

STATE OF OHIO
DEPARTMENT OF ADMINISTRATIVE SERVICES
GENERAL SERVICES DIVISION
OFFICE OF PROCUREMENT SERVICES
4200 SURFACE ROAD, COLUMBUS, OH 43228-1395

AMENDMENT FOR CHANGE
AMENDMENT NO. 2

TO: ALL STATE AGENCIES
FROM: HUGH QUILL, DIRECTOR, DEPARTMENT OF ADMINISTRATIVE SERVICES
SUBJECT: TERM CONTRACT - Forensic Accounting and Investigative Services

Attached are pages 6 and 10-15 to this contract. Remove these pages from the existing contract and replace with the attached pages on the effective and/or revision date.

This amendment is issued to include language to advise agencies to seek approval from the Auditor of State prior to issuing any purchase orders against this Contract.

All other prices, terms and conditions remain unchanged.

Questions regarding this Amendment and/or the Requirements Contract may be directed to:

Gayle Blankenship, CPPB
gayle.blankenship@das.state.oh.us

This Amendment, the main Requirements Contract and any additional amendments thereto are available from the DAS Web site at the following address:



<http://www.ohio.gov/procure>

Affected Contractor(s):

KPMG LLP
191 West Nationwide Blvd. Ste. 500
Columbus, OH 43215-2568
mhumphrey@kpmg.com
Us-bkrdasc-ar@kpmg.com

GENERAL SPECIFICATIONS AND REQUIREMENTS

- I. **BACKGROUND:** The state of Ohio is seeking expertise in forensic accounting and investigative services. The services will include the examination, analysis, and explanation of financial records of individuals and businesses and form opinions about the information based on the evidence. The awarded Contractor will be ultimately responsible for the accuracy and completeness of their work product, methodology and evidence presentation as well as any expert opinions expressed.

Additionally, the Bidder will have knowledge of reconstructing evidence involving financial transactions and knowledge of the rules of criminal procedure in obtaining, perfecting, and preserving such evidence to ensure admissibility in court proceedings; civil and criminal.

The Bidder will have knowledge and ability to apply evidentiary rules and admissibility to all generated work product. The Bidder must possess a sufficient skill set to identify and detail probable cause in financial transactions that used in an affidavit for search warrants or subpoenas.

The Bidder will possess proficiency in proving illicit income/gain with the use of indirect methods such as cash expenditures, source, and application of funds, bank deposits, and net worth.

The Bidder must have a thorough understanding of Generally Accepted Accounting Principles (GAAP), Governmental Accounting Standards Board (GASB), business information and financial reporting systems, financial statement analysis, accounting and auditing standards and procedures, evidence gathering and investigative techniques, and litigation processes and procedures, and case management.

*Prior to any purchase order being issued, any agency desiring to use this Contract must read and respond accordingly to Attachment 1 of this document. The Auditor of State requires all agencies to seek approval prior to issuing any purchase orders against this Contract.

- II. **SCOPE OF WORK:** The Bidder shall provide the professional services necessary to perform the following services:

- A. Assist counsel in investigating or responding to allegations of fraud or white collar crimes or civil disputes, including but not limited to:

1. Accounting Malfeasance
2. Breach of Contract
3. Breach of Duty
4. Conspiracy
5. Conversion, Unjust Enrichment
6. Embezzlement
7. Fraud, Theft, Employee Dishonesty
8. Money Laundering
9. Wire Fraud

- B. When requested, the Bidder will provide investigative services on new or existing cases regarding:

1. Calculating and quantifying losses and economic damages
2. Determine cause of loss, i.e., tort or breach of contract
3. Conduct business valuation
4. Audit financial information and records
5. Identify internal or external operatives
6. Asset searches and uncover hidden assets
7. Record & data reconstruction
8. Corporate governance (The Sarbanes-Oxley Act/Public Company Accounting Reform and Investor Protection Act of 2002)

- C. Investigation & Pre-Trial Assistance

1. Gather facts, interview witness, and obtain relevant data
2. Consolidating all financial and economic data into concise evidence
3. Evaluating strengths and weaknesses of data
4. Identifying merits of the cases
5. Create a strategy for winning litigation
6. Prepare preliminary, case status, and final report
7. Recommend controls and procedures to reduce and eliminate risk of economic loss

PRICE SCHEDULE

The awarded Contractor shall invoice the State for the hourly rate(s) and Travel Expenses listed below. The State will not acknowledge any deviation from this cost, with the exception of transportation expenses as defined in Section V of this Bid.

Category 1-Hourly Rates

OAKS Item ID # 15979

Estimated Number of Hours	Hourly Rate for Certified Forensic Accountant	Hourly Rate for Support Staff-Certification Not Required	# of Support Staff
1000	\$195.00 \$175.00 if over 3000 hours annually	\$0.00	5

Category 2-Travel/Expenses

OAKS Item ID # 15980

Estimated Days of Travel	Daily Per Diem for Meals	Capped Daily Rate for Lodging, including taxes and fees
42	\$51.00	\$163.06

PRICE ALLOCATION:

Out of the Cost Per Hour please define the percentage of that cost attributed to:

Labor: _____ 83 _____ %

Equipment/Materials: _____ 11 _____ %

Unemployment: _____ 3 _____ %

Health Insurance: _____ 2 _____ %

Workers Comp _____ 1 _____ %

*Prior to any purchase order being issued, any agency desiring to use this Contract must read and respond accordingly to Attachment 1 of this document. The Auditor of State requires all agencies to seek approval prior to issuing any purchase orders against this Contract.

