



**State Term Contract 84111600-20-1
For
Financial and Performance Audits**

This Contract is between the State of Florida, Department of Management Services (Department), an agency of the State of Florida and **MorganFranklin Consulting, LLC** (Contractor), collectively referred to herein as the "Parties."

Accordingly, the Parties agree as follows:

I. Initial Contract Term.

The Initial Contract Term shall be for three years. The Initial Contract Term shall begin on March 1, 2021 or the date of the last signature on this Contract, whichever occurs later. The Contract shall expire on February 29, 2024 unless terminated earlier in accordance with the incorporated Special Contract Conditions.

II. Renewal Term.

Upon mutual written agreement, the Parties may renew this Contract, in whole or in part, for a Renewal Term not to exceed the Initial Contract Term, pursuant to the incorporated Special Contract Conditions.

III. Contract.

As used in this document, "Contract" (whether or not capitalized) shall, unless the context requires otherwise, include this document and all incorporated Attachments, which set forth the entire understanding of the Parties and supersedes all prior agreements. All modifications to this Contract must be in writing and signed by all Parties.

All Attachments listed below are incorporated in their entirety into, and form part of, this Contract. The Contract Attachments shall have priority in the order listed:

- a) Special Contract Conditions, Contract Attachment B
- b) Contractor's submitted Cost Proposal, Contract Attachment A
- c) Customer Contract or Purchase Order(s)
- d) Contractor's submitted Technical Proposal, Contract Attachment C
- e) Authorized Services List, Contract Attachment D
- f) Contractor Information Form, Contract Attachment E
- g) No Offshoring, Contract Attachment F
- h) Subcontracting, Contract Attachment G

**State Term Contract No. 84111600-20-1
For
Financial and Performance Audits**

IV. Statement of Work.

a) Scope of Services.

The Contractor will provide Financial and Performance Audit (FPA) services, giving an attestation of whether the financial statements of an audited entity fairly present the financial position, results of operations, and cash flows in conformity with generally accepted accounting principles. This includes audits of financial statements prepared in conformity with standards of accounting issued by the Statement of Federal Financial Accounting Standards (SFFAS). Services are provided on an as-needed basis, with no guaranteed or minimum spend.

In order to purchase services under this Contract, Customers will issue Requests for Quotes (RFQs) to contractors available under the Financial and Performance Audits State Term Contract (see section IV. f), Request for Quote(s) Requirement, below, for more specifics on this requirement), which will include a Customer-specific Statement of Work ("Customer SOW") detailing the specific services or projects to be performed by the selected contractor, which will also be set forth in the contract or MyFloridaMarketPlace (MFMP) purchase order (collectively referred to as a "PO") between the Customer and selected contractor.

b) Pricing.

The attached Cost Proposal, Contract Attachment A, provides maximum hourly rates for services. In lieu of hourly pricing, Customers may request project-based pricing to accomplish goals and tasks that include more complex requirements. Customers who choose to use a project-based pricing model are not exempt from the requirements listed in section IV. f), Request for Quote(s) Requirement, and must negotiate all pricing, fees and related expenses associated with the completion of each task and deliverable with the selected contractor. Project-based pricing should be fully detailed in the Customer SOW. The project-based pricing is intended to provide predictability and a discount to Customers relative to the maximum hourly rates. Under no circumstance may a project-based price be permitted to be greater than the hourly rates.

c) Job Titles and Duties.

The following sections describe the responsibilities of the personnel provided by the Contractor, in accordance with the terms of the Contract, who are used to provide Customers with services pursuant to the Customer SOW set forth in the Customer's PO (Customers may supplement these duties in their Customer SOWs provided the duties do not exceed or conflict with this Contract).

1. *Principal Consultant:* A minimum of ten (10) years' experience in duties associated with FPA services is required for Principal Consultant positions. The functional responsibilities of this position may include, but are not limited to:

- Providing executive-level consultation services to the Customer
- Providing senior-level interface with the Customer and managing daily operations
- Ensuring the timely performance and completion of all obligations under the PO

**State Term Contract No. 84111600-20-1
For
Financial and Performance Audits**

- Organizing and directing the overall performance of the Customer PO
- Possessing the authority to make binding decisions on behalf of the Contractor
- Formulating organizational strategy and directing major strategic initiatives
- Ensuring that goals and objectives are accomplished within budgetary parameters
- Developing and maintaining Customer relationships
- Assisting on large, complex or multi-discipline engagements
- Allocating financial and human resources and material assets
- Formulating and enforcing work standards
- Participating in the design phase of tasks and ensuring their successful execution

2. *Senior Consultant:* A minimum of ten (10) years' experience in duties associated with FPA services is required for Senior Consultant positions. The functional responsibilities of this position may include, but are not limited to:

- Managing the day-to-day operations
- Ensuring the quality and timely completion of projects or services
- Providing technical and subject matter expertise in fulfillment of Customer SOWs
- Participating as a senior team member providing high-level consulting services
- Planning, organizing, and executing tasks in successful delivery of projects or services
- Developing and defining strategic visions
- Planning, directing, controlling, scheduling, coordinating, and organizing management of tasks
- Providing Customer interface in fulfillment of Customer SOWs
- Possessing authority and responsibility for the execution of Customer SOWs
- Planning, organizing, and overseeing all subordinate work efforts
- Ensuring quality standards and work performance on Customer SOWs
- Organizing, directing, and managing support services

3. *Consultant:* A minimum of five (5) years' experience in duties associated with FPA services is required for Consultant positions. The functional responsibilities of this position may include, but are not limited to:

- Applying administrative, consultative, and technical expertise in fulfillment of Customer SOWs
- Planning, organizing, executing, and controlling project tasks in successful delivery of projects or services
- Interfacing with Customer on a day-to-day basis to ensure timely delivery of project or services
- Applying a broad set of management skills and technical expertise as a project leader
- Providing solutions through analysis
- Directing subordinates in the completion of tasks orders
- Organizing, directing, and managing support services
- Assigning tasks and overseeing projects or other services under the Customer SOWs
- Directing activities in fulfillment of Customer SOWs

**State Term Contract No. 84111600-20-1
For
Financial and Performance Audits**

- Training Customer personnel through formal classroom courses, workshops, or seminars

4. *Junior Consultant:* A minimum of three (3) years' experience in duties associated with FPA services is required for Junior Consultant positions. The functional responsibilities of this position may include, but are not limited to:

- Applying a broad set of subject matter and technical expertise
- Directing projects or services under the Customer SOWs within estimated timeframes and budget constraints
- Organizing, directing, and managing support services
- Serving as a member of a team performing mid-level assignments
- Providing solutions through analysis
- Conducting Customer training through formal classroom courses, workshops, and seminars

5. *Program and Administrative Support:* The functional responsibilities of this position may include, but are not limited to:

- Coordinating and providing administrative support services to Contractor staff and Customer
- Supporting the provision of services or production of project deliverables and performing administrative functions required to complete tasks
- Providing graphics and editorial support services and desktop publishing services
- Maintaining version control of project documents
- Providing direct support to consulting staff, including supporting the development of all deliverables

d) Anticipated Preferences.

The following contains anticipated Customer-specific preferences of Contractor and its personnel in providing Customer-specific services or projects pursuant to the Customer SOWs, as set forth in the Customer POs. Customers may request in their RFQs that the Contractor conform with the Customer-specific preferences including, but not limited to, the following:

- Knowledge of government business practices, which is inclusive of State of Florida practices.
- Knowledge of standards of accounting issued by Statement of Federal Financial Accounting Standards (SFFAS).

e) Services.

The services the Contractor, through its personnel, may provide include:

- Financial Statements Audits - Audit of financial statements prepared in conformity with standards of accounting issued by SFFAS and by the American Institute of Certified Public Accountants (AICPA).
- Audits of Segments of Financial Statements - Audit of financial information (i.e., statement of revenue and expenses, statement of cash receipts and disbursements,

State Term Contract No. 84111600-20-1
For
Financial and Performance Audits

statement of fixed assets, budget requests, and variances between estimated and actual financial performance).

- Internal Controls Audits
 - Audit for compliance with laws and regulations such as those governing the bidding for, accounting for, and reporting on grants and contracts including proposals, amounts billed, and amounts due on termination claims.
 - Audit financial reporting and safeguarding of assets including the use of computer-based systems.
- Economy and Efficiency Audits
 - Assess business practices.
 - Evaluate acquisition of appropriate type, quality, and amount of resources at an appropriate cost.
 - Assess duplication of effort by employees and identify work that serves little or no purpose.
 - Evaluate the optimum amount of resources (staff, equipment, and facilities) in producing or delivering the appropriate quantity and quality of goods or services in a timely manner.
 - Evaluate compliance with requirements of laws and regulations that could significantly affect the acquisition, protection, and use of resources.
 - Assess management control systems for measuring, reporting, and monitoring a program's economy and efficiency.
 - Evaluate reported measures of economy and efficiency.
- Program Results and Program Fraud Audits
 - Assess whether the objectives of a new or ongoing program are proper, suitable, or relevant.
 - Determine the extent to which a program achieves a desired level of program results.
 - Assess the effectiveness of the program and/or individual program components.
 - Determine whether the program complements, duplicates, overlaps, or conflicts with other related programs.
 - Assess compliance with laws and regulations applicable to the program

f) Request for Quote(s) Requirement.

1. Customer SOW. Customers needing FPA services will create an RFQ each time they desire to solicit these services. The Customer shall issue a detailed RFQ that specifies a term and includes a Customer SOW stating the services, service levels, educational qualifications, and experience needed. Customers should also consider including the following information in their RFQs under the Financial and Performance Audits State Term Contract:

- Statement of purpose.
- Customer project job duties.
- Required tasks and deliverables, completion of which is subject to Customer acceptance.
- Requirement for contractor to provide an estimate of the hours needed to complete the projects or deliverables, as described in the Customer SOW.
- Customer project timeline.

**State Term Contract No. 84111600-20-1
For
Financial and Performance Audits**

- List of contractor responsibilities.
- Necessary qualifications/certifications of the individuals/organization performing work on the Customer project.
- Customer-specific financial consequences for non-performance (note that the financial consequences listed in section IV. g), Financial Consequences, are only in regard to the Contractor's obligation to submit reports to the Department).
- Customer-specific terms and conditions.

When creating a Customer SOW, Customers are permitted to negotiate terms and conditions which supplement those contained in this Contract. Such additional terms must be for services contemplated in the Contract and must not reduce the Contractor's obligations under the Contract (if any such conflicting terms are included in the Customer SOW, the conflict between the terms of the Customer SOW and this Contract will be resolved in favor of terms most favorable to the Customer). Specific terms and conditions within a Customer SOW are only applicable to the Customer's PO.

2. Minimum Number of RFQs Sent by Customer.

Customers Utilizing MFMP: All Customers who utilize MFMP must use the MFMP Sourcing application for creating RFQs under the Financial and Performance Audits State Term Contract. The Customer shall select at least three (3) contractors available under the Financial and Performance Audits State Term Contract and authorized to provide the type of services being requested, to which to send its RFQ. MFMP sourcing will automatically add an additional five (5) randomly selected contractors available under the Financial and Performance Audits State Term Contract to the RFQ event. All eight (8) contractors sent the RFQ will receive a notification of the RFQ and may respond. Customers may view the RFQ Contractor List on the event's "Overview" tab. If fewer than eight (8) contractors are available under the Financial and Performance Audits State Term Contract, and authorized to provide the type of services being requested, the Customer shall send the RFQ to all of the contractors available under the Financial and Performance Audits State Term Contract that are authorized to provide the type of services being requested.

Customers Not Utilizing MFMP: Customers who do not utilize MFMP shall create an RFQ document each time they desire to solicit FPA services and shall send the RFQ document electronically via email to at least (8) contractors available under the Financial and Performance Audits State Term Contract and authorized to provide the type of services being requested. If fewer than eight (8) contractors are available under the Financial and Performance Audits State Term Contract, and authorized to provide the type of services being requested, the Customer shall send the RFQ to all of the contractors available under the Financial and Performance Audits State Term Contract that are authorized to provide the type of services being requested.

4. RFQ Format. The specific format of the RFQ is left to the discretion of the Customer's Contracting Officer. Pursuant to section 287.056(2), F.S., RFQs performed within the scope of the Financial and Performance Audits State Term Contract are not independent

State Term Contract No. 8411600-20-1
For
Financial and Performance Audits

competitive solicitations and are not subject to the notice or challenge provisions of section 120.57(3), F.S.

g) Department- Specific Financial Consequences.

Financial consequences will be assessed for failure to submit the reports required by the Contract. Financial consequences will be assessed on a daily basis for each individual failure until the submittal is accomplished to the satisfaction of the Department and will apply to each target period beginning with the first full month or quarter of the Contractor's performance, as applicable, and each and every month/quarter thereafter. The Department reserves the right to recoup such financial consequences by withholding payment or by requiring the Contractor to pay financial consequences via check or money order in US Dollars within thirty (30) calendar days after the required report submission date. The Department also reserves the right to implement other appropriate remedies, such as Contract termination or non-renewal, when the Contractor has failed to perform/comply with the provisions of the Contract.

