



**STATE OF MICHIGAN**  
**CENTRAL PROCUREMENT SERVICES**  
 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 11

to

Contract Number 071B7700036

<b>CONTRACTOR</b>	GUIDEHOUSE LLP
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	McLean, VA 22102
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<b>STATE</b>	<b>Program Manager</b>	Various	SW
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**CONTRACT SUMMARY**

PRE-QUALIFICATION FOR FINANCIAL ACCOUNTING, INTEGRITY OVERSIGHT MONITORING OR AUDITING SERVICES

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE
November 1, 2016	October 31, 2019	2 - 1 Year	January 1, 2023
PAYMENT TERMS		DELIVERY TIMEFRAME	
NET 45		N/A	
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING
<input type="checkbox"/> P-Card	<input type="checkbox"/> PRC	<input type="checkbox"/> Other	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

**MINIMUM DELIVERY REQUIREMENTS**

N/A

**DESCRIPTION OF CHANGE NOTICE**

OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
<input type="checkbox"/>		<input type="checkbox"/>		N/A
CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE		
\$5,454,905.00	\$5,000,000.00	\$10,454,905.00		

**DESCRIPTION**

Effective 1/24/2022, the following changes are hereby included:

1. The attached Schedule A - Statement of Work is added to the Contract for use by Treasury for the Afflicted Business Relief (ABR) grant program
2. The attached Schedule B - Pricing is hereby added to the Contract for these activities
3. The attached Schedule C - Safeguard Requirements of Confidential Tax Data is hereby added to the Contract
4. The attached Schedule E - Data Security Requirements is hereby added to the Contract
4. This Contract is hereby increased by \$5,000,000

# **CN 11 - SCHEDULE A STATEMENT OF WORK CONTRACT ACTIVITIES**

## **1. PROJECT REQUEST**

The Afflicted Business Relief (ABR) grant program established within PA 132 of 2021, section 401. This SOW is for the entire administration of the ABR grant program. It includes, but is not limited to, providing staff augmentation for a call center, application outreach, creating and maintaining an application website with workflow tracking capabilities, review and audit determination process for applications, calculations of approved grant amounts, communications to applicants, program metrics, reissues, and reporting in accordance with federal guidelines and state legislation.

Treasury anticipates this contract will be completed by January 16, 2023, when all data has been provided to Treasury, after the final report is due to the legislature and the deliverables of this contract have been provided and accepted by the Department of Treasury.

## **2. BACKGROUND**

The terms of 2021 Michigan Public Acts, Act Number 132 of 2021 section 401, provides COVID-19 relief to Afflicted Businesses. This SOW is to administer all areas needed for the Afflicted Business Relief grant including call center, IT application and workflow development, review and audit determination process for applications, calculations of approved grant amounts, communications to applicants, and reporting in accordance with federal guidelines. The purpose of the Afflicted Business Relief grant program is to offer grants of up to \$5M to businesses that meet program requirements that realized a financial hardship as a result of the COVID-19 emergency. Grants will be distributed to businesses that complete a grant application and certify a decline in total Michigan sales capped at hardship rates, certify that they are eligible for the program, and comply with federal guidelines. Up to \$409M, minus 1% administrative costs, may be awarded to approved applicants and awarded amounts may be required to be prorated.

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 the CRF CARES Act, FEMA, and ARPA 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 CRF CARES Act, FEMA, and ARPA funds.

The State currently has resource capacity limitations with federal compliance and grant management and matters necessary to implement grant programs associated with the CRF CARES Act, FEMA, and ARPA funded programs to ensure compliance with federal and state requirements. The immediate need requiring this contract is associated with the Afflicted Business Relief program.

## **3. SCOPE**

This is an SOW for staff augmentation and administering the entire Afflicted Business Relief grant program. The scope includes, and is not limited to:

- federal compliance and grant management expertise for the ABR grant program
- providing staff necessary to administer the entire program including call center staff
- developing an application tracking workflow and application review process in accordance with PA 132 of 2021 section 401
- reviewing all grant applications for proof of eligibility of ABR requirements
- calculating application grant amounts
- transmitting in a manner prescribed by Treasury the listing of all approved applicants including data necessary to issue payments by June 1, 2022 to allow payment issuance by July 1, 2022
- transmitting in a manner prescribed by Treasury a listing of all applicants to perform an IRS match of FEIN, EIN, or SSN to name, including the following required data necessary to perform the match by June 1, 2022 to allow payment issuance by July 1, 2022.
- provide Treasury in a manner prescribed by Treasury all records supporting the application and review process for a period by October 14, 2022

- prepare and provide to Treasury all information needed for federal expenditure reporting through December 31, 2022
- prepare and provide to Treasury the legislative reports required in accordance with PA 132 of 2021 section 401(8) by September 15, 2022
- providing Treasury a copy of the contractor's most recent and subsequent SINGLE audit reports
- completing program monitoring procedures and providing Treasury with a report of these procedures
- providing to Treasury by September 30, 2022, 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

The contractor must perform all tasks to support the entire Afflicted Business Relief grant program. The State of Michigan will be responsible for issuing ACH or checks.

The Contractor is required to complete but is not limited to the following:

### **Focus Area 1: Program and Project Management**

1. **Host a kick-off meeting to establish expectations:** Although you know many of the Guidehouse team, at the start of this project, we will meet with the Treasury leadership team to fully define objectives and requirements, including timelines, for the project. All Guidehouse team members would join this meeting (as appropriate) to make sure there is a consistent understanding of project objectives and expectations at the inception of the project.
2. **Integrate with your governance structure:** To align and ensure a comprehensive approach to the afflicted business program with other State of Michigan's programs and its COVID response, we will ensure that our role is aligned with Treasury methodology and will coordinate as needed with the State's COVID Office of Accountability. Our Project Director, Project Manager and the team will provide additional support to help execute your strategy, providing coordination, communications, and oversight support across the program as needed. Our Project Manager will ensure that Treasury's recovery efforts for Michigan businesses have the highest impact and greatest benefit to its residents and communities. Our Project Manager and core project team members will work hand-in-hand with the Treasury, through a project governance structure that we will determine with you during the first few days of our engagement. This governance structure, and the associated meeting structure, will be important to establishing a rhythm going forward. Our team will ensure transparency throughout the ABR grant process so that at any given time Treasury and the State see how this critical program is being implemented to ensure maximum impact for Michigan's businesses.
3. **Review your document management structure:** We understand that based on our experience working with your team to ensure compliance with federal grants related to COVID over the last year, you already have a strong document management structure in place. Our team will work with you to confirm or refine this structure and ensure that documentation is well managed for the ABR grant program and at the end ensure a proper transition of information occurs through the Salesforce platform. We will develop a detailed roadmap and transition plan to ensure all documentation related to the grant will be in an 'audit ready' format. Our team has significant experience managing the complexities of document management for various funding sources and will be prepared to assist the State in mapping the flow of documentation and requirements to ensure the efficient and transparent management of ABR grant funds.
4. **Establish a program plan:** A key area of support will be project management and scheduling. Given the complexity of this program including its state-wide scope, an integrated program plan will be imperative to keep track of the many moving parts such as multiple ongoing work streams, multiple applicants, and stakeholder coordination. Adding to this complexity is an array of federal agency requirements including testing for the duplication of benefits which will need to be planned and discussed. The program plan can be developed in Microsoft Excel, Microsoft Project, Smartsheet or another tool that the State prefers and will be refined and maintained throughout the lifecycle of the program. The baselined schedule would provide all stakeholders with the means to measure track project milestones and monitor progress and will be leveraged in daily standups and weekly executive briefings.
5. **Provide frequent program reporting:** We strongly believe that frequent and regular touchpoints with you during the project will make sure that our work products remain aligned with your objectives and address any changes in project direction. We will set daily standup calls between our team and your team as we stand this program up to ensure that we meet the deadlines outlined in PA 132. During this daily call, we will discuss progress to date, current timelines, risk and issues, and other challenges that might arise. Our project team will monitor progress against the project's objectives and budget closely and will work with you regularly to ensure that our work is

meeting high-quality standards. We believe that regular and open communication is the best approach, especially given the speed with which this grant program must be made available to the public.

6. **Provide proactive risk management:** Risk management is ingrained in our culture and our heritage stemming from our audit and compliance roots. We will employ an internal tracking system to track potential ABR program risks before they occur and formulate a mitigation strategy to preempt occurrence. Our team will record the outcomes of the risk mitigation steps and coordinate subsequent measures that could be implemented to negate any negative impact on our tasks. Collectively, the establishment of these tools and our overall approach to structured collaboration will help us manage the overall program and be able to respond to the impact of changes resulting from any unanticipated changes in circumstances and/or shifts in priorities — increasing our ability to help you reach your goals. Our quality control mechanisms and risk management practices are operative before, during and after an engagement, and all of our resources and deliverables are subject to these standards during regular inspections. This is not something we do on an engagement-by-engagement basis — it is what we do for all our engagements.
7. **Provide project management tools and structure:** Once draft project outlines have been approved, we will hand over the tasks and workstreams to individual project teams as necessary. Team Guidehouse employs customizable, repeatable methods and tools to achieve task objectives, control costs, provide for consistency, and manage resources in an environment of concurrent task orders and competing demands. We will refine and tailor many of the tools we have including standard templates for response and execution, reporting status, burn reports/analyses, risk assessment, and staff modeling. We will also provide the Treasury project teams with key project management tools and templates to support execution. Our PMO team will provide active and hands-on support throughout project execution and will establish a regular communication cadence. We understand that in order to be successful, the State will have to communicate clearly and frequently with these stakeholders to ensure their needs are being addressed and communicated clearly to the public. Stakeholder engagement will be closely coordinated with Treasury and is anticipated to include residents, statewide business associations such as the Small Business Association of Michigan, local business associations such as chambers of commerce, restaurant associations, with ultimate reporting to Executive branch and legislative leaders. We will assist with this coordination to ensure priorities are aligned, decisions are made in a collaborative fashion, funding is effectively distributed in accordance with the law, and communications are rapidly shared. Our team can help coordinate those stakeholders' views, ensure all points of view are considered and aligned, and lend support and guidance at briefings or meetings to correlate developments. And finally, we will provide both regular and a final reports for Treasury to share with Michigan Senate and House Appropriations committees, the Senate and House fiscal agencies, and the state budget office, as stipulated in PA 132.

## **Focus Area 2: Monitoring and Compliance**

1. Our guiding principle for administering and executing grant programs maintains that a properly executed program ensures the equitable distribution of funds to eligible afflicted businesses in a timely and compliant manner. The compliance and monitoring focus is a key part of the equation to ensure funds are deployed rapidly while mitigating the risk of fraud, waste, and abuse. We also understand the applicability of federal regulations to the ABR program grants, including the Federal Uniform Guidance under 2 CFR Part 200. In collaboration with key stakeholders, we are prepared to disseminate educational and training materials to help business recipients understand the requirements of these regulations.  
Once the ABR grant program is off and running, we will help deploy a risk-based compliance management and monitoring system. The results of our monitoring will be reported regularly during our daily and weekly check-in meetings to monitor project performance, identify issues, and provide feedback.  
Team Guidehouse has an extensive bench of subject matter experts that will work to ensure the State maintains compliance with State and Federal regulations. Our approach to the effective monitoring and compliance for the ABR grant program starts with a mindset of “closeout on Day 1.” We will be prepared to support the State in its monitoring and compliance program through document management, subrecipient document management, reporting and project closeout.  
Guidehouse will help the State maintain data, records, and critical documentation. As the grant program comes to its conclusion, our team will work hand in hand with the State to ensure that all necessary closeout activities have been completed to appropriately document program outcomes and compliance with relevant reporting requirements.  
Federal, State and other grant requirements include detailed and thorough reporting and documentation requirements to ensure funds are used appropriately, prevent fraud and waste, and measure results of the funded programs. Our team will work with Treasury to complete necessary documentation for funding requirements while keeping the State abreast of changes and approaches of other jurisdictions as we have deep knowledge of these requests and their intent. We will prepare executive-level reports and dashboards to monitor program progress that could be used to modify programming based on the results.

## **State Responsibilities**

The following tasks will be the responsibility of the State:

1. Assign a day-to-day program manager who will attend daily briefings with Team Guidehouse – approximately 30-minute daily status meetings in January and February with a focus on program design, system configuration, communications, and coordination across other State agencies such as DTMB and SBO. In March through June, meetings will be focused on submission and grant application statistics as well as call center performance and utilization.
  2. Guidehouse is not a legal firm and does not provide legal advice. We will work in concert with Treasury to provide recommendations and leverage policy decisions based on Treasury's interpretation such as the narrow scope defined for businesses into specified categories. Guidehouse will document the policy decision in a decision log and include it in the final 'audit ready' file for compliance purposes.
  3. Treasury will assign testers to perform user acceptance testing (UAT) of the system in collaboration with Team Guidehouse. This will include end to end testers to review user design and workflow to ensure it meets State expectations. We expect UAT to be performed in February prior to March 1 go live date required by the legislation.
  4. Treasury Legal Counsel or its designee will draft a certification to be used by businesses as a part of the application process and this certification must be provided to Guidehouse by February 4 to be included in system design and testing. Guidehouse will include that certification in its grant application workflow.
  5. Treasury will assign at least two quality assurance leads who will be part of the final workflow. The Treasury quality assurance leads will have access to the entire Salesforce system and can review any accounts for approval, status, and follow up. Based on methodology established with Treasury, Treasury QA will randomly sample accounts for accuracy and proper account documentation. Treasury will review each calculated payment greater than \$100,000 (if any) for reasonableness and notify Guidehouse of any concerns prior to data transmission file on June 1, 2022. Treasury reserves the right to modify the \$100,000 threshold.
  6. Treasury will separately procure Salesforce licenses and organization structure for Guidehouse application design. Guidehouse is responsible for requirements gathering and Guidehouse will need access to begin design no later than January 24, 2022.
  7. Treasury will assign a fraud and investigative team and a related hotline to promote compliance procedures. Team Guidehouse will forward to the appropriate Treasury designee accounts that appear suspicious, financials that appear unusual or altered and Guidehouse. Guidehouse is responsible to approve or deny the grant application in accordance with grant program requirements and applicable legislation.
  8. Treasury will assist Guidehouse in development of procedures for acceptable documentation to verify financial hardship such as financial statements, tax records, and procedures for business who are lacking 2020 tax statements due to unusual circumstances that may be pandemic related. Treasury acknowledges that the manual review of financials are a primary driver of expense and options around self-certification, and limited documentation review, risk-based sampling may be used for awards under a certain threshold based on risk assessment and adequate internal controls.
  9. Treasury will assist Guidehouse in the development of agreed upon procedures for the review of duplication of benefits. Treasury with the assistance of Guidehouse will identify all potential duplication risks (SBA loans, MEDC and State CRF programs, CRF Prime recipient grant programs such as Wayne, Oakland, Macomb, Kent, City of Detroit and include in business certification and grant application process.
  10. Treasury and Guidehouse will mutually identify the webinar dates and stakeholder's associations for communication strategy. Treasury will provide State of Michigan branding and logos for PowerPoint and related communications.
  11. Treasury will be responsible for recoupment processes related to businesses who receive overpayments and falsify certifications.
  12. Treasury will perform all payment processing after the receipt of Guidehouse transmission file in a manner prescribed by Treasury with the listing of all approved applicants, including data necessary to issue payments, by June 1, 2022.
- a) **SCOPE 1: Provide federal compliance and grant management expertise** for the Afflicted Business Relief grant program. This will include leading, advising, and supporting the Department of Treasury in developing ABR grant administration procedures, reporting methods, and processes to ensure appropriate internal controls and monitoring procedures. (See Exhibit A – Staff Assignments)
- b) **SCOPE 2:** Develop an application workflow and application review process in accordance with PA 132 of 2021 section 401. This includes but is not limited to (See Exhibit A – Staff Assignments):

