

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

REQUIREMENTS CONTRACT: FORENSIC ACCOUNTING AND INVESTIGATIVE SERVICES

CONTRACT No.: OT909109

EFFECTIVE DATES: 06/05/09 to 05/31/10
Renewal through 05/31/12*

The Department of Administrative Services has accepted bids submitted in response to Invitation to Bid No. OT909109 that opened on 05/22/09. The evaluation of the bid response(s) has been completed. The bidder(s) listed herein have been determined to be the lowest responsive and responsible bidder(s) and have been awarded a contract for the items(s) listed. The respective bid response, including the [Terms and Conditions for Bidding, Standard Contract Terms and Conditions, and Supplemental Contract Terms and Conditions](#), special contract terms & conditions, any bid addenda, specifications, pricing schedules and any attachments incorporated by reference and accepted by DAS become a part of this Requirements Contract.

This Requirements Contract is effective beginning and ending on the dates noted above unless, prior to the expiration date, the Contract is renewed, terminated or cancelled in accordance with the Contract Terms and Conditions.

This Requirements Contract is available to ALL STATE AGENCIES, as applicable.

Agencies are eligible to make purchases of the listed supplies and/or services in any amount and at any time as determined by the agency. The State makes no representation or guarantee that agencies will purchase the volume of supplies and/or services as advertised in the Invitation to Bid.

SPECIAL NOTE: State agencies may make purchases under this Requirements Contract up to \$2500.00 using the state of Ohio payment card. Any purchase that exceeds \$2500.00 will be made using the official state of Ohio purchase order (ADM-0523). Any non-state agency, institution of higher education or Cooperative Purchasing member will use forms applicable to their respective agency.

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

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

This Requirements Contract and any Amendments thereto are available from the DAS Web site at the following address:



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

*Contract renewed through 05/31/12 by mutual agreement.

Signed: _____
Hugh Quill, Director Date _____

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KPMG LLP	
191 West Nationwide Blvd. Ste. 500	
Columbus, OH 43215	
(800) 642-5764	

SPECIAL CONTRACT TERMS AND CONDITIONS

Where applicable, the following Terms and Conditions supersede any Standard Terms and Conditions shown in this bid.

SPECIFICATION QUESTIONS: Information regarding submission of questions and clarifications for this bid is provided on page one (1) of the bid. Through the indicated inquiry closure date/time, Bidders may visit the State Procurement website to post bid related questions at <www.ohio.gov/procure>. Answers to all Bidder questions will be posted on the State Procurement website and linked to the bid number. The State will make every effort to respond to website inquires within forty-eight (48) hours of receipt. The State will not respond to any verbal or written questions received through any other medium. No prospective Bidder shall respond to any verbal instructions or changes to this bid. Only communications issued by the Department of Administrative Services, Office of Procurement Services in the form of an addendum, will be considered valid.

CONTRACT RENEWAL: The expected term of this Contract is for a period of twenty-four (24) months. However, this Contract may be renewed solely at the discretion of DAS for a period of one month. Any further renewals will be for an appropriate period of time. The cumulative time of all renewals may not exceed twenty-four (24) months unless DAS determines that additional renewal is necessary.

MANDATORY/REQUIRED SUBMISSIONS: As specified, mandatory submissions must be submitted with the bid response. Required documentation/materials should be submitted with the bid. If not submitted with the bid, the Bidder must provide the said documentation/materials within five (5) business days, after notification, to the Office of Procurement Services. Failure to provide mandatory submissions with the bid response or failure to provide the required documentation/materials, as applicable, within the stated time period may result in the Bidder being deemed as not responsive.

For specific submission requirements, Bidders should refer to the Bid Submission Check List for a listing of those mandatory submissions due with the bid response and those other submissions that should be submitted with the bid response, but which do not become mandatory until requested during the bid evaluation period.