Contract Requirement	Description	Frequency	Daily Financial Consequences for Non-Performance
Timely Submission of complete and accurate Contract Quarterly Sales Report	Submit Quarterly Sales Report in accordance with section IV.I)2.	Each quarter	\$250
Timely Submission of complete and accurate MFMP Transaction Fee Report	Submit MFMP Transaction Fee in accordance with section IV.I)1.	Each month	\$100

For Customer-specific financial consequences, as set forth in the Customer PO, the Customer may collect financial consequences by reducing payments to the Contractor or by requiring the Contractor to pay via check or money order in US Dollars, made out to the Customer, within thirty (30) calendar days after the financial consequence began to accrue.

h) Contractor's Administrative Responsibilities.

The Contractor shall provide all management, administrative, clerical, and supervisory functions required for the effective and efficient performance of all Customer POs it accepts, and shall have sole responsibility for the supervision, daily direction and control, payment of salary (including withholding of income taxes and social security), and any benefits for its personnel. The Contractor is accountable for the actions of its personnel.

Contractor's management responsibilities include, but are not limited to, the following:

- Ensuring personnel understand the work to be performed on Customer POs to which they are assigned;

**State Term Contract No. 84111600-20-1
For
Financial and Performance Audits**

- Ensuring personnel know their management chain and adhere to Contractor policies and exhibit professional conduct to perform in the best interest of the Customer;
- Ensuring personnel adhere to applicable laws, regulations, and Contract conditions governing Contractor performance and relationships with the Customer;
- Regularly assessing personnel performance and providing feedback to improve overall task performance; and
- Ensuring high quality results are achieved through task performance.

i) Contractor Warranty.

The Contractor agrees to the following representation and warranty:

Should any defect or deficiency in any deliverable, or the remedy of such defect or deficiency, cause incorrect data to be introduced into any Customer's database or cause data to be lost, the Contractor shall be required to correct and reconstruct, within the timeframe established by the Customer, all production, test, acceptance, and training files or databases affected, at no additional cost to the Customer.

j) Business Days.

The Contractor shall provide all services to Customers Mondays through Fridays, except on holidays observed by the Customer. Days observed as holidays by State agencies are provided via the link below:

https://www.dms.myflorida.com/workforce_operations/human_resource_management/for_state_personnel_system_hr_practitioners/state_holidays

Customers may observe additional holidays which, if any, will be detailed in the Customer's PO.

k) Routine Communications.

All routine communications and reports related to the Contract shall be sent to the Department's Contract Manager. If any information listed on the Contract Information form (Contract Attachment E) changes during the life of the Contract, then the Contractor shall update the form and submit it to the Department's Contract Manager (such update does not necessitate a formal amendment to the Contract). Communications relating to a Customer PO should be addressed to the contact person identified in the PO. Communications may be by e-mail, regular mail, or telephone.

l) Contract Reporting.

The Contractor shall report information on orders received from Customers under the Contract. The Contractor shall submit the following reports:

1. MFMP Transaction Fee Report.

The Contractor shall submit monthly Transaction Fee Reports in the Department's electronic format. Reports are due fifteen (15) calendar days after the end of the calendar month. For information on how to submit Transaction Fee Reports online, please reference the detailed fee reporting instructions and vendor training presentations available online on the "Transaction Fee & Reporting" and "Training for Vendors"

**State Term Contract No. 84111600-20-1
For
Financial and Performance Audits**

subsections under "Vendors" on the MFMP website. Assistance with Transaction Fee Reporting is also available from the MFMP Customer Service Desk by email at feeprocessing@myfloridamarketplace.com or telephone at 866-FLA-EPRO (866-352-3776) from 8:00 a.m. to 6:00 p.m. Eastern Time.

2. Contract Quarterly Sales Reports.

The Contractor shall submit a Contract Quarterly Sales report electronically, in the required format, to the Department's Contract Manager within fifteen (15) calendar days after the close of each State Fiscal quarter listed below. Failure to provide the Contract Quarterly Sales report will result in the imposition of financial consequences. Initiation and submission of the Contract Quarterly Sales report is the responsibility of the Contractor without prompting or notification by the Department. Sales will be reviewed on a quarterly basis. If no sales are recorded in two consecutive Contract quarters, the Department may terminate the Contract.

Quarter 1 – (July-September) – due fifteen (15) calendar days after the close of the fiscal quarter.

Quarter 2 – (October-December) – due fifteen (15) calendar days after the close of the fiscal quarter.

Quarter 3 – (January-March) – due fifteen (15) calendar days after the close of the fiscal quarter.

Quarter 4 – (April-June) – due fifteen (15) calendar days after the close of the fiscal quarter.

3. Diversity Report.

The Contractor shall report to each Customer, fifteen (15) business days after the end of the State fiscal year, the spend with certified and other minority business enterprises. These reports shall include the period covered, the name, minority code, and Federal Employer Identification Number of each minority business utilized during the period; commodities and services provided by the minority business enterprise; and the amount paid to each minority business on behalf of each purchasing agency ordering under the terms of this Contract.

4. Ad-hoc Report.

The Department may require additional Contract information such as copies of Customer POs or ad hoc sales reports. The Contractor shall submit these specific ad hoc reports within 30 days of the request or a specified amount of time as requested by the Department.

m) Business Review Meetings.

Each quarter the Department may request a business review meeting. The business review meeting may include, but is not limited to, the following:

- Successful completion of deliverables
- Review of the Contractor's performance
- Review of minimum required reports
- Addressing of any elevated Customer issues

**State Term Contract No. 8411600-20-1
For
Financial and Performance Audits**

- Review of continuous improvement ideas that may help lower total costs and/or improve business efficiencies.

n) Price Adjustments.

The Contractor shall adhere to the initial and renewal term hourly rates (pricing) provided in its Cost Proposal. The Department will not allow for increases to these prices. Negotiated prices are not-to-exceed prices and lower prices may be negotiated by the Department and/or the Customer.

o) Contract Transition.

Upon the expiration or termination of the Contract, the Contractor shall ensure a seamless transfer of Contract responsibilities to the Department or any subsequent vendor as necessary to transition the services provided under the Contract. The Contractor agrees to cooperate with the Department and any subsequently awarded vendor to coordinate the transition including, but not limited to, attending meetings and furnishing necessary information. The Contractor shall assume all expenses related to its obligations to assist in the Contract transition.

V. Contract Management.

Department’s Contract Manager:

Christia Nunnery
Division of State Purchasing
Florida Department of Management Services
4050 Esplanade Way, Suite 360.8X
Tallahassee, Florida 32399-0950
Telephone: (850) 488-8367
Email: Christia.Nunnery@dms.myflorida.com

IN WITNESS THEREOF, the Parties hereto have caused this Contract, which includes the incorporated Attachments, to be executed by their undersigned officials as duly authorized. This Contract is not valid and binding until signed and dated by the Parties.

**MORGANFRANKLIN CONSULTING, LLC STATE OF FLORIDA,
DEPARTMENT OF MANAGEMENT SERVICES**

DocuSigned by:
Farouk Belal
7C8C36504B8C413...
Farouk Belal
Sr. Contracts Manager

DocuSigned by:
Tami Fillyaw
991459A211104A3...
Tami Fillyaw
Chief of Staff

2/17/2021 | 12:53 PM PST

Date:

2/18/2021 | 4:57 PM EST

Date:

**Contract Attachment A: Cost Proposal
Request For Proposals
No. 06-80101500-J
Management Consulting Services and Financial and Performance Audits**

Respondent Name

MorganFranklin Consulting, LLC

INSTRUCTIONS

The Respondent may respond to one or both Service Categories. **The Respondent is not required to respond to both Service Categories.** However, the Respondent must provide pricing for all job titles within each Service Category for which the Respondent is submitting a Technical Proposal.

For Respondent to be considered for an award in a Service Category, the Respondent is required to submit pricing for all job titles within the Service Category they are proposing to offer services for both the Initial Term and Renewal Term. **The Respondent must submit a price in all yellow highlighted cells for the Service Category for which the Respondent is proposing services.** The Department will not consider or evaluate a proposal for any Service Category that fails to provide pricing for all job titles in a Service Category for both the Initial Term and Renewal Term.

Please refer to the Job Titles and Duties section of Attachment C (for Management Consulting Services) and Attachment D (for Financial and Performance Audits) for the minimum qualifications and responsibilities of the job titles listed below.

This Attachment A, Cost Proposal, establishes pricing for services offered for the term of the contract and any renewals. The Respondent shall not exceed this pricing when providing services under any resultant contract.

Provide pricing in dollar amounts; amounts may include cents (e.g. \$0.05), but cannot include fractions of cents (e.g. \$0.005).

Proposed costs are ceiling rates inclusive of any and all costs associated with providing services.

Service Category 2: Financial and Performance Audits

JOB TITLE	INITIAL TERM HOURLY RATE	RENEWAL TERM HOURLY RATE
Principal Consultant	\$250.00	\$250.00
Senior Consultant	\$175.00	\$175.00
Consultant	\$135.00	\$135.00
Junior Consultant	\$101.00	\$101.00
Program and Administrative Support	\$28.00	\$28.00

Contract Attachment B
SPECIAL CONTRACT CONDITIONS
JULY 1, 2019 VERSION

Table of Contents

SECTION 1. DEFINITION.....	2
SECTION 2. CONTRACT TERM AND TERMINATION.....	2
SECTION 3. PAYMENT AND FEES.....	3
SECTION 4. CONTRACT MANAGEMENT.....	4
SECTION 5. COMPLIANCE WITH LAWS.....	6
SECTION 6. MISCELLANEOUS.....	7
SECTION 7. LIABILITY AND INSURANCE.....	9
SECTION 8. PUBLIC RECORDS, TRADE SECRETS, DOCUMENT MANAGEMENT, AND INTELLECTUAL PROPERTY.....	10
SECTION 9. DATA SECURITY.....	12
SECTION 10. GRATUITIES, LOBBYING, AND COMMUNICATIONS.....	13
SECTION 11. CONTRACT MONITORING.....	14
SECTION 12. CONTRACT AUDITS.....	15
SECTION 13. BACKGROUND SCREENING AND SECURITY.....	16
SECTION 14. WARRANTY OF CONTRACTOR’S ABILITY TO PERFORM.....	17

In accordance with Rule 60A-1.002(7), F.A.C., Form PUR 1000 is included herein by reference but is superseded in its entirety by these Special Contract Conditions.

SECTION 1. DEFINITION.

The following definition applies in addition to the definitions in Chapter 287, Florida Statutes (F.S.), and Rule Chapter 60A-1, Florida Administrative Code (F.A.C.):

1.1 Customer.

The agency or eligible user that purchases commodities or contractual services pursuant to the Contract.

SECTION 2. CONTRACT TERM AND TERMINATION.

2.1 Initial Term.

The initial term will begin on the date set forth in the Contract documents or on the date the Contract is signed by all Parties, whichever is later.

2.2 Renewal.

Upon written agreement, the Department and the Contractor may renew the Contract in whole or in part only as set forth in the Contract documents, and in accordance with section 287.057(13), F.S.

2.3 Suspension of Work and Termination.

2.3.1 Suspension of Work.

The Department may, at its sole discretion, suspend any or all activities under the Contract, at any time, when it is in the best interest of the State of Florida to do so. The Customer may suspend a resulting contract or purchase order, at any time, when in the best interest of the Customer to do so. The Department or Customer will provide the Contractor written notice outlining the particulars of the suspension. After receiving a suspension notice, the Contractor must comply with the notice and will cease the performance of the Contract or purchase order. Suspension of work will not entitle the Contractor to any additional compensation. The Contractor will not resume performance of the Contract or purchase order until so authorized by the Department.

2.3.2 Termination for Convenience.

The Contract may be terminated by the Department in whole or in part at any time, in the best interest of the State of Florida. If the Contract is terminated before performance is completed, the Contractor will be paid only for that work satisfactorily performed for which costs can be substantiated. Such payment, however, may not exceed an amount which is the same percentage of the Contract price as the amount of work satisfactorily performed. All work in progress will become the property of the Customer and will be turned over promptly by the Contractor.

2.3.3 Termination for Cause.

If the performance of the Contractor is not in compliance with the Contract requirements or the Contractor has defaulted, the Department may:

- (a) immediately terminate the Contract;
- (b) notify the Contractor of the noncompliance or default, require correction, and specify the date by which the correction must be completed before the Contract is terminated; or
- (c) take other action deemed appropriate by the Department.

SECTION 3. PAYMENT AND FEES.

3.1 Pricing.

The Contractor will not exceed the pricing set forth in the Contract documents.

3.2 Price Decreases.

The following price decrease terms will apply to the Contract:

3.2.1 Quantity Discounts. Contractor may offer additional discounts for one-time delivery of large single orders;

3.2.2 Preferred Pricing. The Contractor guarantees that the pricing indicated in this Contract is a maximum price. Additionally, Contractor's pricing will not exceed the pricing offered under comparable contracts. Comparable contracts are those that are similar in size, scope, and terms. In compliance with section 216.0113, F.S., Contractor must annually submit an affidavit from the Contractor's authorized representative attesting that the Contract complies with this clause.

