(11/12)

State of Illinois
PROCUREMENT OPPORTUNITY

TO: Proposal Manager

FROM: Bruce L. Bullard, Compliance Audit Director

DATE: February 15, 2013

SUBJECT: Request for Proposals (Professional and Artistic Services)--Audit and/or Attestation Services--RFP No. 13-10 - Illinois Department of the Lottery

The Office of the Auditor General (OAG) is requesting offers from responsible vendors to fill the State's needs as described in this solicitation. The solicitation itself consists of the following sections:

1) "Instructions for Submitting Offers." This part, beginning with this page, tells what you need to know and do when preparing and submitting the offer to us. It also tells how we will evaluate your offer.

2) "Solicitation Response Forms." This part shows the specifications, how the offer must be priced, contract terms and other requirements. In addition, you must provide information about your firm, including certain financial and conflict of interest disclosures.

The "Solicitation Response Forms," completed, signed and returned by you, will constitute your offer. You need not submit the Instruction pages with your offer. You should keep the Instructions and a copy of your offer (Solicitation Response Forms) for future reference.

For your convenience we have included a summary description of what we need in section 1.2 of the attached "Instructions for Submitting Offers." More detail is provided throughout this solicitation.

Please read the entire solicitation package and submit your offer in accordance with the Instructions. If you are interested and able to meet the requirements set forth in this solicitation, we would appreciate and welcome an offer.

INSTRUCTIONS FOR SUBMITTING OFFERS

1.1 PROJECT TITLE / REFERENCE #: This Request for Proposals (Professional and Artistic Services) may be referred to as: Illinois Department of the Lottery Engagement, RFP No. 13-10.

1.2 SUMMARY DESCRIPTION OF SUPPLIES AND SERVICES:

Audit and/or Attestation Engagement of:	Illinois Department of the Lottery
Audit and/or Attestation Engagement Period:	See Exhibit A, page 2a
Type of audit and/or Attestation Engagement:	See Exhibit A, page 2a
Procurement method:	Fixed Fee

1.3 OFFER DUE DATE, TIME AND SUBMISSION LOCATION: Due Date: March 15, 2013 Time: 3:30

DELIVER OFFERS TO:	**LABEL OUTSIDE OF ENVELOPE/CONTAINER:**
Office of the Auditor General	**Office of the Auditor General**
Attn.: Roberta Pape	**Attn.: Roberta Pape**
740 E. Ash St.	**Project Title & Ref. #: Illinois Department of the Lottery - RFP #. 13-10**
Springfield, IL 62703	**Due Date & Time: 03-15-2013 until 3:30 p.m.**

We will open offers at the due date, time and delivery location. (Note: Offers will not be opened publicly.) Prior to the due date, you may mail or hand-deliver offers, modifications, and withdrawals. We do not allow e-mail, fax, or other electronic submissions. We must physically receive submissions as specified; it is not sufficient to show you mailed or commenced delivery before the due date and time. We will not consider offers, modifications or withdrawals received after the due date and time. All times are State of Illinois local times.

1.4 NUMBER OF COPIES: Submit a signed original and 3 copies of your offer in **a sealed container**. Label the container with the Project Title/Reference # as instructed in Section 1.3 above. **Submit price in a separate sealed envelope in the Offer Container.**

1.5 OFFER Firm Time:

Your offer must remain firm for 90 days from opening.

1.6 SECURITY:

Offer Bond	$ N/A
Performance Bond	$ N/A

1.7 VENDOR CONFERENCE: ☐ Yes **X** No
Mandatory Attendance: ☐ Yes ☐ No
Date and Time (CST):
Location:

We will provide written responses to questions and only those written responses shall be binding. If attendance is mandatory, you will be disqualified if you do not attend, are not on time, leave early or fail to sign the attendance sheet.

1.8 PROJECT CONTACT:
Office of the Auditor General
Bruce Bullard
740 E. Ash St.
Springfield, IL 62703
(217) 782-6046
(888) 261-2887 (TTY)
(217) 785-8222 (Facsimile)
E-mail: oag13@mail.state.il.us

If you have a question or suspect an error, you must immediately notify the Project Contact identified in this section. A record of all communications must be maintained. Contact with OAG personnel other than those listed above regarding this solicitation may be grounds for elimination from the selection process. Only written answers to questions shall be binding on the State.

1.9 PROTEST REVIEW OFFICE:
Office of the Auditor General

ILLINOIS DEPARTMENT OF THE LOTTERY

PLANNED ENGAGEMENT PERIODS AND SCOPES
(First 2 years of a 6 year cycle)

1 Engagement
2 Cost Proposals
Irregular Audit Cycle

Scope of Engagement – Year 1: June 30, 2013, the engagement will consist of:

- A one year financial statement audit of the whole Department of the Lottery for the year ending June 30, 2013, including all treasury and locally held funds. This audit will be relied upon in expressing an opinion on the State of Illinois Financial Statements.

- A compliance attestation examination and agreed upon procedures work of the whole Department of the Lottery for the two years ending June 30, 2013, including an expanded scope Information Systems Review.

Scope of Engagement – Year 2: June 30, 2014, the engagement will consist of:

- A one year financial statement audit of the whole Department of the Lottery for the year ending June 30, 2014, including all treasury and locally held funds. This audit will be relied upon in expressing an opinion on the State of Illinois Financial Statements.

Note:
Separate technical proposals should be submitted for the:
A. June 30, 2013 engagement
B. June 30, 2014 engagement

A total of two cost proposals should be submitted, one for the:
A. June 30, 2013 engagement
B. June 30, 2014 engagement

Notable changes at the agency from the prior engagement:
Please see the updated OAG Preliminary Survey Questionnaire and Engagement Checklist referenced in section 11 of the RFP under information at the Auditor General's Office.

Information to add to section 11 of the RFP (remove this heading when inserting in RFP)

OAG memo on billing, August 2012., Fixed Fee Engagements
OAG Preliminary Survey Questionnaire and Engagement Checklist
Information on historical engagement hours
Report for the year ended June 30, 2102 (when available)
Internal control documents
Prior contracts, billings and supporting documentation
Prior audit programs
System narratives
Risk assessments
Statutory Mandates, OAG Mandate System
Prior engagement OAG adjustment letter (schedule A & B)
Illinois Department of the Lottery organization chart
IL. Adm. Code 1770.200 Eligibility to Buy
Illinois Lottery Private Management Agreement
Illinois Lottery Law
Illinois Department of the Lottery, June 30, 2003, Final Deliverables (last year stand alone compliance examination was performed)
Illinois Department of Revenue, June 30, 2010, Report of Immaterial Findings
Illinois Department of Revenue reports for the period ended June 30, 2010 (recent reports are also available on the OAG website at www.auditor.illinois.gov)
Sample Information Systems Fieldwork Summary (deliverable for expanded scope Information Systems Review)
List of information systems controls that may be selected for the expanded scope Information Systems Review

Information to add to section 13 of the RFP (remove this heading when inserting in RFP)

Establishment of the Department of the Lottery

Public Act 97-0464, effective October 15, 2011, superseded Executive Order No. 2003-09 to the extent that Executive Order No. 2003-09 transferred the powers, duties, rights, and responsibilities of the Department of the Lottery to the Division of the Lottery within the Department of Revenue. The Division of the Lottery within the Department of Revenue was abolished and the Department of the Lottery was created as an independent department. All powers, duties, rights, and responsibilities of the Division of the Lottery within the Department of Revenue were transferred to the Department of the Lottery.

Proposal Requirements

Because the June30, 2013 engagement is a two year compliance attestation examination and one year financial statement audit and the June 30, 2014 engagement is a financial statement audit only we are requesting two technical proposals and 2 cost proposals, one for the June 30, 2013 engagement and another for the June 30, 2014 engagement.

Reports and Opinions

June 30, 2013 - The successful proposer will submit a report under their cover to the Office of the Auditor General. The report will contain, an Independent Accountant's Report on State Compliance and Internal Control Over State Compliance for the two years ending June 30, 2013. The successful proposer will, as applicable, perform certain agreed upon procedures as outlined in Chapter 27 of the Office of the Auditor General's Audit Guide and will submit a report on those procedures performed. The submitted report will also include a 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* and an Independent Auditor's Report on the financial statements For the year ending June 30, 2013.

June 30, 2014 - The successful proposer will submit a report under their cover to the Office of the Auditor General. The report will contain, a 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* and an Independent Auditor's Report on the financial statements for the year ending June 30, 2014.

Primary Contractor

Any Proposal involving more than one firm (i.e., the primary contractor and subcontractor(s)) the primary contractor must perform at least 51% of the total professional engagement hours.

Prohibition From Participation in Lottery Games

No Illinois Lottery ticket shall be purchased by and no prize shall be paid to the contractor (successful proposer) or any employee of the contractor performing services pursuant to negotiating a contract with the successful proposer. In addition, no Illinois Lottery ticket shall be purchased by and no prize shall be paid to the spouse, child, brother, sister or parent residing as a member of the same household in the principal residence of any employee of the contractor performing services. The contractor will be required to provide notice of the prohibition to all employees performing services to the Department of the Lottery.

Prior Finding Follow Up

All compliance report and immaterial findings for the two years ending June 30, 2010 regarding the operation of the Lottery while it was a division of the Illinois Department of Revenue shall be followed up on by the successful proposer and reported in the Department of the Lottery compliance report or immaterial finding letter for the two years ending June 30, 2013.

Rotation Policy

The Auditor General's rotation policy is set forth in Chapter 31 on page 7 of the Audit Guide "For Performing Financial Audits and Compliance Attestation engagements of Illinois Agencies". It reads as follows:

Rotation policy. To maximize the efficiencies obtained by auditor retention, it is the OAG's general policy, **subject to the OAG's sole discretion**, to maintain the same contractor on an engagement for six successive fiscal years, subject to an examination of such factors including but not limited to performance review, the satisfactory negotiation of terms (including price) and the annual availability of an appropriation. (emphasis added)

The rotation schedule stated in the preceding paragraph is intended to further the best interests of the Office of the Auditor General. **Contractors are expressly notified that the Auditor General reserves the right, in his sole discretion to lengthen, shorten or otherwise modify the rotation policy for an individual engagement, a group of engagements, or all engagements when, in his opinion, a change is in the best interest of the Office of the Auditor General.** (emphasis added)

The Office of the Auditor General **is not precluding** the public accounting firm (special assistant auditors) that are currently contracted and performing the fiscal year 2012 Illinois Department of the Lottery engagement from submitting a proposal as described in this solicitation.

Single Audit

Any engagement work required to be performed under the Single Audit Act will be performed by KPMG LLP – Special Assistant Auditors for the Office of the Auditor General on the Statewide Single Audit.

Expanded Scope Information Systems Review

The OAG requires all proposers to include in their technical proposal a block of hours to be devoted to an expanded scope Information Systems Review of the Department of the Lottery. (Note: This is in addition to requirements set forth in the auditing standards.) The number of hours to be included in the proposal and reserved for this purpose is 275 hours for the compliance examination for the two years ending June 30, 2013. Unless otherwise directed at the time by the OAG Audit Manager, this block of hours is expected to be included in future compliance examinations. Proposers are required to provide information about staff who would be qualified and available to perform the expanded scope Information Systems Review (See Sections B (3) and C (3) of Part III and Section A and B of Part IV in the Technical Requirements portion of this RFP).

In performing the expanded scope Information Systems Review aspect of the engagement, the successful proposer will be required to interact with and take general direction from an OAG Information Systems Audit Manager. The OAG Information Systems Manager will provide the successful proposer with a list of selected information system controls and the hours to be allocated to each control, along with any associated requirements. The successful proposer will be required to prepare a separate fieldwork summary for the expanded scope Information Systems Review and to maintain separate workpapers for this portion of the overall engagement. Any findings resulting from the expanded scope Information Systems Review will be included within the compliance report or immaterial finding letter.

Roberta Pape
740 E. Ash St.
Springfield, IL 62703
(217) 782-6046
(888) 261-2887
(217) 785-8222 (fax)

You may submit a written protest of our actions to the PROTEST REVIEW OFFICE in accordance with the requirements of the Auditor General's procurement rule (44 Ill.Adm.Code 500.1330). We must physically receive the protest by noon on the seventh calendar day after you knew or should have known of the facts giving rise to the protest. You shall be deemed to have notice as of the date of publication in the Auditor General Bulletin, or earlier if you had earlier actual notice.

1.10 SMALL BUSINESS SET-ASIDE. Yes ____ No _X___. If "yes" is marked, you must be certified by the Small Business Set-Aside Program at the time Offers are due in order for us to evaluate your Offer. For complete requirements and to certify your business in the Small Business Set-Aside Program, visit http://www.sell2.illinois.gov/bep/Set_Aside.htm.

1.11 MINORITY, FEMALE AND PERSONS WITH DISABILITY GOALS. Yes ____ No _X___. The OAG encourages qualified businesses owned and controlled by minorities (MBE's), females (FBE's) or persons with disabilities (PBE's) to submit proposals. The OAG encourages Vendors to consider subcontracting portions of engagements to qualified small audit firms or audit firms owned and controlled by MBE's, FBE's or PBE's. For purposes of this section, the individuals claiming ownership and control must own at least 51% of the business. If the proposed contractor or subcontractor is a qualified MBE, FBE or PBE, the proposal should include a certification stating that the individuals meet this definition of ownership and control.

1.12 STATUTORY CITATIONS. You will find a number of statutory references in the solicitation that are designated "**ILCS**." The official text can be found in the appropriate chapter and section of the Illinois Compiled Statutes. An unofficial version of the statutes can be viewed at http://www.ilga.gov/legislation/ilcs/ilcs.asp. The Auditor General's Procurement Rules (44 Ill. Adm. Code 500) are also applicable to this procurement and may be viewed at www.ilga.gov/commission/jcar/admincode/titles/html.

1.13 PROCUREMENT BULLETIN. We publish procurement information (including notices of procurement opportunities, notices of award, and updates) in the Auditor General's Procurement Bulletin. Vendors may view this information at the Auditor General's web site (www.auditor.illinois.gov). Procurement information may not be available in any other form or location. You are responsible for monitoring the Auditor General's Procurement Bulletin; we cannot be held responsible if you fail to read notices posted on the Auditor General's Procurement Bulletin or to receive e-mail notices.

