



**WASHINGTON STATE AUDITOR'S OFFICE
BRIAN SONNTAG**

**CONVENIENCE CONTRACT 0109-C-K104.096
Consulting Services**

**CONTRACT FOR PERSONAL SERVICES BETWEEN
THE WASHINGTON STATE AUDITOR'S OFFICE AND**

Level 4 Ventures, Inc.

This contract is made and entered into by and between the Washington State Auditor's Office (SAO) and the above named Contractor, hereinafter called "Contractor."

PURPOSE

It is the purpose of this contract to provide the Washington State Auditor's Office with Professional Consulting services, specifically Performance Audit Services and/or Subject Matter Expertise on various audits, including but not limited to Performance Audits.

MAXIMUM HOURLY RATE

Work performed during the initial term of this Contract shall have a Not To Exceed hourly price as listed by category below.

Service Category	NTE Hourly Rate
Performance Audit Services	\$N/A
Subject-Matter Expertise	\$275.00

In consideration of the terms and conditions contained herein or attached and incorporated and made a part hereof, the parties, mutually agree as follows:

SPECIAL TERMS & CONDITIONS

STATEMENT OF WORK

The contractor has been prequalified to potentially furnish Professional Consulting Services. Prequalification does not assure that the contractor shall receive any work under the terms of this contract. The contractor shall furnish the necessary personnel and services and otherwise do all things necessary for or incidental to the performance of work as set forth in the STATEMENT OF WORK set out in any Work Orders which may be awarded to the contractor as executed between the parties from time to time for specific performance of work.

WORK ORDERS

The contractor may receive one or more Work Orders. However, no compensation and no Work Orders are guaranteed to the contractor under this contract. Work Orders will be offered to contractors in order to provide the highest value to the State Auditor's Office. The State Auditor's Office may only offer a Work Order to the contractor if the State Auditor's Office has selected the contractor as the Apparently Successful Vendor (ASV) resulting from the contractor's response to a Work Request.

CHANGES TO THE WORK ORDER

The contractor shall complete all work under each Work Order as stated in that Work Order. Deviation from the Work Order schedule for major deliverable(s) must be agreed to by the State Auditor's Office and the contractor and documented through a *Memo of Understanding*.

The parties may change the due date(s) of deliverable(s); and /or re-define deliverable(s) as necessary to complete successfully the specific Work Order. Such changes shall be mutually agreed upon by the parties and documented in a *Memo of Understanding*. The *Memo* will also document any reallocation of compensation resulting from the changes.

Changes to the contract which extend the end date or involve a change in the scope of work require an amendment to the contract.

SHIFTING THE ALLOCATION OF COMPENSATION

If the State Auditor's Project Coordinator determines that a shift of compensation allocated to one deliverable to another is warranted, he or she shall discuss and agree to the specifics of the reallocation with the contractor. This shall be documented and acknowledged by both parties in a *Memo of Understanding* or Amendment.

1. COMPENSATION

The maximum consideration available under this contract for the awarded categories as stated shall be as follows:

Service Category	Maximum Consideration
Performance Audit Services	\$0
Subject-Matter Expertise	\$750,000

The State Auditor’s Office shall pay an amount not to exceed hourly rate bid for performance of all Work Orders under this contract. Compensation will be stated in each individual Work Order. The State Auditor’s Office shall make payments on Work Orders to the contractor consistent with the terms set out in the Work Order.

If the State Auditor’s Office decides to modify the final Statement of Work, including deleting tasks, at critical points during the course of the contract, the parties will negotiate in good faith whether to make an adjustment to the compensation set forth in the agreed upon schedule in the Work Order.

However, if the contractor violates the Government Auditing Standards independence standards during the contract, the State Auditor’s Office may chose not to compensate the contractor for work performed under this contract.

2. BILLING PROCEDURES AND PAYMENT

The State Auditor’s Office will pay the contractor upon State Auditor’s Office acceptance of services provided and receipt of properly completed invoices, which will be submitted to the Contract Manager in accordance with the schedule agreed upon by both parties in the Work Order.

The invoices will describe and document, to the State Auditor’s Office’s satisfaction, an itemized description of the work performed and the progress of the audit by deliverable as compared to the Statement of Work, and fees. The invoice will include reference to Contract 0109-C-K104.096.

Payment will be considered timely if made by the State Auditor’s Office within thirty (30) calendar days after receipt of properly completed invoices. However, payment for each billing will be made after the State Auditor’s Office’s determination that it is satisfied with the overall progress of the contractor and the quality of each deliverable. If the State Auditor’s Office determines the contractor has not made satisfactory progress in accordance with the schedule agreed upon by both parties and as defined in the Work Order, the State Auditor’s Office may, in its sole discretion, withhold payments or terminate the contract.

