dispose of, give or disclose such Confidential Information to third parties other than employees, agents, or subcontractors of a party who have a need to know in connection with this Contract or to use such Confidential Information for any purposes whatsoever other than the performance of this Contract. The parties agree to advise and require their respective employees, agents, and subcontractors of their obligations to keep all Confidential Information confidential. Disclosure to a subcontractor is permissible where: (a) use of a subcontractor is authorized under this Contract; (b) the disclosure is necessary or otherwise naturally occurs in connection with work that is within the subcontractor's responsibilities; and (c) Contractor obligates the subcontractor in a written contract to maintain the State's Confidential Information in confidence. At the State's request, any employee of Contractor or any subcontractor may be required to execute a separate agreement to be bound by the provisions of this Section.

    c. **Cooperation to Prevent Disclosure of Confidential Information**. Each party must use its best efforts to assist the other party in identifying and preventing any unauthorized use or disclosure of any Confidential Information. Without limiting the foregoing, each party must advise the other party immediately in the event either party learns or has reason to believe that any person who has had access to Confidential Information has violated or intends to violate the terms of this Contract and each party will cooperate with the other party in seeking injunctive or other equitable relief against any such person.

d. **Remedies for Breach of Obligation of Confidentiality**. Each party acknowledges that breach of its obligation of confidentiality may give rise to irreparable injury to the other party, which damage may be inadequately compensable in the form of monetary damages. Accordingly, a party may seek and obtain injunctive relief against the breach or threatened breach of the foregoing undertakings, in addition to any other legal remedies which may be available, to include, in the case of the State, at the sole election of the State, the immediate termination, without liability to the State, of this Contract or any Statement of Work corresponding to the breach or threatened breach.

e. **Surrender of Confidential Information upon Termination**. Upon termination of this Contract or a Statement of Work, in whole or in part, each party must, within 5 calendar days from the date of termination, return to the other party any and all Confidential Information received from the other party, or created or received by a party on behalf of the other party, which are in such party's possession, custody, or control; provided, however, that Contractor must return State Data to the State following the timeframe and procedure described further in this Contract. Should Contractor or the State determine that the return of any Confidential Information is not feasible, such party must destroy the Confidential Information and must certify the same in writing within 5 calendar days from the date of termination to the other party. However, the State's legal ability to destroy Contractor data may be restricted by its retention and disposal schedule, in which case Contractor's Confidential Information will be destroyed after the retention period expires.

33. Data Privacy and Information Security.

a. **Undertaking by Contractor**. Without limiting Contractor's obligation of confidentiality as further described, Contractor is responsible for establishing and maintaining a data privacy and information security program, including physical, technical, administrative, and organizational safeguards, that is designed to: (a) ensure the security and confidentiality of the State Data; (b) protect against any anticipated threats or hazards to the security or integrity of the State Data; (c) protect against unauthorized disclosure, access to, or use of the State Data; (d) ensure the proper disposal of State Data; and (e) ensure that all employees, agents, and subcontractors of Contractor, if any, comply with all of the foregoing. In no case will the safeguards of Contractor's data privacy and information security program be less stringent than the safeguards used by the State, and Contractor must at all times comply with all applicable State IT policies and standards, which are available to Contractor upon request.

b. **Audit by Contractor**. No less than annually, Contractor must conduct a comprehensive independent third-party audit of its data privacy and information security program and provide such audit findings to the State.

c. **Right of Audit by the State.** Without limiting any other audit rights of the State, the State has the right to review Contractor's data privacy and information security program prior to the commencement of Contract Activities and from time to time during the term of this Contract. During the providing of the Contract Activities, on an ongoing basis from time to time and without notice, the State, at its own expense, is entitled to perform, or to have performed, an on-site audit of

Contractor's data privacy and information security program. In lieu of an on-site audit, upon request by the State, Contractor agrees to complete, within 45 calendar days of receipt, an audit questionnaire provided by the State regarding Contractor's data privacy and information security program.

d. **Audit Findings**. Contractor must implement any required safeguards as identified by the State or by any audit of Contractor's data privacy and information security program.

e. **State's Right to Termination for Deficiencies**. The State reserves the right, at its sole election, to immediately terminate this Contract or a Statement of Work without limitation and without liability if the State determines that Contractor fails or has failed to meet its obligations under this Section.

34. **Reserved.**

35. **Reserved.**

36. **Records Maintenance, Inspection, Examination, and Audit.** The State or its designee may audit Contractor to verify compliance with this Contract. Contractor must retain and provide to the State or its designee and the auditor general upon request, all financial and accounting records related to the Contract through the term of the Contract and for 4 years after the latter of termination, expiration, or final payment under this Contract or any extension ("**Audit Period**"). If an audit, litigation, or other action involving the records is initiated before the end of the Audit Period, Contractor must retain the records until all issues are resolved.

    Within 10 calendar days of providing notice, the State and its authorized representatives or designees have the right to enter and inspect Contractor's premises or any other places where Contract Activities are being performed, and examine, copy, and audit all records related to this Contract. Contractor must cooperate and provide reasonable assistance. If any financial errors are revealed, the amount in error must be reflected as a credit or debit on subsequent invoices until the amount is paid or refunded. Any remaining balance at the end of the Contract must be paid or refunded within 45 calendar days.

    This Section applies to Contractor, any parent, affiliate, or subsidiary organization of Contractor, and any subcontractor that performs Contract Activities in connection with this Contract.

37. **Warranties and Representations.** Contractor represents and warrants: (a) Contractor is the owner or licensee of any Contract Activities that it licenses, sells, or develops and Contractor has the rights necessary to convey title, ownership rights, or licensed use; (b) all Contract Activities are delivered free from any security interest, lien, or encumbrance and will continue in that respect; (c) the Contract Activities will not infringe the patent, trademark, copyright, trade secret, or other proprietary rights of any third party; (d) Contractor must assign or otherwise transfer to the State or its designee any manufacturer's warranty for the Contract Activities; (e) the Contract Activities are merchantable and fit for the specific purposes identified in the Contract; (f) the Contract signatory has the authority to enter into this Contract; (g) all information furnished by Contractor in connection with the Contract fairly and accurately represents Contractor's business, properties, finances, and operations as

of the dates covered by the information, and Contractor will inform the State of any material adverse changes;(h) all information furnished and representations made in connection with the award of this Contract is true, accurate, and complete, and contains no false statements or omits any fact that would make the information misleading; and that (i) Contractor is neither currently engaged in nor will engage in the boycott of a person based in or doing business with a strategic partner as described in 22 USC 8601 to 8606. A breach of this Section is considered a material breach of this Contract, which entitles the State to terminate this Contract under Section 23, Termination for Cause.

