

Note: All sections must be completed. Incomplete forms will be returned to the originating department.

I. CONTRACT INFORMATION:

Agency/Department: Auditor of Accounts/ **Contract #:** 45480 **Amendment #:**
Vendor Name: CliftonLarsonAllen LLP **VISION Vendor No:** 366757
 Vendor Address: 1966 Greenspring Dr. Suite 300, Timonium, MD 21093
Starting Date: 4/01/23 **Ending Date:** 6/30/2026 **Amendment Date:**
Summary of agreement or amendment: CLA will perform the FY23, FY24, and FY25 ACFR and Single Audits.

II. FINANCIAL & ACCOUNTING INFORMATION

Maximum Payable: \$4,489,687.00 **Prior Maximum:** \$ **Prior Contract # (If Renewal):**
 Current Amendment: \$ **Cumulative amendments:** \$ **% Cumulative Change:**
Business Unit(s): 1250; - [notes:] **VISION Account(s):** 507100;
 Estimated Funding Split: % GF % SF % EF % Other
 % TF % GC % FF % SARF (name)

III. PROCUREMENT & PERFORMANCE INFORMATION

A. Identify applicable procurement process utilized.
 Standard Bid/RFP Simplified Sole Source (See B.) Qualification Based Selection Statutory
 B. If Sole Source Contract, contract form includes self-certification language? Yes N/A
 C. Contract includes **performance measures/guarantees** to ensure the quality and/or results of the service? Yes No

IV. TYPE OF AGREEMENT (select all that apply)

Personal Service Construction Arch/Eng. Marketing Info. Tech. Prof. Service
 Non-Personal Service Retiree/Former SOV EE Financial Trans Zero-Dollar Privatization Other
 Commodity

V. SUITABILITY FOR CONTRACT FOR SERVICE

Yes No n/a Does this contract meet the determination of an Independent Contractor? If "NO", the contractor must be set up and paid on payroll through the VTHR system.

VI. CONTRACTING PLAN APPLICABLE

Is any element of this contract subject to a pre-approved Agency/Dept. Contracting Waiver Plan? Yes No

VII. CONFLICT OF INTEREST

By signing below, I (Agency/Dept. Head) certify that no person able to control or influence award of this contract had a pecuniary interest in its award or performance, either personally or through a member of his or her household, family, or business.
 Yes No Is there an "appearance" of a conflict of interest so that a reasonable person may conclude that this party was selected for improper reasons: (If yes, explain)

VIII. PRIOR APPROVALS REQUIRED OR REQUESTED

Yes No Agreement must be Certified by the Attorney General under 3 V.S.A. § 342 (sign line #4 below)
 Yes No Attorney General review As To Form is required (\$25,000 and above) or otherwise requested: _____ (AAG initial)
 Yes No Agreement must be approved by the Secretary of ADS/CIO
 Yes No Agreement must be approved by the CMO: for Marketing services over \$25,000
 Yes No Agreement must be approved by Comm. Human Resources: for Privatization, Retirees, Former Employees, & if a Contract fails the IRS test.
 Yes No Agreement must be approved by the Secretary of Administration

IX. AGENCY/DEPARTMENT HEAD CERTIFICATION; APPROVAL

I have made reasonable inquiry as to the accuracy of the above information (sign in order):
 1-Date: 4/10/2023 **1-Agency/Department Head**
 2-Date: _____ **2-Agency Secretary (if required)**
 3a-Date: _____ **3a-CIO** 3b-Date: _____ **3b-CMO** 3c-Date: _____ **3c-Commissioner DHR**
 4-Date: 4/6/2023 **4-Attorney General** 5-Date: 4/7/2023 **5-Secretary of Administration**

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1. **Parties.** This is a contract for services between the State of Vermont, Office of the State Auditor, (hereinafter called “State”), and CliftonLarsonAllen LLP, with a principal place of business in Timonium, Maryland (hereinafter called “Contractor”). Contractor’s form of business organization is a limited liability partnership. It is Contractor’s responsibility to contact the Vermont Department of Taxes to determine if, by law, Contractor is required to have a Vermont Department of Taxes Business Account Number.
2. **Subject Matter.** The subject matter of this contract is services generally on the subject of performing the State’s annual financial and compliance audits. Detailed services to be provided by Contractor are described in Attachment A.
3. **Maximum Amount.** In consideration of the services to be performed by Contractor, the State agrees to pay Contractor up to a maximum of \$4,489,687 in accordance with the payment provisions specified in Attachment B.
4. **Contract Term.** The period of contractor’s performance shall begin on April 1, 2023 and end on June 30, 2026. Subject to satisfactory performance by the Contractor, and at the sole option of the State, this contract may be renewed by the parties for an additional two years.
5. **Prior Approvals.** This Contract shall not be binding unless and until all requisite prior approvals have been obtained in accordance with current State law, bulletins, and interpretations.
- a. Approval by the Attorney General’s Office is required.
 - b. Approval by the Secretary of Administration is required.
 - c. Approval by the Agency of Digital Services is required.
6. **Amendment.** No changes, modifications, or amendments in the terms and conditions of this contract shall be effective unless reduced to writing, numbered and signed by the duly authorized representative of the State and Contractor.
7. **Termination for Convenience.** This contract may be terminated by the State at any time by giving written notice at least 150 days in advance. In such event, Contractor shall be paid under the terms of this contract for all services provided to and accepted by the State prior to the effective date of termination. See Attachment B, Section A.3.ii. for more detail.
8. **Attachments.** This contract consists of 35 pages including the following attachments, which are incorporated herein:

Attachment A - Statement of Work

Attachment B - Payment Provisions

Attachment C – “Standard State Provisions for Contracts and Grants” (revision date 12/15/2017)

Attachment D – Information Technology Professional Services Terms and Conditions

Attachment E – Other Contract Provisions

Attachment F – Business Associate Agreement

STATE OF VERMONT STANDARD CONTRACT FOR SERVICES

Contract # 45480

9. **Order of Precedence.** Any ambiguity, conflict or inconsistency between the documents comprising this contract shall be resolved according to the following order of precedence:

- (1) Standard Contract
- (2) Attachment C
- (3) Attachment D
- (4) Attachment E
- (5) Attachment F
- (6) Attachment A
- (7) Attachment B

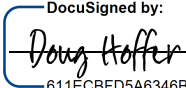
WE THE UNDERSIGNED PARTIES AGREE TO BE BOUND BY THIS CONTRACT

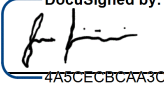
By the State of Vermont:
4/10/2023

By the Contractor:
4/8/2023

Date: _____

Date: _____

Signature:  _____
611ECBFD5A6346B...

Signature:  _____
4A5CECBCAA3C4A0...

Name: Doug Hoffer

Name: James Piotrowski

Title: State Auditor

Title: Principal, CLA

ATTACHMENT A – STATEMENT OF WORK

The purpose of this contract is to provide auditing services to the State as required by *Government Auditing Standards* and the Uniform Guidance, as detailed in Sections A and B of this attachment.

A. GENERAL SERVICES REQUIRED

1. The Contractor will serve as the auditor for the State's annual financial and compliance audits in accordance with auditing standards generally accepted in the United States (GAAS); the standards for financial audits contained in *Government Auditing Standards* (GAGAS), issued by the Comptroller General of the United States; Title 2 U.S. *Code of Federal Regulations* Part 200; *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and other relevant laws and regulations.
2. The Contractor is responsible for auditing the basic financial statements reported in the State's Annual Comprehensive Financial Report (ACFR) to determine whether the Basic Financial Statements presented in the ACFR are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States (GAAP).
3. Contractor will perform tests of accounting records, a determination of major programs in accordance with Uniform Guidance, and other procedures Contractor considers necessary to express opinions and render the required reports.
4. Contractor will consider internal controls relevant to the State's preparation and fair presentation of the basic financial statements and compliance, but not for the purpose of expressing an opinion on the effectiveness of the State's internal control. However, Contractor will communicate in writing to the State Auditor's Office (SAO) and Management significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements.
5. Contractor will perform tests of the State's compliance with the provisions of laws, regulations, contracts, and grant agreements that have a material effect on the financial statements. Contractor is not expected to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material impact on the financial statements or on major programs.
6. As required by the Uniform Guidance, Contractor will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls relevant to preventing and detecting material noncompliance with the compliance requirements applicable to each major federal award program, but those tests will be less in scope than would be necessary to render an opinion, and no opinion will be expressed in Contractor's report on internal control.
7. Contractor will inform the SAO and Finance & Management of any material errors, fraudulent financial reporting, or misappropriation of assets, and also any violations of laws, regulations, contracts or grant agreements that come to the

attention of the Contractor. Contractor will include such matters in the reports required for the single audit.