Each invoice will clearly reference the following information:

Contract 0109-C-K104.096, Work Order # _____, Deliverable : _____ (if appropriate).

3. PERIOD OF PERFORMANCE

The initial term shall begin performance upon execution and end June 30, 2015. The State Auditor's Office reserves the right, at its discretion, to extend the contract for up to three additional one-year periods.

4. DEPARTMENT OF ENTERPRISE SERVICES FILING REQUIREMENT COMPLIANCE

Under the provisions of chapter 39.29 RCW, the Washington State Auditor's Office is required to file this personal services contract with the Department of Enterprise Services (DES). No contract required to be so filed is effective, and no work thereunder shall commence, nor payment made therefor, until ten working days following the date of filing, and if required, until approved or reviewed by DES. In the event DES fails to approve the contract, the contract shall be null and void. The State Auditor's Office shall be responsible for all contract and amendment filings.

5. RETAINAGE

Ten percent of each payment will be withheld pending completion of the Contract. Within thirty days of contract deliverables acceptance, the State Auditor's Office Contract Manager will authorize payment in full of all retainages

6. CONTRACTOR'S PERSONNEL

- A. State Auditor's Office reserves the right to reject any of the contractor's employees, suppliers, or subcontractors. Any and all costs or expenses associated with replacement of any person or entity will be borne by the contractor.
- B. State Auditor's Office may, in the exercise of its discretion and judgment, identify certain of the contractor's employees as key personnel, and if so, the contractor will take all necessary steps to assure that said contractor's employees are available and assigned to the work as long as said employees are employed by the contractor.
- C. The contractor may not change or replace any of the staff assigned to this contract without prior approval of State Auditor's Office, which approval will not be unreasonably withheld.
- D. The contractor warrants that it is available to perform the work within the time specified and that all work will be performed on a priority basis. The contractor will begin work promptly and will perform the work in a continuous and diligent manner, and contractor will not interrupt the work except as may be provided under this contract.
- E. The contractor will be responsible to ensure that all its employees and subcontractor's employees are properly trained, certified, or licensed as appropriate and are properly qualified by education and experience to perform the work. The contractor will avoid overstaffing the work or shuffling personnel assigned to said work.

- F. The contractor, subcontractor(s) and their employees agree not to recruit any personnel from the State Auditor's Office or from the audited entity for a period of six (6) months after conclusion of the contracted work.
- G. Parties performing, or offering to perform, professional services under this contract who are CPAs or CPA firms licensed in this or other states and/or jurisdictions may become subject to the authority of the Washington State Board of Accountancy, RCW 18.04 and WAC 4-25 and must be in good standing with said Board.
Accordingly, parties to this contract who are licensed individual CPAs and/or licensed CPA firms: Consent to the jurisdiction of the Washington State Board of Accountancy for matters referred by the State Auditor provided such matters are within the Board's authority, and In such cases, if the individual licensee(s) offering or performing professional services hereunder and the firm that employs such persons are not licensed in this state said persons simultaneously consent, to the appointment of the state board which issued the certificate or license as agent for service of process in any action or proceeding against said individual CPAs, CPA firm, or representatives of the CPA firm arising from any transaction or operation connected with or incidental to professional services under this contract.

7. COORDINATION AND COOPERATION

- A. The contractor will cooperate with the State Auditor's Office and other firms, if any, to ensure that the work is properly performed on schedule. Contractor will collaborate with any other firms and coordinate its work with the work of such other firm(s), if any, which could affect the work, the contractor will proceed in such manner as not to interfere or delay the progress of the work as a whole.
- B. If any part of the contractor's work depends for proper execution or results upon the work of any other contractor(s), the contractor will inspect and promptly report in writing to the State Auditor's Office any defects in the work of such other contractor that renders it unsuitable for such proper execution or results. Failure of the contractor to do so will constitute its acceptance of the other firm's work as fit and proper for the reception of contractor's work, except as to defects that may develop in the other firms' work after the execution of the contractor's work.
- C. In cases of disagreement or disputes between the contractor and other firm(s) which could delay or interfere with the work due to the failure to collaborate and cooperate or which cannot be resolved between contractor and the others involved, the State Auditor's Office will be given prompt written notice specifying in detail the disagreement or dispute. In such cases, the State Auditor's Office will have the right to determine the proper method of coordinating the work, and the State Auditor's Office's decisions in this regard will be final, binding, and conclusive.
- D. Notwithstanding the existence of a dispute or disagreement between the State Auditor's Office and the contractor, the contractor will diligently and without interruption proceed with the work at such rates of progress as will ensure full completion of the work on time.
- E. The contractor will accommodate the Audit Manager's monitoring and management of the contract by meeting weekly to discuss work progress and

products as measured against the approved and final Performance Statement of Work. In these meetings, the contractor will communicate to the Audit Manager any issues or opportunities identified.