38. **Conflicts and Ethics.** Contractor will uphold high ethical standards and is prohibited from: (a) holding or acquiring an interest that would conflict with this Contract; (b) doing anything that creates an appearance of impropriety with respect to the award or performance of the Contract; (c) attempting to influence or appearing to influence any State employee by the direct or indirect offer of anything of value; or (d) paying or agreeing to pay any person, other than employees and consultants working for Contractor, any consideration contingent upon the award of the Contract. Contractor must immediately notify the State of any violation or potential violation of these standards. This Section applies to Contractor, any parent, affiliate, or subsidiary organization of Contractor, and any subcontractor that performs Contract Activities in connection with this Contract.

39. **Compliance with Laws.** Contractor must comply with all federal, state and local laws, rules and regulations.

40. **Reserved.**

41. **Reserved.**

42. **Nondiscrimination.** Under the Elliott-Larsen Civil Rights Act, 1976 PA 453, MCL 37.2101, *et seq*., the Persons with Disabilities Civil Rights Act, 1976 PA 220, MCL 37.1101, *et seq*., and Executive Directive 2019-09. Contractor and its subcontractors agree not to discriminate against an employee or applicant for employment with respect to hire, tenure, terms, conditions, or privileges of employment, or a matter directly or indirectly related to employment, because of race, color, religion, national origin, age, sex (as defined in Executive Directive 2019-09), height, weight, marital status, partisan considerations, any mental or physical disability, or genetic information that is unrelated to the person's ability to perform the duties of a particular job or position. Breach of this covenant is a material breach of this Contract.

43. **Unfair Labor Practice.** Under MCL 423.324, the State may void any Contract with a Contractor or subcontractor who appears on the Unfair Labor Practice register compiled under MCL 423.322.

44. **Governing Law.** This Contract is governed, construed, and enforced in accordance with Michigan law, excluding choice-of-law principles, and all claims relating to or arising out of this Contract are governed by Michigan law, excluding choice-of-law principles. Any dispute arising from this Contract must be resolved in Michigan Court of Claims. Contractor consents to venue in Ingham County, and waives any objections, such as lack of personal jurisdiction or *forum non conveniens*. Contractor must appoint agents in Michigan to receive service of process.

45. **Non-Exclusivity.** Nothing contained in this Contract is intended nor will be construed as creating any requirements contract with Contractor. This Contract does not restrict the State or its agencies from acquiring similar, equal, or like Contract Activities from other sources.

46. **Force Majeure.** Neither party will be in breach of this Contract because of any failure arising from any disaster or acts of god that are beyond their control and without their fault or negligence. Each party will use commercially reasonable efforts to resume performance. Contractor will not be relieved of a breach or delay caused by its subcontractors. If immediate performance is necessary to ensure public health and safety, the State may immediately contract with a third party.

47. **Dispute Resolution.** The parties will endeavor to resolve any Contract dispute in accordance with this provision. The dispute will be referred to the parties' respective Contract Administrators or Program Managers. Such referral must include a description of the issues and all supporting documentation. The parties must submit the dispute to a senior executive if unable to resolve the dispute within 15 business days. The parties will continue performing while a dispute is being resolved, unless the dispute precludes performance. A dispute involving payment does not preclude performance.

    Litigation to resolve the dispute will not be instituted until after the dispute has been elevated to the parties' senior executive and either concludes that resolution is unlikely or fails to respond within 15 business days. The parties are not prohibited from instituting formal proceedings: (a) to avoid the expiration of statute of limitations period; (b) to preserve a superior position with respect to creditors; or (c) where a party makes a determination that a temporary restraining order or other injunctive relief is the only adequate remedy. This Section does not limit the State's right to terminate the Contract.

48. **Media Releases.** News releases (including promotional literature and commercial advertisements) pertaining to the Contract or project to which it relates must not be made without prior written State approval, and then only in accordance with the explicit written instructions of the State.

49. **Website Incorporation.** The State is not bound by any content on Contractor's website unless expressly incorporated directly into this Contract.

50. **Schedules**. All Schedules and Exhibits that are referenced herein and attached hereto are hereby incorporated by reference. The following Schedules are attached hereto and incorporated herein:

Schedule A	**Statement of Work**
Schedule B	**Pricing**
Schedule D	**Data Security Requirements**

51. **Entire Agreement and Order of Precedence.** This Contract, which includes Schedule A – Statement of Work, and schedules and exhibits which are hereby expressly incorporated, is the entire agreement of the parties related to the Contract Activities. This Contract supersedes and replaces all previous understandings and agreements between the parties for the Contract Activities. If there is a conflict between documents, the order of precedence is: (a) first, this Contract, excluding its schedules, exhibits, and Schedule A – Statement of Work; (b) second, Schedule A – Statement of Work as of the Effective Date; and (c) third, schedules expressly incorporated into this Contract as of the Effective Date. NO TERMS ON CONTRACTOR'S INVOICES, ORDERING DOCUMENTS, WEBSITE, BROWSE-WRAP, SHRINK-WRAP, CLICK-WRAP, CLICK-THROUGH OR OTHER NON-NEGOTIATED TERMS AND CONDITIONS PROVIDED WITH ANY OF THE CONTRACT ACTIVITIES WILL CONSTITUTE A PART OR AMENDMENT OF THIS CONTRACT OR IS BINDING ON THE STATE FOR ANY PURPOSE. ALL SUCH OTHER TERMS AND CONDITIONS HAVE NO FORCE AND EFFECT AND ARE DEEMED REJECTED BY THE STATE, EVEN IF ACCESS TO OR USE OF THE CONTRACT ACTIVITIES REQUIRES AFFIRMATIVE ACCEPTANCE OF SUCH TERMS AND CONDITIONS.

52. **Severability.** If any part of this Contract is held invalid or unenforceable, by any court of competent jurisdiction, that part will be deemed deleted from this Contract and the severed part will be replaced by agreed upon language that achieves the same or similar objectives. The remaining Contract will continue in full force and effect.

53. **Waiver.** Failure to enforce any provision of this Contract will not constitute a waiver.

54. **Survival.** The provisions of this Contract that impose continuing obligations, including warranties and representations, termination, transition, insurance coverage, indemnification, and confidentiality, will survive the expiration or termination of this Contract.

55. **Contract Modification.** This Contract may not be amended except by signed agreement between the parties (a "**Contract Change Notice**"). Notwithstanding the foregoing, no subsequent Statement of Work or Contract Change Notice executed after the Effective Date will be construed to amend this Contract unless it specifically states its intent to do so and cites the section or sections amended.

SCHEDULE A – STATEMENT OF WORK CONTRACT ACTIVITIES

BACKGROUND

This contract is part of a pre-qualification for financial accounting, integrity oversight monitoring, auditing services, or other compliance/assurance work associated with financial, compliance and related information technology activities for State Departments and MiDEAL members (authorized local units of government) on a fast-track, as needed basis.

NOTE: Contractors are *not* required to provide *all* services outlined in 1.1 A, B, and C below.

Contractor is to provide independent and objective assurance and consulting services to Tier 2 contract users which are designed to improve the operations of the State of Michigan.

