

State of Washington
Office of Financial Management
Olympia, Washington
REQUEST FOR PROPOSALS

**COMPLIANCE AUDITING AND VERIFICATION DRAWING
FOR THE WASHINGTON'S LOTTERY**

RFP NO. 15-200

NOTE: If you download this RFP from the OFM website located at http://www.ofm.wa.gov/contracts_procurements/default.asp, you are responsible for sending your name, address, e-mail address, and telephone number to the RFP Coordinator in order for your organization to receive any RFP amendments or bidder questions/agency answers.

PROJECT TITLE: COMPLIANCE AUDITING AND VERIFICATION DRAWING FOR THE WASHINGTON'S LOTTERY

PROPOSAL DUE DATE: April 28, 2015, at 3:30 p.m., Local Time, Olympia, WA

Only e-mailed proposals will be accepted. Hard copy proposals and faxed proposals will not be accepted.

ESTIMATED TIME PERIOD FOR THE CONTRACT:

July 1, 2015, through June 30, 2017. The Office of Financial Management (OFM) reserves the right to extend the contract for up to two additional two-year periods at the sole discretion of OFM.

CONSULTANT ELIGIBILITY:

This procurement is open to those consultants that satisfy the minimum qualifications stated herein and that are available for work in Washington State.

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1. INTRODUCTION

1.1 PURPOSE AND BACKGROUND

The Washington State Office of Financial Management hereafter called "Agency," is initiating this Request for Proposals (RFP) to solicit proposals from firms interested in providing compliance auditing and verification of drawings for Washington's Lottery.

Washington's Lottery (WL) was established in 1982. Pursuant to RCW 67.70, WL conducts lottery business as a state agency. Effective July 1, 2004, all Lottery net revenues allocated for education benefits the Education Construction Fund to help build, renovate, and remodel schools throughout Washington state. As previously directed by the Legislature, net revenue commitments from Lottery games for stadium funding will continue. For complete history of the Lottery, please visit the website at www.walottery.com.

RCW 67.70.320 requires that the Washington State Office of Financial Management (OFM) select a certified public accountant (CPA) to verify that the manner of selecting and paying winners is responsibly met primarily through observation of WL drawings and compliance audits of WL's claims validation and prize payment system. OFM is now requesting proposals to conduct these compliance audits and verify drawings within the timelines and scope of work specified by this Request for Proposals (RFP).

1.2 OVERVIEW OF WASHINGTON'S LOTTERY (WL) GAMES

- WL currently has two product lines. The products are: Instant games (Scratch), draw games (The Daily Game, Daily Keno, Lotto, Hit 5, Match 4, Mega Millions), and Powerball.
- Tickets are sold by Lottery retailers at various locations throughout the state. Prizes of \$600.00 or less may be paid to the ticket bearer directly by any Lottery retailer, or by WL Headquarters or regional offices. Prizes over \$600.00 must be paid at WL Headquarters or regional offices.
- For specific game details, please visit the WL website at www.walottery.com

WL Claims Validation and Prize Payment Systems

- Draw games procedures are in WL policies and procedures 110.552, 110.553, and 110.557.
- Bonus drawing procedures are in WL policies and procedures 110.558 and 110.559.
- Mega Millions game drawing procedures are in WL policies and procedures 110.550.
- Powerball game drawing procedures are in WL policies and procedures 110.554.
- On-line drawing contingency procedures, which include guidelines for handling emergency situations during drawings, are contained in WL policies and procedures 110.554.
- The Disaster Recovery procedures are contained in WL policies and procedures 110.551.
- These procedures are used by Washington's Lottery at the current time but are subject to change from time to time. The contractor will be given any changes to the drawing procedure at least seven days prior to implementing the change, unless the contractor and the agency agree to a shorter period of time on specific changes.

1.3 SCOPE and OBJECTIVES OF PROCUREMENT

A. Verification of Daily Drawings

- 1) To observe and certify daily drawings for WL games as noted below:

Game	Mon	Tues	Wed	Thurs	Fri	Sat	Sun
Lotto	X		X			X	
Hit 5	X		X			X	
Match 4	X	X	X	X	X	X	X
The Daily Game	X	X	X	X	X	X	X
Daily Keno	X	X	X	X	X	X	X

- The X indicates draw day; for more information on games, please see WL website, www.walottery.com.
 - Estimate drawings to take approximately 2.5 hours per day on Monday, Wednesday, and Saturday. Tuesday, Thursday, Friday, and Sunday should take approximately 2 hours each day.
 - Occasionally, observation and certification of bonus drawings will be requested. This would not require any additional time to the per-day hour approximation.
- 2) To verify that bi-weekly Mega Millions winning numbers are properly received, controlled, and processed (Tuesdays and Fridays).
- 3) To verify that bi-weekly Powerball winning numbers are properly received, controlled, and processed (Wednesday and Saturday).

B. Annual Reviews

- 1) Procedural Evaluation and Compliance Audit of Prize Payments: To determine prizes are paid to the appropriate party and in a timely manner for instant games (Scratch) and draw games for the period of July 1st through June 30th of each year, for a total two reviews under the initial term of this contract. Payment to be in compliance with RCW 67.70.320
- 2) Mega Millions Agreed Upon Procedures Audit: To complete agreed upon procedures of the Mega Millions game using the Multi-State Agreed Upon Procedures for the period of April 1st through March 31st of each year, for a total of two reviews under the initial term of this contract. Audit ensures the manner and time of payment prizes to the holders of winning tickets or shares consistent with Chapter 67.70 RCW.
- 3) Powerball Agreed Upon Procedures Audit: To complete agreed upon procedures of the Powerball game using the Multi-State Agreed Upon Procedures for the period of April 1st through March 31st of each year, for a total of two reviews under the initial term of this contract. Audit ensures the manner and time of payment prizes to the holders of winning tickets and shares consistent with Chapter 67.70 RCW.

C. Extra Services

OFM or WL may occasionally request extra services to be performed. Extra Services include, but are not limited to:

- Provision of training and advice;
- Attendance at meetings;
- Disaster planning assistance due to the auditor's involvement with the procedural aspects of the WL's operations;
- Participation in a "lockdown event" when the system does not balance with the vendor's gaming system;
- Attendance at promotional events;
- ADM maintenance services;
- Verification of WL software for the Lottery games;
- Extra drawing verifications;
- Purchase of security seals for cabinets, and
- Supplemental work as authorized by the OFM.

Any Extra Services provided by the Contractor or a subcontractor must be requested by WL and have prior written approval of the Office of Financial Management if estimated to be in the amount of One Hundred Dollars (\$100.00) or more.

No reimbursement would be allowed for travel expenses or travel time associated with Extra Services provided by the selected Contractor in Olympia, Washington.

The selected Contractor *will* be reimbursed for travel time at an agreed-upon hourly rate and travel expenses for Extra Services that WL is requiring provided the Extra Services are: (1) outside Olympia, Washington and (2) fifty (50) miles or more from the selected Contractor's place of business. Authorized expenses would be paid at current state travel reimbursement rates and would include, but not be limited to, airfare (economy or coach class only), other transportation expenses, and lodging and subsistence necessary during periods of required travel outside Olympia, Washington.

1.4 MINIMUM QUALIFICATIONS

- A. The Consultant must be licensed to do business in the State of Washington or provide a commitment that it will become licensed within thirty (30) calendar days of being selected as the Apparently Successful Contractor.
- B. The Consultant must have 5 years' experience performing audits within the public and/or private sector and must be a licensed Certified Public Accounting firm.
- C. The individual performing the verification of daily drawing services and the annual reviews / procedural audits on behalf of the Consultant is required to be a current Certified Public Accountant (CPA).

Consultants who do not meet these minimum qualifications shall be deemed non-responsive and will not receive further consideration.

1.5 SPECIAL CONDITIONS

The selected Contractor agrees that Washington Lottery tickets shall not be purchased by the firm its employees and/or subcontractors during the contract period. In addition, the selected Contractor and all particular individuals to be involved in on-site observation, verification, and certification must undergo a background check conducted by the WL. The selected Contractor and each individual must cooperate with WL to provide the necessary information and permissions to allow WL to complete the background check.

1.6 FUNDING

The Director of the Office of Financial Management (OFM) or his delegate is the only individuals who may legally commit OFM to the expenditures of public funds for a contract resulting from this RFP. No cost chargeable to the proposed contract may be incurred before receipt of either a fully executed contract or specific, written authorization from the Director or his delegate.

Any contract awarded as a result of this procurement is contingent upon the availability of funding. In the event additional funding becomes available, any contract awarded may be renegotiated to provide for additional related services.

1.7 PERIOD OF PERFORMANCE

The period of performance of any contract resulting from this RFP is tentatively scheduled to begin on or about **July 1, 2015** and to end on **June 30, 2017**. OFM reserves the right to extend the contract beyond 2017 for up to two additional two-year time periods. Amendments extending the period of performance, if any, shall be at the sole discretion of the Agency.

1.8 CONTRACTING WITH CURRENT OR FORMER EMPLOYEES

Specific restrictions apply to contracting with current or former state employees pursuant to chapter 42.52 of the Revised Code of Washington. Proposers should familiarize themselves with the requirements prior to submitting a proposal that includes current or former state employees.

