



**Washington State Auditor
Brian Sonntag**

STATE OF WASHINGTON

**Energy Independence Act, Audit of Renewable Energy and
Conservation Work**

RFP NUMBER 0311-RFP-K251

**Preproposal Teleconference March 22, 2011 at 10:30 a.m. Local Time
in Olympia, Washington**

Proposal Due 2:00 p.m., Local Time in Olympia, Washington, on April 7, 2011

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CHAPTER 1 - INTRODUCTION & DEFINITIONS

1. INTRODUCTION

A. Title – Energy Independence Act, audit of Utilities Renewable Energy and Conservation

These audits will be conducted in accordance with Government Auditing Standards (GAGAS), also known as “Yellow Book,” and American Institute of Certified Public Accountants (AICPA) Auditing Standards.

B. Project Background

Approved by voters in 2006, the Energy Independence Act, also known as [Initiative 937](#) (I-937) requires electric utility companies in the State of Washington to invest in renewable energy sources and energy conservation programs. I-937 requirements are codified in state law: Revised Code of Washington [\(RCW\) 19.285](#) and Washington Administrative Code [\(WAC\) 194-37](#)

For qualifying utilities that are not investor-owned utilities or cooperatives, the State Auditor is responsible for auditing compliance with the RCW 19.285 and WAC 194-37 rules that apply to those utilities. The attorney general is responsible for enforcing compliance.

Under the Energy Independence Act, the State Auditor’s Office (SAO) is responsible to audit utilities with over 25,000 customers that are not investor-owned or cooperatives. The following 12 entities currently meet those criteria:

- **City utilities:**

Seattle City Light	Tacoma Power
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- **PUD’s:**

Benton	Grant
Chelan	Grays Harbor
Clallam	Lewis
Clark	Mason No. 3
Cowlitz	Snohomish

Note: Additional utilities that grow beyond 25,000 customers would be subject to I-937 requirements in the future.

The State Auditor will issue two primary compliance opinions:

1. Did the utility acquire eligible renewable resources or an eligible equivalent to serve at least 3% of its base load? (*This requirement escalates over time.*)
2. Has the utility invested in cost effective conservation programs sufficient to meet or exceed its biennial conservation targets?

Reports will be issued for each electric utility. Those out of compliance will be referred to the Attorney General’s Office, and subject to monetary penalties.

C. SCOPE AND OBJECTIVES

The SAO has expertise and experience performing financial and accountability audits of utilities. Our financial audits are performed under GAGAS and accountability audits are on legal compliance, internal controls, fiscal integrity, and transparency in government. We are developing a high level framework plan to audit each utility’s compliance with I-937 requirements. However, we require Subject Matter Expertise (SME) in Renewable Energy and Energy Conservation along with Consulting and Audit Planning Services to build upon the framework of our plan and create a more robust successive audit plan containing comprehensive audit strategies.

The SAO requires the contractor to assist with **Phase 1: Preplanning** of the audit, by provide a comprehensive audit plan that ensures the successful completion of these audits by December 31, 2012. Consensus on the audit approach and overall plan between the successful contractor and

SAO I-937 Project Management is paramount. We require at a minimum the following elements within the contractor's report:

- Comprehensive audit programs assessing the complexity of each utility's strategy and the level of difficulty to determine compliance with requirements. The contractor will be performing the comprehensive assessment and disclosing the procedures they performed and specific audit procedures.
- The audit plan must identify and analyze energy industry agencies, systems and reporting that can be or should be utilized in the performance of I-937 audits. Such as, but not limited to:
 - Bonneville Power Administration's (BPA) PTR System for tracking conservation programs and BPA's review of utility conservation programs.
 - NW Power and Conservation Council (NWPCC) (and subsidiaries) Power Plans,
 - Regional Technical Forum (RTF) assessment of conservation measures.
 - NW Energy Efficiency Alliance (NEEA) reporting of conservation savings.
 - Western Renewable Energy Generation Information System (WREGIS) tracking of renewable energy credits (REC's).

The contractor will be performing the comprehensive assessment and disclosing the procedures they performed and specific audit procedures.

- Audit efficiencies and other means of acquiring efficiencies must be sought, such as developing strategies for consolidating audit efforts of individual utilities.
- Assessment of audit effort necessary to perform I-937 audits for the first compliance period of 2012. This will include an evaluation of the SAO's in-house capacity to perform audit work, estimate of hours to audit each utility, and assessment of the need for contracted assistance, and resource needs.

1) Audit Process

We anticipate the audit to have the following phases and audit processes. This request for work seeks subject matter expertise in assisting in the development and completion of **Phase 1: Preplanning**, as outlined below:

Phase 1: Preplanning

1. Background Information & Research
2. Resource Planning and Timelines
3. Planning considerations in accordance with professional audit standards
 - a. Government Auditing Standards (Yellow Book), Chapter 6, "General, Field Work, and Reporting Standards for Attestation Engagements" and AICPA Auditing Standards, AT Section 601, "Compliance Attestation."
4. Audit Plan – Articulates the audit procedures to be performed during **Phase 2: Fieldwork**
 - a. Statewide Audit Procedures:
 - i. Common system identification, understanding, & audit approach planning (e.g. PTR/EE Central, WREGIS)
 - b. Utility Specific Audit Procedures:
 - i. Determine audit objective for each applicable compliance requirement
 - ii. Develop audit strategies for determining compliance
 - iii. To the extent possible, identify the expected documentation/information that provides sufficient evidence to determine compliance

Phase 2: Fieldwork

1. Common System Reviews
2. Renewables
 - a. Target Verification
 - b. Resource Acquisition Verification
 - c. REC's verification, as applicable
 - d. Incremental Hydro verification, as applicable
 - e. Other eligible renewable verification

Compliance Opinion – Renewable Target Achievement

3. Conservation
 - a. Target Analysis
 - i. Council
 - ii. Modified Calculator
 - iii. Utility Analysis
 - b. Conservation Achievement
 - i. Traditional RTF Approved measures/programs
 - ii. Custom Projects
 - iii. Other conservation

Compliance Opinion – Conservation Target Achievement

4. Quality Review

Phase 3: Report

1. Issue individual reports for all twelve utilities by December 31, 2012, stating our determination of their compliance with the renewable energy and conservation requirements.
2. Partner with Department of Commerce and Utilities & Transportation Commission on statewide report

2) Audit Scope Information:

Renewables: We are expecting compliance with renewable portfolio standards to be predominantly achieved by wind power acquisitions, REC's, and incremental hydro improvements. Subject Matter Expertise in these areas will be highly desired. WREGIS will be the tracking system for REC's.

Conservation Achievement: We are expecting compliance with the energy conservation requirements to be predominantly achieved through residential, commercial, and industrial sector programs. Conservation program savings will be measured predominantly using the RTF deemed savings. Custom projects will require measurement and verification processes consistent with industry practices to determine conservation savings. Subject Matter Expertise in the area of conservation program management, measurement and verification will be highly desired. BPA conservation tracking system (PTR to be replaced by EE Central) will serve as the primary platform for utilities to track and report conservation achievements toward I-937 compliance.

Conservation Targets: We are expecting conservation targets to be established using all three options: Conservation Calculator, Modified Calculator, & Utility Analysis (WAC 194-37-070). Subject Matter Expertise in conservation potential assessments will be highly desired to

develop audit procedures needed to ensure Utility Analysis targets are established using methodologies consistent with NWPCC.

Audit Effort: The audit is of utility compliance with the laws established under RCW 19.285 and WAC 194-37. The following scenarios describe SAO's initial vision of the extent of the audit effort required to evaluate specific areas:

- Scenario 1a: When the utility has chosen to use the "Conservation Calculator Option" (WAC 194-37-070 (4)), it is the SAO's expectation that simple audit procedures would be necessary to verify the calculated target.
- Scenario 1b: When a utility setting its conservation target chooses the "Utility Analysis Option" (WAC 194-37-070 (6)), it is the SAO's expectation that subject matter expertise would be necessary to evaluate the utility's target setting methodology for consistency with the NWPCC Power Plan.
- Scenario 2a: When a utility reports conservation achievement of programs using the RTF deemed savings (WAC 194-37-060 (1)), it is the SAO's expectation that simple audit procedures would be necessary to verify the conservation savings.
- Scenario 2b: When a utility uses an alternative or modifies the RTF deemed savings of conservation measures (WAC 194-37-060 (1)), it is the SAO's expectation that robust audit procedures would be necessary to determine the reasonableness of utility's calculated conservation savings.

3) Technical Assistance – Subject Matter Expertise

In addition, we are seeking on-call technical assistance in a wide variety of areas in the energy industry that utilities will be involved in to comply with I-937 requirements. The contractor may be asked to assist SAO with responding to questions regarding I-937 from the utilities and others in the industry. After the initial contract period is complete, this work would be on an as needed basis and considered follow-on work. Follow-on work would be issued under negotiated amendments with clearly defined scope and deliverables. The consultant will propose a not-to-exceed hourly rate for follow-on work.

4) Other expectations of the contractor include:

- We anticipate the initial scope and deliverables to be done within approximately 45 days of contract execution.
- The contractor must be able to work cooperatively with the utilities, various stakeholders and key agencies (WA Department of Commerce, WA Utilities and Transportation Commission, NWPCC, and BPA).
- The final report must be presented to SAO executive management and perhaps other parties as requested by SAO. Additional presentations will be considered follow-on work under any contract issued as a result of this work request.
- The contractor will be required to meet weekly with SAO representatives to discuss the project progress, drafting of results, and concluding debrief. Meeting formats are expected to be in person during the initial and final phases of the project. Progress meetings are expected to be via teleconference to minimize disruptions and costs.
- The contractor must be considered independent. The SAO will make the sole determination of independence, based significantly upon whether the contractor has been, is currently, or has entered into a future agreement to perform work or provide services in any capacity to any of the utilities subject to I-937. The contractor is required to disclose the scope and duration of all work performed for any of the utilities subject to I-937.
- The contractor must agree to enter into a confidentiality agreement with the SAO. The contractor must agree not to retain any documentation deemed proprietary by SAO or a

utility. The contractor must also agree not to share or use in the future any knowledge of proprietary information obtained during this project for any reason other than to report the results of this project. The contractor will not be allowed to enter into a confidentiality agreement with any utility or other entity associated with the performance of this contract without express written approval in advance of such agreement by the SAO. Further, the SAO will be under no obligation to allow any confidentiality agreement be entered into between the contractor and any other party associated with the performance of this contract.

- The contractor may be asked to provide training for audit staff during the initial or additional phases of this project. This would be follow-on work on an as-needed basis at the discretion of SAO. The consultant will propose a not-to-exceed, blended hourly rate for follow-on training.
- Any work order issued from this work request will include a follow-on consulting option as needed. The contractor is to provide a not to exceed hourly rate for follow-on consulting in its proposal (must not exceed the maximum rate quoted in the first tier agreement).
- The SAO at its sole discretion may initiate a second phase of work under the initial work order where the selected contractor may perform work on individual utility audits or perform audits to increase capacity as needed to meet timelines.
- Work products and supporting documentation will be numbered, indexed and cross referenced to allow independent verification of the results. All cross references will include applicable page(s), paragraph(s), table(s), etc. within the referenced document.

5) Deliverables:

The deliverables under this work request will include:

Report: At a minimum the report will encompass the above Scope of Work. Anticipated due no later than July 15, 2011, or 45 days following the start of work under the contract, the report shall support the contractor's professional judgments and provide conclusions and recommendations including supporting evidence. The contractor will be expected to work closely and cooperatively with the SAO. The contractor will write the report according to "Plain Talk" standards, as described in Governor's Executive Order 05-03, dated March 24, 2005 (http://www.governor.wa.gov/execorders/eo_05-03.pdf).

Documentation supporting results of project: The contractor agrees that supporting documentation, including all work in process, prepared in connection with this project will be written professionally and will be performed in an acceptable electronic format. The contractor will be required to provide all work to the SAO in electronic format upon request at any moment, interval or frequency, as determined by the SAO. The contractor will provide any newly created work papers to the SAO in the same format in which they were prepared, such as Word or Excel, and not convert them to Adobe .pdf files or other conversion methodologies. During quality review we want unrestricted access to documents allowing the reviewer to insert comments, questions, suggestions, and recommendations for improvement. A deliverable is not considered complete until the SAO determines that it fully supports the information and conclusions included in the report.

Supporting documentation of this project is considered public information and is the property of the SAO. Public requests for copies or viewing of supporting document must be made through the SAO Public Records Officer.

D. MINIMUM QUALIFICATIONS

The following minimum qualifications are intended to ensure the proposer is independent and has adequate experience and expertise to plan and provide consultation services with regard to Utility compliance under I-937.

- The proposer, if awarded the contract, must have or will obtain all necessary licenses to do business in the State of Washington. Refer to this link for guidance:
<http://www.dol.wa.gov/business/licensing.html>
- The proposer must demonstrate that all matters relating to the audit planning and consulting work, the organization and the individual staff are free both in fact and appearance from personal, external and organizational impairments to independence. The proposer will certify its ability to meet the independence standard.
- The proposer must demonstrate that the staff scheduled to perform the audit collectively possess:
 - a. General knowledge of the environment in which the audited entity operates and the subject matter under review.
 - b. Skills to communicate clearly and effectively both orally and in writing.
- The proposer must be aware of and comply with the Washington State Ethics in Public Service laws and rules. Refer to Revised Code of Washington Chapter 42.52 and Washington Administrative Code Chapter 292,
http://www.ethics.wa.gov/ENFORCEMENT/Laws_Rules.htm
- The proposer will provide three relevant client references from past engagements.
 - a. These references will include the company's name, and the contact person's name, title, address, and phone number.
 - b. The proposer's submission of reference information constitutes permission for the State Auditor's Office to contact the references indicated and others who may have pertinent information regarding prior experience and ability to perform the services contemplated in this solicitation.
- A proposer who does not meet these minimum qualifications will be deemed nonresponsive and will not receive further considerations.

E. PERIOD OF PERFORMANCE

Any contract resulting from this RFP is tentatively scheduled to begin on or about May 16, 2011. Amendments extending the period of performance, if any, will be at the sole discretion of the State Auditor's Office. The State Auditor's Office reserves the right, at its discretion, to extend the contract for up to three additional one-year periods.

2. STANDARD DEFINITIONS

Additional definitions can be found in Revised Code of Washington Chapter 39.29, <http://apps.leg.wa.gov/rcw/default.aspx?Cite=39>.

A. AUDITED ENTITY

The audited entities are the public utilities as follows:

City Utilities	
Seattle City Light	Tacoma Power
PUD's	
Benton	Grant
Chelan	Grays Harbor
Clallam	Lewis
Clark	Mason No. 3
Cowlitz	Snohomish

B. AUDIT MANAGER

The State Auditor's Office employee or his/her delegate as signed to review the audit and coordinate with the contractor is the Audit Manager.

C. CONTRACT

Refers to the legally enforceable agreement between the State Auditor's Office and contractor.

D. CONTRACTOR

The firm, provider, organization, individual or other entity, including subcontractors, performing service(s) under this contract, and shall include all personnel of the contractor.

E. CONTRACTOR'S REPRESENTATIVE

An individual designated by the proposer or contractor to act on its behalf and with the authority to legally bind the proposer or contractor concerning the terms and conditions set forth in the solicitation and contract documents.

F. GAO

United States Government Accountability Office.

G. GOVERNMENT AUDITING STANDARDS

Standards established for audits of government organizations, programs, activities, and functions, and of government assistance received by contractors, nonprofit organizations, and other non-governmental organizations. These standards, often referred to as Government Auditing Standards (GAGAS) or the Yellow Book, are to be followed by auditors and audit organizations when required by law, regulation, agreement, contract, or policy. These standards pertain to auditors' professional qualifications, the quality of audit effort, and the characteristics of professional and meaningful audit reports.

Government Auditing Standards can be accessed at:

<http://www.gao.gov/new.items/d07731g.pdf>.

H. ATTESTATION ENGAGEMENTS

Attestation engagements are defined in the Government Auditing Standards, Chapter 1.23 through 1.24.

I. PROPOSAL

A written offer submitted in response to this solicitation.

J. PROPOSER

An individual or organization submitting a proposal in response to this solicitation.

K. RCW

The Revised Code of Washington, laws of Washington State.

L. SOLICITATION COORDINATOR

An individual designated by the State Auditor's Office to act on behalf of the state to administer the solicitation process.

M. STATE AUDITOR'S OFFICE

The State Auditor's Office or SAO shall mean any division, section, office, unit or other entity of the State Auditor's Office, or any of the officers or other officials lawfully representing the State Auditor's Office.

N. SUBCONTRACTOR

An individual or firm not in the employment of the contractor, who is performing all or part of the services under this contract under a separate contract with the contractor. The terms "subcontractor" and "subcontractors" mean subcontractors(s) in any tier.

O. WASHINGTON'S ELECTRONIC BUSINESS SOLUTION (WEBS)

An Internet vendor registration and bid notification system. The system offers one online site where vendors should register to receive State Auditor's Office and other governmental bid notifications.

P. WAC

The Washington Administrative Code, regulations issued by Washington State agencies.

CHAPTER 2 - STANDARD INSTRUCTIONS TO PROPOSERS

This section contains instructions regarding the preparation and submission of proposals.

1. SOLICITATION COORDINATOR

The Solicitation Coordinator is the sole point of contact at the State Auditor's Office for this procurement. All communication between the proposer and the State Auditor's Office will be with the Solicitation Coordinator, as follows:

Kevin Greene
Washington State Auditor's Office
621 8th Ave. SE, Suite 201
P.O. Box 40022
Olympia WA 98504-0022

Physical Address for Hand Delivery or Courier Service:

Washington State Auditor's Office
621 8th Ave. SE, Suite 201
Olympia WA 98504-0022

Telephone Number: (360) 725-9730

Fax Number: (360) 586-0008

E-mail Address: contractmanager@sao.wa.gov

Any other communication will be considered unofficial and nonbinding on the State Auditor's Office. Proposers are to rely only on written statements issued by the Solicitation Coordinator. Communication directed to parties other than the Solicitation Coordinator may result in disqualification of the proposer.

2. PROPOSER'S RESPONSIBILITIES

- A. Read and understand the solicitation document and all attachments.
- B. Seek clarifications if necessary.
- C. Become familiar with and abide by applicable federal laws and Washington State statutes and regulations.
- D. Proposers interested in participating in the preproposal teleconference on March 22, 2011 (see schedule below), must call (360) 407-3780 prior to 10:30 a.m. local time in Olympia, Washington. The PIN code is 266911#.

3. SCHEDULE OF PROCUREMENT ACTIVITIES

Event	Local Time in Olympia, Washington	Date
• Issue Request for Proposals	5:00 pm	March 11, 2011
• Pre-proposal Teleconference (highly recommended but not required).	10:30 am	March 22, 2011
• Last date for questions regarding solicitation.	3:00 pm	March 24, 2011
• Issue addendum to RFP (if applicable)	5:00 pm	March 29, 2011
• Proposals due	2:00 pm	April 7, 2011

• Evaluate proposals	5:00 pm	April 8, 2011
• Conduct oral interviews with finalists, if required.	TBD	April 19-20, 2011
• Announce “Apparent Successful Contractor” and send notification via fax or e-mail to unsuccessful proposers.	TBD	April 25, 2011
• Hold debriefing conferences (as required)	TBD	TBD
• File contract with Office of Financial Management (OFM)	TBD	May 2-13, 2011
• Begin contract work	TBD	Estimate: May 16-20, 2011 Work will begin no sooner than 10 days after filing the contract with OFM.

THE STATE AUDITOR’S OFFICE RESERVES THE RIGHT TO REVISE THIS SCHEDULE

4. VENDOR QUESTIONS AND ANSWERS

Specific questions concerning this solicitation must be submitted in writing (phone calls will not be accepted) to the Solicitation Coordinator at the address specified in Chapter 2.1 of this solicitation. E-mail submission of questions is acceptable. The Solicitation Coordinator must receive questions no later than the time and date specified in Chapter 2.3 titled “**Schedule of Procurement Activities.**”

5. REQUIRED REGISTRATION (WEBS)

This solicitation will be issued via Washington’s Electronic Business Solution (WEBS). Proposers are required to register in WEBS <http://www.ga.wa.gov/webs/>. In WEBS, the RFP can be located under the following commodity codes:

- 1) 9850 – Audit and Financial Services
- 2) 9811 – Management Consulting

This ensures any communications and addenda issued in reference to this solicitation are received by proposers planning to respond with a proposal. Use of WEBS requires an e-mail account. WEBS also keeps track of which documents have been downloaded by registered proposers and sends new notification only to vendors who have downloaded the most recently published bid/amendments. Therefore, it is the proposer’s responsibility to check WEBS for addenda or modifications prior to submitting their proposal. The State and the State Auditor’s Office accept no liability and will provide no accommodation to proposers who fail to check for addenda and submit inadequate or incorrect responses. Proposers should contact the Solicitation Coordinator or WEBS Customer Service (360) 902-7400 (webcustomerservice@ga.wa.gov) with any questions.

6. AMENDMENT TO THE SOLICITATION

In the event that it becomes necessary to revise any part of this solicitation, an amendment will be issued via the WEBS to all vendors who have registered in WEBS as required by Chapter 2.5 of this RFP and downloaded the bid and any prior amendments through WEBS.

Proposal evaluations will be based on the material contained in the solicitation and any addenda and/or amendments issued to the solicitation.

State Auditor’s Office reserves the right to revise the solicitation and/or to issue addenda or amendment(s) to the solicitation. For this purpose, the questions and answers that are submitted to the Solicitation Coordinator and other pertinent information will be provided as an addendum to the solicitation at the discretion of the State Auditor’s Office.

State Auditor's Office also reserves the right to cancel or to reissue the solicitation in whole or in part, prior to execution of a contract. In the event it becomes necessary to revise any part of the solicitation, an amendment will be provided to all those who have registered in WEBS as required by Chapter 2.5 and downloaded the bid and any amendments through WEBS.

If a conflict exists between addenda, amendments, or between an amendment and the solicitation, the document issued last will take precedence.

7. MINORITY & WOMEN-OWNED BUSINESS PARTICIPATION

In accordance with the legislative findings and policies set forth in Chapter 39.19 RCW, the State of Washington encourages participation in all of its contracts by firms certified by the Office of Minority and Women's Business Enterprises (OMWBE). Participation may be either on a direct basis in response to this solicitation or on a subcontractor basis. However, no preference will be included in the evaluation of proposals, no minimum level of minority and women business enterprises' participation will be required as a condition for receiving an award and proposals will not be rejected or considered nonresponsive on that basis. Any affirmative action requirements set forth in federal regulations or statutes included or referenced in the contract documents will apply.

The established annual procurement participation goals for this type of project are ten percent for minority business enterprises and four percent for women business enterprises. These goals are voluntary. Proposers may contact OMWBE at (360) 753-9693 for more information. Information on OMWBE can also be accessed at: www.omwbe.wa.gov

8. GENERAL STANDARDS FOR INDEPENDENCE AND IMPAIRMENTS (REFERENCE GAO-07-731G)

All properly submitted proposals will be screened for compliance with Government Auditing Standards, General Standards for Independence. The Government Auditing Standards Chapter 3.02 defines independence as:

"In all matters relating to the audit work, the audit organization and the individual auditor, whether government or public, must be free from personal, external, and organizational impairments to independence, and must avoid the appearance of such impairments of independence."

The contractor must be considered independent. The SAO will make the sole determination of independence, based significantly upon whether the contractor has been, is currently, or has entered into a future agreement to perform work or provide services in any capacity to any of the utilities subject to I-937 (nonaudit services). The contractor is required to disclose the scope and duration of all work performed for any of the utilities subject to I-937.

As part of their response to this solicitation, proposers will be required to identify nonaudit services (defined in Government Auditing Standards Chapter 1.33-1.34 page 23) let and/or performed within the last four years on behalf of all in-scope audited entities subject to this engagement. Proposers will include a list as part of **Exhibit A, Certifications and Assurances**. This includes any subcontractors that may be employed by the proposer in performance of the contract. If no such services were performed for the audit entity, proposers will so indicate in **Exhibit A, Certifications and Assurances**. Failure of proposers to so identify nonaudit services performed on behalf of the entities subject to this engagement as specified in this section will be deemed nonresponsive and their bids will be rejected. If the State Auditor's Office learns of such nonaudit services subsequent to awarding the contract, and those nonaudit services were not disclosed to the State Auditor's Office by the proposer, the State Auditor's Office may choose not to pay the proposer for work performed under the contract. As part of its evaluation process, the State Auditor's Office will evaluate and determine if a proposer meets this requirement.

9. PROPRIETARY INFORMATION - PUBLIC DISCLOSURE

Materials submitted in response to this solicitation will become the property of State Auditor's Office.

All proposals received will remain confidential until the contract, if any, resulting from this RFP, is signed by the State Auditor's Office and the apparent successful contractor. Thereafter, the proposals may be subject to disclosure pursuant to RCW 42.56, the Public Records Act.

- A. RCW 42.56, Public records: <http://apps.leg.wa.gov/rcw/default.aspx?Cite=42>
- B. Executive Order 00-03, April 25, 2000, Public Records Privacy Protections
- C. Governor Gregoire Directive, February 7, 2006, Washington Public Disclosure Act
http://www.governor.wa.gov/directives/dir_06_02_07.pdf

Any information in the proposal which the proposer desires to claim as proprietary and exempt from public disclosure under the provisions of RCW 42.56 must be clearly designated in its proposal. The proprietary information must be placed in a separate envelope marked with the RFP number, the proposer's name, and the words "Proprietary Data" along with a statement of the basis for such claim of exemption.

The State Auditor's Office will consider a proposer's request for exemption from disclosure; however, the State Auditor's Office will make the decision predicated upon RCW 42.56. Marking the entire proposal exempt from disclosure will not be honored. The proposer must be reasonable in designating information as confidential. If any information is marked proprietary in the proposal, the State Auditor's Office's responsibility to notify will be limited to request(s) for disclosure made within a period of six years from the date of award.

If any information or materials that the proposer has marked as "Proprietary Data" are the subject of a public disclosure request, the State Auditor's Office's only obligation will be to notify the proposer that the request has been made and provide the proposer an opportunity to seek a court injunction against the requested disclosure. The proposer will have five (5) business days to respond to the State Auditor's Office's notice with its intent to seek a court injunction against the requested disclosure. The proposer must seek the injunction within a reasonable timeframe. If the State Auditor's Office receives no response from the proposer within the timeframe specified, the materials and information will be released consistent with the State Auditor's Office policies and procedures under State law.

A charge will be made for copying and shipping public records, as outlined in RCW 42.56.120. No fee will be charged for inspection of contract files, but 24 hours notice to the Solicitation Coordinator is required. All requests for information should be directed to the Solicitation Coordinator.

10. PREPARATION AND SUBMISSION OF PROPOSAL

- A. **Due Date and Time:** Original, signed, sealed proposal(s) must be received at the specified location on or before the specified date and time stated in Chapter 2.3 of this RFP. Late proposals will not be accepted and will be automatically disqualified from further consideration. Postmarks will not be accepted. Proposers who mail proposals should allow normal mail delivery time to ensure timely receipt of their proposals by the Solicitation Coordinator. Proposers who are hand delivering proposals should allow time for traffic congestion. Proposers assume all risk for the method of delivery chosen. The State Auditor's Office assumes no responsibility for delays caused by any delivery service. The proposals must respond to the procurement requirements. Do not respond by referring to material presented elsewhere. The proposal must be complete and must stand on its own merits.

Consultants may submit proposals via email. The proposal, whether emailed, mailed or hand delivered, must be received by the State Auditor's Office no later than the date and time specified in the schedule of procurement activities (see Chapter 2.3). All times are considered local time for Olympia, Washington. The envelope should be clearly marked to the attention of

the Solicitation Coordinator, who is the State Auditor's Office's sole point of contact for this procurement.

- B. Format:** To receive consideration, proposals must be legible and conform to the format specified by the State Auditor's Office. Unless otherwise authorized, proposals must be filled out in ink or with an electronic printer or other similar office equipment and properly signed by an authorized representative of the proposer. Electronic signatures will be accepted. The cover page will show the proposal number, title of the procurement and submission date. Each section will be clearly labeled and separated (with tabs if printed). All changes and/or erasures will be initialed in ink. Unsigned proposals will be rejected.

The electronic version of the proposal must be submitted in Word, Excel or PDF format. No proposals will be accepted via fax. Zipped files cannot be received by the State Auditor's Office and cannot be used for submission of proposals.

Proposal must be organized in nine sections (See Chapter 3 for subheadings and explanations for each section):

1. Letter of Submittal (Pass/Fail)
2. Project Management
3. Technical Proposal
4. Cost Breakdown Fixed-Priced Cost Proposal
5. Signed Fixed-Priced Cost Certification (Exhibit C) (Pass/Fail)
6. Customer References (Pass/Fail)
7. Résumés (Pass/Fail)
8. Signed Certification and Assurances (Exhibit A) (Pass/Fail)
9. Samples of Work (CD copy only) (Pass/Fail)

Proposals will be prepared as instructed and delivered in the order given above (see [Exhibit E](#), Requirements Checklist). Proposers will title and number each item in the same way it appears in each section of Chapter 3 of this RFP.

The letter of submittal, project management, technical proposal and cost proposal sections will not exceed 20 combined total pages using no smaller than a 10-point font.

The following are not included in the 20-page limit: Signed Fixed-Price Cost Certification, Customer References, Team Member Résumés, Signed Certification and Assurances (Appendix A) and Work Samples.

- C. Identification:** Proposals must be submitted in a sealed envelope, addressed as shown below:

Proposer's Return Address Solicitation Number: 0311-RFP-K251 Solicitation Coordinator: Kevin Greene	State Auditor's Office 621 8 th Ave. SE, Suite 201 Mail Stop 40022 Olympia WA 98504-0022
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Late proposals will not be accepted and will be automatically disqualified from further consideration. The proposals must respond to the procurement requirements. Failure to respond to any portion of the procurement document may result in rejection of the proposal as nonresponsive. All proposals and any accompanying documentation become the property of the State Auditor's Office and will not be returned.

11. CONTRACT AND GENERAL TERMS & CONDITIONS

The apparent successful proposer will be expected to enter into a contract that is substantially the same as [Exhibit B](#). **In no event is a proposer to submit its own standard contract terms and conditions in response to this solicitation.** Proposers may submit exceptions as allowed in

Exhibit A, Certifications and Assurances; however, exceptions must be limited to terms that would prevent the proposer from contracting with the State Auditor's Office. The State Auditor's Office will review requested exceptions and accept or reject the same at its sole discretion.

12. COSTS TO PROPOSE

The State Auditor's Office will not be liable for any costs incurred by the proposer in preparation of a proposal submitted in response to this solicitation, in conducting a presentation, or any other activities related to responding to this solicitation.

13. ERRORS AND OMISSIONS IN PROPOSAL

The State Auditor's Office will not be liable for any errors or omissions in proposals. Proposers will not be allowed to alter or supplement their proposal documents after the proposal due date.

14. NO OBLIGATION TO CONTRACT

This RFP does not obligate the State of Washington or the State Auditor's Office to contract for services specified herein.

15. SIGNATURES

The Letter of Submittal, the Certifications and Assurances Form (Exhibit A), and the Fixed-Price Cost Certification Form (Exhibit C) must be signed and dated by a person authorized to legally bind the proposer contractually, e.g., the president or chief executive officer if a corporation, the managing partner if a partnership, or the proprietor if a sole proprietorship.

16. RESPONSIVENESS

All proposals will be reviewed by the Solicitation Coordinator to determine compliance with administrative requirements and instructions specified in this solicitation. Failure to comply with any part of the solicitation may result in rejection of the proposal as nonresponsive.

The State Auditor's Office also reserves the right, however, at its sole discretion, to waive minor irregularities.

17. PROPOSAL REJECTION

Solely, the State Auditor's Office will make a determination of clarity and completeness in the responses to any of the provisions in this solicitation. The State Auditor's Office reserves the right to require clarification, additional information, and materials in any form relative to any or all of the provisions or conditions of this solicitation.

Proposers are specifically notified that failure to comply with any part of the solicitation may result in rejection of the proposal as nonresponsive.

The State Auditor's Office reserves the right, at its sole discretion, to reject any and all proposals received without penalty and not to issue a contract as a result of this solicitation.

18. FAILURE TO COMPLY

THE PROPOSER MUST PROVIDE A RESPONSE TO ALL SECTIONS SPECIFIED AS MANDATORY REQUIREMENT (MR) OR PASS/FAIL. FAILURE TO COMPLY WITH ANY PART OF THE STATE AUDITOR'S OFFICE'S REQUEST FOR PROPOSAL MAY RESULT IN THE FIRM'S PROPOSAL BEING DISQUALIFIED (AND NOT SCORED) FOR BEING NONRESPONSIVE TO THE STATE AUDITOR'S OFFICE'S REQUEST.

19. ACCEPTANCE PERIOD

Proposers will provide 60 days from the due date for receipt of proposals for acceptance by the State Auditor's Office.

20. CONTRACT FORMATION

A submitted proposal is an offer to contract with the State. A proposal becomes a contract when officially accepted in writing by the State. The contract becomes effective upon successful review and/or filing with the Office of Financial Management. All proposals submitted become the property of the State and the State Auditor's Office and shall remain confidential until the contract, if any, resulting from this RFP is signed by the State Auditor's Office and the apparent successful contractor; thereafter, the proposals shall be deemed public records as defined in RCW 42.56.

21. MOST FAVORABLE TERMS

The State Auditor's Office reserves the right to make an award without further discussion of the proposal submitted. Therefore, the proposal should be submitted initially on the most favorable terms that can be proposed. There will be no best and final offer procedure. The State Auditor's Office does reserve the right to contact a proposer for clarification of its proposal during the evaluation process. In addition, the State Auditor's Office reserves the right to enter into contract negotiations with the apparent successful proposer, which may include discussion regarding the terms of the proposal. Contract negotiations may result in incorporation of some, or all, of the proposal. The proposer should be prepared to accept this solicitation for incorporation into a contract resulting from this solicitation. It is also understood that the proposal will become part of the official procurement file.

22. AWARD

Upon award, notification will be sent by the Solicitation Coordinator in writing via e-mail to all participating proposers. Additional information may be obtained by reviewing the purchase/contract file after award. Award results will not be given over the phone.

23. INSURANCE COVERAGE

The successful proposer will provide insurance coverage as set out in this section. The intent of the required insurance is to protect the State Auditor's Office should there be any claims, suits, actions, costs, damages or expenses arising from any negligent or intentional act or omission of the contractor or subcontractor, or agents of either, while performing under the terms of this contract. The contractor will submit to the State Auditor's Office, within 15 days of the contract effective date, a certificate of insurance which outlines the coverage and limits defined in the Insurance section. The contractor will submit renewal certificates as appropriate during the term of the contract.

The contractor will provide insurance coverage, which will be maintained in full force and effect during the term of this contract, as follows:

- A. Commercial General Liability (CGL) Insurance Policy:** Provide a Commercial General Liability Insurance Policy, including contractual liability, in adequate quantity to protect against legal liability arising out of contract activity, but no less than \$1,000,000 per occurrence. Additionally, the contractor is responsible for ensuring that any subcontractors provide adequate insurance coverage for the activities arising out of subcontracts.
- B. Automobile Liability:** In the event that services delivered pursuant to this contract involve the use of vehicles, either owned or not owned by the contractor, automobile liability insurance will be required. The minimum limit for automobile liability is: \$1,000,000 per occurrence, using a Combined Single Limit for bodily injury and property damage.
- C. Professional Liability:** When available, coverages with limits of not less than \$1,000,000 for any one occurrence.
- D. Workers' Compensation Coverage:** Workers' compensation coverage with Washington statutory limits and employer's liability coverage of not less than \$500,000 for employer's liability. The contractor will at all times comply with all applicable workers' compensation, occupational disease, and occupational health and safety laws, statutes and regulations to

the full extent applicable. The State will not be held responsible in any way for claims filed by the contractor or its employees for services performed under the terms of the contract.

E. Employer's Liability ("Stop Gap") Insurance: In addition, the contractor will buy employer's liability insurance and, if necessary, commercial umbrella liability insurance with limits not less than \$1,000,000 each accident for bodily injury by accident or \$1,000,000 each employee for bodily injury by disease. Employer's Liability ("Stop Gap") Insurance is intended to cover gaps between Workers' Compensation and CGL insurance.

F. Additional Provisions:

1. **Additional Insured:** The insurance required will be issued by an insurance company/ies authorized to do business within the State of Washington, and will name the State of Washington, its agents and employees as additional insureds under the insurance policy/ies. All policies will be primary to any other valid and collectable insurance.
2. **Cancellation:** The State of Washington, State Auditor's Office, will be provided 30 calendar days' written notice before cancellation or nonrenewal of any insurance referred to herein. The contractor will instruct the insurers to give the State Auditor's Office 30 calendar days' advance notice of any insurance cancellation or nonrenewal action.
3. **Identification:** Policy must reference the State's contract number and the State Auditor's Office.
4. **Insurance Carrier Rating:** All insurance and bonds should be issued by companies admitted to do business within the State of Washington and have a rating of A-, Class VII or better in the most recently published edition of Best's Reports. Any exception will be reviewed and approved by the State Auditor's Office's Risk Manager or the Risk Manager of the Office of Financial Management before the contract is accepted or work may begin. If an insurer is not admitted, all insurance policies and procedures for issuing the insurance policies must comply with RCW 48.15 and WAC 284-15.
5. **Excess Coverage:** By requiring insurance herein, the State does not represent that coverage and limits will be adequate to protect the contractor, and such coverages and limits will not limit contractor's liability under the indemnities and reimbursements granted to the State in this contract.

24. COMMITMENT OF FUNDS

The State Auditor or his delegates are the only individuals who may legally commit to the expenditures of funds or approve payment terms for work delivered under a contract resulting from this solicitation.

CHAPTER 3 - PROPOSAL SECTIONS

This chapter contains instructions regarding the preparation and submission of proposals. The proposer must provide all information requested in the exact order specified below. Exhibit E is provided for the proposer's convenience in providing the following information.

Proposers should anticipate that the Technical and Cost proposal sections of the winning proposal will be incorporated into a "Performance Statement of Work" and attached to any resulting contract.

SECTION I - LETTER OF SUBMITTAL – MANDATORY REQUIRED (MR) / (PASS/FAIL)

A. ORGANIZATION SUMMARY (MR)

The proposer must provide a summary of the organization/firm's pertinent expertise, skills, client base and services that are available for this project.

B. BUSINESS IDENTIFICATION (MR)

The proposers must provide an overview of their firm/organization, including, but not limited to the following:

- A. Organization/firm's name, address and main business location
- B. The location of the facility from which the proposer would operate, including the telephone number, fax number, and e-mail address
- C. Organization/firm's start-up date.

C. COMPANY OFFICERS (MR)

The proposer must provide the names, addresses, and telephone numbers of principal officers (President, Vice-President, Treasurer, Chairperson of the Board of Directors, etc.).

D. PRIMARY CONTACT (MR)

The proposer must include who within the firm/organization will have prime responsibility and final authority for the work under the proposed contract. Include the following:

- A. Name
- B. Title or position
- C. Address
- D. E-mail address
- E. Telephone and fax numbers.

E. LEGAL STATUS (MR)

The proposer must specify the legal status of the organization/firm (sole proprietorship, partnership, corporation, etc.) and the year the entity was organized to do business as the entity now exists.

F. PREVIOUS STATE CONTRACTS (MR)

If the proposer's organization/firm, any subcontractor, or any other party named previously contracted with the State of Washington during the past 48 months, indicate the name of the state agency or other audited entity and the contract number, and describe the work and/or provide other information available to identify the contract.

G. FORMER EMPLOYEE STATUS (MR)

If any employee of the proposer or subcontractor was an employee of the State of Washington or audited entity during the **past 24 months**, or is now an employee of the State of Washington or

audited entity, identify the individual by name, state agency previously or currently employed by, job title or position held, and separation date.

H. CONTRACT TERMINATIONS (MR)

If the proposer has had a contract terminated for default in the **past five years**, describe such incident. Termination for default is defined as notice to stop performance due to the proposer's nonperformance or poor performance. Issue of performance may have been:

- A. Not litigated due to inaction on the part of the proposer, or
- B. Litigated and such litigation determined that the proposer was in default.

Proposers will submit full details of the terms for default. Proposers will identify the other party, its name, address, and phone number, and present the proposer's position on the matter. The State Auditor's Office will evaluate the facts and may, at its sole discretion, reject the proposal on the grounds of the past experience.

If the proposer has experienced no such termination for default in the **past five years**, so indicate.

I. TAX INFORMATION (MR)

The proposer must provide its Federal Employer Tax Identification number and the Washington Uniform Business Identification (UBI) number issued by the State of Washington Department of Revenue.

J. SUBCONTRACTOR QUALIFICATIONS (MR)

For each subcontractor, the proposer must address the submittal questions set forth in A – C and E – I above.

The proposer must include a statement that if awarded the contract as the primary contractor, the proposer will accept full responsibility for successful performance of the entire scope of work.

K. STATEMENT OF ACCEPTANCE OF TECHNICAL REQUIREMENTS (MR)

The Letter of Submittal will include a statement that the proposer accepts all of the elements and requirements identified in Section III, Technical Proposal, and be signed by the principal, partner or appropriate obligating authority.

L. COMPLIANCE WITH INSURANCE REQUIREMENTS (MR)

Each proposer must indicate in the Letter of Submittal and, as a condition of contract award, that it will submit to the State Auditor's Office within 15 days of the contract effective date, a certificate of insurance which outlines the coverage and limits as defined in the Insurance section.

SECTION II - PROJECT MANAGEMENT (MR)

PROPOSER'S PROJECT ORGANIZATION (MR)

Proposals will be evaluated with consideration given to a strong project organization. It will be essential that team members are committed to the audit during their period of participation and that reporting lines are clear. The proposer must designate a lead individual who the State Auditor's Office management can successfully work with to resolve any problems, issues, or concerns.

A. Organization (MR)

The proposer will provide a project organizational chart indicating lines of authority for all key personnel (including subcontractors) who will be involved in the performance of the potential contract. Indicate any other work responsibilities, beyond this contract, that would be required of the assigned key staff. The project organization chart will also show lines of authority to the next senior level of management. On the organization chart, proposers should clearly identify

who the lead individual who will be assigned to work directly with the State Auditor's Office management.

B. Project Management Team Structure and Internal Controls (MR)

The proposer will provide a description of the proposed audit team structure and internal quality control system to be used during the course of the project, including any subcontractors. The proposer should include who within the proposer's organization will have prime responsibility and final authority for all work products.

C. Project Manager's Assignment (MR)

As a requirement of contract performance, the State Auditor's Office requires the proposer to provide appropriate leadership, management skills, authority, and resources to guide this project. The assignment of a skilled project manager will play a large role in fulfilling the requirement.

The proposer must provide a résumé for the project manager (to be included in Section VII) and include information on the individual's specific skills related to this project, education, experience, significant accomplishments and responsibilities assumed on other similar projects.

Proposer agrees that the Project Manager, as with other staff and subcontractors identified in this proposal, will be assigned for the duration of the project. Substitutions of project personnel must be approved in writing by the State Auditor's Office in advance of the performance of any work.

D. Project Team's Responsibilities and Qualifications (MR)

The proposer will identify responsibilities and roles of the key staff, including any subcontractors, who will be assigned to the project. Include any anticipated involvement of the State Auditor's Office staff and describe their level of participation.

The proposer will also provide résumés for the named key staff, which must include information on the individual's specific skills related to this project, education, experience, significant accomplishments, and responsibilities assumed on other projects, as well as any other pertinent information. All résumés provided will be located in Section VII.

Subcontractor employees performing work for the proposer as part of this contract will also submit résumés. Subcontractor résumés will display the word "SUBCONTRACTOR" in bold letters clearly printed across the top of the first page.

E. Proposer's Recent and Relevant Experiences (MR)

The minimum qualifications specified in Chapter 1.1.C. must be met by the proposer; however, this can be achieved through the use of subcontractors. The minimum qualifications are applicable to the team in its entirety, not to any individual within the team.

Proposers must demonstrate and provide:

1. A brief statement of recent and relevant experience (past five years) in renewable energy acquisitions and/or projects, energy conservation planning and/or programs, electric energy industry consulting services, audits or attestations of compliance within the electric energy industry, or other experience that will assist in the performance of I-937 audits.
2. Proposer must provide a matrix that clearly identifies how the individuals assigned to the project will collectively meet the experience and expertise requirements outlined above and in Chapter 1.1.C. "Minimum Qualifications."

FAILURE TO DEMONSTRATE TO THE STATE AUDITOR'S OFFICE'S SATISFACTION THAT THE PROPOSER MEETS THE MINIMUM EXPERIENCE REQUIREMENTS STATED

AND/OR FAILURE TO PROVIDE EXAMPLES REQUIRED ABOVE MAY RESULT IN THE FIRM'S PROPOSAL BEING DISQUALIFIED (AND NOT SCORED).

SECTION III - TECHNICAL PROPOSAL (MR)

A. OVERVIEW

The Technical Proposal will propose a methodology for developing the audit plan and should demonstrate knowledge of the requirements of Initiative 937 as memorialized under RCW 19.285 and WAC 194-37. The technical proposal should also include the following attributes:

1. The proposer must specify in its proposed methodology a timeline detailing milestones it plans to complete in achieving the objective by the expected date of completion, and how each element contributes to the development of the audit plan **[PASS/FAIL]**.
2. Include the level and type of involvement to be expected from each of the key individuals identified in the proposal.
3. Extent of experience or knowledge the key individuals have gained either working with or performing work for related energy agencies:
 - a. Bonneville Power Administration's PTR System/EE Central for tracking conservation programs and BPA's review of utility conservation programs.
 - b. NW Power and Conservation Council (and subsidiaries) Power Plans.
 - c. Regional Technical Forum assessment of conservation measures.
 - d. NW Energy Efficiency Alliance reporting of conservation savings.
 - e. Western Electricity Coordinating Council.
 - f. Others
4. Provide description of the experience of those key individuals identified related to the following areas to the extent applicable:
 - a. Renewable resource acquisition, project development, Renewable Portfolio Standards compliance assessment, renewable energy credits, or energy resource planning.
 - b. Energy conservation potential assessment or program management.
 - c. Other experience in the electric energy industry such as consulting & auditing services.
5. Provide the availability of those key individuals to provide additional on-call consultation services.

The proposer may present creative approaches that are likely to improve the outcome of the audits. Each proposer's Technical Proposal will be in sufficient detail to convey to members of the evaluation team that the proposer has knowledge of the subjects and the skills necessary to accomplish the project within the deadline discussed at Chapter 1.1.D.

The State Auditor's Office will reserve the right to modify the Performance Statement of Work resulting from the Technical Proposal, including deleting tasks, at critical points during the course of the contract. A deliverable is not considered complete until the State Auditor's Office determines that the conclusions are fully supported to demonstrate consistency with the requirements of I-937 (in accordance with Government Auditing Standards (Yellow Book)).

B. DELIVERABLES (MR)

1. Weekly Status Meetings

The successful contractor will meet with SAO weekly to discuss progress on the plan (information gathering efforts and planning achieved to date). The contractor may be required to

submit draft workpapers (i.e. meeting memos, draft analyses of I-937 requirements, etc.) or other evidential matter to illustrate the progress made during the period, consistent with the timeline proposed, or the reasons why progress was not made as expected. These meetings will also provide SAO an opportunity to provide and receive feedback, recommendations, or seek additional information sufficient to allow the project manager to keep SAO executive management informed of the progress made.

2. Audit Plan draft for SAO review

Consensus on the audit approach and overall plan between the successful contractor and SAO I-937 Project Management is paramount.

The successful contractor will provide the project manager with its draft plan (or? draft report) in MS Word format and draft supporting workpapers for SAO review.

SAO will perform its review and provide review comments or suggestions in arriving at a final product. During this time, one or more meetings, either in person or via teleconference, will be held to discuss the draft report once SAO has completed its preliminary review. The project manager will provide the draft with review comments documented to expedite the final report.

The audit plan will describe both the nature and extent of audit procedures to be used for gathering and analyzing evidence, including the specific steps and tests the auditors will perform. The audit plan will also include the related criteria and any assumptions made to evaluate the current condition. The contractor will design the audit methodology to obtain sufficient, appropriate evidence to address the audit objectives, and provide reasonable assurance that the evidence is sufficient and appropriate to support the findings and conclusions.

Should the contractor have workpapers in support of the work plan, our expectations for the documentation are:

- The contractor will be required to provide all work to the State Auditor's Office in electronic format upon request at any moment, interval or frequency so determined by the State Auditor's Office. The contractor will provide work papers to the State Auditor's Office in the same format in which they were prepared, such as Word or Excel, and not convert them to .pdf files. Work papers are considered public documents and are the property of the State Auditor's Office. Public requests for copies or viewing of work papers must be made through the State Auditor's Office.
- Work papers will also include cross references to the audit plan and other documents as applicable. All cross references will be directly to the applicable page(s) within the reference document. Work papers will also contain the purpose, source, scope, conclusion and sign-off in accordance with the State Auditor's Office Policy 3310 Standards for Audit Documentation, which states in part:

Reports and documentation supporting results will include the required reporting elements as referenced in the [Scope and Objectives Section](#) of Chapter 1.

In documenting the nature, timing, and extent of audit procedures performed, the audit documentation will identify:

- *Who performed the audit work and the actual date of such work.*
- *Who reviewed specific audit documentation and the actual date of the review.*

The computer date and time properties will not be modified.

Audit documentation will contain evidence related to planning, conducting and reporting on the audit. It should be sufficient to enable an experienced auditor, who has had no

previous connection with the audit, to ascertain that the information collected and the work performed support the auditors' significant judgments and conclusions.

Audit documentation will be written professionally.

During this phase, SAO will communicate questions and comments to the contractor in arriving at a final version of the audit plan. The meeting can be in person or via teleconference.

3. Final Report

The SAO requires the contractor to review the SAO's audit plan and from it, create a successive audit plan for I-937 audits and recommendations for the successful completion of these audits by December 31, 2012. The plan will include recommended dates for completing field work for each audit objective. In addition and to the extent known, the contractor should provide the anticipated documentation to be made available by utilities or other agencies to achieve the objective of each audit procedure.

Assessment of SAO in-house capacity

The plan will also be accompanied by an assessment of audit resources necessary to perform I-937 audits by December 31, 2012. This will include an evaluation of the SAO's in-house capacity to perform audit work, estimate of hours to audit each utility, and assessment of the need for contracted assistance, and resource needs.

To complete the final plan, SAO will meet with the contractor to communicate questions or comments in completing the deliverable (the report) in its final form. The contractor will present the final report to SAO executive management at a meeting located in Olympia, WA. We expect at a minimum the project lead for the contractor will present the report in person and be available for questions. Video or teleconferencing arrangements can be made for other members of the contractor's team. SAO's acceptance of the deliverable will conclude the contractor's obligation under the fixed-price portion of the contract.

4. Follow-on consulting services

Follow-on consulting service would be in addition to the fixed price contract and would include any need for subject matter expertise from the successful contractor in answering questions we receive from the utilities, any clarifications from technical subject matter not identified or addressed in the plan, or any need to adjust or modify planned procedures following SAO acceptance of the final audit plan (report). Consultation services requested prior to the date of acceptance of the final audit plan (report) are considered part of the services under the fixed price of the contract and do not qualify as Follow-on Consulting Services.

Such work would be scoped and detailed in work orders that identify scope and deliverables and could modify the time and price of the original contract. SAO would require a good-faith estimate based on the blended, not-to-exceed rate provided for follow-on work and the amount of time the contractor estimates it will take to provide the additional information. Such work would not be able to be executed until SAO and the contractor sign the work order and SAO receives approval from the Washington Office of Financial Management.

C. SCHEDULE (MR)

Proposers are to provide a detailed project schedule that identifies all deliverables at minimum to include:

- 1. Status meetings to discuss Information Gathering efforts and planning achieved to date**
- 2. Audit Plan draft for SAO review**
- 3. Final Report and Finalized Audit Documentation**
- 4. Follow-on consulting services**

Proposers are encouraged to develop an efficient and effective schedule. The schedule submitted by the proposer must be structured in a manner to establish deadlines for each project phase.

SECTION IV - COST PROPOSAL (MR)

A. ITEMIZED FIXED-PRICE COST PROPOSAL (OR COST BREAKDOWN)

The State Auditor’s Office is accepting **fixed-price cost proposals with a not-to-exceed, blended hourly rate for possible follow-on consulting services ONLY**. Fixed-price cost proposals must include all costs associated with the proposer accomplishing all of the work in its proposal except for possible follow-on consulting services. Costs include, but are not limited to, labor, travel, lodging, per diem, administrative, subcontractor(s) and any and all incidentals necessary to complete the performance of the proposed contract.

The State Auditor’s Office will not be responsible for any costs incurred by the contractor that are not included in the **fixed-price cost proposal or any follow-on consulting services**.

1. Identification of Costs by Deliverable (MR)

The proposer will clearly identify the cost for each deliverable in the Technical Proposal (described in Section III). The proposer will provide costs, including the number of contractor and subcontractor hours and hourly rate(s), and an envisioned methodology for all parts and deliverables associated with the proposed audit, assuming the planned audit scope and objective are confirmed after completion of the survey process described in Section III.

Ten percent (10%) of the fee for each deliverable will be retained pending completion of the contract. Thirty (30) days after the final report is published, the State Auditor’s Office Contract Manager will authorize payment in full of all retainages.

The proposer must itemize its fixed-price cost proposal by the deliverable identified in Section III - Technical Proposal in the format demonstrated below:

Audit Objective	Deliverable Date	Ongoing Outcomes and Results	Final Outcomes – Contributions to Success	Cost proposal																
				<table border="1"> <thead> <tr> <th><i>Item</i></th> <th><i>Rate</i></th> <th><i>Hours</i></th> <th><i>Total</i></th> </tr> </thead> <tbody> <tr> <td>Staff hours</td> <td>\$ per hour</td> <td>Hours</td> <td>\$</td> </tr> <tr> <td>Subcontractor</td> <td>\$ per hour</td> <td>Hours</td> <td>\$</td> </tr> <tr> <td>Total for deliverable</td> <td></td> <td></td> <td>\$</td> </tr> </tbody> </table>	<i>Item</i>	<i>Rate</i>	<i>Hours</i>	<i>Total</i>	Staff hours	\$ per hour	Hours	\$	Subcontractor	\$ per hour	Hours	\$	Total for deliverable			\$
<i>Item</i>	<i>Rate</i>	<i>Hours</i>	<i>Total</i>																	
Staff hours	\$ per hour	Hours	\$																	
Subcontractor	\$ per hour	Hours	\$																	
Total for deliverable			\$																	
				<p>Note: Hourly rates include all expenses and are offered by proposers as a not-to-exceed hourly rate.</p>																

2. Award Not Based on Price Alone

The evaluation process is designed to award a contract not necessarily to the proposer with the lowest cost bid, but rather to the proposer whose proposal best meets the requirements of this RFP. Proposers are encouraged to submit proposals that are consistent with state government efforts to conserve state resources.

3. State Sales Tax

Proposers are required to collect and pay Washington State sales tax, if applicable.

SECTION V - FIXED-PRICE COST CERTIFICATION FORM (MR) (PASS/FAIL)

The Fixed-Price Cost Certification must include a signed copy of [Exhibit C, Fixed-Price Cost Certification Form](#).

SECTION VI - CUSTOMER REFERENCES (MR) (PASS/FAIL)

PROPOSER MUST PROVIDE CUSTOMER REFERENCES (MR)

The proposer must supply names, addresses and telephone numbers of a minimum of three nonproposer-owned customer references for which the proposer has recently completed work. Proposers are discouraged from listing current State Auditor's Office employees as references. Please note what type of work was performed by the proposer for the reference, and how it is relevant to the work proposed in this solicitation, and provide a sample of the work if different from work samples provided by requirement. By signing [Exhibit A, Certifications and Assurances](#), the proposer grants the State Auditor's Office permission to independently contact references and others who may have pertinent information. [Exhibit D, Reference Worksheet](#), is provided for proposers to list their references.

The State Auditor's Office will not accept any terms for contacting references other than those stated above.

SECTION VII - RÉSUMÉS (MR) (PASS/FAIL)

The proposer must provide résumés for the named key staff, and subcontractor employees performing work for the proposer of this contract. Each résumé must include information on the individual's specific skills related to this project, education, experience, significant accomplishments, and responsibilities assumed on other similar projects as well as any other pertinent information. Subcontractor résumés must display the word "SUBCONTRACTOR" in bold letters clearly printed across the top of the first page.

SECTION VIII - CERTIFICATIONS AND ASSURANCES (MR) (PASS/FAIL)

Section VIII must include a signed Certifications and Assurances form, see: [Exhibit A](#) (MR)

SECTION IX - WORK SAMPLES (MR) (PASS/FAIL)

Proposers must demonstrate and provide: samples of reports that attest to work conducted within the last five years within the energy industry and that demonstrates the proposer's capability to successfully provide knowledge as a subject matter in successfully planning the compliance audits to be formed under I-937. Proposer will provide, on CD only or attachment if email submission, three reports and one set of corresponding sample working papers. Sample reports may be purged of any sensitive data if necessary.

CHAPTER 4 - EVALUATION AND CONTRACT AWARD

1. EVALUATION PROCEDURE

ALL MANDATORY REQUIREMENTS OF THE RFP MUST BE MET IN ORDER FOR THE PROPOSAL TO BE EVALUATED.

The proposer is specifically notified that failure to comply with any part of the solicitation may result in rejection of the proposal as nonresponsive. The State Auditor's Office also reserves the right, at its sole discretion, to waive minor irregularities.

Responsive proposals will be evaluated strictly in accordance with the requirements stated in the RFP and any amendments/addenda issued. The evaluation of proposals will be accomplished by an evaluation team to be designated by the State Auditor's Office, which will determine the ranking of proposals.

During proposal evaluation, the State Auditor's Office reserves the right to make reasonable inquiry to determine the responsibility of any proposer. Requests may include, but not be limited to, compliance to standards for independence, financial statements, credit ratings, references, record of past performance, on-site inspection of proposers, or proposer's subcontractor's facilities. Failure to respond to said request(s) will be sufficient reason to consider the proposal nonresponsive.

2. CLARIFICATION OF PROPOSAL

The Solicitation Coordinator may contact a proposer for clarification of any portion of the proposal.

3. PASS/FAIL EVALUATIONS

Proposers receiving a failing score for the Letter of Submittal, Fixed-Price Cost Certification, Customer References, Résumés, Signed Certifications and Assurances or Samples of Work sections will be viewed as not meeting the mandatory requirements and will be eliminated from further consideration.

4. EVALUATION CRITERIA

The following weights will be assigned to the proposal for evaluation purposes:

Section Title	Percentage of Points
Letter of Submittal	Pass/Fail
Fixed-Price Cost Certification	Pass/Fail
Customer References	Pass/Fail
Résumés	Pass/Fail
Signed Certifications & Assurances	Pass/Fail
Samples of Work	Pass/Fail
Project Management	20 Percent
Technical Proposal	35 Percent
Collective Professional Competence	35 Percent
Cost Proposal	10 Percent
Total	100 Percent

5. ORAL PRESENTATIONS MAY BE REQUIRED

Written proposals and oral presentations, if necessary, will be used in selecting the winning proposal. The State Auditor's Office, at its sole discretion, may elect to select the top-scoring finalists from the written evaluation for an oral presentation. Should the State Auditor's Office elect to hold oral interviews, the State Auditor's Office will contact the finalists to schedule a date, time, and location.

Commitments made by the proposer at the oral interview, if any, will be considered binding. The oral interview will determine the apparent successful proposer. The scoring committee makes a recommendation to the Director of Audit, who names the apparent successful proposer.

6. NOTIFICATION TO UNSUCCESSFUL PROPOSERS

Proposers whose proposals have not been accepted for further negotiation or contract award will be notified via fax or by e-mail.

7. DEBRIEFING OF UNSUCCESSFUL PROPOSERS

Proposers who submitted a proposal and were not selected will be given the opportunity for a debriefing conference. The Solicitation Coordinator must receive a written request from the unsuccessful proposer for a debriefing conference within three business days after the Notification of Unsuccessful Proposer letter is e-mailed or faxed. The request for a debriefing can be in hard copy or via e-mail. The debriefing will be held within three business days of the request unless the State Auditor's Office schedules otherwise.

Discussion will be limited to a critique of the requesting proposer's proposal. Comparisons between proposals or evaluations of the other proposals will not be allowed. Debriefing conferences may be conducted in person or on the telephone and will be scheduled for a maximum of one hour.

8. PROTEST PROCEDURE AND FORMAT

This procedure is available to proposers who (1) submitted a response to this solicitation document and (2) have participated in a debriefing conference. Upon completing the debriefing conference, the proposer is allowed three (3) business days to file a protest of the acquisition with the Solicitation Coordinator. Protests may be submitted by facsimile or e-mail, but must be followed by the original document.

Proposers protesting this procurement will follow the procedures described below. Protests that do not follow these procedures will not be considered. This protest procedure constitutes the sole administrative remedy available to proposers under this procurement.

All protests must be in writing and signed by the protesting party or an authorized agent. The protest must state the grounds for the protest with specific facts and complete statements of the action(s) being protested. A description of the relief or corrective action being requested should also be included. All protests will be addressed to the Solicitation Coordinator.

Only protests stipulating an issue of fact concerning the following subjects will be considered:

- A matter of bias, discrimination or conflict of interest on the part of the evaluator.
- Errors in computing the score.
- Noncompliance with procedures described in the procurement document.

Protests not based on procedural matters will not be considered. Protests will be rejected as without merit if they address issues such as: 1) an evaluator's professional judgment on the quality of a proposal, or 2) State Auditor's Office's assessment of its own and/or other agencies' needs or requirements.

Upon receipt of a protest, the State Auditor's Office will hold a protest review. The State Auditor's Office will designate three individuals who were not involved in the procurement to consider the

record and all available facts and issue a decision within five business days of receipt of the protest. If additional time is required, the protesting party will be notified of the delay.

In the event a protest may affect the interest of another proposer that submitted a proposal, such proposer will be given an opportunity to submit its views and any relevant information on the protest to the Solicitation Coordinator.

The final determination of the protest will:

- Find the protest lacking in merit and uphold the State Auditor's Office's action; or
- Find only technical or harmless errors in the State Auditor's Office's acquisition process and determine the State Auditor's Office to be in substantial compliance and reject the protest; or
- Find merit in the protest and provide State Auditor's Office options which may include:
 - Correct the errors and re-evaluate all proposals, and/or
 - Reissue the solicitation document and begin a new process, or
 - Make other findings and determine other courses of action as appropriate.

If the State Auditor's Office determines that the protest is without merit, the State Auditor's Office will enter into a contract with the apparent successful contractor. If the protest is determined to have merit, one of the alternatives noted in the preceding paragraph will be taken.

EXHIBIT A - CERTIFICATIONS AND ASSURANCES

I/we make the following certifications and assurances as a required element of the proposal to which it is attached, understanding that the truthfulness of the facts affirmed here and the continuing compliance with these requirements are conditions precedent to the award or continuation of the related contract(s):

1. I/we declare that all answers and statements made in the proposal are true and correct.
2. I/we certify that services have not been performed on behalf of entities [as identified in the scope for this solicitation] at any time during the previous **four years** by our firm or by any individual or firm we will employ as a subcontractor relative to this proposal.

Or

I/we are disclosing the following services have been performed during the previous **four years** by our firm or by an individual or firm that will be employed by us as a subcontractor on behalf of entities identified as in scope for this solicitation (list all in table below). I/we have examined the nature of the nonaudit services provided and certify that I/we meet Government Auditing Standards 2007 (<http://www.gao.gov/new.items/d07731g.pdf>), General Standards for Independence.

Date	Audited Entity	Describe nonaudit services provided	Audited entity contact

3. The contractor warrants that all persons performing work under this contract and any subcontracts are free from personal and external impairments to independence.
4. The prices and/or cost data have been determined independently, without consultation, communication, or agreement with others for the purpose of restricting competition. However, I/we may freely join with other persons or organizations for the purpose of presenting a single proposal.
5. The attached proposal is a firm offer for a period of 60 days following receipt, and it may be accepted by the State Auditor's Office without further negotiation (except where obviously required by lack of certainty in key terms) at any time within the 60-day period.
6. The project management, staff, and subcontractors identified in Section II – Project Management will be assigned for the duration of the project. We agree that no substitutions or deletions of project personnel will occur without first requesting and the receiving approval, in writing, from the State Auditor's Office.
7. In preparing this proposal, I/we have not been assisted by any current or former employee of the State of Washington whose duties relate (or did relate) to this proposal or prospective contract, and who was assisting in other than his or her official, public capacity. Neither does such a person nor any member of his or her immediate family have any financial interest in the outcome of this proposal. (Any exceptions to these assurances are described in full detail on a separate page and attached to this document.)
8. I/we understand that the State Auditor's Office will not reimburse me/us for any costs incurred in the preparation of this proposal. All proposals become the property of the State Auditor's Office, and I/we claim no proprietary right to the ideas, writings, items, or samples, unless so stated in this proposal.
9. Unless otherwise required by law, the prices and/or cost data which have been submitted have not been knowingly disclosed by the proposer and will not knowingly be disclosed by him/her prior to submission, directly or indirectly to any other proposer or to any competitor.
10. I/we agree that submission of the attached proposal constitutes acceptance of the solicitation contents and Attachment B, General Terms and Conditions. If there are any necessary exceptions to these terms, I/we have described those exceptions in detail on a page attached to this document.

11. No attempt has been made or will be made by the proposer to induce any other person or firm to submit or not to submit a proposal for the purpose of restricting competition.
12. I/we grant the State Auditor's Office the right to contact references and others, who may have pertinent information regarding the proposer's prior experience and ability to perform the services contemplated in this procurement.
13. The proposer will identify if any firm principal is a participant in the Washington State 2008 Early Retirement Factor program: Yes No

On behalf of the firm submitting this proposal, my name below attests to the accuracy of the above statements.

Signature of Proposer

Title

Date

EXHIBIT B - SAMPLE CONTRACT FOR PERSONAL SERVICES

CONTRACT NO.

CONTRACT FOR PERSONAL SERVICES

BETWEEN

WASHINGTON STATE AUDITOR'S OFFICE

AND

This Contract is made and entered into by and between the Washington STATE AUDITOR'S OFFICE and the below named CONTRACTOR.

Contractor Name:

Address:

City, State, Zip Code:

Phone, Fax:

E-mail:

Washington State UBI Number:

Federal ID Number:

1. PURPOSE

The purpose of this contract is to conduct planning for a compliance audit in accordance with Government Auditing Standards (GAGAS), also known as "Yellow Book," and Generally Accepted Auditing Standards promulgated by the American Institute of Certified Public Accountants (AICPA) that addresses the compliance audit objective contained in Chapter 1.1.B of RFP No. _____ in the manner specified in the final Performance Statement of Work.

2. SCOPE OF WORK

A. The contractor will provide services and staff, and otherwise do all things necessary for or incidental to the performance of work, as set forth in the Performance Statement of Work, attached hereto and incorporated by reference. However, the State Auditor's Office reserves the right to modify the final Performance Statement of Work, including deleting tasks, after completing the survey process and at critical points during the course of the contract.

B. All written work of the contractor will be expected to be of a professional quality acceptable to the State Auditor's Office. In written reports, the contractor's findings and conclusions must be clearly documented as resulting from fieldwork and data analysis done for this audit. Recommendations must be logically related to the findings and conclusions and must recognize practical and fiscal constraints.

C. Attachment B, attached hereto and incorporated by reference, contains the General Terms and Conditions governing work to be performed under this contract, the nature of the working relationship between the State Auditor's Office and the contractor, and specific obligations of both parties.

3. PERIOD OF PERFORMANCE

The period of performance of any contract resulting from this RFP is tentatively scheduled to begin on or after _____ or date of execution, whichever is later, and to end on or before _____.

Completions of draft and final audit reports are due by _____ and _____, respectively, amendments extending the period of performance, if any, will be at the sole discretion of the State Auditor's Office. The State Auditor's Office reserves the right, at its discretion, to extend the contract for up to three additional one-year periods.

Under the provisions of Chapter 39.29 RCW, this personal service contract is required to be filed with the Office of Financial Management (OFM). No contract required to be so filed is effective and no work will be commenced nor payment made until ten working days following the date of filing and, if required, until approved by OFM. In the event OFM fails to approve the contract, the contract will be null and void.

4. COMPENSATION

Total compensation payable to the contractor for satisfactory performance of the work under this contract will not exceed \$ _____. The contractor's compensation for services rendered will be based on the schedule set forth in Attachment A. If the State Auditor's Office decides to modify the final Performance Statement of Work, including deleting tasks, after completing the survey process or at critical points during the course of the contract, the parties will negotiate in good faith whether to make an adjustment to the compensation set forth in Attachment A.

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

5. BILLING PROCEDURES AND PAYMENT

The State Auditor's Office will pay the contractor upon State Auditor's Office acceptance of services provided and receipt of properly completed invoices, which will be submitted to the Contract Manager in accordance with the schedule in Attachment A.

The invoices will describe and document, to the State Auditor's Office's satisfaction, an itemized description of the work performed and the progress of the audit by deliverable as compared to the final Performance Statement of Work, and fees. The invoice will include reference to Contract _____.

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

6. RETAINAGE

Ten percent of each payment will be withheld pending completion of the Contract. Thirty days after the final report is published, the State Auditor's Office Contract Manager will authorize payment in full of all retainages. However, if the contractor violates the Government Auditing Standards independence standard during the conduct of the audit, the State Auditor's Office may chose not to compensate the contractor for any of the work performed under this contract.

7. NO ADVANCE PAYMENT

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

CONTRACT MANAGEMENT

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

Contract Manager for the CONTRACTOR is:

Contract Manager Name

Contractor Name

Address

City, State Zip Code

Phone: ()

Fax: ()

E-mail address:

Contract Manager for the STATE AUDITOR'S OFFICE is:

State Auditor's Office Contract Coordinator

621 8th Avenue SE, Suite 201

P.O Box 40022

Olympia, WA, 98504-0022

Phone: (360) 725-9730

Fax: (360) 586-0008

E-mail address: contractmanager@sao.wa.gov

8. CONTRACTOR'S PERSONNEL

- A. State Auditor's Office reserves the right to reject any of the contractor's employees, suppliers, or subcontractors. Any and all costs or expenses associated with replacement of any person or entity will be borne by the contractor.
- B. State Auditor's Office may, in the exercise of its discretion and judgment, identify certain of the contractor's employees as key personnel, and if so, the contractor will take all necessary steps to assure that said contractor's employees are available and assigned to the work as long as said employees are employed by the contractor.
- C. The contractor may not change or replace any of the staff assigned to this contract without prior approval of State Auditor's Office, which approval will not be unreasonably withheld.
- D. The contractor warrants that it is available to perform the work within the time specified and that all work will be performed on a priority basis. The contractor will begin work promptly and will perform the work in a continuous and diligent manner, and contractor will not interrupt the work except as may be provided under this contract.
- E. The contractor will be responsible to ensure that all its employees and subcontractor's employees are properly trained, certified, or licensed as appropriate and are properly qualified by education and experience to perform the work. The contractor will avoid overstaffing the work or shuffling personnel assigned to said work.
- F. The contractor, subcontractor(s) and their employees agree not to recruit any personnel from the State Auditor's Office or from the audited entity for a period of six (6) months after conclusion of the performance audit.
- G. Parties performing, or offering to perform, professional services under this contract who are CPAs or CPA firms licensed in this or other states and/or jurisdictions may become subject to the authority of the Washington State Board of Accountancy, RCW 18.04 and WAC 4-25 and must be in good standing with said Board.
Accordingly, parties to this contract who are licensed individual CPAs and/or licensed CPA firms: Consent to the jurisdiction of the Washington State Board of Accountancy for matters referred by

the State Auditor provided such matters are within the Board's authority, and
 In such cases, if the individual licensee(s) offering or performing professional services hereunder and the firm that employs such persons are not licensed in this state said persons simultaneously consent, to the appointment of the state board which issued the certificate or license as agent for service of process in any action or proceeding against said individual CPAs, CPA firm, or representatives of the CPA firm arising from any transaction or operation connected with or incidental to professional services under this contract.

9. COORDINATION AND COOPERATION

A. The contractor will cooperate with the State Auditor's Office and other firms, if any, to ensure that the work is properly performed on schedule. Contractor will collaborate with any other firms and coordinate its work with the work of such other firm(s), if any, which could affect the work, the contractor will proceed in such manner as not to interfere or delay the progress of the work as a whole.

B. If any part of the contractor's work depends for proper execution or results upon the work of any other contractor(s), the contractor will inspect and promptly report in writing to the State Auditor's Office any defects in the work of such other contractor that renders it unsuitable for such proper execution or results. Failure of the contractor to do so will constitute its acceptance of the other firm's work as fit and proper for the reception of contractor's work, except as to defects that may develop in the other firms' work after the execution of the contractor's work.

C. In cases of disagreement or disputes between the contractor and other firm(s) which could delay or interfere with the work due to the failure to collaborate and cooperate or which cannot be resolved between contractor and the others involved, the State Auditor's Office will be given prompt written notice specifying in detail the disagreement or dispute. In such cases, the State Auditor's Office will have the right to determine the proper method of coordinating the work, and the State Auditor's Office's decisions in this regard will be final, binding, and conclusive.

D. Notwithstanding the existence of a dispute or disagreement between the State Auditor's Office and the contractor, the contractor will diligently and without interruption proceed with the work at such rates of progress as will ensure full completion of the work on time.

E. The contractor will accommodate the Program Manager and/or his designee's monitoring and management of the contract by meeting weekly to discuss work progress and products as measured against the approved and final Performance Statement of Work. In these meetings, the contractor will communicate to the Program Manager and/or his designee any issues or opportunities identified.

10. FRAUD, IRREGULARITIES, OR OTHER AUDIT ISSUES

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

11. SUPERVISION AND COORDINATION

The contractor will:

- Designate in its proposal to the State Auditor's Office, a representative(s) with the authority to legally commit the contractor's firm. All communications given or received from the contractor's representative will be binding on the contractor.
- Promote and offer to the State Auditor's Office only those services as stated herein and allowed for by contractual requirements. Violation of this condition will be grounds for contract termination.

12. PLANNING DOCUMENTATION (WORK PAPERS)

- The contractor will be required to provide all work to the State Auditor's Office in electronic format upon request at any moment, interval or frequency so determined by the State Auditor's Office.

The contractor will provide work papers to the State Auditor's Office in the same format in which they were prepared, such as Word or Excel, and not convert them to .pdf files. Work papers are considered public documents and are the property of the State Auditor's Office. Public requests for copies or viewing of work papers must be made through the State Auditor's Office.

- Work papers will also include cross references to the audit plan and other documents as applicable. All cross references will be directly to the applicable page(s) within the reference document. Work papers will also contain the purpose, source, scope, conclusion and sign-off in accordance with the State Auditor's Office Policy 3310 Standards for Audit Documentation, which states in part:

In documenting the nature, timing, and extent of audit procedures performed, the audit documentation will identify:

- *Who performed the audit work and the actual date of such work.*
- *Who reviewed specific audit documentation and the actual date of the review.*

The computer date and time properties will not be modified.

Audit documentation will contain evidence related to planning, conducting and reporting on the audit. It should be sufficient to enable an experienced auditor, who has had no previous connection with the audit, to ascertain that the information collected and the work performed support the auditors' significant judgments and conclusions.

Audit documentation will be written professionally.

13. INSURANCE

The contractor will provide insurance coverage as set forth in the Request for Proposals No. _____.

The intent of the required insurance is to protect the state should there be any claims, suits, actions, costs, damages or expenses arising from any negligent or intentional act or omission of the contractor or subcontractor, or agents of either, while performing under the terms of this contract. The contractor will provide insurance coverage, which will be maintained in full force and effect during the term of this contract.

14. ASSURANCES

The State Auditor's Office and the contractor agree that all activity pursuant to this contract will be in accordance with all the applicable current federal and state laws, rules, and regulations.

15. ORDER OF PRECEDENCE

Each of the documents listed below is by this reference hereby incorporated into this contract. In the event of an inconsistency in this contract, the inconsistency will be resolved by giving precedence in the following order:

- Applicable federal and state of Washington statutes and regulations;
- The terms of the basic contract and all attachments incorporated herein including Special Terms and Conditions as contained in this basic contract instrument Attachment A – the Final Performance Statement of Work; Attachment B – General Terms and Conditions;
- Request for Proposals No. _____
- The contractor's proposal dated _____; and
- Any of her provision, term or material incorporated herein by reference or otherwise incorporated.

16. ENTIRE AGREEMENT

This contract, including referenced attachments and other documents, represents all the terms and conditions agreed upon by the parties. No other statements or representations, written or oral, will be deemed a part hereof.

If any provision of this contract violates any statute or rule of law of the state of Washington, it is considered modified to conform to that statute or rule of law.

17. APPROVAL

This contract will be subject to the written approval of the State Auditor's Office's authorized representative and will not be binding until so approved. The contract may be altered, amended, or waived only by a written amendment executed by both parties.

THIS CONTRACT is executed by the persons signing below, who warrant they have the authority to execute the contract.

[CONTRACTOR'S NAME]

[STATE AUDITOR'S OFFICE NAME]

Signature

Signature

Title Date

Title Date

APPROVED AS TO FORM:

Assistant Attorney General

Date

ATTACHMENT A – FINAL PERFORMANCE STATEMENT OF WORK

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ATTACHMENT B - GENERAL TERMS AND CONDITIONS

1. Definitions

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

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

2. Access to Data

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

3. Advance Payments Prohibited

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

4. Amendments

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

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

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

6. Assignment

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

7. Attorneys' Fees

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

8. Confidentiality/Safeguarding of Information

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

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

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

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

9. Conflict Of Interest

The State Auditor's Office may, in its sole discretion, by written notice to the contractor terminate this contract if it is found after due notice and examination by the State Auditor's Office that there is a violation of GAO's Government Auditing Standards 2007, General Standards for Independence.

10. Copyright Provisions

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

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

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

The State Auditor's Office recognizes that: (A) valuable formulae, designs, drawings, and research data obtained by the State Auditor's Office within five years of the request for disclosure are exempt from disclosure when disclosure would produce private gain and public loss (RCW 42.56.270(1)); and (B) intellectual property and proprietary information may also be covered by the Washington Trade Secrets Act, chapter 19.108 RCW.

Where a request for documents potentially protected under these laws is made, the State Auditor's Office shall notify the contractor that the request has been made and provide the Contractor an opportunity to seek a court injunction against the requested disclosure. The Contractor will have five (5) business days to respond to the State Auditor's Office's notice with its intent to seek a court injunction against the requested disclosure. If the State Auditor's Office receives no response from the Contractor within five (5) business days, the materials and information will be released consistent with the State Auditor's Office policies and procedures under State law. Once notified of the contractor's intent to seek a court injunction, the contractor shall have ten (10) business days to file such action. If no action is filed, the State Auditor's Office may release the requested documents.

Contractor shall exert all reasonable effort to advise the State Auditor's Office at the time of delivery of all known or potential copyright provisions or intellectual property or proprietary information protections applicable to any document or portion of any document produced in the performance of this contract. Contractor may mark any documents furnished to the State Auditor's Office as follows:

NOTICE: The information herein has been prepared for the use of the State Auditor's Office and no others. The information contains data that is copyrighted by © _____, all rights reserved, or may be subject to intellectual property or proprietary information protections.

Nothing contained in this section affects or modifies the State Auditor's Office obligation to disclose public records under Chapter 42.56 RCW or other applicable law.

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

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

11. Covenant Against Contingent Fees

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

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

12. Disallowed Costs

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

13. Disputes

Except as otherwise provided in this contract, when a dispute arises between the parties and it cannot be resolved, either party may request a dispute hearing with a team of three (which shall be comprised of one independent individual selected by the contractor, one independent individual selected by the State Auditor's Office Director of Audit, and one shall be a State Auditor's Office Director not responsible for the contract.) Disputes shall be resolved as quickly as possible.

The request for a dispute hearing must:

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

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

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

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

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

14. Duplicate Payment

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

15. Governing Law

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

16. Indemnification

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

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

The contractor expressly agrees to indemnify, defend and hold harmless the State for any claim arising out of or incident to the contractor's or any subcontractor's performance or failure to perform

the contract. The contractor's obligation to indemnify, defend, and hold harmless the state shall not be eliminated or reduced by any actual or alleged concurrent negligence of the State or its agents, agencies, employees and officials.

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

17. Independent Capacity of the Contractor

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

18. Industrial Insurance Coverage

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

19. Licensing, Accreditation and Registration

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

20. Limitation of Authority

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

21. Noncompliance with Nondiscrimination Laws

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

22. Nondiscrimination

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

23. Publicity

The contractor agrees to submit to the State Auditor's Office all advertising and publicity matters relating to this contract wherein the State Auditor's Office's name is mentioned or language used from which the connection of the State Auditor's Office's name may, in the State Auditor's Office's judgment, be inferred or implied. The contractor agrees not to publish or use such advertising and publicity matters without the prior written consent of the State Auditor's Office.

24. Records Maintenance

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

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

25. Registration with Department of Revenue

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

26. Right of Inspection

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

27. Savings

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

28. Severability

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

29. Site Security

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

30. Subcontracting

All subcontractors must abide by all GAO Yellow Book standards.

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

The contractor is solely responsible and liable for ensuring that all of the terms, conditions, assurances and certifications set forth in this contract are incorporated into any partnering or subcontracting relationships with other entities for work related to this contract. Liability includes management responsibility and quality assurance for work performed and financial responsibility for

payments to and by partner organizations or subcontractor to others. Contractor and its subcontractors agree not to release, divulge, publish, transfer, sell or otherwise make known to information obtained during performance of this contract without the express written consent of the State Auditor's Office or as provided by law.

31. Taxes

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

32. Termination for Cause

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

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

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

33. Termination for Convenience

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

34. Termination Procedures

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

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

The State Auditor's Office may withhold from any amounts due the contractor such sum as the agent determines to be necessary to protect the State Auditor's Office against potential loss or

liability. The rights and remedies of the State Auditor's Office provided in this section shall not be exclusive and are in addition to any other rights and remedies provided by law or under this contract.

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

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

35. Treatment of Assets

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

36. Waiver

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

EXHIBIT C – FIXED-PRICE COST CERTIFICATION

State your firm's total fixed-price cost, including services, travel and per diem, and all other associated costs as specified in Section IV, Fixed-Price Cost Proposal, for the tasks as defined in Section III of this proposal.

\$ fixed-price cost proposal

I hereby certify and acknowledge that this is a fixed-price cost proposal for delivery of _____ and that this fixed-price cost proposal includes all costs for performing the tasks as defined in Section III of this proposal.

Signature

Name:

EXHIBIT D - REFERENCE WORKSHEET

REFERENCE WORKSHEET

REFERENCE

Type of Services
Performed

Firm/Organization: _____

Reference Name: _____

Contact Person 1: _____

Contact 1 Phone #: _____ Fax #: _____

E-mail Address: _____

Contact Person 2: _____

Contact 2 Phone #: _____ Fax #: _____

E-mail Address: _____

Type of Business: _____

Number of Employees at
Reference Business: _____

Number of Different
Business Locations
Supported: _____

EXHIBIT E - REQUIREMENTS CHECKLIST

Upon completion of the proposal, verify the entire proposal conforms to the requirements outlined in Chapter 3 and that it is organized into nine sections:

- 1) Letter of Submittal (Pass/Fail)
- 2) Project Management
- 3) Technical Proposal
- 4) Cost Breakdown Fixed-Priced Cost Proposal
- 5) Signed Fixed-Priced Cost Certification (Exhibit C) (Pass/Fail)
- 6) Customer References (Pass/Fail)
- 7) Résumés (Pass/Fail)
- 8) Signed Certifications and Assurances (Exhibit A) (Pass/Fail)
- 9) Samples of Work (CD copy only)

Standard Instructions to Proposers (Sections I through IV will not exceed 20 combined total pages)	CHECK
Section I. Submittal Letter (MR)	
A. Organization Summary (MR)	
B. Business Identification (MR)	
C. Company Officers (MR)	
D. Primary Contact (MR)	
E. Legal Status (MR)	
F. Previous State Contracts (MR)	
G. Former Employee Status (MR)	
H. Contract Terminations (MR)	
I. Tax Information (MR)	
J. Subcontractor Qualifications (MR)	
K. Statement of Acceptance of Technical Requirements (MR)	
L. Compliance with Insurance Requirements (MR)	
Section II. Project Management (MR)	
A. Organization (MR)	
B. Project Management Team Structure and Internal Controls (MR)	
C. Project Managers Assignment (MR)	
D. Project Team's Responsibilities and Qualifications (MR)	
E. Proposers' Recent and Relevant Experience (MR)	
F. Most recent Peer Review (MR)	
Section III. Technical Proposal (MR)	
A. Deliverables (MR)	
B. Schedule (MR)	
Section IV. Itemized Fixed-Price Cost Proposal (MR) (Pass/Fail)	
Section V. Signed Fixed-Price Cost Certification form (MR) (Pass/Fail)	
Section VI. Customer References (MR) (Pass/Fail)	
Section VII. Résumés (MR) (Pass/Fail)	
Section VIII. Signed Certifications and Assurances (Exhibit A), (MR) (Pass/Fail)	
Section IX. Samples of Work (MR), Softcopy only (CD), (Pass/Fail)	

EXHIBIT F – BACKGROUND INFORMATION

The following links provide access to the State laws and Administrative Rules adopted from the passage of I-937:

[Initiative 937 – Energy Independence Act](#)

[RCW 19.285 – Energy Independence Act](#)

[WAC 194-37 – Energy Independence](#)

Under I-937, SAO is required to complete audits of the following 12 public utilities for Renewable Resource Requirements and meeting conservation targets. Each has a customer base over the 25,000 customer threshold:

Municipals	
Seattle City Light	Tacoma Power
Public Utility Districts	
Benton PUD	Grant County PUD
Chelan County PUD	Grays Harbor PUD
Clallam County PUD	Lewis County PUD
Clark PUD	Mason County PUD No. 3
Cowlitz PUD	Snohomish County PUD

Northwest Energy Agencies and Functions:

Utilities may establish targets consistent with the “[5th Plan](#)” or the “[6th Plan](#)” published by the [Northwest Power and Conservation Council \(NWPPCC\)](#). The NWPPCC appoints members to the [Regional Technical Forum \(RTF\)](#) which has established a “[Conservation Calculator](#)” as one of three means allowed under WAC 194-37 that utilities can use to establish their conservation targets [WAC 194-37-070(4)]. The other two methods allowed are the “Modified Conversion Calculator” [WAC 194-37-070(5)] and the “Utility Analysis Method” [WAC 194-37-070(6)].

Most public utilities have purchase power agreements with the [Bonneville Power Administration \(BPA\)](#). The BPA has a [Planning, Tracking, and Reporting \(PTR\) system](#) that utilities can use to allow BPA to monitor regional energy efficiency and renewable energy activity. Most public utilities use this system; however some have adopted alternative tracking systems to address their unique activities.

The [Northwest Energy and Efficiency Alliance \(NEEA\)](#) provides [Market Transformation](#) opportunities that utilities can participate in to achieve their conservation targets.

The [Western Renewable Energy and Generation Information System \(WREGIS\)](#) is an independent, renewable energy tracking system. WREGIS tracks renewable energy generation from units that register in the system using verifiable data and creates [renewable energy certificates \(RECs\)](#) for this generation.