CONTRACTOR INDEX

CONTRACTOR AND TERMS:

BID CONTRACT NO.: OT909109-1(05/31/10)



Contractor OAKS ID# 4221

Local Office:

KPMG LLP
191 West Nationwide Blvd. Ste. 500
Columbus, OH 43215-2568

TERMS: Net 30 Days

DELIVERY: As Specified

CONTRACTOR'S CONTACT: Michael Humphrey

Telephone: (614) 249-2300 Columbus Office
Telephone: (216) 696-9100 Cleveland Office
FAX: (216) 937-0210
E-Mail: mhumphrey@kpmg.com

Matt Kramer

Toll Free: (800) 642-5764
FAX: (214) 722-1199
E-Mail: Us-bkrdasc-ar@kpmg.com

Corporate Office:

KPMG LLP
3 Chestnut Ridge Road
Montvale, NJ 07645-0435

Remit To Address:

KPMG LLP
P.O. Box 120001 Dept. 0970
Dallas, TX 75312-0970

*Prior to any purchase order being issued, any agency desiring to use this Contract must read and respond accordingly to Attachment 1 of this document. The Auditor of State requires all agencies to seek approval prior to issuing any purchase orders against this Contract.

SUMMARY OF AMENDMENTS

Amendment Number	Revision Date	Description
2	11/06/09	Inserted Attachment 1 requiring all agencies to seek approval from the Auditor of State prior to use of this Contract.
1	07/01/09	Revised language for Limitations of Liability effective 07/01/09.

ATTACHMENT 1

Mary Taylor, CPA
Auditor of State
Bulletin 2008-008

Date Issued: October 1, 2008

To: All State Agencies, Boards, Commissions, State Universities, and
Technical and Community Colleges

From: Mary Taylor, CPA
Ohio Auditor of State

Subject: Ohio Revised Code 117.43 (B) - Contract Procedures

The purpose of this bulletin is to provide state agencies with information regarding the authority and role of the Auditor of State in the procurement of auditing and accounting services by a state agency and to establish procedures for procuring these services.

This bulletin supersedes all previous communications from the Auditor of State regarding the contracting for auditing and accounting services. The policy is not intended and should not be interpreted to relieve state agencies of their responsibility to fully comply with applicable state and federal procurement laws and directives.

Section 117.43 (B), Revised Code, states: "Except as otherwise provided in section 126.22 of the Revised Code or as otherwise provided by law, no state agency shall enter into a contract for auditing or accounting services without the approval of the Auditor of State except with funds derived from nonpublic sources. The provisions of this section shall not apply to the legislative branch of government."

The key terms of Section 117.43 (B), Revised Code, are defined as follows:

- "Contract" is defined as an integrated written agreement of the parties incorporating the request for proposals, the proposal, and the written memorandum of agreement.
- "Auditing Service" is defined as an examination of financial statements, books, documents, records, or other evidence relating to the obligation, receipt, expenditure, or use of public money, including governmental operations relating to the obligation, receipt, expenditure, or use of public money.
- "Accounting Service" is defined as any advice or technical assistance rendered by a person that concerns the methods and records used to identify, assemble, analyze, classify, record and report financial information and data, including the design, implementation, and evaluation of a state agency's internal control system.

ATTACHMENT 1 (CONTINUED)

- “State agency” means every organized body, office, agency, institution, or other entity established by the laws of the state for the exercise of any function of state government as defined by Section 117.01 (F), Revised Code.

Because the definitions of auditing and accounting services are broad and encompassing, the following examples provide guidance as to the types of services that will or will not require approval of the Auditor of State in accordance with Section 117.43 (B), Revised Code.

The following auditing and accounting services **will** require approval by the Auditor of State:

- a financial statement audit
- a compilation or review of financial statements
- a compliance or internal control review
- a performance or operational audit
- a fraud or embezzlement audit
- an audit of a sub-recipient of state or federal funds
- a financial audit of a particular section/function/program of a state agency

The following auditing and accounting services **will not** require approval by the Auditor of State:

- a consulting engagement for actuarial or fixed asset valuation
- preparation of a cost allocation plan
- the hiring of temporary accountants for book entry functions
- the outsourcing of an accounting function
- procurement of information technology services

Where required, Auditor of State approval must be obtained in writing prior to the commencement of any procurement process for auditing or accounting services. Any contract for accounting or auditing services lacking Auditor of State approval shall be void and no payment shall be issued for services rendered under such contracts.

Requests for such approval must be submitted in writing and are to be directed to the Auditor of State, Chief Auditor, Audit Administration with the following contact information:

Robert F. Greenwalt, CPA, JD
Chief Auditor, Audit Administration
Auditor of State Mary Taylor, CPA
88 East Broad Street, 4th Floor
Columbus, Ohio 43215
(614) 728-8536
RFGreenwalt@auditor.state.oh.us

ATTACHMENT 1 (CONTINUED)

This policy is effective October 1, 2008. Questions about this policy should be directed to the Auditor of State, Chief Auditor, Audit Administration at 1-800-282-0370 or (614) 728-8536.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

*Added Attachment 1 by Amendment issued 11/06/09.