8. The State utilizes a SharePoint site for posting documents and schedules relevant to audit fieldwork, to which the Contractor will have access. The Contractor will use email and other electronic methods to transmit and receive information between Contractor and the State and will employ reasonable efforts and take appropriate precautions to protect the privacy and confidentiality of transmitted information.
9. The Contractor will allow State personnel from the SAO and staff from relevant federal agencies access to audit work papers at no cost. In addition, the Contractor will grant access to other agencies or departments within the State at no cost as approved by the SAO and allowed under generally accepted auditing standards.
10. The audit documentation for this engagement will be retained for a minimum of seven years after the report release date or any additional period requested by the State (or oversight agency).
11. Contractor will inform the SAO prior to submitting a proposal for consulting services to any other public client in Vermont. The SAO must determine that Contractor's independence would not be compromised prior to Contractor submitting any such proposal. Any ensuing consulting engagements will be outside the contract for audit services.
12. Contractor will provide the SAO with a copy its most recent peer review.

B. SPECIFIC SERVICES REQUIRED

1. Contractor will conduct meetings with the SAO to review and obtain concurrence on the overall audit plan. The work plan will be designed to ensure deliverables are provided timely and to optimize integration and coordination of the financial and compliance audits.
2. Senior representatives of the Contractor will conduct annual audit planning conferences with the State Auditor, the Commissioner of Finance & Management, and Secretaries or Commissioners of relevant agencies/ departments. A plan for audit status meetings will be developed at the commencement of this contract and reviewed each year before the start of audit work. Additional meetings involving agency/department staff may be scheduled as needed, e.g., "Town Hall" meetings that address the audit schedule and requests for documentation.
3. The Contractor will conduct entrance and exit meetings with agencies and departments in the single audit scope and invite the Statewide Grants Administrator to attend these meetings. Contractor will keep the SAO informed of the meeting schedule, and the State Auditor or designee will notify the Contractor of any intention to attend.
4. The Contractor will determine whether the schedule of expenditures of federal awards prepared by Management is presented fairly in all material respects in relation to the State's financial statements.

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5. It is the Contractor's responsibility to follow up on prior audit findings from the compliance and financial statement audits. Contractor will perform procedures to assess the accuracy of the summary schedule of prior audit findings and perform audit follow-up procedures, regardless of whether a prior audit finding relates to internal controls over financial reporting or compliance with laws and regulations in the current year.
 6. The Contractor will apply certain limited procedures to the required supplementary information (RSI) and other information accompanying the financial statements. However, Contractor is not expected to express an opinion or provide any assurance on the RSI or other information accompanying the financial statements.
 7. Contractor will also perform procedures in order to express an opinion on whether the supplementary information other than RSI accompanying the financial statements is fairly stated, in all material respects, in relation to the financial statements as a whole.
 8. The Contractor will perform sufficient IT procedures in accordance with GAGAS to determine whether it may rely upon the processing of financial and program transactions by the State's information technology systems. The IT controls work will be performed by IT professionals with expertise in IT auditing. Contractor will provide the SAO and the relevant State agency or department with written comments pertaining to any control issues noted as a result of this work. These comments, as appropriate, will be included in the statewide management letter, which will be made publicly available consistent with the State's public records law and will be posted on the State's website.
 9. Contractor is not responsible under this contract for auditing the financial statements of the Vermont Student Assistance Corporation, the University of Vermont and State Agricultural College, the Vermont State College System, the Vermont Housing Finance Agency, the Vermont Housing and Conservation Board, the Vermont Municipal Bond Bank, the Vermont Economic Development Authority, the Vermont Educational and Health Buildings Financing Agency, or the Vermont Veterans' Home, which are separately audited, or of the fund managed by the Vermont Lottery Commission, the Special Environmental Revolving Fund (SERF), the Energy Efficiency Utility Fund (EEUF) and Universal Service Fund (USF), and the Tri-State Lotto Commission, all of which are separately audited. The Vermont Transportation Authority is currently inactive and does not undergo an audit; should it be reactivated, Contractor is not responsible for auditing the Authority's financial statements. The Contractor may place reliance on the reports of other auditors and, if the Contractor does so, the audit opinion will reference this reliance.
 10. Contractor will incorporate into its audit plan sufficient time for required analysis, internal control testing, and reporting, and is responsible for staying informed of all current and pending GASB pronouncements and their impact on the State's financial statements.

11. Contractor will review the design of controls at the department level and the responses to the annual internal control self-assessment to assess risk. Contractor will test controls, as applicable, for the compliance audit and determine whether testing controls would increase audit efficiency for the financial statement audit.
12. Contractor is expected to evaluate, report on, and recommend improvements to the State's structure of internal control. The Contractor will incorporate the objectives, components, and factors associated with generally accepted frameworks such as COSO, FISCAM, and COBIT when evaluating internal control.
13. As part of these follow-up procedures and in accordance with 32 V.S.A. §163(3)(B), the Contractor will complete a template provided by SAO that records the extent to which prior recommendations from the compliance and financial statement audits have been implemented.
14. As required by GAGAS, the Contractor will prepare a written report on internal control over financial reporting and on compliance and other matters based on an audit of the financial statements, providing Contractor's consideration of internal controls over financial reporting and tests of compliance made as part of the audit of the statements.
15. Contractor will perform tests of the State's compliance with certain provisions of laws, regulations, contracts, and grants that the Contractor determines to be necessary based on the OMB *Compliance Supplement*, which outlines procedures suggested by each federal agency but do not cover all areas of regulations governing each program. Outside program reviews by federal agencies may identify additional instances of noncompliance.
16. Contractor will employ reasonable efforts and take appropriate precautions to protect the privacy and confidentiality of all transmitted information.
17. Senior representatives of the Contractor will be available to make formal presentations of the results of the audit to the Legislature, if so requested.
18. Contractor will not be required to issue consent letters in connection with debt offerings of the State and will not be involved with the any official statements made in the State's offering documents. The State will include the following disclosure in its offering documents:

CliftonLarsonAllen LLP, our independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. CliftonLarsonAllen LLP also has not performed any procedures relating to this offering document.

C. REPORTING

1. The Contractor will prepare and sign the following reports required under the *Uniform Guidance*.

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- i. Independent Auditor's Report on the Audit of the Financial Statements
 - ii. Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*
 - iii. Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards as Required by the Uniform Guidance
 - iv. Schedule of Findings and Questioned Costs
 2. Contractor will include in the single audit report the Schedule of Expenditures of Federal Awards and accompanying notes, prepared by Management and provided to the Contractor.
 3. The Contractor will provide a draft of all reports and findings to the State Auditor and Finance & Management annually for review by March 1, at least two weeks prior to the release of the Single Audit report.
 4. Contractor will issue the Yellow Book report each year within 60 days of the issuance of the ACFR. Findings contained in the report will be made available to Management for response at least two weeks prior to when the "Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements" is dated.
 5. Contractor will provide the management at relevant agencies and departments with the opportunity to respond to audit findings and will include the State's responses in the internal control report and in the Schedule of Findings and Questioned Costs. Prior to each exit meeting, the "conditions found" portion of each potential audit finding will be sent to the agency or department for review and the opportunity to provide documentation for consideration of the Contractor to eliminate or modify the finding, per Finance & Management's Policy #9. Information or data intended to resolve the condition may be provided by agency/department staff to Contractor for consideration by no later than two weeks after the exit meeting, after which findings will be finalized and submitted to Finance & Management for review and distribution for Management's response. If the State's response to a finding includes a disagreement or inadequate corrective action, the Contractor shall explain the reason(s) why it disagrees with Management's comments prior to submission of the draft report to SAO and Management.
 6. Upon completion of the audits, the Contractor will complete the auditor sections of the electronic Data Collection Form SF-SAC and perform the steps to certify SF-SAC and the single audit reporting package; Contractor will create the single audit reporting package. Management will complete the auditee sections of the Data Collection Form and is responsible for reviewing for completeness and accuracy of the reporting package. Management is responsible for uploading to

the federal audit clearinghouse the data collection form and the single audit reporting package within the earlier of 30 calendar days after receipt of the auditors' reports or nine months after the end of the audit period.

7. The Contractor must provide to the SAO and Finance & Management a PDF copy of the single audit report that is searchable, unencrypted, and unlocked in order to meet Federal Audit Clearinghouse Single Audit Reporting Package submission requirements.
8. Upon completion of its work, the Contractor will address the reports issued under this contract to the Speaker of the House or Representatives, President Pro Tempore of the Senate, and the Governor of the State of Vermont. Management is responsible for distribution of the reports and financial statements.
9. Contractor will comply with requirements in AU-C Sections 260 for written communication, as agreed upon by the SAO and Finance & Management, and to include:
 - i. Corrected misstatements arising from the audit that could, in the Contractor's judgment, either individually or in aggregate, have a significant effect on the State's financial reporting process. In this context, corrected misstatements are proposed corrections of the financial statements that were recorded by the State and, in Contractor's judgment, may not have been detected except through the auditing procedures performed.
 - ii. Uncorrected misstatements aggregated during the current engagement and pertaining to the latest period presented that were determined by the State to be immaterial, both individually and in aggregate.
 - iii. Any disagreements with the State or other significant difficulties encountered in performance of the audit.
 - iv. Other matters required to be communicated by auditing standards generally accepted in the United States.
10. Contractor will issue a management letter to communicate deficiencies in internal control or other issues or recommendations for improvement noted during the audits.
11. The State understands that Contractor cannot provide assurance that unmodified opinions will be expressed. If Contractor's opinions on the financial statements or the single audit compliance opinion are other than unmodified, Contractor will discuss the reasons with Management and the SAO in advance.