- F. The contractor will assist the Audit Manager in his or her communication with the audited agency. The contractor will accompany the Audit Manager as needed to meet with agency personnel to discuss the status of the audit, pending request for assistance, understanding of audit matters, and to communicate any potential issues.

8. FRAUD, IRREGULARITIES, OR OTHER AUDIT ISSUES

If irregularities, fraud, or other significant audit issues, which may impact the audit, are suspected, the contractor must immediately notify the State Auditor's Office. The contractor will also notify State Auditor's Office of any other potential audit issues and topics that are discovered on a weekly basis as part of the weekly reporting process.

9. SUPERVISION AND COORDINATION

The contractor will:

- When performing performance audit services comply with GAO Yellow Book requirements associated with the supervision of all employees and subcontractors in implementing and completing all audit requirements specified herein.
- Designate in its proposal to the State Auditor's Office, a representative(s) with the authority to legally commit the contractor's firm. All communications given or received from the contractor's representative will be binding on the contractor.
- Promote and offer to the State Auditor's Office only those services as stated herein and allowed for by contractual requirements. Violation of this condition will be grounds for contract termination.

10. AUDIT DOCUMENTATION (WORK PAPERS)

The contractor agrees that work papers, including all work in process, will conform to the State Auditor's Office standards and will be performed in an acceptable electronic format. The contractor will be required to provide all work to the State Auditor's Office in electronic format upon request at any moment, interval or frequency so determined by the State Auditor's Office. The contractor will provide work papers to the State Auditor's Office in the same format in which they were prepared, such as Word or Excel, and not convert them to .pdf files. Work papers are considered public documents and are the property of the State Auditor's Office. Public requests for copies or viewing of work papers must be made through the State Auditor's Office.

The State Auditor's Office is the principal auditing entity. The contractor's work will be incorporated into the report that will be prepared by State Auditor's Office staff. The contractor's report to the State Auditor's Office may be incorporated as a Technical Appendix to the State Auditor's Office staff report.

Work papers will include cross references to source documentation. All cross references will be directly to the applicable page(s) within the referenced document. Work papers will also contain the purpose, source, scope, conclusion and evidence of review in accordance with the State Auditor's Office audit documentation policy as follows:

- 1) Audit documentation will be prepared for and will support all findings and recommendations. In documenting the nature, timing, and extent of audit procedures performed, the audit documentation should identify:
 - a. Who performed the audit work and the actual date of such work.
 - b. Who reviewed specific audit documentation and the actual date of the review.
- 2) Audit documentation will clearly demonstrate that all GAO applicable auditing standards and policies have been considered.
 - a. Audit documentation will be professionally written and contain evidence related to planning, conducting and reporting on the audit. It should be sufficient to enable an experienced auditor, who has had no previous connection with the audit, to understand the information collected and the work performed and to come to the same judgment and conclusion.
- 3) Audit documentation will include the following:
 - a. The audit objectives, scope and methodology, including any sampling or testing criteria used.
 - b. Abstracts or copies of significant contracts, agreements or other documentation that were examined.
 - c. Identification of items tested where those tests involve inspections of documents or confirmation of evidence.
 - d. Significant audit results and issues identified, actions taken to address them, and the basis for the final conclusions reached.
 - e. Interviews about significant audit issues with management and others, including responses, and when and with whom the discussions took place.
 - f. The auditors' consideration that the planned audit procedures are sufficient to achieve audit objectives.
 - g. The extent to which the auditors are relying on the effectiveness of internal control over computerized systems that produced the information. If systems and/or controls are not relied on or tested, the reason must be stated.
 - h. The auditors' determination that certain standards do not apply or that an applicable standard was not followed, the reasons why and the

known effect that not following the applicable standard had, or could have had, on the audit work.

i. Evidence of timely supervisory reviews.

4) Audit documentation will be professionally written.

11. INSURANCE

The contractor shall provide insurance coverage as set out in the 0109-RFQQ-104-3 Item 23 (Insurance Coverage) under Chapter 2 – STANDARD INSTRUCTIONS TO PROPOSERS. The Intent of the required insurance is to protect the State should there be any claims, suits, actions, costs, damages, or expenses arising from any negligent or intentional act or omission of the contractor or subcontractor, or agents of either, while performing under the terms of this contract.

12. CONTRACT MANAGEMENT

The Contract Manager for each of the parties shall be responsible for and shall be the contact person for all communications, notices, and billings regarding the performance of this contract.