DTMB (the Department of Technology, Management and Budget), assists the State Departments, such as SBO, Treasury, LEO, etc in attaining its objectives by bringing a systematic, disciplined approach to examine, evaluate, and improve the effectiveness of the risk management, control, and governance processes. Agencies utilizing the services need to ensure the State can deploy the appropriate level of expertise to address emerging risks within the State associated with existing or new programs that require auditing, consulting, compliance, and integrity oversight monitor types of engagements. Specialized services from external firms include expertise to evaluate and provide assurances regarding legal compliance, detect misconduct, and promote best practices in the administration of financial and IT related processes. Further, specialized services shall not be limited to, investigative, accounting, forensic accounting, engineering, other professional specialties, risk assessment, information security, developing compliance system constructs, loss prevention, monitoring, contract managers, and independent private inspectors general) for local municipalities.

SCOPE

The scope of services in this Contract and subsequent statements of work may include but are not limited to the following:

1. Reviewing the reliability and integrity of financial and operating information and the means used to identify, measure, and report such information.
2. Reviewing the internal control systems established to ensure compliance with policies, plans, procedures, laws, and regulations that could have a significant impact on the State's operation and reporting on the State's compliance with them.
3. Reviewing the means of safeguarding assets and, as appropriate, verifying the existence of such assets.
4. Assisting with the investigation of financial and operating irregularities or suspected fraud within departments or agencies.

Work performed will be on as “as-needed” basis. Project frequency and duration will be wholly dependent on the need for services as outlined herein.

The Contractor must provide the services broadly described in this Contract. The initial selection of prequalified vendors was considered the Tier 1 solicitation.

Tier 2 solicitations will consist of formalizing a comprehensive Statement of Work (SOW) and distributing a Request for Proposal (RFP) to the pool of prequalified Contractors by specific State Departments or MiDEAL member. Each Tier 2 contracting effort will evaluate prequalified Contractor qualifications and availability. For each need, a comprehensive SOW, Schedule B – Pricing, and other documents, if required, will be provided in an RFP to all prequalified Contractors. The RFP will identify the SOW, period of performance, deliverables, unique service levels, specific response information required, additional insurance requirements, and any special terms and conditions. Contractors must respond directly to the requesting State Department/MiDEAL member within the timeframe specified in the Tier 2 RFP. The requesting State Department/MiDEAL member will evaluate the responses and determine the Contractor that will provide the best overall value for that specific RFP. For State Departments, upon award a change notice (CN) will be created to add that specific SOW, cost, and other requirements to the selected Contractors State contract. MiDEAL members will follow their own procurement processes to work with selected Contractor.

1. Requirements

1.1. General Requirements

Contractor must provide Deliverables/Services and staff, and otherwise do all things necessary for or incidental to the performance of work:

A. Provide financial accounting, integrity oversight monitoring or auditing services as required by each Tier 2 SOW issued by State Department/MiDEAL member. Services may include, but not be limited to, the following:

1. Cash Management
2. Forensic Accounting/Auditing (e.g. investigative engagements designed to detect fraud or misuse of funds, general auditing procedures to evaluate program operations and financial and other compliance requirements.
3. Budgeting (e.g. evaluating program needs and ensuring proper budgeting, forecasting and related monitoring controls)
4. Financial Forecasting (e.g. Assist with the coordination and development of multiyear financial plans and models.)
5. Internal Controls (e.g. evaluating sufficiency of the design and/or operating effectiveness of controls for business processes and associated IT systems)
6. OPEB (e.g. see B below for more information)
7. Administering Payroll (e.g. – see B below for more information)
8. Managing Debt/Issuing Public Debt (e.g. Assist as needed with the development of debt management strategies including but not limited to cost analysis of outstanding debts and refunding analysis, develop potential rating

agency strategies, or develop a plan of finance. Including additional bond related services as requested by the local unit of government or the State, see C below for more information)

9. Applying for Grants/Administering Grant Monies (e.g. associated with COVID-19 federal relief funds)
10. Cybersecurity (e.g. focused at evaluating information security objectives)
11. Information Technology Systems (e.g. evaluating proper design of IT in support of critical business processes designed to ensure achievement of business objectives and related compliance requirements)

B. Provide various services to Treasury local units of government (which may include but is not limited municipalities or school districts in the State of Michigan facing financial or economic challenges) as required by each Tier 2 SOW issued by State Department/MiDEAL member. Services may include, but not be limited to, the following:

1. Municipal Finance Service Providers (e.g., financial planning, budgeting, special financial projects, capital improvement planning, and record keeping)
2. Engineering (e.g., road improvements, water system planning and management, sewer system planning and management, building and physical plant planning, capital improvement planning, and broadband, fiber optic, telecommunications and IT-related services planning and management)
3. Planning (e.g., code review, master plan upgrades, capital improvement planning programs, zoning ordinance updates, recreation planning, economic development planning, brownfield-related services, downtown development and tax increment finance related services and corridor, transportation and housing analyses and planning services.)
4. Management/Administration (e.g., management services, human resources services, training, and the development of policies and procedures.)
5. Project Coordination (e.g., strategic planning, regional coordination, project applications and management, grant management and reporting, formulating long-term plans for communities to adjust to changing demographics and economic activity, engaging in community input for projects, and addressing needs in large scale disruption caused by facility closures.)
6. Grant Administration (e.g., applications, grant funding administration, reporting requirements, and procedures to ensure compliance with grantor requirements)
7. Pension/OPEB analysis and actuarial sciences (e.g., reviews of local unit's pension and retiree health care (i.e., OPEB) benefits to help local units manage, control and lower liabilities.
    a. Reviews would include showing trends, risks, options for changes, and estimated cost and savings changes.

C. Provide technical and administrative support for improvements in financial management for school districts in Michigan as required by each Tier 2 SOW

issued by State Department/MiDEAL member. Services may include, but not be limited to, the following:

1. Capital Improvement Plans/Architectural Services

    a. The Contractor may provide services to Treasury and stakeholders to assess and report on the current condition of building facilities and technology infrastructure in pre-determined buildings within Michigan school districts. The Contractor will be responsible for engaging the necessary stakeholders to develop a Capital Improvement Plan with phase deliverables to include:

        i. Building and Technology Site Assessment

        ii. Building and Technology Site Improvement Plan

        iii. Draft Report

        iv. Final Report

        v. Presentation of Findings.