D. DEADLINE FOR DELIVERABLES

1. All necessary work associated with the financial statements audit, in accordance with auditing standards generally must be completed and the final audit report (ACFR) issued within six (6) months of the fiscal year end. It is expected that the report will be issued by not later than December 31 each year and that only unusual events might require consideration of an alternative schedule. The findings associated with the related report on internal control over financial reporting and on compliance and other matters will be provided to Management for response at least two weeks prior to the date of the final ACFR report.
2. All necessary work associated with the audit of the State's major federal programs, in accordance with Uniform Guidance and *Government Auditing Standards*, will be completed for issuance no later than March 31 each year. A draft of all findings will be provided to Management in advance, as specified in this attachment, and a draft of the single audit report will be delivered to the Auditor's Office and Finance & Management for review by no later than March 1 each year, at least two weeks in advance of issuance.

Deliverables	Not later than
Independent Auditor's Report on the Financial Statements	Dec. 31
Findings contained in Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements (to be included with Single Audit Report)	2 weeks prior to date of ACFR report
Single Audit Report inclusive of Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance; and Schedule of Findings and Questioned Costs	3/31; draft to SAO and F&M for review by 3/1
Management Letter	Jan. 15 re: ACFR; April 15 re: Single Audit
AU-C 260 correspondence	TBD
Template recording extent to which prior recommendations from compliance and financial statement audits have been implemented	April 1

3. The State Auditor will:
 - i. provide workspace and photocopying equipment in Montpelier for the Contractor's personnel, as needed;
 - ii. assist the Contractor in obtaining all necessary access/ID badges and parking permits;
 - iii. arrange for resolution of legal questions with the Vermont Office of the Attorney General; and

4. Management will facilitate the Contractor's access to key officials and relevant personnel, documents, reports, data files, or other information needed for the audit work, including access to component information, component management, and component auditors.
5. State agencies/departments will provide office space for Contractor staff engaged in the single audit.

E. CONTRACTOR STAFF ASSIGNMENT AND SUBCONTRACTING

1. The Contractor will assign no less than five principals (or equivalent individual such as signing director) for the audit engagements, including one IT specialist and one QC reviewer (which may be a principal or director from the Contractor's national assurance technical group); four audit managers (or director with equivalent experience), including one IT specialist; one IT director; and senior associates and staff level associates as necessary.
2. Managers assigned to each component of the audit engagement, specifically the federal compliance audit and the basic financial statements audit, will have relevant experience with their respective components. For example, the manager assigned to coordinate the audit of the State's pension and Other Postemployment Benefits plans shall have specific experience with financial reporting for public pensions with the size and complexity at least equivalent to the State of Vermont pensions.
3. With prior approval of the SAO, the Contractor may utilize the services of qualified independent public accountants and/or independent professional consultants ("Subcontractors") to assist in the performance of the statewide financial audit and/or federal compliance audit.

F. TRAINING, ACCESS KNOWLEDGE TOOLS, AND TECHNICAL CONSULTATION

1. Annually provide 100 hours of extended audit services, such as training and educational opportunities for the staff of the State Auditor's Office and staff in other departments on topics to be mutually agreed upon, of which 24 hours of NASBA CPE credits will be offered.
2. Contractor will work with the State Auditor's Office and the Department of Finance & Management in developing strategies to assist staff throughout the State to promote internal control and compliance with laws, regulations, and grant contract provisions. This may include assistance with developing best practices or assisting with developing and implementing training for state financial managers.

G. CPE REQUIREMENTS

1. The Contractor will meet all Continuing Professional Education (CPE) Standards specified by Government Auditing Standards.

H. MANAGEMENT RESPONSIBILITIES

The audits will be conducted on the basis that Management (and, when appropriate, those charged with governance) acknowledge and understand that management has certain responsibilities that are fundamental to the conduct of an audit, as follows:

1. Management is responsible for the preparation and fair presentation of the financial statements, RSI, and the schedule of expenditures of federal awards in accordance with U.S. GAAP. Management is also responsible for identifying all federal awards received, understanding and complying with the compliance requirements, and for the preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in accordance with the requirements of the Uniform Guidance.
2. Management's responsibilities include the selection and application of accounting principles; recording and reflecting all transactions in the financial statements; determining the reasonableness of significant accounting estimates included in the financial statements; adjusting the financial statements to correct material misstatements; and confirming to the Contractor in the management representation letter that the effects of any uncorrected misstatements aggregated by the Contractor during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Management is responsible for compliance with applicable laws and regulations and the provisions of contracts and grant agreements, including compliance with federal statutes, regulations, and the terms and conditions of federal awards applicable to the State's federal programs. Management's responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.
3. Management is responsible for the design, implementation, and maintenance of effective internal control, including internal control over compliance, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; and that there is reasonable assurance that government programs are administered in compliance with compliance requirements.
4. Management is responsible for the design, implementation, and maintenance of internal controls to prevent and detect fraud; assessing the risk that the financial statements may be materially misstated as a result of fraud; and for informing the Contractor about all known or suspected fraud affecting the State involving (1) management, (2) employees who have significant roles in internal control, and

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- (3) others where the fraud could have a material effect on the financial statements. Management's responsibilities include informing the Contractor of any knowledge of any allegations of fraud or suspected fraud affecting the State received in communications from employees, former employees, grantors, regulators, or others. In addition, Management is responsible for implementing systems designed to achieve compliance with applicable laws and regulations and the provisions of contracts and grant agreements, including compliance with federal statutes, regulations, and the terms and conditions of federal awards applicable to the State's federal programs; identifying and ensuring that the State complies with applicable laws, regulations, contracts, and grant agreements, including compliance with federal statutes, regulations, and the terms and conditions of federal awards applicable to the State's federal programs; and informing the Contractor of all instances of identified or suspected noncompliance whose effects on the financial statements should be considered.
5. Management is responsible for taking timely and appropriate steps to remedy any fraud; noncompliance with provisions of laws, regulations, contracts, or grant agreements; or abuse that the Contractor may report. Additionally, as required by the Uniform Guidance, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified, including noncompliance identified in audit findings; and to follow up and take prompt corrective action on reported audit findings.
 6. Management will prepare the summary schedule of prior audit findings and a corrective action plan and provide to Contractor for review by a date that is mutually agreeable.
 7. Management is responsible for providing the Contractor with (1) access to all information of which Management is aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters, and for the accuracy and completeness of that information, and for ensuring the information is reliable and properly reported; (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance; (3) additional information that we may request for the purpose of the audit; and (4) unrestricted access to persons within the State from whom we determine it necessary to obtain audit evidence.
 8. Management agrees to inform the Contractor of events occurring or facts discovered subsequent to the date of the financial statements that may affect the financial statements. Management is also responsible for providing the Contractor access to component information, those charged with governance of components, component management, and component auditors (including relevant audit documentation and communications).

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9. Management is responsible for providing the Contractor with, or making arrangements to facilitate (1) unrestricted communication between the Contractor and the component auditor(s) to the extent permitted by law or regulation; (2) communications between the component auditor(s), those charged with governance of the component(s), and component management, including communications of significant deficiencies and material weaknesses in internal control; (3) communications between regulatory authorities and the component(s) related to financial reporting matters; (4) access to component information, those charged with governance of the component(s), component management, and the component auditor(s) (including relevant audit documentation requested by the Contractor); and (5) permission to perform work, or request a component auditor to perform work, on the financial information of the component(s).
 10. Management will include the Contractor's report on the schedule of expenditures of federal awards in any document that contains and indicates that the Contractor has reported on the schedule of expenditures of federal awards. Management also agrees to include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes the Contractor's report thereon or make the audited financial statements readily available to intended users of the schedule of expenditures of federal awards no later than the date the schedule of expenditures of federal awards is issued with the Contractor's report thereon. Management responsibilities include acknowledging to the Contractor in the representation letter that (1) Management is responsible for presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; (2) Management believes the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with the Uniform Guidance; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) Management has disclosed to the Contractor any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.
 11. Management is responsible for the preparation and fair presentation of other supplementary information in accordance with U.S. GAAP. Management agrees to include the Contractor's report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. Management also agrees to include the audited financial statements with any presentation of the supplementary information that includes the Contractor's report thereon or make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with the Contractor's report thereon. Management agrees to provide the Contractor written representations related to the presentation of the supplementary information.
 12. Management is responsible for providing the Contractor with a written confirmation concerning representations made by Management and staff to the Contractor in connection with the audit and the presentation of the basic financial

statements and RSI. During the engagement, the Contractor will request information and explanations from Management regarding, among other matters, the State's activities, internal control, future plans, specific transactions, and accounting systems and procedures. The procedures the Contractor will perform during the engagement and the conclusions the Contractor will reach as a basis for the Contractor's report will be heavily influenced by the representations that the Contractor receives in the representation letter and otherwise from Management. Accordingly, inaccurate, incomplete, or false representations could cause the Contractor to expend unnecessary effort or could cause a material fraud or error to go undetected by the audit procedures. In view of the foregoing, Management agrees that the Contractor shall not be responsible for any misstatements in the State's financial statements that the Contractor may fail to detect as a result of misrepresentations made by Management.