CONTRACT MANAGER THE FOR STATE AUDITOR’S OFFICE	CONTRACT MANAGER FOR CONTRACTOR
<p>Name: Kevin Greene Phone: 360-725-9730 Email: contractmanager@sao.wa.gov Fax: 360-586-0008 Address: Town Square 621 8th Ave SE, Suite 201 PO Box 40022 Olympia, WA 98504-0022</p>	<p>Name: William Roetzheim Phone:(619) 917-4917 Email:William@level4ventures.com Fax:(619) 374-7311 Address: 13518 Jamul Drive Jamul, CA 91935</p>

13. MEMO OF UNDERSTANING (Memo)

Any communications that either Work Order Project Manager determines to address more than day-today concerns, but do not modify the terms of this contract, shall be documented by a *Memo of Understanding*. The State Auditor’s Office and the contractor shall document to each other through written, numbered *Memo(s)* any communications that clarify sections or address details of the contract. All *Memos* must be signed by either the State Auditor’s Office Project Manager.

ATTACHMENT A - GENERAL TERMS AND CONDITIONS

1. Definitions

As used throughout this contract, the following terms shall have the meaning set forth below:

- A. "State Auditor's Office" (SAO) shall mean any division, section, office, unit or other entity of the State Auditor's Office, or any of the officers or other officials lawfully representing the State Auditor's Office.
- B. "Agent" shall mean the State Auditor's Office Contract Manager, and/or the delegate authorized in writing to act on the Manager's behalf.
- C. "Contractor" shall mean that firm, provider, organization, individual or other entity performing service(s) under this contract, and shall include all employees of the contractor.
- D. "Subcontractor" shall mean one not in the employment of the contractor, who is performing all or part of those services under this contract under a separate contract with the contractor. The terms "subcontractor" and "subcontractors" means subcontractor(s) in any tier.

2. Access to Data

In compliance with RCW 39.29.080, the contractor shall provide access to data generated under this contract to the State Auditor's Office, the Joint Legislative Audit and Review Committee, and the State Auditor at no additional cost. This includes access to all information that supports the findings, conclusions and recommendations of the contractor's reports, including computer models and methodology for those models.

3. Advance Payments Prohibited

No payments in advance of or in anticipation of goods or services to be provided under this contract shall be made by the State Auditor's Office.

4. Amendments

This contract may be amended by mutual agreement of the parties. Such amendments shall not be binding unless they are in writing and signed by personnel authorized to bind each of the parties.

5. Americans with Disabilities Act (ADA) of 1990, Public Law 101-336, 28 CFR Part 35

The contractor must comply with the ADA, which provides comprehensive civil rights protection to individuals with disabilities in the areas of employment, public accommodations, state and local government services, and telecommunications.

6. Assignment

Neither this contract, nor any claim arising under this contract, shall be transferred or assigned by the contractor without prior written consent of the State Auditor's Office.

7. Attorneys' Fees

In the event of litigation or other action brought to enforce contract terms, each party agrees to bear its own attorney fees and costs.

8. Confidentiality/Safeguarding of Information

Contractor acknowledges that some of the material and information that may come into its possession or knowledge in connection with this contract or its performance may consist of information that is exempt from disclosure to the public or other unauthorized persons under either chapter 42.56 RCW or other state or federal statutes (“Confidential Information”). Confidential information may include, but is not limited to, employee information such as residential addresses, e-mail addresses, and telephone numbers, Social Security Numbers, financial profiles, credit card information, driver’s license numbers, medical data or protected health information, law enforcement records, agency source code or object code, or agency security data. Contractor agrees to hold confidential information in strictest confidence and not to make use of confidential information for any purpose other than the performance of this contract, to release it only to authorized employees or Subcontractors requiring such information for the purposes of carrying out this contract, and not to release or disclose it to any other party. Contractor and any subcontractors agree to sign a non-disclosure statement with the State Auditor’s Office and said non-disclosure agreements shall be binding on all Contractor and subcontracted personnel. The Contractor will be responsible to communicate the terms and requirements of the non-disclosure agreement to the entire team/all Contractor and subcontracted personnel working on the contract prior to releasing such information or material only to employees or subcontractors. Contractor agrees to implement physical, electronic, and managerial safeguards to prevent unauthorized access to Confidential Information.

Contractor will maintain a log documenting the following: the Confidential Information received in the performance of this contract; why the Confidential Information was received; who received, maintained and used the Confidential Information; the purposes for which the Confidential Information was received; and the final disposition of the Confidential Information.

Immediately upon expiration or termination of this contract, contractor will, at the State Auditor’s Office’s option: Certify to the State Auditor’s Office that contractor has destroyed all Confidential Information not required to be retained by professional standards, and take whatever other steps State Auditor’s Office requires of contractor to protect Confidential Information.

