



REQUIRED ANALYSIS OF PERSONAL OR PROFESSIONAL SERVICES CONTRACTS
(TO BE ATTACHED EXTERNALLY IN MAGIC)

According to Executive Order 1362, signed by Governor Phil Bryant, each agency awarding, renewing, or amending any professional or personal services contract reported online pursuant to the Mississippi Accountability and Transparency Act of 2008 must also submit by online report an analysis describing the reasons for awarding, renewing, or amending such contract. This Executive Order goes into effect September 1, 2015. Please fill out the following information that will, in turn, be used to write the analysis that will be posted on the Transparency website.

☒ AWARDING ☐ RENEWING ☐ AMENDING CONTRACT 08/09/2023 –
DATE: 06/30/2027

VENDOR NAME: Harper, Rains, Knight & Company, P.A. (HRK)

VENDOR CONTACT: Tom Wiygul, CPA, ABV, Director

VENDOR ADDRESS: 1052 Highland Colony Parkway, Suite 100; Ridgeland, Mississippi 39157

VENDOR PHONE NUMBER: 601-605-0722

ANALYSIS DESCRIBING AWARD, RENEWAL OR AMENDMENT OF CONTRACT *(including scoring criteria and percentages if applicable)*: The Contractor provides financial auditing services for the Mississippi State Agencies Self-Insured Workers' Compensation Trust (Trust) in the operation of its self-insured workers' compensation program. Services provided include, but are not limited to, conducting independent audit of the financial statements of the Trust and providing 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. The Mississippi Workers' Compensation Commission requires that the Trust's financial statements be audited annually by an independent certified public accounting firm. This program is administered on behalf of the Board of Trustees by the MDFA - Office of Insurance. This contract is a three-party contract between the MDFA, the Office of the State Auditor, and the Contractor. This Contractor was selected through a Request for Quotes.

Please indicate what type contract this is:

☐ SOLE SOURCE PROCUREMENT
☐ COMPETITIVE PROCUREMENT

☐ EMERGENCY PROCUREMENT
☒ OTHER

IF SELECTING "OTHER", PLEASE EXPLAIN: Professional auditor services are exempt from the purview of the PPRB in accordance with Mississippi Code Annotated § 27-104-72(2)(f).

Date: 06/30/2023

Signature: [Signature]

Title: MDFA OOI Procurement & Contracts Director

FINANCIAL AUDIT SERVICES CONTRACT

This Financial Audit Services Contract (Contract) is made by and between the Mississippi Department of Finance and Administration (MDFA), acting administratively on behalf of the Board of Trustees (Board) for the Mississippi State Agencies Self-Insured Workers' Compensation Trust (Trust), the Office of the State Auditor (OSA), and Harper, Rains, Knight & Company, P.A. (Contractor or Auditor), effective August 9, 2023, under the following terms and conditions under which the Contractor agrees to provide financial audit services as herein described for the self-insured workers' compensation program.

1. Identity of and Relationship Between the Parties

- A. Contractor, a registered professional association organized under the laws of the state of Mississippi, is an entity organized for the purpose of providing financial audit services as herein described.
- B. MDFA, an agency of the State of Mississippi, provides administrative support to the Board and acts on behalf of the Board in executing the day-to-day operational responsibilities concerning the Trust's administration.
- C. OSA, an agency of the State of Mississippi, is responsible for auditing and expressing an opinion on the *Annual Comprehensive Financial Report (ACFR)* of the State of Mississippi.
- D. The Contractor, MDFA, and OSA are independent legal entities. Nothing in this Contract shall be construed to create the relationship of employer and employee or principal and agent or any relationship other than that of independent parties contracting with each other solely for the purpose of carrying out the terms of this Contract.
- E. Neither the Contractor, MDFA, OSA, nor any of their respective agents or employees shall control or have any right to control the activities of the other party in carrying out the terms of this Contract, nor shall either party, its respective agents or employees, be liable to third parties for any act or omission of the other party.
- F. Nothing in this Contract is intended to be construed, nor shall it be deemed to create, any right or remedy in any third party.

2. Scope of Services

The Contractor shall provide all services and otherwise do all things necessary for or incidental to the performance of work, as set forth below:

- A. Assign an Account Representative to work directly with the MDFA and OSA Representatives;

- B.** Perform all services provided in the Contract between the Contractor, MDFA, and OSA in accordance with customary and reasonable industry standards as well as in strict conformance to all laws, statutes, and ordinances and the applicable rules, regulations, methods and procedures of all government boards, bureaus, offices, and other agents. The Contractor shall be responsible for the complete performance of all work; for the methods, means, and equipment used; and for furnishing all materials, tools, apparatus, and property of every description used in connection therewith. No statement within this Contract shall negate compliance with any applicable governing regulation. The absence of detail specifications or the omission of detail description shall be recognized as meaning that reasonable audit practices are to prevail, and that only market-standard materials and workmanship are to be used;
- C.** 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 Rule 1.7(B) (2) (b) (2) of the Rules of the Mississippi Workers' Compensation Commission (MWCC). The auditing services will be made in conformity with the following guidelines and regulations:
- i. The standards for financial audits set forth in the *Government Auditing Standards*, issued by the Comptroller General of the United States, which includes auditing standards generally accepted in the United States of America as set forth by the American Institute of Certified Public Accountants.
 - ii. Statements of financial accounting standards as prescribed by the Governmental Accounting Standards Board.
- D.** 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. The Auditor must perform the following procedures unless otherwise advised in writing by MDFA and OSA:
- i. Hold an entrance conference with the Auditor's auditor-in-charge, MDFA's Internal Audit Staff, Trust Administrator, and OSA's authorized representatives prior to commencement of any work in order to determine the scope of services, and other related factors.
 - ii. If applicable, provide an "in-relation-to" conclusion on the supporting schedules based on the auditing procedures applied during the audit of the selected funds' basic financial statements.
 - iii. If applicable, perform certain limited procedures involving required supplementary information required by the Governmental Accounting Standards

- Board as mandated by generally accepted auditing standards in the United States of America.
- iv. Examine the June 30 GAAP reporting packages and underlying records for completeness and accuracy for inclusion in the State of Mississippi's ACFR.
 - v. Prepare and post entries to the trial balance as needed in order to adjust the trial balances. These adjusting entries should be prepared on the MDFA entry standardized forms and submitted to the Trust for approval and then submitted to OSA for review and processing within due dates specified by OSA.
 - vi. Prepare a schedule of uncorrected misstatements, have Trust management approve the schedule, and submit it to OSA for inclusion in communication to MDFA.
 - vii. Provide OSA the planning materiality level(s) used on the audits of fund GAAP reporting packets for use in performing analysis of unaudited aggregated funds and accounts for the ACFR.
 - viii. Complete audit reports on the fair presentation of state treasury funds audited in conformity with generally accepted accounting standards in the United States of America.
 - ix. Prepare a letter to management on suggestions for improvement in internal control and correction of any noncompliance matters.
 - x. Conduct an exit conference upon giving prior notice to MDFA and OSA.
 - xi. Obtain a plan of corrective action from the Trust as needed and in accordance with instructions provided by OSA.
 - xii. Submit to the OSA a completed "Request for Representations from Other Auditor."
- E. 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.
- F. Following completion of the audit, the Auditor will issue a *Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards* (GAGAS report) on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with Government Auditing Standards. While the objective of the audit of the financial statements is not to report on the Trust's internal control over financial reporting and the Auditor is not obligated to search for material weaknesses or significant deficiencies as part of its audit of the financial statements, this report will include any material weaknesses and 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. This report will also include instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the financial statements or other financial data significant to the audit objectives and any other instances that warrant the attention of those charged with governance; noncompliance with provisions of contracts that has a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives; or abuse that is material, either quantitatively or qualitatively. The report will describe its purpose and will state that it is not suitable for any other purpose.

- G.** 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.
- H.** 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 personnel to whom the Auditor's staff may direct inquiries.
- I.** 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.
- J.** 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, and 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.

- K.** 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.
- L.** The Auditor acknowledges that the Trust 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 ACFR.
- M.** The scheduling and completion dates for the annual audits will be established by MDFA and OSA to ensure compliance with internal deadlines, MWCC Rule 1.7(B) (2) (b) (2) deadlines, and ACFR completion deadlines. Unless otherwise agreed to in writing by the Trust and the Auditor, the audit must be completed and final report(s) issued to the Trust no later October 1 of each year in which the audited fiscal year ends.
- N.** The Trust 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 claim administrator and actuary.
- O.** Upon completion of each annual audit, the Auditor will provide to the Board, ten (10) bound copies, one (1) unbound copy, and one electronic copy in PDF® format of the audited financial statements and any related reports.
- P.** 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 ACFR is issued for that fiscal year. The Auditor will provide to the Board and to the OSA a Subsequent Events Memorandum to report the findings of these procedures to be considered in preparation of the State Auditor's opinion of the ACFR.
- Q.** The Auditor will maintain full and accurate records with respect to all matters covered under this Contract. Additionally, at the request of MDFA, provide MDFA all spreadsheets, assumptions, and calculations for any project authorized and funded by the Board in a format acceptable to MDFA.
- R.** 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.
- S.** As requested by MDFA, 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/accounting consultative services, technical advice and/or training in related workers' compensation accounting issues/procedures directly related to the audit of the financial statements.

- T. If so requested by MDFA, 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.
- U. It is mutually understood and agreed by both parties that this Contract is not necessarily an exclusive contract and that the Board and/or MDFA is free to contract with other professionals to perform similar and like services as those contained in this contract.