1.9 DEFINITIONS

Definitions for the purposes of this RFP include:

Agency - The Office of Financial Management is the agency of the State of Washington that is issuing this RFP.

Apparently Successful Contractor – Individual or company whose proposal has been accepted by the AGENCY and is awarded a fully executed, written contract.

Consultant – Individual or company submitting a proposal in order to attain a contract with the AGENCY.

CPA - Certified Public Accountant

Draw Game Drawings – The Daily Game, Match 4, and Keno drawings are held every day. Lotto and Hit 5 drawings are held Mondays, Wednesdays and Saturdays. Computerized drawing equipment is randomly selected for each drawing and draws are conducted before and after each drawing.

Mega Millions is held on Tuesdays and Fridays. (Winning numbers are sent to WL)

Powerball is held on Wednesday and Saturday (Winning numbers are sent to WL.)

Instant Games - Game where a ticket is purchased and the ticket bearer can play the game and immediately determine the amount of winnings, if any. The number of prizes and their specific values are established by the WL prior to each game.

On-Line Games - These games are based on a network of computer terminals located in business establishments statewide and linked to a central computer. Tickets are printed by the terminal at the time of purchase and are validated through the computer system prior to payment. A variety of games may be offered on the on-line system. Draw games include Lotto, Hit 5, Match 4, The Daily Game, Daily Keno, Powerball, and Mega Millions.

Proposal – A formal offer submitted in response to this solicitation.

Request for Proposals (RFP) – Formal procurement document in which a service or need is identified but no specific method to achieve it has been chosen. The purpose of an RFP is to permit the consultant community to suggest various approaches to meet the need at a given price.

Washington’s Electronic Business Solution (WEBS) – The on-line contractor registration and bid notification system operated by the Washington State Department of General Administration.

Washington’s Lottery (WL) – Washington’s Lottery is an agency of the State of Washington.

1.10 ADA

The Agency complies with the Americans with Disabilities Act (ADA). Consultants may contact the RFP Coordinator to receive this Request for Proposals on tape.

2. GENERAL INFORMATION FOR CONSULTANTS

2.1 RFP COORDINATOR

The RFP Coordinator is the sole point of contact in the Agency for this procurement. All communication between the Bidder and the Agency upon receipt of this RFP shall be with the RFP Coordinator, as follows:

Name	Bonnie Lindstrom
Mailing Address	PO Box 43113
City, State, Zip Code	Olympia, WA 98504-3113
Phone Number	(360) 902.0568
E-Mail Address	Bonnie.lindstrom@ofm.wa.gov

Any other communication will be considered unofficial and non-binding on the Agency. Bidders are to rely on written statements issued by the RFP Coordinator. Communication directed to parties other than the RFP Coordinator may result in disqualification of the Bidder.

2.2 ESTIMATED SCHEDULE OF PROCUREMENT ACTIVITIES

Issue Request for Qualifications and Quotations	March 31, 2015
Bidder may submit written questions until 3:30 pm Pacific Time	April 10, 2015
OFM will issue responses	April 17 2015
Complaints due	April 21, 2015
Bidder must submit Proposal by 3:30 Local Time, Olympia, WA	April 28, 2015
OFM evaluation of proposals	April 30, 2015
Oral Presentations (Optional)	May 5, 2015
OFM announces "Apparent Successful Bidders" and begins contract negotiations	May 6, 2015
OFM notifies Unsuccessful Bidders	May 6, 2015
Unsuccessful Bidders may request Debriefing until 3:30 Local Time, Olympia, WA	May 11, 2015
OFM holds Debriefing Conferences, if requested	May 13, 2015
Unsuccessful Bidders may submit protest(s) until 3:30, Local Time, Olympia, WA	May 20, 2015
OFM considers and respond to any Protests	May 22, 2015
Sign Contract	May 25, 2015

The Agency reserves the right to revise the above schedule.

2.3 SUBMISSION OF PROPOSALS

The proposal must be **received by the RFP Coordinator** no later than 3:30 p.m., Local Time, Olympia, Washington, on April 28, 2015.

Proposals must be submitted electronically as an attachment to an e-mail to Bonnie Lindstrom, the RFP Coordinator, at the e-mail address listed in Section 2.1. Attachments to e-mail shall be on Microsoft Word format or PDF. Zipped files cannot be received by the AGENCY and cannot be used for submission of proposals. The cover submittal letter and the Certifications and Assurances form must have a scanned signature of the individual within the organization authorized to bind the Consultant to the offer. The AGENCY does not assume responsibility for problems with Consultant's e-mail. If the AGENCY'S email is not working, appropriate allowances will be made.

Proposals may not be submitted in hard copy or transmitted using facsimile transmission.

Consultants should allow sufficient time to ensure timely receipt of the proposal by the RFP Coordinator. **Late proposals will not be accepted and will be automatically disqualified from further consideration, unless the AGENCY'S e-mail is found to be at fault.** All proposals and any accompanying documentation become the property of the AGENCY and will not be returned.

2.4 PROPRIETARY INFORMATION/PUBLIC DISCLOSURE

Proposals submitted in response to this solicitation shall become the property of the AGENCY. All proposals received shall remain confidential until the Apparently Successful Bidder has been announced; thereafter, the proposals shall be deemed public records as defined in Chapter 42.56 of the Revised Code of Washington (RCW).

Any information in the proposal that the Bidder desires to claim as proprietary and exempt from disclosure under the provisions of Chapter 42.56 RCW must be clearly designated. The information must be clearly identified and the particular exemption from disclosure upon which the Bidder is making the claim must be cited. Each page containing the information claimed to be exempt from disclosure must be clearly identified by the word "Confidential" printed on the lower right hand corner of the page. Marking the entire proposal exempt from disclosure or as confidential will not be honored.

If a public records request is made for the information that the Bidder has marked as proprietary, the AGENCY will notify the Bidder of the request and of the date that the records will be released to the requester unless the Bidder obtains a court order enjoining that disclosure. If the Bidder fails to obtain the court order enjoining disclosure, the AGENCY will release the requested information on the date specified. If a Consultant obtains the court order enjoining disclosure, to the extent consistent with Chapter 42.56 RCW, the AGENCY shall maintain the confidentiality of the Consultant's information identified as proprietary.

2.5 REVISIONS TO THE RFP

In the event it becomes necessary to revise any part of this RFQQ, addenda will be published on the Washington Electronic Business System (WEBS) at <http://www.ga.wa.gov/webs>. For this purpose, the published questions and answers and any other pertinent information shall be provided as an addendum to the RFQQ and will be placed on the website.

If you did not receive this RFQQ via WEBS, please register with WEBS at the website above.

The state of Washington also reserves the right to cancel or to reissue the RFQQ in whole or in part, prior to execution of a contract.

2.6 MINORITY & WOMEN-OWNED BUSINESS PARTICIPATION

In accordance with 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 MWBE participation shall be required as a condition for receiving an award, and proposals will not be rejected or considered non-responsive on that basis.

For information on certified firms, consultants may contact OMWBE at <http://www.omwbe.wa.gov>.

2.7 ACCEPTANCE OF RFQQ TERMS

The Bidder acknowledges that the submission of a Bid which includes a signed Bidder Certification and Assurance Form, attached as Exhibit A, constitutes a binding offer that is valid for 60 days from the due date for receipt of proposals.

2.8 RESPONSIVENESS

All proposals will be reviewed by the RFP Coordinator to determine compliance with administrative requirements and instructions specified in this RFP. The Consultant is specifically notified that failure to comply with any part of the RFP may result in rejection of the proposal as non-responsive.

The AGENCY also reserves the right, however, at its sole discretion to waive minor administrative irregularities.

2.9 MOST FAVORABLE TERMS

The AGENCY 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 which the Consultant can propose. There will be no best and final offer procedure. The AGENCY does reserve the right to contact a Consultant for clarification of its proposal.

The Consultant should be prepared to accept this RFP for incorporation into a contract resulting from this RFP. Contract negotiations may incorporate some or all of the Consultant's proposal. It is understood that the proposal will become a part of the official procurement file on this matter without obligation to the AGENCY.

2.10 CONTRACT GENERAL TERMS & CONDITIONS

The Apparently Successful Contractor will be expected to enter into a contract which is substantially the same as the sample contract and its general terms and conditions attached as Exhibit B. In no event is a Consultant to submit its own standard contract terms and conditions in response to this solicitation. The Consultant may submit exceptions as allowed in the Certifications and Assurances form, Exhibit A to this solicitation. All exceptions to the contract terms and conditions must be submitted as an attachment to Exhibit A, Certifications and Assurances form. The AGENCY will review requested exceptions and accept or reject the same at its sole discretion.

2.11 COSTS TO PROPOSE

The AGENCY will not be liable for any costs incurred by the Consultant in preparation of a proposal submitted in response to this RFP, in conduct of a presentation, or any other activities related to responding to this RFP.

2.12 NO OBLIGATION TO CONTRACT

This RFP does not obligate the State of Washington or the AGENCY to contract for services specified herein.

2.13 REJECTION OF PROPOSALS

The Agency 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 RFP.

2.14 COMMITMENT OF FUNDS

The Director of the AGENCY or his delegate is the only individual who may legally commit the AGENCY to the expenditures of funds for a contract resulting from this RFP. No cost chargeable to the proposed contract may be incurred before receipt of a fully executed contract.