3.2.3 Sales Promotions. In addition to decreasing prices for the balance of the Contract term due to a change in market conditions, the Contractor may conduct sales promotions involving price reductions for a specified lesser period. The Contractor must submit documentation identifying the proposed: (1) starting and ending dates of the promotion, (2) commodities or contractual services involved, and (3) promotional prices compared to then-authorized prices.

3.3 Payment Invoicing.

The Contractor will be paid upon submission of invoices to the Customer after delivery and acceptance of commodities or contractual services is confirmed by the Customer. Invoices must contain sufficient detail for an audit and contain the Contract Number and the Contractor's Federal Employer Identification Number.

3.4 Purchase Order.

A Customer may use purchase orders to buy commodities or contractual services pursuant to the Contract and, if applicable, the Contractor must provide commodities or contractual services pursuant to purchase orders. Purchase orders issued pursuant to the Contract must be received by the Contractor no later than the close of business on the last day of the Contract's term. The Contractor is required to accept timely purchase orders specifying delivery schedules that extend beyond the Contract term even when such extended delivery will occur after expiration of the Contract. Purchase orders shall be valid through their specified term and performance by the Contractor, and all terms and conditions of the Contract shall survive the termination or expiration of the Contract and apply to the Contractor's performance. The duration of purchase orders for recurring deliverables shall not exceed the expiration of the Contract by more than twelve months. Any purchase order terms and conditions conflicting with these Special Contract Conditions shall not become a part of the Contract.

3.5 Travel.

Travel expenses are not reimbursable unless specifically authorized by the Customer in writing and may be reimbursed only in accordance with section 112.061, F.S.

3.6 Annual Appropriation.

Pursuant to section 287.0582, F.S., if the Contract binds the State of Florida or an agency for the purchase of services or tangible personal property for a period in excess of one fiscal year, the State of Florida's performance and obligation to pay under the Contract is contingent upon an annual appropriation by the Legislature.

3.7 Transaction Fees.

The State of Florida, through the Department of Management Services, has instituted MyFloridaMarketPlace, a statewide eProcurement system pursuant to section 287.057(22), F.S. All payments issued by Customers to registered Vendors for purchases of commodities or contractual services will be assessed Transaction Fees as prescribed by rule 60A-1.031, F.A.C., or as may otherwise be established by law. Vendors must pay the Transaction Fees and agree to automatic deduction of the Transaction Fees when automatic deduction becomes available. Vendors will submit any monthly reports required pursuant to the rule. All such reports and payments will be subject to audit. Failure to comply with the payment of the Transaction Fees or reporting of transactions will constitute grounds for declaring the Vendor in default and subject the Vendor to exclusion from business with the State of Florida.

3.8 Taxes.

Taxes, customs, and tariffs on commodities or contractual services purchased under the Contract will not be assessed against the Customer or Department unless authorized by Florida law.

3.9 Return of Funds.

Contractor will return any overpayments due to unearned funds or funds disallowed pursuant to the terms of the Contract that were disbursed to the Contractor. The Contractor must return any overpayment within forty (40) calendar days after either discovery by the Contractor, its independent auditor, or notification by the Department or Customer of the overpayment.

SECTION 4. CONTRACT MANAGEMENT.

4.1 Composition and Priority.

The Contractor agrees to provide commodities or contractual services to the Customer as specified in the Contract. Additionally, the terms of the Contract supersede the terms of all prior agreements between the Parties on this subject matter.

4.2 Notices.

All notices required under the Contract must be delivered to the designated Contract Manager in a manner identified by the Department.

4.3 Department's Contract Manager.

The Department's Contract Manager, who is primarily responsible for the Department's oversight of the Contract, will be identified in a separate writing to the Contractor upon Contract signing in the following format:

Department's Contract Manager Name

Department's Name
Department's Physical Address
Department's Telephone #
Department's Email Address

If the Department changes the Contract Manager, the Department will notify the Contractor. Such a change does not require an amendment to the Contract.

4.4 Contractor's Contract Manager.

The Contractor's Contract Manager, who is primarily responsible for the Contractor's oversight of the Contract performance, will be identified in a separate writing to the Department upon Contract signing in the following format:

Contractor's Contract Manager Name
Contractor's Name
Contractor's Physical Address
Contractor's Telephone #
Contractor's Email Address

If the Contractor changes its Contract Manager, the Contractor will notify the Department. Such a change does not require an amendment to the Contract.

4.5 Diversity.

4.5.1 Office of Supplier Diversity.

The State of Florida supports its diverse business community by creating opportunities for woman-, veteran-, and minority-owned small business enterprises to participate in procurements and contracts. The Department encourages supplier diversity through certification of woman-, veteran-, and minority-owned small business enterprises and provides advocacy, outreach, and networking through regional business events. For additional information, please contact the Office of Supplier Diversity (OSD) at osdinfo@dms.myflorida.com.

4.5.2 Diversity Reporting.

Upon request, the Contractor will report to the Department its spend with business enterprises certified by the OSD. These reports must include the time period covered, the name and Federal Employer Identification Number of each business enterprise utilized during the period, commodities and contractual services provided by the business enterprise, and the amount paid to the business enterprise on behalf of each agency purchasing under the Contract.

4.6 RESPECT.

Subject to the agency determination provided for in section 413.036, F.S., the following statement applies:

IT IS EXPRESSLY UNDERSTOOD AND AGREED THAT ANY ARTICLES THAT ARE THE SUBJECT OF, OR REQUIRED TO CARRY OUT, THIS CONTRACT SHALL BE PURCHASED FROM A NONPROFIT AGENCY FOR THE BLIND OR FOR THE SEVERELY HANDICAPPED THAT IS QUALIFIED PURSUANT TO CHAPTER 413, FLORIDA STATUTES, IN THE SAME MANNER AND UNDER THE SAME PROCEDURES SET FORTH IN SECTION 413.036(1) AND (2), FLORIDA STATUTES;

AND FOR PURPOSES OF THIS CONTRACT THE PERSON, FIRM, OR OTHER BUSINESS ENTITY CARRYING OUT THE PROVISIONS OF THIS CONTRACT SHALL BE DEEMED TO BE SUBSTITUTED FOR THE STATE AGENCY INSOFAR AS DEALINGS WITH SUCH QUALIFIED NONPROFIT AGENCY ARE CONCERNED.

Additional information about RESPECT and the commodities or contractual services it offers is available at <https://www.respectofflorida.org>.

4.7 PRIDE.

Subject to the agency determination provided for in sections 287.042(1) and 946.515, F.S., the following statement applies:

IT IS EXPRESSLY UNDERSTOOD AND AGREED THAT ANY ARTICLES WHICH ARE THE SUBJECT OF, OR REQUIRED TO CARRY OUT, THIS CONTRACT SHALL BE PURCHASED FROM THE CORPORATION IDENTIFIED UNDER CHAPTER 946, F.S., IN THE SAME MANNER AND UNDER THE SAME PROCEDURES SET FORTH IN SECTION 946.515(2) AND (4), F.S.; AND FOR PURPOSES OF THIS CONTRACT THE PERSON, FIRM, OR OTHER BUSINESS ENTITY CARRYING OUT THE PROVISIONS OF THIS CONTRACT SHALL BE DEEMED TO BE SUBSTITUTED FOR THIS AGENCY INSOFAR AS DEALINGS WITH SUCH CORPORATION ARE CONCERNED.

Additional information about PRIDE and the commodities or contractual services it offers is available at <https://www.pride-enterprises.org>.

SECTION 5. COMPLIANCE WITH LAWS.

5.1 Conduct of Business.

The Contractor must comply with all laws, rules, codes, ordinances, and licensing requirements that are applicable to the conduct of its business, including those of federal, state, and local agencies having jurisdiction and authority. For example, the Contractor must comply with section 274A of the Immigration and Nationality Act, the Americans with Disabilities Act, Health Insurance Portability and Accountability Act, if applicable, and all prohibitions against discrimination on the basis of race, religion, sex, creed, national origin, handicap, marital status, or veteran's status. The provisions of subparagraphs 287.058(1)(a)-(c), and (g), F.S., are hereby incorporated by reference.

5.2 Dispute Resolution, Governing Law, and Venue.

Any dispute concerning performance of the Contract shall be decided by the Department's designated Contract Manager, who will reduce the decision to writing and serve a copy on the Contractor. The decision of the Contract Manager shall be final and conclusive. Exhaustion of this administrative remedy is an absolute condition precedent to the Contractor's ability to pursue legal action related to the Contract or any other form of dispute resolution. The laws of the State of Florida govern the Contract. The Parties submit to the jurisdiction of the courts of the State of Florida exclusively for any legal action related to the Contract. Further, the Contractor hereby waives all privileges and rights relating to venue it may have under Chapter 47, F.S., and all such venue privileges and rights it may have under any other statute, rule, or case law, including, but not limited to, those based on convenience. The Contractor hereby submits to venue in the county chosen by the Department.

5.3 Department of State Registration.

Consistent with Title XXXVI, F.S., the Contractor and any subcontractors that assert status, other than a sole proprietor, must provide the Department with conclusive evidence of a certificate of status, not subject to qualification, if a Florida business entity, or of a certificate of authorization if a foreign business entity.

5.4 Suspended, Convicted, and Discriminatory Vendor Lists.

In accordance with sections 287.042, 287.133, and 287.134, F.S., an entity or affiliate who is on the Suspended Vendor List, Convicted Vendor List, or Discriminatory Vendor List may not perform work as a contractor, supplier, subcontractor, or consultant under the Contract. The Contractor must notify the Department if it or any of its suppliers, subcontractors, or consultants have been placed on the Suspended Vendor List, Convicted Vendor List, or Discriminatory Vendor List during the term of the Contract.

5.5 Scrutinized Companies - Termination by the Department.

The Department may, at its option, terminate the Contract if the Contractor is found to have submitted a false certification as provided under section 287.135(5), F.S., or been placed on the Scrutinized Companies with Activities in Sudan List or the Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List, or been engaged in business operations in Cuba or Syria, or to have been placed on the Scrutinized Companies that Boycott Israel List or is engaged in a boycott of Israel.

5.6 Cooperation with Inspector General and Records Retention.

Pursuant to section 20.055(5), F.S., the Contractor understands and will comply with its duty to cooperate with the Inspector General in any investigation, audit, inspection, review, or hearing. Upon request of the Inspector General or any other authorized State official, the Contractor must provide any information the Inspector General deems relevant to the Contractor's integrity or responsibility. Such information may include, but will not be limited to, the Contractor's business or financial records, documents, or files of any type or form that refer to or relate to the Contract. The Contractor will retain such records for the longer of five years after the expiration of the Contract, or the period required by the General Records Schedules maintained by the Florida Department of State, at the Department of State's Records Management website. The Contractor agrees to reimburse the State of Florida for the reasonable costs of investigation incurred by the Inspector General or other authorized State of Florida official for investigations of the Contractor's compliance with the terms of this or any other agreement between the Contractor and the State of Florida which results in the suspension or debarment of the Contractor. Such costs will include but will not be limited to: salaries of investigators, including overtime; travel and lodging expenses; and expert witness and documentary fees. The Contractor agrees to impose the same obligations to cooperate with the Inspector General and retain records on any subcontractors used to provide goods or services under the Contract.

SECTION 6. MISCELLANEOUS.

6.1 Subcontractors.

The Contractor will not subcontract any work under the Contract without prior written consent of the Department. The Contractor is fully responsible for satisfactory completion of all its subcontracted work. The Department supports diversity in its procurements and contracts, and requests that the Contractor offer subcontracting opportunities to certified woman-, veteran-, and minority-owned small businesses. The

Contractor may contact the OSD at osdhelp@dms.myflorida.com for information on certified small business enterprises available for subcontracting opportunities.

6.2 Assignment.

The Contractor will not sell, assign, or transfer any of its rights, duties, or obligations under the Contract without the prior written consent of the Department. However, the Contractor may waive its right to receive payment and assign same upon notice to the Department. In the event of any assignment, the Contractor remains responsible for performance of the Contract, unless such responsibility is expressly waived by the Department. The Department may assign the Contract with prior written notice to the Contractor.

6.3 Independent Contractor.

The Contractor and its employees, agents, representatives, and subcontractors are independent contractors and not employees or agents of the State of Florida and are not entitled to State of Florida benefits. The Department and Customer will not be bound by any acts or conduct of the Contractor or its employees, agents, representatives, or subcontractors. The Contractor agrees to include this provision in all its subcontracts under the Contract.

6.4 Inspection and Acceptance of Commodities.

6.4.1 Risk of Loss.

Matters of inspection and acceptance are addressed in section 215.422, F.S. Until acceptance, risk of loss or damage will remain with the Contractor. The Contractor will be responsible for filing, processing, and collecting all damage claims. To assist the Contractor with damage claims, the Customer will: record any evidence of visible damage on all copies of the delivering carrier's bill of lading; report damages to the carrier and the Contractor; and provide the Contractor with a copy of the carrier's bill of lading and damage inspection report.