ATTACHMENT B – PAYMENT PROVISIONS

The maximum dollar amount payable under this contract is not intended as any form of a guaranteed amount. The Contractor will be paid for products or services actually delivered or performed, as specified in Attachment A, up to the maximum allowable amount specified on page 1 of this contract.

A. CONTRACTUAL ARRANGEMENTS

1. Prior to commencement of work and release of any payments, Contractor shall submit to the State:
 - i. a certificate of insurance consistent with the requirements set forth in Attachment C, Section 8 (Insurance) and Attachment D, Section 1; and
 - ii. a current IRS Form W-9, signed within the last six months.
2. Payment terms are Net 30 days from the date the State receives an error-free invoice with all necessary and complete supporting documentation.
3. The contract for this engagement will be on a firm, fixed-price basis, inclusive of all personnel, out-of-pocket expenses and other indirect costs for the audit of fiscal years ending June 30, 2023 through June 30, 2025. At the option of the Auditor's Office, this contract may be extended an additional two years, for fiscal years 2026 and 2027. The State will notify Contractor by June 2025 if contract is to be extended.
 - i. The requisite funding to continue this engagement is provided by the Vermont General Assembly.
 - ii. This contract may be cancelled by the Auditor, provided that written notice is given at least 150 days in advance. In the event of cancellation of contract, the SAO will pay Contractor only for work performed to date of cancellation. If the SAO determines that a documented transition plan is necessary, then no later than 60 days prior to termination, the IPA and the SAO shall mutually prepare a Transition Plan identifying transition services to be provided.

B. PAYMENT

1. The following all-inclusive fee schedule, for a total maximum price of \$4,489,687, is effective for audits of fiscal years 2023 through 2025:

Fiscal Year	Maximum Fees	Federal programs
2023	\$1,452,550	17
2024	\$1,496,127	17
2025	\$1,541,010	17

2. For the audits of fiscal years 2023 through 2025, the Contractor's hourly rates will be as follows:

CLA Staff	2023 Rates	2024 Rates	2025 Rates
Partner	\$295	\$304	\$313
Manager	\$200	\$206	\$212
Senior Auditor	\$150	\$155	\$159
Staff Auditor	\$120	\$124	\$127
Specialist	\$160	\$165	\$170
Subcontractors	\$220	\$227	\$233

3. Subject to the provisions of the Standard Contract for Personal Services, if other programs or work are to be added to this contract, the Contractor is required to provide advance notification and obtain prior approval from the SAO. The cost of an additional program shall be \$25,000 and any other additional work will be subject to negotiation between the Auditor's Office and Contractor. All modifications and amendments to this contract and payment provisions are subject to approval by the Secretary of Administration and the availability of funds.
4. In the event that the number of federal programs audited in any year is lower than that on which the fees are based, the contract will be amended to reduce the contract value by \$25,000 per each reduced program.
5. If the Auditor's Office exercises its option to extend the contract an additional two years, the following fee schedule will apply for fiscal years 2026 and 2027:

Fiscal Year	Fees	Federal programs
2026	\$1,587,241	17
2027	\$1,634,858	17

6. If the Auditor's Office exercises its option to extend the contract an additional two years, the Contractor's hourly rates for fiscal years 2026 and 2027 will be as follows:

CLA Staff	2026 Rates	2027 Rates
Partner	\$322	\$332
Manager	\$219	\$225
Senior Auditor	\$164	\$169
Staff Auditor	\$131	\$135
Specialist	\$175	\$180
Subcontractors	\$240	\$248

7. These fees cover audit work for all current and pending GASB pronouncements that will take effect during the term of this contract, including the required GASB statements 68 and 75 attestation reports. Should it be determined that the implementation of a new GASB pronouncement may require a significant amount

of additional work by the Contractor, the Contractor and SAO shall agree on the additional fee prior to the billing of the work.

8. Contractor shall submit detailed invoices itemizing all work performed during the invoice period in a mutually agreeable format to be determined by the Auditor and Contractor that will provide sufficient information and/or documentation to substantiate the amount invoiced for payment by the State. All invoices must include the Contract # for this contract.
9. Contractor shall submit invoices to the State Auditor's Office in accordance with the schedule set forth in this Attachment B. Invoices shall be submitted not more frequently than monthly.
10. Contractor's invoices will recognize a five percent (5%) retainage of each invoiced amount pending the proper and timely completion of the project. The Auditor reserves the right to increase the percentage of retainage or utilize some other mechanism for holding back payment in the event doubt arises regarding the Contractor's ability to continue operations and meet its obligations under this arrangement.
11. The fees associated with audit work for the three fiscal years include the specifications defined in Attachment A. If the Auditor elects to extend the contract an additional two years, the fees associated with fiscal years 2026 and 2027 include the specifications defined in Attachment A, unless the Auditor and Contractor agree to changes in the Statement of Work.

**ATTACHMENT C: STANDARD STATE PROVISIONS
FOR CONTRACTS AND GRANTS
REVISED DECEMBER 15, 2017**

“Attachment C: Standard State Provisions for Contracts and Grants” (revision version dated December 15, 2017) constitutes part of this Agreement and is hereby incorporated by reference as if fully set forth herein and shall apply to the purchase of all goods and/or services by the State under this Agreement. A copy of this document is available online at:

<https://bgs.vermont.gov/sites/bgs/files/files/purchasing-contracting/Forms/ATTACHMENT%20C%20-%20rev%20Dec%202017%20CLEAN.pdf>

ATTACHMENT D
INFORMATION TECHNOLOGY PROFESSIONAL SERVICES
TERMS AND CONDITIONS

1. OWNERSHIP AND LICENSE IN DELIVERABLES

1.1 Contractor Intellectual Property. Contractor shall retain all right, title and interest in and to any work, ideas, inventions, discoveries, tools, methodology, computer programs, processes and improvements and any other intellectual property, tangible or intangible, that has been created by Contractor prior to entering into this Contract (“Contractor Intellectual Property”). Should the State require a license for the use of Contractor Intellectual Property in connection with the development or use of the items that Contractor is required to deliver to the State under this Contract, including Work Product (“Deliverables”), the Contractor shall grant the State a royalty-free license for such development and use. For the avoidance of doubt, Work Product shall not be deemed to include Contractor Intellectual Property, provided the State shall be granted an irrevocable, perpetual, non-exclusive royalty-free license to use any such Contractor Intellectual Property that is incorporated into Work Product.

1.2 Work Product Ownership. Upon full payment by the State, all deliverables produced by the Contractor for the State, including outlines, reports, charts, sketches drawings, artwork, plans, photographs, specifications, estimates, computer programs, or similar documents, becomes property of the State Auditor's Office and may not be copyrighted or resold by the Contractor. The Contractor shall retain ownership and physical custody of the work papers. The State Auditor's Office shall have access to the work papers as necessary, at reasonable times and upon reasonable advance notice, in accordance with the applicable professional standards. Contractor will make certain that work papers are available in a full and timely manner to regulatory agencies upon request for their reviews of audit quality and for use by their auditors as required by Government Auditing Standards. Contractor will make certain that work papers are available to the Federal oversight agency pursuant to authority given to it by law or regulation and such access to the requested work papers will be provided under the Contractor's personnel. In the event copies of work papers are requested under the auspices of the Vermont Public Access law, these copies shall be paid for by the party making the request.

2. CONFIDENTIALITY AND NON-DISCLOSURE; SECURITY BREACH REPORTING

2.1 For purposes of this Contract, confidential information will not include information or material which (a) enters the public domain (other than as a result of a breach of this Contract); (b) was in the receiving party's possession prior to its receipt from the disclosing party; (c) is independently developed by the receiving party without the use of confidential information; (d) is obtained by the receiving party from a third party under no obligation of confidentiality to the disclosing party; or (e) is not exempt from disclosure under applicable State law.

2.2 Confidentiality of Contractor Information. The Contractor acknowledges and agrees that this Contract and any and all Contractor information obtained by the State in connection with this Contract are subject to the State of Vermont Access to Public Records Act, 1 V.S.A. § 315 et seq. The State will not disclose information for which a reasonable claim of exemption can be made pursuant to 1 V.S.A. § 317(c), including, but not limited to, trade secrets, proprietary information or financial information, including any formulae, plan, pattern, process, tool, mechanism, compound, procedure, production data, or compilation of information which is not patented, which is known only to the Contractor, and which gives the Contractor an opportunity to obtain business advantage over competitors who do not know it or use it.

The State shall immediately notify Contractor of any request made under the Access to Public Records Act, or any request or demand by any court, governmental agency or other person asserting a demand or request for Contractor information. Contractor may, in its discretion, seek an appropriate protective order, or otherwise defend any right it may have to maintain the confidentiality of such information under applicable State law within three business days of the State's receipt of any such request. Contractor agrees that it will not make any claim against the State if the State makes available to the public any information in accordance with the Access to Public Records Act or in response to a binding order from a court or governmental body or agency compelling its production. Contractor shall indemnify the State for any costs or expenses incurred by the State, including, but not limited to, attorneys' fees awarded in accordance with 1 V.S.A. § 320, in connection with any action brought in connection with Contractor's attempts to prevent or unreasonably delay public disclosure of Contractor's information if a final decision of a court of competent jurisdiction determines that the State improperly withheld such information and that the improper withholding was based on Contractor's attempts to prevent public disclosure of Contractor's information.