1.14 AWARD. We will post a notice to the Auditor General Procurement Bulletin identifying the apparent awardee. The notice extends the Offer Firm Time until we sign a contract or determine not to sign a contract. We may accept or reject your Offer as submitted, or may require contract negotiations. If negotiations do not result in an acceptable agreement, we may reject your Offer and begin negotiations with another Vendor. Protested awards are not final and are subject to resolution of the protest.

1.15 PUBLIC INFORMATION. Offers become the property of the State and will not be returned. Your Offer will be open to the public under the Illinois Freedom of Information Act (FOIA) (5 ILCS 140) and other applicable laws and rules, unless you request in your Offer that we treat certain information as exempt. A request for confidential treatment will not supersede the State's legal obligations under FOIA. We will not honor requests to exempt entire Offers. You must show the specific grounds in FOIA or other law or rule that support exempt treatment. Regardless, we will disclose the name of every Offeror, the substance of the Offer, and the price. If you request exempt treatment, you must submit an additional copy of the Offer with exempt information deleted. This copy must tell the general nature of the material removed and shall retain as much of the Offer as possible. You will be responsible for any costs or damages associated with our defending your request for exempt treatment. You agree the State may copy the Offer to facilitate evaluation, or to respond to requests for public records. You warrant that such copying will not violate the rights of any third party.

1.16 RESERVATIONS. You must read and understand the solicitation and tailor your Offer and activities to ensure compliance. We reserve the right to amend the solicitation, to reject any or all offers in whole or in part, to reject individual offers for failure to meet any requirement; to award by item, part or portion of an item, group of items, or total; to cancel this request for supplies and/or services at any time; to issue a new solicitation and accept new

offers; and to waive minor defects. We may request a clarification, inspect your premises, interview staff, request a presentation, or otherwise verify the contents of the Offer, including information about subcontractors and suppliers. We may request Best and Final Offers when appropriate. We will make all decisions on compliance, evaluation, terms and conditions, and shall make decisions solely in the best interest of the State. This competitive process requires that you provide additional information and otherwise cooperate with us. If you do not comply with requests for information and cooperate, we may reject your Offer. You have no right to an award by submitting an Offer, nor do you have the right to a contract based on our posting your name in a Bulletin notice. We are not responsible for and will not pay any costs associated with the preparation and submission of your Offer. If you are the awardee, you shall not commence, and will not be paid for, any billable work prior to the date all parties execute the contract. **THIS SOLICITATION IS SUBJECT TO ERRORS, OMISSIONS, MODIFICATIONS, WITHDRAWAL OR CANCELLATION WITHOUT NOTICE.**

1.17 NON-DISCRIMINATION POLICY. In compliance with the State and Federal Constitutions, the Illinois Human Rights Act, the U.S. Civil Rights Act, and Section 504 of the Federal Rehabilitation Act, the State of Illinois does not unlawfully discriminate in employment, contracts, or any other activity. If you need any special accommodation under the Americans with Disabilities Act (ADA) you must promptly notify the PROJECT CONTACT.

1.18 PUBLIC CONTRACTS NUMBER. Vendors with 15 or more employees must have a Public Contracts Number issued by (or completed application submitted to) the Illinois Department of Human Rights prior to the opening date. Please contact DHR at 312/814-2431 or visit http://www.state.il.us/dhr/index.htm for forms and details.

1.19 EMPLOYMENT TAX CREDIT: Vendors who hire qualified veterans and certain ex-offenders may be eligible for tax credits. Please contact the Illinois Department of Revenue (312/814-3215) for information about tax credits. If you receive this tax credit you must report to the OAG and the Department of Central Management Services the number of individuals hired for whom you received tax credits. You must submit this information by August 31 of each year covering the previous 12 months (July - June) (30 ILCS 500/45-67 and 45-70; 35 ILCS 5/216, 5/217).

1.20 RELEASE OF CLAIMS. By submitting an Offer, the Vendor agrees that it will not bring any claim or cause of action against the OAG based on any misunderstanding concerning the information provided herein or concerning the OAG's failure, negligent or otherwise, to provide the Vendor with pertinent information as intended by this RFP.

1.21 GOVERNING LAW AND FORUM. Illinois law and rule govern this solicitation and any resulting contract. You must bring any action relating to this solicitation or any resulting contract in the appropriate court in Illinois. We do not allow binding arbitration. This document contains statutory references designed with "ILCS." You may view the full text at http://www.ilga.gov/legislation/ilcs/ilcs.asp. The Auditor General's procurement rules (44 Ill.Adm.Code 500) are applicable to this solicitation and may be viewed at www.ilga.gov/commission/jcar/admincode/titles.html.

1.22 COMPLETION OF SOLICITATION RESPONSE FORMS. You must respond to all sections of each form including attachments, clearly show any "exceptions," complete, sign and return each of the forms as indicated. The solicitation forms show what we require in terms of specifications, contract terms and other requirements. It consists of the Vendor Transmittal letter and the attachments described below.

a) Vendor's Transmittal Letter to OAG. The Vendor's Transmittal Letter to OAG identifies the Vendor's responsible party and, together with attachments, constitutes the Vendor's binding offer. By signing on the line provided you are making an offer to perform in accordance with the terms and conditions found in each section of the solicitation as modified by any exceptions properly noted. The State may accept your offer as submitted or may propose a counter-offer. It may be necessary to make modifications to the forms after award, or as a condition to award, to accurately reflect the final understanding of the Parties. You will need to complete the Vendor signature area. You must have an authorized person sign the form and complete the remaining blanks.

b) Description of Services (General Requirements and Technical Requirements). In this attachment we tell what we want you to provide. We identify our needs, goals, any general project information and the specifications. Your offer must tell us how you will meet the stated requirements.

c) Formal Cost Proposal. In this attachment we provide the format for how we want you to price the supplies or services. Do not show price information in other sections of the offer. **Place this attachment in a separate sealed envelope but submit it with the remainder of the offer in the offer container.**

d) Standard Contract Provisions. This attachment contains terms and conditions of general applicability to this solicitation and any resulting contract.

e) Standard Certifications. By signing the signature page, you are making the certifications described in this attachment.

f) Vendor Provided Additional Material and Exceptions. This is where you provide any additional material that you want us to consider in the evaluation process and any exceptions to the terms and conditions of the solicitation. If you are taking any exceptions, this is where you must provide the detail of the exceptions.

g) Department of Human Rights Public Contract Number. This is information requested by the Illinois Department of Human Rights. You may be disqualified if this information is not timely submitted.

h) Disclosures and Conflicts of Interest form. This form must be signed by you, under penalty of perjury, and represents a continuing obligation on your part to inform us of any changes or instances of non-compliance throughout the contract term.

i) Taxpayer Identification Number. We must have this to make payment to you.

1.23 CRITERIA FOR EVALUATION AND AWARD. We evaluate four categories of information: administrative compliance, vendor responsibility, responsiveness and price. All offers must meet the following administrative and responsibility criteria:

a) Administrative Compliance. We will determine whether the offer complied with the Instructions for Submitting Offers. We must reject your offer if you submit it late. Failure to meet other requirements could result in rejection. To preserve the stability of the audit program, the OAG has established limitations on the number of hours and number of engagements that may be awarded to any given Vendor. Those limitations are set forth in Paragraph 5 of the Description of Services (General Requirements). Proposals from Vendors exceeding those limitations will be rejected unless waiver is determined to be in the OAG's best interest.

b) Vendor Responsibility. We will determine whether the VENDOR submitting the offer is one with whom we can or should do business (a "responsible" Vendor).

1) A "responsible" vendor must exist as a legal entity and must be authorized to do business in Illinois at the time a bid, proposal or offer is submitted for a State contract. Evidence of good standing can include Certificate of Good Standing, copy of assumed name certificate from home county, etc.

2) Public Act 96-0795 provides that a "prohibited bidder" includes a person assisting the State of Illinois or a State Agency in determining whether there is a need for contract unless such information was part of a response to a publicly issued request for information (RFI). Additionally, anyone assisting the State by reviewing, drafting or preparing an invitation for bids, request for proposals or request for information, or who provided similar assistance, is deemed a prohibited offeror. Vendor is required to certify its compliance with this prohibition through the Certifications section of the Contract.

3) Other factors that we may evaluate to determine responsibility include, but are not limited to: certifications, conflicts of interest, financial disclosures, taxpayer identification number, Public Contracts Number from the Department of Human Rights, any other professional license or certification required for the type of service to be performed, past performance, financial stability, references (including those found outside the offer), compliance with applicable laws, the perceived ability to perform completely as specified, external peer review (system review that is current under the Standards for Performing and Reporting on Peer Reviews and have received an acceptable report), and other relevant factors. Vendors owing an unsatisfied delinquent debt to the State as shown in the Comptroller's Offset System may be found to be non-responsible. (This step does not relieve any vendor from satisfying any debt owed to the State.) A VENDOR must at all times have financial resources sufficient, in the opinion of the State, to ensure performance of the contract and must provide proof upon request. We will determine whether any failure to supply information, or the quality of the information, will result in rejection.

c) The evaluation and award criteria are shown in the following subsections.

1) Responsiveness. We will evaluate for "responsiveness" offers that meet the "administrative" and "responsibility" requirements. We will determine how well offers meet our requirements in terms of “responsiveness” to the specifications. Minor differences or deviations that have negligible impact on the price or suitability of the supply or service to meet the State's needs may be accepted or corrections

allowed. If no administratively compliant and responsible Vendor meets a particular requirement, we may waive that requirement. We will rank offers, without consideration of price, from best to least qualified using a point system (unless otherwise specified) as an aid in conducting the evaluation. References and past performance may be considered again in this portion of the evaluation. Point and other such evaluation methods are tools we use to aid us in the evaluation process but are not always definitive. We reserve the right to use our discretion to eliminate offers that we deem unacceptable.

2) The total number of points for "responsiveness" is 80. Vendors who do not receive 33 of the total "responsiveness" points available need not be considered for price evaluation and award. For each element, proposals will receive a number of points proportionate to how that proposal compared to other proposals. The OAG reserves the right to reject any proposal that is, in the OAG's opinion, materially deficient in any one of the evaluation criteria, regardless of total overall score.

   i. Appropriateness, comprehensiveness and responsiveness of proposer's approach to the engagement, including the number of professional hours to be devoted to the engagement and its component tasks, the manner in which the requirements of the RFP and any special specifications or objectives are addressed, and the value of any special testing proposed (32 points);
   ii. Extent and quality of proposer's experience and the quality of similar services provided to the OAG and others, especially the proposer's experience in completing similar engagements (24 points);
   iii. The quality, depth and relevance of the experience and qualifications of the team leader and key staff, including any intended subcontractors, who will be performing the engagement, as well as the availability of staff to provide the services (16 points); and
   iv. The mix or ratio of higher level (partner, manager, supervisor) hours to lower level (senior, staff and interns) hours for the staff assigned to the engagement (8 points).

3) Price. We will rank proposals from least costly to most costly using a point method based on total maximum cost for the engagement (i.e., the number of professional hours and the rate per hour, or overall fixed cost, whichever is applicable). Please note: Vendors will not be compensated for expenses related to this contract, including travel, lodging, per diem and meals.

   The total number of points for "price" is 20. The least costly proposal will receive maximum points. All other proposals will receive a proportionate share of the points in accordance with the following formula:

$$\text{Maximum price points} \times \frac{\text{Lowest Price}}{\text{Offeror's Price}} = \text{Total Price Points}$$

4) The maximum number of points is 100 (Responsiveness 80 plus Price 20).

5) Award. The "responsible" offeror whose offer meets “administrative” requirements and whose offer is the most advantageous shall be eligible for award. In a point evaluation, the "most advantageous" proposal is the one with the highest cumulative points ("responsiveness" plus "price"). However, if we do not consider the price to be fair and reasonable and that price cannot be negotiated to an acceptable level, we reserve the right to award to the next highest ranked vendor. We will determine whether price is fair and reasonable by considering the offer, including the vendor's qualifications, the vendor's reputation, all prices submitted, other known prices, the project budget and other relevant factors. Only the OAG can determine if a price is fair and reasonable.

d) Alternative Evaluation. If three or fewer offers are received, the offers may be evaluated without use of a point system, using simple comparative analysis.

e) Best and Final Offers. The OAG reserves the right to enter into discussions with those Vendors who are eligible for further evaluation in accordance with the evaluation criteria. The purposes of such discussions include, but are not limited to, promoting understanding of the OAG's requirements and the Vendor's proposal and facilitating arriving at a contract that will be most advantageous to the OAG. The number of proposers allowed to participate in discussions or to submit best and final offers, and the scope of those discussions and best and final offers, shall be determined solely by the OAG.

END OF INSTRUCTIONS

SOLICITATION RESPONSE FORMS

VENDOR'S TRANSMITTAL LETTER TO OAG
(Vendor Letterhead)

(Vendors - please follow instructions shown in shaded italics.)

Address
(use the address as shown on the Instructions for Submitting Proposals - Cover Page)

Re:
(insert Project Title / Reference #)

Dear :
(insert name of OAG Project Contact)

Please consider this letter with the following attachments:

Description of Services (General Requirements and Technical Requirements)
Formal Cost Proposal (submitted in a separate sealed envelope within the proposal container)
Standard Contract Provisions
Standard Certifications
Vendor Provided Additional Material and Exceptions
Department of Human Rights Public Contract Number
Disclosures and Conflicts of Interest form
Taxpayer Identification Number Certification

to be our offer to perform in full compliance with the subject RFP.

The contact person for purposes of responding to any inquiries you may have is:
(Give name, title, address, phone, fax and e-mail)

If we are selected for award, we understand that does not entitle us to a contract. We further understand the award is conditioned on favorable resolution of any protests and to successful negotiation of terms and conditions including, but not limited to, price and any exceptions requested.