3. Contract Term

- A. The term of the Contract is August 9, 2023 through June 30, 2027. MDFA and OSA reserves the right to renew the Contract for up to one (1) additional year at the sole discretion of the Board, MDFA, and OSA. By May 1, 2027 of the initial Contract term, MDFA will notify the Auditor, in writing, of the intent of MDFA and OSA to renew the Contract for the additional year.
- B. All records and information provided by MDFA or through its vendors to the Contractor are the sole property of the MDFA and will be returned to the MDFA within thirty (30) days of the termination date of this Contract, unless prohibited by court order, statute, regulation, or audit standards. The Contractor shall be entitled to retain and utilize data that have been captured, computed, or stored in the Contractor's databases to the extent that such data cannot be identified or linked to MDFA, the Trust, or an individual claimant.
- C. Upon termination of this Contract, the Contractor shall fully cooperate with MDFA, OSA, and the selected new auditor as requested, in accordance with professional standards.

4. Consideration

MDFA agrees to compensate the Contractor for services approved by the MDFA and performed by the Contractor under the terms of this Contract in an amount not to sixty-five thousand three hundred seventy dollars and zero cents (\$65,370.00) for the initial term, as follows:

- A. The flat fees listed in **Exhibit A, Fee Schedule for Financial Audit Services**, of this Contract will constitute the entire compensation due to the Contractor for services and all of the Contractor's obligations hereunder regardless of the difficulty, materials, or equipment required. The fees include, but are not limited to, all applicable taxes, fees, general office expense, travel, overhead, profit, and all other direct and indirect costs, incurred or to be incurred, by the Contractor. Fees for services provided by the Contractor will be billable to the MDFA in arrears, in either lump sum or incremental amounts, as requested by the Contractor. MDFA shall not provide any prepayments or initial deposits in advance of services being rendered. The hourly rates and maximum project fees listed in **Exhibit A, Fee Schedule for Financial Audit Services**, 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.

- B.** The Contractor will submit all invoices, in a form acceptable to the MDFA (provided that such acceptance will not be unreasonably withheld) with all the necessary supporting documentation, prior to any payment to the Contractor of any allowable fees. Fees will be invoiced in sufficient detail and format as determined by the MDFA. Such invoices will include, at a minimum, a description of the service(s) provided, the quantity or number of hours billed and the compensation rate, the time period in which services were provided, and total fees requested for the period being invoiced. Upon the effective date of termination of this Contract, the Contractor will remain liable for any obligations arising hereunder prior to the effective date of such termination. No additional compensation will be provided by the MDFA for any expense, cost, or fee not specifically authorized by this Contract, or by written authorization from the MDFA.
- C.** The payment of an invoice by the MDFA will not prejudice the MDFA's right to object or question any invoice or matter in relation thereto. Such payment by the MDFA will neither be construed as acceptance of any part of the work or service provided nor as an approval of any costs invoiced therein. The Contractor's invoice or payment may be subject to reduction for amounts included in any invoice or payment theretofore made which are determined by the MDFA, on the basis of audits, not to constitute allowable costs. Any payment will be reduced for overpayment or increased for underpayment on subsequent invoices. For any amounts which are or will become due and payable to the MDFA by the Contractor, the MDFA reserves the right to (1) deduct from amounts which are or will become due and payable to the Contractor under this Contract between the parties; or (2) request and receive payment directly from the Contractor within fifteen (15) days of such request, at the MDFA's sole discretion.
- D.** MDFA and OSA have the right to reject, at any time during the Contract period, any work not meeting the terms of this Contract. Should MDFA or OSA reject any services, MDFA or OSA's authorized representative shall notify the Contractor in writing by registered mail of such rejection giving reason therefore. The right to reject services shall extend throughout the terms of this Contract.

5. Anti-Assignment/Subcontracting

Contractor acknowledges that it was selected by the State of Mississippi (State) to perform the services required hereunder based, in part, upon Contractor's special skills and expertise. The Contractor shall not assign, subcontract, or otherwise transfer this Contract, in whole or in part, without the prior written consent of the State, which the State may, in its sole discretion, approve or deny without reason. Any attempted assignment or transfer without such consent shall be null and void. No such approval by the State of any subcontract shall be deemed in any way to provide for the incurrence of any obligation of the State in addition to the total fixed price agreed upon in this Contract. Subcontracts shall be subject to the terms and conditions of this Contract and to any conditions of approval that the State may deem

necessary. Subject to the foregoing, this Contract shall be binding upon the respective successors and assigns of the parties.

6. 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 Contractor shall comply with applicable federal, state, and local laws and regulations.

7. Approval

It is understood that if this Contract requires approval by the Public Procurement Review Board (PPRB) and/or the MDFA Office of Personal Service Contract Review (OPSCR), and this Contract is not approved by the PPRB and/or OPSCR, it is void and no payment shall be made hereunder.

8. Authority to Contract

Contractor warrants: (a) that it is a validly organized business with valid authority to enter into this Contract; (b) that it is qualified to do business and in good standing in the State of Mississippi; (c) that entry into and performance under this Contract is not restricted or prohibited by any loan, security, financing, contractual, or other contract of any kind; and, (d) 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.

9. Availability of Funds

It is expressly understood and agreed that the obligation of the MDFA 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 time 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 MDFA, the MDFA shall have the right upon ten (10) working days written notice to the Contractor, to terminate this Contract without damage, penalty, cost or expenses to the MDFA of any kind whatsoever. The effective date of termination shall be as specified in the notice of termination. Upon termination, the Contractor shall be entitled to payment for services in the amount as determined in paragraph 14 (Debarment and Suspension) or the amount of available funds, whichever is less.

10. Change in Scope of Work

The MDFA and OSA may order changes in the work consisting of additions, deletions, or other revisions within the general scope of the Contract. No claims may be made by the Contractor

that the scope of the project or of the Contractor's services have been changed, requiring changes to the amount of compensation to the Contractor or other adjustments to the Contract, unless such changes or adjustments have been made by written amendment to the Contract signed by the MDFA, OSA, and the Contractor. If the Contractor believes that any particular work is not within the scope of the project, is a material change, or shall otherwise require more compensation to the Contractor, the Contractor shall immediately notify the MDFA and OSA in writing of this belief. If the MDFA and OSA believe that the particular work is within the scope of the Contract as written, the Contractor shall be ordered to and shall continue the work as changed and at the cost stated for the work within the Contract.

11. Compliance with Laws

The Contractor understands that the State of Mississippi 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 Contractor agrees during the term of the Contract that the Contractor shall strictly adhere to this policy in its employment practices and provision of services. The Contractor 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. Confidentiality

Notwithstanding any provision to the contrary contained herein, it is recognized that MDFA and OSA are public agencies of the State of Mississippi and are subject to the Mississippi Public Records Act. Mississippi Code Annotated § 25-61-1 *et seq.* If a public records request is made for any information provided to MDFA or OSA pursuant to the Contract and designated by the Contractor in writing as trade secrets or other proprietary confidential information, MDFA and OSA shall follow the provisions of Mississippi Code Annotated §§ 25-61-9 and 79-23-1 before disclosing such information. The MDFA and OSA shall not be liable to the Contractor for disclosure of information required by court order or required by law.

The Contractor acknowledges that in the course of the performance of this Contract, it may have access to confidential business information of MDFA and/or its vendors. The Contractor agrees to maintain all confidential business information of MDFA and/or its vendors in strictest confidence using at least the same degree of care it takes in protecting its own confidential business information, but always at least a reasonable degree of care. Except as expressly provided herein or as may be required by law or legal process, the Contractor agrees it will not use confidential business information of MDFA and/or its vendors for its own benefits or disclose it to third parties without written consent.

13. Contractor Personnel

MDFA 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 MDFA reasonably rejects staff or subcontractors, the Contractor must provide replacement staff or subcontractors satisfactory to MDFA in a timely manner and at no additional cost to MDFA. The day-to-day supervision and control of the Contractor's employees and subcontractors is the sole responsibility of the Contractor.

14. Debarment and Suspension

The Contractor certifies to the best of its knowledge and belief, that it and its principals: (i) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transaction by any federal department or agency or any political subdivision or agency of the State of Mississippi; (ii) Have not, within a three-year period preceding this Contract, been convicted of or had a civil judgment rendered against it 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; (iii) Have not, within a three-year period preceding this proposal, been convicted of or had a civil judgment rendered against it for a 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; (iv) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (federal, state, or local) with commission of any of these offenses enumerated in paragraphs two (ii) and three (iii) of this certification; and, (v) 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.

15. Disclosure of Confidential Information

In the event that any party to this Contract 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 that party shall promptly inform the other party if permitted by law, and thereafter respond in conformity with such subpoena to the extent mandated by law. This section shall survive the termination or completion of this Contract. The parties agree that this section is subject to and superseded by Mississippi Code Annotated § 25-61-1 *et seq.*

16. Disputes

Any dispute concerning a question of accounting fact arising under this Contract shall be disposed of by good faith negotiation between duly authorized representatives of MDFA, OSA, and the Contractor. Such a resolution shall be reduced to writing and a copy thereof mailed or furnished to the Contractor and shall be final and conclusive. If a resolution cannot be reached, the Contractor shall mail or furnish to MDFA and OSA a written request for review. The Contractor shall be afforded an opportunity to be heard and to offer evidence in support of his/her/its position on the issue in dispute and under review. The review will be handled under a three (3) person panel for arbitration composed of the Deputy State Auditor, the Director of Technical Assistance, and the Director of the Financial and Compliance Audit Division. The

decision of the arbitration panel of OSA on the review shall be final and conclusive unless determined by a court of competent jurisdiction in Hinds County, State of Mississippi, to have been fraudulent, capricious, or grossly erroneous as necessarily to imply bad faith, or not to be supported by substantial evidence. Pending final decision of a dispute hereunder, the Contractor shall proceed diligently with the performance of the duties and obligations of the Contract.

17. E-Payment

The Contractor agrees to accept all payments in United States currency via the State of Mississippi's electronic payment and remittance vehicle. The MDFA 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. Mississippi Code Annotated § 31-7-301, *et seq.*

18. E-Verification

If applicable, the Contractor represents and warrants that it shall ensure its compliance with the Mississippi Employment Protection Act of 2008, and shall register and participate in the status verification system for all newly hired employees. Mississippi Code Annotated § 71-11-1 *et seq.* 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 Contractor agrees to maintain records of such compliance. Upon request of the State and after approval of the Social Security Administration or Department of Homeland Security when required, the Contractor agrees to provide a copy of each such verification. The Contractor further represents and warrants that any person assigned to perform services hereafter meets the employment eligibility requirements of all immigration laws. The breach of this agreement may subject the Contractor to the following:

- A. termination of this Contract for services 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 Contractor 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/termination, the Contractor would also be liable for any additional costs incurred by the State due to Contract cancellation or loss of license or permit to do business in the State.