2.15 ELECTRONIC PAYMENT

The state of Washington prefers to utilize electronic payment in its transactions. Proposers who are awarded a contract as a result of this RFQQ must register in the Statewide Vendor Payee Registration System. The Department of Enterprise Services (DES) maintains a central contractor registration file for Washington State agencies to process Contractor payments. To obtain registration materials and instructions for registration go to <http://des.wa.gov/services/ContractingPurchasing/Business/VendorPay/Pages/default.aspx>

2.16 INSURANCE COVERAGE

The Contractor is to furnish the Agency with a certificate(s) of insurance executed by a duly authorized representative of each insurer, showing compliance with the insurance requirements set forth below.

The Contractor shall, at its own expense, obtain and keep in force insurance coverage, which shall be maintained in full force and effect during the term of the contract. The Contractor shall furnish evidence in the form of a Certificate of Insurance that insurance shall be provided, and a copy shall be forwarded to the Agency within fifteen (15) days of the contract effective date.

Liability Insurance

1. Commercial General Liability Insurance: Contractor shall maintain general liability (CGL) insurance and, if necessary, commercial umbrella insurance, with a limit of not less than \$1,000,000 per each occurrence. If CGL insurance contains aggregate limits, the General Aggregate limit shall be at least twice the "each occurrence" limit. CGL insurance shall have products-completed operations aggregate limit of at least two times the "each occurrence" limit. CGL insurance shall be written on ISO occurrence form CG 00 01 (or a substitute form providing equivalent coverage). All insurance shall cover liability assumed under an insured contract (including the tort liability of another assumed in a business contract), and contain separation of insureds (cross liability) condition.

Additionally, the Contractor is responsible for ensuring that any subcontractors provide adequate insurance coverage for the activities arising out of subcontracts.

2. Business Auto Policy: As applicable, the Contractor shall maintain business auto liability and, if necessary, commercial umbrella liability insurance with a limit not less than \$1,000,000 per accident. Such insurance shall cover liability arising out of "Any Auto." Business auto coverage shall be written on ISO form CA 00 01, 1990 or later edition, or substitute liability form providing equivalent coverage.

Employers Liability ("Stop Gap") Insurance

In addition, the Contractor shall buy employers 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.

Additional Provisions

Above insurance policy shall include the following provisions:

- ~~1. Additional Insured.~~ The State of Washington, Office of Financial
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Management, its elected and appointed officials, agents and employees shall be named as an additional insured on all general liability, excess, umbrella and property insurance policies. All insurance provided in compliance with this contract shall be primary as to any other insurance or self-insurance programs afforded to or maintained by the State.

2. **Cancellation.** State of Washington, Office of Financial Management, shall be provided written notice before cancellation or non-renewal of any insurance referred to therein, in accord with the following specifications. Insurers subject to 48.18 RCW (Admitted and Regulation by the Insurance Commissioner): The insurer shall give the State, Office of Financial Management, 45 business days advance notice of cancellation or non-renewal. If cancellation is due to non-payment of premium, the State shall be given 10 business days advance notice of cancellation. Insurers subject to 48.15 RCW (Surplus lines): The State shall be given 20 business days advance notice of cancellation. If cancellation is due to non-payment of premium, the State shall be given 10 business days advance notice of cancellation.
3. **Identification.** Policy must reference the State's contract number and the agency name.
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 shall be reviewed and approved by the AGENCY Risk Manager or the Risk Manager for the State of Washington, 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 Chapter 48.15 RCW and 284-15 WAC
5. **Excess Coverage.** By requiring insurance herein, the State does not represent that coverage and limits will be adequate to protect Contractor, and such coverage and limits shall not limit Contractor's liability under the indemnities and reimbursements granted to the State in this contract.

Worker's Compensation Coverage

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 responsive in any way for claims filed by the Contractor or their employees for services performed under the terms of this contract.

2.17 COMPLAINTS

This procedure is available to potential Bidders who are contemplating submitting a bid in response to this RFQQ. Only complaints concerning the following subjects shall be considered:

- A claim that the solicitation unnecessarily restricts competition;
- A claim the solicitation evaluation or scoring process is unfair or flawed, or
- A claim the solicitation requirements are inadequate or insufficient to prepare a response.

Consultants complaining about this procurement shall follow the procedures described below. Complaints that do not follow these procedures shall not be considered. If a Consultant registers a complaint against this solicitation, the complaint cannot be raised again during the protest period.

All complaints must be in writing and signed by the complaining party or an authorized Agent. The complaint must be sent to the Procurement Coordinator, or designee, at least 5 business days before the proposal due date and must clearly articulate the basis for the complaint. The consultant submitting the complaint must also include a proposed remedy.

Upon receipt of a complaint, a complaint review will be held by the AGENCY. The AGENCY procurement coordinator will respond to complaints in writing and the AGENCY director will be notified of all complaints and provided a copy of the AGENCY'S response. A copy of the response to the complaint, including any changes to the solicitation, will also be posted to WEBS.

The complaint process does not include an appeal process.

3. PROPOSAL CONTENTS

Proposals must be written in English and submitted electronically in the order noted below:

The four major sections of the proposal are to be submitted in the order noted below.

- A. Letter of Submittal, including signed Certifications and Assurances (Exhibit A to this RFP)
- B. Technical Proposal
- C. Management Proposal, including Qualifications Requirement (Exhibit C to this RFP); and
- D. Cost Proposal (Exhibit D to this RFP)

Proposals must provide information in the same order as presented in this document with the same headings. This will not only be helpful to the evaluators of the proposal, but should assist the Consultant in preparing a thorough response.

3.1 ADMINISTRATIVE REQUIREMENTS (Section 1 of Proposal)

- A. Letter of Submittal. Bidders must include a signed Letter of Submittal on Bidder's official business letterhead as the first page. Signing the Letter of Submittal indicates that the Bidder accepts the terms and conditions of the RFP.
 - (1) Name, address, principal place of business, telephone number, and fax number/e-mail address of legal entity or individual with whom contract would be written.
 - (2) The name of the contact person for this RFP.
 - (3) Name, address, and telephone number of each principal officer (President, Vice President, Treasurer, Chairperson of the Board of Directors, etc.)
 - (4) Legal status of the Bidder (sole proprietorship, partnership, corporation, etc.) and the year the entity was organized to do business as the entity now substantially exists.
 - (5) Federal Employer Tax Identification number or Social Security number and the Washington Uniform Business Identification (UBI) number issued by the state of Washington Department of Revenue. If the Bidder does not have a UBI number, the Bidder must state that it will become licensed in Washington within thirty (30) calendar days of being selected as the Apparently Successful Contractor.
 - (6) Location of the facility from which the Bidder would operate.
 - (7) Identify any state employees or former state employees employed or on the firm's governing board as of the date of the proposal. Include their position and responsibilities within the Bidder's organization. If following a review of this information, it is determined by the AGENCY that a conflict of interest exists, the Bidder may be disqualified from further consideration for the award of a contract.
 - (8) A list of all RFP addenda downloaded by the Bidder from WEBS and listed in order by addenda number and date. If there are no RFP addenda, the Bidder must include a statement to that effect.

- (9) A statement substantiating that the person who signs the letter is authorized to contractually bind the Bidder's firm.
- (10) Identification of the page numbers on the Bidder's Proposal that are marked "Proprietary Information".
- (11) If the Bidder or any subcontractor contracted with the state of Washington during the past 24 months, indicate the name of the agency, the contract number and project description and/or other information available to identify the contract.
- (12) If the Bidder's staff or subcontractor's staff was an employee of the state of Washington during the past 24 months, or is currently a Washington State employee, identify the individual by name, the agency previously or currently employed by, job title or position held and separation date.
- (13) If the Bidder has had a contract terminated for default in the last five years, describe such incident and submit full details of the terms for default including the other party's name, address, and phone number. Present the Bidder's position on the matter. Termination for default is defined as notice to stop performance due to the Bidder's non-performance or poor performance and the issue of performance was either (a) not litigated due to inaction on the part of the Bidder, or (b) litigated and such litigation determined that the Bidder was in default. The AGENCY will evaluate the facts and may, at its sole discretion, reject the proposal on the grounds of the past experience.
- (14) If no such termination for default has been experienced by the Bidder in the past five years, so indicate.
- (15) A statement substantiating that the Bidder meets all of the Minimum Qualifications as listed in Section 1.4, Minimum Qualifications.

B. Bidder Certification and Assurances Form

Bidders must submit a completed Bidder Certification and Assurances Form, Exhibit A. Please sign and include any attachments that are necessary.

C. Reference Section

List names, addresses, telephone numbers, and fax numbers/e-mail addresses of three (3) business references for the Bidder any anticipated subcontractors, and three (3) business references for the lead staff person for whom work has been accomplished and briefly describe the type of service provided. Do not include current AGENCY staff as references. By submitting a proposal in response to this Work Request, the Bidder and team members grant permission to AGENCY to contact these references and others, who from AGENCY's perspective, may have pertinent information. AGENCY may or may not, at AGENCY's discretion, contact references. The AGENCY may evaluate references at the AGENCY'S discretion.