Sincerely,

_____
Vendor Name and DBA

_____
Signature of party authorized to bind the Vendor

Printed Name	Title
Address	Phone, Fax, E-mail

DESCRIPTION OF SERVICES
(General Requirements)
RFP # 13-10
AGENCY which the Engagement will be performed on Illinois Department of the Lottery

1. Engagement Standards. The engagement must be performed in accordance with the following (check all that apply):

X Illinois State Auditing Act (30 ILCS 5/1-1 et seq.)
X Audit Guide for Performing Financial Audits and Compliance Attestation Engagements of Illinois State Agencies ("Audit Guide")
_____ Generally accepted auditing standards
X Government Auditing Standards
_____ Single Audit Act Amendments of 1996 and OMB Circular A-133
X_____ Statements on Standards for Attestation Engagements
_____ Other: _____ _____

2. Engagement Scope. The scope of the engagement will include (mark those which apply):

X (a) a compliance attestation examination with regard to the determinations specified in Chapter 3 of the Audit Guide.
X (b) an internal control procedures engagement as specified in Chapter 3 of the Audit Guide.
_____ (c) a financial audit of locally held and certain other funds as specified in Chapter 3 of the Audit Guide. This audit will be relied upon in expressing an opinion on the State of Illinois Financial Statements.
X (d) a financial audit of the agency leading to an opinion on financial position and results of operations of all funds administered. If this audit is for an entity that is part of the primary government or a component unit of the State of Illinois, it will be relied upon in expressing an opinion on the State of Illinois Financial Statements.
__ (e) an agreed upon procedures attestation engagement with regard to the data submitted to the Comptroller to be used in the preparation of statewide financial statements in accordance with GAAP, as specified in Chapter 27 of the Audit Guide.
_____ (f) a single audit of the agency covering both State and federal audit requirements as specified in Chapter 23 of the Audit Guide.
X (g) any special audit objectives as listed under Special Provisions in par. 13 of this attachment.

3. Required/Preferred Experience. Experience in auditing the following types of entities is required or preferred for this engagement (check all that apply):

Required	Preferred	Description of Experience
X	_____	Entities requiring at least 3,000 professional engagement hours
_____	_____	Entities which issue bonds and have outstanding bonded debt of $_____ or more
_____	_____	Public pension systems with assets of $_____ or more
_____	_____	Entities investing funds of $_____ or more
_____	_____	Public universities
_____	_____	Hospitals, HMO's or other health delivery systems
X	_____	Entities with large electronic data processing systems
_____	_____	Not-for-profits
_____	_____	Federal programs
_____	_____	Single Audits
_____	_____	Other: Information Systems Reviews

4. Prequalification level. The OAG-assigned level for this engagement is (check one):

_____ One ___ Two X Three _____ Four

Only proposals from Vendors that are now or are currently eligible to be prequalified at or above the assigned level will be considered for this engagement. Proposers who are not currently prequalified with the OAG are required to submit completed prequalification forms and such forms must be received at the OAG's Springfield location no later than the due date and time for submission of proposals. Prequalification forms must be sent separately from the proposal package. The OAG will make a decision regarding prequalification within ten (10) working days of receipt of fully-completed prequalification forms. Failure to meet the standards necessary for prequalification will be a basis of rejection of a

proposal without the need for review, scoring or any further action on that proposal by the OAG. Prequalification forms and instructions for completing and submitting those forms may be obtained by contacting the OAG as provided in Section 1.8 of the Instructions for Submitting Offers.

Any subcontractor (excluding specialists that are not accounting firms) engaged by a Vendor in the performance of an OAG engagement must be prequalified by the OAG, but need not be prequalified at the job level assigned to the engagement on which the subcontractor will be working. "Specialists" as defined in Government Auditing Standards need not be prequalified unless thay are accounting firms.

5. Audit/Engagement Limitations and/or Considerations. Part of the strength of the post audit program is the fact that OAG is not over reliant on any one firm, one individual, or the hiring of additional staff in the future to perform engagement work. To limit the business risk associated with any one firm the OAG limits the number of hours and engagements performed by one firm.

Unless a waiver by the Auditor General is obtained, Vendors will not be eligible for this engagement if, including this engagement, their total contracted and/or subcontracted audit/engagement hours or estimated audit/engagement hours with the OAG will exceed 35,000 (45,000 if the University of Illinois or the Statewide Single Audit is included in the total) for the year.

Generally, contractors with fewer than 10 full time professional staff at the time of proposal submission are generally not eligible for a contract or subcontract award if that award would make their total number of engagements for the Office of the Auditor General exceed seven during the annual audit cycle. Contractors with 10-15 full time professional staff at the time of proposal submission are generally not eligible for a contract or subcontract award if that award would make their total number of engagements for the OAG exceed ten for the annual audit cycle. Contractors with more than 15 full time professional staff at the time of proposal submission are generally not eligible for a contract or subcontract award if that award would make their total number of contracts exceed twenty for the annual audit cycle. For individual procurements, the maximum number of engagements may, at the Office's discretion, be waived if the waiver is in the Office's best interest. Decisions of this nature will be made on a case by case basis depending upon such factors as the number, quality and cost of other proposals received in response to the solicitation.

Part of the technical proposal review and scoring process focuses upon the mix of professional staff and the credentials of those being proposed. For example, firms proposing a higher mix of professional staff (i.e. partner, manager, and supervisor with a CPA certification credential) as compared to firms proposing a lower mix of professional staff (i.e. assistants without a CPA certification credential) generally receive a higher score on this criterion. Conversely, firms proposing the use of assistants without a CPA certification or the use of interns in lieu of full time professional staff generally receive a lower technical score on this criterion. Engagement evaluations conducted by the OAG include a comparison of staff contracted against those who performed the work.

6. Engagement Schedule--Key Dates. The following dates are approximate:

	2-15-2013	Request for proposals issued
	N/A	Preproposal conference
	3-15-2013	Proposals due in Springfield office by 3:30 p.m. (CST)
	4-19-2013	Expected award date
	5-01-2013	Contractor starts Phase I* fieldwork (see note below)
	6-30-2013	Contractor ends Phase I fieldwork
	7-01-2013	Contractor begins Phase II fieldwork
(F) 12-9-13	(C) 2-24-2014	Contractor completes fieldwork
(F) 11-8-13	(C) 1-17-2014	Contractor submits draft findings
(F) 11-18-13	(C) 1-24-2014	Contractor submits complete draft of report and other required deliverables
(F) 12-13-13	(C) 2-28-2014	Contractor submits all required copies of final report and letter of immaterial findings to OAG

Throughout the engagement, Contractor will be expected to provide the OAG contract manager with monthly progress reports.

*NOTE: Due to fiscal year limitations, this award will be the subject of two contracts--one for work performed prior to July 1 and the other for performed after June 30. For budgeting purposes, the OAG will expect the Contractor to perform approximately 22% of the work during Phase I of the engagement for the year ended June 30, 2013.

7. Technical Requirements. All proposers must complete and return the attached Technical Requirements document. No cost information is to be included within the Technical Requirements. Cost information is to be submitted as provided in Section 1.4 of the Instructions for Submitting Offers.

8. OAG Designated Compliance Hours. The OAG requires all proposers to include in their technical proposal a block of hours to be **reserved** for use at the OAG's direction for additional or expanded compliance work. Purposes for which these hours may be used include following-up on issues in common with other agencies undergoing an audit and/or attestation engagement and responding to recent events. The number of hours to be included in your proposal and reserved for additional OAG designated compliance procedures is 25 for the two years ended 6-30-13. Proposers are also required to provide information about staff who would be available for OAG designated compliance procedures.

9. Cooperation. Contractor must cooperate with staff from the OAG and other contractors in their conduct of additional or extended work assigned by the Auditor General as a part of, or supplement to, the contractor's work.

10. Renewal. This contract may be renewed for successive terms, subject to the OAG's discretion, with the mutual written consent of both parties and subject to performance review, the satisfactory negotiation of terms (including price) and the annual availability of an appropriation. In no event will the total term of the contract, including the initial term, and renewal terms and any extensions, exceed 10 years.

11. Information Available at the Auditor General's Office

The following additional information may be viewed by appointment in either the Springfield or Chicago office of the Auditor General:

- OAG memo on billing, August 2012., Fixed Fee Engagements
- OAG Preliminary Survey Questionnaire and Engagement Checklist
- Information on historical engagement hours
- Report for the year ended June 30, 2102 (when available)
- Internal control documents
- Prior contracts, billings and supporting documentation
- Prior audit programs
- System narratives
- Risk assessments
- Statutory Mandates, OAG Mandate System
- Prior engagement OAG adjustment letter (schedule A & B)
- Illinois Department of the Lottery organization chart
- IL. Adm. Code 1770.200 Eligibility to Buy
- Illinois Lottery Private Management Agreement
- Illinois Lottery Law
- Illinois Department of the Lottery, June 30, 2003, Final Deliverables (last year stand alone compliance examination was performed)
- Illinois Department of Revenue, June 30, 2010, Report of Immaterial Findings
- Illinois Department of Revenue reports for the period ended June 30, 2010 (recent reports are also available on the OAG website at www.auditor.illinois.gov)
- Sample Information Systems Fieldwork Summary (deliverable for expanded scope Information Systems Review)
- List of information systems controls that may be selected for the expanded scope Information Systems Review

To make an appointment, contact Rose Tucker in Springfield (217/782-0809 or 888/261-2887 (TTY)) or Denise Gladney (312/814-4007) in Chicago.

12. Billing Procedures and Progress Billings. The contract will set forth the total financial obligation of the OAG and contractor must agree to fully complete the statement of work and all contractual obligations within that stated total consideration. Amendments will be permitted only at the OAG's discretion. Billings must be prepared in accordance with the Auditor General's procedures regarding the submission of vouchers or other documentation. The voucher must list a total of the actual professional hours utilized for the work performed (extended at the agreed contract average hourly rate if the contract is an hourly rate contract). If total billings are less than the total consideration allowable under the contract, only the lesser cost shall be paid by the OAG. If progress payments are permitted, the contract will so specify.

13. Special Provisions

Establishment of the Department of the Lottery

Public Act 97-0464, effective October 15, 2011, superseded Executive Order No. 2003-09 to the extent that Executive Order No. 2003-09 transferred the powers, duties, rights, and responsibilities of the Department of the Lottery to the Division of the Lottery within the Department of Revenue. The Division of the Lottery within the Department of Revenue was abolished and the Department of the Lottery was created as an independent department. All powers, duties, rights, and responsibilities of the Division of the Lottery within the Department of Revenue were transferred to the Department of the Lottery.

Proposal Requirements

Because the June30, 2013 engagement is a two year compliance attestation examination and one year financial statement audit and the June 30, 2014 engagement is a financial statement audit only we are requesting two technical proposals and 2 cost proposals, one for the June 30, 2013 engagement and another for the June 30, 2014 engagement.

Reports and Opinions

June 30, 2013 - The successful proposer will submit a report under their cover to the Office of the Auditor General. The report will contain, an Independent Accountant's Report on State Compliance and Internal Control Over State Compliance for the two years ending June 30, 2013. The successful proposer will, as applicable, perform certain agreed upon procedures as outlined in Chapter 27 of the Office of the Auditor General's Audit Guide and will submit a report on those procedures performed. The submitted report will also include a 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* and an Independent Auditor's Report on the financial statements For the year ending June 30, 2013.

June 30, 2014 - The successful proposer will submit a report under their cover to the Office of the Auditor General. The report will contain, a 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* and an Independent Auditor's Report on the financial statements for the year ending June 30, 2014.

Primary Contractor

Any Proposal involving more than one firm (i.e., the primary contractor and subcontractor(s)) the primary contractor must perform at least 51% of the total professional engagement hours.

Prohibition From Participation in Lottery Games

No Illinois Lottery ticket shall be purchased by and no prize shall be paid to the contractor (successful proposer) or any employee of the contractor performing services pursuant to negotiating a contract with the successful proposer. In addition, no Illinois Lottery ticket shall be purchased by and no prize shall be paid to the spouse, child, brother, sister or parent residing as a member of the same household in the principal residence of any employee of the contractor performing services. The contractor will be required to provide notice of the prohibition to all employees performing services to the Department of the Lottery.

Prior Finding Follow Up

All compliance report and immaterial findings for the two years ending June 30, 2010 regarding the operation of the Lottery while it was a division of the Illinois Department of Revenue shall be followed up on by the successful proposer and reported in the Department of the Lottery compliance report or immaterial finding letter for the two years ending June 30, 2013.

Rotation Policy

The Auditor General's rotation policy is set forth in Chapter 31 on pages 5 and 6 of the Audit Guide "For Performing Financial Audits and Compliance Attestation engagements of Illinois Agencies". It reads as follows:

Rotation policy. To maximize the efficiencies obtained by auditor retention, it is the OAG's general policy, **subject to the OAG's sole discretion**, to maintain the same contractor on an engagement for six successive fiscal years, subject to an

examination of such factors including but not limited to performance review, the satisfactory negotiation of terms (including price) and the annual availability of an appropriation. (emphasis added)

The rotation schedule stated in the preceding paragraph is intended to further the best interests of the Office of the Auditor General. **Contractors are expressly notified that the Auditor General reserves the right, in his sole discretion to lengthen, shorten or otherwise modify the rotation policy for an individual engagement, a group of engagements, or all engagements when, in his opinion, a change is in the best interest of the Office of the Auditor General.** (emphasis added)

The Office of the Auditor General **is not precluding** the public accounting firm (special assistant auditors) that are currently contracted and performing the fiscal year 2012 Illinois Department of the Lottery engagement from submitting a proposal as described in this solicitation.

Single Audit

Any engagement work required to be performed under the Single Audit Act will be performed by KPMG LLP – Special Assistant Auditors for the Office of the Auditor General on the Statewide Single Audit.

Expanded Scope Information Systems Review

The OAG requires all proposers to include in their technical proposal a block of hours to be devoted to an expanded scope Information Systems Review of the Department of the Lottery. (Note: This is in addition to requirements set forth in the auditing standards.) The number of hours to be included in the proposal and reserved for this purpose is 275 hours for the compliance examination for the two years ending June 30, 2013. Unless otherwise directed at the time by the OAG Audit Manager, this block of hours is expected to be included in future compliance examinations. Proposers are required to provide information about staff who would be qualified and available to perform the expanded scope Information Systems Review (See Sections B (3) and C (3) of Part III and Section A and B of Part IV in the Technical Requirements portion of this RFP).

In performing the expanded scope Information Systems Review aspect of the engagement, the successful proposer will be required to interact with and take general direction from an OAG Information Systems Audit Manager. The OAG Information Systems Manager will provide the successful proposer with a list of selected information system controls and the hours to be allocated to each control, along with any associated requirements. The successful proposer will be required to prepare a separate fieldwork summary for the expanded scope Information Systems Review and to maintain separate workpapers for this portion of the overall engagement. Any findings resulting from the expanded scope Information Systems Review will be included within the compliance report or immaterial finding letter.