6.4.2 Rejected Commodities.

When a Customer rejects a commodity, Contractor will remove the commodity from the premises within ten (10) calendar days after notification of rejection, and the risk of loss will remain with the Contractor. Commodities not removed by the Contractor within ten (10) calendar days will be deemed abandoned by the Contractor, and the Customer will have the right to dispose of such commodities. Contractor will reimburse the Customer for costs and expenses incurred in storing or effecting removal or disposition of rejected commodities.

6.5 Safety Standards.

Performance of the Contract for all commodities or contractual services must comply with requirements of the Occupational Safety and Health Act and other applicable State of Florida and federal requirements.

6.6 Ombudsman.

A Vendor Ombudsman has been established within the Department of Financial Services. The duties of this office are found in section 215.422, F.S., which include disseminating information relative to prompt payment and assisting contractors in receiving their payments in a timely manner from a Customer. The Vendor Ombudsman may be contacted at (850) 413-5516.

6.7 Time is of the Essence.

Time is of the essence regarding every obligation of the Contractor under the Contract. Each obligation is deemed material, and a breach of any such obligation (including a breach resulting from untimely performance) is a material breach.

6.8 Waiver.

The delay or failure by the Department or the Customer to exercise or enforce any rights under the Contract will not constitute waiver of such rights.

6.9 Modification and Severability.

The Contract may only be modified by written agreement between the Department and the Contractor. Should a court determine any provision of the Contract is invalid, the remaining provisions will not be affected, and the rights and obligations of the Parties will be construed and enforced as if the Contract did not contain the provision held invalid.

6.10 Cooperative Purchasing.

Pursuant to their own governing laws, and subject to the agreement of the Contractor, governmental entities that are not Customers may make purchases under the terms and conditions contained herein, if agreed to by Contractor. Such purchases are independent of the Contract between the Department and the Contractor, and the Department is not a party to these transactions. Agencies seeking to make purchases under this Contract are required to follow the requirements of Rule 60A-1.045(5), F.A.C.

SECTION 7. LIABILITY AND INSURANCE.

7.1 Workers' Compensation Insurance.

The Contractor shall maintain workers' compensation insurance as required under the Florida Workers' Compensation Law or the workers' compensation law of another jurisdiction where applicable. The Contractor must require all subcontractors to similarly provide workers' compensation insurance for all of the latter's employees. In the event work is being performed by the Contractor under the Contract and any class of employees performing the work is not protected under Workers' Compensation statutes, the Contractor must provide, and cause each subcontractor to provide, adequate insurance satisfactory to the Department, for the protection of employees not otherwise protected.

7.2 General Liability Insurance.

The Contractor must secure and maintain Commercial General Liability Insurance, including bodily injury, property damage, products, personal and advertising injury, and completed operations. This insurance must provide coverage for all claims that may arise from performance of the Contract or completed operations, whether by the Contractor or anyone directly or indirectly employed by the Contractor. Such insurance must include the State of Florida as an additional insured for the entire length of the resulting contract. The Contractor is responsible for determining the minimum limits of liability necessary to provide reasonable financial protections to the Contractor and the State of Florida under the resulting contract.

7.3 Florida Authorized Insurers.

All insurance shall be with insurers authorized and eligible to transact the applicable line of insurance business in the State of Florida. The Contractor shall provide Certification(s) of Insurance evidencing that all appropriate coverage is in place and showing the Department to be an additional insured.

7.4 Performance Bond.

Unless otherwise prohibited by law, the Department may require the Contractor to furnish, without additional cost to the Department, a performance bond or irrevocable letter of credit or other form of security for the satisfactory performance of work hereunder. The Department shall determine the type and amount of security.

7.5 Indemnification.

To the extent permitted by Florida law, the Contractor agrees to indemnify, defend, and hold the Customer and the State of Florida, its officers, employees, and agents harmless from all fines, claims, assessments, suits, judgments, or damages, including consequential, special, indirect, and punitive damages, including court costs and attorney's fees, arising from or relating to violation or infringement of a trademark, copyright, patent, trade secret, or intellectual property right or out of any acts, actions, breaches, neglect, or omissions of the Contractor, its employees, agents, subcontractors, assignees, or delegates related to the Contract, as well as for any determination arising out of or related to the Contract that the Contractor or Contractor's employees, agents, subcontractors, assignees, or delegates are not independent contractors in relation to the Customer. The Contract does not constitute a waiver of sovereign immunity or consent by the Customer or the State of Florida or its subdivisions to suit by third parties. Without limiting this indemnification, the Customer may provide the Contractor (1) written notice of any action or threatened action, (2) the opportunity to take over and settle or defend any such action at Contractor's sole expense, and (3) assistance in defending the action at Contractor's sole expense.

7.6 Limitation of Liability.

Unless otherwise specifically enumerated in the Contract or in the purchase order, neither the Department nor the Customer shall be liable for special, indirect, punitive, or consequential damages, including lost data or records (unless the Contract or purchase order requires the Contractor to back-up data or records), even if the Department or Customer has been advised that such damages are possible. Neither the Department nor the Customer shall be liable for lost profits, lost revenue, or lost institutional operating savings. The Department or Customer may, in addition to other remedies available to them at law or equity and upon notice to the Contractor, retain such monies from amounts due Contractor as may be necessary to satisfy any claim for damages, penalties, costs, and the like asserted by or against them. The State may set off any liability or other obligation of the Contractor or its affiliates to the State against any payments due the Contractor under any contract with the State.

SECTION 8. PUBLIC RECORDS, TRADE SECRETS, DOCUMENT MANAGEMENT, AND INTELLECTUAL PROPERTY.

8.1 Public Records.

8.1.1 Termination of Contract.

The Department may terminate the Contract for refusal by the Contractor to comply with this section by not allowing access to all public records, as defined in Chapter 119, F. S., made or received by the Contractor in conjunction with the Contract.

8.1.2 Statutory Notice.

Pursuant to section 119.0701(2)(a), F.S., for contracts for services with a contractor acting on behalf of a public agency, as defined in section 119.011(2), F.S., the following applies:

IF THE CONTRACTOR HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, FLORIDA STATUTES, TO THE CONTRACTOR'S DUTY TO PROVIDE PUBLIC RECORDS RELATING TO THIS CONTRACT, CONTACT THE CUSTODIAN OF PUBLIC RECORDS AT THE TELEPHONE NUMBER, EMAIL ADDRESS, AND MAILING ADDRESS PROVIDED IN THE RESULTING CONTRACT OR PURCHASE ORDER.

Pursuant to section 119.0701(2)(b), F.S., for contracts for services with a contractor acting on behalf of a public agency as defined in section 119.011(2), F.S., the Contractor shall:

- (a) Keep and maintain public records required by the public agency to perform the service.
- (b) Upon request from the public agency's custodian of public records, provide the public agency with a copy of the requested records or allow the records to be inspected or copied within a reasonable time at a cost that does not exceed the cost provided in Chapter 119, F.S., or as otherwise provided by law.
- (c) Ensure that public records that are exempt or confidential and exempt from public records disclosure are not disclosed except as authorized by law for the duration of the Contract term and following the completion of the Contract if the Contractor does not transfer the records to the public agency.
- (d) Upon completion of the Contract, transfer, at no cost, to the public agency all public records in possession of the Contractor or keep and maintain public records required by the public agency to perform the service. If the Contractor transfers all public records to the public agency upon completion of the Contract, the Contractor shall destroy any duplicate public records that are exempt or confidential and exempt from public records disclosure requirements. If the Contractor keeps and maintains public records upon completion of the Contract, the Contractor shall meet all applicable requirements for retaining public records. All records stored electronically must be provided to the public agency, upon request from the public agency's custodian of public records, in a format that is compatible with the information technology systems of the public agency.

8.2 Protection of Trade Secrets or Otherwise Confidential Information.

8.2.1 Contractor Designation of Trade Secrets or Otherwise Confidential Information. If the Contractor considers any portion of materials to be trade secret under section 688.002 or 812.081, F.S., or otherwise confidential under Florida or federal law, the Contractor must clearly designate that portion of the materials as trade secret or otherwise confidential when submitted to the Department. The Contractor will be

responsible for responding to and resolving all claims for access to Contract-related materials it has designated trade secret or otherwise confidential.

8.2.2 Public Records Requests.

If the Department receives a public records request for materials designated by the Contractor as trade secret or otherwise confidential under Florida or federal law, the Contractor will be responsible for taking the appropriate legal action in response to the request. If the Contractor fails to take appropriate and timely action to protect the materials designated as trade secret or otherwise confidential, the Department will provide the materials to the requester.

8.2.3 Indemnification Related to Confidentiality of Materials.

The Contractor will protect, defend, indemnify, and hold harmless the Department for claims, costs, fines, and attorney's fees arising from or relating to its designation of materials as trade secret or otherwise confidential.

8.3 Document Management.

The Contractor must retain sufficient documentation to substantiate claims for payment under the Contract and all other records, electronic files, papers, and documents that were made in relation to this Contract. The Contractor must retain all documents related to the Contract for five (5) years after expiration of the Contract or, if longer, the period required by the General Records Schedules maintained by the Florida Department of State available at the Department of State's Records Management website.

8.4 Intellectual Property.

8.4.1 Ownership.

Unless specifically addressed otherwise in the Contract, the State of Florida shall be the owner of all intellectual property rights to all property created or developed in connection with the Contract.

8.4.2 Patentable Inventions or Discoveries.

Any inventions or discoveries developed in the course, or as a result, of services in connection with the Contract that are patentable pursuant to 35 U.S.C. § 101 are the sole property of the State of Florida. Contractor must inform the Customer of any inventions or discoveries developed or made through performance of the Contract, and such inventions or discoveries will be referred to the Florida Department of State for a determination on whether patent protection will be sought. The State of Florida will be the sole owner of all patents resulting from any invention or discovery made through performance of the Contract.

8.4.3 Copyrightable Works.

Contractor must notify the Department or State of Florida of any publications, artwork, or other copyrightable works developed in connection with the Contract. All copyrights created or developed through performance of the Contract are owned solely by the State of Florida.

SECTION 9. DATA SECURITY.

The Contractor will maintain the security of State of Florida data including, but not limited to, maintaining a secure area around any displayed visible data and ensuring data is stored and secured when not in use. The Contractor and subcontractors will not perform any of the services from outside of the United States, and the Contractor will not allow any State of Florida data to be sent by any medium, transmitted, or accessed outside the United States due to Contractor's action or inaction. In the event of a security breach involving State of Florida data, the Contractor shall give notice to the Customer and the Department within one business day. "Security breach" for purposes of this section will refer to a confirmed event that compromises the confidentiality, integrity, or availability of data. Once a data breach has been contained, the Contractor must provide the Department with a post-incident report documenting all containment, eradication, and recovery measures taken. The Department reserves the right in its sole discretion to enlist a third party to audit Contractor's findings and produce an independent report, and the Contractor will fully cooperate with the third party. The Contractor will also comply with all HIPAA requirements and any other state and federal rules and regulations regarding security of information.

SECTION 10. GRATUITIES, LOBBYING, AND COMMUNICATIONS.

10.1 Gratuities.

The Contractor will not, in connection with this Contract, directly or indirectly (1) offer, give, or agree to give anything of value to anyone as consideration for any State of Florida officer's or employee's decision, opinion, recommendation, vote, other exercise of discretion, or violation of a known legal duty, or (2) offer, give, or agree to give to anyone anything of value for the benefit of, or at the direction or request of, any State of Florida officer or employee.

10.2 Lobbying.

In accordance with sections 11.062 and 216.347, F.S., Contract funds are not to be used for the purpose of lobbying the Legislature, the judicial branch, or the Department. Pursuant to section 287.058(6), F.S., the Contract does not prohibit the Contractor from lobbying the executive or legislative branch concerning the scope of services, performance, term, or compensation regarding the Contract after the Contract is executed and during the Contract term.

10.3 Communications.

10.3.1 Contractor Communication or Disclosure.

The Contractor shall not make any public statements, press releases, publicity releases, or other similar communications concerning the Contract or its subject matter or otherwise disclose or permit to be disclosed any of the data or other information obtained or furnished in compliance with the Contract, without first notifying the Customer's Contract Manager and securing the Customer's prior written consent.

10.3.2 Use of Customer Statements.

The Contractor shall not use any statement attributable to the Customer or its employees for the Contractor's promotions, press releases, publicity releases, marketing, corporate communications, or other similar communications, without first notifying the Customer's Contract Manager and securing the Customer's prior written consent.

SECTION 11. CONTRACT MONITORING.

11.1 Performance Standards.

The Contractor agrees to perform all tasks and provide deliverables as set forth in the Contract. The Department and the Customer will be entitled at all times, upon request, to be advised as to the status of work being done by the Contractor and of the details thereof.