The contractor will not use or disclose any information concerning the State Auditor’s Office, the audit or information which may be classified as confidential, for any purpose not directly connected with the administration of this contract, except with prior written consent of the State Auditor’s Office, or as may be required by law. Any breach of this provision may result in termination of the contract and the demand for return of all confidential information. The contractor agrees to indemnify and hold harmless the State Auditor’s Office for any damages related to the contractor’s unauthorized use of confidential information.

9. Conflict Of Interest

The State Auditor’s Office may, in its sole discretion, by written notice to the contractor terminate this contract if it is found after due notice and examination by the State Auditor’s Office that there is a violation of GAO’s Government Auditing Standards 2007, General Standards for Independence (RCW 43.09.470 requires that performance audits will be conducted in accordance with the United States General Accounting Office’s Government Auditing Standards.)

10. Copyright Provisions

Unless otherwise provided, all materials produced under this contract shall be considered “works for hire” as defined by the U.S. Copyright Act and shall be owned by the State Auditor’s Office. The State Auditor’s Office shall be considered the author of such materials. In the event the materials are not considered “works for hire” under the U.S. Copyright laws, contractor hereby irrevocably assigns all right, title, and interest in materials, including all intellectual property rights, to the State Auditor’s Office effective from the moment of creation of such materials.

Materials means all items in any format and includes, but is not limited to, data, reports, documents, pamphlets, advertisements, books, magazines, surveys, studies, computer programs, films, tapes, and/or sound reproductions. Ownership includes the right to copyright, patent, register and the ability to transfer these rights.

For materials that are delivered under the contract, but that incorporate pre-existing materials not produced under the contract, contractor hereby grants to the State Auditor’s Office a nonexclusive, royalty-free, irrevocable license (with rights to sublicense others) in such materials to translate, reproduce, distribute, prepare derivative works, publicly perform, and publicly display. The contractor warrants and represents that contractor has all rights and permissions, including intellectual property rights, moral rights and rights of publicity, necessary to grant such a license to the State Auditor’s Office. The contractor will maintain its ownership of pre-existing materials, such as methodologies, including any improvements or enhancements to the pre-existing materials.

The contractor shall exert all reasonable effort to advise the State Auditor’s Office, at the time of delivery of materials furnished under this contract, of all known or potential invasions of privacy contained therein and of any portion of such document that was not produced in the performance of this contract.

The State Auditor’s Office shall receive prompt written notice of each notice or claim of infringement received by the contractor with respect to any data delivered under this contract. The State Auditor’s Office shall have the right to modify or remove any restrictive markings placed upon the data by the contractor.

11. Covenant Against Contingent Fees

The contractor warrants that no person or selling agent has been employed or retained to solicit or secure this contract upon an agreement or understanding for a commission, percentage, brokerage or contingent fee, excepting bona fide employees or bona fide established agents maintained by the contractor for securing business.

The State Auditor’s Office shall have the right, in the event of breach of this clause by the contractor, to annul this contract without liability or, in its discretion, to deduct from the contract price or consideration or recover by other means the full amount of such commission, percentage, brokerage or contingent fee.

12. Disallowed Costs

The contractor is responsible for any audit exceptions or disallowed costs incurred by its own organization or that of its subcontractors.

13. Disputes

Except as otherwise provided in this contract, when a dispute arises between the parties and it cannot be resolved, either party may request a dispute hearing with a team of three (which shall be comprised of one independent individual selected by the contractor, one

independent individual selected by the State Auditor's Office Director of Audit, and one shall be a State Auditor's Office Director not responsible for the contract.) Disputes shall be resolved as quickly as possible.

The request for a dispute hearing must:

- A. Be in writing;
- B. State the disputed issue(s);
- C. State the relative positions of the parties;
- D. State the contractor's name, address, and contract number; and
- E. Be mailed or sent electronically to the State Auditor's Office Contract Manager within 3 working days after the parties agree that they cannot resolve the dispute.

The Contract Manager shall send a written answer to the contractor's statement to the contractor within 5 working days.

The panel shall review the written statements and reply in writing to both parties within 10 working days. The panel may extend this period if necessary by notifying the parties.

The parties agree that this dispute process shall precede any action in a judicial or quasi-judicial tribunal.

The State Auditor's Office and contractor agree that, the existence of a dispute notwithstanding, they will continue without delay to carry out all their respective responsibilities under this contract, which are not affected by the dispute. Both parties agree to exercise good faith in the dispute resolution and to settle disputes prior to using the dispute resolution panel whenever possible.

14. Duplicate Payment

The State Auditor's Office shall not pay the contractor, if the contractor has charged or will charge the State of Washington or any other party under any other contract or agreement, for the same services or expenses.

15. Governing Law

This contract shall be construed and interpreted in accordance with the laws of the State of Washington, and the venue of any action brought hereunder shall be in the Superior Court for Thurston County.