D. OMWBE Certification

If Bidder is certified as a minority-owned firm and/or women-owned firm, include proof of certification issued by the Washington State Office of Minority and Women's Business Enterprises (OMWBE).

3.2 TECHNICAL PROPOSAL (Section 2 of Proposal)

Numbering of Responses: Please number each response so that it corresponds to the question number. The response must begin with a restatement of the question followed by the Bidder's response to the question. A reference to another section will not suffice, each answer must stand alone.

Attachments: Attachments must be labeled and tabbed and the question number to which it responds must be indicated.

Points Awarded for Responses: The number in parentheses after each question or requirements represents the maximum number of points that may be awarded for the Bidder's response to that question or requirement.

The Technical Proposal must contain a comprehensive description of services including the following elements:

- A. PROJECT APPROACH/METHODOLOGY - (15 points)** – Include a complete description of the Consultant's proposed approach and methodology for the project. This section should convey Consultant's understanding of the proposed project.
- B. WORK PLAN** - Include a complete description of the Consultant's proposed work plan for meeting all the project requirements and the proposed tasks, services, activities, deliverables, etc., necessary to accomplish the scope of the services defined in this RFP. This section of the technical proposal must contain sufficient detail to convey to members of the evaluation team the Consultant's **knowledge** of the subjects and **skills** necessary to successfully complete the project.

(1) Description of Services Required

This RFP is for basic compliance audits of WL claims validation and prize payment systems, and observation and certification of game drawings. The RFP also covers an evaluation of WL's compliance with the Mega Millions and Powerball procedures as agreed to by WL and the other member lotteries. These are the major activities planned to fulfill OFM's CPA review requirement. The purpose of the CPA is to verify that WL winners' selection and payment processes contain basic controls and that WL procedures are followed. If the audits reveal operational inadequacies, OFM may contract for additional in-depth services. However, such additional work has not been defined and is not included in this RFP.

- a. Describe work plan to evaluate controls in documented procedures - **(7 points)**
 - 1) Requirements: Verify that the process controls meet the WL's specific statutory requirements, rules, regulations and agency policies.
 - 2) Tasks:
 - (a) Review documented procedures and identify controls for:
 - Instant and Draw games claims validation and prize payment by Lottery retailers and WL;
 - Annuity payment process and procedures for receiving investment payments along with Lottery payments to winners;
 - Selection of numbers and payment of The Daily Game, Match 4, and Daily Keno drawing winners;
 - Selection of numbers and payment of tri-weekly Lotto and Hit 5.
 - Entry of the winning numbers for multi-state games, Mega Millions and Powerball.

- (b) Determine that the controls comply with WL statutory requirements, rules, regulations and policies.

b. Describe work plan to determine WL compliance with its procedures - **(7 points)**

1) Tasks:

- (a) Evaluate a sample of instant game records and documents for compliance with claims and payment procedures. The sample will be selected from claims processed by WL.
- (b) Evaluate a sample of The Daily Game, Daily Keno, Lotto, Hit 5, Match 4, Mega Millions, and Powerball records and documents processed by WL for compliance with claim and payment procedures. The sample will be selected from claims processed by WL.

It should be noted that the Contractor must identify the samples to be used in the evaluation/audits at least two weeks prior to starting on-site work at WL. Lottery staff will be responsible for furnishing the required documents for the sample.

c. Describe work plan to certify procedural compliance of The Daily Game drawings, Daily Keno drawings, Match 4 drawings, tri-weekly Lotto drawings, tri-weekly Hit 5 drawings and bi-weekly Mega Millions drawings and Powerball drawings

(7 points)

1) Tasks:

- (a) Observe and verify all draw games are conducted objectively and fairly. Contractor will participate in the drawings as required by WL selection and drawing procedures per the schedule noted in Section 1.3. Draw games procedures are in WL Procedures 110.552, 110.553, 110.554, and 110.557. Bonus drawing procedures are in WL Procedures 110.558 and 110.559.
- (b) Verify and confirm the twice-weekly Mega Millions drawings held in Atlanta Georgia. This will require being present during the receipt of the numbers from Atlanta and the confirmation of those numbers with the WL. Mega Millions procedures are contained in WL Procedures 110.550.
- (c) Verify and confirm the twice-weekly Powerball drawings held in Orlando, Florida. This will require being present during the receipt of the numbers from Orlando and the confirmation of those numbers with the WL. Powerball procedures are contained in WL Procedure 110.554.

Information on the estimated hours for the drawings is provided in Section 3.4, Cost Proposal.

- (d) The Contractor shall be present when any software and or hardware changes are made to the computerized drawing equipment.
- (e) The WL may conduct supplemental drawings in conjunction with promotions and may request contactor attend to verify drawings.

(2) Deliverables

- a. Describe the work plan to provide reports as required in this RFP - **(7 points)**

The Contractor shall be responsible for submitting the following reports and a final report as follows:

- 1) Procedural Evaluation and Compliance Audit - For each audit (minimum of one per year), which includes instant games, Hit 5, Lotto, Daily Keno, The Daily Game, Match 4, Mega Millions, and Powerball at least one oral report is required to OFM as soon as the findings are determined. A final written report must identify key control objectives of the draw and instant game validation and payment systems. The Contractor must plan delivery of this report so that any remedial action can begin as soon as possible.
- 2) Mega Millions Agreed Upon Procedures – For each review (minimum of one per year), at least one oral report is required to the Agency as soon as findings are determined. A final written report must contain all of the information as required by the Agreed Upon Procedures. The Contractor must plan delivery of this report so that any remedial action can begin as soon as possible.
- 3) Powerball Agreed Upon Procedures – For each review (minimum of one per year), at least one oral report is required to the Agency as soon as findings are determined. A final written report must contain all of the information as required by the Agreed Upon Procedures. The Contractor must plan delivery of this report so that any remedial action can begin as soon as possible.
- 4) Drawing Certification (all draw games, including Hit 5, Lotto, Daily Keno, Match 4, and The Daily Game) - A report of CPA verification will be required for each drawing. The report must be submitted at least monthly, within five days after the last drawing date of the month reported, and briefly state that:
 - (a) Procedures were objective,
 - (b) Procedures were followed, and
 - (c) Numbers drawn are as indicated for each day of the previous month.It should be noted, however, that any deviation from WL procedures or any deficiency, which affects objectivity of the selection of numbers, must be specifically reported to the Agency by the Contractor within three days of its occurrence.
- 5) The Agency reserves the right to request additional reports relating to various aspects of the project.

- b. Describe the work plan to provide the Compliance Audits and Drawing Verifications according to the time requirements set forth in this RFP

(7 points)

- 1) It is anticipated that fieldwork for the procedural evaluation and compliance audit of all games must be completed by the end of August of each year. Fieldwork for the Mega Millions and Powerball Audits must also be completed by the end of August of each year. Final Reports must be received no later than September 15th. The evaluation/audit may be requested at a different time if OFM and WL deem this necessary, or it may be rescheduled at a mutually agreeable time by the Agency and the Contractor.

- 2) Draw game drawings will occur daily. Verifications must be conducted for each drawing. These drawings will take place at the Lottery Headquarters in Olympia.

The Contractor is currently required to be present from approximately 6:30 p.m. to 9:00 p.m. each day of the week, except Thursday and Sunday. Time on these days is 6:30 p.m. to 8 p.m. These standard work times may be adjusted by the WL on 30- days notice to the Contractor, which could involve moving the daily drawing time. Prior to their first drawings and periodically throughout the year, the Contractor will be required to participate in a number of training sessions. The Contractor is also requested to attend meetings that are set up with the Drawing team, by the WL coordinator.

- 3) The Contractor shall be present when any software and or hardware changes are made to the computerized drawing equipment.
- 4) The WL may conduct supplemental drawings in conjunction with promotions and may request contractor attend to verify drawings.

C. PROJECT SCHEDULE - (20 points) - Include a project schedule which will reflect how the Consultant will ensure staff will be available for all drawings and a back-up plan in the event an assigned staff member cannot attend. This list will include contact information for each member.

3.3 MANAGEMENT PROPOSAL (Section 3 of Proposal)

Numbering of Responses: Please number each response so that it corresponds to the question number. The response must begin with a restatement of the question followed by the Bidder's response to the question. A reference to another section will not suffice, each answer must stand alone.

Attachments: Attachments must be labeled and tabbed and the question number to which it responds must be indicated.

Points Awarded for Responses: The number in parentheses after each question or requirements represents the maximum number of points that may be awarded for the Bidder's response to that question or requirement.

A. PROJECT MANAGEMENT

(1) Project Team Structure/Internal Controls - (15 points)

Provide a description of the proposed project team structure and internal controls to be used during the course of the project, including any subcontractors. Provide an organizational chart of your firm indicating lines of authority for personnel involved in performance of this potential contract and relationships of this staff to other programs or functions of the firm. This chart must also show lines of authority to the next senior level of management. Include who within the firm will have prime responsibility and final authority for the work.

(2) Staff Qualifications/Experience - (25 points)

Identify staff, including subcontractors, who will be assigned to the potential contract, indicating the responsibilities and qualifications of such personnel, and include the amount of time each will be assigned to the project. Provide resumes for the named staff, which include information on the individual's particular skills related to this project, education, experience, significant accomplishments and any other pertinent information. The Consultant must commit that staff identified in its proposal will actually perform the assigned work. Any staff substitution must have the prior approval of the AGENCY.