11.2 Performance Deficiencies and Financial Consequences of Non-Performance.

11.2.1 Proposal of Corrective Action Plan.

In addition to the processes set forth in the Contract (e.g., service level agreements), if the Department or Customer determines that there is a performance deficiency that requires correction by the Contractor, then the Department or Customer will notify the Contractor. The correction must be made within a time-frame specified by the Department or Customer. The Contractor must provide the Department or Customer with a corrective action plan describing how the Contractor will address all performance deficiencies identified by the Department or Customer.

11.2.2 Retainage for Unacceptable Corrective Action Plan or Plan Failure.

If the corrective action plan is unacceptable to the Department or Customer, or implementation of the plan fails to remedy the performance deficiencies, the Department or Customer will retain ten percent (10%) of the total invoice amount. The retainage will be withheld until the Contractor resolves the performance deficiencies. If the performance deficiencies are resolved, the Contractor may invoice the Department or Customer for the retained amount. If the Contractor fails to resolve the performance deficiencies, the retained amount will be forfeited to compensate the Department or Customer for the performance deficiencies.

11.3 Performance Delay.

11.3.1 Notification.

The Contractor will promptly notify the Department or Customer upon becoming aware of any circumstances that may reasonably be expected to jeopardize the timely and successful completion (or delivery) of any commodity or contractual service. The Contractor will use commercially reasonable efforts to avoid or minimize any delays in performance and will inform the Department or the Customer of the steps the Contractor is taking or will take to do so, and the projected actual completion (or delivery) time. If the Contractor believes a delay in performance by the Department or the Customer has caused or will cause the Contractor to be unable to perform its obligations on time, the Contractor will promptly so notify the Department and use commercially reasonable efforts to perform its obligations on time notwithstanding the Department's delay.

11.3.2 Liquidated Damages.

The Contractor acknowledges that delayed performance will damage the Department/Customer, but by their nature such damages are difficult to ascertain. Accordingly, the liquidated damages provisions stated in the Contract documents will apply. Liquidated damages are not intended to be a penalty and are solely intended to compensate for damages.

11.4 Force Majeure, Notice of Delay, and No Damages for Delay.

The Contractor will not be responsible for delay resulting from its failure to perform if neither the fault nor the negligence of the Contractor or its employees or agents contributed to the delay, and the delay is due directly to fire, explosion, earthquake, windstorm, flood, radioactive or toxic chemical hazard, war, military hostilities, terrorism, civil emergency, embargo, riot, strike, violent civil unrest, or other similar cause wholly beyond the Contractor's reasonable control, or for any of the foregoing that affect subcontractors or suppliers if no alternate source of supply is available to the Contractor. The foregoing does not excuse delay which could have been avoided if the Contractor implemented any risk mitigation required by the Contract. In case of any delay the Contractor believes is excusable, the Contractor will notify the Department in writing of the delay or potential delay and describe the cause of the delay either (1) within ten (10) calendar days after the cause that created or will create the delay first arose, if the Contractor could reasonably foresee that a delay could occur as a result, or (2) if delay is not reasonably foreseeable, within five (5) calendar days after the date the Contractor first had reason to believe that a delay could result. The foregoing will constitute the Contractor's sole remedy or excuse with respect to delay. Providing notice in strict accordance with this paragraph is a condition precedent to such remedy. No claim for damages will be asserted by the Contractor. The Contractor will not be entitled to an increase in the Contract price or payment of any kind from the Department for direct, indirect, consequential, impact or other costs, expenses or damages, including but not limited to costs of acceleration or inefficiency, arising because of delay, disruption, interference, or hindrance from any cause whatsoever. If performance is suspended or delayed, in whole or in part, due to any of the causes described in this paragraph, after the causes have ceased to exist the Contractor will perform at no increased cost, unless the Department determines, in its sole discretion, that the delay will significantly impair the value of the Contract to the State of Florida or to Customers, in which case the Department may (1) accept allocated performance or deliveries from the Contractor, provided that the Contractor grants preferential treatment to Customers and the Department with respect to commodities or contractual services subjected to allocation, or (2) purchase from other sources (without recourse to and by the Contractor for the related costs and expenses) to replace all or part of the commodity or contractual services that are the subject of the delay, which purchases may be deducted from the Contract quantity, or (3) terminate the Contract in whole or in part.

SECTION 12. CONTRACT AUDITS.

12.1 Performance or Compliance Audits.

The Department may conduct or have conducted performance and/or compliance audits of the Contractor and subcontractors as determined by the Department. The Department may conduct an audit and review all the Contractor's and subcontractors' data and records that directly relate to the Contract. To the extent necessary to verify the Contractor's fees and claims for payment under the Contract, the Contractor's agreements or contracts with subcontractors, partners, or agents of the Contractor, pertaining to the Contract, may be inspected by the Department upon fifteen (15) calendar days' notice, during normal working hours and in accordance with the Contractor's facility access procedures where facility access is required. Release statements from its subcontractors, partners, or agents are not required for the Department or its designee to conduct compliance and performance audits on any of the Contractor's contracts relating to this Contract. The Inspector General, in accordance with section 5.6, the State of Florida's Chief Financial Officer, the Office of the Auditor General also have authority to perform audits and inspections.

12.2 Payment Audit.

Records of costs incurred under terms of the Contract will be maintained in accordance with section 8.3 of these Special Contract Conditions. Records of costs incurred will include the Contractor's general accounting records, together with supporting documents and records of the Contractor and all subcontractors performing work, and all other records of the Contractor and subcontractors considered necessary by the Department, the State of Florida's Chief Financial Officer, or the Office of the Auditor General.

SECTION 13. BACKGROUND SCREENING AND SECURITY.

13.1 Background Check.

The Department or Customer may require the Contractor to conduct background checks of its employees, agents, representatives, and subcontractors as directed by the Department or Customer. The cost of the background checks will be borne by the Contractor. The Department or Customer may require the Contractor to exclude the Contractor's employees, agents, representatives, or subcontractors based on the background check results. In addition, the Contractor must ensure that all persons have a responsibility to self-report to the Contractor within three (3) calendar days any arrest for any disqualifying offense. The Contractor must notify the Contract Manager within twenty-four (24) hours of all details concerning any reported arrest. Upon the request of the Department or Customer, the Contractor will re-screen any of its employees, agents, representatives, and subcontractors during the term of the Contract.

13.2 E-Verify.

The Contractor must use the U.S. Department of Homeland Security's E-Verify system to verify the employment eligibility of all new employees hired during the term of the Contract for the services specified in the Contract. The Contractor must also include a requirement in subcontracts that the subcontractor must utilize the E-Verify system to verify the employment eligibility of all new employees hired by the subcontractor during the Contract term. In order to implement this provision, the Contractor must provide a copy of its DHS Memorandum of Understanding (MOU) to the Contract Manager within five (5) calendar days of Contract execution. If the Contractor is not enrolled in DHS E-Verify System, it will do so within five (5) calendar days of notice of Contract award and provide the Contract Manager a copy of its MOU within five (5) calendar days of Contract execution. The link to E-Verify is <https://www.uscis.gov/e-verify>. Upon each Contractor or subcontractor new hire, the Contractor must provide a statement within five (5) calendar days to the Contract Manager identifying the new hire with its E-Verify case number.

13.3 Disqualifying Offenses.

If at any time it is determined that a person has been found guilty of a misdemeanor or felony offense as a result of a trial or has entered a plea of guilty or nolo contendere, regardless of whether adjudication was withheld, within the last six (6) years from the date of the court's determination for the crimes listed below, or their equivalent in any jurisdiction, the Contractor is required to immediately remove that person from any position with access to State of Florida data or directly performing services under the Contract. The disqualifying offenses are as follows:

- (a) Computer related crimes;
- (b) Information technology crimes;

- (c) Fraudulent practices;
- (d) False pretenses;
- (e) Frauds;
- (f) Credit card crimes;
- (g) Forgery;
- (h) Counterfeiting;
- (i) Violations involving checks or drafts;
- (j) Misuse of medical or personnel records; and
- (k) Felony theft.

13.4 Confidentiality.

The Contractor must maintain confidentiality of all confidential data, files, and records related to the commodities or contractual services provided pursuant to the Contract and must comply with all state and federal laws, including, but not limited to sections 381.004, 384.29, 392.65, and 456.057, F.S. The Contractor's confidentiality procedures must be consistent with the most recent version of the Department security policies, protocols, and procedures. The Contractor must also comply with any applicable professional standards with respect to confidentiality of information.

SECTION 14. WARRANTY OF CONTRACTOR'S ABILITY TO PERFORM.

The Contractor warrants that, to the best of its knowledge, there is no pending or threatened action, proceeding, or investigation, or any other legal or financial condition, that would in any way prohibit, restrain, or diminish the Contractor's ability to satisfy its Contract obligations. The Contractor warrants that neither it nor any affiliate is currently on the Suspended Vendor List, Convicted Vendor List, or the Discriminatory Vendor List, or on any similar list maintained by any other state or the federal government. The Contractor shall immediately notify the Department in writing if its ability to perform is compromised in any manner during the term of the Contract.

Contract Attachment C



MORGANFRANKLIN®
CONSULTING
A Vaco Company

Submitted to:

The State of Florida
Department of Management Services
4050 Esplanade Way, Suite 360.3Z
Tallahassee, FL 32399-0950

Attention:

Joel Atkinson
Procurement Officer
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RFP Number: 06-80101500-J

The State of Florida

TECHNICAL PROPOSAL – SERVICE CATEGORY 2: FINANCIAL AND PERFORMANCE AUDITS



June 9, 2020

Mr. Joel Atkinson
Category Manager, Division of State Purchasing
Florida Department of Management Services
4050 Esplanade Way, Suite 360.3Z
Tallahassee, FL 32399-0950

RFP Number: 06-80101500-J

Dear Mr. Atkinson,

MorganFranklin Consulting, LLC (MorganFranklin Consulting) appreciates the opportunity to submit this proposal to assist the State of Florida (state) with Performance Audits (we are not proposing on Financial Audits). We appreciate the information provided by the Florida Department of Management Services, enabling us to understand your objectives for Financial and Performance Audits.

This proposal outlines our approaches to Performance Audits and how we will support the state and deliver on your audits. Our team is comfortable operating with federal, state and local governments. We have a track record of rolling up our sleeves, a desire to make our clients successful, and a history of bringing creative ideas to further improve efficiency. We are confident that our firm's expertise and background in Performance Audits and extensive experience working with federal, state, and local government agencies make us the ideal partner to support the State of Florida throughout this effort.

We are excited about the opportunity to work with the State of Florida on your critical initiatives. Our team is committed to surpassing your expectations and building on our relationship. Please feel free to contact me directly at 703.659.5204 if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Christian Heffron".

Christian Heffron
Executive Director
MorganFranklin Consulting, LLC

The State of Florida
Financial and Performance Audits
RFP Number: 06-80101500-J



Table of Contents

About MorganFranklin Consulting	4
Understanding Your Performance Audit Needs	5
Performance Audit Service Offerings	6
Authorized Services for State of Florida	10
Experience	13
Our Commitment to Our Clients	20

About MorganFranklin Consulting

MorganFranklin Consulting is a management advisory firm providing strategic thinking and hands-on support to help clients manage risk, drive growth, improve performance, and support complex transformational challenges. Since our founding in 1998, the federal government and state governments, as well as Fortune 100 to fast growing private equity companies, turn to MorganFranklin because we bring experienced, engaged professionals who are highly energetic and motivated to work with our clients in challenging, high-stakes environments. MorganFranklin is headquartered in McLean, Virginia and has offices in Atlanta, Charlotte, Los Angeles, Nashville, New York, Raleigh and San Francisco with a powerful mix of business consultants, industry veterans, and technology experts, resident in major cities across the United States. As a non-audit firm, we are not constrained by the conflicts and independence issues that audit firms face working with their clients. Additionally, we understand that international locations create unique risks and challenges. Over the years, MorganFranklin has supported projects in over 30 countries including Australia, Canada, France, Germany, India, the Netherlands, Switzerland and the United Kingdom.

On July 31, 2019, Vaco Holdings LLC (Vaco), acquired MorganFranklin Consulting to serve as its Global Consulting Firm integrating its Cyber Security Practice and complimenting Vaco's other Specialty Practices – Focus Search Partners, Pivot Point Consulting, and Plantensive. This is in addition to Vaco's 42 offices located in key cities across the country that provide valued accounting, finance and technology resourcing solutions to meet the increasing need of these talents in the market and across all industries. Vaco, headquartered in Brentwood, TN was founded in 2002 and acquired by Olympus Partners in November 2017.



Since 2005, we have helped our clients in Florida with resourcing and consulting needs. MorganFranklin Consulting and Vaco are located across Florida with offices in Jacksonville, Miami, Orlando, Tampa and West Palm. We are in close proximity to all of our Florida clients statewide, enabling us to serve our clients' consulting needs efficiently, effectively and seamlessly. As an investor in the Orlando Economic Partnership, we have helped companies relocate to, and prosper in, Florida. We have representation on the Investor Relations Committee, Alliance for Regional Transportation Leadership Council, Recruiters Roundtable and Young Professionals Advisory Council.