DESCRIPTION OF SERVICES
(Technical Requirements)

PART I - ENGAGEMENT AGENCY INFORMATION

1. Engagement Name _____

2. Engagement Period (Check the proper answer.)
   ____ a. Two Years Ended June 30, _____
   ____ b. One Year ended June 30, _____
   ____ c. Other (Describe) _____
   _____

3. OAG Assigned Level for this engagement (Check the proper answer.)
   ___ a. OAG Level One
   ___ b. OAG Level Two
   ___ c. OAG Level Three
   ___ d. OAG Level Four

4. The Scope of our work will be as specified in RFP No. _____ and will include a block of _____ hours to be held in reserve and devoted to additional OAG designated compliance procedures as set forth in the RFP (see par. 8, Description of Services, General Requirements).

PART II- CONTRACTOR FIRM INFORMATION

1. FIRM NAME _____

2. Address _____
   _____

3. Firm FEIN # _____

4. TEAM NAME _____
   (Team Name should include names of the Leader, fieldwork supervisor and KEY partner or manager.)

5. Has your firm or any Team Member or subcontractor done consulting or auditing work for the auditee agency (not OAG work) or had any professional relationship involving the auditee agency within the past four years?_____ (If "Yes", attach details and explanation of why this does not constitute a conflict of interest.)

6. Size of the firm's permanent full time professional audit staff.

Partners/Principals _____
Managers/Supervisors _____
In Charge/Seniors _____
Assistants/Semi-Seniors _____
TOTAL PROFESSIONAL AUDITORS _____

Location of the Firm's OTHER offices in Illinois or nearby states _____

7. Contact Person for the Proposal _____

   Telephone No. _____
   E-mail_____

8. Has our Office rated your firm "prequalified"? _____
   If No, your firm must submit prequalification forms under separate cover. Be sure FIRM, TEAM LEADER, AND KEY TEAM MEMBERS satisfy minimum OAG experience requirements for this job level.

9. Firm's Illinois Public Accountant License No.
   _____

10. Engagement Partner's Illinois Public Accountant License
    No. _____

11. Location(s) of office from which the work on this engagement will be performed.
    _____

12. Explain how your firm meets the required/preferred experience set forth in this RFP pertaining to Description of Services. (Attach details and explanation.) _____

REQUIRED CERTIFICATIONS:

By signing below, I (we) certify and attest to my (our) compliance with the following requirements:

a. I am (We are) an independent certified public accountant or public accounting firm licensed to practice in the State of Illinois.

b. I am (We are) currently prequalified with the OAG or have submitted completed prequalification forms and certify that the information contained in those forms is current and accurate and I am (we are) aware of no event which has occurred or will occur that would render our Prequalification Documents materially inaccurate or misleading.

c. If currently prequalified, I am (we are) prequalified to perform the level of work required for this engagement.

d. The information contained within this Proposal is correct and I am (we are) aware of no event which has occurred or will occur that would render this Proposal materially inaccurate or misleading.

e. My (Our) proposed Team Leader and Team Members possess the OAG experience required for this Level of Job; and also jointly possess the special skills (if any) needed for THIS job {or will obtain such skills before starting the engagement at no extra cost to the State of Illinois}.

f. All staff to be assigned to this engagement meet the continuing education requirements set forth in Government Auditing Standards published by the G.A.O.; and our firm meets the requirements for periodic outside quality control reviews set forth in Government Auditing Standards. Attach a copy of your firm's most recent outside quality control review.

g. I am (We are) independent, as defined by Government Auditing Standards, and have no conflict of interest for THIS specific assignment.

h. The workload capacity of the proposed engagement Team is sufficient to perform an engagement this size. {I (We) understand that we must attach a detailed explanation of our OAG staffing plans if any Team Member is concurrently assigned to other OAG engagements.}

i. The experience and quality level of the staff proposed will be maintained throughout the engagement. Persons leaving the assignment will be replaced with persons of equal experience and ability.

j. I (We) understand that all non-confidential information derived during the performance of this engagement, including the contractor's report and supporting working papers, and all other documents and information prepared by the contractor, will be made publicly available, in accordance with the law, following the release of the report.

k. I (We) understand that my (our) failure to certify compliance with these requirements may constitute cause to reject my (our) proposal without any further review on the OAG's part. I (We) further understand that false certification, or failure to maintain certification, with these requirements will be a basis for retracting an award, if made, or canceling a contract, if executed, in addition to which the OAG may exercise any other remedy it may have for my (our) failure to comply with the foregoing provisions.

l. If my (our) proposal contemplates the use of a subcontractor, I (we) certify that I (we) have determined through appropriate research and investigation that subcontractor(s) is (are) also in compliance with any of the above provisions which are applicable to it.

m. The undersigned has appropriate authority to act on behalf of Proposer.

_____

Firm Name Date

By: _____

Title: _____

PART III – ENGAGEMENT INFORMATION

Section A. OAG Workload Capacity

Does your firm plan to use any Team Member shown in this proposal (including the Leader) on any other OAG engagements during the current engagement cycle? (Answer "Yes" or "No".) _____ If "Yes", EXPLAIN YOUR PLANS for scheduling each auditor's OAG work and meeting our Office's reporting deadlines. {Our Office may reject any proposal which does not satisfactorily explain staffing of multiple OAG jobs using the same Team Member.} (Attach additional pages, if needed.)

_____

_____

_____

_____

Section B. Engagement Team Leader

To be considered an Engagement Team Leader for OAG jobs, the auditor should meet certain minimum requirements:

- PAST OAG EXPERIENCE. For LEVEL IV engagements, Team Leader should have managed or supervised at least one OAG job of Level Four difficulty or two assignments of Level Three difficulty in past six years. For LEVEL III engagements, Team Leader should have managed/supervised at least one OAG job of Level Three difficulty or two assignments of Level Two difficulty in past six years. For LEVEL II engagements, Team Leader should have managed/supervised at least one OAG job of Level Two or two assignments of Level One in the past six years. For LEVEL I engagements, Team Leader should meet Government Auditing Standards. Prior governmental experience is not required. Highest technical points are awarded for OAG experience. Points for non-OAG experience in governmental single audits and related industries may be awarded if fully described and if found to be relevant, equivalent experience.

- CURRENT JOB INVOLVEMENT. The Team Leader will directly manage/supervise the OAG engagement and act as Firm's liaison with the OAG. In most cases, Team Leader will be a partner or manager. The Team Leader must contribute at least 100 hours or 5% of the Firm's total audit hours (whichever is less) to the engagement.

1. TEAM LEADER's Name _____ Current Job Class (partner, etc.) _____
   Does THIS Leader meet the minimum experience requirements for this OAG Job Level? (Answer "Yes" or "No".) _____

2. Is TEAM LEADER a CPA licensed to practice in Illinois? (Answer "Yes" or "No".) _____ Is THIS auditor a member in good standing of either the AICPA or the Illinois CPA Society? _____

3. Please list TEAM LEADER'S qualifications (if any) in any REQUIRED OR PREFERRED EXPERIENCE that is relevant to THIS engagement. {See Paragraph 3 of Description of Services (General Requirements).} Attach details and/or resume as support for experience qualification.

4. Prior OAG assignments. Please summarize THIS Team Leader's experience in the past six years when managing or supervising Illinois OAG sponsored engagements of Illinois State agencies or Non-OAG Governmental or Related Industry Audits, such as private colleges, hospitals, and federal single audits. Describe THIS Leader's level of involvement in each job's planning, fieldwork and review. List Name of Engagement Entity, Engagement Periods, Total Engagement Hours, Hours Spent By the Proposed Team Leader. (Attach sheets as necessary.)

Section C. Summary Schedule of Key Team Members (EXCLUDING THE TEAM LEADER)

1. TEAM NAME _____ (Team Name should specify names of Team Leader, fieldwork supervisor, and KEY partner or manager.) Do Team Members possess the minimum experience required for THIS Job Level? _____ (If No, DO NOT SUBMIT PROPOSAL.)

2. Do the TEAM MEMBERS jointly possess adequate skills needed to conduct THIS engagement? _____ (IF No, attach details to explain how the Team Members will gain the necessary skills prior to THIS engagement at no extra cost to the State of Illinois.)

3. Please list all KEY Team Members, by order of job importance. (We define KEY Team Member as one who you expect will contribute to THIS JOB at least 100 hours or 5% of the firm's total job hours, whichever is less.) Attach additional pages, if necessary. (NOTE: DO NOT INCLUDE auditors who do not meet this required level of participation for THIS job.) Also indicate the total number of other assistant Team Members to be used who have not been separately listed. If subcontractors are being proposed, attach the same information for subcontractor team members. For each person listed, include:
   - Name
   - Job Class (Supervisor, Senior, Junior, etc.)
   - Whether person holds CPA Certificate
   - Whether the person possesses advanced skill in a special engagement area (provide details)
   - Number of OAG engagements worked on in past 6 years, by job level, if known
   - Other relevant experience.

Please use the summary schedule form on page 41 if possible.

PART IV – STATEMENTS REGARDING PROPOSED ENGAGEMENT WORK

Section A. Proposed Hours

PROPOSED HOURS, BY JOB CLASS. Please list your estimated hours by class of auditor (Partner, etc.)

	Estimated Hours			
	Primary Contractor No. of Hours	Subcontractor(s) No. of Hours	Total Hours	Percentage to TOTAL
Team Leader				
Partners/Principals				
Managers/Supervisors				
In-Charge/Seniors				
Semi-Seniors				
Assistants				
Interns				
TOTAL PROPOSED HOURS By Class	Hours	Hours	Hours*	100.0%

- If your Firm's PROPOSED hours are substantially MORE or LESS than the historical or estimated hours for THIS job, you MUST attach comments to explain your strategy for the difference. (For some engagements, the OAG will provide historical hours in the RFP materials and in some cases current estimates may be provided. Data concerning any estimated or historical hours related to this engagement is not a representation by the OAG as to the number of hours your firm may need to perform this engagement in the future. You are responsible for reviewing all information available to you, through materials made available through the OAG or through other resources, in determining the appropriate number of hours to propose on the engagement.) The total hours here are to include the separate block of hours held in reserve and devoted to additional OAG designated compliance procedures in addition to compliance procedures required by the Audit Guide.

Section B. Engagement Hours by Area

Provide estimated hours by major area. Indicate N/A if not applicable.

Major Area	***Total Estimated Hours***			***Percent of Total***
	Primary Contractor	Subcontractor(s)	Total	
Background Research and Planning				%
Review of Internal Controls				%
Information Systems Review				%
Risk Assessments				%
Engagement Programs				%
Sampling Plans				%
Financial Audit :				%
Assets				%
Liabilities				%
Revenues and expenditures				%
Financial Statements				%
GAAP Agreed-Upon Procedures				%
State Compliance Testing				%
Federal Compliance Testing				%
Statutory Mandate Testing				%
OAG Designated Compliance Work				%
Findings and Compliance Report				%
Engagement Administration				%
Supervision and Review				%
Other				%
TOTAL ESTIMATED HOURS BY MAJOR AREA*				100.0%

*NOTE: If your proposal includes the use of interns, identify number of hours by major audit area and total hours you propose to use an intern (attach separate sheet).

Section C. Engagement Plan

1. Each proposal must include a specific statement that the engagement will be conducted in such a manner that the requirements as set forth in the RFP will be met including any special areas required to be covered, including any key delivery dates, and devoting adequate hours to each required area. The manner in which the requirements of the RFP and any special specifications will be met and a description of any special services proposed must also be included.

2. Firms also are to provide names, experience, areas of expertise/skill and hours available to work on OAG designated compliance procedures specified in par. 8 of Description of Services, General Requirements. If sufficient details on the resumes of people assigned to the OAG designated compliance block of hours are provided in connection with parts II and III of this proposal, only the names and hours for each person need be provided here.

3. Each proposal must include a specific statement (as appropriate for the engagement) that the engagement will be conducted in accordance with generally accepted auditing standards; the Illinois State Auditing Act; the Auditor General's Audit Guide for Performing Compliance Audits of Illinois State Agencies; Government Auditing Standards; Statements on Attestation Standards; and, if applicable, OMB Circular A-133.

4. Each Proposal must include a specific statement that an engagement plan will be prepared early on during the process and submitted to the sponsor's representative for approval. The engagement plan submitted will include, but not necessarily be limited to the following:

   - The approach to be used to search and review RELEVANT STATE and FEDERAL LAWS and RULES.
   - The planned evaluation approach for reviewing and testing of the Engagement Agency's SYSTEM OF INTERNAL CONTROLS including Risk Assessment.
   - The planned approach for the selection of SAMPLES (including confidence levels and precision for statistical samples).
   - The type and extent of analytical procedures to be used in the engagement.
   - The extent of use of audit documentation in an electronic form in the engagement.

- The plan for the development or modification of the ENGAGEMENT PROGRAM and the plan for conducting of DETAIL TESTING procedures for compliance purposes, internal control purposes, and financial statement purposes as appropriate for the engagement.
- Your understanding of the types of FINANCIAL STATEMENTS/ SCHEDULES/and statistical and program data that should be presented in the report.
- The planned approach for the development and presentation of well-written, adequately supported FINDINGS.
- The understanding of types of reports that must be included in the engagement.
- Your understanding of which AICPA Industry Audit Guides have relevance to the engagement and, if applicable, which OMB Circulars have relevance to the engagement.
- Your understanding of the types of confidential information that you may have access to in the course of this engagement, laws applicable to that information, and your firm's protocols and procedures for protecting confidential information, both in hard copy and in electronic form.

PART V - GENERAL REQUIREMENTS

The purpose of the Technical Proposal is to demonstrate the qualifications, competence and capacity of the firms seeking to undertake an independent review of the auditee in conformity with the requirements of this RFP. **(NOTE: For assignments with a financial audit one year and a compliance report the next, you should submit a separate Proposal document for EACH year.)** As such, the substance of proposals will carry more weight than their form or manner of presentation. The Technical Proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It should also specify an engagement approach that will meet the request for proposal requirements. **There should be no dollar units or total costs included in the technical proposal document.** The Technical Proposal should address all the points outlined in the RFP (excluding any cost information which should only be included in the formal cost proposal). The Proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of the RFP. While additional data may be presented, the subjects listed in Parts I through VI must be included.

PART VI - SUBCONTRACTOR DISCLOSURE

Will you be using any subcontractors on this engagement? _____ Yes _____ No

If yes, you must provide the following information for each subcontractor with whom you will be entering into a contractual agreement: the name and address of each subcontractor; a description of the work to be performed by the subcontractor; and the anticipated amount of money each subcontractor is expected to receive.