19. Failure to Enforce

Failure by the Contractor, MDFA, or OSA 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 Contractor, MDFA, or OSA to enforce any provision at any time in accordance with its terms.

20. Force Majeure

Each party shall be excused from performance for any period and to the extent that it is prevented from performing any obligation or service, in whole or in part, as a result of causes beyond the reasonable control and without the fault or negligence of such party and/or its subcontractors. Such acts shall include without limitation acts of God, strikes, lockouts, riots, acts of war, epidemics, governmental regulations superimposed after the fact, fire, earthquakes, floods, or other natural disasters ("force majeure events"). When such a cause arises, the Contractor shall notify the MDFA and OSA immediately in writing of the cause of its inability to perform, how it affects its performance, and the anticipated duration of the inability to perform. Delays in delivery or in meeting completion dates due to force majeure events shall automatically extend such dates for a period equal to the duration of the delay caused by such events, unless MDFA and determine it to be in its best interest to terminate the Contract.

21. Indemnification

To the fullest extent allowed by law, the Contractor shall indemnify, defend, save and hold harmless, protect, and exonerate the MDFA and OSA, their Commissioners, Board Members, officers, employees, agents, and representatives and the State of Mississippi 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 Contractor and/or its partners, principals, agents, employees, and/or subcontractors in the performance of or failure to perform this Contract. In the State's sole discretion, upon approval of the Office of the Mississippi Attorney General, the Contractor may be allowed to control the defense of any such claim, suit, etc. In the event the Contractor defends said claim, suit, etc., the Contractor shall use legal counsel acceptable to the Office of the Mississippi Attorney General. The Contractor shall be solely responsible for all costs and/or expenses associated with such defense, and the State shall be entitled to participate in said defense. The Contractor shall not settle any claim, suit, etc., without the concurrence of the Office of the Mississippi Attorney General, which shall not be unreasonably withheld.

22. Independent Contractor Status

The Contractor shall at all times, be regarded as, and shall be legally considered an Independent Contractor and shall at no time act as an agent for the State. Nothing contained herein shall be deemed or construed by the State, the Contractor, or any third party as creating the relationship of principal and agent, master and servant, partners, joint ventures, employer and employee, or any similar such relationship between the State and the Contractor. Neither the method of computation of fees or other charges, nor any other provision contained herein, nor any acts of the State or the Contractor hereunder creates, or shall be deemed to create a relationship other than the independent relationship of the State and Contractor. The Contractor's personnel shall not be deemed in any way, directly or indirectly, expressly or by implication, to be employees

of the State. Neither the Contractor nor its employees shall, under any circumstances, be considered servants, agents, or employees of the MDFA or OSA, and the MDFA and/or OSA shall be at no time be legally responsible for any negligence or other wrongdoing by the Contractor, its servants, agents, or employees. The State shall not withhold from the Contract payments to the Contractor any federal or state unemployment taxes, federal or state income taxes, Social Security tax, or any other amounts for benefits to the Contractor. Further, the State shall not provide to the Contractor any insurance coverage or other benefits, including Worker's Compensation, normally provided by the State for its employees.

23. Information Designated by Contractor as Confidential

Any disclosure of those materials, documents, data, and other information which Contractor has designated in writing as proprietary and confidential shall be subject to the provisions of Mississippi Code Annotated §§ 25-61-9 and 79-23-1. As provided in the Contract, the personal or professional services to be provided, the price to be paid, and the term of the Contract shall not be deemed to be a trade secret, or confidential commercial or financial information.

Any liability resulting from the wrongful disclosure of confidential information on the part of the Contractor or its subcontractor shall rest with Contractor. Disclosure of any confidential information by the Contractor or its subcontractor without the express written approval of the MDFA and OSA shall result in the immediate termination of this Contract.

24. Insurance

The Contractor shall maintain, throughout the term of this Contract, at its own expense, **Workers Compensation coverage** as required by the State of Mississippi with coverage for all states of operation that apply to the performance of scope of work and **Professional Liability with at least One Million Dollars (\$1,000,000) per occurrence and Three Million Dollars (\$3,000,000) annual aggregate**. The State of Mississippi will be listed as certificate holder on the professional liability insurance policy. All insurance policies shall be issued by insurance companies authorized to do business under the laws of the State of Mississippi, meaning insurance carriers must be licensed or hold a Certificate of Authority from the Mississippi Insurance Department. Contractor shall not commence work under this Contract until it obtains all insurances required under this provision and furnishes certificate(s) or other form(s) showing proof of current coverage to the MDFA. After work commences, the Contractor shall maintain in force all required insurance until the Contract is terminated or expires. Contractor shall submit renewal certificates as appropriate during the term of the Contract. Contractor shall ensure that should any of the above-described policies be cancelled before the expiration date thereof, or if there is a material change, potential exhaustion of aggregate limits or intent not to renew insurance coverage(s), that written notice will be delivered to the MDFA. There shall be no cancellation, material change, potential exhaustion of aggregate limits or non-renewal of insurance coverage(s) to MDFA. Any failure to comply with the reporting provisions of this clause shall constitute a material breach of Contract and shall be grounds for immediate termination of this Contract by MDFA.

25. Integrated Agreement/Merger

This Contract, including all contract documents, represents the entire and integrated agreement between the parties hereto and supersedes all prior negotiations, representations or agreements, irrespective of whether written or oral. This Contract may be altered, amended, or modified only by a written document executed by the State and Contractor. Contractor acknowledges that it has thoroughly read all contract documents and has had the opportunity to receive competent advice and counsel necessary for it to form a full and complete understanding of all rights and obligations herein. Accordingly, this Contract shall not be construed or interpreted in favor of or against the State or Contractor on the basis of draftsmanship or preparation hereof.

26. Modification or Renegotiation

MDFA, OSA or the Contractor may, from time to time, request changes in the scope of services of the Contractor to be performed thereunder. Such changes, which are mutually agreed upon by and between MDFA, OSA, and the Contractor, shall be included in written amendments to this Contract signed by all parties prior to the work being performed. 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 and/or State revisions of any applicable laws or regulations make changes in this Contract necessary.

27. 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 shall be made in writing by the MDFA, OSA, and the Contractor.

28. Ownership of Documents and Work Papers

The work papers prepared in conjunction with the services under this contract are the property of the Contractor, constitute confidential information and will be retained by the Contractor in accordance with its policies and procedures. 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. The Contractor agrees to make its work papers available to subsequent fiscal year audit firms. Upon request by MDFA, any data, files and records collected by the Contractor will be destroyed or returned to MDFA. The Contractor may retain, however, copies of all such records required for recordkeeping purposes or for compliance with applicable professional standards. Pursuant to Government Auditing Standards, the Contractor is required to make certain work papers available in a full and timely manner to Regulators upon request for their reviews of audit quality and for use by their auditors. In addition, the Contractor may be requested to make certain work papers available to OSA pursuant to authority provided to it by law or regulation. Access to the requested work papers will be provided under supervision of the Contractor's personnel. Furthermore, upon request, the Contractor may provide photocopies of selected work papers to Regulators. Such

Regulators may intend, or decide, to distribute the photocopies or information contained therein to others, including other government agencies.

29. Paymode

Payments by state agencies using the State's accounting system shall be made and remittance information provided electronically as directed by the State. These payments shall be deposited into the bank account of the Contractor's choice. The State may, at its sole discretion, require the Contractor to submit invoices and supporting documentation electronically at any time during the term of this Contract. The Contractor understands and agrees that the State is exempt from the payment of taxes. All payments shall be in United States currency. No payment, including final payment, shall be construed as acceptance of defective or incomplete work, and the Contractor shall remain responsible and liable for full performance.

30. Record Retention and Access to Records

MDFA and OSA reserve the right to audit all records maintained by the Contractor and/or its affiliates relative to the Contractor's performance under this Contract. At least forty-eight (48) hours' notice by MDFA will be given to the Contractor of the intent to audit. MDFA and OSA shall have the right to perform financial, performance, and other special audits on such records maintained by the Contractor during regular business hours throughout the Contract period. Provided Contractor is given reasonable advance written notice and such inspection is made during normal business hours of Contractor, the Contractor agrees that MDFA and OSA or any of their duly authorized representatives shall have unimpeded, prompt access to any of Contractor's books, documents, papers, and/or records which are maintained or produced as a result of the project for the purpose of making audits, examinations, excerpts, and transcriptions. All financial records related to this Contract shall be kept by the Contractor for a minimum period of five (5) years after final payment under this Contract and all pending matters are closed; however, if any audit, litigation or other action arising out of or related in any way to this project is commenced before the end of the five (5) year period, the records shall be retained for one (1) year after all issues arising out of the action are finally resolved or until the end of the five (5) year period, whichever is later.

31. Recovery of Money

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

32. 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.

33. 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 as set forth in Mississippi Code Annotated § 25-4-105.

34. Right to Audit

Contractor shall maintain such financial records and other records as may be prescribed by MDFA or by applicable federal and state laws, rules, and regulations. Contractor shall retain these records for a period of five years after final payment, or until they are audited by MDFA, whichever event occurs first. These records shall be made available for inspection during regular business hours and with reasonable advance notice during the term of the Contract and the subsequent five-year period for examination, transcription, and audit by the OSA and/or MDFA, its designees, or other authorized bodies.

35. Right to Inspect

MDFA, OSA, or any other auditing agency prior-approved by MDFA, or their authorized representative shall, at all reasonable times, have the right to enter onto the Contractor's premises, or such other places where duties under this Contract are being performed, to inspect, monitor, or otherwise evaluate the work being performed. The Contractor shall provide access to all facilities and assistance for MDFA and OSA's representatives. All inspections and evaluations shall be performed in such a manner as to not delay work. Refusal by the Contractor to allow access to all documents, papers, letters or other materials, shall constitute a breach of Contract. All audits performed by persons other than MDFA staff shall be coordinated through MDFA and its staff.

36. 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.

37. Standards of Care/Remedies

The Contractor shall exercise reasonable care and due diligence consistent with standards in the industry in the performance of its obligations under this Contract. Each party shall have available to it all remedies available at law or equity.

38. Stop Work Order

- A. *Order to Stop Work.*** The MDFA and OSA, may, by written order to the Contractor at any time, and without notice to any surety, require the Contractor 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 Contractor, 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 Contractor 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 MDFA or OSA 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 Contractor shall have the right to resume work. An appropriate adjustment shall be made in the delivery schedule or Contractor 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 Contractor's costs properly allocable to, the performance of any part of this Contract; and,
 2. the Contractor asserts a claim for such an adjustment within 30 days after the end of the period of work stoppage; provided that, if the MDFA or OSA 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.

39. Termination for Convenience

- A. *Termination.*** The MDFA, with the written consent of OSA, may when the interests of the State so require, terminate this Contract, with or without cause, in whole or in part, for the convenience of the State by providing a thirty (30) day written notice of termination to the Contractor specifying the part of the Contract terminated and when the termination becomes effective. However, prior to termination of this Contract by MDFA, MDFA must provide written justification to OSA documenting the reasons for requesting the Contract be terminated. MDFA must obtain written approval from OSA prior to terminating this Contract.
- B. *Contractor's Obligations.*** The Contractor shall incur no further obligations in connection with the terminated work, and on the date set in the notice of termination, the Contractor

shall stop work to the extent specified. The Contractor shall also terminate outstanding orders and subcontracts as they relate to the terminated work. The Contractor shall settle the liabilities and claims arising out of the termination of subcontractors and orders connected with the terminated work. The MDFA may direct the Contractor to assign the Contractor's right, title, and interest under terminated orders or subcontracts to the State. The Contractor shall still complete the work not terminated by the notice of termination and may incur obligations as are necessary to do so.

- C. In the event of termination for convenience, the Contractor will be entitled to payment for services in an amount which bears the same ratio to the total compensation as the services actually performed bear to the total services of the Contractor covered by the Contract, less payments previously made. In no instance will a payment be made in excess of the Contract amount. 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 MDFA and OSA.

40. Termination for Default

- A. *Default.* Upon the failure of either the Contractor or MDFA to perform any obligation or observe any covenant required hereunder, the non-defaulting party, with the written consent of OSA, shall have the right to send a written notice to the defaulting party, with a copy to OSA, specifying such failure and demanding cure within ten (10) days of receipt of such notice. If the defaulting party has not remedied such failure within the cure period or has not made substantial progress toward remedying such failure within the cure period, then the non-defaulting party may terminate the Contract immediately by sending a written notice of termination to the defaulting party. However, prior to termination of this Contract by MDFA, MDFA must provide written justification to OSA documenting the reasons that the Contract should be terminated. MDFA must obtain written approval from OSA prior to terminating the Contract. In the event of termination for cause by MDFA and/or OSA, in addition to other remedies provided herein or available at law or in equity, the Contractor shall bear all costs 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.
- B. *Contractor's Duties.* Notwithstanding termination of the Contract and subject to any directions from the MDFA and/or OSA, the Contractor shall take timely, reasonable, and necessary action to protect and preserve property in the possession of the Contractor in which the State has an interest.
- C. *Compensation.* Payment for completed services delivered and accepted by the State shall be at the Contract price. The State may withhold from amounts due the Contractor such sums as the MDFA deems to be necessary to protect the State against loss because of outstanding lien holders or claims of former lien holders and to reimburse the State for the excess costs incurred in procuring similar goods and services. In the event of termination for cause, the Contractor will be entitled to payment for services in an amount which bears

the same ratio to the total compensation as the services actually performed bear to the total services of the Contractor covered by the Contract, less payments previously made. In no instance will a payment be made in excess of the Contract amount. 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 MDFA and OSA.

- D. *Excuse for Nonperformance or Delayed Performance.*** Except with respect to defaults of subcontractors, the Contractor 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 Contractor to make progress in the prosecution of the work hereunder which endangers performance) if the Contractor has notified the MDFA 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 Contractor 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 Contractor to meet the Contract requirements. Upon request of the Contractor, the MDFA shall ascertain the facts and extent of such failure, and, if the MDFA determines that any failure to perform was occasioned by any one or more of the excusable causes, and that, but for the excusable cause, the Contractor'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 State under the clause of this Contract entitled "Termination for Convenience". (As used in this Paragraph of this clause, the term "subcontractor" means subcontractor at any tier).
- E. *Erroneous Termination for Default.*** If, after notice of termination of the Contractor'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 Paragraph D (Excuse for Nonperformance or Delayed Performance) of this clause, the rights and obligations of the parties shall, if the Contract contains a clause providing for termination for convenience of the State, be the same as if the notice of termination had been issued pursuant to a 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.

41. Termination Upon Bankruptcy

This Contract may be terminated in whole or in part by the MDFA upon written notice to the Contractor and a copy to OSA, if the Contractor should become the subject of bankruptcy or receivership proceedings, whether voluntary or involuntary, or upon the execution by Contractor of an assignment for the benefit of its creditors. In the event of such termination, Contractor shall be entitled to recover just and equitable compensation for satisfactory work

performed under this Contract, but in no case shall said compensation exceed the total Contract price.

42. Third Party Action Notification

The Contractor shall give the MDFA 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.

43. Trade Secrets, Commercial and Financial Information

It is expressly understood that Mississippi law requires that the provisions of this Contract which contain the commodities purchased or the personal or professional services provided, the price to be paid, and the term of the Contract shall not be deemed to be a trade secret or confidential commercial or financial information and shall be available for examination, copying, or reproduction.

44. Transparency

This Contract, including any accompanying exhibits, attachments, and appendices, is subject to the "Mississippi Public Records Act of 1983," and its exceptions. See Mississippi Code Annotated §§ 25-61-1 *et seq.* and 79-23-1. In addition, this Contract is subject to the provisions of the Mississippi Accountability and Transparency Act of 2008. Mississippi Code Annotated § 27-104-151 *et seq.* Unless exempted from disclosure due to a court-issued protective order, a copy of this executed Contract is required to be posted to the MDFA's independent agency contract website for public access at <http://www.transparency.mississippi.gov>. Information identified by Contractor 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, shall be redacted.

45. Waiver

No delay or omission by the Contractor, MDFA, or OSA in exercising any right, power, or remedy hereunder or otherwise afforded by contract, at law, or in equity shall constitute an acquiescence therein, impair any other right, power or remedy hereunder or otherwise afforded by any means, or operate as a waiver of such right, power, or remedy. No waiver by the Contractor, MDFA, or OSA shall be valid unless set forth in writing by the party making said waiver. No waiver of or modification to any term or condition of this agreement will void, waive, or change any other term or condition. No waiver by the Contractor, MDFA, or OSA of a default will imply, be construed as or require waiver of future or other defaults. 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 this 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.

46. Notices

All notices required or permitted to be given under this Contract shall 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 MDFA and/or the Board: Attention: Executive Director
Mississippi Department of Finance and Administration
501 N. West St., Suite 1301 Woolfolk Building
Post Office Box 267
Jackson, Mississippi 39205-0267

With copy of any notice to: Trust 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

If to the Contractor: Tom Wiygul, CPA, ABV
Harper, Rains, Knight & Company, P.A.
1052 Highland Colony Parkway, Suite 100
Ridgeland, MS 39157

If to OSA: Stephanie Palmertree, CPA, CGMA
Office of the State Auditor
Post Office Box 956
Jackson, MS 39205

47. 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 for Financial Audit Services*;
- B. The *Mississippi Department of Finance & Administration Request for Quotes for Financial Audit Services, dated February 23, 2023*, including any attachments and amendment thereto, attached hereto as *Exhibit B* and incorporated fully herein by reference; and
- C. The *Contractor's Response to the Mississippi Department of Finance & Administration Request for Quotes for Financial Audit Services, dated March 2, 2023*, attached hereto as *Exhibit C* and incorporated fully herein by reference.

The Remainder of this Page is Left Blank Intentionally

IN WITNESS WHEREOF, the parties hereto have caused this Contract to be effective upon the date this Contract is signed by all three parties:

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

Mississippi Department of Finance and Administration

By: Kimberly Strong
Name: Kimberly Strong
Title: Director
Date: 3/27/2023

By: Liz Welch
Name: Liz Welch
Title: Executive Director
Date: 4-3-2023

Office of the State Auditor

By: Stephanie Palmertree
Name: Stephanie Palmertree
Title: Deputy State Auditor
Date: 3/23/23

Exhibit A *Fee Schedule for Financial Audit Services*

The Contractor's hourly unit rates, along with maximum annual project rates, to provide financial audit services rendered to the Mississippi State Agencies Self-Insured Workers' Compensation Trust under this agreement are listed below:

Unit Rates					
Hourly Fee By Position	Year 1 8/9/23 – 6/30/24	Year 2 7/1/24 – 6/30/25	Year 3 7/1/25 – 6/30/26	Year 4 7/1/26 – 6/30/27	Year 5* 7/1/27 – 6/30/28
Partner	\$250.00	\$263.00	\$257.00	\$289.00	\$303.00
Manager	\$175.00	\$184.00	\$193.00	\$202.00	\$212.00
Supervisor	\$125.00	\$130.00	\$138.00	\$145.00	\$152.00
Senior	\$110.00	\$115.00	\$121.00	\$127.00	\$134.00
Clerical	\$75.00	\$79.00	\$83.00	\$87.00	\$91.00
	Year 1 Audit	Year 2 Audit	Year 3 Audit	Year 4 Audit	Year 5 Audit*
Maximum Project Fee	\$15,000.00	\$15,450.00	\$15,900.00	\$16,380.00	\$16,870.00
Direct Expense (not to exceed)**	\$660.00	\$660.00	\$660.00	\$660.00	\$660.00
Total (not to exceed)	\$15,660.00	\$16,110.00	\$16,560.00	\$17,040.00	\$17,530.00

*Applicable in the event the optional one-year contract renewal is exercised by MDFA and OSA.

**This fee is for an independent valuation service or test of the market values of the investments held by the Trust (i.e., a sample of investments is sent to obtain the market price for the sample). This fee also includes any additional amounts for mileage, presentation at annual conference, copies, etc.

Maximum project fees are not to be construed as the annual fees to be paid for each project. The amount paid for the specified annual audit project will be the lesser of the total fees based on the hourly fee schedule above, or the stated maximum project cost above. Maximum project fees include any and all necessary expenses, unless otherwise approved by MDFA.

The above rates shall constitute the entire compensation due to the Contractor for services rendered. All pricing includes all associated costs with no additional or hidden fees. The pricing listed above is inclusive of, but not limited to, the following: All required equipment/material(s); All required insurance, bond, or other surety; All required overhead/profit; All required applicable taxes; All required vehicles; All required fuel and mileage; All required travel; All required labor

and supervision; All required training; All required business and professional certifications, licenses, permits, or fees; and, Any and all other direct or indirect costs, incurred or to be incurred. The fees/rates listed above constitute the entire compensation due to the Contractor for services rendered.

Exhibit B *Mississippi Department of Finance & Administration Request for Quotes for Financial Audit Services, dated February 23, 2023*

MDFA OI Request for Quotes

The Mississippi Department of Finance and Administration (MDFA) Office of Insurance (OI) invites you to submit a quote to provide professional financial auditor services related to the Mississippi State Agencies Self-Insured Workers' Compensation Trust (Trust). The Board of Trustees (Board), through MDFA, and the Office of the State Auditor (OSA) desires to contract with an auditor that specializes in providing Workers' Compensation financial audit services and that has prior experience directly related to the services requested in this Request for Quotes. The MDFA and OSA seeks to enter into a **muti-term, firm fixed price contract** for the aforementioned services. The period of performance of any contract resulting from this request for quotes will be four years with one optional one-year renewal.

Please return your quote by 3:00 PM CST on Thursday, March 2, 2023, via email, to InsuranceRFP@dfa.ms.gov.

1.0 Scope of Services/Specifications

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

- 1.1 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 Rule 1.7(B) (2) (b) (2) 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.
- 1.2 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. The Auditor must perform the following procedures unless otherwise advised in writing by MDFA and OSA:
 - A. Hold an entrance conference with the Auditor's auditor-in-charge, MDFA's Internal Audit Staff, Trust Administrator, and OSA's authorized representatives prior to commencement of any work in order to determine the scope of services, and other related factors.
 - B. If applicable, provide an "in-relation-to" conclusion on the supporting schedules based on the auditing procedures applied during the audit of the selected funds' basic financial statements.

MDFA OI Request for Quotes

- C. If applicable, perform certain limited procedures involving required supplementary information required by the Governmental Accounting Standards Board as mandated by generally accepted in the United States of America auditing standards.
 - D. Examine the June 30 GAAP reporting packages and underlying records for completeness and accuracy for inclusion in the State of Mississippi's Comprehensive Annual Financial Report.
 - E. Prepare and post entries to the trial balance as needed in order to adjust the trial balances. These adjusting entries should be prepared on the MDFA entry standardized forms and submitted to the Trust for approval and then submitted to OSA for review and processing within due dates specified by OSA.
 - F. Prepare a schedule of uncorrected misstatements, have Trust management approve the schedule, and submit it to OSA for inclusion in communication to MDFA.
 - G. Provide OSA the planning materiality level(s) used on the audits of fund GAAP reporting packets for use in performing analysis of unaudited aggregated funds and accounts for the CAFR.
 - H. Complete audit reports on the fair presentation of state treasury funds audited in conformity with generally accepted accounting principles in the United States of America.
 - I. Prepare a letter to management on suggestions for improvement in internal control and correction of any noncompliance matters.
 - J. Conduct an exit conference upon giving prior notice to MDFA and OSA.
 - K. Obtain a plan of corrective action from the Trust as needed and in accordance with instructions provided by OSA.
 - L. Submit to the OSA a completed "Request for Representations from Other Auditor."
- 1.3** 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.
- 1.4** Following completion of the audit, the Auditor will issue a *Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards* (GAGAS report) on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with Government Auditing Standards. While the objective of the audit of the financial statements is not to report on the Trust's internal control over financial reporting and the Auditor is not obligated to search for material weaknesses or significant deficiencies as part of its audit of the financial statements, this report will include any material weaknesses and 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

MDFA OI Request for Quotes

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. This report will also include instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the financial statements or other financial data significant to the audit objectives and any other instances that warrant the attention of those charged with governance; noncompliance with provisions of contracts that has a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives; or abuse that is material, either quantitatively or qualitatively. The report will describe its purpose and will state that it is not suitable for any other purpose.

- 1.5** 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.
- 1.6** 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 personnel to whom the Auditor's staff may direct inquiries.
- 1.7** 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.
- 1.8** 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.
- 1.9** 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.

MDFA OI Request for Quotes

- 1.10** The Auditor acknowledges that the Trust 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)*.
- 1.11** The scheduling and completion dates for the annual audits will be established by MDFA and OSA to ensure compliance with internal deadlines, MWCC Rule 1.7(B) (2) (b) (2) deadlines, and *CAFR* completion deadlines. Unless otherwise agreed to in writing by the Trust and the Auditor, the audit must be completed and final report(s) issued to the Trust no later October 1 of each year in which the audited fiscal year ends.
- 1.12** The Trust 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 claim administrator and actuary.
- 1.13** Upon completion of each annual audit, the Auditor will provide to the Board, ten (10) bound copies, one (1) unbound copy, and one electronic copy in PDF® format of the audited financial statements and any related reports.
- 1.14** 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*.
- 1.15** The Auditor will maintain full and accurate records with respect to all matters covered under this Contract. Additionally, at the request of MDFA, provide MDFA all spreadsheets, assumptions, and calculations for any project authorized and funded by the Board in a format acceptable to MDFA.
- 1.16** 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.
- 1.17** As requested by MDFA, 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/accounting consultative services, technical advice and/or training in related workers' compensation accounting issues/procedures directly related to the audit of the financial statements.
- 1.18** If so requested by MDFA, 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.

MDFA OI Request for Quotes

1.19 As requested by MDFA, provide other such services for which the Auditor has the technical capability to render.

1.20 It is mutually understood and agreed by both parties that this Contract is not necessarily be an exclusive contract and that the Board and/or MDFA is free to contract with other professionals to perform similar and like services as those contained in this contract.

2.0 Insurance, Bonds, or Other Sureties: The Vendor shall, at its own expense, obtain and maintain insurance, which shall include **Workers Compensation coverage** as required by the State of Mississippi with coverage for all states of operation that apply to the performance of scope of work and **Professional Liability with at least One Million Dollars (\$1,000,000) per occurrence and Three Million Dollars (\$3,000,000) annual aggregate**. In no event shall the requirement for an insurance, bond, or other surety be waived. The State of Mississippi will be listed as an additional insured on the professional liability policy and all insurance policies shall be issued by insurance companies authorized to do business under the laws of the State of Mississippi, meaning insurance carriers must be licensed or hold a Certificate of Authority from the Mississippi Insurance Department. The Vendor shall not commence work under this Contract until it obtains all insurance and/or bond required under this provision and furnishes a certificate or other form showing proof of current coverage to the State. After work commences, the Vendor will keep in force all required insurance and/or bond until the contract is terminated or expires. The Vendor shall submit renewal certificates as appropriate during the term of the contract. The Vendor shall ensure that should any of the above-described policies be cancelled before the expiration date thereof, or if there is a material change, potential exhaustion of aggregate limits or intent not to renew insurance and/or bond coverage(s), that written notice will be delivered to the MDFA. There shall be no cancellation, material change, potential exhaustion of aggregate limits or non-renewal of insurance and/or bond coverage(s) to Agency. Any failure to comply with the reporting provisions of this clause shall constitute a material breach of Contract and shall be grounds for immediate termination of this Contract by MDFA.

MDFA OI Request for Quotes

Attachment A QUOTE COVER SHEET

Name of Company: _____

Quoted By (Name, Title): _____

Signature: _____

Address: _____

City/State/Zip: _____

Telephone: _____

Fax Number: _____

E-Mail Address: _____

Name, title, phone number, and email address of Company Representative to be contacted by Agencies seeking to contract for services pursuant to this Request for Quotes: _____

In addition to providing the above contact information, please answer the following questions regarding your company:

1. Are you currently registered as a Supplier in MAGIC? If known, what is your supplier number?
2. Does your quote package contain any trade secrets, confidential commercial or financial information?
3. What month and year was your company started/established?
4. Please provide the physical location and mailing address of your company's home office, principal place of business, and place of incorporation.
5. List the office that will service the MDFA OI. If it is located at a different address than the home office, provide the complete address, phone number, and facsimile number for this office.
6. Is your company currently for sale or involved in any transaction to expand or to become acquired by another business entity? If yes, please discuss the impact both in organizational and directional terms.
7. Is your company licensed, certified, and/or possess permits that are applicable to provide the services as required in this Request for Quotes and by any and all applicable Federal and State law(s)?

MDFA OI Request for Quotes

Attachment B Fee Schedule

Company	Contact Person	Telephone Number

Pricing must be firm, flat dollar amounts, as percentage of other variable amounts will not be accepted. The Board requires a guaranteed flat maximum project rate to provide claims and performance audit services. All pricing should include all associated costs with no additional or hidden fees. The pricing quoted shall constitute the entire compensation due to the vendor for services rendered. The pricing quoted shall be inclusive of, but not limited to, the following: All required equipment/material(s); All required insurance, bond, or other surety; All required overhead/profit; All required applicable taxes; All required vehicles; All required fuel and mileage; All required travel; All required labor and supervision; All required training; All required business and professional certifications, licenses, permits, or fees; and, Any and all other direct or indirect costs, incurred or to be incurred.

Our firm's unit rates (hourly charges), along with maximum annual project rates to provide financial audit services are listed below.

HOURLY FEE BY POSITION	Year 1 8/9/23 – 6/30/24	Year 2 7/1/24 – 6/30/25	Year 3 7/1/25 – 6/30/26	Year 4 7/1/26 – 6/30/27	Year 5* 7/1/27 – 6/30/28
Partner					
Manager					
Supervisor					
Senior					
Clerical					

** Optional Renewal Period*

Maximum project fees are not to be construed as the annual fees to be paid for each project. The amount paid for the specified annual project will be the lesser of the total fees based on the fee schedule above, or the stated maximum project cost listed below. Maximum project fees include any and all necessary expenses, unless otherwise approved by MDFA.

	Year 1 Audit	Year 2 Audit	Year 3 Audit	Year 4 Audit	Year 5 Audit*
Annual Project Fee					

By signing below, the company Representative certifies that he/she has authority to bind the company, and

MDFA OI Request for Quotes

further acknowledges and certifies on behalf of the company:

1. That he/she has thoroughly read and understands the Request for Quotes and Attachments thereto;
2. That the company meets all requirements and acknowledges all certifications contained in the Request for Quotes and Attachments thereto;
3. That the company agrees to all provisions of the Request for Quotes and Attachments thereto;
4. That the company will perform the services required at the prices quoted above;
5. That, to the best of its knowledge and belief, the cost or pricing data submitted is accurate, complete, and current as of the submission date;
6. The Contractor represents that its workers are licensed, certified and possess the requisite credentials to provide Tort Claims and Performance Audit Services; and,
7. **NON-DEBARMENT:** By submitting a quote, the vendor certifies that it *is not* currently debarred from submitting quotes for contracts issued by any political subdivision or agency of the State of Mississippi and that it *is not* an agent of a person or entity that is currently debarred from submitting quotes for contracts issued by any political subdivision or agency of the State of Mississippi.
8. **INDEPENDENT PRICE DETERMINATION:** The vendor certifies that the prices submitted in response to the solicitation have been arrived at independently and without, for the purpose of restricting competition, any consultation, communication, or agreement with any other vendor or competitor relating to those prices, the intention to submit a quote, or the methods or factors used to calculate the prices quoted/bid/offered.
9. **PROSPECTIVE CONTRACTOR'S REPRESENTATION REGARDING CONTINGENT FEES:** The prospective contractor represents as a part of such Contractor's quote that such Contractor *has not* retained any person or agency on a percentage, commission, or other contingent arrangement to secure this Contract.
10. **REPRESENTATION REGARDING CONTINGENT FEES:** 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 other contingent fee, except as disclosed in the Contractor's quote.
11. **REPRESENTATION REGARDING GRATUITIES:** 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 6-204 (Gratuities) of the *PPRB OPSCR Rules and Regulations*.

Company Name: _____

Printed Name of Representative: _____

Date: _____

Signature: _____

Note: Failure to sign the fee schedule may result in the quote being rejected as non-responsive. Modifications or additions to any portion of this fee schedule document may be cause for rejection of the quote.

Exhibit C *Contractor's Response to the Mississippi Department of Finance & Administration
Request for Quotes for Financial Audit Services, dated March 2, 2023*

MDFA OI Request for Quotes

Attachment A QUOTE COVER SHEET

Name of Company: Harper, Rains, Knight & Company, P. A. ("HRK")

Quoted By (Name, Title): Kimberly Strong, CPA, CFE, Audit Director

Signature: _____

Address: 1052 Highland Colony Parkway, Suite 100

City/State/Zip: Ridgeland, Mississippi 39157

Telephone: 601-605-0722

Fax Number: 601-605-0733

E-Mail Address: kstrong@hrkcpa.com

Name, title, phone number, and email address of Company Representative to be contacted by Agencies seeking to contract for services pursuant to this Request for Quotes: Kimberly Strong, CPA, CFE, Audit Director, 601-605-0722, kstrong@hrkcpa.com

In addition to providing the above contact information, please answer the following questions regarding your company:

1. Are you currently registered as a Supplier in MAGIC? If known, what is your supplier number?
No, we are not currently registered as a supplier in MAGIC, although we do have view access to MAGIC in conjunction with some of our work auditing other funds/components for the State.
2. Does your quote package contain any trade secrets, confidential commercial or financial information?
No, our quote does not contain any of the above information.
3. What month and year was your company started/established?
HRK was established on January 1, 1994, through the merger of two (2) local Certified Public Accounting (CPA) firms that had been in existence for over thirty (30) years. Our firm's home office is in Ridgeland, Mississippi. We also have an office in Washington, DC.
4. Please provide the physical location and mailing address of your company's home office, principal place of business, and place of incorporation.
Harper, Rains, Knight & Company, P.A. ("HRK")
1052 Highland Colony Parkway, Suite 100
Ridgeland, Mississippi 39157

Ridgeland, Mississippi is the location of our home office and our principal place of business. We are incorporated in the state of Mississippi. We have an office in Washington, DC out of which we perform the majority of our federal audits.

5. List the office that will service the MDFA OI. If it is located at a different address than the home office, provide the complete address, phone number, and facsimile number for this office.
All services related to the MDFA OI will be performed out of and by persons located in our Ridgeland, Mississippi office.
6. Is your company currently for sale or involved in any transaction to expand or to become acquired by another business entity? If yes, please discuss the impact both in organizational and directional terms.
Our firm is not currently for sale or involved in any transaction to expand or to become acquired by another business entity.
7. Is your company licensed, certified, and/or possess permits that are applicable to provide the services as required in this Request for Quotes and by any and all applicable Federal and State law(s)?
Our firm is licensed, certified, insured and possesses all permits that are applicable to provide the services required by the Request of Quote and any and all applicable laws.

MDFA OI Request for Quotes

Attachment B Fee Schedule

Harper, Rains, Knight & Company, P. A. ("HRK")	Kimberly Strong, CPA, CFE	601-605-0722
---	---------------------------	--------------

Pricing must be firm, flat dollar amounts, as percentage of other variable amounts will not be accepted. The Board requires a guaranteed flat maximum project rate to provide claims and performance audit services. All pricing should include all associated costs with no additional or hidden fees. The pricing quoted shall constitute the entire compensation due to the vendor for services rendered. The pricing quoted shall be inclusive of, but not limited to, the following: All required equipment/material(s); All required insurance, bond, or other surety; All required overhead/profit; All required applicable taxes; All required vehicles; All required fuel and mileage; All required travel; All required labor and supervision; All required training; All required business and professional certifications, licenses, permits, or fees; and, Any and all other direct or indirect costs, incurred or to be incurred.

Our firm's unit rates (hourly charges), along with maximum annual project rates to provide financial audit services are listed below.

HOURLY FEE BY POSITION	Year 1 8/9/23 – 6/30/24	Year 2 7/1/24 – 6/30/25	Year 3 7/1/25 – 6/30/26	Year 4 7/1/26 – 6/30/27	Year 5* 7/1/27 – 6/30/28
Partner	\$250	\$263	\$275	\$289	\$303
Manager	\$175	\$184	\$193	\$202	\$212
Supervisor	\$125	\$130	\$138	\$145	\$152
Senior	\$110	\$115	\$121	\$127	\$134
Clerical	\$75	\$79	\$83	\$87	\$91

** Optional Renewal Period*

Maximum project fees are not to be construed as the annual fees to be paid for each project. The amount paid for the specified annual project will be the lesser of the total fees based on the fee schedule above, or the stated maximum project cost listed below. Maximum project fees include any and all necessary expenses, unless otherwise approved by MDFA.

	Year 1 Audit	Year 2 Audit	Year 3 Audit	Year 4 Audit	Year 5 Audit*
Annual Project Fee	\$15,000	\$15,450	\$15,900	\$16,380	\$16,870
Direct expense (not to exceed)	660	660	660	660	660
Total (not to exceed)	\$15,660	\$16,110	\$16,560	\$17,040	\$17,530

MDFA OI Request for Quotes

By signing below, the company Representative certifies that he/she has authority to bind the company, and further acknowledges and certifies on behalf of the company:

1. That he/she has thoroughly read and understands the Request for Quotes and Attachments thereto;
2. That the company meets all requirements and acknowledges all certifications contained in the Request for Quotes and Attachments thereto;
3. That the company agrees to all provisions of the Request for Quotes and Attachments thereto;
4. That the company will perform the services required at the prices quoted above;
5. That, to the best of its knowledge and belief, the cost or pricing data submitted is accurate, complete, and current as of the submission date;
6. The Contractor represents that its workers are licensed, certified and possess the requisite credentials to provide Tort Claims and Performance Audit Services; and,
7. **NON-DEBARMENT:** By submitting a quote, the vendor certifies that it *is not* currently debarred from submitting quotes for contracts issued by any political subdivision or agency of the State of Mississippi and that it *is not* an agent of a person or entity that is currently debarred from submitting quotes for contracts issued by any political subdivision or agency of the State of Mississippi.
8. **INDEPENDENT PRICE DETERMINATION:** The vendor certifies that the prices submitted in response to the solicitation have been arrived at independently and without, for the purpose of restricting competition, any consultation, communication, or agreement with any other vendor or competitor relating to those prices, the intention to submit a quote, or the methods or factors used to calculate the prices quoted/bid/offered.
9. **PROSPECTIVE CONTRACTOR'S REPRESENTATION REGARDING CONTINGENT FEES:** The prospective contractor represents as a part of such Contractor's quote that such Contractor *has not* retained any person or agency on a percentage, commission, or other contingent arrangement to secure this Contract.
10. **REPRESENTATION REGARDING CONTINGENT FEES:** 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 other contingent fee, except as disclosed in the Contractor's quote.
11. **REPRESENTATION REGARDING GRATUITIES:** 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 6-204 (Gratuities) of the PPRB OPSCR Rules and Regulations.

Company Name: Harper, Rains, Knight & Company, P. A. ("HRK")

Printed Name of Representative: Kimberly Strong

Date: 3/2/2023

Signature: Kimberly Strong

Note: Failure to sign the fee schedule may result in the quote being rejected as non-responsive. Modifications or additions to any portion of this fee schedule document may be cause for rejection of the quote.



Harper, Rains, Knight & Company

**REQUEST FOR QUOTATION:
FINANCIAL AUDIT SERVICES**

**MISSISSIPPI DEPARTMENT OF
FINANCE AND ADMINISTRATION**

**Mississippi State Agencies Self-Insured Workers'
Compensation Trust**

NAME OF FIRM:

Harper, Rains, Knight & Company, P.A.
1052 Highland Colony Parkway, Suite 100
Ridgeland, Mississippi 39157

CONTACT INFORMATION:

PRIMARY CONTACT

Kimberly Strong, CPA, CFE
1052 Highland Colony Parkway, Suite 100
Ridgeland, Mississippi 39157
601-605-0722, ext. 230
kstrong@hrkcpa.com

SECONDARY CONTACT

Thomas J. Wiygul, CPA/ABV
1052 Highland Colony Parkway, Suite 100
Ridgeland, Mississippi 39157
601-605-0722, ext. 243
twiygul@hrkcpa.com

SUBMISSION DATE:

MARCH 2, 2023



March 2, 2023

Mississippi State Agencies Self-Insured Workers' Compensation Trust
c/o Mississippi Department of Finance and Administration,
Procurement and Contracts, Office of Insurance
501 North West Street, Suite 901
Jackson, MS 39201

insuranceRFP@dfa.ms.gov

Dear Sir/Madam:

We are pleased to submit the accompanying proposal to provide financial audit services for years ending June 30, 2023, 2024, 2025 and 2026, with one optional one-year renewal, for the Mississippi State Agencies Self-Insured Workers' Compensation Trust ("the Trust"). We value our position as auditors for the Trust and hope to continue that relationship.

Harper, Rains, Knight and Company, P.A. ("HRK") 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. Also, HRK certifies that the prices submitted in response to the RFP have been arrived at independently and without – for the purpose of restricting competition – any consultation, communication, or agreement with any other proposer or competitor relating to those prices, the intention to submit a proposal, or the methods or factors used to calculate the fees proposed.

We believe our experience in providing services to workers' compensation carriers and the insurance industry give us the ability to deliver quality professional services to the Trust. We will be pleased to discuss the terms of this proposal with you at any time. We look forward to hearing from you.

Sincerely yours,

HARPER, RAINS, KNIGHT & COMPANY, P.A.

Kimberly Strong, CPA, CFE

Certified Public Accountants • Consultants • hrkcpa.com

1052 Highland Colony Parkway, Suite 100
Ridgeland, MS 39157
p: 601-605-0722 • f: 601-605-0733

700 12th Street NW, Suite 700
Washington, DC 20005
p: 202-558-5162 • f: 601-605-0733

TABLE OF CONTENTS

	Page
Letter of Transmittal	1
Table of Contents	2
Firm Profile - Organization, Size and Structure	3
Firm Qualifications	4
Resume Summaries - Proposed Audit Team	5
Scope of Work and Fee Proposal	6
References	8
Peer Review	10

FIRM PROFILE – ORGANIZATION, SIZE AND STRUCTURE

HRK is a service-oriented certified public accounting firm dedicated to providing its clients with quality accounting, auditing, tax and consulting services while maintaining and enhancing a reputation for performing services meeting the highest standards of the public accounting profession. We believe the continued growth and success of our firm is dependent upon our ability to maintain the highest standards of service to our clients.

HRK has been in existence for over five (5) decades. HRK was established in 1994 through the merger of two (2) local Certified Public Accounting ("CPA") firms that had been in existence for over thirty (30) years. Our firm's home office is in Ridgeland, Mississippi. We also have an office in Washington, DC.

General Information

Harper, Rains, Knight & Company, P.A. 1052 Highland Colony Parkway, Suite 100 Ridgeland, Mississippi 39157 Telephone: (601) 605-0722 ext. 230 Fax: (601) 605-0733 Email: kstrong@hrkcpa.com Website: www.hrkcpa.com EIN: 64-0809101	Branch Office: 700 12th Street NW, Suite 700 Washington D.C. 20005
--	--

HRK is a professional association with seventy-nine (79) employees. In addition to Certified Public Accountants ("CPA's"), our firm has on staff four (4) Certified Information Systems Auditors ("CISA"), four (4) Certified Fraud Examiners ("CFE"), two (2) Accredited in Business Valuation ("ABV") and one (1) Certified Financial Examiner ("CFE") staff. A breakdown of our employees by department and classification is as follows:

Size of Firm, Classification and Employee Designations

Total Employees by Classification	Audit and Compliance & Risk Management	Tax	Business Accounting Services	Administrative Staff
Directors	8	4		
Senior Managers	5	2	1	
Managers	5	1		
Supervisors	8	1		
Senior Accountants	16	4		
Staff Accountants	8	1	6	
Administrative Staff				9
Total Employees (79)	50	13	7	9

Firm Professional Memberships

American Institute of Certified Public Accountants (AICPA)
AICPA Employee Benefit Plans Audit Quality Center (EBPAQC)
Mississippi Society of Certified Public Accountants (MSCPA)
Association of Certified Fraud Examiners (ACFE)
Information Systems Audit Control Association (ISACA)
Mississippi Association of Self-Insurers (MASI)
Healthcare Financial Management Association (HFMA)

FIRM QUALIFICATIONS

CURRENT AND FORMER INSURANCE CLIENTS THAT SUPPORT OVER 30 YEARS OF EXPERIENCE

American Funeral Assurance Company
American Protective Life Insurance Company
AmFed Holding Company, LLC
Capital Mutual Life Insurance Company
Commerce National Life Insurance Company
District of Columbia Workmen's Compensation Act
Special Fund
Family Guaranty Life Insurance Company
Federal Employment Compensation Act
Fidelity Standard Life Insurance Company
Financial Security Life Insurance Company
First American Christian Society
First Financial Life Insurance Company
First M&F Life Insurance Company
Gulf Guaranty Life Insurance Company
(consulting)
Gulf Guaranty Insurance Company (consulting)
Harrison Life Insurance Company
Home Security Life Insurance Company
Life Insurance Company of Mississippi
Longshore and Harbor Workers' Compensation
Magnolia Guaranty Life Insurance Company
Mississippi American Life Insurance Company
Mississippi Comprehensive Health Insurance Risk
Pool Association
Mississippi Funeral Assurance Corporation
Mississippi Life and Health Insurance Guaranty
Fund
Mississippi State Rating Bureau
Mississippi Rural Risk Underwriting Association
Mississippi Windstorm Underwriting Association
MS Casualty Insurance Company
MS Life Insurance Company
Peoples Assured Family Life Insurance Company
South East Managed Care Organization
State Institutions of Higher Learning Tort Liability
Fund
United States Department of Labor Federal
Employee Compensation Administration
Unity Life Insurance Company
University of Mississippi Medical Center Tort
Claims Fund

HRK has a long history of providing services to the insurance industry. We provide auditing, consulting, tax and examination services to numerous life, accident and health, and property and casualty insurance entities. We have provided in excess of 150,000 hours of service for insurance companies and Federal and State insurance organizations.

CURRENT AND PRIOR WORKERS' COMPENSATION CLIENTS*

Mississippi State Agencies Self-Insured
Workers' Compensation Trust

State Institutions of Higher Learning Self-
Insured Workers' Compensation Fund

Longshore Division of the United States
Department of Labor

SouthGroup Insurance and
Financial Services LLC and Subsidiaries

Stoneville Insurance Company in Liquidation

Builders and Contractors Associations of
Mississippi Self Insurers Fund ("BCAM")

Mississippi Physicians Insurance Company (in
run-off)

Mississippi Casualty Insurance Company
(company sold)

AmFed National Insurance Company
(company sold)

AmFed Casualty Insurance Company
(company sold)

AmFed Advantage Insurance Company
(company sold)

AmFed Protect Cell Captive Insurance
Company

Cardinal Comp, Inc.

Our firm has a long history of providing services to the insurance industry. We currently perform five (5) risk pool audits for agencies of the State of Mississippi or corporations created by State law. In addition, our firm has conducted a special project for Longshore to verify the accuracy of filings by insurance carriers and self-insured employers of benefit payments under the Longshore Workers' Compensation Act since 1992.

We also provide auditing and consulting services to numerous other life, accident and health, and property and casualty insurance entities. Kimberly Strong, CPA, CFE, the audit director of HRK, serves as an Examiner-in-charge for multiple insurance examinations, including workers' compensation insurers, for the Mississippi Insurance Department.

RESUME SUMMARIES – PROPOSED AUDIT TEAM

■ **Ms. Kimberly Strong, CPA, CFE**



■ Ms. Kimberly Strong, CPA, CFE is currently a shareholder and director of HRK. She serves as the Director over our audit division and will serve as the engagement director for this engagement. Ms. Strong will be primarily responsible for the overall conduct and quality of the engagement and its timely completion. Ms. Strong has over fourteen (14) years of governmental and risk pool audit experience and over twenty-five (25) years of experience examining insurance entities. She is a Certified Public Accountant in the State of Mississippi, License #6201 and a Certified Financial Examiner, License #9182. Ms. Strong is in good standing to practice public accounting. She has completed forty (40) hours of continuing professional education each year, twenty-four (24) hours every two years that directly relates to government auditing in compliance with *Government Auditing Standards* and meets the continuing education requirements of the Mississippi State Board of Public Accountancy. Ms. Strong graduated with a Bachelor of Accounting from Mississippi State University in 1993, and a Master of Accounting with a concentration in computer systems from Mississippi State University in 1994. She is a member of the American Institute of Certified Public Accountants, Mississippi Society of Certified Public Accountants, Society of Financial Examiners, Mississippi Association of Self-Insurers and Mississippi Bankruptcy Conference.