16. Indemnification

To the fullest extent permitted by law, the contractor shall indemnify, defend, and hold harmless state, agencies of state and all officials, agents and employees of state, from and against all claims for injuries or death arising out of or resulting from the performance of the contract.

"Claim," as used in this contract, means any financial loss, claim, suit, action, damage, or expense, including but not limited to attorney's fees, attributable for bodily injury, sickness, disease, or death, or injury to or destruction of tangible property including loss of use resulting there from. The contractors' obligations to indemnify, defend, and hold harmless includes any claim by the contractors' agents, employees, representatives, or any subcontractor or its employees.

The contractor expressly agrees to indemnify, defend and hold harmless the State for any claim arising out of or incident to the contractor's or any subcontractor's performance or failure to perform the contract. The contractor's obligation to indemnify, defend, and hold harmless the state shall not be eliminated or reduced by any actual or alleged concurrent negligence of the State or its agents, agencies, employees and officials.

The contractor waives its immunity under Title 51 RCW to the extent it is required to indemnify, defend and hold harmless the state and its agencies, officials, agents or employees.

17. Independent Capacity of the Contractor

The parties intend that an independent contractor relationship will be created by this contract. The contractor and his or her employees or agents performing under this contract are not employees or agents of the State Auditor's Office. The contractor will not hold himself/herself out as or claim to be an officer or employee of the State Auditor's Office or of the State of Washington by reason hereof, nor will the contractor make any claim of right, privilege or benefit that would accrue to such employee under law. Conduct and control of the work will be solely with the contractor.

18. Industrial Insurance Coverage

The contractor shall comply with the provisions of Title 51 RCW, Industrial Insurance. If the contractor fails to provide industrial insurance coverage or fails to pay premiums or penalties on behalf of its employees, as may be required by law, the State Auditor's Office may collect from the contractor the full amount payable to the Industrial Insurance accident fund. The State Auditor's Office may deduct the amount owed by the contractor to the accident fund from the amount payable to the contractor by the State Auditor's Office under this contract, and transmit the deducted amount to the Department of Labor and Industries, (L&I) Division of Insurance Services. This provision does not waive any of L&I's right to collect from the contractor.

19. Licensing, Accreditation and Registration

The contractor shall comply with all applicable local, state and federal licensing, accreditation and registration requirements/standards, necessary for the performance of this contract.

20. Limitation of Authority

Only the Agent or Agent's delegate by writing (delegation to be made prior to action) shall have the express, implied, or apparent authority to alter, amend, modify, or waive any clause or condition of this contract. Furthermore, any alteration, amendment, modification, or waiver or any clause or condition of this contract is not effective or binding unless made in writing and signed by the Agent.

21. Noncompliance with Nondiscrimination Laws

During the performance of this contract, the contractor shall comply with all federal and state nondiscrimination laws, regulations and policies.

In the event of the contractor's noncompliance or refusal to comply with any nondiscrimination law, regulation or policy, this contract may be rescinded, canceled or terminated in whole or in part, and the contractor may be declared ineligible for further contracts with the State Auditor's Office. The contractor shall, however, be given a reasonable time in which to cure this noncompliance. Any dispute may be resolved in accordance with the "Disputes" procedure set forth herein.

22. Publicity

The contractor agrees to submit to the State Auditor's Office all advertising and publicity matters relating to this contract wherein the State Auditor's Office's name is mentioned or language used from which the connection of the State Auditor's Office's name may, in the

State Auditor's Office's judgment, be inferred or implied. The contractor agrees not to publish or use such advertising and publicity matters without the prior written consent of the State Auditor's Office.

23. Records Maintenance

The contractor shall maintain books, records, documents, data and other evidence relating to this contract and performance of the services described herein, including but not limited to accounting procedures and practices that sufficiently and properly reflect all direct and indirect costs of any nature expended in the performance of this contract.

Contractor shall retain such records for a period of six years following the date of final payment. At no additional cost, these records, including materials generated under the contract, shall be subject at all reasonable times to inspection, review or audit by the State Auditor's Office, personnel duly authorized by the State Auditor's Office, and federal and state officials so authorized by law, regulation or agreement. If any litigation, claim or audit is started before the expiration of the six (6) year period, the records shall be retained until all litigation, claims or audit findings involving the records have been resolved.

24. Registration with Department of Revenue

The contractor shall complete registration with the Washington State Department of Revenue and be responsible for payment of all taxes due on payments made under this contract.

25. Right of Inspection

The contractor shall provide right of access to its facilities to the State Auditor's Office, or any of its officers, or to any other authorized agent or official of the State of Washington or the federal government, at all reasonable times, in order to monitor and evaluate performance, compliance, and/or quality assurance of the work performed.