- i. developing and posting an application website for afflicted businesses to apply for the grant which includes certification language under section 401 subsection (3), program operation, award, and reporting criteria by March 1, 2022, in accordance with prescribed SOM IT security standards
- 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 businesses afflicted that have realized a financial hardship as a result of the COVID-19 emergency as outlined by PA 132 of 2021 section 401
- vi. providing an application method requiring applicant information needed to confirm program eligibility and financial impact of afflicted businesses in accordance with PA 132 of 2021 section 401. 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

In accordance with the requirements in Scope 2 Contractor shall:

- a) Implement and Configure a Salesforce.com Solution for Grants Management. Our comprehensive ARPA solution has created a seamless user experience that incorporates considerations and workflows around eligibility, application procedures, fraud, waste, and abuse identification, and all forms of dashboards and reporting (Figure 7). Our platform may be accessed via web portal and is accessible via mobile phone, enhancing its ease of use. Federal guidelines and checks are built into the system to assist internal controls. We find it paramount to propose this solution that can be tailored to the State of Michigan's processes and systems because many long-term efficiencies and possible automations will be enabled by the technology.
  - b) Test, Including Developer Testing and User Acceptance Testing (UAT). As a crucial element of our methodology, our release method bundles completed work products into beta and production releases. We will take full advantage of beta releases to include the product owner and stakeholder team in interim demonstrations, perform continuous testing, verification, and validation, and then deploy these releases into the Staging/UAT environment. Each build will again be validated and smoke tested to ensure environmental continuity and we will perform a code quality and security analysis to ensure appropriate code standards are in place, where custom code is deemed necessary by the client.
  - c) Train Users through "Train the Trainer" Sessions with Power Users. As a part of our commitment to the State, the Guidehouse team will work closely with Treasury to facilitate knowledge-sharing. Treasury will have full access real time in the system to review accounts, perform random sample selection, or review account notes. Our knowledge transfer approach starts on Day One. The ultimate objective will be to verify that upon completion of the project, State resources have the confidence and capability to proceed with the new platform independent of significant outside assistance or just decommission the system. We will work with the State regarding ARPA document retention requirements and determine the most optimal path after September 2022 project completion.
- c) **SCOPE 3:** Provide staff augmentation (See Exhibit A – Staff Assignments) to the Department of Treasury to review all grant applications for proof of eligibility of the Afflicted Business Relief 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 PA 132 of 2021 section 401 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 June 1, 2022 and notifying all ineligible applicants that their application

has been rejected by June 1, 2022. Contractor will consult with the Department of Treasury on the eligibility process.

- d) **SCOPE 4:** Transmit in a manner prescribed by Treasury the listing of all approved program applicants, including the following required data necessary to issue payments to businesses by June 1, 2022:
  - 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) **SCOPE 5:** Transmit in a manner prescribed by Treasury a listing of all applicants to perform an IRS match of FEIN, EIN, or SSN to name, including the following required data necessary to perform the match by June 1, 2022 (See Staff Assignments in Exhibit A):
  - i. Record Type (1 for EIN or FEIN, 2 for SSN)
  - ii. Applicant full social security number, FEIN or EIN
  - iii. Applicant name
  
- f) **SCOPE 6:** Provide all staff necessary to administer the program according to PA 132 of 2021 section 401 which may include but is not limited to (See Exhibit A – Staff Assignments):
  - i. Staff to operate a Call center
  - ii. Staff to develop all IT applications, including website and system applications necessary to administer the program.
  - iii. Staff to Audit applications
  - iv. Staff to provide Treasury 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 Treasury regarding program within one day of receiving the request. This staffing need would end three months after original checks are issued for the program.
  
- g) **SCOPE 7:** Provide to Treasury in a manner prescribed by Treasury all records supporting the application and review process for a period by October 14, 2022. Upon providing these records, provide Treasury with an attestation that all ABR records have been deleted from the contractor's and subcontractor's possession. . The contractor will provide a list of all staff who accessed and/or approved the records. Staff involved in the application review and approval process must not have any financial interests or other conflicting interests in the specific business who is applying for the grant.
  
- h) **SCOPE 8:** Completing program monitoring procedures and providing Treasury with a report of these procedures by September 30, 2022.
  
- i) **SCOPE 9: Reporting:** Provide Treasury a final direct cost expense listing of actual costs and supporting documentation of those expenses by August 31, 2022; and provide federal quarterly expenditure reports to the Department of Treasury through December 31, 2022. Also provide to Treasury the legislative reports required in accordance with PA 132 of 2021 section 401(8) by September 15, 2022. In addition, Provide the Michigan Department of Treasury a copy of the contractor's most recent and subsequent SINGLE audit reports. Also comply with all Afflicted Business Relief program requirements, IRS reporting requirements, federal guideline requirements, and Michigan Department of Treasury Nondisclosure requirements.

J) **SCOPE 10:** In the event the proration is necessary, the available grant distribution amount will be calculated based on available funds after up to 1% administrative costs are deducted.

Related to Scope 1-10, the Contractor will immediately deploy a team to administer the program in accordance with PA 132 of 2021 section 401.

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

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.

- i. The Contractor must immediately disclose to the State any conflicts of interests which may arise during this project.

#### **4. REQUIREMENTS AND DELIVERABLES**

##### **4.1. General Requirements**

The Contractor must provide the services/deliverables to assist the State with the Project as outlined in scope items 1-10.

**Contractor must provide a project plan and describe its approach for all relative items listed above for each Scope (1-10) separately.**

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

##### **4.2. High Level Project Approach and Activities**

The work being performed will support the Michigan Department of Treasury 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.

As stated earlier, the urgency of this contract is due to the fact that payments are required to be distributed by July 1, 2022. 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 CRF fund, FEMA, CARES Act, and ARPA 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 the Afflicted Business Relief program. Contractor will provide, and is not limited to, the following tasks:



#### Focus Area 1: Program and Project Kickoff

As a part of this, the contractor will:

- i. Host a kick-off meeting to establish expectations:
- ii. Integrate with your governance structure:
- iii. Review your document management structure
- iv. Establish a program plan
- v. Provide frequent program reporting
- vi. Provide proactive risk management
- vii. Provide project management tools and structure

#### Focus Area 2: Monitoring and Compliance

As a part of this work, the contractor will:

- i. Disseminate educational materials to help recipients understand requirements
- ii. Deploy a risk-based compliance management and monitoring system
- iii. Report out regularly during our check in meetings
- iv. Maintain a mindset of "closeout on Day 1"

#### B. **Staff augmentation resources (See Exhibit A – Staff Assignments)**

The contractor will manage the initial onboarding of Contractor partner/project director leadership, the federal compliance and grant management resources, and Contractor staff that will be immediately deployed for the ABR program (SCOPE items 1-10).

#### C. **Risk Assessment and Monitoring Procedures**

Contractor must, with assistance from the State develop a risk assessment and related monitoring procedures to ensure compliance with federal Office of Management and Budget OMB uniform administrative requirements.

#### D. **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 Afflicted Business Relief 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.

#### F. **Guidance for Reporting and Compliance Requirements**

Contractor will analyze, interpret, and prepare primary reporting and compliance requirements associated with select CRF, and CRF/FEMA funded, and ARPA funded programs.

#### G. **Final Report: Roadmap and Recommendations**

Prior to closing the contract, the Contractor will provide to Treasury by September 30, 2022 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 Treasury 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.

## **5. IT Specific Standards**

### **IT Policies, Standards and Procedures (PSP)**

Contractors are advised that the State has methods, policies, standards and procedures that have been developed over the years. Contractors are expected to provide proposals that conform to State IT policies and standards. All services and products provided as a result of this RFP must comply with all applicable State IT policies and standards. Contractor is required to review all applicable links provided below and state compliance in their response.

Public IT Policies, Standards and Procedures (PSP):

[https://www.michigan.gov/dtmb/0,5552,7-358-82547\\_56579\\_56755---,00.html](https://www.michigan.gov/dtmb/0,5552,7-358-82547_56579_56755---,00.html)

### **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 [http://michigan.gov/dtmb/0,4568,7-150-56355\\_56579\\_56755---,00.html](http://michigan.gov/dtmb/0,4568,7-150-56355_56579_56755---,00.html). 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.

### **SOM Digital Standards**

All software items provided by the Contractor must adhere to the State of Michigan Application/Site Standards which can be found at [www.michigan.gov/standards](http://www.michigan.gov/standards).

### **Mobile Responsiveness**

The Contractor's Solution must utilize responsive design practices to ensure the application is accessible via a mobile device.

### **ADA Compliance**

The State is required to comply with the Americans with Disabilities Act of 1990, as amended (ADA), and has adopted a formal policy regarding accessibility requirements for websites and software applications. The State is requiring that Contractor's proposed Solution, where relevant, to level AA of the World Wide Web Consortium (W3C) Web Content Accessibility Guidelines (WCAG) 2.0. Contractor may consider, where relevant, the W3C's Guidance on Applying WCAG 2.0 to Non-Web Information and Communications Technologies (WCAG2ICT) for non-web software and content. The State may require that Contractor complete a Voluntary Product Accessibility Template for WCAG 2.0 (WCAG 2.0 VPAT) or other comparable document for the proposed Solution.

[http://www.michigan.gov/documents/dmb/1650.00\\_209567\\_7.pdf?20151026134621](http://www.michigan.gov/documents/dmb/1650.00_209567_7.pdf?20151026134621)

## **6. 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 December 31, 2022 and delivering the final report to the State by January 16, 2023, to be the Final Acceptance.

## **7. 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

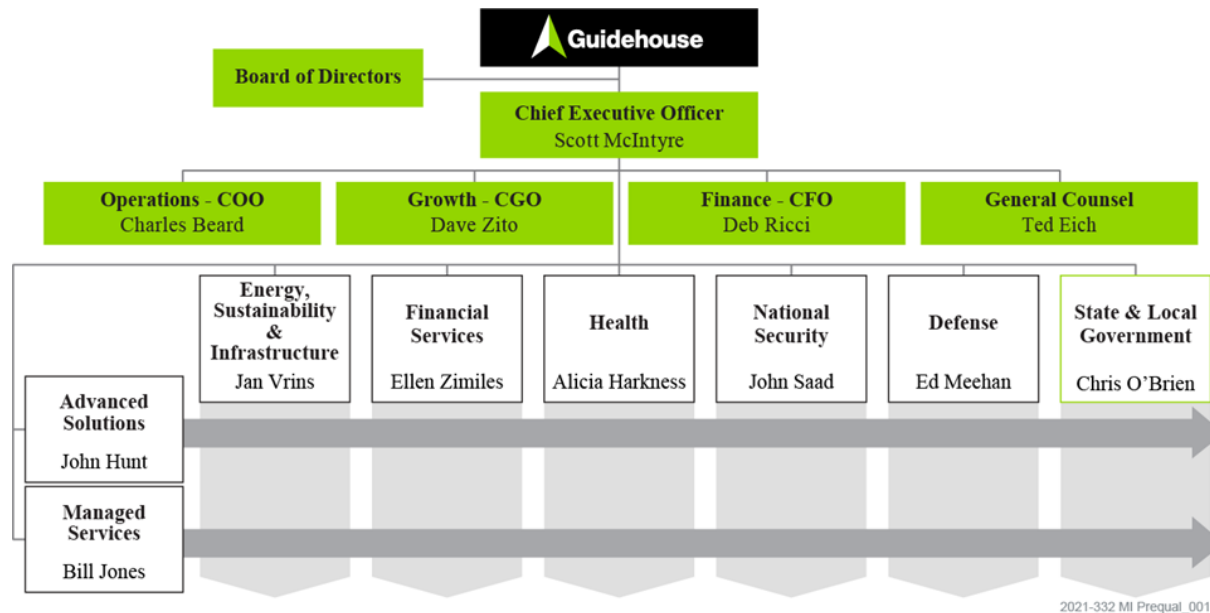
remotely during the initial phase of the contract period is expected. Upon the State's return to physical work locations, the Contractor may work at on-site facilities and remotely as agreed upon between the Contract Administrator and the Contractor Representative.

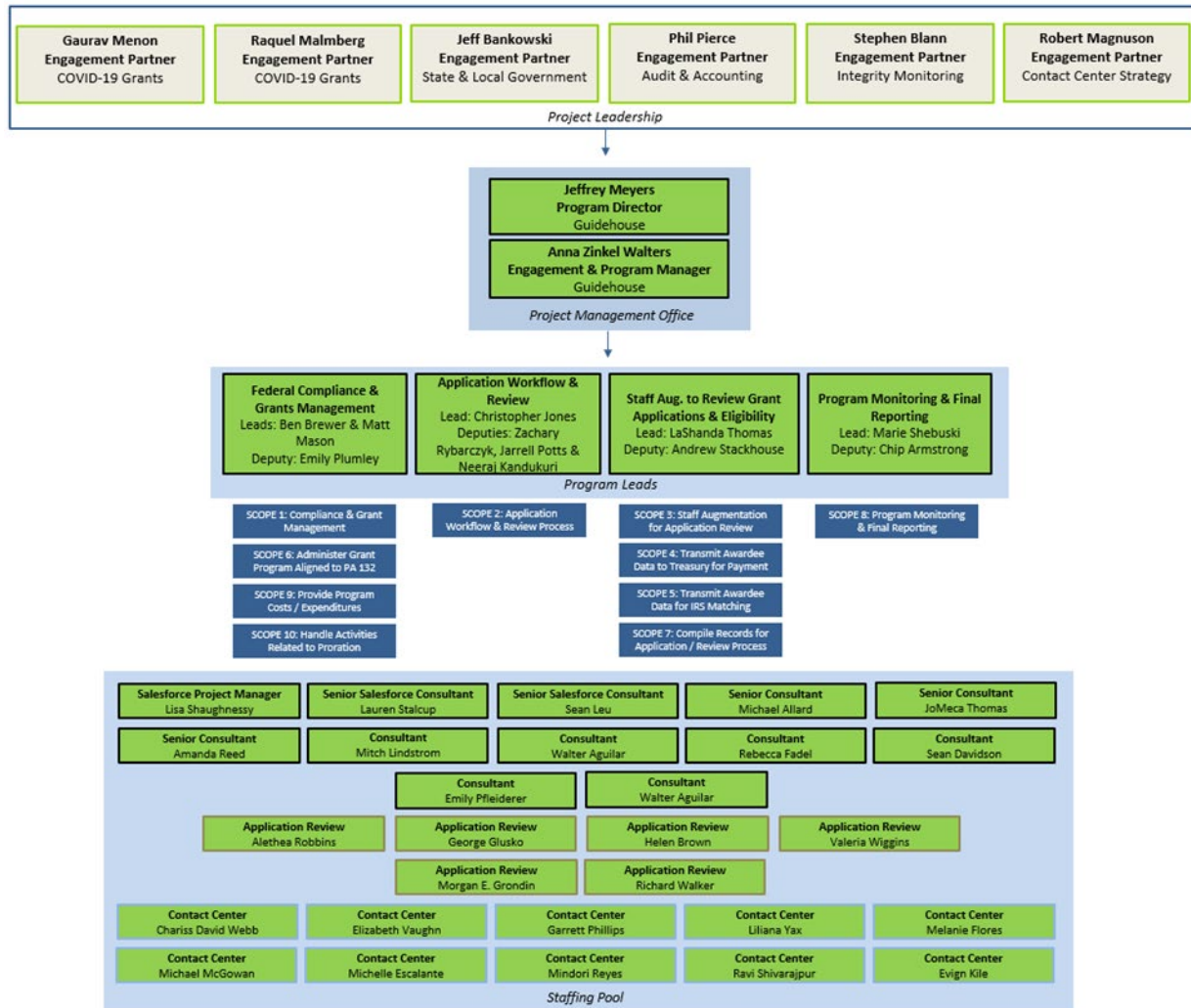
### 6.3. Key Personnel

See master contract RFP 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





## 6.5. Disclosure of Subcontractors

The Contractor will utilize the following subcontractors:

<b>The legal business name, address, telephone number of the subcontractor(s).</b>	Pierce Monroe & Associates, LLC 535 Griswold St # 1680, Detroit, MI 48226 (313) 961-1940	Rehmann Robson LLC 1500 W. Big Beaver Road Troy, MI 48084 248.952.5000
<b>A description of subcontractor's organization and the services it will provide and information concerning subcontractor's ability to provide the Contract Activities.</b>	PMA is a financial Detroit-headquartered management, and information technology consulting business that has extensive experience in grant management, project management, business process assessment and information systems related matters. PMA clients include	Rehmann has grown to become one of the largest financial services and advisory firms, with nearly 900 associates in Michigan, Ohio and Florida. Rehmann provides a broad suite of services ranging from accounting and assurance, comprehensive technology, accounting

	governmental entities, small businesses, major corporations, and non-profit organizations representing various industries. The firm has provided services to over twenty-five governmental agencies including states, counties, and local units of government.	and human resource solutions, specialized consulting and wealth management.
<b>The relationship of the subcontractor to the Bidder.</b>	We currently do work together for the State of Michigan related to COVID-19 services.	We currently do work together for the State of Michigan related to COVID-19 services.
<b>Whether the Bidder has a previous working experience with the subcontractor.</b>	Yes	Yes
<b>If yes, provide the details of that previous relationship.</b>	Subcontractor to Guidehouse	Subcontractor to Guidehouse
<b>A complete description of the Contract Activities that will be performed or provided by the subcontractor.</b>	Application review and staff augmentation	Compliance monitoring and selected auditing to ensure financial integrity of the program

#### **6.6. Security**

The Contractor will be subject to 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)

The Contractor must explain any additional security measures in place to ensure the security of State information.

#### **6.7. Access to Tax Information**

If applicable, the Contractor must comply with the requirements of Michigan Department of Treasury Safeguard Requirements of Confidential Tax Data.

### **8. Project Management**

Project management activities are required in the bidder's proposal as described above (action plans, various other deliverables)

#### **7.1. Project Approach**

The overall project approach is described above and should be included in the bidder's proposal.

The Contractor will carry out this project under the direction and control of Treasury leadership. Within 2 weeks from the Effective Date, the Contractor must submit a project plan/approach for final approval to Treasury leadership (relative to ABR). 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.

**9. Pricing**

Pricing is firm for the entire length of this SOW.

**10. 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.

**11. 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.

**12. Liquidated Damages**

See master contract RFP section 9.

**13. 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.

## SCHEDULE B PRICING

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 following pricing allocations are based off initial estimates, provided by the State, with the assumption of receiving up to 15,000 applications through the ABR grant program and the necessary Salesforce licenses being procured directly by the State. If the number of applications is less than or exceed the amount of the assumed amount (15,000), the costs will not be increased to cover additional applications or other costs.
3. In the event the number of applications exceed 20,000, Treasury and the contractor will mutually determine the number and skillset of Treasury or State resources necessary to assist the contractor in performing tasks identified in this amendment. The number of applications is defined as the number of businesses submitting applications versus the number of applications since one business may submit duplicate or multiple applications.

<b>Contract Pricing</b>				
<b>Staff Level/Position/ Equipment Description</b>	<b>Number of People</b>	<b>Estimated Total Hours for Project</b>	<b>Hourly Rate/Person</b>	<b>Total (per position)</b>
Engagement Partner	1	48	\$310	\$14,880
Engagement Director/Manager	3	2,242	\$265	\$594,130
Senior Manager(s)	2	836	\$230	\$192,280
Manager(s)	8	3,944	\$190	\$749,360
Senior Staff/Supervisors	7	4,672	\$155	\$724,160
Staff/Consultant	13	6,856	\$140	\$959,840
Call Center Supervisor	1	440	\$65	\$28,600
Call Center Lead	2	880	\$60	\$52,800
Call Center Agent	24	10,560	\$50	\$528,000
Call Center Equipment Cost	N/A	N/A	N/A	\$50,000
<b>Project Total</b>				<b>\$3,894,050</b>

<b>Project Pricing</b>	
<b>Scope 6</b>	<b>Total Price</b>
Call Center Staff and Administration	\$708,000
IT Application Website and Other IT Applications	\$341,970
Audit Application Review Staff	\$2,246,200
PMO Administration	\$597,880
<b>Project Total</b>	<b>\$3,894,050</b>

## **SCHEDULE C**

### **SAFEGUARD REQUIREMENTS OF CONFIDENTIAL TAX DATA**

This section sets forth the safeguard requirements for 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 to require that this section be included in the Contract is contained in 1941 PA 122, as amended, 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 the Contract Compliance Inspector. 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 agreement 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. State 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 Contract Compliance Inspector 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 Treasury 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 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 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 a 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 Contract Compliance Inspector. Notice of the corrective action must be provided to the Contract Compliance Inspector. All non-conformities must be reported to the Contract Compliance Inspector 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 Contract Compliance Inspector for approval.
- 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 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 token 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 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 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.

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.



- B. 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 subcontractor. 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.
- C. 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.
- D. 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 of Section IX, Disposal of Tax Information, of this agreement.
- E. 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 this contract. See section VI (Record Keeping Requirements for Information Received in Paper Format) for more details.
- F. 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.
- G. 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, see Attachment A). The original agreements will be returned to the Disclosure Officer for the Department of Treasury and a copy sent to the Contract Compliance Inspector.

### **VIII. Transport of Tax Information**

In the event, it is necessary to transport confidential tax return information the Contractor is responsible for holding the carrier responsible for safeguarding the records. The Contractor must obtain a signed *Vendor, Contractor or Subcontractor Confidentiality Agreement* (Form 3337, see Attachment A) 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 Contract Compliance Inspector.

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 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 tax information that must be kept 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 of this agreement) 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 executes a *Vendor, Contractor or Subcontractor Confidentiality Agreement* (Form 3337, see Attachment A) 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 Treasury 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 Contract Compliance Inspector.

### **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 compliancy with the Contract, and state laws and regulations.

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

The Contractor understands the cost reflects violation fines identified by the Michigan Social Security Number Privacy Act, 454 of 2004 and the Michigan Identity Theft Protection Act, Act 452 of 2004 as amended.

### **XI. Effective Date**

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

# SCHEDULE E - DATA SECURITY REQUIREMENTS

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**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.)).

**“Hosting 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.

**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”**).

**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](https://www.michigan.gov/dtmb/0,5552,7-358-82547_56579_56755---,00.html)

**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.

**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](http://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.

**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.

**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.

### **Security Audits.**

- 1.1 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.
- 1.2 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.
- 1.3 During the Term, Contractor will, when requested by the State, provide a copy of Contractor's and 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.

1.4 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.

1.5 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**.

**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 programming interface (API).
- (b) Penetration Testing – Simulated attack on the application and infrastructure to identify security weaknesses.

#### **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.

#### **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.

## Attachment A

**Reset Form**

Michigan Department of Treasury  
3337 (Rev. 10-16)

### Vendor, Contractor or Subcontractor Confidentiality Agreement

The Revenue Act, Public Act 122 of 1941, MCL 205.28(1)(f), the City Income Tax Act, Public Act 284 of 1964, MCL 141.674(1), and Internal Revenue Code (IRC) 6103(d), make all information acquired in administering taxes confidential. The Acts and IRC hold a vendor, contractor or subcontractor and their employees who sell a product or provide a service to the Michigan Department of Treasury, or who access Treasury data, to the strict confidentiality provisions of the Acts and IRC. Confidential tax information includes, but is not limited to, 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 Michigan Department of Treasury for a tax administered by the department.

**INSTRUCTIONS.** Read this entire form before you sign it. If you do not complete this agreement, you will be denied access to Michigan Department of Treasury and federal tax information. After you and your witness sign and date this form, keep a copy for your records. Send the original to the address listed below.

Company Name and Address (Street or RR#, City, State, ZIP Code)		Last Name	First Name
		Driver License Number/Passport Number	Telephone Number
State of Michigan Department	Division	Subcontractor Name if Product/Service Furnished to Contractor	
Describe here or in a separate attachment the product or service being provided to the State of Michigan Agency (Required).			

**Confidentiality Provisions. It is illegal to reveal or browse, except as authorized:**

- All tax return information obtained in connection with the administration of a tax. This includes information from a tax return or audit and any information about the selection of a return for audit, assessment or collection, or parameters or tolerances for processing returns.
- All Michigan Department of Treasury or federal tax returns or tax return information made available, including information marked "Official Use Only". Tax returns or tax return information shall not be divulged or made known in any manner to any person except as may be needed to perform official duties. Access to Treasury or federal tax information, in paper or electronic form, is allowed on a **need-to-know** basis only. Before you disclose returns or return information to other employees in your organization, they must be authorized by Michigan Department of Treasury to receive the information to perform their official duties.
- Confidential information shall not be disclosed by a department employee to confirm information made public by another party or source which is part of any public record. 1999 AC, R 2005.1004(1).

**Violating confidentiality laws is a felony, with penalties as described:**

**Michigan Penalties**

**MCL 205.28(1)(f) provides that you may not willfully disclose or browse any Michigan tax return or information contained in a return.** Browsing is defined as examining a return or return information acquired without authorization and without a **need to know** the information to perform official duties. Violators are guilty of a **felony** and subject to **fines of \$5,000 or imprisonment for five years, or both**. State employees will be discharged from state service upon conviction.

Any person who violates any other provision of the Revenue Act, MCL 205.1, et seq., or any statute administered under the Revenue Act, will be guilty of a misdemeanor and **fined \$1,000 or imprisonment for one year, or both**, MCL 205.27(4).

**City Penalties**

MCL 141.674(2) provides that any person divulging confidential City Tax information is guilty of a misdemeanor and subject to a fine not exceeding \$500 or imprisonment for a period not exceeding 90 days, or both, for each offense.

**Federal Penalties**

If you willfully disclose federal tax returns or tax return information to a third party, you are guilty of a **felony with a fine of \$5,000 or imprisonment for five years, or both, plus prosecution costs** according to the Internal Revenue Code (IRC) §7213, 26 USC 7213.

In addition, inspecting, browsing or looking at a federal tax return or tax return information without authorization is a **felony violation** of IRC §7213A subjecting the violator to a **\$1,000 fine or imprisonment for one year, or both, plus prosecution costs**. Taxpayers affected by violations of §7213A must be notified by the government and may bring a civil action against the federal government and the violator within two years of the violation. Civil damages are the **greater of \$1,000 or actual damages** incurred by the taxpayer, plus the costs associated with bringing the action, 26 USC 7431.

Failure to comply with this confidentiality agreement may jeopardize your employer's contract with the Michigan Department of Treasury.

Certification		
By signing this Agreement, I certify that I have read the above confidentiality provisions and understand that failure to comply is a felony.		
Print name of employee signing this agreement	Signature of person named above	Date signed
Print Witness Name (Required)	Signature of Witness (Required)	Date signed

Submit your form to the following address:  
Office of Privacy and Security/ Disclosure Unit  
Michigan Department of Treasury  
430 W. Allegan Street  
Lansing, MI 48922

Questions, contact the **Office of Privacy and Security by telephone, 517-636-4239; fax, 517-636-5340; or email:**  
**Treas\_Disclosure@michigan.gov**

## Attachment B

Michigan Department of Treasury  
4000 (Rev. 05-14)

Reset Form

### Incident Report

**INSTRUCTIONS:** Complete Parts 1 and 2 and immediately submit Initial Report to the Office of Privacy and Security. After incident resolution, submit Final Report (Parts 1, 2 and 3) to the Office of Privacy and Security. Refer to Procedure PT-03253, Incident Reporting and Handling.

