



REQUEST FOR QUALIFICATIONS # 30705-25040
INTERNAL CONTROLS ATTESTATION & FORENSIC AUDIT ENGAGEMENT
AMENDMENT # 2

DATE: April 30, 2025

RFQ # 30704-25040 IS AMENDED AS FOLLOWS:

1. This RFQ Schedule of Events updates and confirms scheduled RFQ dates. Any event, time, or date containing revised or new text is highlighted.

EVENT		TIME (Central Time Zone)	DATE (all dates are State business days)
1.	RFQ Issued		March 31, 2025
2.	Disability Accommodation Request Deadline	1:00 p.m.	April 3, 2025
3.	Notice of Intent to Respond Deadline	1:00 p.m.	April 7, 2025
4.	Round 1 - Written "Questions & Comments" Deadline	1:00 p.m.	April 9, 2025
5.	RFQ Amendment 1 Issued – Schedule Change Only – Amendment 1		April 16, 2025
6.	State response to Round 1 Written "Questions & Comments"		April 30, 2025
7.	Round 2 - Written "Questions & Comments" Deadline	1:00 p.m.	May 7, 2025
8.	State response to Round 2 Written "Questions & Comments"		May 22, 2025
9.	Response Deadline	1:00 p.m.	June 3, 2025
10.	State completes Evaluations and issues Notice of Intent to Engage		June 23, 2025

11.	Contract Terms & Conditions Agreement Deadline		June 26, 2025
12.	Engagement Discussions Deadline		July 9, 2025
13.	Contractor Signature Deadline		July 14, 2025
14.	Contract Start Date		July 17, 2025

2. State responses to Round 1 Questions and Comments in the table below amend and clarify this RFQ.

Any restatement of RFQ text in the Question/Comment column shall NOT be construed as a change in the actual wording of the RFQ document.

QC #	Page #	RFQ Section/ RFQ Attachment/ Pro Forma Section	Question/Comment	State Response
QC #1	2	RFQ 1. Introduction	The RFP states that the Comptroller's Office is soliciting responses from "certified public accounting firms" for the Forensic Audit Engagement of the Shelby County Board of Education. The RFP further states the purpose is to engage the services of a qualified "independent accounting firm." Our firm uses an alternative practice structure in accordance with the AICPA's Code of Professional Conduct, in which our forensic accounting services are provided by an accounting/consulting firm that is not a certified public accounting firm, as these services are not considered attest services. Our firm still employs certified public accountants as well as credential forensic accountants. As forensic accounting services are not required by professional standards to be performed by a certified public accounting firm, can the Comptroller's Office confirm that forensic accounting firms not operating as a certified public accounting firm are eligible to submit proposals in response to this solicitation?	<p>Due to an expanded scope that includes an attestation of internal controls, only Tennessee licensed CPA firms should respond to this RFQ as the prime contractor.</p> <p>Neither "Forensic accounting firms not operating as a certified public accounting firm" nor aligned but separate legal "non-attesting" entities are eligible to submit proposals and serve as a prime contractor. However, they are eligible to serve as a subcontractor to a prime contractor.</p> <p>See RFQ Amendment 2 - Item 3 below for RFQ 30705-25040 Release 2 for revised RFQ § 1.1., RFQ § 3.9., and other applicable RFQ revisions highlighted in yellow.</p>

QC #	Page #	RFQ Section/ RFQ Attachment/ Pro Forma Section	Question/Comment	State Response
QC #2	16	RFQ Attachment A, Item A.3.	<p>Entities comprising the REDACTED practice, including REDACTED and REDACTED, are subsidiaries of REDACTED. REDACTED and its subsidiaries, along with REDACTED, provide professional services under the " REDACTED " brand name REDACTED (and its subsidiaries) and REDACTED practice as an alternative practice structure in accordance with the AICPA Code of Professional Conduct and applicable law, regulations, and professional standards. REDACTED . is a licensed independent CPA firm that provides attest services to its clients. REDACTED . and its subsidiary entities provide tax, advisory, and consulting services to their clients. REDACTED . and its subsidiary entities are not licensed CPA firms and, therefore, cannot provide attest services.</p> <p>We can provide the firm permit number issued by the Tennessee State Board of Accountancy to REDACTED . and confirm its active status, but we can provide no such permit number for REDACTED or its subsidiary entities as these entities are not licensed CPA firms.</p> <p>Will the State permit the work outlined in the RFQ to be performed by an advisory (i.e., non-CPA) firm? Alternatively, will providing the firm permit number for REDACTED satisfy the requirements of Item A.3.?</p>	See State's response to QC#1 above.
QC #3	20	RFQ Attachment C, Items C.3. & C.4.	Is the State able to provide details regarding the specific financial records, transactions, and processes of MSCS that are to be included in the forensic audit?	In order to maintain audit confidentiality, such details will be addressed during the Engagement Discussions (RFQ § 6.2.1).
QC #4	20	RFQ Attachment C, Items C.3. & C.4.	Are there any particular areas of concern or previous instances of fraud, waste, or abuse that the State would like the forensic audit to focus on?	See State's response to QC#3 above.
QC #5	20	RFQ Attachment C, Items C.3. & C.4.	What level of access will the selected firm have to MSCS personnel, records, and systems during the forensic audit?	In accordance with state law, the contracted firm is to have full access to all books, records, and accounts and the full cooperation of MSCS staff.
QC #6	20	RFQ Attachment C, Items C.3. & C.4.	Is the State able to provide details regarding the internal controls currently in place within MSCS, and any previous audits or reviews conducted on these controls?	See State's response to QC#3 above.
QC #7	20	RFQ Attachment C, Items C.3. & C.4.	Are there any specific technologies or software platforms used by MSCS for financial management that the forensic audit team should be familiar with or trained on?	MSCS uses the APECS accounting software developed by Education Solutions Development. They also use Allovue Allocate budgeting software developed by PowerSchool.
QC #8	20	RFQ Attachment C, Items C.3. & C.4.	Will the forensic audit require coordination with any other ongoing investigations or audits conducted by external entities or other departments within MSCS?	No.