MorganFranklin Consulting is the bridge between strategy and execution with approximately 380 professionals helping companies address complex finance, technology and business objectives. We help our clients address the dynamic regulatory environment, strategic events and ownership changes, technology advancements. We draw upon a wide range of services and skill sets to deliver an integrated solution. Clients value our diverse range of services as well as the flexibility and transparency with which we operate.

Our “All In” service model, experience, and expertise differentiate us from our competitors – we bring the depth and breadth of our Firm’s resources – not a siloed risk advisory practice – to be a strategic partner to the business. Our professionals know that our success is truly tied to your success. Our clients say we are easy to work with, transparent, and always get the job done. This collaborative, client centered service model, called The MorganFranklin Way™, is at the heart of everything we do.



Understanding Your Performance Audit Needs

The COVID-19 pandemic has significantly impacted state and local government priorities, operations and programs in 2020. States have taken unprecedented steps to protect the well-being of their citizens while overseeing economies that have experienced significant downturns and proactively taking steps for their recoveries. State governments are also at crossroads with increasing challenges on how to reduce waste, constrain spending, improve performance, and maintain reasonable, yet competitive, levels of taxation. Notably, the State of Florida's Bolder, Brighter, Better Future budget for 2020-21 identifies \$480.5 million in savings including administrative and operational efficiencies, program elimination, workload adjustments, and contract and lease savings. The budget also provides for tax relief totaling \$312 million through property tax relief and sales tax holidays.

The State of Florida is seeking assistance conducting performance audits to evaluate:

- Design, implementation and operating effectiveness of internal controls;
- Economy and efficiency of programs
- Program results and fraud audits

The State of Florida is also seeking assistance with financial audits. The GAO defines a financial audit as financial statement audits and other financial audits. Since MorganFranklin Consulting is not a CPA firm, it does not perform financial audits. See Appendix B for more information.

MorganFranklin is your ideal partner:

- MorganFranklin Consulting is a management advisory firm that assists federal and state government agencies thoroughly evaluate the efficiency and effectiveness of complex programs
- We leverage our proven performance audit methodology that is aligned with generally accepted government auditing standards (GAGAS), or yellow book (most recently the *2018 revision of Government Auditing Standards*)
- We recruit Big 4 accountants, internal audit experts and experienced GAGAS consultants who have a strong desire to help our federal and state clients solve problems. Our experienced professionals bring an in depth understanding of internal audit, risk management, financial reporting risks and internal controls necessary to support the State of Florida with its performance audits needs. We leverage only highly experienced resources in our delivery model
- We provide solutions that address the vital connections between program design & execution; internal controls; applicable laws, regulations, contracts, and grant agreements; fraud risks; and impacts of waste and abuse
- We make risk management a natural part of doing business
- We optimize the efficiency and effectiveness of financial management and compliance processes
- We leverage audit analytics to significantly enhance the efficiency and effectiveness of the internal audit function, and enable continuous monitoring
- We roll up our sleeves and are hands-on; we efficiently execute and document tests of program performance, internal controls, laws, regulations, contracts, grant agreements, and fraud risks.


Performance Audit Service Offerings

As trustees of constituent tax dollars, the State of Florida must strike a balance between managing risks and capitalizing on opportunities. From financial strategy to operations and compliance, MorganFranklin Consulting will help the state with the enhanced ability to identify, assess, and mitigate risk while improving performance across every level through performance audits.

MorganFranklin Consulting assists organizations drive value through effective risk management. Our internal audit services are one of four Risk Advisory services:

MorganFranklin Differentiators

- **A-123 Compliance Programs:** Establishing and executing efficient and sustainable compliance programs, ensuring effective internal controls over financial reporting.
- **Internal Controls:** Designing, implementing, and rationalizing/optimizing business process and IT internal controls, assuring alignment with the Green Book
- **Internal Audit:** Helping internal audit and compliance functions innovate through intelligent automation and providing outsourced and co-sourced internal audit or compliance functions
- **Enterprise Risk Management:** Designing, implementing, managing, and assessing ERM programs, as described in OMB Circular A-123



MorganFranklin Consulting’s internal audit professionals, which include former Chief Audit Executives as well as technical and industry experts, enable internal audit functions to drive value by aligning organizational focus and resources on strategic objectives and risks that are most critical to stakeholders. We draw from the depth and breadth of MorganFranklin Consulting to design and implement internal audit solutions that drive value.

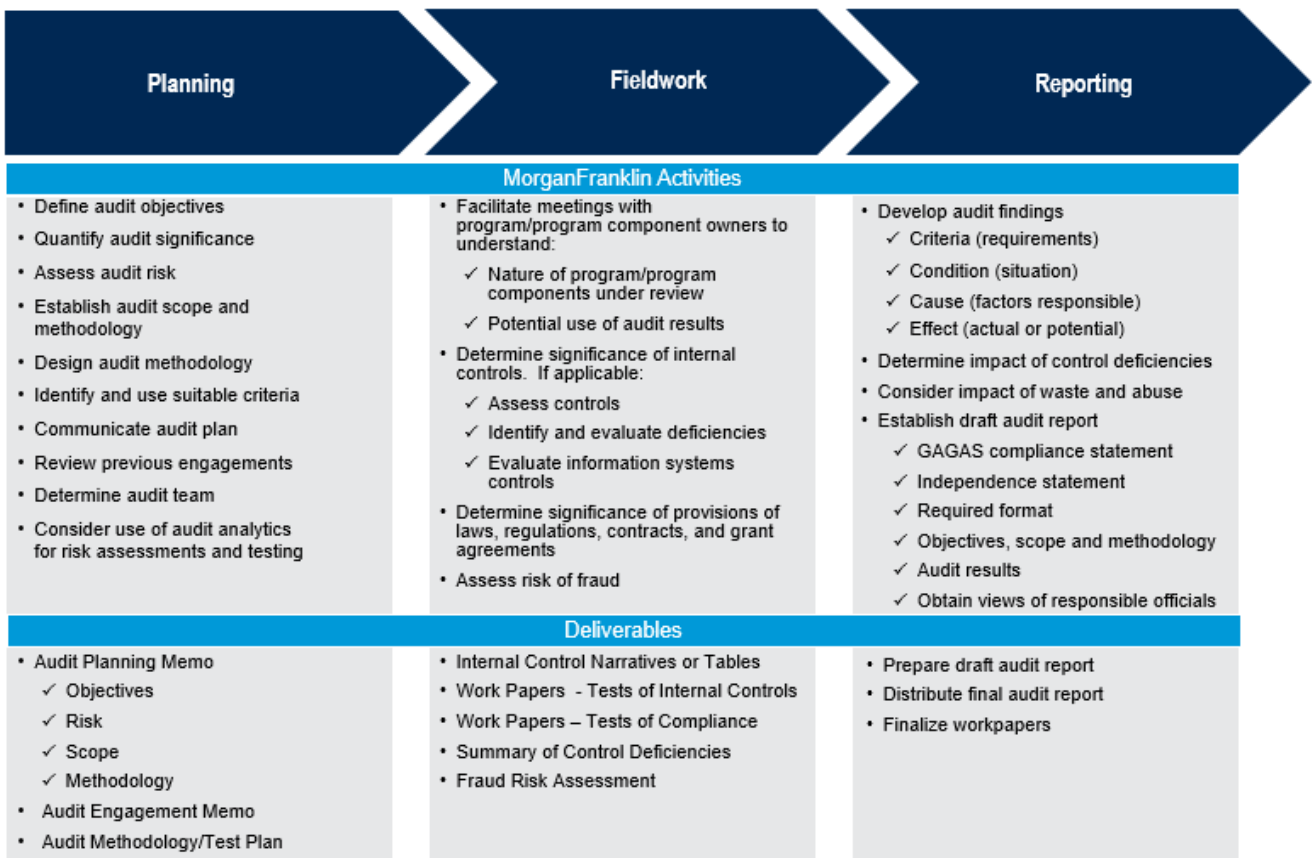
Approach	Innovation	Tools
Strategic Vision	Dynamic Risk Assessment	Data Visualization
Outsourcing and Co-Sourcing	Agile Audit	Robotic Process Automation
Technical Expertise	High Impact Reporting	Business Process Management
Aligned Assurance	Continuous Monitoring	Machine Learning Artificial Intelligence

Our Internal Audit Services – Performance Audits

- **Risk Assessment** – Analyzing historical and emerging risks that create and preserve value, including fraud risk assessments
- **Outsourcing and Co-Sourcing** – Providing flexible and agile internal audit expertise for your temporary or long-term performance audit needs
- **Innovating Internal Audit** – Implementing new approaches and tools to enhance the timing, efficiency, and effectiveness of performance audits, resulting in increased value
- **Compliance** – Assessing compliance with laws, regulations, contracts, and grant agreements
- **Waste and Abuse** – Tailoring performance audits to identify, quantify, and mitigate waste and abuse risks
- **IT Audit** – Providing integrated IT internal audit teams through co-sourcing
- **Quality Assurance Review** – Assessing the quality of internal audit functions

Performance Audit Methodology

Our methodology for performance audits is based on the *2018 revision of Government Auditing Standards*. The MorganFranklin Consulting Performance Audit Methodology has been utilized successfully on multiple federal and state performance audits and can be applied to any number of performance audits.



Planning

We work with agency personnel to update our understanding of the audit and audit subject matter. This includes defining the audit objectives (i.e., audit subject matter and performance matters to be accomplished); significance (i.e., materiality or relative importance); risk (i.e., the likelihood that findings, conclusions, recommendations or assurance is not accurate or complete); criteria (e.g., applicable laws, regulations, policies, performance, best practices, contracts, grant agreements); scope (i.e., boundary of audit associated with objectives); and methodology (i.e., nature and extent of audit procedures). With respect to methodology, we leverage agency sampling guidance. We also look to leverage data analytics wherever possible to maximize the efficiency and effectiveness of testing. We communicate the audit plan to all key stakeholders including management of the audited entity, those charged with governance, individuals contracting audit services, and the cognizant legislative committee. In addition, an Audit Engagement Memo is prepared and distributed to all individuals accountable for the performance of the entity or area subject to audit (i.e., process and control owners). Document request lists are distributed to process owners to request evidence required for fieldwork.

Deliverables

- Audit Plan
- Audit Engagement Memo
- Audit Methodology/Test Plan
- Document Request List

Fieldwork

We obtain or update our understanding of the program or program component under audit including risks, size and complexity of program, and key processes. This understanding is obtained through interviews, facilitated workshops and walkthroughs with applicable program personnel. We leverage existing program documentation and update the documentation, or prepare new documentation, as needed.

We also determine whether internal control is significant to the audit objectives. This includes determining the components and principles of internal control that are applicable. Documentation of internal control is performed using narratives and tables (often in the form of risk and controls matrices). The scope of internal control typically includes entity-level, transaction-level and information systems controls (i.e., IT general computer controls, application controls; and user controls). We obtain our understanding of internal control similar to the above steps for obtaining our understanding of the program or program components.

Where applicable, we assess internal control by testing the design, implementation, and/or operating effectiveness of key internal controls using agency sampling guidance. We determine the significance of control deficiencies identified by determining the magnitude or impact; likelihood of occurrence; and nature of deficiency.

Where the audit objective includes applicable laws, regulations, contracts and grant agreements; we consult with program owners and legal counsel to understand those areas that are significant to the audit objectives. We then design and execute tests of compliance for these areas often looking to leverage data analytics and other automation (such as robotics process automation) to enhance the efficiency and effectiveness of testing.

We also perform a fraud risk assessment to understand the inherent risk of fraud in the context of the audit objectives and the residual risk of fraud when considering controls in place to mitigate fraud. Where applicable, we design tests, often using data analytics, to determine susceptibility of the audit subject to fraud.

Lastly, we design procedures to detect potential waste or abuse in performance audits. We define waste as the act of using or expending resources carelessly, extravagantly, or to no purpose. Testing procedures for waste may include evaluating existence and compliance with budgets. We define abuse as behaviors that are deficient or improper when compared to behavior that a prudent person would consider reasonable and necessary. Testing procedures for abuse may include evaluations of third party and travel and entertainment expenses.

Deliverables

- Narratives for each in-scope program and/or program component identifying risks and key controls (where applicable)
- Risk and control matrices identifying key controls, control attributes, associated risks, and associated financial statement assertions for all in-scope program processes and information systems
- Completed work papers documenting testing plan (e.g., internal controls, compliance) and evidence obtained and evaluated. Work papers are prepared in a reperformance format enabling others to reach the same conclusion as the auditors.
- Fraud risk assessment
- Summary of deficiencies identified (including control deficiencies where applicable) including significance

Reporting

We work with program management to develop findings identified from our audit including the criteria (e.g., laws, regulations, contracts, expected performance); condition (i.e., situation); cause (i.e., factors responsible for the difference between the condition and criteria); and effect (i.e., outcome or consequence resulting from the cause). This may include evaluating the effect of a deficiency in the design, implementation or operating effectiveness of internal control.