<b>PART 1: A. CONTACT INFORMATION (Reporting Entity)</b>			
Full Name (Last, First, Middle Initial)		Division/Office	
Telephone Number	Fax Number	E-Mail Address	
<b>B. CONTACT INFORMATION (Affected Entity)</b>			
Full Name (Last, First, Middle Initial)		Division/Office	
Telephone Number	Fax Number	E-Mail Address	
<b>PART 2: INCIDENT INFORMATION</b>			
Whose information was involved in the incident?			
<input type="checkbox"/> Treasury <input type="checkbox"/> Federal Tax Information <input type="checkbox"/> Other State Agency, specify _____ <input type="checkbox"/> Other _____			
Incident Category (select all that apply)			
<input type="checkbox"/> Passwords Shared/Stolen	<input type="checkbox"/> Computer Virus/Spam	<input type="checkbox"/> Paper Archives Compromised	
<input type="checkbox"/> Misrouted Communications	<input type="checkbox"/> Data Destruction/Deletion	<input type="checkbox"/> Safe/Lockbox/other Compromise	
<input type="checkbox"/> Unauthorized Access	<input type="checkbox"/> Backups Missing or Stolen	<input type="checkbox"/> Delivery of Documents Lost	
<input type="checkbox"/> Fraudulent Actions	<input type="checkbox"/> Hacking of Networks/Systems	<input type="checkbox"/> Inappropriate Destruction Paper	
<input type="checkbox"/> Lost/Stolen Information/Data	<input type="checkbox"/> Improperly Secured Sys/Web	<input type="checkbox"/> Inappropriate Destruction Media	
<input type="checkbox"/> Lost/Stolen Cash/Checks	<input type="checkbox"/> Circumvention of Security Protocols	<input type="checkbox"/> Lost/Stolen Equipment	
<input type="checkbox"/> Inappropriate Building Access	<input type="checkbox"/> _____	<input type="checkbox"/> _____	
Incident Affects			
<input type="checkbox"/> Financial Information/Resources	<input type="checkbox"/> Personal Information (SSN, Driver License No. Financial information)	<input type="checkbox"/> Unauthorized/Unlawful Activity	
<input type="checkbox"/> Confidential/Sensitive Information	<input type="checkbox"/> Human Resources (threat)	<input type="checkbox"/> Other _____	
Date Incident Occurred	Time Incident Occurred	Date Incident Discovered	Time Incident Discovered
Incident Location		Number of Individuals Affected	
Involved Parties/Entities		Does this involve personal information (first and last name along with a SSN, driver license number, or credit/debit card account number)?	
		<input type="checkbox"/> Yes <input type="checkbox"/> No	
Date of Initial Report			
Description of Incident			

PART 1: CONTACT INFORMATION (Affected Entity)			
Full Name (Last, First, Middle Initial)		Division/Office	
PART 3: INCIDENT RESOLUTION			
Notification issued to affected individuals? <input type="checkbox"/> Yes <input type="checkbox"/> No	How many notifications were sent?	Breach Notification Method? <input type="checkbox"/> E-mail <input type="checkbox"/> Telephone <input type="checkbox"/> US Mail <input type="checkbox"/> Web	
Who was notified?		Date notification was issued	
Incident Cost <input type="checkbox"/> Check if incident costs are less than \$250. If \$250 or more, complete the detailed summary of costs below.			
<u>Manhours:</u> Treasury \$ _____ DTMB-OES \$ _____ DTMB-Treasury Agency Services \$ _____		<u>Other:</u> Postage \$ _____ Credit Monitoring Service \$ _____ _____ \$ _____ <b>Total Cost of Incident \$</b> _____	
Action Taken			
Incident Impact			
Post Incident Recommendations			
PART 4: REPORT PREPARER INFORMATION			
Final Report Prepared By:	Date Prepared	Preparer Title	Preparer's Telephone Number
Preparer Signature			Date
OFFICE OF PRIVACY AND SECURITY USE ONLY			
Administrator, Office of Privacy and Security Signature			Date

## Exhibit A – Staff Assignments

Name of Employee	Experience Description	Years of Related Experience	Similar Projects Worked On	Assigned Scopes									
				1	2	3	4	5	6	7	8	9	10
Jeff Bankowski	Federal Grants Management	25 years	<ul style="list-style-type: none"> <li>ARPA, CARES, and CRF grant management engagements with Local and State-level government in Michigan, Ohio, Oklahoma, and South Dakota</li> </ul>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Gaurav Menon	Federal Grants Management, COVID 19	18 years	<ul style="list-style-type: none"> <li>HUD CDBG, FEMA PA, HMGP, and FHWA grant management engagements with Local and State-level government in Colorado, Louisiana, New York, Missouri, and Texas</li> </ul>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Raquel Malmberg	COVID-19 Grants Management Subject Matter Expert	17 years	<ul style="list-style-type: none"> <li>Massachusetts Emergency Management Agency federal funding compliance</li> <li>New York Superstorm Sandy CDBG-DR program</li> </ul>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Phil Pierce	Federal Compliance Subject Matter Expert	25 years	<ul style="list-style-type: none"> <li>City of Detroit Oracle Treasury Cash Management implementation</li> </ul>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Stephen Blann	Federal Compliance Subject Matter Expert	27 years	<ul style="list-style-type: none"> <li>Variety of local governments</li> <li>State of Michigan COVID19 PMO</li> <li>Government Finance Officers Association's Standing Committee on Accounting,</li> </ul>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

			Auditing, and Financial Reporting																
Robert Magnuson	Contact Center Operations Subject Matter Expert	4 years	<ul style="list-style-type: none"> <li>Variety of public sector call center support clients</li> </ul>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Jeffrey Meyers	Federal Grants Management	20 years	<ul style="list-style-type: none"> <li>CRF and ARPA grants management engagements in OK, SD, several MI counties</li> <li>As New Hampshire Department of Health and Human Services Commissioner and for South Dakota ARPA, oversaw proration of state funds to providers for services</li> </ul>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Anna Zinkel Walters	Project Management, Change Management, ARPA	6 years	<ul style="list-style-type: none"> <li>State of South Dakota Covid-19 Small Business Grants program</li> </ul>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Ben Brewer	ARPA Monitoring and Reporting	6 years	<ul style="list-style-type: none"> <li>State of Michigan CRF and ARPA compliance monitoring</li> </ul>	✓						✓					✓		✓	✓	
Matt Mason	Contact Center Operations	8 years	<ul style="list-style-type: none"> <li>Wayne County Emergency Rental Assistance Program</li> <li>South Dakota Childcare Fund</li> <li>South Carolina Emergency Rental Assistance Program</li> </ul>	✓						✓							✓	✓	
Christopher Jones	Grant Application Processing, Salesforce	6 years	<ul style="list-style-type: none"> <li>State of South Dakota grant application processing</li> <li>State of Oklahoma grant application processing</li> <li>State of Carolina grant application processing</li> </ul>		✓														

LaShanda Thomas	Eligibility and Grant Applications	25 years	<ul style="list-style-type: none"> <li>State of Michigan COVID-19 Stimulus Monitoring</li> <li>Oakland County Grant Financial Services for CARES and ARPA</li> </ul>			✓	✓	✓		✓								
Marie Shebuski	Reporting, Program Management, Compliance	25 years+	<ul style="list-style-type: none"> <li>Compliance services for public and private sector entities of various sizes</li> </ul>								✓							
Emily Plumley	Grants Management, Compliance	3 years	<ul style="list-style-type: none"> <li>Oakland County, MI ARPA</li> </ul>	✓					✓					✓				
Zachary Rybarczyk	Funding Eligibility, Grants Management	6 years	<ul style="list-style-type: none"> <li>City of Akron ARPA</li> </ul>		✓													
Neeraj Kandukuri	Salesforce	5 years	<ul style="list-style-type: none"> <li>South Carolina HAF</li> <li>South Dakota Grants Management</li> <li>Oklahoma ARPA</li> <li>SD Child Care ARPA</li> <li>SC DHEC School Testing and Vaccine Grants</li> <li>Cook County COVID Phase 2</li> </ul>		✓													
Jarrell Potts	Funding Eligibility, Grants Management	8 years	<ul style="list-style-type: none"> <li>City of Columbus CDBG fund administration</li> </ul>		✓													
Andrew Stackhouse	Funding Eligibility, Grants Management	17 years	<ul style="list-style-type: none"> <li>City of Cleveland Quality Control and Performance Management</li> </ul>			✓	✓	✓		✓								
Chip Armstrong	Reporting, Program Management	10 years	<ul style="list-style-type: none"> <li>Assurance and Advisory services for private and public companies in a variety of industries</li> </ul>								✓							

## 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 29C.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 7401-7671g](#)) 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

**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.

### Exhibit 1 - Byrd Anti-Lobbying Certification

Contractor must complete this certification if the purchase will be paid for in whole or in part with funds obtained from the federal government and the purchase is greater than \$100,000.

#### APPENDIX A, 44 C.F.R. PART 18 – CERTIFICATION REGARDING LOBBYING

##### Certification for Contracts, Grants, Loans, and Cooperative Agreements

The undersigned certifies, to the best of his or her knowledge and belief, that:

1. No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
2. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
3. The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

The Contractor, \_\_\_\_\_, certifies or affirms the truthfulness and accuracy of each statement of its certification and disclosure, if any. In addition, the Contractor understands and agrees that the provisions of 31 U.S.C. Chap. 38, Administrative Remedies for False Claims and Statements, apply to this certification and disclosure, if any.

\_\_\_\_\_  
Signature of Contractor's Authorized Official

\_\_\_\_\_  
Name and Title of Contractor's Authorized Official

\_\_\_\_\_  
Date

**Program Managers  
for  
Multi-Agency and Statewide Contracts**

AGENCY	NAME	PHONE	EMAIL
MDOS	Mike Brady	517-241-6367	BradyM@michigan.gov
TREA	Eric Bussis	517-335-7438	BussisE@michigan.gov
MSHDA	Jennifer Edmonds	517-241-6819	EdmondsJ@michigan.gov



**STATE OF MICHIGAN**  
**CENTRAL PROCUREMENT SERVICES**  
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 **10**

to

Contract Number **071B7700036**

<b>CONTRACTOR</b>	GUIDEHOUSE LLP
	1800 Tysons Blvd, 7th Floor
	McLean, VA 22102
	Jeffery Bankowski
	773-644-0595
	jbankowski@guidedhouse.com
	CV0056730

<b>STATE</b>	<b>Program Manager</b>	Various	SW
	<b>Contract Administrator</b>	Joy Nakfoor	DTMB
		(517) 249-0481 nakfoorj@michigan.gov	

CONTRACT SUMMARY				
PRE-QUALIFICATION FOR FINANCIAL ACCOUNTING, INTEGR				
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS		EXPIRATION DATE BEFORE
November 1, 2016	October 31, 2019	2 - 1 Year		January 31, 2023
PAYMENT TERMS		DELIVERY TIMEFRAME		
NET 45		N/A		
ALTERNATE PAYMENT OPTIONS				EXTENDED PURCHASING
<input type="checkbox"/> P-Card		<input type="checkbox"/> PRC	<input type="checkbox"/> Other	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS				
N/A				
DESCRIPTION OF CHANGE NOTICE				
OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
<input type="checkbox"/>		<input type="checkbox"/>		January 31, 2023
CURRENT VALUE	VALUE OF CHANGE NOTICE		ESTIMATED AGGREGATE CONTRACT VALUE	
\$5,454,905.00	\$0.00		\$5,454,905.00	
DESCRIPTION				
Effective September 13, 2021 the attached SOW replaces the SOW provided with CN 7 for Treasury and the State Budget Office Financial Consulting related to the COVID – 19 Stimulus Management Project.				
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
MDOS	Mike Brady	517-241-6367	BradyM@michigan.gov
TREA	Eric Bussis	517-335-7438	BussisE@michigan.gov
MSHDA	Jennifer Edmonds	517-241-6819	EdmondsJ@michigan.gov

# 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 payment formulas.

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 to be 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) Phylliss 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 Olaoeye
- 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.

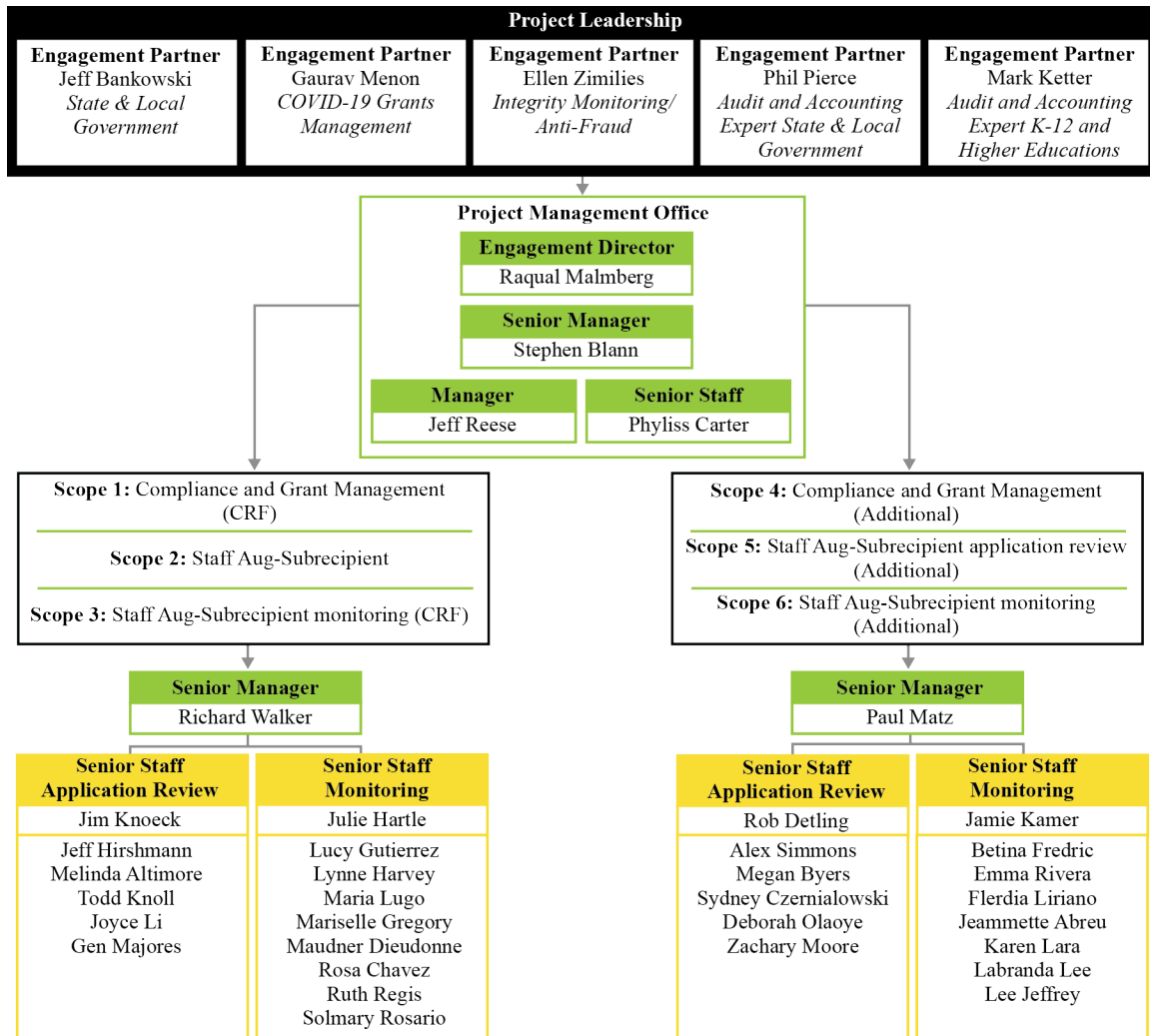
### **6.4. Organizational Chart**

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.



2020-742 MI Treasury\_039

## 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.



**STATE OF MICHIGAN**  
**CENTRAL PROCUREMENT SERVICES**  
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 **9**

to

Contract Number **071B7700036**

<b>CONTRACTOR</b>	GUIDEHOUSE LLP	<b>STATE</b>	Program Manager	Various	SW
	1800 Tysons Blvd, 7th Floor				
	McLean, VA 22102		Contract Administrator	Joy Nakfoor	DTMB
	Jeffery Bankowski			(517) 249-0481	
	773-644-0595			nakfoorj@michigan.gov	
	jbankowski@guidhouse.com				
	CV0056730				

CONTRACT SUMMARY				
PRE-QUALIFICATION FOR FINANCIAL ACCOUNTING, INTEGR				
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE	
November 1, 2016	October 31, 2019	2 - 1 Year	October 31, 2021	
PAYMENT TERMS		DELIVERY TIMEFRAME		
NET 45		N/A		
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING	
<input type="checkbox"/> P-Card <input type="checkbox"/> PRC <input type="checkbox"/> Other			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
MINIMUM DELIVERY REQUIREMENTS				
N/A				
DESCRIPTION OF CHANGE NOTICE				
OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
<input type="checkbox"/>		<input checked="" type="checkbox"/>	1 yr 3 months	January 31, 2023
CURRENT VALUE	VALUE OF CHANGE NOTICE		ESTIMATED AGGREGATE CONTRACT VALUE	
\$5,454,905.00	\$0.00		\$5,454,905.00	
DESCRIPTION				
Effective September 7, 2021 only the SOW attached with CN 7 for Treasury and the State Budget Office has been extended until January 31, 2023.				
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 Sept 7, 2021.				