    The Contractor may be a firm or team of firms with the required capabilities and having an in-depth understanding and working knowledge of public education construction projects in Michigan, which includes familiarity with Michigan laws and regulations, school operations, local, state, and federal laws, building codes, minimum and prevailing wage requirements, safety and environmental requirements and specifications for educational construction projects. As well as an understanding and knowledge of educational practices and procedures.

    a. All contract activities are limited strictly to a consultatory capacity. At no time under this contract or any subsequent statement of work shall the Contractor engage in any physical modifications or construction with the selected school district or local unit.

    b. The Contractor must cooperate fully with the District during studies to minimize conflicts with academic purpose, to facilitate building use, and to not interfere with school operations.

    c. The Contractor will evaluate sites and facilities. Anticipated building sites and facilities and services may include, but are not limited to:

        i. Building code conformance

        ii. Paving and Site

        iii. Mechanical Systems

        iv. ADA – Accessibility Design

        v. Architectural services

        vi. Cost estimating

        vii. Playgrounds

        viii. Athletic fields

ix. HVAC/electrical design

x. Plumbing and piping design

xi. Roofing Assessments

xii. General areas of renovation and/or expansion

xiii. Fixed furniture & equipment design

xiv. Technology improvement assessment

2. School Financial Advisory Services – Operational

Bidders must have knowledge of how financial operations work within a Michigan school district including but not limited to an understanding and in-depth knowledge of the Michigan School Code, Michigan school funding, and educational practices and procedures.

a. Assist with the coordination and development of multiyear financial plans and models including deficit elimination plans.

b. Assist stakeholders with mitigating operational and financial risks as identified.

c. Perform cash flow and ratio analysis as needed including pro forma projections for new or existing projects.

d. Development of grant management systems in compliance with federal and state regulations.

e. Assist with the development of internal systems to improve business operations.

f. Assist as needed with the development of debt management strategies including but not limited to cost analysis of outstanding debts and refunding analysis.

g. Additional bond related services as requested by the District or the State.

h. Analysis and calculation of annual per pupil set aside amounts.

i. Develop potential rating agency strategies.

j. Develop a plan of finance which provides the lowest cost of funds for the district.

k. All projects will require a separate statement of work to be added to the Contract through a Change Notice.

3. Academic Advisory Services

a. Academic Assessment

The academic assessment may include but is not limited to; an executive summary, background information, documents used, district benchmarks, and a summary of findings. The assessment may include onsite visits, discussion and analysis, District's academic data and metrics. The metrics identified may include but are not limited to a review and analysis of

academic outcomes, identification of performance gaps, and additional duties as requested. Academic areas of interest may include but are not limited: current curriculum, M-Step, SAT, NAPE, NWEA, 3rd grade reading law, ELA proficiency, and math proficiency.

b. Draft Summary of Findings

After completion of the academic assessment, a draft summary of findings must outline the current academic condition of the District.

c. Academic Improvement Plan

The operating plan must include a strategy for the District moving forward in coordination with the identified stakeholders.

The academic improvement plan will consist of discussions between the Contractor which must include, but is not limited to, identified stakeholders, and other necessary district officials. The recommended plan shall include an operating plan that contains recommendations to address any deficiencies identified in its assessment.

d. All projects will require a separate statement of work to be added to the Contract through a Change Notice.

4. Project Consultant Services

a. The Contractor must assist, as necessary, on all operational needs of the District. The operational needs include but are not limited to:

i. Development of a written Budget and narrative detailing possible cost reductions. The budget shall include a listing of all the assumptions made during the creation of the budget and a plan on how to accomplish the budget goals.

ii. 18-month cash flow projections

iii. Five (5) year projection analysis on student enrollment.

iv. Plan to increase the pool of highly qualified teachers and administrators including the strategic plan to implement a competitive wage compensation system to include a wage and compensation study of its instructional and administrative personnel.

v. Analyze the District's sinking funds including infrastructure improvements and technology upgrades, including building configurations and plans for rightsizing.

vi. Curriculum and instructional audit, including the plan to improve academic outcomes for all.

vii. Strategic communication plan.

viii. Improvements to the organizational structure of business operations including the budget review process.

ix. Real estate plans for all buildings and land.

b. All projects will require a separate statement of work to be added to the Contract through a Change Notice.

D. Each SOW will contain unique service levels and requirements.

E. The State will issue each Tier 2 SOW to pre-qualified Contractors. The process for the State issuing and the Contractor(s) responding to an SOW follows:

1. Issue a Tier 2 SOW to pre-qualified Contractors with a timeline including due dates for questions, due dates for responses, and period of performance. The Tier 2 SOW will identify the deliverables, specific response information required, work evaluation and payment criteria, and any additional terms and conditions that may apply to that SOW.
2. Contractor responses must follow criteria required in each SOW, and Contractor pricing may be lower, but must not exceed rates provided in Schedule B – Pricing attached to this Contract.
3. The selection will be based on a best value evaluation using the criteria identified in the Tier 2 SOW. Other selection criteria or tools which may be in the best interest of the State may be utilized to make a selection.

F. If the Contractor receives a subpoena for any information related to services under contract, the Contractor must contact the Program Manager immediately.

G. The Contractor may be requested to provide legislative testimony.

H. The Contractor must keep costs down to the lowest amount possible by using Contractor staff appropriately throughout the course of project work; be responsible for its own supplies and equipment to perform and complete each project; and work under the direction of specific agency.

I. The Contractor will be subject to the security procedures outlined in the State of Michigan Standard Terms and Conditions.

Contractor personnel proposed for any SOW must satisfy the security requirements for the agencies or local unit in which they will be working, including signing any required security forms. This may include signing the security forms. Any agency specific requirements will be identified in the SOW.

1.2. Training

The Contractor must provide training if required in Tier 2 SOW.

1.3. Projects with Electronic Deliverables

If/when projects require an electronic deliverable the Contractor must follow the standards set forth in this Section.

- "**Digital Content**" means all deliverables, except for IT Components, provided electronically or in a digital format by Contractor under this Contract, including but not limited to documents, reports, content (including content for websites and social media), images, video, and other media productions.

- **"Electronic Deliverable"** means any IT Component or Digital Content Contractor is required to or otherwise provides under this Contract.
- "**IT Component**" means any hardware or software/applications as set forth in a Statement of Work, including without limitation, websites, online surveys, website development and maintenance, the SFTP Server described in Section E, and any other IT products or services provided by Contractor for the performance of the Contract Activities. IT Component does not include Digital Content.

A. **IT Policies, Standards and Procedures (PSP) –** All IT Components provided as a result of this RFP must comply with all applicable public and non-public State IT Policies, Standards and Procedures (PSP), of which the publicly available ones are located at: http://www.michigan.gov/dtmb/0,4568,7-150-56355_56579_56755---,00.html

Please Note: Not all applicable PSP's are available publicly. Controlled PSP's applicable to the RFP/resulting contract are available after signing and returning to the State the required Nondisclosure Agreement (NDA).

B. **State of Michigan (SOM) Digital Standard –** All software items provided by the Contractor must adhere to the State of Michigan/Site Standards which can be found at: www.michigan.gov/standards. If software items will be used on a mobile device, the software items must utilize responsive design practices to ensure the application is accessible via a mobile device.

C. **Data Privacy and Information Security**. All IT Components provided/proposed must comply with Schedule D – Data Security Schedule.