SPECIAL CHARGES: There shall be no assessment, surcharge, small order charge, broken case charge, minimum order charge, single item charge nor any other unspecified additional charge allowed by the State that is not specifically mentioned in this bid or in any contract award pursuant to this bid. The Bidder must provide merchandise/service in unit quantity(s) as indicated in the bid/bid response/contract.

SUB-CONTRACTING: The services covered under this Contract are to be performed by the awarded Contractor only. Sub-Contracting is not permitted.

DELIVERY AND ACCEPTANCE: Services will be performed as set forth in the Contract and in accordance with Articles S-8, S-9 and S-10 of the Supplemental Contract Terms and Conditions. The location of performance will be noted on the purchase order issued by the participating Agency. Payment for services rendered will occur upon the inspection and written confirmation by the ordering Agency that the services provided conform to the requirements set forth in the Contract. Unless otherwise provided in the Contract, payment shall be conclusive except as regards to latent defects, fraud, or such gross mistakes as amount to fraud.

CONTRACT AWARD: The contract will be awarded to the lowest responsive and responsible bidder by agency. Failure to bid all items will result in the bidder being deemed not responsive.

EVALUATION: Bids will be evaluated in accordance with Article I-17 of the "Instructions to Bidders". In addition, the State will use the following calculations to determine low bid total cost by: This Bid will be evaluated by multiplying the Hourly Rate for Bidder by the Estimated Number of Hours; multiply the Hourly Rate for Support Staff by the Estimated Number of Hours times the number of Support Staff and then add the two totals together to arrive at a total for Category 1.

The Daily Per Diem for Meals will be multiplied by the Estimated Days of Travel and the Capped Daily Rate for Lodging, including taxes and fees will be multiplied by the Estimated Days of Travel. These two totals will be added together to arrive at a total for Category 2.

The sum of Category 1 and Category 2 will determine the low bid for the purposes of this evaluation.

The Bidder shall determine the number of support staff their company needs to complete the tasks assigned in this Contract. The # of staff could be from 0 and above.

SPECIAL CONTRACT TERMS AND CONDITIONS

FIXED-PRICE WITH ECONOMIC ADJUSTMENT: The contract prices(s) will remain firm for the first twelve (12) months duration of the contract. Thereafter, the Bidder may submit a request to increase their price(s) to be effective fifteen (15) calendar days after acceptance by DAS. No price adjustment will be permitted prior to the effective date of the increase received by the Bidder from his suppliers, or on purchase orders that are already being processed, or on purchase orders that have been filled and are awaiting shipment. If the Bidder receives orders requiring quarterly service, the increase will apply to all services made after the effective date of the price increase.

The price increase must be supported by a general price increase in the overall total cost of service, due to increases in the cost of raw materials, labor, freight, Workers' Compensation and/or Unemployment Insurance, reach goal objectives, etc. Detailed documentation, to include a comparison list of the contract items and proposed price increases, must be submitted to support the requested increase. Supportive documentation should include, but is not limited to: copies of the old and the current price lists or similar documents which indicate the original base cost of the product to the Bidder and the corresponding increase, and/or copies of correspondence sent by the Bidder's supplier on the supplier's letterhead, which contain the above price information and explains the source of the increase in such areas as raw materials, freight, fuel or labor, etc.

Should there be a decrease in the cost of the overall total cost of service due to a general decline in the market or some other factor, the Bidder is responsible to notify DAS immediately. The price decrease adjustment will be incorporated into the contract and will be effective on all purchase orders issued after the effective date of the decrease. If the price decrease is a temporary decrease, such should be noted on the invoice. In the event that the temporary decrease is revoked, the contract pricing will be returned to the pricing in effect prior to the temporary decrease. For quarterly services, any decrease will be applied to services made after the effective date of the decrease. Failure to comply with this provision will be considered as a default and will be subject to Provision I.C. "Termination/Suspension" and Provision II. of the "Contract Remedies:" of the "Standard Contract Terms and Conditions".

