Contract for Professional Services

This agreement entered into as of this the 4th day of June 2018, by and between the Office of the State Auditor (herein referred to as OSA) and HORNE LLP (herein referred to as the Firm or CONTRACTOR) to provide services, materials and personnel to perform the work as specified in Attachment A. Engagement Services Schedule.

1. Payment Terms.

a. As full and complete compensation for the services to be provided hereunder, OSA will pay the Firm / Contractor as follows:

The Firm/Contractor shall receive as compensation as an independent contractor for the described attestation services a fee not to exceed $238,150.

OSA shall pay or make payments on the above-mentioned consideration in accordance with the following schedule or procedure:

b. The Firm/Contractor shall submit invoices to the OSA with supporting documentation of the costs incurred. The invoices shall outline the work performed during the invoice period. The OSA will pay ninety percent (90%) of each invoice and will retain the remaining ten percent (10%) until final payment is made. Payment will be made to the Firm/ Contractor within 45 days of the receipt of the approved invoice submitted. The final payment, including retained amounts, shall be made after completion and acceptance of the assessment services and in accordance with Paragraph 23.

c. The Contractor/Firm shall submit invoices electronically to OSA using the procedures identified by the State of Mississippi. Payments by state agencies using the Mississippi's Accountability System for Government Information and Collaboration (MAGIC) shall be made and remittance information provided electronically as directed by the Department of Finance and Administration (DFA). These payments shall be deposited into the bank account of the Contractor's/FIRM's choice. The Contractor/Firm understands and agrees that OSA is exempt from the payment of taxes. No payment will be made unless the invoices are submitted in accordance with this section.

2. Key Personnel.

The personnel listed below are considered essential to the work being performed hereunder. Prior to removing, replacing or diverting any of the specified. individuals, the CONTRACTOR shall notify the OSA reasonably in advance and shall submit justification, including proposed substitutions, in sufficient detail to permit evaluation of the impact on this contract. No replacement shall be made by the CONTRACTOR without the written consent of the OSA, provided the OSA may ratify in writing the change and such ratification shall constitute the consent of the OSA. Key personnel for this contract include: Patrick Gough, CPA; Mike Skinner, CPA; Ann Cleland, CPA; Justin Doggett, CPA; Brad Aldridge, CPA; Megan Hudson, CISA; Ryan Wallace, CISA

3. Employment Status.

The CONTRACTOR shall, during the entire term of this contract, be construed to be an independent contractor. Nothing in this contract is intended to nor shall be construed to create an employer-employee relationship.

CONTRACTOR represents that it is qualified to perform the duties to be performed under this contract and that it has, or will secure, if needed, at its own expense, applicable personnel who are qualified to perform the duties required under this contract. Such personnel shall not be deemed in any way, directly or indirectly, expressly or by implication, to be employees of the OSA.

Any person assigned by the CONTRACTOR to perform the services hereunder shall be the employee of the CONTRACTOR, who shall have the sole right to hire and discharge its employee.

The CONTRACTOR shall pay when due all salaries and wages of its employees and accepts exclusive responsibility for the payment of federal income tax, state income tax, social security, unemployment compensation and any other withholdings that may be required. Neither the CONTRACTOR nor employees of the CONTRACTOR are entitled to state retirement or leave benefits.

It is further understood that the consideration expressed herein constitutes full and complete compensation for all services and performances hereunder and that any sum due and payable to the CONTRACTOR shall be paid as a gross sum with no withholdings or deductions being made by the OSA for any purpose from said contract sum except as permitted in Part II Work Statement; Part IV, D. E-Payments; and Part V, 22. Termination.

4. Ownership of Documents and Work Products.

The working papers prepared in conjunction with the services under this contract will become the property of the OSA at the completion of the contract. The CONTRACTOR may retain copies of all records required for record keeping purposes or for compliance with applicable professional standards.

The CONTRACTOR is prohibited from use of the above described information and/or materials without the express written approval of the OSA.