Each employee of the Contractor (or any subcontractor) must complete an application for a vendor/contractor badge, which includes a background check. The WL will supply forms to the Contractor.

B. EXPERIENCE OF THE CONSULTANT - (30 points)

- (1) Indicate the experience the Consultant and any subcontractors have had in providing compliance auditing and verification of drawing services for the Washington Lottery and/or other state and national lotteries.
- (2) Indicate other relevant experience that indicates the qualifications of the Consultant, and any subcontractors, for the performance of the potential contract.
- (3) Include a list of contracts the Consultant has had during the last five years that relate to the Consultant's ability to perform the services needed under this RFP. List contract reference numbers, contract period of performance, contact persons, telephone numbers, and fax numbers / e-mail addresses.

C. QUALIFICATION REQUIREMENTS

To comply with statutory and Agency requirements for this proposed contract, Consultants are required to complete Exhibit C, "Qualification Requirements". Proposals will be accepted only from those giving positive responses. The exhibit must be signed by an individual who has authority to bind the firm.

3.4 COST PROPOSAL (Section 4 of Proposal) (60 points)

The evaluation process is designed to award this procurement not necessarily to the Consultant of least cost, but rather to the Consultant whose proposal best meets the requirements of this RFP. However, Consultants are encouraged to submit proposals that are consistent with State government efforts to conserve state resources.

A. Identification of Costs

Refer to Exhibit D, "Cost Proposal," for the required format for submission of the cost proposal. Identify all costs, including expenses to be charged for performing the services necessary to accomplish the objectives of the contract.

Costs for subcontractors are to be broken out separately. Please note if any subcontractors are certified by the Office of Minority and Women's Business Enterprises.

B. Computation

The score for the cost proposal will be computed by dividing the lowest cost bid received by the Consultant's total cost. Then the resultant number will be multiplied by the maximum possible points for the cost section.

C. Procedural Evaluation/Compliance Audit Cost

Identify separately the cost for the game drawing verifications, procedural evaluation and compliance audits, and for the Mega Millions and Powerball Agreed Upon Procedures review, as specified in Exhibit D. It must be agreed that each procedural evaluation/compliance audit will be conducted at the specified cost.

The Contractor will be paid for actual time spent on the procedural evaluation/compliance audits only up to the maximum amount stated in the cost proposal. Time spent over the maximum estimated in the Contractor's proposal will not be reimbursed, unless the Agency gives prior approval for additional work to be provided.

D. Drawing Verification Cost

Assume all drawing verifications will be held at the WL headquarters in Olympia, Washington. Drawing verifications requested by the Agency must be conducted at the stated cost.

The Contractor should expect to be present 2.5 hours for each drawing on Monday, Wednesday, and Saturday and 2 hours for each drawing on Tuesday, Thursday, Friday, and Sunday. This time begins at the time the Contractor is requested by WL to be on the premises of the drawing location, until all required work in conjunction with the drawing is completed. The CPA must be present from the time the vault is opened until the vault is closed each evening. The CPA maintains custody of the key and unlocks the vault and relocks it at the conclusion of the drawing.

If the Contractor should be required to be present more than thirty minutes past the expected time, he/she will be reimbursed based on the specified hourly rate for drawing overtime. Drawing overtime should occur only rarely and for such reasons as lockdown procedures due to out of balance incidents, power outages, equipment failure, excessive fouls or equipment certification/recertification.

If the Contractor is requested to perform services away from the normal on-line drawing location the firm will be reimbursed at the specified hourly rate for all time required beyond the standard 2.5 hours on Monday, Wednesday, and Saturday and beyond the standard 2 hours on Tuesday, Thursday, Friday, and Sunday. The Contractor will be reimbursed for travel time and travel expenses between Olympia and the drawing location, if required, in accordance with State travel regulations.

Any travel cost for routine game drawings should be included in Contractor's stated rate per drawing and should not be included as a separate cost in the proposal. If game drawings should be moved from Olympia at some future date, thereby creating additional travel time, the Contractor will be reimbursed for the additional travel time plus related travel cost.

WL may occasionally require additional services or the Agency may request additional services. Please state an hourly rate for additional services required from members of your staff.

See also Section 1.3, Scope and Objectives of Procurement, regarding reimbursement for travel and other expenses related to Extra Services.

4. EVALUATION AND CONTRACT AWARD

4.1 EVALUATION PROCEDURE

Responsive proposals will be evaluated strictly in accordance with the requirements stated in this solicitation and any addenda issued. The evaluation of proposals shall be accomplished by an evaluation team, to be designated by the Agency, which will determine the ranking of the proposals.

Agency, at its sole discretion, may elect to select the top-scoring firms as finalists for an oral presentation.

4.2 EVALUATION WEIGHTING AND SCORING

The following weighting and points will be assigned to the proposal for evaluation purposes:

Technical Proposal – 35%	70 Points
Project Approach - Methodology	15 Points (maximum)
Quality of Work Plan:	
Evaluate Controls in documented procedures	7 Points (maximum)
Determine WL Compliance with its procedures	7 Points (maximum)
Certify procedural compliance	7 Points (maximum)
Provide Reports	7 Points (maximum)
Provide Compliance Audits and Drawing Verification	7 Points (maximum)
Project Schedule	20 Points (maximum)
Management Proposal – 35%	70 Points
Project Management:	
Project Team Structure – Internal Controls	15 Points (maximum)
Staff Qualifications - Experience	25 Points (maximum)
Experience of the Consultant	30 Points (maximum)
Cost Proposal – 30%	60 Points
Cost Proposal	60 Points (maximum)
Total	200 Points

References will be contacted at the discretion of the AGENCY for the top-scoring proposer(s) only.

4.3 ORAL PRESENTATIONS MAY BE REQUIRED

Should oral presentations become necessary, the AGENCY will contact the top-scoring firm(s) to schedule a date, time and location. Commitments made by the Consultant at the oral interview, if any, will be considered binding. The oral presentation will determine the successful Consultant.

4.4 FINAL SELECTION

The evaluation process is designed to award a contract not necessarily to the Consultant of least cost, but to that Consultant which in the opinion of the AGENCY best meets the requirements set forth in the RFP. The AGENCY reserves the right to award to contract to the Consultant whose proposal is in the best interest of the AGENCY and State of Washington.

4.5 NOTIFICATION TO PROPOSERS

The AGENCY will notify the Apparently Successful Contractor of their selection in writing upon completion of the evaluation process. Individuals or firms whose proposals were not selected for further negotiation or award will be notified separately by e-mail or facsimile.

4.6 DEBRIEFING OF UNSUCCESSFUL PROPOSERS

Any Consultant who has submitted a proposal and been notified that they were not selected for contract award may request a debriefing. The written request for a debriefing conference must be received by the RFP Coordinator no later than 3:30 PM, local time, Olympia, Washington on May 11, 2015. Debriefings will be on May 13, 2015.

Discussion at the debriefing conference will be limited to the following:

- Evaluation and scoring of the firm's proposal;
- Critique of the proposal based on the evaluation;
- Review of proposer's final score in comparison with other final scores without identifying the other firms.

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.

4.7 PROTEST PROCEDURE

Protests may be made only by Consultants who submitted a response to this solicitation document and who have participated in a debriefing conference. Protests must be received by the RFP Coordinator no later than 3:30 PM, local time, Olympia, Washington, on May 20, 2015. Protests may be submitted by e-mail, but must then be followed by the document with an original signature.

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

All protests must be in writing, addressed to the RFP Coordinator, and signed by the protesting party or an authorized Agent. The protest must state the RFP number, 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.

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

- A matter of bias, discrimination or conflict of interest on the part of an evaluator;
- Errors in computing the score;
- Non-compliance with procedures described in the procurement document or AGENCY policy.

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) AGENCY'S assessment of its own and/or other agencies needs or requirements.

Upon receipt of a protest, a protest review will be held by the AGENCY. The AGENCY Director or an employee delegated by the Director who was not involved in the procurement will consider the record and all available facts and issue a decision within five (5) 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 Consultant that also submitted a proposal, such Consultant will be given an opportunity to submit its views and any relevant information on the protest to the RFP Coordinator.

The final determination of the protest shall:

- Find the protest lacking in merit and uphold the AGENCY's action; or
- Find only technical or harmless errors in the AGENCY's acquisition process and determine the AGENCY to be in substantial compliance and reject the protest; or
- Find merit in the protest and provide the AGENCY 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 AGENCY determines that the protest is without merit, the AGENCY will enter into a contract with the apparently successful contractor. If the protest is determined to have merit, one of the alternatives noted in the preceding paragraph will be taken.