INSURANCE DOCUMENTS: Upon request, the Bidder must submit, within thirty (30) days, updated insurance documents as required by this Contract. The documents must include a current Workers' Compensation Certificate and an Acord Certificate of Liability Insurance and must include all required endorsements as described in the Supplemental Terms and Conditions of this Contract.

Failure to maintain compliant insurance coverage per S-13 of the Supplemental Contract Terms and Conditions will be considered a default and will be cause for termination of the Contract under the Standard Contract Terms and Conditions, Section I, Item C, Part 1.

These documents shall be forwarded to the Office of Procurement Services, 4200 Surface Road, Columbus, OH 43228-1395, Attn: Gayle Blankenship.

RENEWAL DOCUMENTS: The Bidder is responsible for annually providing a copy of any certifications, insurance documents, licenses, DMA certifications, or any other document applicable to their business at the time of each renewal. These documents shall be available upon request, and must be submitted prior to any renewals of this Contract.

E.D.G.E CERTIFICATION: The Office of Procurement Services has identified those Bidders who were E.D.G.E. certified at the time of award of the Contract. It is possible that a Bidder's certification status will change during the term of the Contract. Agencies should refer to the Equal Opportunity Division website at <http://www.das.ohio.gov/eod/mbesearch/edgeindex.asp> to verify E.D.G.E. Certification status of the Bidder.

LIQUIDATED DAMAGES: In the event that an awarded Contractor fails to provide services or deliver equipment as specified herein, the Agency will contact the Bidder to determine when the services and/or equipment will be provided. If the Bidder cannot fulfill the requirements within a timeline acceptable to the Agency, the Agency may procure like-kind supplies/services from another resource and invoice the contract provider for the full amount charged by the third party provider. Invoices for said liquidated damages must be deducted from subsequent Bidder invoices prior to payment by the Agency.

In the event that an awarded Contractor fails to provide accurate invoicing, or corrected invoicing within a reasonable amount of time determined by the Office of Procurement Services, the Bidder may be in default of this Contract and may be subject to termination.

SPECIAL CONTRACT TERMS AND CONDITIONS

Under these damage recovery provisions, the Agency may: (1) elect to procure any portion of the services and/or equipment purchase from another source; (2) charge the Bidder for any difference in cost for the merchandise or service procured; and (3) cancel any portion of the original order without Bidder penalty. Also reference Supplemental Contract Terms and Conditions, Article S-9, Time of Delivery, and Standard Contract Terms and Conditions, Section II, Contract Remedies.

REFERENCES: Bidder must provide with their Bid at least four (4) positive references for jobs of similar scope which may include government agencies and private industries. The reference must provide the name and address of the company, the name and telephone number(s) of the contact person, a brief description of services provided and the length of service for that company.

Upon request from Office of Procurement Services, the Bidder will provide additional references if needed. Failure to provide references that are able and available to answer questions pertinent to the Bidder's performance and job satisfaction may deem the Bidder as not responsive and their Bid may be disqualified.

AFFIRMATIVE ACTION PLAN: All Bidders from whom the state or any of its political subdivisions make purchases shall have a written affirmative action program for the employment and effective utilization of economically disadvantaged persons.

An Affirmative Action Program Verification Form must be submitted to the Equal Opportunity Division to comply with the affirmative action requirements pursuant to the Ohio Revised Code 125.111(B). The form verifies the company's commitment to implement steps to ensure equal employment opportunity within their organization.

The Bidder must submit with their Bid verification that this process has been completed. The following link shall provide the Bidder with access to this website to complete the application. <http://www.das.ohio.gov/Eod/AAPV.htm>.

*LIMITATION OF LIABILITY: As defined by Section IV D-2 of the Standard Terms and Conditions of this document, the Limitation of Liability requirements are revised. This language shall supersede any reference to Limitation of Liability within this document.