■ **Mr. Tom Wiygul, CPA, ABV**



■ Mr. Wiygul, CPA, ABV is currently a shareholder and director of HRK and will serve as the quality assurance director for this engagement. Mr. Wiygul has thirty-seven (37) years of auditing experience with extensive experience auditing government entities. Mr. Wiygul will be available at all times to consult with the Trust's management on auditing and other matters. Mr. Wiygul is licensed to practice public accounting by the Mississippi State Board of Accountancy under license number 3055. In addition, Mr. Wiygul is accredited in Business Valuation. Mr. Wiygul's professional affiliations include the American Institute of Certified Public Accountants, Mississippi Society of Certified Public Accountants, Society of Financial Examiners, and Mississippi Association of Self-Insurers. Mr. Wiygul earned his Master of Professional Accountancy and Bachelor of Professional Accountancy at Mississippi State University. He has completed 40 hours of continuing professional education each year and meets the continuing education requirements of the Mississippi State Board of Public Accountancy and of *Government Auditing Standards*.

■ **Eric Michelletti, CPA**



■ Mr. Michelletti is currently a manager in the audit and consulting department of HRK. He has over six (6) years of experience in public accounting in audit and consulting. He will primarily be responsible for independently planning and conducting segments of the audit, instructing, directing and reviewing the work of assigned seniors and staff, and financial reporting. Mr. Michelletti oversees the fieldwork, preparation of workpaper documentation, and the resulting reports for audit engagements. He is a Certified Public Accountant licensed in the State of Mississippi by the Mississippi Board of Public Accountancy. He has completed 40 hours of continuing professional education each year and meets the continuing education requirements of the Mississippi State Board of Public Accountancy.

Mr. Michelletti earned a Master of Taxation and a Bachelor of Professional Accountancy at Mississippi State University. Mr. Michelletti is a member of the American Institute of Certified Public Accountants and the Mississippi Society of Certified Public Accountants.

SCOPE OF WORK AND FEE PROPOSAL

HRK will perform financial audits in accordance with *Governmental Auditing Standards* for the Mississippi State Agencies Self-Insured Workers' Compensation Trust following the statements of financial accounting standards as prescribed by the Governmental Accounting Standards Board for the years ending June 30, 2023, 2024, 2025 and 2026, subject to one optional one-year renewal. As part of our audits, we will perform the following:

- Hold an entrance conference with the Mississippi Department of Finance and Administration ("MDFA") Internal Audit Staff, Trust Administrator and staff, and representatives of the Office of the State Auditor ("OSA") prior to the commencement of audit fieldwork.
- Present required supplementary information as required by the governmental accounting standards.
- Examine the June 30 GAAP reporting packages and underlying records for completeness and accuracy.
- Prepare and present adjusting entries determined during the course of the audit to Trust for approval and to OSA within specified due dates.
- Provide the Trust's Board of Trustees and OSA with a schedule of uncorrected misstatements.
- Provide OSA with planning materiality used in the audits, updated subsequent events and updated representation letters in accordance with group audit standards.
- Conduct an exit conference, as necessary.
- Submit final reports to the Trust no later than October 1st of each year.
- Include the State of Mississippi as an additional insured on HRK's professional liability insurance policy, if required.

HRK's fees for the above services are as follows:

Proposed Fees					
Service	Years Ending June 30,				
	2023	2024	2025	2026	2027 (optional)
Perform financial audit services for the period ending June 30, 2023, 2024, 2025 and 2026, subject to one optional one-year renewal	\$ 15,000	\$ 15,450	\$ 15,900	\$ 16,380	\$ 16,870
Direct expenses (not to exceed)	660	660	660	660	660
TOTAL	\$ 15,660	\$ 16,110	\$ 16,560	\$ 17,040	\$ 17,530

The fees quoted are based on adequate assistance from your staff and the expectation of minimal audit adjustments, if any, to the reported balances. If during the conduct of our audit, we become aware of unexpected, incomplete or untimely receipt of information requested and/or numerous audit adjustments to the reported balances, we will discuss adjustments to the estimated fee before proceeding with the completion of the audit. An invoice will be submitted upon delivery of the audited financial statements and is due upon receipt.

HRK does not bill for response to routine questions which do not require significant research. Response to questions that require significant time to research will be billed at \$125 per hour. An invoice will be submitted upon delivery of the audited financial statements and is due upon receipt.

HRK's fee quote is valid for a minimum of (60) sixty days from the date of this RFQ submission requirement date of March 2, 2023.

REFERENCES:

Mississippi State Agencies Self-Insured Workers' Compensation Trust

Ms. Cindy Bradshaw, State Insurance Administrator, Mississippi Department of Finance and Administration
P. O. Box 24208
Jackson, Mississippi 39225-4208
(601) 359-3411
cindy.bradshaw@dfa.ms.gov

The Mississippi State Agencies Self-Insured Workers' Compensation Trust provides workers' compensation coverage for the more than 25,000 employees of the approximately 100 state agencies, boards and commissions participating in this program. Governed by an elected Board of Trustees and managed by the Department of Finance and Administration's Office of Insurance, this program provides participating State Agencies an affordable source of workers' compensation insurance that includes prompt and accurate claims processing as well as comprehensive risk management services. The Trust's innovative premium methodology provides for rates to be established on each agency's individual claims experience, thus allowing employers more direct control over their workers' compensation costs. Low administrative overhead expense combined with aggressive claims management efforts enable the Trust to keep member premiums extremely competitive.

SouthGroup Insurance and Financial Services, LLC and Subsidiaries

Ms. Candace Slawson, CFO
795 Woodlands Pkwy, Suite 101
P. O. Box 3266
Ridgeland, Mississippi 39157
(601) 914-3220
Candace.Slawson@southgroup.net

SouthGroup Insurance and Financial Services, LLC was formed to provide customer insurance agency activities, including administration, accounting, servicing, marketing and other services for its members. Through the Company, its members write personal and commercial lines of insurance throughout Mississippi. The Company also performs fee-based accounting and other services for non-member affiliate agencies. SouthGroup Jackson, LLC, was formed to write personal, commercial and transportation lines of insurance throughout Mississippi. SouthGroup Greenwood, LLC, was formed to write personal and commercial lines of insurance in the Greenwood, Mississippi area.

The Company primarily operates for the mutual benefit of its members with a significant portion of its operating revenues allocated back to the members in the form of commissions.

Longshore Division of the United States Department of Labor Longshore Division

Mr. Joel Romero, Project Officer/COTR
Department of Labor
200 Constitution Avenue, NW
Washington, DC 20210
COTR Phone Number:
904-366-0282 Office 904-524-2486 Mobile
COTR Email Address:
romero.joel@dol.gov

HRK contracts with the U.S. Department of Labor Longshore Division to review benefit payment information furnished by selected insurance carriers and self-insured employers to determine if the amounts reported are reasonable. HRK has been performing these services for the Longshore Program for twenty-seven (27) years.

AmFed National Insurance Company, AmFed Casualty Insurance Company, AmFed Advantage Insurance Company, BBG Holding Company, LLC, AmFed Protected Cell Captive

Mr. Greg McLemore, Chief Operating Officer
576 Highland Colony Parkway, Suite 300
Ridgeland, Mississippi 39158-1380
601-853-4949
Greg.mclemore@amfed.com

HRK performed statutory audits of AmFed National and its subsidiaries, AmFed Casualty and AmFed Advantage. In addition, HRK audited the consolidated financial statements of BBG Holding Company, AmFed National Insurance Company's parent company and Builders and Contractors Association of Mississippi, the majority owner of BBG Holding Company, LLC in accordance with generally accepted accounting standards. HRK also audits the financial statements of AmFed Protected Cell Captive and its captive cell Cardinal Comp, Inc. under the requirements of the Tennessee Captive Insurance laws.

PEER REVIEW REPORT



American Institute of CPAs
220 Leigh Farm Road
Durham, NC 27707-8110

May 21, 2020

Cecil Harper
Harper, Rains, Knight & Company, P.A.
1052 Highland Colony Pkwy
Ridgeland, MS 39157-8764

Dear Cecil Harper:

It is my pleasure to notify you that on May 20, 2020, the National Peer Review Committee accepted the report on the most recent System Review of your firm. The due date for your next review is February 28, 2023. This is the date by which all review documents should be completed and submitted to the administering entity. Since your due date falls between January and April, you can arrange to have your review a few months earlier to avoid having a review during tax season.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Thank you for your cooperation.

Sincerely,

A handwritten signature in black ink that reads "Michael Fawley". The signature is written in a cursive style.

Michael Fawley
Chair, National PRC
nprc@aicpa.org
+1.919.402.4502

cc: Jeffrey Chandler, Cecil Felder

Firm Number: 900010016411

Review Number: 572535

BORLAND | BENEFIELD

Report on the Firm's System of Quality Control

February 25, 2020

To Harper, Rains, Knight and Company, P.A.
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Harper, Rains, Knight and Company, P.A. (the Firm), applicable to engagements not subject to PCAOB permanent inspection, in effect for the year ended August 31, 2019. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The Firm is responsible for designing a system of quality control and complying with it to provide the Firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The Firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the Firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, a compliance audit under the single audit act and audits of employee benefit plans.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the Firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Harper, Rains, Knight and Company, P.A. , applicable to engagements not subject to PCAOB permanent inspection, in effect for the year ended August 31, 2019, has been suitably designed and complied with to provide the Firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of pass, pass with deficiency(ies) or fail. Harper, Rains, Knight and Company, P.A. has received a peer review rating of pass.

A handwritten signature in black ink that reads "Borland Benefield P.C." with a stylized flourish at the end.

Borland Benefield, P.C.