5. RFP EXHIBITS

Exhibit A Certifications and Assurances

Exhibit B Sample Contract Format including General Terms and Conditions (GT&C's)

Exhibit C Qualifications Requirements

Exhibit D Cost Proposal Format

Exhibit E Washington State Lottery Policies and Procedures are available upon request to the RFP Coordinator:

- Policy 110.551 Drawings Business Resumption Plan
- Procedure 110.552 Digital Drawing Procedures
- Procedure 110.553 Tuesday, Thursday, Friday and Sunday Daily Game, Daily Keno, and Match 4 HDO Activities
- Procedure 110.554 Draw Game Activities (Includes Powerball verification procedure)
- Procedure 110.550 Mega Millions Activities.
- Procedure 110.557 Monday, Wednesday and Saturday Daily Keno, Daily Game, Hit 5, Match 4, and Lotto Drawings HDO Activities
- Procedure 110.558 H and 110.558L Promo Drawing (for Consumers)
- Procedure 110.559 Promo Drawing (for Retailers)

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:

1. I/we declare that all answers and statements made in the proposal are true and correct.
2. 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.
3. The attached proposal is a firm offer for a period of 90 days following receipt, and it may be accepted by the AGENCY without further negotiation (except where obviously required by lack of certainty in key terms) at any time within the 90-day period.
4. 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. If there are exceptions to these assurances, I/we have described them in full detail on a separate page attached to this document.
5. I/we understand that the AGENCY will not reimburse me/us for any costs incurred in the preparation of this proposal. All proposals become the property of the AGENCY, and I/we claim no proprietary right to the ideas, writings, items, or samples, unless so stated in this proposal.
6. 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 opening, directly or indirectly, to any other Proposer or to any competitor.
7. I/we agree that submission of the attached proposal constitutes acceptance of the solicitation contents and the attached sample contract and general terms and conditions. If there are any exceptions to these terms, I/we have described those exceptions in detail on a page attached to this document.
8. 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.
9. I/we grant the AGENCY the right to contact references and others, who may have pertinent information regarding the ability of the Consultant and the lead staff person to perform the services contemplated by this RFP.
10. I/we agree that if selected for contract award that Washington Lottery tickets shall not be purchased by the firm, its employees and/or subcontractors during the contract period. In addition, I/we agree that the firm and all particular individuals to be involved in on-site observation, verification, and certification will undergo a background check conducted by the WL. I/we agree that the firm and each individual will cooperate with WL to provide the necessary information and permissions to allow WL to complete the background check.

We (circle one) **are / are not** submitting proposed Contract exceptions. (See Section 2.11, Contract and General Terms and Conditions.) If Contract exceptions are being submitted, I/we have attached them to this form.

On behalf of the Consultant submitting this proposal, my name below attests to the accuracy of the above statements. We are submitting a scanned signature of this form with our electronic proposal.

Signature of Proposer

Title

Date

**CONTRACT BETWEEN
THE STATE OF WASHINGTON OFFICE
OF FINANCIAL MANAGEMENT
AND**

This Contract is made and entered into by and between the state of Washington, Office of Financial Management, hereinafter referred to as the "AGENCY", and the below named firm, hereinafter referred to as "CONTRACTOR,"

Name _____
Address _____
Phone: _____
E-mail Address: _____
Washington State UBI No.: _____
Federal ID No.: _____

PURPOSE

The purpose of this contract is to provide compliance auditing and verification drawings for the Washington's Lottery.

SCOPE OF WORK

The CONTRACTOR will provide services, and otherwise do all things necessary for or incidental to the performance of work, as included in the AGENCY'S Request for Proposals No. 15-200 attached as Exhibit B and the CONTRACTOR's Proposal dated _____ attached as Exhibit C.

Exhibit A contains the General Terms and Conditions governing work to be performed under this contract, the nature of the working relationship between the AGENCY and the CONTRACTOR, and specific obligations of both parties.

The CONTRACTOR shall produce the following written reports or other written documents (deliverables) by the dates indicated below:

-
-

All written reports required under this contract must be delivered to _____, the AGENCY Contract Manager, in accordance with the schedule above.

FAILURE TO APPEAR OR SHOWING LATE FOR A DRAWING

The CONTRACTOR agrees that it will be liable for damages in the amount of Five Thousand Dollars (\$5,000.00) if the auditor fails to appear for a drawing or is late for a drawing.

PERIOD OF PERFORMANCE

Subject to other contract provisions, the period of performance under this contract will be from July 1, 2015, date of execution by the parties, or notification of earliest start date and approval by the Office of Financial Management (OFM) pursuant to Chapter 39.29 RCW, and/or ESHB 2921, whichever is later, through June 30, 2017. The AGENCY reserves the right to extend the contract for up to two additional two-year periods. Amendments extending the period of performance, if any, shall be at the sole discretion of OFM.

COMPENSATION AND PAYMENT

AGENCY shall pay an amount not to exceed _____ Dollars (\$_____) as set forth in Exhibit C, the CONTRACTOR’s proposal dated _____. AGENCY shall pay the CONTRACTOR upon approval and acceptance of deliverables.

BILLING PROCEDURES AND PAYMENT

AGENCY will pay CONTRACTOR upon receipt of properly completed invoices, which shall be submitted to the Contract Manager, not more often than monthly. The invoice shall describe and document to the AGENCY’S satisfaction a description of the work performed, the progress of the project, and fees.

Payment shall be considered timely if made by the AGENCY within thirty (30) days after receipt of properly completed invoices. Payment shall be sent to the address designated by the CONTRACTOR.

The AGENCY may, in its sole discretion, terminate the contract or withhold payments claimed by the CONTRACTOR for services rendered if the CONTRACTOR fails to satisfactorily comply with any term or condition of this contract.

No payments in advance or in anticipation of services or supplies to be provided under this contract shall be made by the AGENCY.

CONTRACT MANAGEMENT

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

Contract Manager for CONTRACTOR:	Contract Manager for AGENCY:
<u>Contract Manager Name</u> <u>Contractor Name</u> <u>Address</u> <u>City, State Zip Code</u> Phone: () _____ Fax: () _____ E-mail address: _____	Contract Manager Name Office of Financial Management P.O. Box Olympia, WA 98504- Phone: (360) _____ Fax: (360) _____ E-mail address: _____

INSURANCE

The CONTRACTOR shall provide insurance coverage as set forth in the Request for Proposals No. 15-200. 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 subcontract, or agents of either, while performing under the terms of this contract.

The CONTRACTOR shall provide insurance coverage which shall be maintained in full force and effect during the term of this Contract

CONTRACTOR shall submit to AGENCY within fifteen days of the contract effective date, a certificate of insurance which outlines the coverage and limits defined in the Insurance section. CONTRACTOR shall submit renewal certificates as appropriate during the term of the contract.

ASSURANCES

AGENCY and the CONTRACTOR agree that all activity pursuant to this contract will be in accordance with all the applicable current federal, state and local laws, rules, and regulations.

ORDER OF PRECEDENCE

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

- Applicable federal and state of Washington statutes and regulations
- Special Terms and Conditions as contained in this basic contract instrument
- Exhibit A – General Terms and Conditions
- Exhibit B - Request for Proposals No. 15-200
- Exhibit C – Contractor’s Proposal dated _____
- Any other provision, term or material incorporated herein by reference or otherwise incorporated

ENTIRE AGREEMENT

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

CONFORMANCE

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.

APPROVAL

This contract shall be subject to the written approval of the AGENCY’S authorized representative and shall 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, consisting of _____pages and three (3) attachments, is executed by the persons signing below who warrant that they have the authority to execute the contract.

CONTRACTOR NAME

OFFICE OF FINANCIAL MANAGEMENT

Name and Title

Name and Title

Date

Date

GENERAL TERMS AND CONDITIONS

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

- A. "Agency" shall mean the Office of Financial Management, of the state of Washington, any division, section, office, unit or other entity of the Agency, or any of the officers or other officials lawfully representing that Agency.
- B. "Agent" shall mean the Director, and/or the delegate authorized in writing to act on the Director'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.
- E. "Personal Information" means information identifiable to any person, including, but not limited to, information that relates to a person's name, health, finances, education, business, use or receipt of governmental services or other activities, addresses, telephone numbers, social security numbers, driver license numbers, other identifying numbers, and any financial identifiers. Personal Information includes "Protected Health Information" as set forth in 45 CFR § 164.50 as currently drafted and subsequently amended or revised and other information that may be exempt from disclosure to the public or other unauthorized persons under either Chapter 42.17 RCW or other state and federal statutes.

ACCESS TO DATA - In compliance with RCW 39.26.180(2), the Contractor shall provide access to data generated under this contract to AGENCY, 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.

Contractor agrees to make personal information covered under this agreement available to Agency for inspection or to amend the personal information. Contractor shall, as directed by Agency, incorporate any amendments to the personal information into all copies of such personal information maintained by the Contractor or its subcontractors.

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 Agency.

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.

AMERICANS WITH DISABILITIES ACT (ADA) OF 1990. PUBLIC LAW 101-336. also referred to as the "ADA" 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.

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 Agency.

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

CONFIDENTIALITY / SAFEGUARDING OF INFORMATION - The Contractor shall not use or disclose any information concerning the Agency, 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 Agency, or as may be required by law.

CONFLICT OF INTEREST - Notwithstanding any determination by the Executive Ethics Board or other tribunal, the Agency 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 Agent that there is a violation of the Ethics in Public Service Act, Chapter 42.52 RCW; or any similar statute involving the Contractor in the procurement of, or performance under this contract.