**Program Managers  
for  
Multi-Agency and Statewide Contracts**

AGENCY	NAME	PHONE	EMAIL
MDOS	Mike Brady	517-241-6367	BradyM@michigan.gov
TREA	Eric Bussis	517-335-7438	BussisE@michigan.gov
MSHDA	Jennifer Edmonds	517-241-6819	EdmondsJ@michigan.gov



**STATE OF MICHIGAN**  
**CENTRAL PROCUREMENT SERVICES**  
 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 **8**

to

Contract Number **071B7700036**

<b>CONTRACTOR</b>	GUIDEHOUSE LLP
	1800 Tysons Blvd, 7th Floor
	McLean, VA 22102
	Jeffery Bankowski
	773-644-0595
	jbankowski@guidehouse.com
	CV0056730

<b>STATE</b>	<b>Program Manager</b>	Various	SW
	<b>Contract Administrator</b>	Joy Nakfoor	DTMB
		(517) 249-0481	
		nakfoorj@michigan.gov	

CONTRACT SUMMARY				
PRE-QUALIFICATION FOR FINANCIAL ACCOUNTING, INTEGR				
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE	
November 1, 2016	October 31, 2019	2 - 1 Year	October 31, 2021	
PAYMENT TERMS		DELIVERY TIMEFRAME		
NET 45		N/A		
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING	
<input type="checkbox"/> P-Card <input type="checkbox"/> PRC <input type="checkbox"/> Other			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
MINIMUM DELIVERY REQUIREMENTS				
N/A				
DESCRIPTION OF CHANGE NOTICE				
OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
<input type="checkbox"/>		<input type="checkbox"/>		October 31, 2021
CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE		
\$1,954,905.00	\$3,500,000.00	\$5,454,905.00		
DESCRIPTION				
Effective March 2, 2021 this contract is hereby increased by \$3,500,000.00 to cover the costs of the SOW added via CN 7.				
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 3/2/2021.				

**Program Managers  
for  
Multi-Agency and Statewide Contracts**

AGENCY	NAME	PHONE	EMAIL
MDOS	Mike Brady	517-241-6367	BradyM@michigan.gov
TREA	Eric Bussis	517-335-7438	BussisE@michigan.gov
MSHDA	Jennifer Edmonds	517-241-6819	EdmondsJ@michigan.gov





**STATE OF MICHIGAN**  
**CENTRAL PROCUREMENT SERVICES**  
 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 7

to

Contract Number 071B7700036

<b>CONTRACTOR</b>	GUIDEHOUSE LLP
	1800 Tysons Blvd, 7th Floor
	McLean, VA 22102
	Jeffery Bankowski
	773-644-0595
	jbankowski@guidhouse.com
	CV0056730

<b>STATE</b>	<b>Program Manager</b>	Various	SW
	<b>Contract Administrator</b>	Joy Nakfoor	DTMB
		(517) 249-0481	
		nakfoorj@michigan.gov	

CONTRACT SUMMARY				
PRE-QUALIFICATION FOR FINANCIAL ACCOUNTING, INTEGR				
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE	
November 1, 2016	October 31, 2019	2 - 1 Year	October 31, 2021	
PAYMENT TERMS		DELIVERY TIMEFRAME		
NET 45		N/A		
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING	
<input type="checkbox"/> P-Card <input type="checkbox"/> PRC <input type="checkbox"/> Other			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
MINIMUM DELIVERY REQUIREMENTS				
N/A				
DESCRIPTION OF CHANGE NOTICE				
OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
<input type="checkbox"/>		<input type="checkbox"/>		October 31, 2021
CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE		
\$1,954,905.00	\$0.00	\$1,954,905.00		
DESCRIPTION				
Effective February 16, 2021, the attached SOW replaces the SOW provided with CN 5 for Treasury and the State Budget Office Financial Consulting related to the COVID – 19 Stimulus Management Project and coverage for the updated SOW is hereby extended through 10/31/2021.				
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
MDOS	Mike Brady	517-241-6367	BradyM@michigan.gov
TREA	Eric Bussis	517-335-7438	BussisE@michigan.gov
MSHDA	Jennifer Edmonds	517-241-6819	EdmondsJ@michigan.gov

## CN 7 - 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 recently passed H.R. 133 to address national needs associated with the pandemic, and there is discussion with the Biden administration that Congress will pass additional, future legislative action to provide 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 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 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 payment formulas.

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. The immediate need requiring 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, but this need is secondary.

### 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. As CRF funding must be expended by December 30, 2020, the activities described in this SOW are scheduled to end December 30, 2020. The State may determine other funding is available, or the U.S. Treasury may extend the use of CRF funds past December 30, 2020. 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 to be 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) Phylliss 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 Olaoeye
- 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.

As stated earlier, the urgency of this contract is due to the fact that CRF is funding this project, and CRF funds must be expended prior to December 30, 2020. However, if additional funding is identified for use beyond December 30, 2020, 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 7 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.

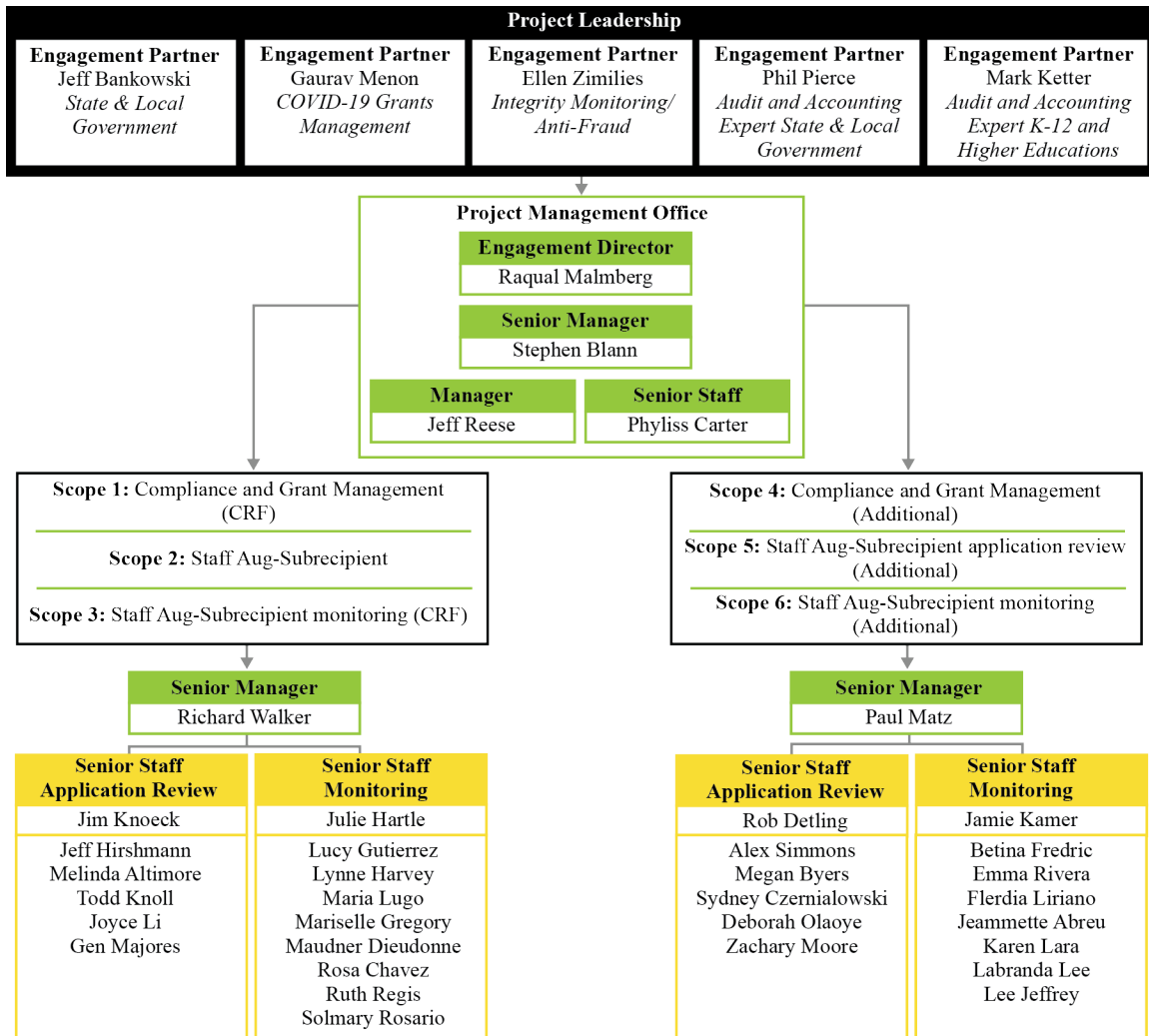
### **6.4. Organizational Chart**

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.



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## 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.



**STATE OF MICHIGAN**  
**CENTRAL PROCUREMENT SERVICES**  
 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 **6**

to

Contract Number **071B7700036**

<b>CONTRACTOR</b>	GUIDEHOUSE LLP
	1800 Tysons Blvd, 7th Floor
	McLean, VA 22102
	Jeffery Bankowski
	773-644-0595
	jbankowski@guidehouse.com
	CV0056730

<b>STATE</b>	<b>Program Manager</b>	Various	DTMB
	<b>Contract Administrator</b>	Joy Nakfoor	DTMB
		(517) 249-0481	
		nakfoorj@michigan.gov	

CONTRACT SUMMARY				
PRE-QUALIFICATION FOR FINANCIAL ACCOUNTING, INTEGR				
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE	
November 1, 2016	October 31, 2019	2 - 1 Year	October 31, 2021	
PAYMENT TERMS		DELIVERY TIMEFRAME		
NET 45		N/A		
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING	
<input type="checkbox"/> P-Card <input type="checkbox"/> PRC <input type="checkbox"/> Other			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
MINIMUM DELIVERY REQUIREMENTS				
N/A				
DESCRIPTION OF CHANGE NOTICE				
OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
<input type="checkbox"/>		<input type="checkbox"/>		October 31, 2021
CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE		
\$1,954,905.00	\$0.00	\$1,954,905.00		
DESCRIPTION				
Effective December 7, 2020, the Schedule A - SOW attached to CN 5 is hereby extended through June 30, 2021.				
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
MDOS	Mike Brady	517-241-6367	BradyM@michigan.gov
TREA	Eric Bussis	517-335-7438	BussisE@michigan.gov
MSHDA	Jennifer Edmonds	517-241-6819	EdmondsJ@michigan.gov



**STATE OF MICHIGAN**  
**CENTRAL PROCUREMENT SERVICES**  
 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 **071B7700036**

<b>CONTRACTOR</b>	GUIDEHOUSE LLP
	1800 Tysons Blvd, 7th Floor
	McLean, VA 22102
	Jeffery Bankowski
	773-644-0595
	jbankowski@guidehouse.com
	CV0056730

<b>STATE</b>	<b>Program Manager</b>	Various	SW
	<b>Contract Administrator</b>	Joy Nakfoor	DTMB
		(517) 249-0481	
		nakfoorj@michigan.gov	

CONTRACT SUMMARY				
PRE-QUALIFICATION FOR FINANCIAL ACCOUNTING, INTEGR				
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS		EXPIRATION DATE BEFORE
November 1, 2016	October 31, 2019	2 - 1 Year		October 31, 2021
PAYMENT TERMS		DELIVERY TIMEFRAME		
NET 45		N/A		
ALTERNATE PAYMENT OPTIONS				EXTENDED PURCHASING
<input type="checkbox"/> P-Card <input type="checkbox"/> PRC <input type="checkbox"/> Other				<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS				
N/A				
DESCRIPTION OF CHANGE NOTICE				
OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
<input type="checkbox"/>		<input type="checkbox"/>		October 31, 2021
CURRENT VALUE	VALUE OF CHANGE NOTICE		ESTIMATED AGGREGATE CONTRACT VALUE	
\$79,905.00	\$1,875,000.00		\$1,954,905.00	
DESCRIPTION				
Effective October 27, 2020, the attached Schedule A - Statement of Work is added to the Contract for use by Treasury and the State Budget Office. This contract is hereby increased by \$1,875,000.00 for these activities.				
All other terms, conditions, specifications, and pricing remain the same. Per (DTMB) contractor (request/proposal) and agency (request) agreement, DTMB Central Procurement approval, and State Administrative Board approval on October 27, 2020.				



**Program Managers  
for  
Multi-Agency and Statewide Contracts**

AGENCY	NAME	PHONE	EMAIL
MDOS	Mike Brady	517-241-6367	BradyM@michigan.gov
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## 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.

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 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 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 contact, 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 payment formulas.

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 the CARES Act and FEMA 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 CARES Act and FEMA funds.

The State currently has resource capacity limitations with federal compliance and grant management and matters necessary to implement programs associated with the CRF, and jointly funded CRF/FEMA funded programs to ensure compliance with federal and state requirements. The immediate need requiring 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 CRF and CRF/FEMA funded programs. The State may also expand

the SOW scope further for other CARES Act funded programs as funding becomes available, but this need is secondary.

### 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 funds will be used to pay for all tasks related to this SOW. As CRF funding must be expended by December 30, 2020, the activities described in this SOW are scheduled to end December 30, 2020. The State may determine other funding is available, or the U.S. Treasury may extend the use of CRF funds past December 30, 2020. In either of these scenarios, this period of performance for this SOW would be extended accordingly through a Change Notice.

As describe 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 to be 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 other non-Treasury CRF and other CARES Act 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 to develop a risk assessment process for other CRF and CRF/FEMA funded programs, and to evaluate the appropriateness of subrecipient monitoring for the other CRF and CRF/FEMA funded programs* (in addition to the Treasury CRF 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 CRF and CRF/FEMA funded programs, which we believe could also be utilized by other State programs administering other CARES Act 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 other CRF and CRF/FEMA 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 CRF and CRF/FEMA 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 CRF programs and will work directly with the PMO and OOA organization for all other CRF and CRF/FEMA 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 CRF, FEMA and CARES Act 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 CRF and CRF/FEMA 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 and other CARES Act 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 CRF and CRF/FEMA 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 (other CRF and CRF/FEMA funded programs) may include, at a minimum, all of the following activities/tasks:

Review inventory of existing CRF and CRF/FEMA funded programs implemented by the State

- a) Work with OOA and PMO resources to complete understanding of existing CRF and CRF/FEMA 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) Work with individual POCs associated with CRF and CRF/FEMA funded programs to further evaluate the appropriateness of existing subrecipient monitoring activities.
- d) Develop new or enhance existing methods and subrecipient monitoring procedures for select CRF and CRF/FEMA funded programs.
- e) Where identified by OOA or PMO, assign staff resources to help process grant applications for select CRF and CRF/FEMA funded programs.
- f) 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 CRF, CRF/FEMA funded, and other CARES Act 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 the CRF and CRF/FEMA 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.

As stated earlier, the urgency of this contract is due to the fact that CRF is funding this project, and CRF funds must be expended prior to December 30, 2020. However, if additional funding is identified for use beyond December 30, 2020, 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 CRF fund, FEMA and other CARES Act 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 CRF and CRF/FEMA 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 CRF, FEMA and CARES Act 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 CRF, FEMA and CARES Act 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 CRF and CRF/FEMA 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 CRF or CRF/FEMA 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 CRF and CRF/FEMA 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 CRF or CRF/FEMA 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 CRF and CRF/FEMA funding. 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 December 30, 2020 and delivering the final report to the State by January 31, 2021, 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.