The State agrees that (a) it will use the Contractor information only as may be necessary in the course of performing duties, receiving services or exercising rights under this Contract; (b) it will provide at a minimum the same care to avoid disclosure or unauthorized use of Contractor information as it provides to protect its own similar confidential and proprietary information; (c) except as required by the Access to Records Act, it will not disclose such information orally or in writing to any third party unless that third party is subject to a written confidentiality agreement that contains restrictions and safeguards at least as restrictive as those contained in this Contract; (d) it will take all reasonable precautions to protect the Contractor's information; and (e) it will not otherwise appropriate such information to its own use or to the use of any other person or entity.

Contractor may affix an appropriate legend to Contractor information that is provided under this Contract to reflect the Contractor's determination that any such information is a trade secret, proprietary information or financial information at time of delivery or disclosure.

2.3 Confidentiality of State Information. In performance of this Contract, and any exhibit or schedule hereunder, the Party acknowledges that certain State Data (as defined below), to which the Contractor may have access may contain individual federal tax information, personal protected health information and other individually identifiable information protected by State or federal law or otherwise exempt from disclosure under the State of Vermont Access to Public Records Act, 1

V.S.A. § 315 et seq (“State Data”). In addition to the provisions of this Section, the Contractor shall comply with the requirements set forth in the State’s HIPAA Business Associate Agreement attached hereto as Attachment F. Before receiving or controlling State Data, the Contractor will have an information security policy that protects its systems and processes and media that may contain State Data from internal and external security threats and State Data from unauthorized disclosure, and will have provided a copy of such policy to the State.

State Data shall not be stored, accessed from, or transferred to any location outside the United States.

The Contractor agrees that (a) it will use the State Data only as may be necessary in the course of performing duties or exercising rights under this Contract; (b) it will provide at a minimum the same care to avoid disclosure or unauthorized use of State Data as it provides to protect its own similar confidential and proprietary information; (c) it will not publish, reproduce, or otherwise divulge any State Data in whole or in part, in any manner or form orally or in writing to any third party unless it has received written approval from the State and that third party is subject to a written confidentiality agreement that contains restrictions and safeguards at least as restrictive as those contained in this Contract; (d) it will take all reasonable precautions to protect the State’s information; and (e) it will not otherwise appropriate such information to its own use or to the use of any other person or entity. Contractor will take reasonable measures as are necessary to restrict access to State Data in the Contractor’s possession to only those employees on its staff who must have the information on a “need to know” basis. The Contractor shall not retain any State Data except to the extent required to perform the services under this Contract.

Contractor shall not access State user accounts or State Data, except in the course of data center operations, response to service or technical issues, as required by the express terms of this Contract, or at State’s written request.

Contractor may not share State Data with its parent company or other affiliate without State’s express written consent.

The Contractor shall promptly notify the State of any request or demand by any court, governmental agency or other person asserting a demand or request for State Data to which the Contractor or any third party hosting service of the Contractor may have access, so that the State may seek an appropriate protective order.

3. SECURITY OF STATE INFORMATION.

3.1 Security Standards. To the extent Contractor has access to, processes, handles, collects, transmits, stores or otherwise deals with State Data, the Contractor represents and warrants that it has implemented and it shall maintain during the term of this Contract the highest industry standard administrative, technical, and physical safeguards and controls consistent with NIST *Special Publication 800-53* (version 4 or higher) and *Federal Information Processing Standards Publication 200* and designed to (i) ensure the security and confidentiality of State Data; (ii) protect against any anticipated security threats or hazards to the security or integrity of the State Data; and (iii) protect against unauthorized access to or use of State Data. Such measures shall include

at a minimum: (1) access controls on information systems, including controls to authenticate and permit access to State Data only to authorized individuals and controls to prevent the Contractor employees from providing State Data to unauthorized individuals who may seek to obtain this information (whether through fraudulent means or otherwise); (2) industry-standard firewall protection; (3) encryption of electronic State Data while in transit from the Contractor networks to external networks; (4) measures to store in a secure fashion all State Data which shall include multiple levels of authentication; (5) dual control procedures, segregation of duties, and pre-employment criminal background checks for employees with responsibilities for or access to State Data; (6) measures to ensure that the State Data shall not be altered or corrupted without the prior written consent of the State; (7) measures to protect against destruction, loss or damage of State Data due to potential environmental hazards, such as fire and water damage; (8) staff training to implement the information security measures; and (9) monitoring of the security of any portions of the Contractor systems that are used in the provision of the services against intrusion on a twenty-four (24) hour a day basis.

3.2 Security Breach Notice and Reporting. The Contractor shall have policies and procedures in place for the effective management of Security Breaches, as defined below, which shall be made available to the State upon request.

In addition to the requirements set forth in any applicable Business Associate Agreement as may be attached to this Contract, in the event of any actual security breach or reasonable belief of an actual security breach the Contractor either suffers or learns of that either compromises or could compromise State Data (a “Security Breach”), the Contractor shall notify the State within 24 hours of its discovery. Contractor shall immediately determine the nature and extent of the Security Breach, contain the incident by stopping the unauthorized practice, recover records, shut down the system that was breached, revoke access and/or correct weaknesses in physical security. Contractor shall report to the State: (i) the nature of the Security Breach; (ii) the State Data used or disclosed; (iii) who made the unauthorized use or received the unauthorized disclosure; (iv) what the Contractor has done or shall do to mitigate any deleterious effect of the unauthorized use or disclosure; and (v) what corrective action the Contractor has taken or shall take to prevent future similar unauthorized use or disclosure. The Contractor shall provide such other information, including a written report, as reasonably requested by the State. Contractor shall analyze and document the incident and provide all notices required by applicable law.

In accordance with Section 9 V.S.A. §2435(b)(3), the Contractor shall notify the Office of the Attorney General, or, if applicable, Vermont Department of Financial Regulation (“DFR”), within fourteen (14) business days of the Contractor’s discovery of the Security Breach. The notice shall provide a preliminary description of the breach. The foregoing notice requirement shall be included in the subcontracts of any of Contractor’s subcontractors, affiliates or agents which may be “data collectors” hereunder.

The Contractor agrees to fully cooperate with the State and assume responsibility at its own expense for the following, to be determined in the sole discretion of the State: (i) notice to affected consumers if the State determines it to be appropriate under the circumstances of any particular Security Breach, in a form recommended by the AGO; and (ii) investigation and remediation associated with a Security Breach, including but not limited to, outside investigation, forensics, counsel, crisis management and credit monitoring, in the sole determination of the State.

The Contractor agrees to comply with all applicable laws, as such laws may be amended from time to time (including, but not limited to, Chapter 62 of Title 9 of the Vermont Statutes and all applicable State and federal laws, rules or regulations) that require notification in the event of unauthorized release of personally-identifiable information or other event requiring notification.

In addition to any other indemnification obligations in this Contract, the Contractor shall fully indemnify and save harmless the State from any costs, loss or damage to the State resulting from a Security Breach or the unauthorized disclosure of State Data by the Contractor, its officers, agents, employees, and subcontractors.

4. CONTRACTOR'S REPRESENTATIONS AND WARRANTIES

4.1 General Representations and Warranties. The Contractor represents, warrants and covenants that:

- (i) The Contractor has all requisite power and authority to execute, deliver and perform its obligations under this Contract and the execution, delivery and performance of this Contract by the Contractor has been duly authorized by the Contractor.
- (ii) There is no pending litigation, arbitrated matter or other dispute to which the Contractor is a party which, if decided unfavorably to the Contractor, would reasonably be expected to have a material adverse effect on the Contractor's ability to fulfill its obligations under this Contract.
- (iii) The Contractor will comply with all laws applicable to its performance of the services and otherwise to the Contractor in connection with its obligations under this Contract.
- (iv) The Contractor (a) owns, or has the right to use under valid and enforceable agreements, all intellectual property rights reasonably necessary for and related to delivery of the services and provision of the services as set forth in this Contract; (b) shall be responsible for and have full authority to license all proprietary and/or third party software modules, including algorithms and protocols, that Contractor incorporates into its product; and (c) none of the services or other materials or technology provided by the Contractor to the State will infringe upon or misappropriate the intellectual property rights of any third party.
- (v) The Contractor has adequate resources to fulfill its obligations under this Contract.
- (vi) Neither Contractor nor Contractor's subcontractors has past state or federal violations, convictions or suspensions relating to miscoding of employees in NCCI job codes for purposes of differentiating between independent contractors and employees.