For each subcontractual agreement with a total value of $25,000 or more, you must also provide a copy of the subcontract to the contract manager within 20 days after the execution of the primary contract or within 20 days after the execution of the subcontract, whichever is later.

If at any time during the term of the Contract, Vendor adds or changes any subcontractors, Vendor will be required to promptly notify the OAG and provide the above information for any new or changed subcontractors so that a Contract amendment can be executed.

Any subcontracts entered into prior to award of the Contract are done at the Vendor's and subcontractor's risk.

Subcontractor Name_____Amount to be paid_____
Address_____Description of work_____

Subcontractor Name_____Amount to be paid_____
Address_____Description of work_____

All subcontracts must include the same certifications and disclosures that Vendor must make as a condition of this contract. Vendor shall include in each subcontract the Standard Certifications and the Disclosures and Conflicts of Interest forms, completed and signed by the subcontractor.

FORMAL COST PROPOSAL
FIXED FEE CONTRACTS

Proposal No. 13-10 Agency Illinois Department of the Lottery

This engagement has a: _____ regular cycle X irregular cycle

INSTRUCTIONS:
Submit one (1) copy of the formal cost proposal in a sealed envelope marked with the firm's name, the engagement agency's name and the RFP number. If the engagement has an irregular cycle (e.g, alternative financial and financial/compliance engagements), submit a separate formal cost proposal for each year in the cycle. If the engagement has a regular cycle (e.g., annual or biennial financial and compliance engagements), your formal cost proposal should also include information about proposed maximum increases for the next subsequent engagement (see last paragraph of example below.)

Note: This contract does not allow for reimbursement of any expenses incurred by Vendor, including but not limited to telephone, postage, copying, travel, transportation, lodging, food or per diem.

On firm letterhead, submit a statement in substantially the following format, signed by a member authorized to bind the firm:

Date _____

Honorable William G. Holland
Auditor General
Iles Park Plaza
740 E. Ash St.
Springfield, IL 62703

Dear Mr. Holland:

We hereby propose to perform the [financial, financial and compliance, single] _____ [audit and/or attestation engagement] of [agency] _____ for the [period] _____ended [_____]. The fixed amount for professional fees, inclusive of all expenses, will be $_____.

Complete for engagements with regular cycles only:
We propose the following maximum increase(s) to the above fixed professional fee for the next subsequent engagement: (Make a specific proposal such as none, a fixed percentage rate, a fixed dollar amount, or whatever you propose).

_____
FIRM

_____
BY

_____
TITLE

STANDARD CONTRACT PROVISIONS

The following terms and conditions will govern this contractual relationship and the VENDOR is bound by them and is responsible for reading and understanding them.

1. **BILLING:** VENDOR shall submit invoices on the schedule and with the detail required by the OAG.

(a) Invoices shall be signed by VENDOR. Record-keeping shall be in accordance with generally accepted accounting practices. If total billings are less than the total consideration allowable under this contract, only the lesser cost shall be paid by the OAG. All billings must be submitted to the OAG at the cover page address directed to the attention of the Contract Manager. By submitting an invoice, VENDOR certifies that the equipment, supplies and/or services provided meet all requirements of the contract and the amount billed is as allowed in this contract.

(b) VENDOR shall not bill for any taxes unless accompanied by proof the State is subject to the tax. If necessary, VENDOR may request the OAG's Illinois tax exemption number and federal tax exemption information.

(c) All invoices for supplies purchased or services performed and expenses (if billable) incurred through June 30 of any year must be submitted to the OAG no later than July 31 of that year; otherwise, VENDOR may have to seek payment through the Illinois Court of Claims (30 ILCS 105/25).

2. **PAYMENT:**

(a) The OAG shall not be liable to pay for any equipment and/or supplies provided and/or services rendered prior to the execution of this contract by the Parties, even if the effective date of the contract is prior to execution. VENDOR shall not commence billable work in furtherance of the contract prior to final execution of the contract.

(b) The approved invoice amount will be paid less any retainage and previous partial payments. Final payment shall be made upon determination by the OAG that all requirements under this contract have been completed, which determination shall not be unreasonably withheld.

(c) Payments, including late payment charges, will be paid in accordance with the State Prompt Payment Act (30 ILCS 540) and rules (74 Ill.Adm.Code 900) when applicable. This shall be VENDOR's sole remedy for late payments by the State. Payment terms contained on VENDOR's invoices shall have no force and effect.

(d) The OAG's total financial obligation under this contract shall not exceed the total consideration set forth in the contract and VENDOR agrees to fully complete the statement of work specified in the appropriate contract schedule and all obligations within that stated total consideration. If and when this contract is renegotiated to allow increased costs due to unforeseen contingencies not apparent at the time of execution, an amendment shall be agreed to only at the OAG's sole option.

(e) As a condition of receiving payment, VENDOR must (i) be in compliance with the contract, (ii) pay its employees prevailing wages when required by law (e.g., public works, printing, janitorial, window washing, building and grounds services, site technician services, natural resource services, security guard and food services). VENDOR is responsible for contacting the Illinois Department of Labor (217/782-6206; http://www.state.il.us/agency/idol/index.htm) to ensure understanding of prevailing wage requirements: (iii)pay its suppliers and subcontractors according to the terms of their respective contracts; and (iv). provide lien waivers to the State upon request.

(f) If the OAG in good faith determines that the VENDOR has failed to perform or deliver any service or product as required by this contract, the VENDOR shall not be entitled to any compensation under this contract until such service or product is performed or delivered. In this event, the OAG may withhold that portion of the VENDOR's compensation which represents payment for service or product that was not performed or delivered.

(g) The State may set off any sum owed to the VENDOR on account of any debt owed to the State, unless otherwise required by law, in accordance with the State Comptroller

Act (15 ILCS 405). The VENDOR agrees that this provision constitutes proper and timely notice under the law of setoff.

3. **PROGRESS PAYMENTS FOR AUDIT SERVICES:** If this contract is for audit or attestation services, unless otherwise specified in writing now within this contract or hereafter incorporated by reference, VENDOR may submit progress billings in the manner set forth below as follows:

(a) At any time after the work has begun, VENDOR may submit a bill for actual hours worked, at the agreed contract average hourly rate. If the total amount of such bill is for an amount equal to or in excess of 50% of the total amount due under this contract, VENDOR shall be entitled to receive an amount equal to 50% of the total amount due under this contract. If the total amount of such bill is for an amount less than 50% of the total amount due under this contract, the VENDOR shall be entitled to receive the amount billed.

(b) Upon delivery of all written draft deliverables and completion of assigned fieldwork, analysis and contractor drafting tasks as specified in this contract in a form acceptable to the OAG, VENDOR may submit a further bill for actual hours worked at the agreed average contract hourly rate. If the total amount of such bill is for an amount in excess of 75% of the total amount due under this contract, VENDOR shall be entitled to receive an amount equal to 75% of the total amount due under this contract, less any amount paid pursuant to the first progress billing. If the total amount of such bill is for an amount less than 75% of the total amount due under this contract, VENDOR shall be entitled to receive the amount billed, less any amount paid pursuant to the first progress billing.

(c) Upon delivery of the final report or equivalent to the OAG and acceptance thereof, VENDOR may submit a final bill for the balance due for actual hours worked at the agreed average contract hourly rate pursuant to the terms of this contract. If the total cost exceeds the agreed total maximum contract payment, then the amount in excess of the contract maximum shall be deducted from the total cost of the work done so as to arrive at the net amount due in accordance with the total maximum contract payment specified in Section 2, above.

Throughout this contract, when the term “audit” is used it includes attestation services and agreed-upon procedures if such services are the subject of the engagement.

4. **COMPLIANCE WITH THE LAW AND PROFESSIONAL STANDARDS:**

(a) The VENDOR, its employees, agents and subcontractors shall comply with all applicable federal, state and local laws, rules, ordinances, regulations, orders, federal circulars and all license and permit requirements in the performance of this contract.

(b) VENDOR shall be in compliance with applicable tax requirements and shall be current in payment of such taxes.

(c) VENDOR warrants that VENDOR, its employees, agents and subcontractors who would perform services requiring a license have and maintain any required license. If this contract is for audit or attestation services, VENDOR, its employees, agents and any subcontractor engaged by it must meet all requirements necessary to comply with applicable professional standards, including peer review, continuing education and independence.

5. **AUDIT/RETENTION OF RECORDS:** VENDOR and its subcontractors shall maintain books and records relating to the performance of the contract or subcontract and necessary to support amounts charged to the State under the contract or subcontract. Books and records, including information stored in databases or other computer systems, shall be maintained by the VENDOR for a period of 3 years from the later of the date of final payment under the contract or completion of the contract, and by the subcontractor for a period of 3 years from the later of the date of final payment under the subcontract or completion of the subcontract. The 3 year period shall be extended for the duration of any audit in progress during the term. Book and records required to be maintained under this Section shall be available for review or audit by the OAG, its representatives, and any other governmental entity with monitoring authority upon reasonable notice and during normal working hours. VENDOR and its subcontractors shall cooperate fully with any such audit or review. The VENDOR shall not impose a charge for audit or examination of the VENDOR's books and records. If any audit indicates overpayment to VENDOR, or subcontractor, the OAG shall adjust future or final payments otherwise due. If no payments are due and owing to VENDOR, or if the overpayment exceeds the amount otherwise due, VENDOR shall immediately refund all amounts that may be due to the OAG. Failure to maintain the books and records required by this Section shall establish a presumption in favor of the State for the recovery of any funds paid by the State under the contract for which adequate books and records are not available to support the disbursement. The VENDOR shall take reasonable steps to ensure that any subcontractor is in compliance with the requirements of this section.

6. **RETENTION OF WORKING PAPERS:** If this contract is for audit or attestation services, VENDOR shall maintain all working papers and reports, at VENDOR's expense, for a minimum of five years from the report

release date, unless the firm is notified in writing by the OAG of the need to extend the retention period. VENDOR agrees to make the working papers available, upon the OAG's request and without limitation and at no charge, to: the OAG; the agency reviewed; successor auditors; any federal cognizant agency; parties designated by the federal or state government or others as part of a quality review process; auditors of entities of which the audited agency is a sub-recipient of grant funds; auditors of entities of which the audited entity is a component unit; members of the legislature and the public in compliance with the Illinois State Auditing Act, the Illinois Freedom of Information Act and regulations adopted under those Acts.

7. **SCHEDULE OF WORK AND REPORTING REQUIREMENTS:** Any work performed on State premises shall be done during the hours designated by the State and performed in a manner that does not interfere with the State and its personnel. VENDOR shall immediately notify the OAG of any event that may have a material impact on VENDOR's ability to perform the contract.

8. **INDEPENDENT CONTRACTOR:** VENDOR shall, in the performance of this contract, be an independent contractor and not an agent or employee of, or joint venturer with, the State. All payments by the State shall be made on that basis.

9. **ASSIGNMENT AND SUBCONTRACTING:**

(a) This contract may not be assigned, transferred or subcontracted in whole or in part by the VENDOR without the prior written consent of the OAG. VENDOR shall describe within this contract the names and addresses of all authorized subcontractors utilized by VENDOR in the performance of this contract, together with the anticipated amount of money that each subcontractor is expected to receive pursuant to this contract. For purposes of this section, subcontractors are those specifically hired to perform all or part of the work or to provide the supplies covered by the contract.

(b) Any dispute between Vendor and any third party, including any subcontractor, shall be solely between such third party and Vendor, and the Agency shall be held harmless by Vendor. Vendor agrees to assume all risk of loss and to indemnify and hold the Agency and its officers, agents, and employees harmless from and against any and all liabilities, demands, claims, suits, losses, damages, causes of action, fines or judgments, including costs, attorneys' and witnesses' fees, and expenses incident thereto, for Vendor's failure to pay any subcontractor, either timely or at all, regardless of the reason.

10. **CONFIDENTIALITY:**

(a) Any documents or information obtained by VENDOR in connection with this contract shall not be provided to any third party unless disclosure is approved in writing by OAG. If, during the course of providing the services required by this Contract, VENDOR may access, use or disclose protected health information (PHI), as that term is defined in the Health Insurance Portability and Accountability Act (HIPAA), then VENDOR agrees to execute a Business Associate Agreement with the OAG and to abide by federal law and regulations pertaining to the privacy and security of PHI.

(b) VENDOR is required to encrypt or redact any confidential information on all networks, servers, computers and other electronic media or storage devices. VENDOR may not transmit confidential information by any electronic means without encrypting the information or otherwise securing it in a manner that is accepted in the industry. Confidential information includes, but is not limited to, personal information as defined in the Personal Information Protection Act (815 ILCS 530/1 et seq.), and shall include any Social Security Number or Federal Employer Identification Number whether or not in conjunction with an individual's name.

(c) The Vendor shall immediately report to the OAG any unauthorized disclosure of confidential information.

(d) VENDOR agrees to assume without restriction any and all associated costs that arise from the State providing notification to any and all individuals affected or potentially affected by any event or incident considered an actual or potential breach of security and includes personally identifiable information from or associated with the VENDOR'S network, computer equipment or any technology device containing such personally identifiable information or any written material that VENDOR is managing on behalf of the State and is, was or should have been under the control of the VENDOR. Any personally identifiable information that is protected under any Illinois or federal law will trigger this obligation to the extent that the information is breached while in the control of the VENDOR during the performance of this contract or while still in VENDOR'S possession or control following the termination of this contract. VENDOR must immediately notify the State of such a breach and agrees not to initiate any independent notification of those actually or potentially affected until a determination is made by the State as to the most appropriate method, timeline and content of such notice. The State reserves the right to make the final determination as to the timing and substance of any such notification.

(e) VENDOR'S obligations regarding confidentiality under this contract shall survive termination of this contract.

11. USE OF WORK PRODUCT

(a) All work performed or supplies created by VENDOR under this contract, whether written documents or data, goods or deliverables of any kind, shall be deemed work-for-hire under copyright law and all intellectual property and other laws, and the State of Illinois is granted sole and exclusive ownership to all such work, unless otherwise agreed to herein. VENDOR hereby assigns to the State all right, title, and interest in and to such work including any related intellectual property rights, and/or permanently waives any and all claims that VENDOR may have to such work including any so-called "moral rights" in connection with the work. VENDOR acknowledges the State may use the work product for any purpose. Confidential data or information contained in such work shall be subject to confidentiality provisions of this contract. VENDOR shall exclusively own any intellectual property rights (i) owned by VENDOR prior to the commencement of services or (ii) developed or acquired by VENDOR independent of the services provided under this contract; however, if incorporated into any work product provided under this contract, VENDOR'S intellectual property rights will not extend to (i) any portion of the State's material incorporated into any work product or (ii) to any information specific to any products or the State's business operations. The State will retain ownership of all intellectual property rights (such as copyrights and trade secrets) in or to any information and/or materials that the State supplies to VENDOR, or that the State develops in connection with this agreement.