26. Savings

In the event funding from state, federal, or other sources is withdrawn, reduced, or limited in any way after the effective date of this contract and prior to normal completion, the State Auditor's Office may terminate the contract under the "Termination for Convenience" clause, without the ten day notice requirement, subject to renegotiation at the State Auditor's Office's discretion under those new funding limitations and conditions.

27. Severability

The provisions of this contract are intended to be severable. If any term or provision is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity of the remainder of the contract.

28. Site Security

While on the State Auditor's Office premises, contractor, its agents, employees or subcontractors shall conform in all respects with physical, fire or other security policies or regulations.

29. Subcontracting

All subcontractors must abide by all GAO Yellow Book standards.

Neither the contractor nor any subcontractor shall enter into subcontracts for any of the work contemplated under this contract without obtaining prior written approval of the State Auditor's Office. In no event shall the existence of the subcontract operate to release or reduce the liability of the contractor to the State Auditor's Office for any breach in the performance of the contractor's duties. This clause does not include contracts of employment between the contractor and personnel assigned to work under this contract.

The contractor is solely responsible and liable for ensuring that all of the terms, conditions, assurances and certifications set forth in this contract are incorporated into any partnering or subcontracting relationships with other entities for work related to this contract. Liability includes management responsibility and quality assurance for work performed and financial responsibility for payments to and by partner organizations or subcontractor to others. Contractor and its subcontractors agree not to release, divulge, publish, transfer, sell or otherwise make known to information obtained during performance of this contract without the express written consent of the State Auditor's Office or as provided by law.

30. Taxes

All payments accrued because of payroll taxes, unemployment contributions, any other taxes, insurance or other expenses for the contractor or its staff shall be the sole responsibility of the contractor.

31. Termination for Cause

In the event the State Auditor's Office determines the contractor has failed to comply with the conditions of this contract in a timely manner, the State Auditor's Office has the right to suspend or terminate this contract. Before suspending or terminating the contract, the State Auditor's Office shall notify the contractor in writing of the need to take corrective action. If corrective action is not taken within 30 calendar days, the contract may be terminated or suspended.

In the event of termination or suspension, the contractor shall be liable for damages as authorized by law including, but not limited to, any cost difference between the original contract and the replacement or cover contract and all administrative costs directly related to the replacement contract, e.g., cost of the competitive bidding, mailing, advertising and staff time.

The State Auditor's Office reserves the right to suspend all or part of the contract, withhold further payments, or prohibit the contractor from incurring additional obligations of funds during investigation of the alleged compliance breach and pending corrective action by the contractor or a decision by the State Auditor's Office to terminate the contract. A termination shall be deemed a "Termination for Convenience" if it is determined that the contractor: (1) was not in default; or (2) failure to perform was outside of his or her control, fault or negligence. The rights and remedies of the State Auditor's Office provided in this contract are not exclusive and are, in addition to any other rights and remedies, provided by law.

32. Termination for Convenience

Except as otherwise provided in this contract, the State Auditor's Office may, by 10 calendar days written notice, beginning on the second day after the mailing, terminate this contract, in whole or in part. If this contract is so terminated, the State Auditor's Office shall be liable only for payment required under the terms of this contract for services rendered or goods delivered prior to the effective date of termination.

33. Termination Procedures

Upon termination of this contract, the State Auditor's Office, in addition to any other rights provided in this contract, may require the contractor to deliver to the State Auditor's Office any property specifically produced or acquired for the performance of such part of this contract as has been terminated. The provisions of the "Treatment of Assets" clause shall apply in such property transfer.

The State Auditor's Office shall pay to the contractor the agreed upon price, if separately stated, for completed work and services accepted by the State Auditor's Office, and the amount agreed upon by the contractor and the State Auditor's Office for (i) completed work and services for which no separate price is stated, (ii) partially completed work and services, (iii) other property or services that are accepted by the State Auditor's Office, and (iv) the protection and preservation of property, unless the termination is for default, in which case the agent shall determine the extent of the liability of the State Auditor's Office. Failure to agree with such determination shall be a dispute within the meaning of the "Disputes" clause of this contract.

The State Auditor's Office may withhold from any amounts due the contractor such sum as the agent determines to be necessary to protect the State Auditor's Office against potential loss or liability. The rights and remedies of the State Auditor's Office provided in this section shall not be exclusive and are in addition to any other rights and remedies provided by law or under this contract.