4.2 Contractor's Performance Warranties. Contractor represents and warrants to the State that:

- (i) Each and all of the services shall be performed in a timely, diligent, professional and skillful manner, in accordance with the professional or technical standards applicable to such services, by qualified persons with the technical skills, training and experience to perform such services in the planned environment.
- (ii) Any time software is delivered to the State, whether delivered via electronic media or the internet, no portion of such software or the media upon which it is stored or delivered will have any type of software routine or other element which is designed to facilitate unauthorized access to or intrusion upon; or unrequested disabling or erasure of; or

unauthorized interference with the operation of any hardware, software, data or peripheral equipment of or utilized by the State. Without limiting the generality of the foregoing, if the State believes that harmful code may be present in any software delivered hereunder, Contractor will, upon State's request, provide a new or clean install of the software. Notwithstanding the foregoing, Contractor assumes no responsibility for the State's negligence or failure to protect data from viruses, or any unintended modification, destruction or disclosure.

- (iii) To the extent Contractor resells commercial hardware or software it purchased from a third party, Contractor will, to the extent it is legally able to do so, pass through any such third party warranties to the State and will reasonably cooperate in enforcing them. Such warranty pass-through will not relieve the Contractor from Contractor's warranty obligations set forth herein.

5. PROFESSIONAL LIABILITY AND CYBER LIABILITY INSURANCE COVERAGE

In addition to the insurance required in Attachment C to this Contract, before commencing work on this Contract and throughout the term of this Contract, Contractor agrees to procure and maintain (a) Technology Professional Liability insurance for any and all services performed under this Contract, with minimum third party coverage of \$___N/A___ per claim, \$___N/A___ aggregate. To the extent Contractor has access to, processes, handles, collects, transmits, stores or otherwise deals with State Data, Contractor shall maintain first party Breach Notification Coverage of not less than \$5,000,000 per claim, \$5,000,000 aggregate.

Before commencing work on this Contract the Contractor must provide certificates of insurance to show that the foregoing minimum coverages are in effect.

6. **REMEDIES FOR DEFAULT.** In the event either party is in default under this Contract, the non-defaulting party may, at its option, pursue any or all of the remedies available to it under this Contract, including termination for cause, and at law or in equity.

7. TERMINATION

7.1 Contractor shall reasonably cooperate with other parties in connection with all services to be delivered under this Contract, including without limitation any successor provider to whom State Data, State Intellectual Property or other State information and materials are to be transferred in connection with termination. Contractor shall assist the State in exporting and extracting any and all State data, in a format usable without the use of the Services and as agreed to by State, at no additional cost. Any transition services requested by State involving additional knowledge transfer and support may be subject to a contract amendment for a fixed fee or at rates to be mutually agreed upon by the parties.

If the State determines in its sole discretion that a documented transition plan is necessary, then no later than sixty (60) days prior to termination, Contractor and the State shall mutually prepare a Transition Plan identifying transition services to be provided.

7.2 Return of Property. Upon termination of this Contract for any reason whatsoever, Contractor shall immediately deliver to State all State Intellectual Property and State Data (including without limitation any Deliverables for which State has made payment in whole or in part), that are in the possession or under the control of Contractor in whatever stage of development and form of recordation such State property is expressed or embodied at that time.

- 8. SOV Cybersecurity Standard Update 2023-01:** Contractor confirms that all products and services provided to or for the use of the State under this Agreement shall be in compliance with *State of Vermont Cybersecurity Standard 2023-01*, which prohibits the use of certain branded products in State information systems or any vendor system that is supporting State information systems, and is available on-line at:

<https://digitalservices.vermont.gov/cybersecurity/cybersecurity-standards-and-directives>

ATTACHMENT E
OTHER CONTRACT PROVISIONS

1. ***Professional Liability Insurance.*** Before commencing work on this contract and throughout the term of this contract, contractor shall procure and maintain professional liability insurance for any and all services performed under this contract, with minimum coverage of \$10,000,000 per occurrence and \$10,000,000 per policy aggregate.

2. ***Mediation.*** Any disagreement, controversy, or claim (“Dispute”) that may arise out of any aspect of our services or relationship with you, including this engagement, shall be submitted to non-binding mediation by written notice (“Mediation Notice”) to the other party. In mediation, we will work with you to resolve any differences voluntarily with the aid of an impartial mediator. The mediation will be conducted as specified by the mediator and agreed upon by the parties. The parties agree to discuss their differences in good faith and to attempt, with the assistance of the mediator, to reach an amicable resolution of the Dispute. Each party will bear its own costs in the mediation. The fees and expenses of the mediator will be shared equally by the parties. If the differences are not resolved through mediation the parties may pursue legal remedies as provided in Attachment C, paragraph 3.

**ATTACHMENT F
BUSINESS ASSOCIATE AGREEMENT**

**SOV CONTRACTOR/GRANTEE/BUSINESS ASSOCIATE:
CLIFTONLARSONALLEN (CLA)**

SOV CONTRACT NO. 45480 CONTRACT EFFECTIVE DATE: APRIL 1, 2023

This Business Associate Agreement (“Agreement”) is entered into by and between the State of Vermont, operating by and through the State Auditor’s Office (“Covered Entity”) and Party identified in this Agreement as Contractor or Grantee above (“Business Associate”). This Agreement supplements and is made a part of the contract or grant (“Contract or Grant”) to which it is attached.

Covered Entity and Business Associate enter into this Agreement to comply with the standards promulgated under the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”), including the Standards for the Privacy of Individually Identifiable Health Information, at 45 CFR Parts 160 and 164 (“Privacy Rule”), and the Security Standards, at 45 CFR Parts 160 and 164 (“Security Rule”), as amended by Subtitle D of the Health Information Technology for Economic and Clinical Health Act (HITECH), and any associated federal rules and regulations.

The parties agree as follows:

1. Definitions. All capitalized terms used but not otherwise defined in this Agreement have the meanings set forth in 45 CFR Parts 160 and 164 as amended by HITECH and associated federal rules and regulations. Terms defined in this Agreement are italicized. Unless otherwise specified, when used in this Agreement, defined terms used in the singular shall be understood if appropriate in their context to include the plural when applicable.

“*Agent*” means an *Individual* acting within the scope of the agency of the *Business Associate*, in accordance with the Federal common law of agency, as referenced in 45 CFR § 160.402(c) and includes Workforce members and *Subcontractors*.

“*Breach*” means the acquisition, Access, Use or Disclosure of *Protected Health Information (PHI)* which compromises the Security or privacy of the *PHI*, except as excluded in the definition of *Breach* in 45 CFR § 164.402.

“*Business Associate*” shall have the meaning given for “Business Associate” in 45 CFR § 160.103 and means Contractor or Grantee and includes its Workforce, *Agents* and *Subcontractors*.

“*Electronic PHI*” shall mean *PHI* created, received, maintained or transmitted electronically in accordance with 45 CFR § 160.103.

“*Individual*” includes a Person who qualifies as a personal representative in accordance with 45 CFR § 164.502(g).

“*Protected Health Information*” (“*PHI*”) shall have the meaning given in 45 CFR § 160.103, limited to the *PHI* created or received by *Business Associate* from or on behalf of Covered Entity.

“*Required by Law*” means a mandate contained in law that compels an entity to make a use or disclosure of *PHI* and that is enforceable in a court of law and shall have the meaning given in 45 CFR § 164.103.

“*Report*” means submissions required by this Agreement as provided in section 2.3.

“*Security Incident*” means the attempted or successful unauthorized Access, Use, Disclosure, modification, or destruction of Information or interference with system operations in an Information System relating to *PHI* in accordance with 45 CFR § 164.304.

“*Services*” includes all work performed by the *Business Associate* for or on behalf of Covered Entity that requires the Use and/or Disclosure of *PHI* to perform a *Business Associate* function described in 45 CFR § 160.103.

“*Subcontractor*” means a Person to whom *Business Associate* delegates a function, activity, or service, other than in the capacity of a member of the workforce of such *Business Associate*.

“*Successful Security Incident*” shall mean a *Security Incident* that results in the unauthorized Access, Use, Disclosure, modification, or destruction of information or interference with system operations in an Information System.

“*Unsuccessful Security Incident*” shall mean a *Security Incident* such as routine occurrences that do not result in unauthorized Access, Use, Disclosure, modification, or destruction of information or interference with system operations in an Information System, such as: (i) unsuccessful attempts to penetrate computer networks or services maintained by *Business Associate*; and (ii) immaterial incidents such as pings and other broadcast attacks on *Business Associate*'s firewall, port scans, unsuccessful log-on attempts, denials of service and any combination of the above with respect to *Business Associate*'s Information System.

“*Targeted Unsuccessful Security Incident*” means an *Unsuccessful Security Incident* that appears to be an attempt to obtain unauthorized Access, Use, Disclosure, modification or destruction of the Covered Entity's *Electronic PHI*.

2. Contact Information for Privacy and Security Officers and Reports.

2.1 *Business Associate* shall provide, within ten (10) days of the execution of this Agreement, written notice to the Contract or Grant manager the names and contact information of both the HIPAA Privacy Officer and HIPAA Security Officer of the

Business Associate. This information must be updated by *Business Associate* any time these contacts change.

2.2 Covered Entity's HIPAA Privacy Officer and HIPAA Security Officer contact information is posted at: <https://humanservices.vermont.gov/rules-policies/health-insurance-portability-and-accountability-act-hipaa>

2.3 *Business Associate* shall submit all *Reports* required by this Agreement to the following email address: AHS.PrivacyAndSecurity@vermont.gov and AUD.auditor@vermont.gov.