D. **End User Operating Environment**. Contractor must accommodate the latest browser versions (including mobile browsers) as well as some pre-existing browsers. To ensure that users with older browsers are still able to access online services, applications must, at a minimum, display and function correctly in standards-compliant browsers and the state standard browser without the use of special plugins or extensions. The rules used to base the minimum browser requirements include:

- Over 2% of site traffic, measured using Sessions or Visitors (or)
- The current browser identified and approved as the State of Michigan standard.

This information can be found at https://www.michigan.gov/browserstats. Please use the most recent calendar quarter to determine browser statistics. For those browsers with over 2% of site traffic, except Internet Explorer which requires support for at minimum version 11, the current browser version as well as the previous two major versions must be supported.

Contractor must support the current and future State standard environment at no additional cost to the State.

E. The Contractor will be required to provide a private SFTP site or equivalent (no free web-based file-sharing options will be accepted) for upload and download of files larger than 15MB in a variety of formats including:

- Beta

- Digital Beta
- wmv files
- mov files
- mp3 files
- Other
- SFTP equivalent sites must not be free web-based sharing options.
- SFTP site is an IT Component and must meet the requirements of this Section 3.

2. Service Requirements

2.1. Timeframes

All Contract Activities must be delivered within the timeframe designated in the Tier 2 SOW as business days from receipt of order. The receipt of order date is pursuant to the **Notices** section of the *Standard Contract Terms*.

2.2. Delivery

Delivery requirements will be specified in each individual Tier 2 SOW.

3. Acceptance

3.1. Acceptance, Inspection, and Testing

The State will use the following criteria to determine acceptance of the Contract Activities:

Unless otherwise provided for in the SOW/RFP document, Acceptance will be determined following the criteria outlined in the State of Michigan Standard Terms and Conditions (Section 16)

4. Staffing

4.1. Contractor Representative

The Contractor must appoint one (1) individual specifically assigned to State of Michigan accounts, who will respond to State inquiries regarding the Contract Activities, answer questions related to ordering and delivery, etc. (the “Contractor Representative”).

The Contractor must notify the Contract Administrator at least 14 calendar days before removing or assigning a new Contractor Representative.

4.2. Customer Service Number

The Contractor must specify its number for the State to contact the Contractor Representative. The Contractor Representative must be available for calls during the hours of 8:00 am to 5:00 pm ET.

4.3. Work Hours

The Contractor must provide Contract Activities during the State’s normal working hours Monday – Friday, 8:00 a.m. to 5:00 p.m. ET and possible night and weekend hours depending on the requirements of the project. Specific work schedules will be provided with each SOW. No overtime will be authorized or paid. The State reserves the right to modify the work hours in the best interest of the project. Contractors must observe the

same standard holidays as State employees. The Contractor will not be compensated for holiday pay. Contractors will not be reimbursed for travel expenses or travel time.

4.4. Key Personnel

The Contractor must appoint 1 individual who will be directly responsible for the day-to-day operations of the Contract ("Key Personnel"). Key Personnel must be specifically assigned to the State account, be knowledgeable on the contractual requirements, and respond to State inquiries within 24 hours.

With each individual SOW/RFP, the Contractor must identify the Key Personnel, indicate where they will be physically located, describe the functions they will perform, and provide current chronological résumés.

If required, Contractor's Key Personnel must be on-site in the location and during the times specified in each Tier 2 requirement.

The State has the right to recommend and approve in writing the initial assignment, as well as any proposed reassignment or replacement, of any Key Personnel. Before assigning an individual to any Key Personnel position, Contractor will notify the State of the proposed assignment, introduce the individual to the State's Project Manager, and provide the State with a resume and any other information about the individual reasonably requested by the State. The State reserves the right to interview the individual before granting written approval. In the event the State finds a proposed individual unacceptable, the State will provide a written explanation including reasonable detail outlining the reasons for the rejection. The State may require a 30-calendar day training period for replacement personnel.

Contractor will not remove any Key Personnel from their assigned roles on this Contract without the prior written consent of the State. The Contractor's removal of Key Personnel without the prior written consent of the State is an unauthorized removal ("Unauthorized Removal"). An Unauthorized Removal does not include replacing Key Personnel for reasons beyond the reasonable control of Contractor, including illness, disability, leave of absence, personal emergency circumstances, resignation, or for cause termination of the Key Personnel's employment. Any Unauthorized Removal may be considered by the State to be a material breach of this Contract, in respect of which the State may elect to terminate this Contract for cause under the **Termination for Cause** section of the Standard Contract Terms. It is further acknowledged that an Unauthorized Removal will interfere with the timely and proper completion of this Contract, to the loss and damage of the State, and that it would be impracticable and extremely difficult to fix the actual damage sustained by the State as a result of any Unauthorized Removal. Therefore, Contractor and the State agree that in the case of any Unauthorized Removal in respect of which the State does not elect to exercise its rights under Termination for Cause, Contractor will issue to the State the corresponding credits set forth below (each, an "Unauthorized Removal Credit"):

i. For the Unauthorized Removal of any Key Personnel designated in the applicable Statement of Work, the credit amount will be $25,000.00 per individual if Contractor identifies a replacement approved by the State and assigns the replacement to shadow the Key Personnel who is leaving for a period of at least 30-calendar days before the Key Personnel's removal.

ii. If Contractor fails to assign a replacement to shadow the removed Key Personnel for at least 30-calendar days, in addition to the $25,000.00 credit specified above, Contractor will credit the State $833.33 per calendar day for each day of the 30-calendar day shadow period that the replacement Key Personnel does not shadow the removed Key Personnel, up to $25,000.00 maximum per individual. The total Unauthorized Removal Credits that may be assessed per Unauthorized Removal and failure to provide 30-calendar days of shadowing will not exceed $50,000.00 per individual.

Contractor acknowledges and agrees that each of the Unauthorized Removal Credits assessed above: (i) is a reasonable estimate of and compensation for the anticipated or actual harm to the State that may arise from the Unauthorized Removal, which would be impossible or very difficult to accurately estimate; and (ii) may, at the State's option, be credited or set off against any fees or other charges payable to Contractor under this Contract.

The Contractor must identify the Key Personnel, indicate where they will be physically located, describe the functions they will perform, and provide current chronological résumés.

A. The Contractor must identify all Key Personnel that will be assigned to this contract in the table below which includes the following:

1. Name and title of staff that will be designated as Key Personnel.
2. Key Personnel years of experience in the current classification.
3. Identify which of the required key personnel positions they are fulfilling.
4. Key Personnel's roles and responsibilities, as they relate to this RFP, if the Contractor is successful in being awarded the Contract. Descriptions of roles should be functional and not just by title.
5. Identify if each Key Personnel is a direct, subcontract, or contract employee.
6. Identify if each Key Personnel staff member is employed full-time (FT), part-time (PT) or temporary (T), including consultants used for the purpose of providing information for the proposal.
7. List each Key Personnel staff member's length of employment or affiliation with the Contractor's organization.
8. Identify each Key Personnel's percentage of work time devoted to this Contract.
9. Identify where each Key Personnel staff member will be physically located (city and state) during the Contract performance.