The revised language for Section IV D of the Standard Terms and Conditions shall read:

Limitation of Liability. Notwithstanding any limitation provisions contained in the documents and materials incorporated by reference into this agreement, the parties agree as follows:

1. Neither party will be liable for any indirect, incidental or consequential loss or damage of any kind, including but not limited to lost profits, even if the parties have been advised, knew, or should have known of the possibility of such damages.
2. The contractor further agrees that the contractor shall be liable for all direct damages due to the fault or negligence of the contractor up to two (2) times the value of the transaction or two million dollars (\$2,000,000) whichever is greater.

For purposes of this paragraph, the parties agree that the term "transaction" means a purchase and/or services order issued by any state agency associated with this Contract.

*Revised by amendment effective 07/01/09.

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

GENERAL SPECIFICATIONS AND REQUIREMENTS

D. Trial Preparation & Expert Witness Testimony

1. Prepare questions for deposition or sworn statement under oath
2. Professionally prepare exhibits for use at trial, mediation, or any type of dispute resolution, including settlement negotiations
3. Analyzing depositions, interrogations and related data
4. Prepare for cross-examination and rebuttal of other party's evidence
5. Provide and deliver clear expert witness testimony
6. Evaluating the credibility and accuracy of opposing expert testimony reports, data, and trial related documents
7. Anticipate and rebut opposing arguments
8. Prepare a trial workbook documenting case and exhibits
9. When requested, attend trials
10. Defend positions and reports created by the Bidder
11. Clearly communicate case position

III. DEFINITIONS:

- A. GAAP-Generally Accepted Accounting Principles
- B. GASB-Governmental Accounting Standards Board
- C. Business Information-primarily as it relates to news, market research, credit and financial information, company and executive profiles, industry, country and economic analysis, and IT research
- D. Financial Reporting-formal records of a business' financial activities. An overview of a business' financial condition in both short and long term.
- E. Evidence- includes everything that is used to determine or demonstrate the truth of an assertion. This includes both circumstantial and direct.
- F. Economic Damages- A type of monetary damages that may be recoverable in a lawsuit.
- G. Tort- The name given to a body of law that addresses, and provides remedies for, civil wrongs not arising out of contractual obligations. A person who suffers legal damages may be able to use tort law to receive compensation from someone who is legally responsible, or "liable," for those injuries. Generally speaking, tort law defines what constitutes a legal injury and establishes the circumstances under which one person may be held liable for another's injury. Torts cover intentional acts and accidents. (Wikipedia)
- H. Breach of Contract- a legal concept in which a binding agreement or bargained-for exchange is not honored by one or more of the parties to the contract by non-performance or interference with the other party's performance. (Wikipedia)
- I. Business Valuation-a process and a set of procedures used to estimate the economic value of an owner's interest in a business.
- J. OPS-Office of Procurement Services

IV. BIDDER QUALIFICATIONS: The Bidder shall demonstrate at least ten (10) years of experience in forensic accounting. The primary Contractor, or Forensic Accountant must hold and maintain at least three (3) of the following credentials:

- A. Accredited in Business Valuations (ABV)
- B. Certified Forensic Financial Analyst (CFFA)
- C. Certified Fraud Examiner (CFE)

GENERAL SPECIFICATIONS AND REQUIREMENTS

- D. Certified Internal Auditor (CIA[®])
- E. Certified Public Accountant (CPA)
- F. Certified Valuation Analyst (CVA)
- G. Fraud Claim Law Associate (FCLA)

V. TRAVEL: All travel will be paid at the contracted rates only. Any expenses outside of those listed within this document will not be paid. All travel reimbursement requests must be accompanied by receipts including company name issuing expense, date of transaction, and breakdown of costs. Any requests submitted without receipts shall not be reimbursed.

Any expenses such as supplies, printing, binders, postage, telephone toll charges, or other charges incurred in the normal course of business shall be at the Bidder's expense and should not be included in the invoice to the State.