3. Permitted and Required Uses/Disclosures of PHI.

3.1 Subject to the terms in this Agreement, *Business Associate* may Use or Disclose *PHI* to perform *Services*, as specified in the Contract or Grant. Such Uses and Disclosures are limited to the minimum necessary to provide the *Services*. *Business Associate* shall not Use or Disclose *PHI* in any manner that would constitute a violation of the Privacy Rule if Used or Disclosed by Covered Entity in that manner. *Business Associate* may not Use or Disclose *PHI* other than as permitted or required by this Agreement or as *Required by Law* and only in compliance with applicable laws and regulations.

3.2 *Business Associate* may make *PHI* available to its Workforce, *Agent* and *Subcontractor* who need Access to perform *Services* as permitted by this Agreement, provided that *Business Associate* makes them aware of the Use and Disclosure restrictions in this Agreement and binds them to comply with such restrictions.

3.3 *Business Associate* shall be directly liable under HIPAA for impermissible Uses and Disclosures of *PHI*.

4. Business Activities. *Business Associate* may Use *PHI* if necessary for *Business Associate's* proper management and administration or to carry out its legal responsibilities. *Business Associate* may Disclose *PHI* for *Business Associate's* proper management and administration or to carry out its legal responsibilities if a Disclosure is *Required by Law* or if *Business Associate* obtains reasonable written assurances via a written agreement from the Person to whom the information is to be Disclosed that such *PHI* shall remain confidential and be Used or further Disclosed only as *Required by Law* or for the purpose for which it was Disclosed to the Person, and the Agreement requires the Person to notify *Business Associate*, within five (5) business days, in writing of any *Breach of Unsecured PHI* of which it is aware. Such Uses and Disclosures of *PHI* must be of the minimum amount necessary to accomplish such purposes.

5. Electronic PHI Security Rule Obligations.

5.1 With respect to *Electronic PHI*, *Business Associate* shall:

a) Implement and use Administrative, Physical, and Technical Safeguards in compliance with 45 CFR sections 164.308, 164.310, and 164.312;

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- b) Identify in writing upon request from Covered Entity all the safeguards that it uses to protect such *Electronic PHI*;
- c) Prior to any Use or Disclosure of *Electronic PHI* by an *Agent* or *Subcontractor*, ensure that any *Agent* or *Subcontractor* to whom it provides *Electronic PHI* agrees in writing to implement and use Administrative, Physical, and Technical Safeguards that reasonably and appropriately protect the Confidentiality, Integrity and Availability of *Electronic PHI*. The written agreement must identify Covered Entity as a direct and intended third party beneficiary with the right to enforce any breach of the agreement concerning the Use or Disclosure of *Electronic PHI*, and be provided to Covered Entity upon request;
- d) Report in writing to Covered Entity any *Successful Security Incident* or *Targeted Unsuccessful Security Incident* as soon as it becomes aware of such incident and in no event later than five (5) business days after such awareness. Such *Report* shall be timely made notwithstanding the fact that little information may be known at the time of the *Report* and need only include such information then available;
- e) Following such *Report*, provide Covered Entity with the information necessary for Covered Entity to investigate any such incident; and
- f) Continue to provide to Covered Entity information concerning the incident as it becomes available to it.

5.2 Reporting *Unsuccessful Security Incidents*. *Business Associate* shall provide Covered Entity upon written request a *Report* that: (a) identifies the categories of *Unsuccessful Security Incidents*; (b) indicates whether *Business Associate* believes its current defensive security measures are adequate to address all *Unsuccessful Security Incidents*, given the scope and nature of such attempts; and (c) if the security measures are not adequate, the measures *Business Associate* will implement to address the security inadequacies.

5.3 *Business Associate* shall comply with any reasonable policies and procedures Covered Entity implements to obtain compliance under the Security Rule.

6. **Reporting and Documenting Breaches.**

6.1 *Business Associate* shall *Report* to Covered Entity any *Breach* of Unsecured *PHI* as soon as it, or any Person to whom *PHI* is disclosed under this Agreement, becomes aware of any such *Breach*, and in no event later than five (5) business days after such awareness, except when a law enforcement official determines that a notification would impede a criminal investigation or cause damage to national security. Such *Report* shall be timely made notwithstanding

the fact that little information may be known at the time of the *Report* and need only include such information then available.

6.2 Following the *Report* described in 6.1, *Business Associate* shall conduct a risk assessment and provide it to Covered Entity with a summary of the event. *Business Associate* shall provide Covered Entity with the names of any *Individual* whose Unsecured *PHI* has been, or is reasonably believed to have been, the subject of the *Breach* and any other available information that is required to be given to the affected *Individual*, as set forth in 45 CFR § 164.404(c). Upon request by Covered Entity, *Business Associate* shall provide information necessary for Covered Entity to investigate the impermissible Use or Disclosure. *Business Associate* shall continue to provide to Covered Entity information concerning the *Breach* as it becomes available.

6.3 When *Business Associate* determines that an impermissible acquisition, Access, Use or Disclosure of *PHI* for which it is responsible is not a *Breach*, and therefore does not necessitate notice to the impacted *Individual*, it shall document its assessment of risk, conducted as set forth in 45 CFR § 402(2). *Business Associate* shall make its risk assessment available to Covered Entity upon request. It shall include 1) the name of the person making the assessment, 2) a brief summary of the facts, and 3) a brief statement of the reasons supporting the determination of low probability that the *PHI* had been compromised.

7. Mitigation and Corrective Action. *Business Associate* shall mitigate, to the extent practicable, any harmful effect that is known to it of an impermissible Use or Disclosure of *PHI*, even if the impermissible Use or Disclosure does not constitute a *Breach*. *Business Associate* shall draft and carry out a plan of corrective action to address any incident of impermissible Use or Disclosure of *PHI*. *Business Associate* shall make its mitigation and corrective action plans available to Covered Entity upon request.

8. Providing Notice of Breaches.

8.1 If Covered Entity determines that a *Breach* of *PHI* for which *Business Associate* was responsible, and if requested by Covered Entity, *Business Associate* shall provide notice to the *Individual* whose *PHI* has been the subject of the *Breach*. When so requested, *Business Associate* shall consult with Covered Entity about the timeliness, content and method of notice, and shall receive Covered Entity's approval concerning these elements. *Business Associate* shall be responsible for the cost of notice and related remedies.

8.2 The notice to affected *Individuals* shall be provided as soon as reasonably possible and in no case later than sixty (60) calendar days after *Business Associate* reported the *Breach* to Covered Entity.

8.3 The notice to affected *Individuals* shall be written in plain language and shall include, to the extent possible: 1) a brief description of what happened; 2) a

description of the types of Unsecured *PHI* that were involved in the *Breach*; 3) any steps *Individuals* can take to protect themselves from potential harm resulting from the *Breach*; 4) a brief description of what the *Business Associate* is doing to investigate the *Breach* to mitigate harm to *Individuals* and to protect against further *Breaches*; and 5) contact procedures for *Individuals* to ask questions or obtain additional information, as set forth in 45 CFR § 164.404(c).

8.4 *Business Associate* shall notify *Individuals* of *Breaches* as specified in 45 CFR § 164.404(d) (methods of *Individual* notice). In addition, when a *Breach* involves more than 500 residents of Vermont, *Business Associate* shall, if requested by Covered Entity, notify prominent media outlets serving Vermont, following the requirements set forth in 45 CFR § 164.406.

9. Agreements with Subcontractors. *Business Associate* shall enter into a Business Associate Agreement with any *Subcontractor* to whom it provides *PHI* to require compliance with HIPAA and to ensure *Business Associate* and *Subcontractor* comply with the terms and conditions of this Agreement. *Business Associate* must enter into such written agreement before any Use by or Disclosure of *PHI* to such *Subcontractor*. The written agreement must identify Covered Entity as a direct and intended third party beneficiary with the right to enforce any breach of the agreement concerning the Use or Disclosure of *PHI*. *Business Associate* shall provide a copy of the written agreement it enters into with a *Subcontractor* to Covered Entity upon request. *Business Associate* may not make any Disclosure of *PHI* to any *Subcontractor* without prior written consent of Covered Entity.

10. Access to PHI. *Business Associate* shall provide access to *PHI* in a Designated Record Set to Covered Entity or as directed by Covered Entity to an *Individual* to meet the requirements under 45 CFR § 164.524. *Business Associate* shall provide such access in the time and manner reasonably designated by Covered Entity. Within five (5) business days, *Business Associate* shall forward to Covered Entity for handling any request for Access to *PHI* that *Business Associate* directly receives from an *Individual*.

11. Amendment of PHI. *Business Associate* shall make any amendments to *PHI* in a Designated Record Set that Covered Entity directs or agrees to pursuant to 45 CFR § 164.526, whether at the request of Covered Entity or an *Individual*. *Business Associate* shall make such amendments in the time and manner reasonably designated by Covered Entity. Within five (5) business days, *Business Associate* shall forward to Covered Entity for handling any request for amendment to *PHI* that *Business Associate* directly receives from an *Individual*.