5. Record Retention and Access to Records.

The CONTRACTOR shall maintain and make available to the OSA any financial records, supporting documents, statistical records and all other records pertinent to the services performed under this contract in accordance with the CONTRACTOR's policies and procedures or professional regulatory requirements. These records shall be maintained for at least five (5) years; however, if any litigation or other legal action, by or on behalf of the State has begun that is not completed at the end of the five (5) year period, or if audit findings, litigation or other legal action has not been resolved at the end of the five (5) year period, the records shall be retained until resolution.

6. Modification or Amendment.

The OSA may, from time to time, request changes in the scope of services of the CONTRACTOR to be performed thereunder. Such changes, including any increase or decrease in the amount of the CONTRACTOR's compensation, which are mutually agreed upon by and between the OSA and the CONTRACTOR, shall be included in written amendments to this contract and signed by all parties prior to the work being performed.

7. Assignment.

The CONTRACTOR shall not assign or otherwise transfer the obligations incurred on its part pursuant to the terms of this contract without the prior written consent of the OSA. Any attempted assignment or transfer of its obligations without such consent shall be null and void. All obligations and duties of either party under this contract shall be binding on all successors in interest or assigns of such party.

8. Failure to Enforce.

Failure of either party hereto to insist upon strict compliance with any of the terms, covenants and conditions hereof shall not be deemed a waiver or relinquishment of any similar right or power hereunder at any subsequent time or of any other provision hereof, nor shall it be construed to be a modification of the terms of this contract.

9. Indemnification.

The CONTRACTOR shall indemnify, defend, save and hold harmless, protect, and exonerate the OSA, its officers, employees, agents and representatives, and the State of Mississippi from and against claims, demands, liabilities, suits, actions, damages, losses and costs, including, court costs, investigative fees and expenses, and attorneys' fees, and claims for damage arising out of or caused by the CONTRACTOR and/or its partners, principals, agents, employees and/or subcontractors limited to the extent the damages were caused by the CONTRACTOR's own negligence or intentional misconduct in the performance of or failure to perform this Contract.

10. Insurance.

The CONTRACTOR represents that it will maintain workers' compensation insurance as prescribed by law which shall inure to the benefit of the CONTRACTOR's personnel, as well as comprehensive general liability, or professional liability insurance and, where applicable, employee fidelity bond insurance. The CONTRACTOR will, upon request, furnish the OSA with a certificate of conformity providing the aforesaid coverage.

11. Governing Law.

This contract shall be construed and governed in accordance with the laws of the State of Mississippi, and venue for the resolution of any dispute shall be Jackson, Hinds County, Mississippi. The CONTRACTOR

expressly agrees that under no circumstances shall the OSA be obligated to pay an attorney's fee or the cost of legal action to the CONTRACTOR.

12. Severability.

If any term or provision of this contract is prohibited by the laws of the State of Mississippi or declared invalid or void by a court of competent jurisdiction, the remainder of the contract shall not be affected thereby and each term and provision of the contract shall be valid and enforceable to the fullest extent permitted by law.

13. Disputes and Arbitration.

Any dispute concerning a question of fact arising under this contract shall be disposed of by good faith negotiation between duly authorized representatives of the OSA and the Firm. Such proposed resolution shall be reduced to writing, and a copy furnished to the Firm and OSA for their acceptance. Should either party reject the proposed resolution, you agree that, prior to resorting to litigation; the dispute shall be submitted to mediation upon written request by either of the parties. All parties agree to try in good faith to settle the dispute in mediation. The American Arbitration Association will administer any such mediation in accordance with its Commercial Mediation Rules. The results of the mediation proceeding shall be binding only if each of us agrees to be bound. The Firm and the OSA agree to share any costs of mediation proceedings equally.

14. Compliance with Laws.

The CONTRACTOR shall comply, in all material respects, with all applicable laws, regulations, policies, and procedures of the United States of America or any agency thereof, the State of Mississippi or any agency thereof, and any local government or political subdivision that may affect the performance of services under this contract. The OSA will assist the CONTRACTOR in identifying the policies and procedures promulgated by the State of Mississippi or any agency thereof and any local government or political subdivision thereof that impact the services.

Specifically, but not limited to, the CONTRACTOR shall not illegally discriminate against any employee nor shall any party be subject to illegal discrimination in the performance of this contract because of race, creed, color, sex, age, national origin or disability.

15. Conflict of Interest.

The CONTRACTOR shall notify the OSA of any potential conflict of interest including, but not limited to, a conflict of interest resulting from the representation of or service to other clients. If such conflict cannot be resolved to the OSA's satisfaction, the OSA reserves the right to terminate this contract or to award the specific test(s) to another CONTRACTOR.

16. Third Party Action Notification.

The CONTRACTOR shall give the OSA prompt notice in writing of any action or suit filed and prompt notice of any claim made against the CONTRACTOR by any entity that may result in litigation related in any way to this contract.

17. Authority to Contract.

The CONTRACTOR warrants that it is a validly organized business with valid authority to enter into this contract, that entry into and performance under this contract is not restricted or prohibited by any loan, security, financing, contractual or other agreement of any kind, and notwithstanding any other provision of this contract to the contrary, that there are no existing legal proceedings, or prospective legal proceedings, either voluntary or otherwise, which may adversely affect its ability to perform its obligations under this contract.

18. Confidential Information.

The CONTRACTOR shall treat all data and information to which it has access by its performance under this contract as confidential to the extent that confidential treatment of same is required under federal and/or state law and shall not disclose such data or information to a third party without specific written consent of the OSA. In the event that the CONTRACTOR receives notice that a third party requests divulgence of confidential or otherwise protected information and/or has served upon it a subpoena or other validly issued administrative or judicial process ordering divulgence of confidential or otherwise protected information, the CONTRACTOR shall promptly inform the OSA and thereafter respond in conformity with such subpoena to the extent mandated by state or federal law. This section shall survive the termination or completion of this contract.

19. Captions.

The captions or headings in this contract are for convenience only and in no way define, limit or describe the scope or intent of any provision or section of this contract.

20. Special Terms and Conditions.

It is agreed and understood by the parties to this contract that there are no special terms or conditions.

21. Notice.

Any notices required or authorized to be given under this contract shall be in writing and sent by certified United States mail, postage prepaid, return receipt requested, to the addressees designated in this paragraph. Each party may change the person and address designated by delivering written notice to the other party. Any notice shall be effective when actually delivered to the designated address.

Mississippi Office of the State Auditor

Mr. Patrick Dendy, CPA, Director, Department of Audit
501 N. West Street
Suite 801, Woolfolk Building
Jackson, MS 39201
Telephone Number: (601) 576-2800
Facsimile Number: (601) 576-2650

For CONTRACTOR:

Mr. Mike Skinner, CPA, Engagement Partner
HORNE LLP
1020 Highland Colony Parkway
Suite 400
Ridgeland, MS 39157
Telephone Number: (601) 326-1000

22. Termination.

This contract may be terminated as follows:

a. Termination Upon Bankruptcy:

This contract may be terminated in whole or in part by the OSA upon written notice to the CONTRACTOR, if the CONTRACTOR should become the subject of bankruptcy or receivership proceedings, whether voluntary or involuntary, or upon the execution by the CONTRACTOR of an assignment for the benefit of its creditors. In the event of such termination, the CONTRACTOR shall be paid an amount for all services actually performed pursuant to this contract, but in no case shall said compensation exceed the total contract price; or:

b. Termination for Convenience:

The OSA may terminate this contract with or without cause, by providing a thirty (30) day written notice of termination to the CONTRACTOR; or

c. Termination for Cause:

If, through any cause, the CONTRACTOR shall fail to fulfill in a timely and proper manner, as determined by the OSA, its obligations under this contract, or if the CONTRACTOR shall violate any of the terms or conditions of this contract, and that breach continues for ten (10) days after the CONTRACTOR receives written notice from the OSA, then the OSA shall thereupon have the right to terminate this contract.

In the event of termination for cause by the OSA, in addition to other remedies provided herein or available at law or in equity, the CONTRACTOR shall bear all cost associated with the issuance of a new contract for audit services, including, but not limited to, the costs of reissuing another request for proposals and additional costs resulting from an acceleration of services necessary for the timely completion of such auditing services.

In the event of termination, the CONTRACTOR will be entitled to payment for services in an amount which bears the same ratio to the total services of the CONTRACTOR as the services actually performed covered by the contract, as supported by detailed invoices submitted to OSA by the CONTRACTOR identifying hours worked on the contract. In no instance will a payment be made in excess of the contract amount. In addition, all finished or unfinished tests, surveys, checklists, forms, manuals, reports or other material prepared by the CONTRACTOR under this contract shall become the property of the OSA.

Notwithstanding the above, the CONTRACTOR shall not be relieved of liability to the OSA for damages sustained by the OSA by virtue of any breach of this contract by the CONTRACTOR, and the OSA may withhold any payments to the CONTRACTOR for the purpose of set-off until such time as the exact amount of damages due the OSA from the CONTRACTOR are determined. The OSA may also pursue any remedy available to it in law or in equity.

23. Final Payment.

Upon satisfactory completion of the work performed under this contract, as a condition before final payment under this contract or as a termination settlement under this contract, the CONTRACTOR shall execute and deliver to the OSA a release of all claims against the OSA arising under, or by virtue of, this contract, except claims which are specifically exempted by the CONTRACTOR to be set forth therein.

24. Contract Changes.

The OSA may, at any time, by written order, make changes within the general scope of the contract as to the services or work to be performed. If such changes cause an increase or a decrease in the CONTRACTOR's cost or time required to perform any services under this contract, whether or not changed by any order, the OSA shall make an equitable adjustment and modify this contract in writing. The CONTRACTOR must assert any claim for adjustment under this clause in writing within thirty (30) days from the date it receives the OSA notification of change, unless the OSA grants additional time before the date of final payment. No services for which the CONTRACTOR will charge an additional compensation shall be furnished without the written authorization of the OSA.

25. Funding.

The parties expressly understand that the fulfillment of the payment obligations of the OSA under this agreement is conditioned upon the availability and receipt of State funds. In the event that funds are insufficient or otherwise unavailable to satisfy payments due under this agreement, the OSA shall not be obligated to make such payments, and all further obligations of the OSA and the CONTRACTOR under this agreement shall cease immediately, without penalty, cost or expense to the OSA or the CONTRACTOR of any kind whatsoever. In the event of such insufficiency or unavailability of funding, the OSA shall promptly notify the CONTRACTOR in writing, of such event. The CONTRACTOR shall be entitled to payment for services in the amount determined under paragraph 22 or the amount of available funds, whichever is less.

This contract, the CONTRACTOR's technical proposal and the Engagement Services Schedule, in this order of precedence, constitutes the entire agreement of the parties with respect to the subject matter contained herein and supersedes and replaces any and all prior negotiations, understandings and agreements, written or oral, between the parties relating thereto.

26. Employee Status Verification System

CONTRACTOR represents and warrants that it will ensure its compliance with the Mississippi Employment Protection Act (Senate Bill 2988 from the 2008 Regular Legislative Session) and will register and participate in the status verification system for all newly hired employees. The term "employee" as used herein means any person that is hired to perform work within the State of Mississippi. As used herein, "status verification system" means the Illegal Immigration Reform and Immigration Responsibility Act of 1996 that is operated by the United States Department of Homeland Security, also known as the E-Verify Program, or any other successor electronic verification system replacing the E-Verify Program. CONTRACTOR agrees to maintain records of such compliance and, upon request of the State, to provide a copy of each such verification to the State. CONTRACTOR further represents and warrants that any person assigned to perform services hereunder meets the employment eligibility requirements of all immigration laws of the State of Mississippi. CONTRACTOR understands and agrees that any breach of these warranties may subject CONTRACTOR to the following: (a) termination of the Agreement and ineligibility for any state or public contract in Mississippi for up to three (3) years, with notice of such cancellation/termination being made public, or (b) the loss of any license, permit, certification or other document granted to firm by an agency, department or governmental entity for the right to do business in Mississippi for up to one (1) year, or (c) both. In the event of such termination/cancellation, CONTRACTOR would also be liable for any additional costs incurred by the State due to contract cancellation or loss of license or permit.

27. Representation Regarding Contingent Fees

The CONTRACTOR represents that it has not retained a person to solicit or secure a State contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, except as disclosed in the contractor's bid or proposal (if applicable).

28. Representation Regarding Gratuities

The CONTRACTOR represents that it has not violated, is not violating, and promises that it will not violate the prohibition against gratuities set forth in Section 7-204 (Gratuities) of the "Mississippi Personal Service Contract Procurement Regulations."

29. Certification of Independent Price Determination

The CONTRACTOR certifies that the price submitted in response to the solicitation has been arrived at independently and without - for the purpose of restricting competition - any consultation, communication, or agreement with any other bidder or competitor relating to the price, the intention to submit a bid, or the methods or factors used to calculate the price bid.

Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transactions

The CONTRACTOR certifies to the best of its knowledge and belief, that it and its principals:

a. Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;

b. Have not within a three-year period preceding this contract been convicted or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;

c. Are not presently indicted or otherwise criminally or civilly charged by a government entity (Federal, State or local) with commission of any of the offenses enumerated in item b. of this certification; and

d. Have not within a three-year period preceding this contract had one or more public transactions (Federal, State or local) terminated for cause or default.

30. Whistleblower Protection

Section 1553 of Division A, Title XV of the American Recovery and Reinvestment Act of 2009, P.L. 111-5, provides protections for certain individuals who make specified disclosures relating

ATTACHMENT A

ENGAGEMENT SERVICES SCHEDULE

The following procedures must be performed by the CONTRACTOR after a contract has been awarded:

- Attend an entrance conference with the CONTRACTOR's engagement supervisor, OSA's authorized representatives and staff members of the DFA, MMRS and ITS (if applicable) prior to the commencement of any work, in order to discuss the scope of services and other related factors
- Review the existing policies and procedures to obtain an understanding of SPAHRS
- Interview key personnel and business process owners to confirm our understanding of SPAHRS and identify key controls
- Perform walkthroughs of relevant SPAHRS processes and identified key controls to assess the design effectiveness of key controls
- Develop and execute control testing procedures to ensure operating effectiveness of key controls within SPAHRS
- Identify and validate key reports generated from SPAHRS data
- Identify gaps within the processes and controls and develop recommended solutions
- Produce adequate workpapers to substantiate the SPAHRS review and testing procedures
- Provide Assessment Report which will detail the objective, scope, procedures performed, results of the assessment, mitigating controls for weaknesses identified, and recommendations for remediation of control weaknesses. All findings will be presented to management to obtain an informal response to each finding.
- Provide an Executive Summary Report will also be delivered, which will provide a high-level overview of our Remediation Status Review and related findings.

Upon receipt of the final report, the OSA will:

1.) Review the report and all working papers.

2.) Approve or reject the report and working papers.

3.) Approve or reject the final payment for services rendered.

CONTRACTOR shall perform the following procedures at the request of the OSA:

1.) Attend an exit conference with the CONTRACTOR's engagement supervisor, OSA's authorized representatives and staff members of the DFA, MMRS and ITS at the completion of the work, in order to present the findings and recommendations from the written report.

to Recovery Act funds. Any non-federal employer receiving recovery funds is required to post a notice of the rights and remedies provided under this section of the Act.

In witness of where this contract has been entered into and executed by the parties hereto in duplicate originals.

FIRM REPRESENTATIVE

HORNE LLP
CPA FIRM:

SIGNED:

Partner
TITLE:

06/04/2018
DATE:

OFFICE OF THE STATE AUDITOR

Stephanie Palmatier
SIGNED:

Director of Financial Audit
TITLE:

6/5/18
DATE:

SIGNED

State Auditor
TITLE

6/5/18
DATE