We also evaluate potential cases of waste and abuse identified from our performance audit procedures and develop the findings in conjunction with management.

Our draft audit reports are prepared and discussed with key stakeholders, including program management. The draft reports include unmodified or modified GAGAS compliance statements (including independence), are in a form that is appropriate for its intended use, and include:

- Objectives, Scope and Methodology
- Audit Results (including findings, conclusions and recommendations)
- Summary of Views of Responsible Officials
- Nature of any Confidential or Sensitive Information Omitted

Deliverables

- Draft audit report, including GAGAS compliance statements
- Final audit report in required format
- Final workpapers including summary of approach, nature, timing, and extent of testing procedures

Planning and Project Management

We coordinate and plan all performance audit activities with key stakeholders to ensure proper alignment of the audit plan, timeline and deliverables. Embedded throughout every phase of the project, we ensure that there are robust activity timelines, deliverables and status reporting. We communicate continuously on progress, issues, dependencies and updates. We prepare periodic updates for key stakeholders. At MorganFranklin, we believe in serving our clients as a trusted advisor and giving straight-forward feedback. For every client initiative and project, we have open lines of communication and alignment on goals and timelines. We provide you with weekly status updates through our week-in-review reports (WIR). The WIR is used in all our client engagements and has proven to be an effective tool to ensure objectives are met. The WIR highlights progress made, expectations of upcoming activity, and a summary of costs incurred. This WIR report serves as the mechanism by which both parties can evaluate progress, make revisions to scope, and address issues as necessary.

Authorized Services for State of Florida

We have reviewed the list of authorized services from Appendix B of the Request for Proposals for key areas in which MorganFranklin Consulting provides the most value. Additional information regarding MorganFranklin Consulting's capabilities and approach are detailed below.

Internal Controls Audits (see Examples on Pages 13 to 16)

MorganFranklin Consulting has extensive experience performing internal controls audits, leveraging best practice frameworks such as the *Standards for Internal Control in the Federal Government* (i.e., Green Book). As described in our Performance Audit Methodology, during planning we define the audit objectives. For internal controls audits, this includes identifying the internal control types (i.e., operations, reporting and compliance) as well as the components and principles that are applicable to the audit area:

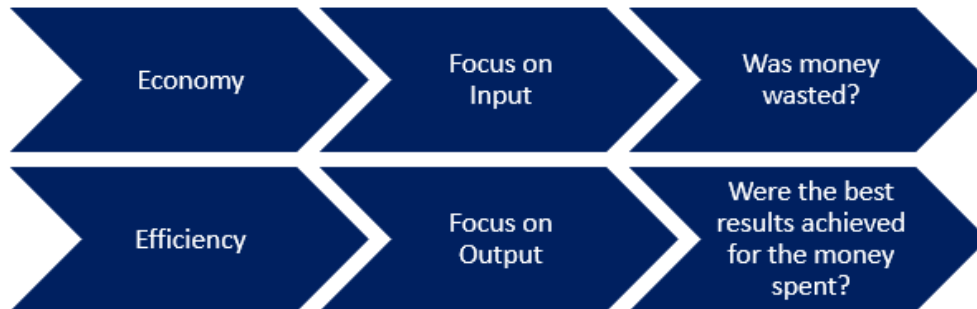
Control Environment	Risk Assessment	Control Activities	Information & Communication	Monitoring
1. Commits to Integrity and Ethical Values	6. Identifies Risk and Risk Tolerances	10. Defines Control Activities	13. Uses Quality Information to Achieve Objectives	16. Establishes Monitoring Activities over Internal Control System
2. Oversees of Internal Control System	7. Identifies, Analyzes and Responds to Risks	11. Achieves Objectives and Responds to Risks	14. Internally Communicates Quality Information	17. Remediates Identified Control Deficiencies
3. Achieves Objectives	8. Considers Potential for Fraud	12. Implements Policies	15. Externally Communicates Quality Information	
4. Recruits, Develops, and Retains Capable Individuals	9. Identifies, Analyzes and Responds to Significant Changes			
5. Evaluates Performance and Holds Individuals Accountable				

In conjunction with our assessment of audit significance, we perform a risk assessment, as defined by the Green Book (7.01 through 7.04), to identify risks that impact the audit area. This includes both inherent and residual risks as well as internal and external factors. Internal risk factors include complexity, organizational structure, and changes in people, processes and technology. External risk factors include new or amended laws, regulations, professional standards or natural disasters (e.g., COVID-19).

During fieldwork, as we walkthrough program or program component areas, we identify the key controls that mitigate the risks identified from the risk assessment. The key controls are those controls necessary to achieve the entity's control objectives and provide reasonable assurance of achieving the entity's objectives. We assess the design of internal controls by determining whether the controls individually or in combination are capable of achieving an objective and mitigate related risks. We assess implementation of internal controls by determining if the controls exist and are placed into operation. We assess operating effectiveness of internal controls by determining whether internal controls were applied at relevant times during the period under evaluation, the consistency with which they were applied, and by whom or what means they were applied.

Economy and Efficiency Audits (see Examples on Pages 16 to 18)

MorganFranklin Consulting leverages its Performance Audit Methodology in performing Economy and Efficiency Audits whereby we focus on the resources and practices of a program or program component.



MorganFranklin Consulting Economy Audits are focused on determining whether the cost of resources used, or inputs (staff, materials and equipment), for a program or program activity in the pursuit of objectives and are in accordance with sound administrative principles, practices and management policies. Our Efficiency Audits are concerned with the relationships between goods and services produced (the outputs) and the resources used to produce them (the inputs). The objective is to determine whether the maximum output of goods and services has been gained from the resources used in their production. Our Economy and Efficiency Audits may also validate adherence to applicable laws, regulations, contracts and grant agreements.

During planning we define the subject matter of the audit, including scope, key inputs and outputs. We also define the criteria for measuring economies and efficiencies, including use of best practices, benchmarking and modeling. During fieldwork, we perform detailed reviews and flowchart key processes associated with the audit objectives. We analyze key relationships between people, process and technology. Where provisions of laws, regulations and contracts are deemed significant, we design fieldwork steps to assess compliance with these areas.

Program Results and Program Fraud Audits (see Examples on Pages 18 and 19)

MorganFranklin Consulting Program Results Audits analyze performance to determine whether a program or program component is effectively accomplishing its goals. This may also include assessing compliance with applicable laws, regulations, contracts and grant agreements as part of the overall audit of program effectiveness.

Effectiveness is concerned with achieving predetermined objectives (specific planned achievements) or goals and with actual impact (the output achieved) compared with the intended impact (the objectives). Using a range of performance measures and indicators, we assess an entity's effectiveness. In summary, effectiveness means ensuring that the desired results, objectives, targets or policies have been successfully achieved.





During planning for program results audits we define the objectives of the audit, which may include some or all of the following:

- Program Objectives – Evaluating the methods and sources used to establish objectives and/or intended results
- Program Measurements – Evaluating the methods, performance indicators, and/or tools used to measure program outcomes.
- Program Results – Evaluating the completeness and accuracy of program results, including conclusions derived from program results.

Fieldwork procedures including testing each of the above areas on a sample basis or using data analytics where possible. If the outcome of a program includes compliance with provisions of laws, regulations, contracts and/or grant agreements, we will obtain a suitable population of program inputs and outcomes to determine if the required level of compliance has been achieved.

MorganFranklin Consulting leverages fraud risk assessments in planning for Program Fraud Audits. Principle 8 of the Green Book requires management to “consider the potential for fraud when identifying, analyzing and responding to risks”. The types of fraud include fraudulent financial reporting, misappropriation of assets and corruption.

For Program Fraud Audits, through meetings with key stakeholders, we understand applicable fraud risk scenarios applicable to the program and document the inherent risks applicable to each fraud risk scenario. We further evaluate residual risk for each scenario by understanding the controls and procedures in place that mitigate the associated fraud risk.

During fieldwork, MorganFranklin Consulting then performs the following procedures:

- Evaluates the design, implementation and operating effectiveness of controls that prevent or detect fraud, as documented in the fraud risk assessment; and/or
- Designs and performs testing to identify potential or actual instances of fraud. These procedures often involve the development and use of audit analytics to enhance the efficiency and effectiveness of testing.

Experience

We understand that private sector innovation and rising consumer demands can lead to rapid change in the public sector. The relationships and systems within government agencies are often complex, requiring large-scale projects. The State of Florida needs to have trusted, experienced consultants ready to help drive that change so it can continue to improve the quality of life for all Floridians.

Department of Management Services is leading the effort to replace the current State Term Contracts for Financial and Performance Audits. MorganFranklin's extensive experience with government consulting, as well as its diverse knowledge and skillsets, positions us as trusted advisors for public sector agencies. Our unique perspective is formed with insight, experiences and expertise gained from a diverse portfolio of DoD, Federal Civilian and Fortune 500 private sector clients. The following case studies share some key success stories where we have helped our clients address challenges and add value.

Solving the most pressing challenges faced by federal, state, and local governments

MorganFranklin tackles every assignment with our proven delivery models:

- **Discovery is critical.** We not only pinpoint the problem; we help you avoid surprises.
- **We become part of your team.** Our success is measured by your success.
- **Our process is transparent.** We communicate candidly and keep you informed every step of the way.
- **You get a tailored solution.** Our approach is customized to meet your unique needs.
- **Our commitment is unwavering.** We are a steadfast partner from beginning to end.

1. Internal Controls Audits – Examples of Past Performance

MorganFranklin Consulting's experience with compliance internal audits includes assessing compliance with laws and regulations relating to grants and contracts (refer to Example of Past Performance "Evaluating VA's Grants for Compliance and Improvement Opportunities" on page 17). Relevant regulations considered include the US Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, including the April 2017 and May 2018 OMB Guidance Compliance Supplements. Our experience also includes auditing financial reporting particularly in relation to OMB Circular A-123, Appendix A (A-123). Our federal OMB A-123 clients include Air Force, Consumer Product Safety Commission (see page 14), Department of Labor, Office of Economic Adjustment, Office of Personnel Management (see page 16), Pension Benefit Guaranty Corporation (see page 15), and Veterans Affairs. These examples should be considered in conjunction with the other examples included in Section 2 (Economy and Efficiency Audits) and Section 3 (Program Results and Program Fraud Audits) in demonstrating our experience with Internal Controls Audits.



Complying with IT Security Policies and Standards at the Virginia Employment Commission (VEC)

The Challenge	
<p>VEC was required to comply with the current version of the Commonwealth's IT Security Policy (SEC 519), IT Security Audit Standard (SEC 502), and the IT Security Standards (SEC 501 and 525).</p>	
Services Provided	Results Delivered
<p>We completed multiple risk assessments and information system security audits, following the GAGAS standards, as well as the development of System Security Plans on the system specific controls identified within SEC 501 and SEC 525.</p>	<p>Our team delivered a Common Controls Security Plan that was developed based on the results of that Common Controls Risk Assessment. The Security Plan enabled VEC to implement a remediation strategy focused on reducing risk.</p>

Implementing OMB A-123 at the Consumer Product Safety Commission (CPSC)

The Challenge	
<p>The CPSC did not have well-documented key financial and system controls for various business processes and systems that could be relied upon by management. Additionally, they had not completed internal control testing that external auditors could rely upon to allow for reduced substantive audit tests.</p>	
Services Provided	Results Delivered
<p>We assisted CPSC with executing the requirements of OMB A-123 by reviewing and updating existing cycle memorandums, walking through business processes, updating risk and control matrices, testing key controls, and reporting control gaps. We also worked with process owners to develop corrective action plans to remediate deficiencies identified during testing.</p>	<p>We developed a framework to systematically document and assess controls to support the annual management statement of assurance over financial reporting controls in compliance with the Federal Managers' Financial Integrity Act, the Improper Payments Elimination and Recovery Act, OMB A-123 and OMB A-127.</p>



Addressing Internal Controls Deficiencies for the Department of Justice (DOJ)

The Challenge	
DOJ's external auditors identified a material weakness in the Asset Forfeiture Fund/Seized Asset Deposit Fund's internal controls related to improvements needed in controls over reporting budget related information in financial statements and the processes related to revenue cut-off recognition.	
Services Provided	Results Delivered
The Data Quality Team (DQT) employed several initiatives that leveraged various tools and techniques to perform risk-based reviews around the different types of issues (accuracy, timeliness, and completeness) impacting important financial reporting data fields. The intent of these initiatives was to assure data quality and the accuracy of financial reporting data fields.	The Asset Forfeiture Management Staff (AFMS) DQT performed monthly sample testing to mitigate audit risk, created and provided asset forfeiture data quality training, and helped AFMS and the participating agencies prepare for and respond to the annual Office of the Inspector General audit.