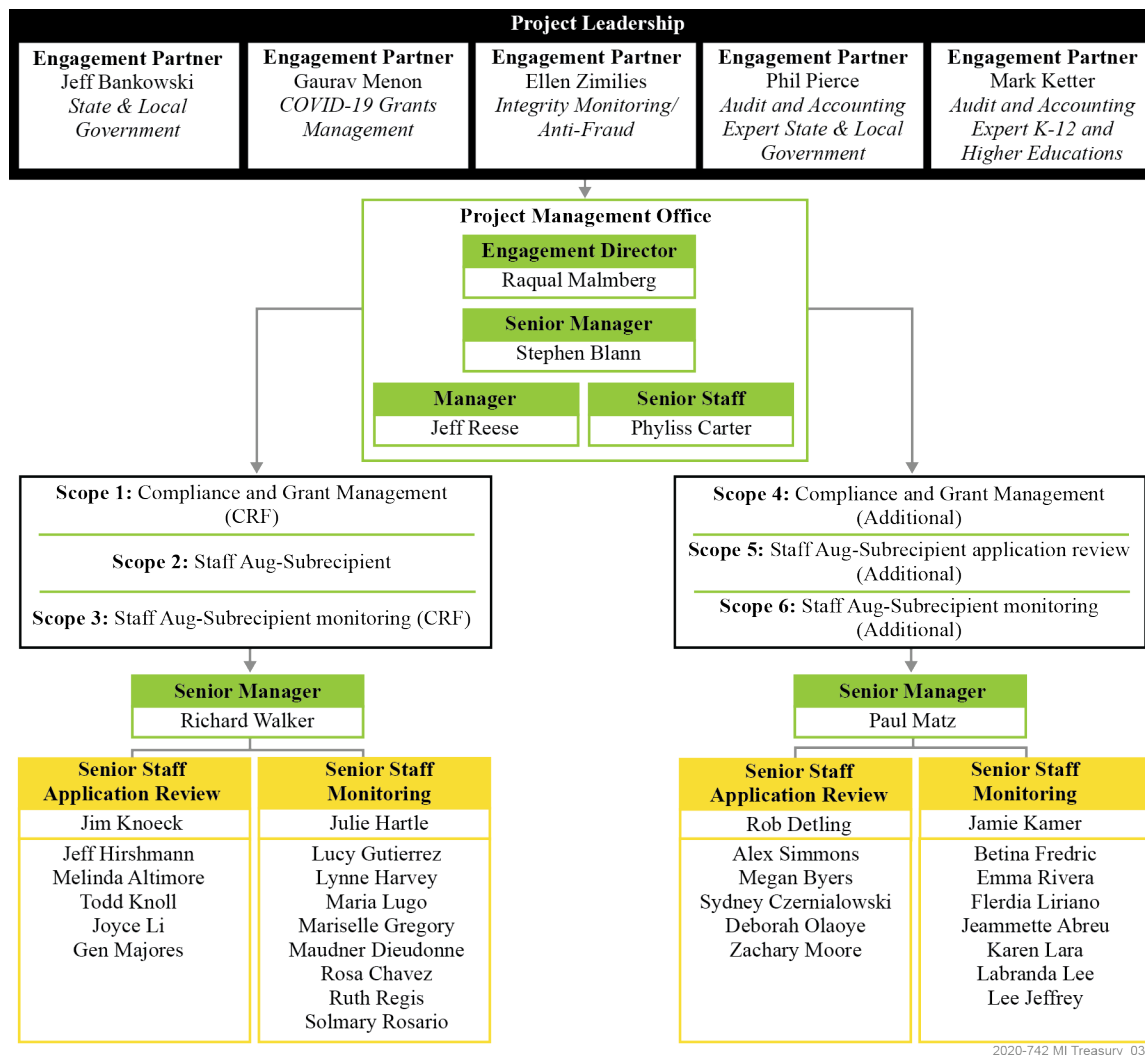
### **6.3. Key Personnel**

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.



## 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.



## SCHEDULE B PRICING

1. 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) are provided below. Only Contractor hourly rates 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 is offering a discount of **1% Net 10** for this engagement. The number of days must not include processing time for payment to be received by the Contractor's financial institution.
3. Due to the State's budget shortage, Governor Gretchen Whitmer issued [Executive Directive 2020-3](#) regarding Restrictions on State Discretionary Spending During the COVID-19 Emergency. The State is requesting Contractor to consider offering per hour price reductions for the staffing levels of this SOW.
4. The Contractor certifies that the prices were arrived at independently, and without consultation, communication, or agreement with any other Contractor.
5. Pricing must not exceed rates provided in original SOW.
6. 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 subrecipient monitoring procedures (include related title of staff classification)

The scope of services needed in for this project include the three Treasury CRF programs, and other CRF and CRF/FEMA funded programs as needs are identified and prioritized. Immediate deployment of contractor staff to Treasury 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 the three Treasury programs.

For estimated hours, present in a manner that the State can calculate the scalable increase as more 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 October 22 – December 30, 2020, 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 subrecipient monitoring procedures – likely within two – four weeks

Staff Level/Position	Number of People	Estimated Average Hours (per position per week)	Hourly Rate/person	Total (per position/per week)	Estimated Total (per week)
Engagement Partner	1	5	\$310	\$1,550	\$1,550
Engagement Director/Manager	1	26	\$265	\$6,890	\$6,890
Senior Manager(s)	3	35	\$230	\$8,050	\$24,150
Manager(s)	1	40	\$190	\$7,600	\$7,600
Senior Staff/Supervisors	5	40	\$155	\$6,200	\$31,000
Staff designated for Grant Application Reviews	10	40	\$140	\$5,600	\$56,000
Staff designated for Subrecipient Monitoring Procedures	15	40	\$140	\$5,600	\$84,000
Estimated Per Week Total					\$211,190
<b>10/20/20 – 12/30/20 Discounted Project Total</b>					<b>\$1,875,000</b>

## 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 Contractor 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 Contractor 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.



# STATE OF MICHIGAN CENTRAL PROCUREMENT SERVICES

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 **4**

to

Contract Number **071B7700036**

<b>CONTRACTOR</b>	GUIDEHOUSE LLP
	1800 Tysons Blvd, 7th Floor
	McLean, VA 22102
	Jeffery Bankowski
	734-644-0595
	jbankowski@guidehouse.com
	CV0056730

<b>STATE</b>	<b>Program Manager</b>	Joy Nakfoor	DTMB
		517-249-0481	
		nakfoorj@michigan.gov	
	<b>Contract Administrator</b>	Joy Nakfoor	DTMB
		(517) 249-0481	
		nakfoorj@michigan.gov	

CONTRACT SUMMARY				
PRE-QUALIFICATION FOR FINANCIAL ACCOUNTING, INTEGR				
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE	
November 1, 2016	October 31, 2019	2 - 1 Year	October 31, 2019	
PAYMENT TERMS		DELIVERY TIMEFRAME		
NET 45		N/A		
ALTERNATE PAYMENT OPTIONS				EXTENDED PURCHASING
<input type="checkbox"/> P-Card <input type="checkbox"/> PRC <input type="checkbox"/> Other				<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS				
N/A				
DESCRIPTION OF CHANGE NOTICE				
OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
<input checked="" type="checkbox"/>	2-years	<input type="checkbox"/>	N/A	October 31, 2021
CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE		
\$79,905.00	\$0.00	\$79,905.00		
DESCRIPTION				
Effective November 1, 2019 please note the following:				
1. The State is exercising the two option years available under this Contract, the revised Contract Expiration date is October 31, 2021.				
2. The Contractor contact information has been changed to: <b>Name:</b> Jeffery Bankowski <b>Phone:</b> 734-644-0595 <b>Email:</b> jbankowski@guidehouse.com				
All other terms, conditions, specifications and pricing remain the same, per Contractor and Agency agreement and DTMB Central Procurement Services approval.				

**Program Managers  
for  
Multi-Agency and Statewide Contracts**

AGENCY	NAME	PHONE	EMAIL
MDOS	Michael Brady	517-599-7343	bradym@michigan.gov

**STATE OF MICHIGAN**  
**CENTRAL PROCUREMENT SERVICES**  
 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 **3**

to

Contract Number **071B7700036**

<b>CONTRACTOR</b>	GUIDEHOUSE LLP
	1800 Tysons Blvd, 7th Floor
	McLean, VA 22102
	Michael Tosh
	773-255-5890
	mtosh@guidehouse.com
	CV0056730

<b>STATE</b>	<b>Program Manager</b>	Varies	SW
	<b>Contract Administrator</b>	Joy Nakfoor	DTMB
		517-249-0481	
		nakfoorj@michigan.gov	

CONTRACT SUMMARY				
PRE-QUALIFICATION FOR FINANCIAL ACCOUNTING, INTEGR				
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS		EXPIRATION DATE BEFORE
November 1, 2016	October 31, 2019	2 - 1 Year		October 31, 2019
PAYMENT TERMS		DELIVERY TIMEFRAME		
NET 45		N/A		
ALTERNATE PAYMENT OPTIONS				EXTENDED PURCHASING
<input type="checkbox"/> P-Card <input type="checkbox"/> PRC <input type="checkbox"/> Other				<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS				
N/A				
DESCRIPTION OF CHANGE NOTICE				
OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
<input type="checkbox"/>		<input type="checkbox"/>		October 31, 2019
CURRENT VALUE	VALUE OF CHANGE NOTICE		ESTIMATED AGGREGATE CONTRACT VALUE	
\$50,000.00	\$29,905.00		\$79,905.00	
DESCRIPTION				
Effective 5/30/2019, the following changes are hereby included:				
1. The attached Schedule A - Statement of Work - MDOS Budget is hereby added to the contract;				
2. The attached Schedule B - Pricing -MDOS Budget is hereby added to the contract;				
3. This contract is hereby increased by \$29,905.00;				
4. Please note the Contract Administrator has been changed to Joy Nakfoor (nakfoorj@michigan.gov, 517-249-0481), per Section 3 and 4 of the Standard Contract Terms;				
5. All reference to "Purchase Order(s) (PO)" for new requests will herinafter be referred to as "Delivery Order(s) (DO)"; and				
6. The following contract term is hereby updated to:				
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.

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

**Program Managers  
for  
Multi-Agency and Statewide Contracts**

AGENCY	NAME	PHONE	EMAIL
MDOS	Michael Brady	517-599-7343	bradym@michigan.gov

# STATE OF MICHIGAN

Contract No. 071B7700036 – CN 3

Financial Accounting, Integrity Oversight Monitoring or Auditing Services – Prequalification Program  
Department Budget Analysis for the Michigan Department of State

## **SCHEDULE A STATEMENT OF WORK CONTRACT ACTIVITIES**

### **1. PROJECT REQUEST**

This is a Contract Change Notice (CN) for a Financial Accounting, Integrity Oversight Monitoring or Auditing service by the Department of Technology, Management, & Budget (DTMB) on behalf of the Michigan Department of State (MDOS). MDOS to gain a better understanding of how money is being spent and where there are opportunities for budget reallocation according to Department needs or where investments can be made. MDOS requires a thorough analysis of both its general operation budget and its special project budget.

### **2. BACKGROUND**

MDOS has a high-level overview of what the current (FY 2019) and previous (FY 2018) budgets look like, however a deeper understanding is required to understand budget opportunities and limitations and also to think strategically about investments needed.

### **3. SCOPE**

This is a CN for a budget analysis of the MDOS organization as a whole and by division (Customer Service Administration; Legal Services Administration; Bureau of Programs, Integration, & Delivery; Office of Human Resources; Office of Communications; Bureau of Elections; Legislative Liaison; Office of Public Engagement; and Executive Office). In addition to an analysis of the general operating budget and special project budget, MDOS requests information on what monies are able to be moved between budget items and what monies are restricted.

This project contains the following scope:

- A. Specific format of information presented in Schedules C1-C3. The information must be usable for ongoing purposes. It should bring the Finance team up to speed on what information is needed to provide reports and support future recreations of similar reports.
- B. Highlight areas of opportunity – a brief, yet informative understanding of where opportunities exist between spend in the standard operating budget as well as the special projects budget including:
  - 1) Where money is being spent
  - 2) Where money is not being spent
  - 3) Where could money be shifted, barring restrictions.

### **4. REQUIREMENTS**

- A. Deliverables – Fiscal Year Reports include, but are not limited to:
  - 1) Granular monthly budget by division and by agency as a whole. Each division on its own one (1) page and agency as a whole on one (1) page.
  - 2) Annual budget on one (1) page.
    - a. Overall department per division – monthly budget, accrued by month, and remaining balance.
    - b. Overall department by project – monthly budget, accrued by month, and remaining balance.
- B. Period of Analysis
  - 1) Phase 1 - FY 19 (KEY FOCUS)
  - 2) Phase 2 - FY 18 (optional)
  - 3) Phase 2 - FY 20 (optional)
  - 4) Work with Finance Department (located in the Austin Building) to get information
    - a. Prefer someone physically to come in and do the work

### **5. Acceptance**

#### **5.1. Acceptance**

The State will use the following criteria to determine acceptance of the Contract Activities:

PM approval of final delivered reports.

## **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").

The Contractor must notify the Contract Administrator at least 5 calendar days before removing or assigning a new Contractor Representative.

Contractor Representative:

Jeff Bankowski  
734.644.0595  
[jbankowski@guidehouse.com](mailto:jbankowski@guidehouse.com)

### **6.2 Contractor Staff**

The Contractor must identify the Staff who will be involved in the project, including the name of each individual, describe the functions they will perform, and **provide current chronological résumés**. It is expected that the staff will work with the MDOS Finance group located at the Richard H. Austin Building, 430 W. Allegan St, Lansing, MI 48933.

<b>Name</b>	<b>Function</b>
Jeff Bankowski	Engagement Partner & Contractor Representative
Jeff Reese	Engagement Manager
Matt Papadopoulos	Project Manager
Gabrielle Bryant	Sr. Associate
Ariel Flaggs	Experienced Associate

### **6.3. 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.

### **6.4. Disclosure of Subcontractors**

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

- A. 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.
- B. The relationship of the subcontractor to the Contractor.
- C. Whether the Contractor has a previous working experience with the subcontractor. If yes, provide the details of that previous relationship.
- D. A complete description of the Contract Activities that will be performed or provided by the subcontractor.

Any work to be performed by a subcontractor will need prior approval from PM.

### **6.5. 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 bidder's staff may be required to make deliveries to or enter State facilities. The bidder must: (a) explain how it intends to ensure the security of State facilities and information, (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. The State may require the Contractor's personnel to wear State issued identification badges.

## **7. Project Management**

### **7.1. Meetings**

The Contractor must attend a Kickoff Meeting with the Program Manager (PM) listed in section 7.3. State Program Manager within 5 days of award being made, scheduling allowed.