QC #	Page #	RFQ Section/ RFQ Attachment/ Pro Forma Section	Question/Comment	State Response
QC #9	5	Pro Forma Contract, § D.5.	Would the State consider revising the phrase "delivered and accepted" to "delivered"? We find the current language regarding acceptance to be vague and subjective, and we cannot make payment contingent upon acceptance unless there is a clear acceptance process.	No, the State will not consider the requested change to the <i>Pro Forma</i> Contract.
QC #10	5	Pro Forma Contract, § D.6.	Would the State consider removing the phrase "and withhold payments in excess of compensation for completed services or provided goods"? We cannot agree to the withholding of payments as a matter of firm policy.	No, the State will not consider the requested change to the <i>Pro Forma</i> Contract.
QC #11	7	Pro Forma Contract, § D.17.	Will the State consider inserting carveout language for indemnity and gross negligence, willful misconduct, and fraud to this section?	No, the State will not consider the requested change to the <i>Pro Forma</i> Contract.
QC #12	7	Pro Forma Contract, § D.18.	Would the State consider removing "(ii) any claims covered by any specific provision in the Contract providing for liquidated damages"?	Yes. See RFQ Amendment 2 - Item 3 below for RFQ 30705-25040 Release 2 for the revised <i>Pro Forma</i> Contract Section D.18..
QC #13	7	Pro Forma Contract, § D.18.	Would the State consider replacing "(iii) any claims for intentional torts, criminal acts, fraudulent conduct, or acts or omissions that result in personal injuries or death" with "(iii) gross negligence, willful misconduct, or fraud"?	No, the State will not consider the requested change to the <i>Pro Forma</i> Contract.
QC #14	7	Pro Forma Contract, § D.19.	Would the State consider removing the first paragraph of this section ("The Contractor agrees to indemnify and hold harmless...")? We will not indemnify for all damages; however, we can provide an intellectual property indemnity, as contemplated by § D.18.	No, the State will not consider the requested change to the <i>Pro Forma</i> Contract.
QC #15	8	Pro Forma Contract, § D.20.	Does the State anticipate that we will receive protected health information (PHI) during the course of this engagement?	It is possible that the Contractor could receive PHI from MSCS during the engagements. See RFQ Amendment 2 - Item 3 for RFQ 30705-25040 Release 2 for the State's revisions <i>Pro Forma</i> Contract Section D.20.
QC #16	8	Pro Forma Contract, § D.20.d.	Would the State consider removing this sub-paragraph from the contract?	No, the State does not accept the requested change to the <i>Pro Forma</i> Contract.. However, see RFQ Amendment 2 - Item 3 for RFQ 30705-25040 Release 2 for the State's revisions <i>Pro Forma</i> Contract Section D.20.
QC #17	13	Pro Forma Contract, § E.4.	Would the State consider revising "may have access to Personally Identifiable Information held by the State (PII)" to "will only have access to Personally Identifiable Information held by the State (PII) to the extent required to perform the Services"?	No, the State does not accept the requested change to the <i>Pro Forma</i> Contract. However, see RFQ Amendment 2 - Item 3 for RFQ 30705-25040 Release 2 for the State's revisions <i>Pro Forma</i> Contract Section E.4.
QC #18	13	Pro Forma Contract, § E.4.	Would the State consider removing the sentence "Contractor agrees it shall not do or omit to do anything which would cause the State to be in breach of any Privacy Laws." We find this requirement to be overbroad, as we have no control over what the State does.	No, the State does not accept the requested change to the <i>Pro Forma</i> Contract. The language applies to what the Contractor "shall not do or omit to do" and not the State.
QC #19	13	Pro Forma Contract, § E.4.	Would the State consider revising "Contractor's policies and procedures" to "Contractor's client-facing policies and procedures"?	Yes. See RFQ Amendment 2 - Item 3 for RFQ 30705-25040 Release 2 for revisions to <i>Pro Forma</i> Contract Section E.4.