   The key personnel for the Contractor on the overall Contract is:

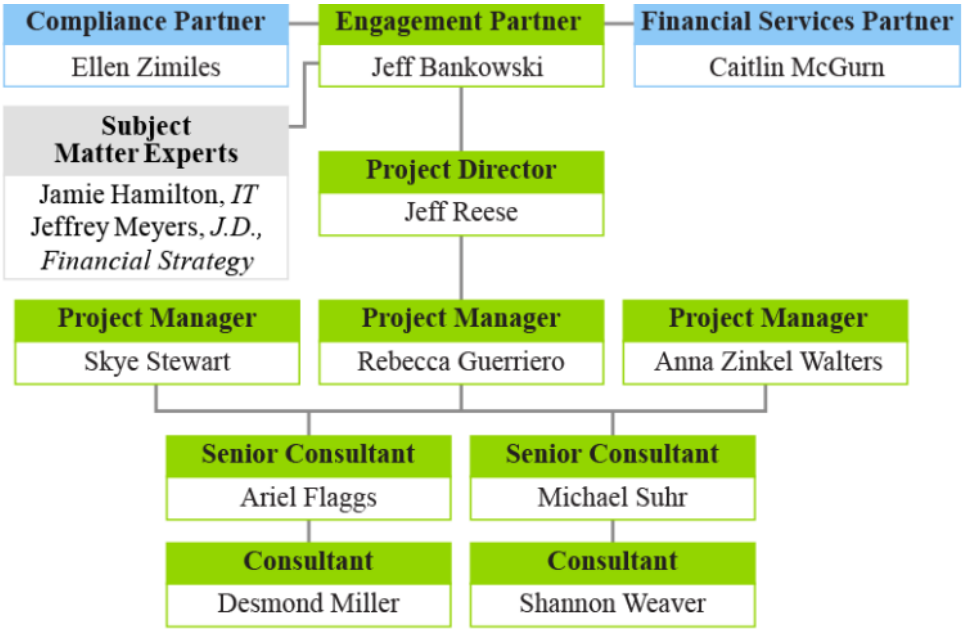
   Jeffrey S. Bankowski, Partner

B. The Contractor must provide **detailed, chronological resumes** of all proposed Key Personnel, including a description of their work experience relevant to their purposed role as it relates to the Tier 2 RFP.

Qualifications will be measured by education and experience with particular reference to experience on projects similar to that described in the Tier 2 RFP.

4.5. Organizational Chart

The Contractor must provide an overall organizational chart that details staff members, by name and title, and subcontractors.



4.6. Disclosure of Subcontractors

If the Contractor intends to utilize subcontractors, the Contractor must disclose the following for each subcontractor.

- The legal business name; address; telephone number; a description of subcontractor's organization and the services it will provide; and information concerning subcontractor's ability to provide the Contract Activities.
- The relationship of the subcontractor to the Contractor.
- Whether the Contractor has a previous working experience with the subcontractor. If yes, provide the details of that previous relationship.
- A complete description of the Contract Activities that will be performed or provided by the subcontractor.

4.7. Security

If required, the Contractor will be subject to security procedures as outlined in each Tier 2 SOW.

4.8. Access to Tax Information

The Contractor must comply with the requirements of *IRS Publication 1075* (including *Exhibit 7 Safeguarding Contract Language*) and *Michigan Department of Treasury Safeguard Requirements of Confidential Tax Data*, only if required by Tier 2 SOW,

5. Project Management

5.1. Project Plan

Within five (5) business days of the award of any SOW, the Contractor must submit, for final approval, a detailed project plan to the Program Manager. The final Project Plan must be in agreement with the Contractor's SOW proposal and accepted by the State. Detailed requirements will be outlined in the SOW but should identify items such as the required personnel; project management process; project breakdown identifying sub-projects, tasks, and resources required; expected frequency and mechanisms for updates/progress reviews; process for addressing issues/changes; and individuals responsible for receiving/reacting to the requested information, and the Contractor's organizational chart with names and title of personnel assigned to the project, which must align with the staffing stated as outlined in the Contract. Necessary substitutions due to change of employment status and other unforeseen circumstances may only be made with prior approval of the State.

5.2. Meetings

Although there will be continuous liaison with the Contractor team, the State Program Manager(s) will meet quarterly as a minimum, or as requested by the State, with the Contractor for the purpose of reviewing progress and providing necessary guidance to the Contractor in solving problems which arise.

5.3. Reporting

Reporting requirements will be identified in the Tier 2 SOW/RFP and may include but not be limited to, analysis in the form of summaries, reports, spreadsheets, or as otherwise requested.

6. Pricing

6.1. Price Term

Pricing is firm for the entire length of the Contract. Contractor pricing must not exceed rates provided in Schedule B.

7. Ordering

7.1. Authorizing Document

The appropriate authorizing document for the Contract will be a delivery order (DO).

8. Invoice and Payment

8.1. Invoice Requirements

All invoices submitted to the State must include: (a) date; (b) purchase order; (c) quantity; (d) description of the Contract Activities; (e) unit price; (f) shipping cost (if any); (g) vendor-generated invoice number; and (h) total price. *Overtime, holiday pay, and travel expenses will **not** be paid*.

8.2. Payment Methods

The State will make payment for Contract Activities via Electronic Funds Transfer (EFT).

8.3. Procedure

Final pricing will be submitted per the SOW/RFP requirements.

9. Liquidated Damages

Late or improper completion of the Contract Activities will cause loss and damage to the State and it would be impracticable and extremely difficult to fix the actual damage sustained by the State. Therefore, if there is late or improper completion of the Contract Activities the State is entitled to collect liquidated damages in the amount of $5,000 and an additional $100 per day for each day Contractor fails to remedy the late or improper completion of the Work.

10. Service-Level Agreements (SLAs)

Tier 2 SOWs will include appropriate SLAs for the work to be performed.

SCHEDULE B - PRICING

Request For Proposal No. 210000002247

Pre-qualification for Statewide Financial Accounting, Integrity Oversight Monitoring or Auditing Services

1. The Contractor must provide a pricing schedule for the proposed Contract Activities using the table below. The pricing schedule should be submitted in a modifiable format (e.g. Microsoft Word or Excel); however, you may also submit an additional pricing schedule in a non-modifiable format (e.g., PDF). Failure to complete the pricing schedule as requested may result in disqualification of your proposal.

2. Price proposals must include all costs, including but not limited to, any one-time or set-up charges, fees, and potential costs that Contractor may charge the State (e.g., shipping and handling, per piece pricing, and palletizing).