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

## **7.2. Reporting**

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

- A. FY '19 by month and as a whole FY
  - 1) Budget reports for each Division of MDOS (9 total)
  - 2) Budget report for the Department as a whole
- B. FY '18 by month and as a whole FY (Optional, to be added at PM's discretion)
  - 1) Budget reports for each Division of MDOS (9 total)
  - 2) Budget report for the Department as a whole
- C. FY '20 by month and as a whole FY (Optional, to be added at PM's discretion)
  - 1) Budget reports for each Division of MDOS (9 total)
  - 2) Budget report for the Department as a whole

## **7.3. State Program Manager**

The State Program Manager for will monitor and coordinate the day-to-day activities of the Contract. The State Program Manager for this SOW follows:

Mike Brady – Chief Legal Director  
430 W. Allegan St  
Lansing, MI 48915  
bradym@michigan.gov  
517-241-6367

## **8. Ordering**

### **8.1. Authorizing Document**

The appropriate authorizing document for the Contract will be a delivery order (DO).

## **9. Invoice and Payment**

### **9.1. 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); and (g) total price. Overtime, holiday pay, and travel expenses will not be paid.

## **10. 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 in Schedule A, Section 7.2 Reporting.

# STATE OF MICHIGAN

**RFP No. 190000002232**

Financial Accounting, Integrity Oversight Monitoring or Auditing Services – Prequalification Program  
Financial Consulting Related to Department Budget Analysis – DTMB on behalf of MDOS

## **SCHEDULE B PRICING**

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).
2. The Contractor is offering a discount of    % **Net**    for this engagement. The number of days must not include processing time for payment to be received by the Contractor's financial institution.
3. The Contractor certifies that the prices were arrived at independently, and without consultation, communication, or agreement with any other Contractor.
4. The Contractor must provide the estimated average hours necessary to conduct the background check for an applicant as detailed in the Scope section of the Statement of Work (Schedule A – Section 3). Pricing must not exceed rates provided in original RFP.

Staff Level/Position	Estimated Hours (FY '19)	Hourly Rate	Total
Engagement Manager	40	\$200	\$8,000
Senior Associate	35	\$160	\$5,600
Experienced Associate	35	\$155	\$5,425
Associate	80	\$136	\$10,880
Project Total			<b>\$29,905</b>

Staff Level/Position	Estimated Hours (FY '18)	Hourly Rate	Total
Engagement Manager	40	\$200	\$8,000
Senior Associate	35	\$160	\$5,600
Experienced Associate	35	\$155	\$5,425
Associate	80	\$136	\$10,880
Project Total			<b>\$29,905</b>

Staff Level/Position	Estimated Hours (FY '20)	Hourly Rate	Total
Engagement Manager	40	\$200	\$8,000
Senior Associate	35	\$160	\$5,600
Experienced Associate	35	\$155	\$5,425
Associate	80	\$136	\$10,880
Project Total			<b>\$29,905</b>



**STATE OF MICHIGAN**  
**CENTRAL PROCUREMENT SERVICES**  
 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 **2**

to

Contract Number **071B7700036**

<b>CONTRACTOR</b>	Guidehouse LLP
	1800 Tysons Blvd, 7th Floor
	McLean, VA 22102
	Michael Tosh
	773-255-5890
	mtosh@guidhouse.com
	CV0056730

<b>STATE</b>	<b>Program Manager</b>	Lisa Spitzley	DTMB
		517-249-0440	
		SpitzleyL4@michigan.gov	
	<b>Contract Administrator</b>	Lisa Spitzley	DTMB
		517-249-0440	
		spitzleyl4@michigan.gov	

**CONTRACT SUMMARY**

PRE-QUALIFICATION FOR FINANCIAL ACCOUNTING, INTEGRITY OVERSIGHT MONITORING OR AUDITING SERVICES - STATEWIDE

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE
November 1, 2016	October 31, 2019	2 - 1 Year	October 31, 2019
PAYMENT TERMS		DELIVERY TIMEFRAME	
NET 45		N/A	
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING
<input type="checkbox"/> P-Card <input type="checkbox"/> PRC <input type="checkbox"/> Other			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

**MINIMUM DELIVERY REQUIREMENTS**

N/A

**DESCRIPTION OF CHANGE NOTICE**

OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
<input type="checkbox"/>	N/A	<input type="checkbox"/>	N/A	N/A
CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE		
\$50,000.00	\$0.00	\$50,000.00		

**DESCRIPTION**

Effective February 19, 2019,  
 The Contractor contact has been changed to Michael Tosh and the Contract Administrator and Program Manager have been updated to Lisa Spitzley, per Section 3 and 4 of the Standard Contract Terms.

All other terms, conditions, specifications and pricing remain the same. Per Contractor and Agency agreement, and DTMB Procurement approval.



# 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 **1**

to

Contract Number **071B7700036**

<b>CONTRACTOR</b>	Guidehouse LLP
	1800 Tysons Blvd, 7th Floor
	McLean, VA 22102
	Todd Hoffman
	917-664-6188
	todd.hoffman@pwc.com
	CV0056730

<b>STATE</b>	<b>Program Manager</b>	Dan Stevens	DTMB
		517-284-7049	
		StevensD6@Michigan.gov	
	<b>Contract Administrator</b>	Chelsea Lugibihl	DTMB
		517-643-7006	
		LugibihlC@michigan.gov	

CONTRACT SUMMARY				
PRE-QUALIFICATION FOR FINANCIAL ACCOUNTING, INTEGRITY OVERSIGHT MONITORING OR AUDITING SERVICES - STATEWIDE				
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE	
November 1, 2016	October 31, 2019	2 - 1 Year	October 31, 2019	
PAYMENT TERMS		DELIVERY TIMEFRAME		
NET 45		N/A		
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING	
<input type="checkbox"/> P-Card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
MINIMUM DELIVERY REQUIREMENTS				
N/A				
DESCRIPTION OF CHANGE NOTICE				
OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
<input type="checkbox"/>	N/A	<input type="checkbox"/>	N/A	N/A
CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE		
\$50,000.00	\$0.00	\$50,000.00		
DESCRIPTION				
<p>Effective August 7, 2018, this contract is hereby updated to reflect the following change:</p> <ul style="list-style-type: none"> <li>PricewaterhouseCoopers Public Sector LLP ("PwC PS") has changed its name to: Guidehouse LLP, and physical location to: 1800 Tyson Blvd., 7<sup>th</sup> Floor, McLean VA 22102</li> <li>The Contract Administrator and Program Manager have been updated to Chelsea Lugibihl, per Section 3 and 4 of the Standard Contract Terms.</li> </ul> <p>All other terms, conditions, specifications and pricing remain the same, per Contractor and Agency agreement, and DTMB Procurement Approval.</p>				





# STATE OF MICHIGAN ENTERPRISE PROCUREMENT

Department of Technology, Management, and Budget

525 W. Allegan, Lansing MI 48913  
P.O. Box 30026, Lansing, MI 48909

## NOTICE OF CONTRACT

CONTRACT NO. **071B7700036**

between

THE STATE OF MICHIGAN

and

<b>CONTRACTOR</b>	PricewaterhouseCoopers Public Sector, LLP
	300 Madison Ave.
	New York, NY 10017-6204
	Todd Hoffman
	917-664-6188
	Todd.hoffman@pwc.com
	7312

STATE	Program Manager	Dan Stevens	DTMB
		517-284-7049	
		StevensD6@michigan.gov	
	Contract Administrator	Dan Stevens	DTMB
		517-284-7049	
		StevensD6@michigan.gov	

### CONTRACT SUMMARY

**DESCRIPTION:** Prequalification for financial accounting, integrity oversight monitoring or auditing services - Statewide

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
November 1, 2016	October 31, 2019	Two-one year	
PAYMENT TERMS		DELIVERY TIMEFRAME	
Net 45		N/A	
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS			
N/A			
MISCELLANEOUS INFORMATION			
State Departments will issue statements of works and Purchase Orders under a second tier RFP process to the prequalified pool.			
ESTIMATED CONTRACT VALUE AT TIME OF EXECUTION			\$50,000.00

CONTRACT NO. 071B7700036

**FOR THE CONTRACTOR:**

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**Company Name**

---

**Authorized Agent Signature**

---

**Authorized Agent** (Print or Type)

---

**Date**

**FOR THE STATE:**

---

**Signature**

Tom Falik, Services Director

---

**Name & Title**

Department of Technology, Management & Budget  
Procurement

---

**Agency**

---

**Date**



# STATE OF MICHIGAN

## STANDARD CONTRACT TERMS

This STANDARD CONTRACT ("**Contract**") is agreed to between the State of Michigan (the "**State**") and PricewaterhouseCoopers Public Sector, LLP ("**Contractor**"), a Delaware limited liability partnership. The Contract effective date is November 1, 2016 ("**Effective Date**"), and unless terminated, expires on October 31, 2019.

This Contract may be renewed for up to two additional one 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:

- Duties of Contractor.** Contractor must perform the services and provide the deliverables described in this Contract, Exhibit A – Statement of Work ("**Contract SOW**"), and any applicable engagement Statement of Work ("**Engagement SOW**") (collectively "**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 the applicable Engagement SOW.

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 applicable Engagement SOW; (c) provide all Contract Activities in good quality, with no material defects; (d); (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 applicable Engagement SOW; (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 may be considered a material breach by the State.

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.

- 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:
Dan Stevens 525 W. Allegan ST., 1 <sup>st</sup> Floor Lansing, MI 48909 StevensD6@michigan.gov 517-284-7049	Christopher O'Brien, Principal One North Wacker Chicago, IL 60606 christopher.obrien@us.pwc.com (312) 298-3475

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:
Dan Stevens 525 W. Allegan ST., 1 <sup>st</sup> Floor Lansing, MI 48909 StevensD6@michigan.gov 517-284-7049	Kevin Sanders, Contracts Manager 1800 Tysons Boulevard, 6 <sup>th</sup> Floor McLean, VA 22102 sanders.kevin@us.pwc.com (571) 766-9220

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:
Dan Stevens 525 W. Allegan ST., 1 <sup>st</sup> Floor Lansing, MI 48909 StevensD6@michigan.gov 517-284-7049	Michael Tosh, Director 1800 Tysons Boulevard, 6 <sup>th</sup> Floor McLean, VA 22102 michael.tosh@us.pwc.com (773) 255-5890

5. **Performance Guarantee.** Contractor must at all times have financial resources sufficient, in the reasonable 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 an Engagement SOW) if, in the opinion of the State, it will ensure performance of the Contract.
6. **Insurance Requirements.** Contractor must maintain the insurances identified below and is responsible for all deductibles. All required insurance must: (a) protect the State from claims that may arise out of, are alleged to arise out of, or result from Contractor's or a subcontractor's Contract Activities; (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
<b>Commercial General Liability Insurance</b>	
<u>Minimal Limits:</u> \$1,000,000 Each Occurrence Limit \$1,000,000 Personal & Advertising Injury Limit \$2,000,000 General Aggregate Limit \$2,000,000 Products/Completed Operations :	Contractor must have their policy endorsed to add "the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents" as additional insureds using endorsement CG 20 10 11 85, or both CG 2010 07 04 and CG 2037 07 0.
<b>Automobile Liability Insurance</b>	
<u>Minimal Limits:</u> \$1,000,000 Per Occurrence	Contractor must have their policy: (1) endorsed to add "the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents" as additional insureds; and (2) include Hired and Non-Owned Automobile coverage.
<b>Workers' Compensation Insurance</b>	
<u>Minimal Limits:</u> Coverage according to applicable laws governing work activities.	Waiver of subrogation, except where waiver is prohibited by law.
<b>Employers Liability Insurance</b>	

<u>Minimal Limits:</u> \$500,000 Each Accident \$500,000 Each Employee by Disease \$500,000 Aggregate Disease.	
<b>Privacy and Security Liability (Cyber Liability) Insurance</b>	
<u>Minimal Limits:</u> \$1,000,000 Each Occurrence \$1,000,000 Annual Aggregate	Contractor must have their policy: (1) endorsed to add "the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents" as additional insureds; and (2) cover information security and privacy liability, privacy notification costs, regulatory defense and penalties, and website media content liability.
<b>Crime (Fidelity) Insurance</b>	
<u>Minimal Limits:</u> \$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.
<b>Professional Liability (Errors and Omissions) Insurance</b>	
<u>Minimal Limits:</u> \$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 canceled 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 purchase order number, at Contract formation and within 20 calendar days of the expiration date of the applicable policies; (b) require that subcontractors maintain the required insurances contained in this Section; (c) notify the Contract Administrator within 5 business days if any insurance is cancelled; and (d) waive all rights against the State for damages covered by insurance to the extent of the insurance limits. Failure to maintain the required insurance does not limit this waiver.

This Section is not intended to and is not 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 1% 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 by check payable to the State of Michigan and mailed to:

Department of Technology, Management and Budget  
Cashiering  
P.O. Box 30681

Lansing, MI 48909

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 DTMB-Procurement.

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](http://www.michigan.gov/mideal). Upon written agreement between the State and Contractor, this contract may also be extended to: (a) State of Michigan employees and (b) other states (including governmental subdivisions and authorized entities).

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 applicable to Contractor. 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. Contractor hereby acknowledges, except for Contractor Technology contained herein, that the State is and will be the sole and exclusive owner of all right, title, and interest in the Contract Activities and all associated intellectual property rights, if any. Such Contract Activities are works made for hire as defined in Section 101 of the Copyright Act of 1976. To the extent any Contract Activities and related intellectual property do not qualify as works made for hire under the Copyright Act, Contractor will, and hereby does, immediately on its creation, assign, transfer and otherwise convey to the State, irrevocably and in perpetuity, throughout the universe, all right, title and interest in and to the Contract Activities, including all intellectual property rights therein. Further, Contractor grants the State a perpetual, royalty free, fully paid, and irrevocable license to Contractor Technology that are part of the Contract Activities. For purposes of this section, "Contractor Technology" means all works of authorship, materials, information and other intellectual property created prior to or independently of the performance of the services, or created by Contractor or its subcontractors as a tool for their use in performing the services, plus any modifications or enhancements thereto and derivative works based thereon. Any pre-existing software applications of Contractor, whether embedded in a Contract Activity or stand alone, will be independently licensed. The State may grant Contractor a license in work made for hire under the terms of the applicable Engagement SOW.
- 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. Notwithstanding the forgoing, Contractor may use its affiliates as a subcontractor without prior written approval.
- 11. Staffing.** The State's Contract Administrator may require Contractor to remove or reassign personnel by providing a written notice to Contractor.
- 12. Background Checks.** Upon request, 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 Contractor will provide certification that a background check was performed and that employee passed. The State, in its sole discretion, may also perform background checks. Contractor is responsible for all costs associated with any 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, unless such assignment violates any independence obligations to which it conforms. 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, at least 90 calendar days before the effective date, 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 finish performing the Contract Activities under an applicable Engagement SOW.

**15. Ordering.** Contractor is not authorized to begin performance until receipt of authorization and purchase order pursuant to the Contract SOW, Section 6 Ordering.

**16. Acceptance.** Deliverable-based 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 the applicable Engagement SOW. If the Contract Activities do not meet the requirements in the applicable Engagement SOW, 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.

Unless otherwise specified within the applicable Engagement SOW, 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 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. Reserved.**

**18. Reserved.**

**19. Reserved.**

**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 an applicable Engagement SOW. 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. Notwithstanding the foregoing, all prices are inclusive 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/cpexpress> 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 the Contract SOW.