(b) To the extent VENDOR is providing the State with software under this contract, or a service that incorporates or includes software requiring a license for its proper use, and in consideration for a one time payment of any applicable license fee for such software, or any identified service fee that covers the use of the software, VENDOR hereby grants to the State and the State hereby accepts a non-transferable (except within State of Illinois government), nonexclusive, perpetual, irrevocable license to use the software. Continuous use of the license is subject only to the specific terms contained within any specific license terms attached to this contract.

(c) Where the State is purchasing maintenance for software, previously purchased by the State from VENDOR, that is perpetual in nature, all rights granted in the original license agreement are unaffected by this contract.

(d) Where the State purchases annual maintenance, following the initial term of the agreement for term licenses, all licenses granted in this contract shall continue in force during the annual maintenance period (s).

(e) Upon completion or at the termination of this contract, all such documents and information shall, at the option of the OAG, be appropriately arranged, indexed and delivered to the OAG by VENDOR.

(f) VENDOR's obligations regarding work product under this contract shall survive termination of this contract.

12. SOLICITATION AND EMPLOYMENT: VENDOR shall not employ any person employed by the State during the term of this contract to perform any work under this contract. VENDOR shall give notice immediately to the Auditor General if VENDOR solicits or intends to solicit State employees to perform any work under this contract .

13. BACKGROUND CHECK: Whenever the State deems it reasonably necessary for security reasons, the State may conduct, at its expense, criminal and driver history background checks of VENDOR's officers, employees, subcontractors or agents who would directly supervise or physically perform any of the Contract requirements. Any officer, employee, subcontractor or agent deemed unsuitable by the OAG must be replaced immediately.

14. RENEWAL: This contract shall not be automatically renewable but shall terminate on June 30 of the fiscal year in which it was effective, or on the termination date actually specified in the contract. This contract may be renewed for successive terms, subject to the OAG's discretion, with the mutual written consent of both parties and subject to performance review, the satisfactory negotiation of terms (including price) and the annual availability of an appropriation. In no event will the total term of the contract, including the initial term, and renewal terms and any extensions, exceed 10 years.

15. AVAILABILITY OF APPROPRIATIONS: This contract is contingent upon and subject to the availability of funds. The State, at its sole option, may terminate or suspend this contract, in whole or in part, without penalty or further payment being required, if: (1) the Illinois General Assembly or the federal funding source fails to make an appropriation sufficient to pay such obligation, or if funds needed are insufficient for any reason; (2) the OAG's funding is reduced through reserves, or (3) the OAG determines, in its sole discretion, that a reduction is necessary or advisable based upon actual or projected budgetary considerations. VENDOR will be notified in writing of the failure of appropriation or of a reduction or decrease. VENDOR’s obligation to perform shall cease upon receipt of the notice.

16. INDEMNIFICATION AND LIABILITY:

(a) The VENDOR agrees to indemnify and hold harmless the State of Illinois, its agencies, officers, employees, agents and volunteers from any and all costs, demands, expenses, losses, claims, damages, liabilities, settlements and judgments, including in-house and contracted attorneys' fees and expenses, arising out of (a) any breach or violation by VENDOR of any of its certifications, representations, warranties, covenants or agreements, (b) any actual or alleged death or injury to any person, damage to any property or any other damage or loss, claimed to result in whole or in part from VENDOR's negligent performance, (c) any act, activity or omission of VENDOR or any of its employees, representatives, subcontractors or agents.

(b) VENDOR, at its own expense, shall indemnify, defend and hold harmless the State, its officers, employees and agents against any claims based on any allegation that the use by the State of any software furnished by VENDOR, separately or as part of a service containing the software at issue, to the State under this contract infringes any third party patent, copyright or other proprietary right. If an action is brought against the State claiming that the authorized use of the software infringes such third party patent, copyright or other proprietary right, VENDOR will defend the State at VENDOR'S expense and pay the actual damages, attorney's fees, and costs finally awarded against the State in any proceedings arising from an infringement action. The State must promptly notify VENDOR in writing of any allegations of infringement made and permit the VENDOR, at VENDOR'S request and expense, to defend and conclude the action. If any claim arises or is reasonably likely to arise, VENDOR shall either procure, at VENDOR'S sole cost, the right for the State to continue to use the software or modify the software (without causing diminution in functionality) so that it does not infringe the third party's rights or if VENDOR is not able to accomplish either of the above, provide written notice to the State to that effect and refund to the State (within thirty days) all licensing fees and any prepaid maintenance fees paid by the State to the VENDOR and terminate the license for the software involved. This indemnity does not apply to the extent that infringement results from alterations or additions to the software made by the State that caused the infringement or use of the software in combination with any other software, where the infringement would not have occurred without the other software.

(c) Any indemnification obligation of the parties shall survive termination of this contract.

(d) VENDOR shall assume risk of loss until delivery to the OAG's facility. VENDOR shall do nothing to prejudice the State's right to recover against third parties for any loss, destruction or damage to State property and shall, at the State's request and expense, furnish to the State reasonable assistance and cooperation, including assistance in the prosecution of suit and the execution of instruments of assignment in favor of the State in obtaining recovery.

(e) The OAG assumes no liability for actions of VENDOR and is unable to indemnify or hold VENDOR or any third party harmless for claims based on this contract or use of VENDOR provided supplies or services. Unless provided by law, VENDOR is not eligible for indemnity under the State Employee Indemnification Act (5 ILCS 350/1 et seq.). The OAG shall not be liable for any incidental, special, consequential or punitive damages.

17. WARRANTIES:

(a) VENDOR warrants that the supplies and equipment furnished under this contract (i) will conform to the standards, specifications, drawings, samples or descriptions furnished by the State or furnished by the VENDOR and agreed to by the State, including but not limited to all specifications attached as exhibits hereto, (ii) will be merchantable, of good quality and workmanship, free from defects for a period of twelve months or longer if so specified in writing, and fit and sufficient for the intended use, (iii) will comply with all federal and state laws, regulations and ordinances pertaining to the manufacturing, packing, labeling, sale and delivery of the supplies, (iv) will be of good title and be free and clear of all liens and encumbrances, (v) will be new, unused, of most current manufacture and not discontinued, and (vi) will not infringe any patent, copyright or other intellectual property rights of any third party. VENDOR shall insure that all manufacturers' warranties are transferred to the State and shall provide a copy of the warranty. VENDOR agrees to reimburse the State for any losses, costs, damages or expenses, including without limitation, reasonable attorney's fees and expenses, arising from failure of the supplies to meet such warranties. These warranties shall be in addition to all other warranties, express, implied or statutory, and shall survive the State's payment, acceptance, inspection or failure to inspect the supplies.

(b) VENDOR warrants that all services will be performed in a good and professional manner to industry standards by trained and competent personnel. VENDOR shall monitor the performance of each individual and shall reassign immediately any individual who is not performing to professional standards, who is not efficient or effective in performing the work of the contract, who is disruptive or not respectful of others in the workplace, or who in any way violates the contract or State policies.

(c) If VENDOR is providing the State with software under this contract, VENDOR warrants that the software will perform in all material respects in accordance with specifications relied upon by the State in entering

into this contract for the period of time necessary to accomplish the intended purpose of the State in purchasing the software from VENDOR. VENDOR will replace any software which fails to meet this warranty. If VENDOR is unable to deliver a replacement, the State may terminate the license for the non-conforming software by providing written notice to VENDOR and returning the software to VENDOR for a full refund of the license fees and any associated maintenance fees paid for the software. VENDOR will not be responsible for replacing software that does not function properly to the extent that State employees or agents caused the software not to function properly through no fault of the VENDOR.

(d) The VENDOR warrants that no person has been employed or retained to solicit and secure this contract upon an agreement or understanding for commission, percentage, brokerage or contingency except bona fide employees or selling agents maintained for the purpose of securing business.

18. **INSURANCE:** VENDOR shall, at all times during the term and any renewals, maintain and provide, upon request, a Certificate of Insurance naming the State as additional insured for all required bonds and insurance. Certificates may not be modified or canceled until at least 30 days notice has been provided to the State. VENDOR shall provide: (a) General Commercial Liability-occurrence form in the amount of $1,000,000 per occurrence (Combined Single Limit Bodily Injury and Property Damage) and $2,000,000 Annual Aggregate; (b) Auto Liability, including Hired Auto and Non-owned Auto, (Combined Single Limit Bodily Injury and Property Damage) in amount of $1,000,000 per occurrence; and (c) Worker's Compensation Insurance in amounts required by law. Insurance shall not limit VENDOR'S obligation to indemnify, defend, or settle any claims.

19. **TERMINATION OF CONTRACT:**

(a) Termination for Cause without Advance Notice: The OAG may terminate this contract, in whole or in part, for any of the following reasons effective immediately and without advance notice:

(i) In the event the VENDOR is required to be certified or licensed as a condition precedent to providing services, the revocation or loss of such license or certification will result in immediate termination of the contract effective as of the date on which the license or certification is no longer in effect;

(ii) The OAG determines that the actions, or failure to act, of VENDOR, its agents, employees or subcontractors have caused, or reasonably could cause, jeopardy to health, property or safety;

(iii) The VENDOR fails to comply with federal, state and local laws, rules, ordinances, regulations and orders when performing within the scope of this Contract, including laws protecting confidential information;

(iv) The VENDOR furnished any statement, representation or certification in connection with this contract or the RFP that is materially false, deceptive, incorrect or incomplete; or

(v) The VENDOR has notified the OAG that it is unable or unwilling to perform the contract.

In the event of termination for cause without advance notice, the State may seek any available legal or equitable remedies, including but not limited to monetary damages and reasonable attorney fees and costs.

(b) Termination for Cause with Notice: The occurrence of any one or more of the following events shall constitute cause for the OAG to declare the VENDOR in default of its obligations under this contract:

(i) The VENDOR fails to perform, to the OAG's satisfaction, any material requirement of this contract or is in violation of a material provision of this contract;

(ii) The OAG determines that satisfactory performance of this contract is substantially endangered or that a default is likely to occur; or

(iii) The VENDOR fails to make substantial and timely progress toward performance of the contract.

The OAG shall provide written notice to the VENDOR requesting that the breach or noncompliance be remedied within the period of time specified in the OAG's written notice. If the breach or noncompliance is not remedied by that date, the OAG may either: (A) immediately terminate the contract without additional written notice; or (B) enforce the terms and conditions of the contract, and in either event seek any available legal or equitable remedies and damages.

(c) Termination for Convenience upon Notice: Following ten (10) days written notice, the OAG may terminate this contract in whole or in part, without the payment of any penalty or incurring any further obligation to the VENDOR.

(d) Termination due to Lack of Funds or Change in Law: The OAG shall have the right to immediate termination of this contract without penalty by giving written notice to the VENDOR as a result of any of the following:

(i) Adequate funds are not appropriated or granted to allow the OAG to operate as required and to fulfill its obligations under this contract;

(ii) Funds are de-appropriated or not allocated or if funds needed by the OAG, at the OAG's sole discretion, are insufficient for any reason;

(iii) There is a material alteration in the programs administered by the OAG; or

(iv) The OAG's duties are substantially modified.

(e) VENDOR's Remedies in Event of Termination by OAG: In the event of termination of this contract for any reason by the OAG, the OAG shall pay only those amounts, if any, due and owing to the VENDOR for usable work completed to the satisfaction of the OAG up to and including the date of termination and for which the OAG is obligated to pay pursuant to this contract. Payment will be made only upon submission of invoices and proper proof of the VENDOR's claim. This provision in no way limits the remedies available to the OAG under this Contract in the event of termination.

(f) VENDOR's Termination Duties: The VENDOR, upon receipt of notice of termination or upon request of the OAG, shall:

(i) Cease work under this contract and take all necessary or appropriate steps to limit disbursements and minimize costs, and furnish a report within thirty (30) days of the date of notice of termination or on the date specified in the termination notice, whichever is earlier. The report should describe the status of all work under the contract including, without limitation, results accomplished, conclusions resulting therefrom and other matters the OAG may require;

(ii) Immediately cease using and return to the OAG any personal property or materials, whether tangible or intangible, provided by the OAG to the VENDOR;

(iii) Comply with the OAG's instructions for the timely transfer of any active files and work product produced by the VENDOR under this contract;

(iv) Cooperate in good faith with the OAG, its employees, agents and contractors during the transition period between the notification of termination and the substitution of any replacement contractor; and

(v) Immediately return to the OAG any payments made by the OAG for services that were not rendered by the VENDOR.

20. **TIME IS OF THE ESSENCE AND WAIVER:** Time is of the essence with respect to VENDOR'S performance of this contract. Except as specifically waived in writing, failure by either Party to exercise or enforce a right does not waive that Party's right to exercise or enforce that or other rights in the future.

21. **CUMULATIVE RIGHTS:** The various rights, powers, options, elections and remedies of any party provided in this contract shall be construed as cumulative and not one of them is exclusive of the others or exclusive of any rights, remedies or priorities allowed either party by law, and shall in no way affect or impair the right of any party to pursue any other equitable or legal remedy to which any party may be entitled as long as any default remains in any way unremedied, unsatisfied or undischarged.

22. **CONFLICTS OF INTEREST:** VENDOR has disclosed, and agrees it is under a continuing obligation to disclose to the OAG, financial or other interests (public or private, direct or indirect) that may be a potential conflict of interest or which would prohibit VENDOR from having or continuing the contract. This includes, but is not limited to, conflicts under the “Infrastructure Task Force Fee Prohibition” section of the State Finance Act (30 ILCS 105/8.40), Article 50 of the Illinois Procurement Code (30 ILCS 500/50) or the Auditor General’s implementing rules (44 Ill.Adm.Code 500), or which may conflict in any manner with the VENDOR's obligations under this contract. VENDOR shall not employ any person with a conflict to perform under this contract. If any elected or appointed State officer or employee, or the spouse or minor child of same, has any ownership or financial interest in the VENDOR or the contract, VENDOR certifies it has disclosed that information to the OAG on forms provided by the OAG and any waiver of the conflict has been issued in accordance with applicable law and rule.