3. The Contractor is encouraged to offer quick payment terms. The number of days must not include processing time for payment to be received by the Contractor's financial institution.

   Quick payment terms: % discount off invoice if paid within days after receipt of invoice.

4. By submitting its proposal, the Contractor certifies that the prices were arrived at independently, and without consultation, communication, or agreement with any other Contractor.

5. **NOTES**:
   a. As a reminder, *overtime, holiday pay, and travel expenses will **not** be paid*.

   b. Any exception to any insurance requirements must be noted ***before*** being qualified, in other words with bidder's response. If bidder is concerned about the cost of coverage, any extra costs must be incorporated into the pricing below with the understanding that this could impact being chosen as a tier two supplier.

   c. **Provide the hourly rate (not-to-exceed) for each staff level and all applicable personnel assigned to the Contract for the proposed services. For example, please indicate positions at Senior Manager, Director, Manager, etc. Senior levels, entry level staff, as well as Specialty Services (e.g., Cyber engineer, Subject Matter Expert, etc.).**

Position	Hourly Rate (Not to Exceed)
Partner	$395-$445
Subject Matter Expert	$390-$439
Project Director	$310-$349
Project Manager/Managing Consultant	$225-$253
Senior Consultant	$225-$253
Consultant	$160-$180
Recovery Analyst III	$125-$141
Recovery Analyst II	$65-$73
Recovery Analyst I	$45-$51
Analyst	$35-$39

SCHEDULE D - DATA SECURITY REQUIREMENTS

1 Definitions. For purposes of this Schedule, the following terms have the meanings set forth below. All initial capitalized terms in this Schedule that are not defined in this Schedule shall have the respective meanings given to them in the Contract.

"**Contractor Security Officer**" has the meaning set forth in **Section 2** of this Schedule.

"**FedRAMP**" means the Federal Risk and Authorization Management Program, which is a federally approved risk management program that provides a standardized approach for assessing and monitoring the security of cloud products and services.

"**FISMA**" means the Federal Information Security Modernization Act of 2014 (Pub.L. No. 113-283 (Dec. 18, 2014.).

"**Hosted Provider**" means any Permitted Subcontractor that is providing any or all of the Hosted Services under this Contract.

"**NIST**" means the National Institute of Standards and Technology.

"**PCI**" means the Payment Card Industry.

"**PSP**" or "PSPs" means the State's IT Policies, Standards and Procedures

"**SSAE**" means Statement on Standards for Attestation Engagements.

"**Security Accreditation Process**" has the meaning set forth in **Section 6** of this Schedule.

2 Security Officer. Contractor will appoint a Contractor employee to respond to the State's inquiries regarding the security of the Hosted Services who has sufficient knowledge of the security of the Hosted Services and the authority to act on behalf of Contractor in matters pertaining thereto **("Contractor Security Officer").**

3 Contractor Responsibilities. Contractor is responsible for establishing and maintaining a data privacy and information security program, including physical, technical, administrative, and organizational safeguards, that is designed to:

(a) ensure the security and confidentiality of the State Data;

(b) protect against any anticipated threats or hazards to the security or integrity of the State Data;

(c) protect against unauthorized disclosure, access to, or use of the State Data;

(d) ensure the proper disposal of any State Data in Contractor's or its subcontractor's possession; and

(e) ensure that all Contractor Representatives comply with the foregoing.

The State has established Information Technology (IT) PSPs to protect IT resources under the authority outlined in the overarching State 1305.00 Enterprise IT Policy. In no case will the safeguards of Contractor's data privacy and information security

program be less stringent than the safeguards used by the State, and Contractor must at all times comply with all applicable public and non-public State IT policies and standards, of which the publicly available ones are at: https://www.michigan.gov/dtmb/0,5552,7-358-82547_56579_56755---,00.html

4 Acceptable Use Policy. To the extent that Contractor has access to the State's IT environment, Contractor must comply with the State's Acceptable Use Policy, see **ents/dtmb/1340.00.01_Acceptable_Use_of_Information_Technology_Standard_458958_7.pdf**. All Contractor Personnel will be required, in writing, to agree to the State's Acceptable Use Policy before accessing State systems. The State reserves the right to terminate Contractor's and/or subcontractor(s) or any Contractor Personnel's access to State systems if the State determines a violation has occurred.

5 Protection of the State's Information. Throughout the Term and at all times in connection with its actual or required performance of the Services, Contractor will:

5.1 If Hosted Services are provided by a Hosting Provider, ensure each Hosting Provider maintains FedRAMP authorization for all Hosted Services environments throughout the Term, and in the event a Hosting Provider is unable to maintain FedRAMP authorization, the State, at its sole discretion, may either a) require the Contractor to move the Software and State Data to an alternative Hosting Provider selected and approved by the State at Contractor's sole cost and expense without any increase in Fees, or b) immediately terminate this Contract for cause pursuant to **Section 15.1** of the Contract;

5.2 for Hosted Services provided by the Contractor, maintain either a FedRAMP authorization or an annual SSAE SOC 2 Type II audit based on State required NIST Special Publication 800-53 MOD Controls using identified controls and minimum values as established in applicable State PSPs;

5.3 ensure that the Software and State Data is securely hosted, supported, administered, accessed, and backed up in a data center(s) that resides in the continental United States, and minimally meets Uptime Institute Tier 3 standards (www.uptimeinstitute.com), or its equivalent;

5.4 maintain and enforce an information security program including safety and physical and technical security policies and procedures with respect to its Processing of the State Data that complies with the requirements of the State's data security policies as set forth in this Contract, and must, at a minimum, remain compliant with FISMA and NIST Special Publication 800-53 MOD Controls using identified controls and minimum values as established in applicable State PSPs;

5.5 provide technical and organizational safeguards against accidental, unlawful or unauthorized access to or use, destruction, loss, alteration, disclosure, encryption, transfer, commingling or processing of such information that ensure a level of security appropriate to the risks presented by the processing of State Data and the nature of such State Data, consistent with best industry practice and applicable standards (including, but not limited to, compliance with FISMA, NIST, CMS, IRS, FBI, SSA, HIPAA, FERPA and PCI requirements as applicable);

5.6 take all reasonable measures to:

(a) secure and defend all locations, equipment, systems and other materials and facilities employed in connection with the Services against "hackers" and others who may seek, without authorization, to disrupt, damage, modify, access or otherwise use Contractor Systems or the information found therein; and

(b) prevent (i) the State and its Authorized Users from having access to the data of other customers or such other customer's users of the Services; (ii) State Data from being commingled with or contaminated by the data of other customers or their users of the Services; and (iii) unauthorized access to any of the State Data;

5.7 ensure that State Data is encrypted in transit and at rest using FIPS validated AES encryption modules and a key size of 256 bits or higher;

5.8 ensure the Hosted Services support Identity Federation/Single Sign-on (SSO) capabilities using Security Assertion Markup Language (SAML), Open Authentication (OAuth) or comparable State approved mechanisms;

5.9 ensure the Hosted Services implements NIST compliant multi-factor authentication for privileged/administrative and other identified access.