**22. Stop Work Order.** The State may suspend any or all activities under the Contract at any time, by written notice to Contractor. 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 purchase 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.**

**For the State.** The State may terminate this Contract for cause, in whole or in part, if Contractor: (a) endangers the 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) breaches any of its material duties or obligations, and provided such breach is capable of being cured, fails to cure such material breach within the time stated in a notice of breach, provided such period is not less than 30 days. 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 in each case, direct and verifiable administrative costs, attorneys' fees, court costs, transition costs, and any costs the State incurs to procure the Contract Activities from other sources.

**For Contractor.** The Contractor may terminate this Contract for cause by written notice to the State, if the State breaches its material obligations under this Contract, provided that the State has been afforded an opportunity to cure such breach, and such period to cure is not less than 30 days from Contractor's written notice.

**24. Termination for Convenience.** The State may terminate this Contract for convenience in whole or in part without penalty and for any reason, with fifteen (15) calendar days written notice including but not limited to, appropriation or budget shortfalls (such 15 day notice period does not apply to terminations for non-appropriation). 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 for completed and accepted work and work in progress, and all reasonable costs, as determined by the State for State approved Transition Responsibilities, provided funds are appropriated for such costs.

**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**"). Contractor will be paid according to the rates set forth in the applicable Engagement SOW for all 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 third party claims for: (a) any infringement, misappropriation, or other violation of any intellectual property right or other right of any third party as it relates to the Contract Activities; and (b) any bodily injury, death, or damage to real or tangible personal property occurring wholly or in part due to negligence or willful misconduct by 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.

Notwithstanding the preceding paragraph of this Section 27, Contractor will have no liability or obligation regarding infringement arising solely from (a) use of equipment, software, commodity, or service in a manner other than its intended use as reflected in the applicable Engagement SOW; (b) Contractor's compliance with any designs, specifications, or instructions of the State; (c) modifications to equipment, software, commodity, or service by the State without the prior knowledge and approval of Contractor, or (d) the State's failure to use modifications or enhancements made available at no cost to the State by Contractor, provided Contractor has given the State written notice and such modification or enhancement will not negatively impact the equipment, software, commodity, or service.

- 28. Limitation of Liability.** Neither party shall be liable for consequential, incidental, indirect, or special damages, regardless of the nature of the action. Each party's aggregate liability to the other shall not exceed the maximum fees set forth in the applicable Engagement SOW. The foregoing limitation of liability does not apply to Contractor's obligations under Section **Error! Reference source not found.** (which is subject to a separate cap on liability).

- 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 that may materially affect Contractor's ability to perform under this Contract, (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. The Engagement SOW will set forth any backup or recovery obligations of Contractor.
- e. Loss of Data. In the event of any Contractor act, error or omission, negligence, misconduct, or breach that compromises 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 forty-eight (48) hours of becoming aware of such occurrence, or suspicion 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) 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 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) 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 expenses incidental thereto, which may be suffered by, accrued against, charged to, or recoverable from the State in connection with the occurrence; (g) be responsible for assisting the State in recreating lost State Data in the manner and on the schedule set by the State without charge to the State; and, (h) provide to the State a detailed plan within 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, 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. This Section survives the termination of this Contract. Notwithstanding the foregoing, Contractor's aggregate liability under this section shall be limited to the greater of \$2 million or the maximum fees specified under the applicable Engagement SOW.

**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; (c) Contractor obligates the subcontractor in a written contract to maintain the State's Confidential Information in confidence; (d) as required by law, regulation or court order, provided that to the extent a receiving party is required to disclose confidential information pursuant to this subsection, the receiving party shall provide the furnishing party with notice of the legal request within one (1) business day of receipt, and assist the furnishing party in resisting or limiting the scope of the disclosure as reasonably requested by the furnishing party; and (e) required by the American Institute of Certified Public Accountants (AICPA) standards, provided such third party is under the same confidentiality requirements as is set forth in this Contract. 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 promptly 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. . Notwithstanding anything herein to the contrary, Contractor shall have the right to retain copies of non-State Data Confidential Information, and any summaries, analyses, notes, or extracts prepared by Contractor which are based on or contain portions of such Confidential Information to the extent necessary to evidence performance of the services, provided that Contractor retains such copies in accordance with its confidentiality obligations hereunder.

**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 confidentiality 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. Reserved.
- 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, as it relates to this Contract, 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. Such records shall not include Contractor's internal costs to provide Contract Activities. 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; (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; and (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. A material 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. TO THE EXTENT PERMITTED BY LAW, THE CONTRACTOR EXPRESSLY DISCLAIMS ANY WARRANTIES NOT LISTED HEREIN.
- 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 as applicable to its performance under this Contract.
- 40. Reserved.**
- 41. Reserved.**
- 42. Nondiscrimination.** Under the Elliott-Larsen Civil Rights Act, 1976 PA 453, MCL 37.2101, *et seq.*, and the Persons with Disabilities Civil Rights Act, 1976 PA 220, MCL 37.1101, *et seq.*, 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, height, weight, marital status, or mental or physical disability. 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. Entire Agreement and Order of Precedence.** This Contract, which includes Exhibit A – Statement of Work, and expressly incorporated schedules and exhibits, 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 Exhibit A – Statement of Work; (b) second, Exhibit A – Statement of Work as of the Effective Date; and (c) third, exhibits and 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.

- 51. 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.

- 52. Waiver.** Failure to enforce any provision of this Contract will not constitute a waiver.

- 53. Survival.** The provisions of this Contract that impose continuing obligations, including warranties and representations in the ordinary course of business, termination, transition, insurance coverage, indemnification, and confidentiality, will survive the expiration or termination of this Contract.

- 54. 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.

# STATE OF MICHIGAN

Contract No. 071B7700036

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

## EXHIBIT A STATEMENT OF WORK CONTRACT ACTIVITIES

This exhibit identifies the anticipated requirements of the Contract. The term “Contractor” in this document refers to PricewaterhouseCoopers Public Sector LLP.

### BACKGROUND

This Contract is to pre-qualify the Contractor for financial accounting, integrity oversight monitoring or auditing services for State Departments and MiDEAL members (authorized local units of government) on a fast-track, as-needed basis. The Contractor must primarily provide services to Department of Technology, Management & Budget (DTMB).

Department of Technology, Management and Budget, under the direction of Office of Performance and Transformation (OPT), State Budget Office (SBO), and Office of Internal Audit Services (OIAS), herein after collectively referred to as “DTMB” provides independent and objective assurance and consulting services to State departments and agencies which are designed to improve the operations of the State of Michigan. DTMB assists the State 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. DTMB needs to ensure the State can deploy the appropriate level of expertise to address emerging risks within the State and forthcoming legislation that could require an integrity oversight monitor (a private entity that contracts to provide specialized services to ensure legal compliance, detect misconduct, and promote best practices in the administration of recovery and rebuilding projects, which services may include, but shall not be limited to, investigative, accounting, forensic accounting, engineering, other professional specialties, risk assessment, developing compliance system constructs, loss prevention, monitoring, contract managers, and independent private inspectors general) for local municipalities. For additional integrity oversight monitor information refer to pages 277-278 of the following link: <http://www.legislature.mi.gov/documents/2015-2016/publicact/pdf/2016-PA-0268.pdf>

The scope of services resulting from this Pre-qualification RFP and subsequent statement of works may include but not limited to the following:

- a. Reviewing the reliability and integrity of financial and operating information and the means used to identify, measure, and report such information.
- b. 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.
- c. Reviewing the means of safeguarding assets and, as appropriate, verifying the existence of such assets.
- d. 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 and project frequency will be wholly dependent on the need for services as outlined herein.

### SCOPE

The Contractor must provide Financial Accounting, Integrity Oversight Monitoring or Accounting Services. Initially, this Contract will service the needs of DTMB's OPT, SBO, and OIAS, but will be open to statewide needs.

- A. After formalizing a comprehensive Statement of Work (SOW) and Request for Proposal (RFP), prequalified Contractor qualifications and availability will be evaluated for each contracting effort. 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. DTMB will send out the solicitation to pre-qualified Contractors. These Contractors must respond directly to DTMB within the

timeframe specified in the RFP. DTMB will evaluate the responses and determine the Contractor that will provide the best overall value for the RFP.

## **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 SOW issued by DTMB. Services may include, but not be limited to, the following:
  - 1. Cash Management
  - 2. Forensic Accounting/Auditing
  - 3. Budgeting
  - 4. Financial Forecasting
  - 5. Internal Controls
  - 6. Managing Pensions
  - 7. Administering Payroll
  - 8. Tax Collection
  - 9. Tax Assessing
  - 10. Managing Debt/Issuing Public Debt
  - 11. Applying for Grants/Administering Grant Monies
  - 12. Cybersecurity
  - 13. Information Technology Systems
- B. Each SOW will contain unique service levels and requirements.
- C. The State will issue each SOW to pre-qualified Contractors. The SOW will identify the deliverables, period of performance, specific response information required, work evaluation and payment criteria, and any additional terms and conditions that may apply to that SOW. The process for the State issuing and the Contractor(s) responding to an SOW follows:
  - 1. Issue an SOW to pre-qualified Contractors with a timeline including due dates for questions, due dates for responses, and period of performance.
  - 2. Contractor responses must follow criteria required in each SOW, and Contractor pricing must not exceed rates provided in Exhibit C.
  - 3. The State's selection will be based on a best value evaluation using the criteria identified in the SOW. Other selection criteria or tools which may be in the best interest of the State may be utilized to make a selection.
- D. End of Contract Data Conversion Responsibility: At the expiration or termination of this Contract, the Contractor must work with State and/or local unit of government personnel to ensure the transitional and operational continuity of the services under this Contract. The Contractor agrees to assist the State for a reasonable period of time that in no event will exceed 60 days after the expiration or termination date of this Contract and to assign key personnel as needed to assist in the transition. Key system staff will be available to ensure data integrity and system continuity (also see section 25 of standard contract terms).
- E. If the Contractor receives a subpoena for any information related to services under contract, the Contractor must contact the Program Manager immediately.
- F. The Contractor may be requested to provide legislative testimony.
- G. 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 DTMB or others designated by DTMB.
- H. 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. This may include signing the security forms. Any agency specific requirements will be identified in the SOW.



- I. The Contractor's staff may be required to make deliveries to or enter State facilities. The State may require the Contractor's personnel to wear State issued identification badges.

**2. Acceptance**

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).

**3. Staffing**

**A. Contractor Representative**

1. The Contractor has specifically assigned Mr. Kevin Sanders to State of Michigan accounts, he will respond to State inquiries regarding the Contract Activities, answering questions related to ordering and delivery, etc. (the "Contractor Representative").
2. The Contractor must notify the Contract Administrator at least 14 calendar days, in advance, before removing or assigning a new Contractor Representative.

**B. Customer Service Number**

The Contractor's Representative, Kevin Sanders, is available for calls during the hours of 7:00 am to 6:00 pm EST at 571-766-9220 (desk) or 703-477-0412 (mobile).

**C. 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 SOW requirements. 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.

**D. Key Personnel**

1. The Contractor has specifically appointed Todd Hoffman to be directly responsible for the day-to-day operations of the applicable SOW ("Key Personnel"). Key Personnel must be specifically assigned to the State account, be knowledgeable on the SOW contractual requirements, and respond to State inquiries within 48 hours.
2. 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.

The following individuals are proposed Key Personnel:

- Todd Hoffman (Houston, TX) – Engagement Partner
- Didier Lavion (New York, NY) – Forensic Accounting Partner
- Michael Tosh (Milwaukee, WI) – Engagement Lead
- Tami Radinsky (New York, NY) – Risk Assurance and Internal Audit
- Brook Barbour (New York, NY) - Integrity Monitoring
- Peter Zanolin (New York, NY) – Forensic Accounting & Investigations

3. 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.
4. 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 Termination for Cause in the Standard 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"):

a. Unless otherwise stated in individual Statement of Works, the following will apply. For the Unauthorized Removal of any Key Personnel designated in the applicable Statement of Work, the credit amount will be \$25,000 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.

b. Unless otherwise stated in individual engagement Statement of Works, the following will apply. If Contractor fails to assign a replacement to shadow the removed Key Personnel for at least 30 calendar days, in addition to \$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.

#### E. Organizational Chart

Below is the Contractor's organizational chart.



#### F. 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, including but not limited to names, titles, and credentials of the subcontractor's staff.

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.

The price of the subcontractor's work.

#### **4. Project Management**

##### **A. Project Plan**

1. Within five business day 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.

##### **B. Meetings**

1. Although there will be continuous liaison with the Contractor team, the Program Manager 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. The State may require other meetings, as it deems appropriate.

##### **C. Reporting**

Reporting requirements will be identified in the SOW/RFP and may include but not be limited to, analysis in the form of summaries, reports, spreadsheets, or as otherwise requested.

#### **5. Pricing**

Pricing is firm for the entire length of the Contract. Contractor pricing, for any SOW/RFP, must not exceed rates provided in Exhibit C. Contractor's out-of-pocket expenses are not separately reimbursable by the State unless, on a case-by-case basis for unusual expenses, the State has agreed in advance and in writing to reimburse Contractor for the expense at the State's current travel reimbursement rates. See [http://www.michigan.gov/dtmb/0,5552,7-150-9141\\_13132---.00.html](http://www.michigan.gov/dtmb/0,5552,7-150-9141_13132---.00.html) for current rates.

#### **6. Ordering**

##### **A. Authorizing Document**

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

#### **7. Invoice and Payment**

##### **A. Invoice Requirements**

All invoices submitted to the State must include: (a) date; (b) blanket purchase order; (c) purchase order; (d) 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.

The State reserves the right to request additional invoicing requirements in the SOW/RFP.

##### **B. Payment Methods**

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

##### **C. Procedure**

Final pricing will be submitted per the SOW/RFP requirements.

#### **8. Transition**

End of Contract Data Conversion Responsibility: At the expiration or termination of this Contract, the Contractor must work with the State to ensure the transitional and operational continuity of the services under this Contract. The Contractor agrees to assist the State for a reasonable period of time that in no event will exceed 90 days after the expiration or termination date of this Contract and to assign key personnel as needed to assist in the transition.

#### **9. Liquidated Damages**

Unless otherwise stated in individual engagement Statements of Work, the following will apply. 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 \$500 and an additional \$1,000 per day for each day Contractor fails to remedy the late or improper completion of the Work in Exhibit A and SOW requirements.

# STATE OF MICHIGAN

Contract No. 071B7700036

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

## **EXHIBIT B – RESERVED**

# STATE OF MICHIGAN

Contract No. 071B7700036

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

## EXHIBIT C PRICING

1. Pricing includes all costs, including but not limited to, any one-time or set-up charges, fees, and potential costs that Contractor may charge the State.
2. The hourly rate (not-to-exceed) for each staff level and all applicable personnel assigned to the Contract for the proposed services, as follows:

Position	Hourly Rate (1)
Engagement Partner	\$495
Managing Director	\$400
Director	\$370
Manager	\$240
Senior Associate	\$210
Experienced Associate	\$175
Associate	\$150
Subject Matter Expert	\$370

(1) Travel costs must be included in the hourly rates.