In the event this contract is terminated as provided above, the Agency shall be entitled to pursue the same remedies against the Contractor as it could pursue in the event of a breach of the contract by the Contractor. The rights and remedies of the Agency provided for in this clause shall not be exclusive and are in addition to any other rights and remedies provided by law. The existence of facts upon which the Agent makes any determination under this clause shall be an issue and may be reviewed as provided in the "Disputes" clause of this contract.

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 Agency. The Agency 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 Agency 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 Agency 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 Agency.

The Contractor shall exert all reasonable effort to advise the Agency, 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 which was not produced in the performance of this contract. The Agency 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 Agency shall have the right to modify or remove any restrictive markings placed upon the data by the Contractor.

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 the purpose of securing business. The Agency 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.

DEBARMENT: CERTIFICATION REGARDING DEBARMENT, SUSPENSION OR INELIGIBILITY AND VOLUNTARY EXCLUSION—PRIMARY AND LOWER TIER COVERED TRANSACTIONS

- A. Contractor, defined as the primary participant and its principals, certifies by signing these General Terms and Conditions that to the best of its knowledge and belief that they:
 - 1. Are not presently debarred, suspended, proposed for debarment, declared ineligible, or

2. Have not within a three-year period preceding this Contract, been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public or private agreement or transaction, violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, tax evasion, receiving stolen property, making false claims, or obstruction of justice;
 3. Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State, or local) with commission of any of the offenses enumerated in paragraph (1)(b) of federal Executive Order 12549; and
 4. Have not within a three-year period preceding the signing of this Contract had one or more public transactions (Federal, State, or local) terminated for cause of default.
- B. Where the Contractor is unable to certify to any of the statements in this Contract, the Contractor shall attach an explanation to this Contract.
- C. The Contractor agrees by signing this Contract that it shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by AGENCY.
- D. The Contractor further agrees by signing this Contract that it will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion-Lower Tier Covered Transaction," as follows, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions:

LOWER TIER COVERED TRANSACTIONS

1. The lower tier contractor certifies, by signing this Contract that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency.
 2. Where the lower tier contractor is unable to certify to any of the statements in this Contract, such contractor shall attach an explanation to this Contract.
- E. The terms covered transaction, debarred, suspended, ineligible, lower tier covered transaction, person, primary covered transaction, principal, and voluntarily excluded, as used in this section, have the meanings set out in the Definitions and Coverage sections of the rules implementing Executive Order 12549. You may contact AGENCY for assistance in obtaining a copy of these regulations.

DISPUTES - Except as otherwise provided in this contract, when a dispute arises between the parties and it cannot be resolved by direct negotiation, either party may request a dispute hearing with Agent.

1. The request for a dispute hearing must:
 - Be in writing;
 - State the disputed issue(s);
 - State the relative positions of the parties;
 - State the contractor's name, address, and contract number; and
 - Be mailed to the agent and the other party's (respondent's) contract manager within 3 working days after the parties agree that they cannot resolve the dispute.
2. The respondent shall send a written answer to the requester's statement to both the agent and the requester within 5 working days.
3. The Agent shall review the written statements and reply in writing to both parties within 10 working days. The Agent may extend this period if necessary by notifying the parties.
4. The parties agree that this dispute process shall precede any action in a judicial or quasi-judicial tribunal.

Nothing in this Contract shall be construed to limit the parties' choice of a mutually acceptable ADR method in addition to the dispute resolution procedure outlined above.

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.

INDEMNIFICATION - To the fullest extent permitted by law, 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. Contractor's obligation to indemnify, defend, and hold harmless includes any claim by Contractors' agents, employees, representatives, or any subcontractor or its employees.

Contractor expressly agrees to indemnify, defend, and hold harmless the state for any claim arising out of or incident to Contractor's or any subcontractor's performance or failure to perform the Contract. 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 state or its agents, agencies, employees and officials.

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

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 Agency. The Contractor will not hold himself/herself out as or claim to be an officer or employee of the Agency or of the state of Washington by reason hereof, nor will the Contractor make any claim of right, privilege or benefit which would accrue to such employee under law. Conduct and control of the work will be solely with the Contractor.

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, Agency may collect from the Contractor the full amount payable to the Industrial Insurance accident fund. The Agency may deduct the amount owed by the Contractor to the accident fund from the amount payable to the Contractor by the Agency 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 rights to collect from the Contractor.

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.

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.

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 Agency. 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.

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

OVERPAYMENTS AND ASSERTION OF LIEN - In the event that the Agency establishes overpayments or erroneous payments made to the Contractor under this contract, the Agency may secure repayment, plus interest, if any, through the filing of a lien against the Contractor's real property or by requiring the posting of a bond, assignment of deposit or some other form of security acceptable to the Agency or by doing both.

PRIVACY - Personal information collected, used or acquired in connection with this contract shall be used solely for the purposes of this contract. Contractor and its subcontractors agree not to release, divulge, publish, transfer, sell or otherwise make known to unauthorized persons personal information without the express written consent of the Agency or as provided by law. Contractor agrees to implement physical, electronic and managerial safeguards to prevent unauthorized access to personal information.

The Agency reserves the rights to monitor, audit or investigate the use of personal information collected, used or acquired by the contractor through this contract. The monitoring, auditing or investigating may include but is not limited to "salting" by the Agency. Contractor shall certify the return or destruction of all personal information upon expiration of this contract. Salting is the act of placing a record containing unique but false information in a database that can be used later to identify inappropriate disclosure of data contained in the database.

Any breach of this provision may result in termination of the contract and the demand for return of all personal information. The Contractor agrees to indemnify and hold harmless the Agency for any damages related to the Contractor's unauthorized use of personal information.

PUBLICITY - The Contractor agrees to submit to the Agency all advertising and publicity matters relating to this Contract wherein the Agency's name is mentioned or language used from which the connection of the Agency's name may, in the Agency'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 Agency.

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 which 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 Agency, personnel duly authorized by the Agency, the Office of the State Auditor, 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.

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.

RIGHT OF INSPECTION - The Contractor shall provide right of access to its facilities to the Agency, 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 under this contract.

The Contractor shall make available information necessary for Agency to comply with the client's right to access, amend, and receive an accounting of disclosures of their Personal Information according to the Health Insurance Portability and Accountability Act of 1996 (HIPAA) or any regulations enacted or revised pursuant to the HIPAA provisions and applicable provisions of Washington State law. The Contractor's internal policies and procedures, books, and records relating to the safeguarding, use, and disclosure of Personal Information obtained or used as a result of this contract shall be made available to Agency and the U.S. Secretary of the Department of Health & Human Services, upon request.

SAFEGUARDING OF INFORMATION - The Contractor shall not use or disclose Personal Information in any manner that would constitute a violation of federal law, the Health Insurance Portability and Accountability Act of 1996 (HIPAA) or any regulations enacted or revised pursuant to the HIPAA provisions and applicable provisions of Washington State law. The Contractor agrees to comply with all federal and state laws and regulations, as currently enacted or revised, regarding data security and electronic data interchange of all Personal Information.

The Contractor shall protect Personal Information collected, used, or acquired in connection with this Contract, against unauthorized use, disclosure, modification or loss. The Contractor shall ensure its directors, officers, employees, subcontractors or agents use it solely for the purposes of accomplishing the services set forth in this agreement. The Contractor and its Subcontractors agree not to release, divulge, publish, transfer, sell or otherwise make it known to unauthorized persons without the express written consent of AGENCY or as otherwise required by law. The Contractor agrees to implement physical, electronic, and managerial policies, procedures, and safeguards to prevent unauthorized access, use, or disclosure of data in any form. The Contractor shall make the Personal Information available to amend as directed by Agency and incorporate any amendments into all the copies maintained by the Contractor or its Subcontractors.

The Contractor shall certify its return or destruction upon expiration or termination of this Contract and the Contractor shall retain no copies. If the Contractor and Agency mutually determine that return or destruction is not feasible, the Contractor shall not use the Personal Information in a manner other than those permitted or required by state and federal laws.

Agency reserves the right to monitor, audit, or investigate the use of personal information collected, used or acquired by the contractor through this contract. The monitoring, auditing, or investigating may include, but is not limited to, "salting" by Agency. Salting is the act of introducing data containing unique but false information that can be used later to identify inappropriate disclosure of data.

The Contractor shall notify Agency in writing within 5 working days of becoming aware of any unauthorized access, use or disclosure. The contractor will take steps necessary to mitigate any known harmful effects of such unauthorized access including, but not limited to sanctioning employees, notifying subjects, and taking steps necessary to stop further unauthorized access. The Contractor agrees to indemnify and hold harmless Agency for any damages related to unauthorized use or disclosure by the Contractor, its officers, directors, employees, Subcontractors or agents.

Any breach of this clause may result in termination of the contract and the demand for return of all Personal Information.

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 Agency may terminate the contract under the "Termination for Convenience" clause, without the ten day notice requirement, subject to renegotiation at the Agency's discretion under those new funding limitations and conditions.

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.

SITE SECURITY - While on Agency premises, Contractor, its agents, employees, or subcontractors shall conform in all respects with physical, fire or other security policies or regulations.

SUBCONTRACTING - 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 Agency. In no event shall the existence of the subcontract operate to release or reduce the liability of the Contractor to the Agency 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.

Additionally, the Contractor is responsible for ensuring that all terms, conditions, assurances and certifications set forth in this agreement are carried forward to any subcontracts. Contractor and its subcontractors agree not to release, divulge, publish, transfer, sell or otherwise make known to unauthorized persons personal information without the express written consent of the agency or as provided by law.