12. Accounting of Disclosures. *Business Associate* shall document Disclosures of *PHI* and all information related to such Disclosures as would be required for Covered Entity to respond to a request by an *Individual* for an accounting of disclosures of *PHI* in accordance with 45 CFR § 164.528. *Business Associate* shall provide such information to Covered Entity or as directed by Covered Entity to an *Individual*, to permit Covered Entity to respond to an accounting request. *Business Associate* shall provide such

information in the time and manner reasonably designated by Covered Entity. Within five (5) business days, *Business Associate* shall forward to Covered Entity for handling any accounting request that *Business Associate* directly receives from an *Individual*.

13. Books and Records. Subject to the attorney-client and other applicable legal privileges, *Business Associate* shall make its internal practices, books, and records (including policies and procedures and *PHI*) relating to the Use and Disclosure of *PHI* available to the Secretary of Health and Human Services (HHS) in the time and manner designated by the Secretary. *Business Associate* shall make the same information available to Covered Entity, upon Covered Entity's request, in the time and manner reasonably designated by Covered Entity so that Covered Entity may determine whether *Business Associate* is in compliance with this Agreement.

14. Termination.

14.1 This Agreement commences on the Effective Date and shall remain in effect until terminated by Covered Entity or until all the *PHI* is destroyed or returned to Covered Entity subject to Section 18.8.

14.2 If *Business Associate* fails to comply with any material term of this Agreement, Covered Entity may provide an opportunity for *Business Associate* to cure. If *Business Associate* does not cure within the time specified by Covered Entity or if Covered Entity believes that cure is not reasonably possible, Covered Entity may immediately terminate the Contract or Grant without incurring liability or penalty for such termination. If neither termination nor cure are feasible, Covered Entity shall report the breach to the Secretary of HHS. Covered Entity has the right to seek to cure such failure by *Business Associate*. Regardless of whether Covered Entity cures, it retains any right or remedy available at law, in equity, or under the Contract or Grant and *Business Associate* retains its responsibility for such failure.

15. Return/Destruction of PHI.

15.1 *Business Associate* in connection with the expiration or termination of the Contract or Grant shall return or destroy, at the discretion of the Covered Entity, *PHI* that *Business Associate* still maintains in any form or medium (including electronic) within thirty (30) days after such expiration or termination. *Business Associate* shall not retain any copies of *PHI*. *Business Associate* shall certify in writing and report to Covered Entity (1) when all *PHI* has been returned or destroyed and (2) that *Business Associate* does not continue to maintain any *PHI*. *Business Associate* is to provide this certification during this thirty (30) day period.

15.2 *Business Associate* shall report to Covered Entity any conditions that *Business Associate* believes make the return or destruction of *PHI* infeasible. *Business Associate* shall extend the protections of this Agreement to such *PHI* and

limit further Uses and Disclosures to those purposes that make the return or destruction infeasible for so long as *Business Associate* maintains such *PHI*.

16. Penalties. *Business Associate* understands that: (a) there may be civil or criminal penalties for misuse or misappropriation of *PHI* and (b) violations of this Agreement may result in notification by Covered Entity to law enforcement officials and regulatory, accreditation, and licensure organizations.

17. Training. *Business Associate* understands its obligation to comply with the law and shall provide appropriate training and education to ensure compliance with this Agreement. If requested by Covered Entity, *Business Associate* shall participate in Covered Entity's training regarding the Use, Confidentiality, and Security of *PHI*; however, participation in such training shall not supplant nor relieve *Business Associate* of its obligations under this Agreement to independently assure compliance with the law and this Agreement.

18. Miscellaneous.

18.1 In the event of any conflict or inconsistency between the terms of this Agreement and the terms of the Contract or Grant, the terms of this Agreement shall govern with respect to its subject matter. Otherwise, the terms of the Contract or Grant continue in effect.

18.2 Each party shall cooperate with the other party to amend this Agreement from time to time as is necessary for such party to comply with the Privacy Rule, the Security Rule, or any other standards promulgated under HIPAA. This Agreement may not be amended, except by a writing signed by all parties hereto.

18.3 Any ambiguity in this Agreement shall be resolved to permit the parties to comply with the Privacy Rule, Security Rule, or any other standards promulgated under HIPAA.

18.4 In addition to applicable Vermont law, the parties shall rely on applicable federal law (e.g., HIPAA, the Privacy Rule, Security Rule, and HITECH) in construing the meaning and effect of this Agreement.

18.5 *Business Associate* shall not have or claim any ownership of *PHI*.

18.6 *Business Associate* shall abide by the terms and conditions of this Agreement with respect to all *PHI* even if some of that information relates to specific services for which *Business Associate* may not be a "*Business Associate*" of Covered Entity under the Privacy Rule.

18.7 *Business Associate* is prohibited from directly or indirectly receiving any remuneration in exchange for an *Individual's PHI*. *Business Associate* will refrain from marketing activities that would violate HIPAA, including specifically Section

13406 of the HITECH Act. *Reports* or data containing *PHI* may not be sold without Covered Entity's or the affected Individual's written consent.

18.8 The provisions of this Agreement that by their terms encompass continuing rights or responsibilities shall survive the expiration or termination of this Agreement. For example: (a) the provisions of this Agreement shall continue to apply if Covered Entity determines that it would be infeasible for *Business Associate* to return or destroy *PHI* as provided in Section 14.2 and (b) the obligation of *Business Associate* to provide an accounting of disclosures as set forth in Section 12 survives the expiration or termination of this Agreement with respect to accounting requests, if any, made after such expiration or termination.

Rev. 05/22/2020



State of Vermont

Agency of Digital Services
One National Life Drive, Dewey 2nd Floor
Montpelier, VT 05620-2001

[phone] 802-828-4141

MEMO

Date: 03/16/2023

To: Shawn Nailor, Secretary, Agency of Digital Services

VIA: Jon Provost

DocuSigned by:
Jonathan Provost
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4/7/2023

From: ADS Procurement Advisory Team (PAT)

Subject: CIO approval of a contract between the Office of the State Auditor and Clifton, Larson, Allen, LLP.

The Agency of Digital Services (ADS) PAT team reviewed a contract between the Office of the State Auditor and Clifton, Larson, Allen, LLP (CLA). This review was performed outside our recurring weekly PAT Meeting on March 13-15, 2023.

Through this contract CLA will serve as the auditor for the State's annual financial and compliance audits in accordance with auditing standards generally accepted in the United States (GAAS); the standards for financial audits contained in *Government Auditing Standards* (GAGAS), issued by the Comptroller General of the United States; Title 2 U.S. *Code of Federal Regulations* Part 200; *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and other relevant laws and regulations.

The period of performance for this contract is from April 01, 2023 to June 30, 2026. The contract may be extended for an additional two years at the sole discretion of the State. The maximum amount payable is \$4,489,687.00.

The PAT review team recommends CIO approval for the issuance of this contract.



ADS Review Verification Sheet

Project Name:	Clifton Larson Allen
Agency/Dept.	Office of the State Auditor

ADS Reviewer Summary & Sign-off

Reviewer	Memo			
	Reviewer Name	Date Received	Date Review Completed	Ok to Proceed to with project from Reviewer's perspective?
IT Contracting Specialist	Jon Provost			
Chief Financial Officer	Kate Slocum			
Enterprise Architecture	John Hunt			
Chief Information Security Officer	Scott Carbee			
Chief Data Officer	Valerie Giroux			
IT Leader				
Chief Technology Officer	Mark Combs			
Deputy Secretary	Denise Reilly-Hughes			
Secretary	Shawn Nailor			Date e-signed approval:

	RFP			
	Reviewer Name	Date Received	Date Review Completed	Ok to Post RFP from Reviewer's perspective?
IT Contracting Specialist	Jon Provost			
Chief Financial Officer	Kate Slocum			
EPMO/OPM				
Enterprise Architecture	John Hunt			
Chief Information Security Officer	Scott Carbee			
Chief Data Officer	Valerie Giroux			
IT Leader				
Risk Management	Rebecca White			
Chief Technology Officer	Mark Combs			
Deputy Secretary	Denise Reilly-Hughes			
Secretary	Shawn Nailor			Date e-signed approval:

	Contract			
	Reviewer Name	Date Received	Date Review Completed	Ok to Sign Contract from Reviewer's perspective?
IT Contracting Specialist	Jon Provost	3/13/2023	3/13/2023	Yes
Chief Financial Officer	Kate Slocum	3/13/2023	3/13/2023	Yes
EPMO/OPM	Paul Pratt	3/13/2023	3/13/2023	Yes
Enterprise Architecture	John Hunt	3/13/2023	3/13/2023	Yes
Chief Information Security Officer	Scott Carbee	3/13/2023	3/15/2023	Yes
Chief Data Officer	Valerie Giroux	3/13/2023	3/16/2023	Yes
IT Leader	Jim Lipinski	3/13/2023	3/13/2023	Yes
Risk Management	Rebecca White	3/13/2023	3/13/2023	Yes
Chief Technology Officer	Mark Combs	3/13/2023	3/13/2023	Yes
Deputy Secretary	Denise Reilly-Hughes	3/13/2023		
Secretary	Shawn Nailor			Date e-signed approval: