

AMENDMENT NUMBER ONE
FINANCIAL AUDIT SERVICES CONTRACT

WHEREAS, the Mississippi Department of Finance and Administration (DFA), acting administratively on behalf of the Board of Trustees (Board) of the Mississippi State Agencies Self-Insured Workers' Compensation Trust, and Harper, Rains, Knight & Company, P.A. (Auditor) entered into a Financial Audit Services Contract (Contract) beginning on August 1, 2014; and

WHEREAS, the term of this Contract is for four years with an option to renew for one (1) additional year at the Board's discretion, and is set to expire July 31, 2018, and new or replacement contracts have not been entered into; and

WHEREAS, in accordance with Item 2. A. of the original Contract, the parties are desirous of and in agreement to exercise the Contract's one-year renewal option to extend the term of the Contract through July 31, 2019, under the same terms, conditions, and guaranteed fees found in the original Contract except as herein noted; and

WHEREAS, the Office of the State Auditor (OSA) has requested to be added as a signatory on this amendment to further document OSA's right to speak directly with Auditor and to examine workpapers created by the Auditor in conjunction with the audit; and

WHEREAS, the parties now desire the Contract to consist of this Amendment Number One, the Contract including all Exhibits, the Response to the Request for Proposal, and the Request for Proposal. Any ambiguities, conflicts, or questions of the interpretation of this Contract shall be resolved by first reference to this Amendment Number One, and if still unresolved, by reference to the Contract, and if still unresolved, by reference to the Response to the Request for Proposal, and if still unresolved, by reference to the Request for Proposal.

NOW THEREFORE, the Board and the Auditor covenant and agree, each to the other, the Contract shall be and hereby is amended as set forth hereinabove as though originally contained therein.

EXCEPT as specifically stated herein, all other terms and conditions of the Contract shall remain in full force and effect as originally stated, and this Amendment Number One is hereby made a part of the Contract.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment Number One to be executed on the date shown below, and effective on August 1, 2018:

Harper, Rains, Knight & Company, P.A.

By: Thomas J. Wiggul
Name: THOMAS J. WIGGUL
Title: DIRECTOR
Date: 6/11/18

Department of Finance and Administration

By: Laura D. Jackson
Name: LAURA D. JACKSON
Title: Executive Director
Date: 6/21/18

Office of the State Auditor (OSA)

BY: Stephanie Palmertree
Name: Stephanie Palmertree
Title: Director of Audit
Date: 6/18/18



STATE OF MISSISSIPPI
GOVERNOR PHIL BRYANT

DEPARTMENT OF FINANCE AND ADMINISTRATION

KEVIN J. UPCHURCH
EXECUTIVE DIRECTOR

July 25, 2014

Tom Wiygul, Director
Harper, Rains, Knight & Company, P.A.
One Hundred Concourse
1052 Highland Colony Parkway, Suite 100
Ridgeland, Mississippi 39157

Dear Mr. Wiygul:

Please find enclosed one original of the Financial Audit Services Contract between Harper, Rains, Knight & Company, P.A. and the Mississippi Department of Finance and Administration, on behalf of the Mississippi State Agencies Self-Insured Workers' Compensation Trust for your records. As indicated, this contract is effective August 1, 2014, and will run for a period of four years through July 31, 2018, with an option to renew for one additional year.

I appreciate your help in executing this document. If you have any questions, please call me at 601-359-9271.

Sincerely,

A handwritten signature in blue ink that reads "M. Curtis Hubbard".

M. Curtis Hubbard
Director of Compliance and Audit

Enclosures

Financial Audit Services Contract

This Financial Audit Services Contract (Contract) is made by and between the Mississippi Department of Finance and Administration (DFA), a state agency, whose address is 501 North West Street, Suite 1301 Woolfolk Building, Jackson, MS 39201, and Harper, Rains, Knight & Company, P.A. (Auditor), whose address is One Hundred Concourse, 1052 Highland Colony Parkway, Suite 100, Ridgeland, MS 39157, under which the Auditor agrees to provide services to the Board of Trustees (Board) of the Mississippi State Agencies Self-Insured Workers' Compensation Trust (Trust) beginning August 1, 2014, subject to the following terms and conditions.

1. Scope of Services

The Auditor agrees, at the request of the Board, to assist the Board and the staff of DFA by providing the following services:

- A. Annually, the Auditor will perform an independent audit of the financial statements of the Mississippi State Agencies Self-Insured Workers' Compensation Trust. The audit will be performed for the purpose of expressing an opinion on the Trust's financial statements, and must comply with the applicable requirements of General Rule 7 of the Rules of the Mississippi Workers' Compensation Commission (MWCC). The auditing services will be made in conformity with the following guidelines and regulations:
 - a) The standards for financial audits set forth in the U.S. Government Accountability Office's *Government Auditing Standards*, which includes auditing standards generally accepted in the United States of America as set forth by the American Institute of Certified Public Accountants.
 - b) Statements of financial accounting standards as prescribed by the Governmental Accounting Standards Board.
- B. The aforementioned standards require that the Auditor plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement, whether caused by error, fraudulent financial reporting, or misappropriation of assets. The audits should include examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The audit should also include an assessment of the accounting principles used and significant estimates made by the Trust, as well as an evaluation of the overall financial statement presentation.
- C. As a part of the audit, the Auditor will consider the Trust's internal control over financial reporting in order to determine auditing procedures for the purpose of expressing an opinion on the financial statements, and not to provide assurance on the internal control over financial reporting. This consideration will not be sufficient to enable the

Auditor to render a separate opinion on the effectiveness of the internal control over financial reporting.

- D. Following completion of the audit, the Auditor will issue a report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with Government Auditing Standards. In the required audit report on compliance and on internal control over financial reporting, the Auditor shall communicate material instances of noncompliance and any significant deficiencies found during the audit. A significant deficiency shall be defined as a control deficiency, or combination of control deficiencies, that adversely affects the Trust's ability to initiate, authorize, record, process, and report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Trust's financial statements that is more than inconsequential will not be prevented or detected by the Trust's internal control. Significant deficiencies that are also material weaknesses shall be identified as such in the report. Deficiencies that were not considered significant enough to be communicated as significant deficiencies shall be reported in a separate letter to management, which shall be referred to in the report on internal controls.
- E. The objective of the audit is to obtain reasonable assurance that the financial statements are free of material misstatement whether arising from fraudulent financial reporting or misappropriation of assets. The Trust acknowledges that while effective internal control reduces the likelihood that misstatements of this nature may occur and remain undetected, it does not eliminate that possibility. For that reason and because the Auditor uses selective testing in its audit, the Auditor cannot guarantee that material misstatements, if present, will be detected.
- F. The financial statements referred to above are the responsibility of the management of the Trust. In this regard, the Trust is responsible for properly recording transactions in the accounting records and maintaining an internal control structure sufficient to permit the preparation of reliable financial statements. The Trust is also responsible for making available to the Auditor, upon request, all of the Trust's original accounting records and related information, and Trust's personnel to whom the Auditor's staff may direct inquiries.
- G. As required by applicable auditing standards, the Auditor will make specific inquiries of management and others about the representations embodied in the financial statements and the effectiveness of the internal control structure. Generally accepted auditing standards also require that the Auditor obtain a representation letter covering the financial statements from certain members of Trust's management. The results of the audit tests, the responses to the Auditor's inquiries and the written representations comprise the evidential matter the Auditor will rely upon in forming an opinion on the financial statements.
- H. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, the Auditor will perform tests of the Trust's compliance with provisions of laws, regulations, contracts and grants, violations of which could

have a direct and material effect on the financial statements. However, the Auditor's objective is not to provide an opinion on overall compliance with such provisions. The Auditor shall report immediately to the Trust any preliminary findings of possible fraud, misapplication or misappropriation of funds.

- I. The Auditor's procedures must include tests of documentary evidence supporting transactions recorded in the accounts and direct confirmation of cash and investments, verification of liabilities, review of claims reserves in reliance upon the Trust's actuarial computations, among other procedures.
- J. The Auditor acknowledges that the Board and the Mississippi Office of the State Auditor are relying on the timely completion of the audit for inclusion in the State of Mississippi's *Comprehensive Annual Financial Report (CAFR)*.
- K. The scheduling and completion dates for the annual audits will be established by the Board to ensure compliance with internal deadlines, MWCC General Rule 7 deadlines, and *CAFR* completion deadlines. Unless otherwise agreed to in writing by the Board and the Auditor, the audit must be completed and final report(s) issued to the Board no later than October 1 of each year in which the audited fiscal year ends.
- L. The Board will make every effort to ensure that necessary and required access and information is made available to the Auditor on a timely basis so as not to impede the progress of the audit. Such access and information includes applicable records and resources of the Trust, as well as those of its third party claims administrator and actuary.
- M. Upon completion of each annual audit, the Auditor will provide to the Board, fifteen (15) bound copies, one (1) unbound copy, and one electronic copy in .PDF format of the audited financial statements and any related reports.
- N. The Auditor will perform procedures necessary to ensure that subsequent events which may require adjustment to, or disclosure in, the Trust's financial statements are identified and documented between the date of the issued audit report for the financial statements for the fiscal year and the date the State of Mississippi's *CAFR* is issued for that fiscal year. The Auditor will provide to the Board and to the Office of the State Auditor a *Subsequent Events Memorandum* to report the findings of these procedures to be considered in preparation of the State Auditor's opinion of the *CAFR*.
- O. The Auditor will maintain full and accurate records with respect to all matters covered under this Contract. Additionally, at the request of the Board, the Auditor will provide to the Board all spreadsheets, assumptions, and calculations for any project authorized and funded by the Board in a format acceptable to the Board.
- P. The Auditor will be pro-active in presenting recommendations and ideas to the Board regarding the management of the Trust and/or the evaluation of the Trust's vendors.

- Q. As requested by the Board, the Auditor will provide such advice and consultative services regarding issues and matters of impact or interest to the Trust for which the Auditor has the technical capability to render. Such services may include, but are not limited to, specific auditing or accounting consultative services, technical advice and/or training in related workers' compensation accounting issues or procedures directly related to the audit of the financial statements.
- R. If so requested by the Board, the Auditor will provide testimony to the Mississippi State Agencies Self-Insured Workers' Compensation Board of Trustees, the Mississippi Workers' Compensation Commission, and/or the State Legislature, on matters directly related to the audit of the financial statements, as needed.

It is mutually understood and agreed by both parties that this is not an exclusive contract. The DFA is free to contract with other professionals to perform similar and like services as those contained in this Contract. Payment for work performed by the Auditor shall not be affected by this provision.

2. Contract Term

- A. The effective date of this Contract will be August 1, 2014. The term of the Contract will be four (4) years with an option to renew for one (1) year at the DFA's discretion. By April 30, 2018, the DFA will notify the Auditor in writing of the DFA's intent regarding renewal of the Contract for one (1) additional year.
- B. This Contract may be terminated by either party, with or without cause, upon at least ninety (90) days prior written notice of intent to terminate.
- C. All records and information provided by the DFA or through its third party contractors to the Auditor are the sole property of the DFA and shall be returned to the DFA, if so requested, within thirty (30) days of the termination date of this Contract. The Auditor shall be entitled to retain and utilize data that have been captured, computed, or stored in the Auditor's databases to the extent that such data cannot be identified or linked to the DFA or to the Trust.
- D. Upon termination of this Contract, the Auditor shall fully cooperate with the DFA and the new auditor during the transition of the Trust to the new auditor. Upon request of the DFA, the Auditor shall provide all information maintained by the Auditor in relation to the Trust in a time frame specified by the DFA. Information provided shall be in a format designated by the DFA. The Auditor shall provide sufficient explanation of the information provided to facilitate a smooth transition.

3. Consideration

The DFA agrees to compensate the Auditor for services approved by the DFA and performed by the Auditor under the terms of this Contract as follows:

- A. The unit rates and maximum project rates listed in Exhibit A, "Fee Schedule", of this Contract shall constitute the entire compensation due to the Auditor for services and all of the Auditor's obligations hereunder regardless of the difficulty, materials, or equipment required. The unit rates include, but are not limited to, all applicable taxes, fees, general office expenses, overhead, profit, and all other direct and indirect costs, incurred or to be incurred, by the Auditor. No additional compensation will be provided by the DFA for any expense, cost, or fee not specifically authorized by this Contract, or by written authorization from the DFA.
- B. The unit rates and maximum project rates listed in Exhibit A, "Fee Schedule", of this Contract are firm for the duration of this Contract and are not subject to escalation for any reason, unless this Contract is duly amended.
- C. Compensation to the Auditor for postage or shipping expenses to send documents to DFA that are related to the fulfillment of the project and contractual obligations will be reimbursed in the amount of actual costs, and must be supported by a copy of an original invoice or receipt.
- D. In the event the DFA requests and authorizes the Auditor to travel for the performance of any of the services covered under this Contract, compensation to the Auditor for travel, meals and/or lodging shall be allowed subject to the following criteria:
 - 1) In order to be compensable by the DFA, travel expenses must be reasonable and necessary for the fulfillment of the project and contractual obligations; and
 - 2) Air travel reimbursement will be limited to "Coach" or "Tourist" class rates, and must be supported by a copy of an original invoice; and
 - 3) Meals and lodging expenses will be reimbursed in the amount of actual costs, subject to the maximum per diem as defined in the Federal Register. A copy of all hotel receipts must be provided. A copy of meal receipts is not necessary; and
 - 4) Taxi fares, reasonable rental car expenses, and airport parking expenses will be reimbursed in the amount of actual costs, and must be supported by a copy of an original receipt/invoice; and
 - 5) Personal automobile mileage and related costs are not compensable expenses; and
 - 6) Time spent in "travel status" is not compensable. Unit rates in Exhibit A, "Fee Schedule", of this Contract are to be charged for actual hours worked only and shall not include travel time.
- E. Fees for financial audit services provided by the Auditor shall be billable to the DFA in arrears on a monthly basis. The DFA will not provide any prepayments or initial deposits in advance of services being rendered. Only those services agreed to by Contract will be considered for reimbursement or compensation by the DFA. Payment for any and all services provided by the Auditor to the DFA shall be made only after

said services have been duly performed and properly invoiced. The Auditor shall submit all invoices, in a form acceptable to the DFA with all of the necessary supporting documentation, prior to any payment of allowable costs. Such invoices will include, at a minimum, the name and title of each individual providing services, a description of the service(s) provided, the quantity or number of units billed (as applicable), the compensation rate, the time period in which the services were provided, total compensation requested for each individual service being billed, and the total amount due the Auditor for the period invoiced.

- F. The payment of an invoice by the DFA shall not prejudice the DFA's right to object to or question any invoice or matter in relation thereto. Such payment by the DFA shall neither be construed as acceptance of any part of the work or service provided nor as an approval of any costs invoiced therein. Auditor's invoice or payment shall be subject to reduction for amounts included in any invoice or payment theretofore made which are determined by the DFA, on the basis of audits, not to constitute allowable costs. Any payment shall be reduced for overpayment, or increased for underpayment on subsequent invoices.
- G. The DFA reserves the right to deduct from amounts which are or shall become due and payable to the Auditor under this Contract between the parties any amounts which are or shall become due and payable to the DFA by the Auditor. Notwithstanding anything to the contrary herein, any reduction of payments to Auditor shall be made only with the prior agreement of both parties. In addition, in the event of termination of this Contract for any reason, Auditor shall be paid for services rendered and allowable expenses incurred up to the effective date of termination.

4. E-Payment

The Vendor agrees to accept all payments in United States currency via the State of Mississippi's electronic payment and remittance vehicle. The DFA agrees to make payment in accordance with Mississippi law on "Timely Payments for Purchases by Public Bodies", which generally provides for payment of undisputed amounts by the agency within forty-five (45) days of receipt of the invoice. Miss. Code Ann. § 31-7-301, et seq. (1972, as amended).

5. Paymode

Payments by state agencies using the Statewide Automated Accounting System (SAAS) shall be made and remittance information provided electronically as directed by the DFA. These payments shall be deposited into the bank account of the Auditor's choice. The DFA may, at its sole discretion, require the Auditor to submit invoices and supporting documentation electronically at any time during the term of this Contract. The Auditor understands and agrees that the DFA is exempt from the payment of taxes. All payments shall be in United States currency.

6. Availability of Funds

It is expressly understood and agreed that the obligation of the DFA to proceed under this Contract is conditioned upon the appropriation of funds by the Mississippi State Legislature and the receipt of State and/or federal funds. If the funds anticipated for the continuing fulfillment of the Contract are, at any time, not forthcoming or insufficient, either through the failure of the federal government to provide funds or of the State of Mississippi to appropriate funds or the discontinuance or material alteration of the program under which funds were provided or if funds are not otherwise available to the DFA, the DFA shall have the right upon ten (10) working days written notice to the Auditor, to terminate this Contract without damage, penalty, cost or expenses to the DFA of any kind whatsoever. The effective date of termination shall be as specified in the notice of termination.

7. Record Retention and Access to Records

The Auditor agrees that the DFA or any of its duly authorized representatives at any time during the term of this Contract shall have unimpeded, prompt access to and the right to audit and examine any pertinent books, documents, papers, and records of the Auditor related to the Auditor's charges and performance under this Contract. All records related to this Contract shall be kept by the Auditor for a period of six (6) years after final payment under this Contract and all pending matters are closed unless the DFA authorizes their earlier disposition. However, if any litigation, claim, negotiation, audit or other action arising out of or related in any way to this Contract has been started before the expiration of the six (6) year period, the records shall be retained for one (1) year after all issues arising out of the action are finally resolved. The Auditor agrees to refund to the DFA any overpayment disclosed by any such audit arising out of or related in any way to this Contract.

8. Disaster Recovery

The Auditor agrees to maintain an appropriate disaster recovery system to protect all data related to this contract and to provide reasonable assurance that record retention and access to records requirements are met in the event of a hardware failure, malware, data corruption, natural disaster, or other events that could result in a potential loss of data. The Auditor may be required to provide documentation or other evidence to verify the effectiveness or appropriateness of this system.

9. Applicable Law

The Contract shall be governed by and construed in accordance with the laws of the State of Mississippi, excluding its conflicts of laws provisions, and any litigation with respect thereto shall be brought in the courts of the State. The Auditor shall comply with applicable federal, State, and local laws and regulations.

10. Assignment

The Auditor shall not assign, subcontract or otherwise transfer in whole or in part, its right or obligations under this Contract without prior written consent of the DFA. Any attempted assignment or transfer without said consent shall be void and of no effect.

11. Compliance with Laws

The Auditor understands that the DFA is an equal opportunity employer and therefore maintains a policy which prohibits unlawful discrimination based on race, color, creed, sex, age, national origin, physical handicap, disability, genetic information, or any other consideration made unlawful by federal, State, or local laws. All such discrimination is unlawful and the Auditor agrees during the term of the Contract that the Auditor will strictly adhere to this policy in its employment practices and provision of services. The Auditor shall comply with, and all activities under this Contract shall be subject to, all applicable federal, State of Mississippi, and local laws and regulations, as now existing and as may be amended or modified.

12. Confidential Information

"Confidential Information" shall mean: (a) those materials, documents, data, and other information which the Auditor has designated in writing as proprietary and confidential; and (b) all data and information which the Auditor acquires as a result of its contact with and efforts on behalf of the Board and any other information designated in writing as confidential by the Board. Each party to this agreement agrees to the following:

- A. To protect all confidential information provided by one party to the other;
- B. To treat all such confidential information as confidential to the extent that confidential treatment is allowed under State and/or federal law; and,
- C. Except as otherwise required by law, not to publish or disclose such information to any third party without the other party's written permission; and,
- D. To do so by using those methods and procedures normally used to protect the party's own confidential information.

Any liability resulting from the wrongful disclosure of confidential information on the part of the Auditor or its subcontractor shall rest with Auditor.

13. Transparency

This Contract, including any accompanying exhibits, attachments, and appendices, is subject to the "Mississippi Public Records Act of 1983," codified as Section 25-61-1 *et seq.*, Mississippi Code Annotated and exceptions found in Section 79-23-1 of the Mississippi Code Annotated (1972, as amended). In addition, this Contract is subject to provisions of the Mississippi Accountability and Transparency Act of 2008 (MATA), codified as Section 27-104-151 of the Mississippi Code Annotated (1972, as amended). Unless exempted from

disclosure due to a court-issued protective order, this Contract is required to be posted to the Department of Finance and Administration's independent agency contract website for public access. Prior to posting the Contract to the website, any information identified by the Auditor as trade secrets, or other proprietary information including confidential vendor information, or any other information which is required confidential by state or federal law or outside the applicable freedom of information statutes will be redacted. A fully executed copy of this Contract shall be posted to the State of Mississippi's accountability website at: <http://www.transparency.mississippi.gov>.

14. Employee Status Verification System

If applicable, the Auditor represents and warrants that it will ensure its compliance with the Mississippi Employment Protection Act of 2008, Section 71-11-1, et seq. of the Mississippi Code Annotated (Supp 2008), 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. The Auditor agrees to maintain records of such compliance and, upon request of the State and approval of the Social Security Administration or Department of Homeland Security, where required, to provide a copy of each such verification to the State. The Auditor further represents and warrants that any person assigned to perform services hereafter meets the employment eligibility requirements of all immigration laws of these warranties, the breach of which may subject the Auditor to the following:

- (a) termination of the contract 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 the Auditor 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 cancellation or termination, the Auditor would also be liable for any additional costs incurred by the State due to the contract cancellation or loss of license or permit.

15. Independent Contractor

The Auditor shall perform all services as an independent contractor and shall at no time act as an agent for the DFA. No act performed or representation made, whether oral or written, by the Auditor with respect to third parties shall be binding on the DFA. Neither the Auditor

nor his employees shall, under any circumstances, be considered servants, agents, or employees of the DFA; and the DFA shall at no time be legally responsible for any negligence or other wrongdoing by the Auditor, his servants, agents, or employees.

16. Modification or Renegotiation

This Contract may be modified, altered or changed only by written agreement signed by the parties hereto. The parties agree to renegotiate the Contract if federal, State and/or the DFA revisions of any applicable laws or regulations make changes in this Contract necessary.

17. Procurement Regulations

The contract shall be governed by the applicable provisions of the Personal Service Contract Review Board Regulations, a copy of which is available at 210 East Capitol Street, Suite 800, Jackson, MS, 39201 for inspection or downloadable at www.mspb.ms.gov.

18. Representation Regarding Contingent Fees

The Auditor represents that he has not retained a person to solicit or secure a DFA contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee.

19. Representation Regarding Gratuities

The Auditor represents that he has not violated, is not violating, and promises that he will not violate the prohibition against gratuities set forth in Section 6-204 (Gratuities) of the Mississippi Personal Service Contract Procurement Regulations.

20. Termination for Convenience

- A. Termination. The DFA may, when the interests of the DFA so require, terminate this Contract in whole or in part for the convenience of the DFA. The DFA shall give written notification of the termination to the Auditor specifying the part of the Contract terminated and when the termination becomes effective.
- B. Auditor's Obligations. The Auditor shall incur no further obligations in connection with the terminated work and on the date set in the notice of termination the Auditor will stop work to the extent specified. The Auditor shall also terminate outstanding orders and subcontracts as they relate to the terminated work. The Auditor shall settle the liabilities and claims arising out of the termination of subcontractors and orders connected with the terminated work. The DFA may direct the Auditor to assign the Auditor's right, title, and interest under terminated orders or subcontracts to the DFA. The Auditor must still complete the work not terminated by the notice of termination and may incur obligations as are necessary to do so.

21. Termination for Default

- A. Default. If the Auditor refuses or fails to perform any of the provisions of this Contract with such diligence as will ensure its completion within the time specified within this Contract, or any extension thereof, otherwise fails to timely satisfy the contract provisions, or commits any other substantial breach of this Contract, the DFA may notify the Auditor in writing of the delay or nonperformance and if not cured within ten (10) days or any longer time specified in writing by the DFA, the DFA may terminate the Auditor's right to proceed with the Contract or such part of the Contract as to which there has been delay or failure to properly perform. In the event of termination in whole or in part, the DFA may procure similar supplies or services in a manner and upon terms deemed appropriate by the DFA. The Auditor shall continue performance of the Contract to the extent it is not terminated and shall be liable for excess costs incurred in procuring similar goods or services.
- B. Auditor's Duties. Notwithstanding termination of the Contract and subject to any directions from the DFA, the Auditor shall take timely, reasonable, and necessary action to protect and preserve property in the possession of the Auditor in which the DFA has an interest.
- C. Compensation. Payment for completed services delivered and accepted by the DFA shall be at the contract price. The DFA may withhold from amounts due the Auditor such sums as the DFA deems to be necessary to protect the DFA against loss because of outstanding lien holders and to reimburse the DFA for the excess costs incurred in procuring similar goods and services.
- D. Excuse for Nonperformance or Delayed Performance. Except with respect to defaults of Subcontractors, the Auditor shall not be in default by reason of any failure in performance of this Contract in accordance with its terms (including any failure by the Auditor to make progress in the prosecution of the work hereunder which endangers performance) if the Auditor has notified the DFA within 15 days after the cause of the delay and the failure arises out of causes such as: acts of God; acts of the public enemy; acts of the state and any other governmental entity in its sovereign or contractual capacity; fires; floods; epidemics; quarantine restrictions; strikes or other labor disputes; freight embargoes; or unusually severe weather. If the failure to perform is caused by the failure of a subcontractor to perform or make progress, and if such failure arises out of causes similar to those set forth above, the Auditor shall not be deemed to be in default, unless the services to be furnished by the subcontractor were reasonably obtainable from other sources in sufficient time to permit the Auditor to meet the contract requirements. Upon request of the Auditor, the DFA shall ascertain the facts and extent of such failure, and, if the DFA determines that any failure to perform was occasioned by any one or more of the excusable clauses, and that, but for the excusable cause, the Auditor's progress and performance would have met the terms of the Contract, the delivery schedule shall be revised accordingly, subject to the rights of the DFA under the clause of this Contract entitled "Termination for Convenience".

- E. Erroneous Termination for Default. If, after notice of termination of the Auditor's right to proceed under the provisions of this clause, it is determined for any reason that the Contract was not in default under the provisions of this clause, or that the delay was excusable under the provisions of this clause, or that the delay was excusable under the provisions of Paragraph D of this clause, the rights and obligations of the parties shall be the same as if the notice of termination had been issued pursuant to the clause of this Contract entitled "Termination for Convenience".
- F. Additional Rights and Remedies. The rights and remedies provided under this clause are in addition to any other rights and remedies provided by law or under this Contract.

22. Stop Work Order

- A. Order to stop work. The DFA, may by written order to the Auditor at any time, and without notice to any surety, require the Auditor to stop all or any part of the work called for by this Contract. This order shall be for a specified period not exceeding 90 days after the order is delivered to the Auditor, unless the parties agree to any further period. Any such order shall be identified specifically as a stop work order issued pursuant to this clause. Upon receipt of such an order, the Auditor shall forthwith comply with its terms and take all reasonable steps to minimize the occurrence of costs allocable to work covered by the order during the period of work stoppage. Before the stop work order expires, or within any further period to which the parties shall have agreed, the DFA shall either:
 - 1) cancel the stop work order; or
 - 2) terminate the work covered by such order as provided in the "Termination for Default" clause or the "Termination for Convenience" clause of this Contract.
- B. Cancellation or Expiration of the Order. If a stop work order issued under this clause is canceled at any time during the period specified in the order, or if the period of the order or any extension thereof expires, the Auditor shall have the right to resume work. An appropriate adjustment shall be made in the delivery schedule or Auditor price, or both, and the Contract shall be modified in writing accordingly, if:
 - 1) the stop work order results in an increase in the time required for, or in the Auditor's costs properly allocable to, the performance of any part of this Contract; and
 - 2) the Auditor asserts a claim for such an adjustment within 30 days after the end of the period of work stoppage; provided that, if the DFA decides that the facts justify such action, any such claim asserted may be received and acted upon at any time prior to final payment under this Contract.
- C. Termination of Stopped Work. If a stop work order is not canceled and the work covered by such order is terminated for default or convenience, the reasonable costs resulting from the stop work order shall be allowed by adjustment or otherwise.

- D. Adjustment of Price. Any adjustment in contract price made pursuant to this clause shall be determined in accordance with the "Modification or Renegotiation" clause of this Contract.

23. Oral Statements

No oral statement of any person shall modify or otherwise affect the terms, conditions, or specifications stated in this Contract. All modifications to the Contract must be made in writing by the DFA and agreed to by the Auditor.

24. Ownership of Documents and Work Papers

The DFA shall own all documents, files, reports, work papers and working documentation, electronic or otherwise, created in connection with the project which is the subject of this Contract, except for the Auditor's internal administrative and quality assurance files and internal project correspondence. The Auditor shall deliver such documents and work papers to the DFA upon termination or completion of the Contract. The foregoing notwithstanding, the Auditor shall be entitled to retain a set of such work papers for his files. The Auditor shall be entitled to use such work papers only after receiving written permission from the DFA and subject to any copyright protections.

25. Indemnification

To the fullest extent allowed by law, Auditor shall indemnify, defend, save and hold harmless, protect, and exonerate the State of Mississippi, its Commissioners, Board Members, officers, employees, agents, and representatives from and against all claims, demands, liabilities, suits, actions, damages, losses, and costs of every kind and nature whatsoever, including, without limitation, court costs, investigative fees and expenses, and attorneys' fees, arising out of or caused by Auditor and/or his partners, principals, agents, employees, and/or subcontractors in the performance of or failure to perform this Contract. In the State's sole discretion, Auditor may be allowed to control the defense of any such claim, suit, etc. In the event Auditor defends said claim, suit, etc., Auditor shall use legal counsel acceptable to the State; Auditor shall be solely liable for all reasonable costs and/or expenses associated with such defense and the State shall be entitled to participate in said defense. Auditor shall not settle any claim, suit, etc., without the State's concurrence, which the State shall not unreasonably withhold.

26. Third-Party Action Notification

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

27. Notices

All notices required or permitted to be given under this Contract must be in writing and personally delivered or sent by certified United States mail postage prepaid, return receipt requested, to the party to whom the notice should be given at the address set forth below. Notice shall be deemed given when actually received or when refused. The parties agree to promptly notify each other in writing of any change of address.

If to the DFA:

Executive Director
Mississippi Department of Finance and Administration
501 N. West St., Suite 1301 Woolfolk Building
Post Office Box 267
Jackson, Mississippi 39205-0267
Facsimile No: (601) 359-2405

With a copy of any notice to:

State Insurance Administrator
Office of Insurance
Mississippi Department of Finance and Administration
501 N. West St., Suite 901-B Woolfolk Building
Post Office Box 24208
Jackson, Mississippi 39225-4208
Facsimile No: (601) 359-6568

If to the Auditor:

Director
Harper, Rains, Knight & Company, P.A.
One Hundred Concourse
1052 Highland Colony Parkway, Suite 100
Ridgeland, MS 39157
Facsimile No: (601) 605-0733

28. Change in Scope of Work

The DFA may order changes in the work, consisting of additions, deletions, or other revisions within the general scope of the Contract. No changes may be made to the scope of work requiring changes to the amount of compensation to the Auditor or other adjustments to the Contract, unless such changes or adjustments are made by written amendment to the Contract signed by the DFA and the Auditor.

If the Auditor believes that any particular work is not within the scope of the project, is a material change, or will otherwise require more compensation to the Auditor, the Auditor must immediately notify the DFA in writing of this belief. If the DFA believes that the particular work is within the scope of the Contract as written, the Auditor will be ordered to and shall continue with the work as changed and at the cost stated for the work within the Contract.

29. Contractor Personnel

The DFA shall, throughout the life of the Contract, have the right of reasonable rejection and approval of staff or subcontractors assigned to the work by the Auditor. If the DFA reasonably rejects staff or subcontractors, the Auditor must provide replacement staff or subcontractors satisfactory to the DFA in a timely manner and at no additional cost to the DFA. The day-to-day supervision and control of the Auditor's employees and subcontractors is the sole responsibility of the Auditor.

30. Recovery of Money

Whenever, under the Contract, any sum of money shall be recoverable from or payable by the Auditor to the DFA, the same amount may be deducted from any sum due to the Auditor under the Contract or under any other contract between the Auditor and the DFA. The rights of the DFA are in addition and without prejudice to any other right the DFA may have to claim the amount of any loss or damage suffered by the DFA on account of the acts or omissions of the Auditor.

31. Failure to Enforce

Failure by the DFA at any time to enforce the provisions of the Contract shall not be construed as a waiver of any such provisions. Such failure to enforce shall not affect the validity of the Contract or any part thereof or the right of the DFA to enforce any provision at any time in accordance with its terms.

32. Severability

If any part of this Contract is declared to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision of the Contract that can be given effect without the invalid or unenforceable provision, and to this end, the provisions hereof are severable. In such event, the parties shall amend the Contract as necessary to reflect the original intent of the parties and to bring any invalid or unenforceable provisions in compliance with applicable law.

33. Insurance

The Auditor shall maintain, throughout the term of this Contract, at its own expense, professional and comprehensive general liability insurance. Such policy of insurance shall provide a minimum coverage in the amount of One Million Dollars (\$1,000,000) per occurrence, Three Million Dollars (\$3,000,000) annual aggregate through an insurance company licensed by the Mississippi Department of Insurance. The Auditor shall annually provide the DFA a current Certificate of Insurance.

34. Incorporation of Documents

This Contract consists of and precedence is hereby established by the order of the following documents incorporated herein:

- A. This Contract signed by the parties including Exhibit A, Fee Schedule; and
- B. The Auditor's proposal dated March 27, 2014, submitted in response to the Mississippi State Agencies Self-Insured Workers' Compensation Trust Request for Proposal for Financial Audit Services dated February 20, 2014, attached hereto as Exhibit B and incorporated fully herein by reference; and
- C. The Mississippi State Agencies Self-Insured Workers' Compensation Trust Request for Proposal for Financial Audit Services dated February 20, 2014, attached hereto as Exhibit C and incorporated fully herein by reference.

This Contract, including the Exhibits referenced herein, constitutes the entire Contract of the parties with respect to the subject matter contained herein and supersedes and replaces any and all prior negotiations, understandings and Contracts, written or oral, between the parties relating thereto. Any ambiguities, conflicts, or questions of interpretation of this Contract shall be resolved by first reference to this Contract including Exhibit A, and if still unresolved, by reference to Exhibit B, and if still unresolved, by reference to Exhibit C. Omission of any term or obligation from this Contract or the attached Exhibits shall not be deemed an omission from this Contract if such term or obligation is provided for elsewhere.

Witness our signatures, on the date first written:

Harper, Rains, Knight & Company, P.A.

**Mississippi Department of Finance and
Administration**

By: Thomas J. Wiygul

By: Kevin J. Upchurch

Name: Thomas J. Wiygul

Name: Kevin J. Upchurch

Title: Director

Title: Executive Director

Date: July 8, 2014

Date: 7/16/14

Exhibit A – Fee Schedule

FINANCIAL AUDIT SERVICES

Our organization's unit rates (hourly charges), along with maximum annual project rates to provide financial audit services to the Mississippi State Agencies Self-Insured Workers' Compensation Trust and to DFA are listed below.

Hourly Rates by Position	2014	2015	2016	2017	2018
Partner	\$200	\$205	\$205	\$210	\$215
Senior Manager	\$140	\$143	\$145	\$147	\$150
Senior	\$130	\$130	\$135	\$135	\$140
Staff	\$100	\$100	\$103	\$103	\$105
Clerical	\$75	\$75	\$78	\$78	\$80

Maximum project fees are not to be construed as the annual fees to be paid for each project. The amount paid each year for the specified annual project will be the lesser of total fees based on the fee schedule above, or the stated maximum project cost listed below. Consulting services outside the scope of the specified annual project but within the scope of this Contract will be reimbursed according to the fee schedule above unless an agreement is signed by the parties that specifies the fee for the particular project. The maximum fees listed below do not include travel or other compensable expenses as defined in the Consideration section of this contract.

Maximum Fees by Project	2014	2015	2016	2017	2018
Annual Audit of Financial Statements for CAFR including review of subsequent events	\$11,200	\$11,700	\$12,200	\$12,500	\$13,000

All rates and maximum project fees are guaranteed through the term of the Contract.

Exhibit B

Auditor's Response to

Request for Proposal for Financial Audit
Services – March 27, 2014

Proposal to Perform Audit Services for Mississippi State
Agencies Self-Insured Workers' Compensation Trust
March 27, 2014

Exhibit C

Mississippi State Agencies Self-Insured Workers' Compensation Trust

Request for Proposal for Financial Audit Services

February 20, 2014

RFP for Financial Audit Services