TAXES - All payments accrued on account 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.

TERMINATION FOR CAUSE – In the event the Agency determines the Contractor has failed to comply with the conditions of this Contract in a timely manner, the Agency has the right to suspend or terminate this Contract. Before suspending or terminating the Contract, the Agency shall notify the Contractor in writing of the need to take corrective action. If corrective action is not taken within 30 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 Agency 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 Agency to terminate the Contract. A termination shall be deemed to be a "Termination for Convenience" if it is determined that the Contractor: (21) 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 Agency provided in this Contract are not exclusive and are in addition to any other rights and remedies provided by law.

TERMINATION FOR CONVENIENCE - Except as otherwise provided in this contract, the Agency may, by 10 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 Agency 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.

TERMINATION PROCEDURES - Upon termination of this contract, the Agency, in addition to any other rights provided in this contract, may require the Contractor to deliver to the Agency 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 Agency shall pay to the Contractor the agreed upon price, if separately stated, for completed work and services accepted by the Agency, and the amount agreed upon by the Contractor and the Agency for (i) completed work and services for which no separate price is stated, (ii) partially completed work and services, (iii) other property or services which are accepted by the Agency, 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 Agency. Failure to agree with such determination shall be a dispute within the meaning of the "Disputes" clause of this contract. The Agency may withhold from any amounts due the Contractor such sum as the Agent determines to be necessary to protect the Agency against potential loss or liability.

The rights and remedies of the Agency 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:

1. Stop work under the contract on the date, and to the extent specified, in the notice;
2. 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;
3. Assign to the Agency, 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 Agency has the right, at its discretion, to settle or pay any or all claims arising out of the termination of such orders and subcontracts.
4. 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;
5. Transfer title to the Agency 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 Agency;
6. Complete performance of such part of the work as shall not have been terminated by the Agent; and

7. 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 Agency has or may acquire an interest.

TREATMENT OF ASSETS -

- A. Title to all property furnished by the Agency shall remain in the Agency. 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 Agency 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 Agency 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 Agency in whole or in part, whichever first occurs.
- B. Any property of the Agency furnished to the Contractor shall, unless otherwise provided herein or approved by the Agency, be used only for the performance of this contract.
- C. The Contractor shall be responsible for any loss or damage to property of the Agency which results from the negligence of the Contractor or which results from the failure on the part of the Contractor to maintain and administer that property in accordance with sound management practices.
- D. If any Agency property is lost, destroyed or damaged, the Contractor shall immediately notify the Agency and shall take all reasonable steps to protect the property from further damage.
- E. The Contractor shall surrender to the Agency all property of the Agency prior to settlement upon completion, termination or cancellation of this contract.
- F. All reference to the Contractor under this clause shall also include Contractor's employees, agents or Subcontractors.

U.S. DEPARTMENT OF TREASURY, OFFICE OF FOREIGN ASSETS CONTROL- The agency complies with U.S. Department of the Treasury, Office of Foreign Assets Control (OFAC) payment rules. OFAC prohibits financial transactions with individuals or organizations, which have been placed on the OFAC Specially Designated Nationals (SDN) and Blocked Persons sanctions list located at <http://www.treas.gov/offices/enforcement/ofac/index.html>. Compliance with OFAC payment rules ensures that the agency does not conduct business with individuals or organizations that have been determined to be supporters of terrorism and international drug dealing or that pose other dangers to the United States.

Prior to making payment to individuals or organizations, the agency will download the current OFAC SDN file and compare it to agency and statewide vendor files. In the event of a positive match, the agency reserves the right to: (1) make a determination of "reasonability" before taking the positive match to a higher authority, (2) seek assistance from the Washington State Office of the State Treasurer (OST) for advanced assistance in resolving the positive match, (3) comply with an OFAC investigation, if required, and/or (4) if the positive match is substantiated, notify the contractor in writing and terminate the contract according to the Termination for Convenience provision without making payment. The agency will not be liable for any late payment fees or missed discounts that are the result of time required to address the issue of an OFAC match.

WAIVER - Waiver of any default or breach shall not be deemed to be 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 Agency.

QUALIFICATION REQUIREMENTS

To comply with statutory and OFM requirements for this proposed contract, proposers are requested to answer each of the following questions. Proposals will be accepted only from those giving positive responses. This page must be submitted with the proposal and must be signed by a person who has the authority to bind the firm.

1. WL's enabling legislation requires that the services requested under this RFP be conducted by a Certified Public Accountant ([RCW 67.70.320](#)). Will a CPA or an individual who has passed the CPA exam verify all drawings, and procedural evaluations and compliance audit findings for this contract?

ANSWER:

2. Section [315-06-080](#) of the Washington Administrative Code prohibits any CPA accounting firm or its employees retained under this proposed contract from participating in any WL games. This restriction applies to the staff in the local office where the contract is worked on and those who directly or indirectly contribute to the contract work. Will your firm comply with the regulation that a ticket shall not be purchased by and a prize shall not be paid to the firm or its employees?

ANSWER:

3. Continuity and consistency of work must be maintained. Will your firm agree that the individuals you name in the management proposal shall be responsible throughout the contract period, and if replacement of any named individual becomes necessary, that the replacement will be subject to OFM's approval?

ANSWER:

4. A CPA or an individual who has passed the CPA exam must be present at all instant game and on-line drawings for pre-drawing preparation, observation of drawings, and for post-drawing procedures. In the event the CPA arrives late or is unavailable, the WL would be unable to hold the drawing as scheduled and to record the drawing as required. This could result in loss of public confidence and loss of sales and problems in rescheduling. **Will your firm sign a damages clause in the contract expected to result from this RFP, agreeing that your firm would be liable to pay liquidated damages in the amount of \$5,000 for the first occurrence, if the CPA fails to arrive at the specified location in time for the drawing to be conducted as scheduled and that any subsequent occurrence would result in termination of the contract for cause?**

ANSWER:

Signature

Title

Firm Name

Date

COST PROPOSAL

1. **GAME DRAWINGS – Approximately 2.5 hours for Monday, Wednesday, and Saturday. Approximately 2 hours for Tuesday, Thursday, Friday, and Sunday.** The rates below should INCLUDE all administrative costs, and travel expenses at Washington State rates.

Hourly Rate	\$ _____
Hourly Overtime Rate for Additional Drawing Time Required	\$ _____
Total for a two year period ¹ (730 Days)	\$ _____

2. **PROCEDURAL EVALUATION AND COMPLIANCE AUDITS OF PRIZE PAYMENTS –** The audits include all WL game systems. The rates below should INCLUDE all administrative costs, and travel expenses at Washington State rates.

- A. **First** Evaluation/Compliance Audit:

Hourly Rate	\$ _____		
Hours	_____	Sub-total	\$ _____

- B. **Second** Evaluation/Compliance Audit:

Hourly Rate	\$ _____		
Hours	_____	Sub-total	\$ _____

TOTAL for two audits ¹			\$ _____
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- C. Rate for any Additional Audit Requested

Hourly Rate \$ _____

3. **MEGA MILLIONS AGREED UPON PROCEDURES AUDIT –** The rates below should INCLUDE all administrative costs, and travel expenses at Washington State rates.

- A. **First** Compliance Audit:

Hourly Rate	\$ _____		
Hours	_____	Sub-total	\$ _____

- B. **Second** Compliance Audit:

Hourly Rate	\$ _____		
Hours	_____	Sub-total	\$ _____

TOTAL for two audits ¹			\$ _____
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- C. Rate for any Additional Audit Requested

Hourly Rate \$ _____

4. POWERBALL AGREED UPON PROCEDURES AUDIT – The rates below should INCLUDE all administrative costs, and travel expenses at Washington State rates.

- A. One Compliance Audit: - conducted during the **first** year of the contract

Hourly Rate \$ _____ Total \$ _____
Hours _____

- B. One Compliance Audit: - conducted during the **second** year of the contract

Hourly Rate \$ _____ Total \$ _____
Hours _____

TOTAL for two audits¹ \$ _____

- C. Rate for any Additional Audit Requested

Hourly Rate \$ _____

5. EXTRA SERVICES – The rate below should INCLUDE all administrative costs, but exclude travel expenses. The evaluation of the cost proposal will not include any scored points for the Extra Services, because it cannot be known in advance if Extra Services will ever be utilized.

Hourly Rate \$ _____
(EXCLUDING travel expenses)

TOTAL COST FOR THE GAME DRAWINGS (Item 1), TWO PROCEDURAL EVALUATION/COMPLIANCE AUDITS (Item 2: A & B), TWO MEGA MILLIONS AGREED UPON PROCEDURES (Item 3: A & B), AND TWO POWERBALL AGREED UPON PROCEDURES (Item 4: A & B):

\$ _____

¹ The fixed price bid represents a not-to-exceed amount for each of the services over a two year period (July 1, 2015 through June 30, 2017). The selected contractor will invoice OFM based upon the actual number of hours utilized to perform a service x (times) the hourly rate. However, the amount paid based upon the number of hours performed x (times) the hourly rate over the two year contract period of performance cannot exceed the not-to-exceed fixed price amount bid.