Providing Support Services to Meet Pension Benefit Guaranty Corporation (PBGC) Internal Control Requirements

The Challenge	
The Office of Management and Budget (OMB) requires all government agencies to perform OMB A-123, assessments to comply with the Federal Managers' Financial Integrity Act. The PBGC required support in performing the A-123 assessment and assistance in setting up the Enterprise Risk Management (ERM) program.	
Services Provided	Results Delivered
We supported PBGC in the performance of A-123 audits, which included walking through business processes, updating control matrices, testing key controls, and reporting control gaps. Additionally, MorganFranklin Consulting assisted PBGC with business process implementation and identification and remediation of non-compliance.	We delivered significant A-123 test results, allowing PBGC to receive a clean opinion from the Office of Inspector General. We additionally provided a comprehensive framework that not only developed internal controls that met the ERM capability requirements, but also allowed PBGC to properly undergo the full ERM assessment going forward.



Supporting Office of Personnel Management with Information Systems Audits

The Challenge	
<p>OPM's external auditors identified a material weakness due to the lack of an A-123 audit of the information system control environment. MFC was brought on to assist OPM's Office of Risk Management and Internal Control with conducting an A-123 assessment to assess the risks, document the control environment and tests the controls relating to OPM's IT environment.</p>	
Services Provided	Results Delivered
<p>MorganFranklin Consulting developed a comprehensive assessment plan including documentation of OPM's information systems environment and a mapping of financial systems involved with each significant financial process and their interconnections. In addition, we supported OPM by conducting IT general and application control testing.</p>	<p>We delivered a comprehensive plan to assess the Agency's IT general controls in compliance with OMB A-123 and performed audits to confirmed remediation of the material weakness identified by the auditors.</p>

2. Economy and Efficiency Audits – Examples of Past Performance

The following includes examples of how MorganFranklin has evaluated business practices (including acquisition practices), resource optimization, compliance with laws and regulations, management control systems, and measures of economy and efficiencies. These examples should be considered in conjunction with the other examples included in Section 1 (Internal Control Audits) and Section 3 (Program Results and Program Fraud Audits) in demonstrating our experience with Economy and Efficiency Audits.

Auditing Submarine Force, US Pacific Fleet (SUBPAC) Document Retention Processes

The Challenge	
<p>Commander, SUBPAC required assistance to effectively implement FIAR-compliant document retention practices after its supply and logistics division migrated its key supporting documentation to a new document repository.</p>	
Services Provided	Results Delivered
<p>MorganFranklin Consulting audited 41 subordinate submarine commands and seven subordinate shore commands document retention practices by understanding existing processes and barriers to compliance, testing internal controls, identifying process improvements, and developing performance metrics.</p>	<p>We assisted SUBPAC in changing standard practices for validating and archiving electronic financial records. This effort substantially reduced manpower requirements for all Pacific Submarine Force activities, streamlined document retention practices, and enhanced the command's auditability.</p>



Assisting Veterans Affairs (VA) Establish an Internal Audit Function

The Challenge	
<p>VA lacked a formal oversight program of VA's healthcare operations resulting in significant issues and deficiencies identified in the Agency's delivery of healthcare services to the nation's veterans. The newly established Office of Internal Audit (IA) required support in developing and implementing a formal internal audit program.</p>	
Services Provided	Results Delivered
<p>MorganFranklin Consulting developed a comprehensive internal audit program including the process, tools, and templates required to execute the program, aligning with GAGAS. In addition, we supported the execution of VA's first ever internal audits, providing subject matter expertise in healthcare operations, data analytics and data management, and general auditing techniques.</p>	<p>Through the execution of the first three inaugural internal audits, VA has received recommendations to improve the efficiency and effectiveness of the Department's healthcare operations. In addition, the internal audit program framework provides VA with a repeatable process for conducting additional oversight of the VA medical centers.</p>

Evaluating VA's Grants for Compliance and Improvement Opportunities

The Challenge	
<p>VA's Office of Business Oversight required support in evaluating grantee compliance with applicable laws, rules, regulations and program guidance to ensure the effective use and management of Federal funds consistent with program requirements.</p>	
Services Provided	Results Delivered
<p>We conducted audits and reviews of more than 80 grantees across the country to evaluate the management and oversight of the Grantees operations, and identify areas requiring improvement. We conducted documentation review and testing, interviews, and other procedures to assess compliance and appropriateness of the use of Federal funds.</p>	<p>VA's grantees received recommendations to improve Grantee process efficiency and effectiveness and address risk areas including minimizing the potential for fraud, waste, and abuse. In addition, we provided suggestions to clarify and improve program and guidance and strengthen Grantee oversight and monitoring processes.</p>

Auditing Business Processes at Department of Labor

The Challenge	
DOL needed to enhance the overall financial oversight for a Jobs Initiative Program using a Tri-Office approach to strengthen funding and budgeting processes.	
Services Provided	Results Delivered
We audited cost models and provided actionable recommendations to improve current financial processes as they pertain to the funding of DOL contracts, including efficiencies and methods to determine the cost of the Jobs program. We also worked with DOL to develop an ERM approach that complied with the Green Book and OMB A-123 requirements.	We conducted deep dive cost audits based on program data from multiple financial systems including using benchmarking techniques to improve budgeting, estimating, and predictability of key cost drivers. Using the Green Book, we planned, managed, and executed annual OMB Circular A-123 internal controls assessments to include development of and updates to SOPs, process narratives, process flowcharts, and risk and controls matrices.

3. Program Results and Program Fraud Audits – Examples of Past Performance

The following examples of past performance demonstrate MorganFranklin Consulting's assessments of program objectives, results, effectiveness, compliance with laws and regulations and alignment with other programs. These examples should be considered in conjunction with the other examples included in Section 1 (Internal Controls Audits and Section 2 (Economy and Efficiency Audits) in demonstrating our experience with Program Results and Program Fraud Audits.

Testing Consumer Operated and Oriented Plans (CO-OP) Compliance Agreement

The Challenge	
CMS had concerns that the CO-OPs established as part of the Affordable Care Act were not complying with the requirements noted in their Loan Agreements. Some of the issues noted were lack of segregation of duties, non-compliance with reporting requirements to CMS, and contracting issues.	
Services Provided	Results Delivered
We developed detailed criteria and measurements to perform reviews of CO-OP compliance with loan and regulatory requirements. In addition, we provided technical assistance to aid the CO-OPs in establishing internal controls programs (to include increased accountability, transparency and clearer delineation of roles and responsibilities), developing policies and procedures, improving internal processes and selecting vendors and monitoring vendor performance.	We provided the CO-OPs with review reports identifying areas of non-compliance and recommendations to improve business processes. In addition, our reviews identified areas where CMS could improve, elaborate, and provide additional guidance to the CO-OP. We also assisted CMS in determining additional technical assistance and training areas needed for the CO-OP program which would help the longevity of the CO-OP Program.



Evaluating Corporation for National and Community Service (CNCS) Volunteers in Service to America (VISTA) Program Effectiveness

The Challenge	
The CNCS VISTA Program lacked an understanding of whether service projects met established strategic goals and objectives, as well as the root cause of high volunteer turnover.	
Services Provided	Results Delivered
We defined criteria and designed procedures to evaluate the effectiveness of the VISTA grant program; conducted testing including documentation review and stakeholder interviews; conducted research to identify best practices; and made recommendations to improve the effectiveness of the VISTA program.	MorganFranklin Consulting delivered a comprehensive plan to enhance program effectiveness, including performance measurement and monitoring strategies to enhance the overall volunteer experience. The result was improved retention for the VISTA program.

Evaluating Agency IPERA Compliance

The Challenge	
The National Science Foundation (NSF) Office of the Inspector General (OIG) and Corporation for National and Community Service (CNCS) were required to evaluate the agencies' methodology for assessing the risk and occurrence of improper payments in their programs to meet Office of Management and Budget (OMB) and Congressional reporting requirements.	
Services Provided	Results Delivered
We designed and conducted audit procedures to evaluate the respective agencies' IPERA estimation methodologies and program results and assessed compliance with the OMB issued improper, including fraudulent payments requirements	MorganFranklin Consulting delivered recommendations to NSF and CNCS to enhance payment integrity within their programs, including methods for assessing risk in payment processes and statistical approaches for estimating improper payments.

Our Commitment to Our Clients

MorganFranklin is no stranger to tackling tough transformational challenges and implementing sustainable solutions for our public sector clients. We value the diversity of our clients and always look for opportunities to leverage lessons learned to bring fresh perspective and innovative solutions. The following is an illustrative list of public sector clients who have trusted MorganFranklin to assist with their complex finance, accounting, process, and system challenges.

<u>STATE AND LOCAL</u>	<u>FEDERAL GOVERNMENT</u>	
	<u>DEFENSE</u>	<u>CIVILIAN</u>
<u>Florida (Examples)</u> City of Winter Garden City of Casselberry University of Central Florida Lynx Transportation System Orange County Clerk of Courts Brevard County Supervisor of Elections Children's Home Society of Brevard County Broward County <u>Other (Examples)</u> City of Bryan, TX City of Fort Worth, TX City of Houston, TX City of Long Beach, CA City of Memphis, TN City of Nashville, TN City of Raleigh, NC City of San Antonio, TX City of Ventura, CA State of Arizona State of North Carolina	Army Environmental Command Army Materiel Command Commander, Navy Reserve Forces Commander, U.S. Pacific Fleet Defense Health Agency Defense Security Service Defense Threat Reduction Agency Department of the Air Force Department of the Army Department of the Navy Naval Sea Systems Command Office of Economic Adjustment Southwest Regional Maintenance Center Space and Naval Warfare Systems Command Uniformed Services University of the Health Sciences United States Fleet Forces Command United States Marine Corp	Centers for Medicare & Medicaid Services Commodity Futures Trading Commission Department of Agriculture Department of Commerce Department of Energy Department of Homeland Security Department of Justice Department of Labor Department of the Treasury Department of Veterans Affairs General Services Administration International Monetary Fund National Science Foundation Office of Economic Adjustment Office of Personnel Management Pension Benefit Guaranty Corporation Securities and Exchange Commission

Contract Attachment D

Authorized Services List

Category 2: Financial and Performance Audits

MorganFranklin Consulting LLC has been awarded and therefore is Authorized to provide the Services listed below through State Term Contract No. 84111600-20-1 for Financial and Performance Audits, Section IV. e) Services:

- Internal Controls Audits
- Economy and Efficiency Audits
- Program Results and Program Fraud Audits

Contract Attachment E



Contractor Information Form

Contractors with an active state contract or agreement procured by the Division of State Purchasing should use this form to provide contact information for customers, which will be posted on the Department of Management Services (DMS) website. The form must be submitted to the assigned contract manager at the time of contract execution and whenever changes are requested by the contractor throughout the life of the contract.

***** PLEASE RETURN THIS FORM TO DMS IN EXCEL FORMAT ONLY *****

Contract Name:	Financial and Performance Audits
Contract Number:	84111600-20-1

Contractor Name:	MorganFranklin Consulting, LLC
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FEIN:	52-2092032	*** MUST MATCH ACTIVE SUNBIZ.ORG REGISTRATION ***
Website:	www.morganfranklin.com	

Customer Contact

Contact for sales information, ordering, and billing questions.

Name:	Amy Hover		
Email:	AmyHover@morganfranklin.com		
Phone:	571-282-6892	ext.	
Address:	7900 Tysons One Place, Suite 300		
City:	McLean		
State:	VA		
ZIP:	22102	+4:	5971

Contract Administrator

Contact for escalated customer needs.

Name:	Farouk Belal		
Email:	contracts@morganfranklin.com		
Phone:	202-770-1968	ext.	
Address:	7900 Tysons One Place, Suite 300		
City:	McLean		
State:	VA		
ZIP:	22102	+4:	5971

If there is additional information that you would like to make available to customers on the DMS website, please enter it in the field below. The assigned contract manager will review your request and notify you whether or not the information is approved for posting.

Contract Attachment F No Offshoring

The undersigned Respondent hereby attests that it will not perform any of the Contract services from outside of the United States, including not utilizing offshore subcontractors in the performance of a Contract award, and will remain in compliance with the subcontractor clause in the Contract.

Respondent Name: MorganFranklin Consulting, LLC

Respondent Federal Employer Identification Number (FEIN #): 52-2092032

Authorized Signature: 

Print Name: Farouk Belal

Title: Sr. Contracts Manager

Date: 6/8/2020

**Contract Attachment G
Subcontracting**

Complete the information below on all subcontractors that will provide services to the Respondent to meet the requirements of the resultant contract, should the Respondent be awarded. Submission of this form does not indicate the Department's approval but provides the Department with information on proposed subcontractors for review.

Please complete a separate sheet for each subcontractor.

There will be subcontractors for this solicitation YES ____ NO ____ (place a checkbox where applicable). If not, Respondents are not required to complete the remainder of this form.

Service: _____

Company Name: _____

Contact: _____

Address: _____

Telephone: _____

Fax: _____

Current Office of Supplier Diversity certification of woman-, veteran, or minority-owned small business enterprise Yes _____ No _____

W-9 verification: Yes _____ No _____

In a job description format, describe below the responsibilities and duties of the subcontractor based on the technical specifications or statement of work outlined in this solicitation.