After receipt of a notice of termination, and except as otherwise directed by the agent, the contractor shall:

- A. Stop work under the contract on the date, and to the extent specified, in the notice;
- B. Place no further orders or subcontracts for materials, services, or facilities except as may be necessary for completion of such portion of the work under the contract that is not terminated;
- C. Assign to the State Auditor's Office, in the manner, at the times, and to the extent directed by the agent, all of the rights, title, and interest of the contractor under the orders and subcontracts so terminated, in which case the State Auditor's Office has the right, at its discretion, to settle or pay any or all claims arising out of the termination of such orders and subcontracts;
- D. Settle all outstanding liabilities and all claims arising out of such termination of orders and subcontracts, with the approval or ratification of the agent to the extent agent may require, which approval or ratification shall be final for all the purposes of this clause;
- E. Transfer title to the State Auditor's Office and deliver in the manner, at the times, and to the extent directed by the agent any property which, if the contract had been completed, would have been required to be furnished to the State Auditor's Office;
- F. Complete performance of such part of the work as shall not have been terminated by the agent; and
- G. Take such action as may be necessary, or as the agent may direct, for the protection and preservation of the property related to this contract, which is in the possession of the contractor and in which the State Auditor's Office has or may acquire an interest.


34. Treatment of Assets

- A. Title to all property furnished by the State Auditor's Office shall remain in the State Auditor's Office. Title to all property furnished by the contractor, for the cost of which the contractor is entitled to be reimbursed as a direct item of cost under this contract, shall pass to and vest in the State Auditor's Office upon delivery of such property by the contractor. Title to other property, the cost of which is reimbursable to the contractor under this contract, shall pass to and vest in the State Auditor's Office upon (i) issuance for use of such property in the performance of this contract, or (ii) commencement of use of such property in the performance of this contract, or (iii) reimbursement of the cost thereof by the State Auditor's Office in whole or in part, whichever first occurs.
- B. Any property of the State Auditor's Office furnished to the contractor shall, unless otherwise provided herein or approved by the State Auditor's Office, be used only for the performance of this contract.
- C. The contractor shall be responsible for any loss or damage to property of the State Auditor's Office that results from the negligence of the contractor or that results from the failure on the part of the contractor to maintain and administer that property in accordance with sound management practices.
- D. If any the State Auditor's Office's property is lost, destroyed or damaged, the contractor shall immediately notify the State Auditor's Office and shall take all reasonable steps to protect the property from further damage.
- E. The contractor shall surrender to the State Auditor's Office all property of the State Auditor's Office prior to settlement upon completion, termination or cancellation of this contract.
- F. All reference to the contractor under this clause shall also include contractor's employees, agents or subcontractors.

35. Waiver

Waiver of any default or breach shall not be deemed a waiver of any subsequent default or breach. Any waiver shall not be construed to be a modification of the terms of this contract unless stated to be such in writing and signed by authorized representative of the State Auditor's Office.

ATTACHMENT B – SAMPLE WORK ORDER

Work Order STATE OF WASHINGTON State Auditor's Office (SAO)		Work Order #	Contract # 0109-C-K104.096
Service Category:	<input type="checkbox"/>	Subject Matter Expertise	<input type="checkbox"/> Performance Audit
Contractor:			
This Work Order is issued under the provisions of a State Auditor's Office (SAO) contract. The services authorized are within the scope of services set forth in the <i>Purpose</i> of the contract and the original Work Order. All rights and obligations of the parties shall be subject to and governed by the terms of the contract and original Work Order including any subsequent modifications, which are hereby incorporated by reference.			
<i>Purpose</i>			
<i>Scope of Work</i>			
Deliverables are subject to review and approval by State Auditor's Office prior to payment.			
Start Date:		End Date:	
BUDGET			
Description/Task	Due Date	Unit (Hrs.)	Total
1.			
2.			
3.			
4.			
Agency shall pay an amount not to exceed			
<i>In WITNESS WHEREOF, the parties have executed this Work Order</i> Both the State Auditor's Office and the contractor are responsible for ensuring work performed is within the scope of this Work Order. The State Auditor's Office must monitor compliance with the terms of this Work Order and RCW 39.29. Any changes or amendments to this Work Order must be in writing, signed by both parties. No work may begin until the contract or amendment is duly executed. The services authorized are within the scope of services set forth in the <i>Purpose</i> of the Master Contract between SAO and the Contractor. All rights and obligations of the parties are subject to and governed by the Master Contract including any subsequent modifications incorporated herein. In the event of an inconsistency in this work order, the following order of precedence shall apply: This Work Order, Attachment C, Deliverables; Attachment B, Contractor's Proposal; Attachment A, Work Request. The persons signing below warrant that they have the authority to execute this Work Order.			
CONTRACTOR Approval		SAO Approval	
_____ (Signature) Authorized Representative (Date)		_____ (Signature) Authorized Representative (Date)	
Work Order Manager		Work Order Manager	
Telephone No.		Telephone No.	
Email:		Email:	