- A. Lodging - The allowable cost of the lodging shall not exceed the cost provided at the time of Bid. The amount reimbursed will be the actual amount paid, not to exceed the cap set forth on the Price Schedule. Lodging will not be paid within a fifty-mile radius of Bidder's place of employment or residence.
- B. Meals - The allowable cost of meals and/or food shall not exceed the cost provided at the time of Bid. There shall be no reimbursement for any alcoholic beverages. Tips in excess of 20% will not be allowed.
- C. Transportation
 - 1. Air- Allowable expenses for air travel shall be for coach only with at least fourteen days advance notice. In emergency events only, and with pre-approval by OPS, shall the advance notice requirement be waived.
 - 2. Personal Vehicle- mileage shall be reimbursed at the rates published by the state of Ohio.
 - 3. Commercial Ground Transportation – shall not exceed any published rates and should be the lowest, economical means possible.
- D. Travel shall only be reimbursed for expenses related to Contractual business and not for seminars, workshops, or conferences. All expenses submitted must reference the name of the investigation.

VI. BIDDER REQUIREMENTS:

- A. Bidder agrees to abide by all Standard, Supplemental, and Special Terms and Conditions of this Contract, along with the General Specifications and Requirements. In addition, the Bidder acknowledges the Confidentiality clause located in the Standard Terms and Conditions, Section V-E, along with the Ohio Ethics found in Supplemental Terms and Conditions, Section S-20.
- B. Bidder agrees to respond to any requests within twenty-four hours and provide these services in a timely manner and be responsive and cognizant of the nature of these requests. Any delays in the process could be a risk to any investigation and therefore should be kept to a minimum. At anytime should the State believe the time to complete any tasks becomes excessive and the Bidder is unwilling to remedy the situation, the State reserves the right to seek a waiver from OPS to cancel services on current investigation(s). Failure to remedy situations beyond the first occurrence may be cause for termination.

VII. INVOICING:

- A. The Bidder shall prepare a monthly invoice with appropriate documentation for amounts due to the Bidder.
- B. The Bidder shall send the original invoice to the using agency and copy to the Office of Procurement Services.

GENERAL SPECIFICATIONS AND REQUIREMENTS

The address for sending a copy to OPS is:

Office of Procurement Services
Attn: Gayle Blankenship
4200 Surface Road
Columbus, OH 43228

OPS reserves the right to reject any invoice for payment due to erroneous charges or inconsistencies with pricing to the Contract.

- C. The using agency shall review and forward for payment the Bidder's invoice as required by law and accepted practices of the state of Ohio.
- D. All notices concerning requests for any amendment, change and/or exercising any clause of said contract shall be forwarded to the Office of Procurement Services for review and approval.
- E. The proposed Contract shall contain all the agreements and conditions made by the parties and may not be modified orally or in any manner other than by official Contract amendment issued by the Office of Procurement Services.

VIII. OWNERSHIP OF WORK PRODUCTS AND PRESS RELEASES:

All work products including digital forms produced or created by the Bidder as a result of or related to the performance of work or services under this Contract will be the property of the State.

Any news releases or comments to the media pertaining to this Contract or the related services will not be made without prior approval of the Office of Procurement Services.

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)*
Renewed through 05/31/12 by mutual agreement.



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

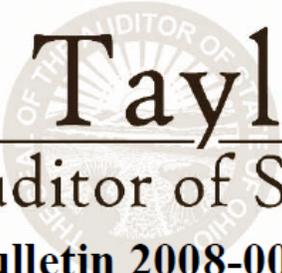
Prior to any purchase order being issued, any agency desiring to use this Contract must read and respond accordingly to Attachment 1 of this document. The Auditor of State requires all agencies to seek approval prior to issuing any purchase orders against this Contract.

*Contract renewed through 05/31/12 by mutual agreement. (Amendment 4)

SUMMARY OF AMENDMENTS

Amendment Number	Revision Date	Description
4	05/20/10	Cancel Amendment 3 terminating the Contract effective 05/31/10 and renewing the Contract by mutual agreement effective 06/01/10 through 05/31/12.
3	02/08/10	Issued due to the Contract will not be renewed beyond its termination date.
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 black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

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