23. **NOTICES:** Notices shall be in writing and may be delivered by any reasonable means. Notices by fax must show the date/time of successful receipt. Notices to VENDOR shall be sent to the person shown on the signature page. Notices to the OAG shall be sent to the Auditor General at the OAG's Springfield location. Notice of any name, street address, e-mail address or fax number change shall be given to the other in writing. Each such notice shall be deemed to have been provided at the time it is actually received.

24. **ENTIRE CONTRACT:** This contract, including any attachments or amendments, constitutes the entire agreement between the Parties concerning the subject matter of the contract. Amendments, modifications and waivers must be in writing and signed by authorized representatives of the Parties. Any provision of this contract officially declared void, unenforceable, or against public policy shall be ignored and the remaining provisions shall be interpreted, as far as possible, to give effect to the Parties' intent. All provisions that by their nature would be expected to survive, shall survive termination of this contract.

25. **NON-DISCRIMINATION:** In compliance with the State and Federal Constitutions, the Illinois Human Rights Act, the U. S. Civil Rights Act, and Section 504 of the Federal Rehabilitation Act and other applicable laws and rules, the State does not unlawfully discriminate in employment, contracts, or any other activity.

26. **APPLICABLE LAW:** This contract shall be construed in accordance with and is subject to the laws and rules of the State of Illinois. The Department of Human Rights Equal Opportunity requirements are incorporated by reference (44 Ill.Admin.Code 750). Any claim against the State arising out of this contract must be filed exclusively with the Illinois Court of Claims (705 ILCS 505/1). The State shall not enter into binding arbitration to resolve any contract dispute. The State of Illinois does not waive sovereign immunity by entering into this contract. The official text of cited statutes is incorporated by reference. (An unofficial version can be viewed at http://www.ilga.gov/legislation/ilcs/ilcs.asp.) The only attorney who may represent the State is the Attorney General of the State of Illinois. Any appointment provision to the contrary is void.

27. **FORCE MAJEURE:** Failure by either Party to perform its duties and obligations will be excused by unforeseeable circumstances beyond its reasonable control and not due to its negligence, including acts of nature, acts of terrorism, riots, labor disputes, fire, flood, explosion, and governmental prohibition. The non-declaring party may cancel the contract without penalty if performance does not resume within 30 days of the declaration.

28. **ANTITRUST ASSIGNMENT:** If VENDOR does not pursue any claim and cause of action it has arising under federal or state antitrust laws relating to the subject matter of the contract, then upon request of the Illinois Attorney General, VENDOR shall assign to the State all rights, title and interest in and to the claim or cause of action.

29. **AUTHORITY:** The Auditor General and his employees, when acting pursuant to this contract, are acting as State officers in their official capacity and not personally.

30. **CONFLICT OF PROVISIONS:** If any provision of this Exhibit is in conflict with any provisions in the contract or agreement to which it is attached, then the provisions of this Exhibit shall take precedence. In the event of a conflict between the State's and the VENDOR'S terms, conditions and attachments, the State's terms, conditions and attachments shall prevail.

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STANDARD CERTIFICATIONS

Vendor acknowledges and agrees that compliance with this section and each subsection for the term of the contract and any renewals is a material requirement and condition of this contract. By executing this contract Vendor certifies compliance with this section and each subsection and is under a continuing obligation to remain in compliance and report any non-compliance. If this contract extends over multiple fiscal years, including the initial term and all renewals, Vendor shall confirm compliance with the Standard Certifications by July 1 of each year that this contract remains in effect. Vendors shall include these Standard Certifications in any subcontract entered into in relation to this contract. As appropriate, the term "Vendor" used herein shall refer to a subcontractor.

1. As part of each certification, Vendor acknowledges and agrees that should Vendor or its subcontractors provide false information, or fail to be or remain in compliance with the Standard Certification requirements, one or more of the following sanctions will apply:
   - the contract may be void by operation of law,
   - the State may void the contract, and
   - the Vendor and its subcontractors may be subject to one or more of the following: suspension, debarment, denial of payment, civil fine, or criminal penalty.

   Identifying a sanction or failing to identify a sanction in relation to any of the specific certifications does not waive imposition of other sanctions or preclude application of sanctions not specifically identified.

2. Vendor certifies it and its employees will comply with applicable provisions of the U.S. Civil Rights Act, Section 504 of the Federal Rehabilitation Act, the Americans with Disabilities Act (42 U.S.C. § 12101 et seq.) and applicable rules in performance under this contract.

3. Vendor certifies it is not in default on an educational loan (5 ILCS 385/3). This applies to individuals, sole proprietorships, partnerships and individuals as members of LLCs.

4. Vendor (if an individual, sole proprietor, partner or an individual as member of a LLC) certifies it has not received an (i) an early retirement incentive prior to 1993 under Section 14-108.3 or 16-133.3 of the Illinois Pension Code, 40 ILCS 5/14-108.3 and 40 ILCS 5/16-133.3, or (ii) an early retirement incentive on or after 2002 under Section 14-108.3 or 16-133.3 of the Illinois Pension Code, 40 ILCS 5/14-108.3 and 40 ILCS 5/16-133, (30 ILCS 105/15a).

5. Vendor certifies it is a properly formed and existing legal entity (30 ILCS 500/1.15.80, 20-43) and, as applicable, has obtained an assumed name certificate from the appropriate authority, or has registered to conduct business in Illinois and is in good standing with the Illinois Secretary of State.

6. To the extent there was a incumbent Vendor providing the services covered by this contract and the employees of that Vendor that provide those services are covered by a collective bargaining agreement, Vendor certifies (i) that it will offer to assume the collective bargaining obligations of the prior employer, including any existing collective bargaining agreement with the bargaining representative of any existing collective bargaining unit or units performing substantially similar work to the services covered by the contract subject to its bid or offer; and (ii) that it shall offer employment to all employees currently employed in any existing bargaining unit performing substantially similar work that will be performed under this contract

(30 ILCS 500/25-80). This does not apply to heating, air conditioning, plumbing and electrical service contracts.

7. Vendor certifies has not been convicted of bribing or attempting to bribe an officer or employee of the State of Illinois or any other State, nor has Vendor made an admission of guilt of such conduct that is a matter of record. (30 ILCS 500/50-5)

8. If Vendor has been convicted of a felony, Vendor certifies at least five years have passed from the completion of the sentence for that felony, unless no person held responsible by a prosecutor's office for the facts upon which the conviction was based continues to have any involvement with the business. (30 ILCS 500/50-10)

9. If Vendor, or any officer, director, partner, or other managerial agent of Vendor, has been convicted of a felony under the Sarbanes-Oxley Act of 2002, or a Class 3 or Class 2 felony under the Illinois Securities Law of 1953, Vendor certifies at least five years have passed since the date of the conviction. Vendor further certifies that it is not barred from being awarded a contract and acknowledges that the State shall declare the contract void if this certification is false. (30 ILCS 500/50-10.5)

10. Vendor certifies it is not barred from having a contract with the State based on violating the prohibition on providing assistance to the state in identifying a need for a contract (except as part of a public request for information process) or by reviewing, drafting or preparing solicitation or similar documents for the State. (30 ILCS 500/50-10.5e).

11. Vendor certifies that it and its affiliates are not delinquent in the payment of any debt to the State (or if delinquent has entered into a deferred payment plan to pay the debt), and Vendor and its affiliates acknowledge the State may declare the contract void if this certification is false (30 ILCS 500/50-11) or if Vendor or an affiliate later becomes delinquent and has not entered into a deferred payment plan to pay off the debt (30 ILCS 500/50-60).

12. Vendor certifies that it and all affiliates shall collect and remit Illinois Use Tax on all sales of tangible personal property into the State of Illinois in accordance with provisions of the Illinois Use Tax Act (30 ILCS 500/50-12) and acknowledges that failure to comply can result in the contract being declared void.

13. Vendor certifies that it has not been found by a court or the Pollution Control Board to have committed a willful or knowing violation of the Environmental Protection Act within the last five years, and is therefore not barred from being awarded a contract (30 ILCS 500/50-14).

14. Vendor certifies it has not paid any money or valuable thing to induce any person to refrain from bidding on a State contract, nor has Vendor accepted any money or other valuable thing, or acted upon the promise of same, for not bidding on a State contract (30 ILCS 500/50-25).

15. Vendor certifies it is not in violation of the “Revolving Door” section of the Illinois Procurement Code (30 ILCS 500/50-30).

16. Vendor certifies that it has not retained a person or entity to attempt to influence the outcome of a procurement decision for compensation contingent in whole or in part upon the decision or procurement (30 ILCS 500/50-38).

17. Vendor certifies it will report to the Illinois Attorney General and the Chief Procurement Officer any suspected collusion or other anti-competitive practice among any bidders, offerors, contractors, proposers or employees of the State (30 ILCS 500/50-40, 50-45, 50-50).

18. In accordance with the Steel Products Procurement Act, Vendor certifies steel products used or supplied in the performance of a contract for public works shall be manufactured or produced in the United States, unless the executive head of the procuring agency grants an exception (30 ILCS 565).

19. a) If Vendor employs 25 or more employees and this contract is worth more than $5000, Vendor certifies it will provide a drug free workplace pursuant to the Drug Free Workplace Act. b) If Vendor is an individual and this contract is worth more than $5000, Vendor shall not engage in the unlawful manufacture, distribution, dispensation, possession or use of a controlled substance during the performance of the contract (30 ILCS 580).

20. Vendor certifies that neither Vendor nor any substantially owned affiliate is participating or shall participate in an international boycott in violation of the U.S. Export Administration Act of 1979 or the applicable regulations of the U.S. Department of Commerce (30 ILCS 582).

21. Vendor certifies it has not been convicted of the offense of bid rigging or bid rotating or any similar offense of any state or of the United States (720 ILCS 5/33 E-3, E-4).

22. Vendor certifies it complies with the Illinois Department of Human Rights Act and rules applicable to public contracts, including equal employment opportunity, refraining from unlawful discrimination, and having written sexual harassment policies (775 ILCS 5/2-105).

23. Vendor certifies it does not pay dues to or reimburse or subsidize payments by its employees for any dues or fees to any “discriminatory club” (775 ILCS 25/2).

24. Vendor certifies it complies with the State Prohibition of Goods from Forced Labor Act, and that no foreign-made equipment, materials, or supplies furnished to the State have been or will be produced in whole or in part by forced labor, or indentured labor under penal sanction (30 ILCS 583).

25. Vendor certifies that no foreign-made equipment, materials, or supplies furnished to the State have been produced in whole or in part by the labor or any child under the age of 12 (30 ILCS 584).

26. Vendor certifies that it is not in violation of Section 50-14.5 of the Illinois Procurement Code (30 ILCS 500/50-14.5) that states: "Owners of residential buildings who have committed a willful or knowing violation of the Lead Poisoning Prevention Act (410 ILCS 45) are prohibited from doing business with the State of Illinois or any State agency, or subcontracting with the State of Illinois or any State agency until the violation is mitigated."

27. Vendor certifies that information technology, including electronic information, software, systems and equipment, developed or provided under this contract will comply with the applicable requirements of the Illinois Information Technology Accessibility Act Standards as published at www.dhs.state.il.us/iitaa (30 ILCS 587).

28. Vendor certifies that all services shall be performed in the United States unless otherwise specified in this contract. If the Vendor creates or manufactures the supplies or performs any

work in another country in violation of the contract, such action may be deemed a breach (30 ILCS 500/25-65).

29. Upon request, Vendor shall report the number of qualified veterans and certain ex-offenders hired during Vendor's last completed fiscal year. Vendor may be entitled to employment tax credit for hiring individuals in those groups (30 ILCS 500/45-67, 500/45-70).

VENDOR (Company name and DBA)

_____

Authorized Representative_____

Printed Name_____

Title_____Date_____

Address_____

_____

10/10

VENDOR PROVIDED ADDITIONAL MATERIAL AND EXCEPTIONS

Any additional material and any exceptions must be noted on this page and provided as part of this attachment. We do not encourage taking exceptions. We have extremely limited ability to grant exceptions particularly in regard to statutory requirements (those cited with **ILCS**, meaning Illinois Compiled Statutes). We are not required to grant exceptions and depending on the exception, we may have to reject your offer.

Additional Material (mark one)

_____ No other material included

_____ Other material included (describe--attach additional pages if needed)

Exceptions (mark one):

_____ No exceptions

_____ Exceptions taken (describe--attach additional pages if needed)

Department of Human Rights (DHR) Public Contract Number

(775 ILCS 5/2-105) If you employed fifteen or more full-time employees at any time during the 365-day period immediately preceding the publication of this solicitation in the Auditor General Volume of the Illinois Procurement Bulletin (or issuance date if not published), you must have a current Public Contract Number or have proof of having submitted a completed application for one prior to the offer opening date. If we cannot confirm compliance, we will not be able to consider your bid or offer. Please complete the appropriate sections below.

Name of Company (and DBA):
_____.

_____ (check if applicable) The number is not required as the company has employed 14 or less full-time employees during the 365-day period immediately preceding the publication of this solicitation in the Auditor General Volume of the Illinois Procurement Bulletin (or issuance date if not published).

DHR Public Contracts Number _____ or, if number has not yet been issued, date completed application for the number was submitted to DHR _____.

Date of expiration _____.

NOTICE

Upon expiration and until their Contractor Identification Number is renewed, companies will not be eligible to be awarded contracts by the State of Illinois or other jurisdictions that require a current DHR number as a condition of contract eligibility (44 IL Adm. Code 750.210(a)).

Numbers issued by the Department of Human Rights (or its predecessor agency, the Illinois Fair Employment Practices Commission) prior to July 1, 1998, are no longer valid. This affects numbers below 89999-00-0. If your DHR number is 90000-00-0 or higher, your number was issued on or after July 1, 1998, and is valid for five years from the date of eligibility.

IF YOUR ORGANIZATION HOLDS AN EXPIRED NUMBER, YOU MUST RE-REGISTER WITH DHR.

You can obtain an application form (DHR PC-1) by:

1. **Telephone:** Call the DHR Public Contracts Unit at (312) 814-2431 between Monday and Friday, 8:30 AM - 5:00 PM, CST. [TDD (312) 263-1579].

2. **Internet:** Download the form from the Internet at "www.state.il.us/cms". In the Purchasing area of the CMS home page, click the "DOWNLOAD VENDOR FORMS" line.