6 Security Accreditation Process. Throughout the Term, Contractor will assist the State, at no additional cost, with its **Security Accreditation Process**, which includes the development, completion and on-going maintenance of a system security plan (SSP) using the State's automated governance, risk and compliance (GRC) platform, which requires Contractor to submit evidence, upon request from the State, in order to validate Contractor's security controls within two weeks of the State's request. On an annual basis, or as otherwise required by the State such as for significant changes, re-assessment of the system's controls will be required to receive and maintain authority to operate (ATO). All identified risks from the SSP will be remediated through a Plan of Action and Milestones (POAM) process with remediation time frames based on the risk level of the identified risk. For all findings associated with the Contractor's solution, at no additional cost, Contractor will be required to create or assist with the creation of State approved POAMs and perform related remediation activities. The State will make any decisions on acceptable risk, Contractor may request risk acceptance, supported by compensating controls, however only the State may formally accept risk. Failure to comply with this section will be deemed a material breach of the Contract.

7 Unauthorized Access. Contractor may not access, and shall not permit any access to, State systems, in whole or in part, whether through the Hosted Services or otherwise, without the State's express prior written authorization. Such authorization may be revoked by the State in writing at any time in its sole discretion. Any access to State systems must be solely in accordance with the Contract and this Schedule, and in no case exceed the scope of the State's authorization pursuant to this Section. All State-authorized connectivity or attempted connectivity to State systems shall be only through the State's security gateways and firewalls and in compliance with the State's security policies set forth in the Contract as the same may be supplemented or amended by the State and provided to Contractor from time to time.

8 Security Audits.

8.1 During the Term, Contractor will maintain complete and accurate records of its data protection practices, IT security controls, and the security logs relating to State Data, including but not limited to any backup, disaster recovery or other policies, practices or procedures relating to the State Data and any other information relevant to its compliance with this Contract.

8.2 Without limiting any other audit rights of the State, the State has the right to review Contractor's data privacy and information security program prior to the commencement of Services and from time to time during the term of this Contract. The State, at its own expense, is entitled to perform, or to have performed, an on-site audit of Contractor's data privacy and information security program. If the State chooses to perform an on-site audit, Contractor will, make all such records, appropriate personnel and relevant materials available during normal business hours for inspection and audit by the State or an independent data security expert that is reasonably acceptable to Contractor, provided that the State: (i) gives Contractor at least five (5) Business Days prior notice of any such audit; (ii) undertakes such audit no more than once per calendar year, except for good cause shown; and (iii) conducts or causes to be conducted such audit in a manner designed to minimize disruption of Contractor's normal business operations and that complies with the terms and conditions of all data confidentiality, ownership, privacy, security and restricted use provisions of the Contract. The State may, but is not obligated to, perform such security audits, which shall, at the State's option and request, include penetration and security tests, of any and all Hosted Services and their housing facilities and operating environments.

8.3 During the Term, Contractor will, when requested by the State, provide a copy of Contractor's or Hosting Provider's FedRAMP System Security Plan(s) or SOC 2 Type 2 report(s) to the State within two weeks of the State's request. The System Security Plan and SSAE audit reports will be recognized as Contractor's Confidential Information.

8.4 With respect to State Data, Contractor must implement any required safeguards as identified by the State or by any audit of Contractor's data privacy and information security program.

8.5 The State reserves the right, at its sole election, to immediately terminate this Contract or a Statement of Work without limitation and without liability if the State determines that Contractor fails or has failed to meet its obligations under this **Section 8**.

9 Application Scanning. During the Term, Contractor must, at its sole cost and expense, scan all Contractor provided applications, and must analyze, remediate and validate all vulnerabilities identified by the scans as required by the State Secure Web Application and other applicable PSPs.

Contractor's application scanning and remediation must include each of the following types of scans and activities:

9.1 Dynamic Application Security Testing (DAST) – Scanning interactive application for vulnerabilities, analysis, remediation, and validation (may include Interactive Application Security Testing (IAST).

(a) Contractor must either a) grant the State the right to dynamically scan a deployed version of the Software; or b) in lieu of the State performing the scan, Contractor must dynamically scan a deployed version of the Software using a State approved application scanning tool and provide the State a vulnerabilities assessment after Contractor has completed such scan. These scans and assessments i) must be completed and provided to the State quarterly (dates to be provided by the State) and for each major release; and ii) scans must be completed in a non-production environment with verifiable matching source code and supporting infrastructure configurations or the actual production environment.

9.2 Static Application Security Testing (SAST) - Scanning Source Code for vulnerabilities, analysis, remediation, and validation.

(a) For Contractor provided applications, Contractor, at its sole expense, must provide resources to complete static application source code scanning, including the analysis, remediation and validation of vulnerabilities identified by application Source Code scans. These scans must be completed for all Source Code initially, for all updated Source Code, and for all Source Code for each major release and Contractor must provide the State a vulnerability assessment after Contractor has completed the required scans.

9.3 Software Composition Analysis (SCA) – Third Party and/or Open Source Scanning for vulnerabilities, analysis, remediation, and validation.

(a) For Software that includes third party and open source software, all included third party and open source software must be documented and the source supplier must be monitored by the Contractor for notification of identified vulnerabilities and remediation. SCA scans may be included as part of SAST and DAST scanning or employ the use of an SCA tool to meet the scanning requirements. These scans must be completed for all third party and open source software initially, for all updated third party and open source software, and for all third party and open source software in each major release and Contractor must provide the State a vulnerability assessment after Contractor has completed the required scans if not provided as part of SAST and/or DAST reporting.

9.4 In addition, application scanning and remediation may include the following types of scans and activities if required by regulatory or industry requirements, data classification or otherwise identified by the State.

(a) If provided as part of the solution, all native mobile application software must meet these scanning requirements including any interaction with an application programing interface (API).

(b) Penetration Testing – Simulated attack on the application and infrastructure to identify security weaknesses.

10 Infrastructure Scanning.

10.1 For Hosted Services, Contractor must ensure the infrastructure and applications are scanned using an approved scanning tool (Qualys, Tenable, or other PCI Approved Vulnerability Scanning Tool) at least monthly and provide the scan's assessments to the State in a format that is specified by the State and used to track the remediation. Contractor will ensure the remediation of issues identified in the scan according to the remediation time requirements documented in the State's PSPs.

11 Nonexclusive Remedy for Security Breach.

11.1 Any failure of the Services to meet the requirements of this Schedule with respect to the security of any State Data or other Confidential Information of the State, including any related backup, disaster recovery or other policies, practices or procedures, is a material breach of the Contract for which the State, at its option, may terminate the Contract immediately upon written notice to Contractor without any notice or cure period, and Contractor must promptly reimburse to the State any Fees prepaid by the State prorated to the date of such termination.