3. **Mail:** Write to the Department of Human Rights, Public Contracts Unit, 100 West Randolph Street, Suite 10-100, Chicago, IL 60601.

10/10

DISCLOSURES AND CONFLICTS OF INTEREST 10/10

Instructions: Contractors and subcontractors, and as described below their parent entities, must complete and submit this form as a condition to receiving an award, a contract or a subcontract. As appropriate, the term "Vendor" used herein shall refer to a contractor, a subcontractor, or a parent entity of either. All Contractors must include this form in any subcontract entered into in relation to this contract.

- These disclosures are a material term of the contract to which they relate. Failure to fully disclose shall render the contract, bid, proposal, subcontract, or relationship voidable if we determine that action is in the best interest of the State of Illinois. Failure to fully disclose may also be cause for barring from future contracts, bids, proposals, subcontracts, or relationships with the State.
- The requested disclosures are a continuing obligation and must be promptly supplemented for accuracy throughout the contracting process and throughout the term of any resulting contract or subcontract. For multi-year contracts, Vendors must submit these disclosures on an annual basis by July 1 of each year.
- If the Vendor is a wholly owned subsidiary of a parent organization, separate disclosures must be made by the Vendor and the parent. For purposes of this form, a parent organization is any entity that owns 100% of the Vendor.

This disclosure information is submitted on behalf of:

Name of Vendor:_____

D/B/A (if used):_____

Name of any Parent Organization:_____

Section 1: Section 50-35 Disclosure of Financial Interest in the Vendor (*Vendors with contracts or subcontracts of $25,000 or more must complete this section.)*

Vendors must complete subsection (a), (b) or (c) below.. Please read the following subsections and complete the information requested.

a. Check the applicable box and submit the identified information as appropriate to Vendor's operation.

☐ Vendor is a publicly traded corporation subject to SEC reporting requirements

Vendor shall submit their 10K disclosure (include proxy if referenced in 10k) in satisfaction of the disclosure requirements. The SEC 20f or 40f, supplemented with the names of those owning in excess of 5% and up to the ownership percentages disclosed in those submissions, may be accepted as being substantially equivalent to 10K.

Check here if submitting a 10k ☐, 20f ☐, or 40f ☐.

☐ Vendor is a privately held entity that is exempt from SEC reporting requirements and has more than 400 shareholders, partners or members

Vendor may submit the information identified in 17 CFR 229.401 and list the names of any person or entity holding any ownership share in excess of 5%.

☐ Vendor is an individual, sole proprietorship, partnership or any other entity not covered above

For **each individual** having any of the following financial interests in the Vendor (or its parent), please mark each that apply and show the applicable name and address.

1. Do you have an ownership share of greater than 5% of the offering entity or parent entity?
   ☐ Yes ☐ No

2. Do you have an ownership share of less than 5%, but which has a value greater than $106,447.20?
   ☐ Yes ☐ No

3. Do you receive more than $106,447.20 of the offering entity's or parent entity's distributive income? (Note: Distributive income is, for these purposes, any type of distribution of profits. An annual salary is not distributive income.)
   ☐ Yes ☐ No

4. Do you receive greater than 5% of the offering entity's or parent entity's total distributive income, but which is less than $106,447.20?
   ☐ Yes ☐ No

5. If you responded yes to any of questions 1 – 4 above, please provide either the percentage or dollar amount of your ownership or distributive share of income: _____. For partnerships with more than 50 partners, the percentage share of ownership of each individual identified above may be shown in the following ranges (dollar value fields must also be completed when applicable):
   0.5% or less_____>0.5 to 1.0% _____>1.0 to 2.0%_____ >2.0 to 3.0 %_____> 3.0 to 4.0%_____% >4.0 to 5.0%_____ and in additional 1% increments as appropriate _____%

6. If you responded "yes" to any of the questions 1-4 above, please check the appropriate type of ownership/distributable income share:

   Sole Proprietorship ☐ Stock ☐ Partnership ☐ Other (explain)_____

   Name:_____
   Address:_____

b. In relation to any individuals identified in any of the documents submitted pursuant to subsection (a), indicate whether any of the following potential conflict of interest relationships apply. If "Yes," please describe each situation (label with appropriate letter) using the space at the end of this Section (attach additional pages as necessary). If no individual has been identified above, mark not applicable here ☐.

1) State employment, currently or in the previous 3 years, including contractual employment of services directly with the individuals identified in Section 1 in their individual capacity unrelated to the Vendor's contract. Yes ☐ No ☐

2) State employment of spouse, father, mother, son, or daughter, including contractual employment for services in the previous 2 years. Yes ☐ No ☐

3) Elective status; the holding of elective office of the State of Illinois, the government of the United States, any unit of local government authorized by the Constitution of the State of Illinois or the statutes of the State of Illinois currently or in the previous 3 years. Yes ☐ No ☐

4) Relationship to anyone holding elective office currently or in the previous 2 years; spouse, father, mother, son, or daughter. Yes ☐ No ☐

5) Appointive office; the holding of any appointive government office of the State of Illinois, the United States of America, or any unit of local government authorized by the Constitution of the State of Illinois or the statutes of the State of Illinois, which office entitles the holder to compensation in excess of expenses incurred in the discharge of that office currently or in the previous 3 years. Yes ☐ No ☐

6) Relationship to anyone holding appointive office currently or in the previous 2 years; spouse, father, mother, son, or daughter. Yes ☐ No ☐

7) Employment, currently or in the previous 3 years, as or by any registered lobbyist of the State government. Yes ☐ No ☐

8) Relationship to anyone who is or was a registered lobbyist in the previous 2 years; spouse, father, mother, son, or daughter. Yes ☐ No ☐

9) Compensated employment, currently or in the previous 3 years, by any registered election or re-election committee registered with the Secretary of State or any county clerk in the State of Illinois, or any political action committee registered with either the Secretary of State or the Federal Board of Elections. Yes ☐ No ☐

10) Relationship to anyone; spouse, father, mother, son, or daughter; who is or was a compensated employee in the last 2 years of any registered election or reelection committee registered with the Secretary of State or any county clerk in the State of Illinois, or any political action committee registered with either the Secretary of State or the Federal Board of Elections. Yes ☐ No ☐

Section 2: Representative Lobbyist/Other Agent (*Vendors with contracts or subcontracts of $25,000 or more must complete this section.)*

Is the Vendor represented by or employing a person or entity required to register under the Lobbyist Registration Act or other agent who is not identified under Section 1 and who has communicated, is communicating, or may communicate with any State officer or employee concerning the bid, offer or contract? Yes ☐ No ☐

If yes:

a) Identify each agent/lobbyist:

Name:_____

Address:_____
___

Name:_____
___

Address:_____
___

b) Detail all costs, fees, compensation, reimbursements, and other remunerations paid or to be paid to the agent/lobbyist related to the contract (i.e., purpose of payment, date of payment, amount):

_____
__

_____
__

c) You must file this information, along with supporting documents, with the Auditor General (for publication in the Auditor General Bulletin) and with the Secretary of State.

By signing this form, each Vendor certifies it has not and will not bill or otherwise cause the State of Illinois to pay for any lobbyist's or agent's costs, fees, compensation reimbursements, or other remuneration.

Section 3: Debarment/Legal Proceeding Disclosure (*Vendors with contracts or subcontracts of $25,000 or more must complete this section.)*

Each of the persons and/or entities identified in Sections 1 and 2 must each identify any of the following that occurred within the previous 10 years:

Debarment from contracting with any governmental entity Yes ☐ No ☐
Professional licensure discipline Yes ☐ No ☐
Bankruptcies Yes ☐ No ☐
Adverse civil judgments and administrative findings Yes ☐ No ☐
Criminal felony convictions Yes ☐ No ☐

If any of the above is checked yes, please identify with descriptive information the nature of the debarment and legal proceeding. The State reserves the right to request more information, should the information need further clarification.

_____

_____

Section 4: Current and Pending Contracts or Subcontracts (*All Vendors must complete this section.)*

Does the Vendor have any contracts, pending contracts, subcontracts, bids, proposals or other ongoing procurement relationships with units of State of Illinois government (other than the OAG)? Yes ☐ No ☐

If yes, please identify each contract, pending contract, subcontract, bid, proposal and other ongoing procurement relationship it has with units of State of Illinois government (other than the OAG) by showing agency name and other descriptive information such as bid number, project title, purchase order number or contract reference number.

_____

_____

_____

_____

Additional disclosures only for bids, offers or contracts for an audit of a Regional Office of Education or Intermediate Service Center:

- Does your firm provide audit or consulting services to any units of local government, including counties and school districts, within the area served by the Regional Office of Education (ROE) that is the subject of this bid, proposal or contract or have any type of financial dealings with that ROE? Yes ☐ No ☐

- If you answered "yes" to Question 1, provide specific details, including: the unit of government; the type of services provided; the value of the services; whether such services are on-going or completed; and any other pertinent details.

Section 5: Section 50-13 Conflicts of Interest (*All Vendors must complete this section.)*

(a) Prohibition. It is unlawful for any person holding an elective office in this State, holding a seat in the General Assembly, or appointed to or employed in any of the offices or agencies of State government and who receives compensation for such employment in excess of 60% of the salary of the Governor of the State of Illinois [$106,447.20], or who is an officer or employee of the Capital Development Board or the Illinois Toll Highway Authority, or who is the spouse or minor child of any such person to have or acquire any contract, or any direct pecuniary interest in any contract therein, whether for stationery, printing, paper, or any services, materials, or supplies, that will be wholly or partially satisfied by the payment of funds appropriated by the General Assembly of the State of Illinois or in any contract of the Capital Development Board or the Illinois Toll Highway Authority.

(b) Interests. It is unlawful for any firm, partnership, association, or corporation, in which any person listed in subsection (a) is entitled to receive (i) more than 7 1/2% of the total distributable income or (ii) an amount in excess of the salary of the Governor [$177,412.00], to have or acquire any such contract or direct pecuniary interest therein.

(c) Combined interests. It is unlawful for any firm, partnership, association, or corporation, in which any person listed in subsection (a) together with his or her spouse or minor children is entitled to receive (i) more than 15%, in the aggregate, of the total distributable income or (ii) an amount in excess of 2 times the salary of the Governor [$354,824.00], to have or acquire any such contract or direct pecuniary interest therein.

Check One: ☐ No Conflict Of Interest

☐ Potential Conflict of Interest (If checked, name each conflicted individual and the nature of the conflict.)

Section 6: Disclosure of Business Operations with Iran *(All Vendors must complete this section.)*

Each bid, offer, or proposal submitted for a State contract must disclosure whether or not the bidder, offeror, or proposing entity, or any of its corporate parents or subsidiaries, within the 24 months before submission of the bid, offer, or proposal had business operations that involved contracts with or provision of supplies or services to the Government of Iran, companies in which the Government of Iran has any direct or indirect equity share, consortiums or projects commissioned by the Government of Iran and:

(i) more than 10% of the company's revenues produced in or assets located in Iran involve oil-related activities or mineral-extraction activities; less than 75% of the company's revenues produced in or assets located in Iran involve contracts with or provision of oil-related or mineral – extraction products or services to the Government of Iran or a project or consortium created exclusively by that Government; and the company has failed to take substantial action; or

(ii) the company has, on or after August 5, 1996, made an investment of $20 million or more, or any combination of investments of at least $10 million each that in the aggregate equals or exceeds $20 million in any 12- month period that directly or significantly contributes to the enhancement of Iran's ability to develop petroleum resources of Iran.

A bid, offer, or proposal that does not include this disclosure shall not be considered responsive. We may consider this disclosure when evaluating the bid, offer, or proposal or awarding the contract.

You must check one of the following items and if the second item is checked you must also make the necessary disclosure:

☐ There are no business operations that must be disclosed to comply with the above cited law.

☐ The following business operations are disclosed to comply with the above cited law:

_____

_____

This Disclosure is signed and made under penalty of perjury.

This Disclosure information is submitted on behalf of: _____
(Contractor/Subcontractor/Parent Name)

Name of Authorized Representative: _____

Title of Authorized Representative: _____

Signature of Authorized Representative: _____

Date: _____

Taxpayer Identification Number

I certify that the number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), **and**

I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, **and**

I am a U.S. citizen or other U.S. person.

Name: _____

Taxpayer Identification Number:

Social security number _____

or

Employer identification number _____

(If you are an individual, enter your name and SSN as it appears on your Social Security Card. If completing this certification for a sole proprietorship, enter the owner's name followed by the name of the business and the owner's SSN or EIN. If you own a limited liability company (LLC) that is a disregarded entity, enter the name of the single member (owner) followed by the name of the LLC and a TIN (SSN or EIN) that is assigned to the owner, not the LLC. For all other entities, enter the name of the entity as used to apply for the entity's EIN and the EIN.)

Legal Status (check one):

____ Individual

____ Sole Proprietor

____ Partnership/Legal Corporation

____ Tax-exempt

____ Corporation providing or billing medical and/or health care services

____ Corporation NOT providing or billing medical and/or health care services

____ Other:_____

____ Government

____ Nonresident Alien

____ Estate or Trust

____ Pharmacy (Non-Corp.)

____ Pharmacy/FuneralHome/Cemetery (Corp.)

____ Limited Liability Company (select applicable tax classification)
__ D = disregarded entity
__ C = corporation
__ P = partnership

Signature: _____ Date: _____
10/10

Firm Name _____- (12/03)

RFP No. _____

PART III - AUDIT TEAM INFORMATION, Continued
Section C. Summary Schedule of Key Audit Team Members (EXCLUDING THE AUDIT LEADER)

KEY TEAM MEMBER NAME (Excluding Leader)	Expected Job Class on Next OAG Audit	Licensed CPA in IL (Yes/No)	"ADVANCED" Skill in a Relevant SPECIAL AUDIT AREA* (List only areas of Advanced Skill)	AUDITS IN PAST SIX YEARS						
				No. of OAG Jobs	No. of THIS Member's OAG Audit HOURS (by JOB LEVEL)				Describe Other Recent Relevant Audit Experience	
					1	2	3	4	No.	Type of Audit
TOTAL NUMBER of OTHER Staff Assigned to this Audit Team _____										

* You must specifically state the name of each special area in which the team member possesses experience. Then attach full details to support each Team Member's qualifications. (Special Areas include large entities; entities issuing bonds; public pension systems; entities with significant investments; public universities; hospitals, HMO's or other health delivery systems; entities with large EDP systems; not-for-profit entities; and federal programs.)