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QC #20	14	Pro Forma Contract, § E.4.	Would the State consider revising the phrase "has come to the attention of the Contractor" to "has been confirmed as a "Breach" by the Contractor"?	No, the State does not accept the requested change to the <i>Pro Forma</i> Contract. However, see RFQ Amendment 2 - Item 3 for RFQ 30705-25040 Release 2 for the State's revisions <i>Pro Forma</i> Contract Section E.4.
QC #21	14	Pro Forma Contract, § E.4.	Would the State consider revising the sentence "The Contractor, at the sole discretion of the State, shall provide no cost credit monitoring services for individuals whose PII was affected by the Unauthorized Disclosure" to "In the event of a final determination that the Contractor has breached its obligations in this § E.4., the Contractor, at the sole discretion of the State, shall provide no cost credit monitoring services for individuals whose PII was affected by the Unauthorized Disclosure for a period of twelve (12) months after the date of such Unauthorized Disclosure"?	The State does not accept the majority of the request, but the State does agree to include a 12-month limitation on the period that no cost credit monitoring is to be provided by the Contractor. See RFQ Amendment 2 - Item 3 for RFQ 30705-25040 Release 2 for revisions to <i>Pro Forma</i> Contract Section E.4.
QC #22	14	Pro Forma Contract, § E.4.	Would the State consider removing "The Contractor shall bear the cost of notification to all individuals affected by the Unauthorized Disclosure, including individual letters and public notice"?	No, the State does not accept the requested change to the Pro Forma Contract. However, see RFQ Amendment 2 - Item 3 for RFQ 30705-25040 Release 2 for the State's revisions <i>Pro Forma</i> Contract Section E.4.
QC #23	2	1.1.	1 - Are there known or alleged issues that are specifically the focus of the project?	See State's response to QC#3 above.
QC #24	8	3.6.1.	2 - Other than CPA, are there are any other relevant professional licenses or certifications that the team/firm is expected to have?	It is the responsibility of the Respondent to ensure proper licensure in regard to its response to RFQ Attachment C - Item C.6. See RFQ Amendment 2 - Item 3 for RFQ 30705-25040 Release 2 for revisions to RFQ Attachment C - Item C.6.
QC #25	8	3.6.1.	3 - Is there an expectation that the project will be conducted as an attestation engagement under the AICPA standards (i.e., agreed upon procedures)?	Yes. See State's response to QC#1 above.
QC #26	9	3.9.	4 - Can the respondent use contractors on the engagement as long as the respondent leads and takes ownership for performing and delivering the work product?	Yes. See State's response to QC#1 above.
QC #27	9	3.9.	5 - Can two or more CPA firms partner together to perform the project?	No, the Respondent must be a single firm but the Respondent is permitted to subcontract in accordance with RFQ § 3.9. See State's response to QC#1 above.
QC #28	14	6.2.1.	6 - Is there an anticipated start and end date for the project? Is there an anticipated number of hours that would be required to perform the engagement?	The State seeks a contract start date of July 17, 2025 and anticipates the engagement to last anywhere between 9-18 months. The end date and number of hours will be determined during the Engagement Discussions process set forth in RFQ § 6.2.
QC #29	17	Attachment A.6.	7 - What is the definition of "independent Forensic Auditor" for this requirement? Is performing work classified as a "fraud, waste, or abuse investigation" sufficiently equivalent?	See mandatory requirement items A.7. and A.8. in the revised RFQ Attachment A in RFQ Amendment 2 - Item 3 below for RFQ 30705-25040 Release 2 .

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QC #30	8 of 16	Proforma D.20.	8 - Is it expected that HIPAA will apply to the scope of this contract?	See State's response to QC#15
QC #31	N/A	General question	1.Can you provide any details regarding what led to the request for a forensic audit?	The Governor and Tennessee General Assembly included funding to the Comptroller's Office in the FY26 Appropriations Bill. See RFQ § 1.
QC #32	N/A	General question	2.Regarding the financial information to be provided to the Contractor for analysis, what amount of information is estimated to be provided? a. Can the data be measured in number of transactions, GBs, pages, document numbers, etc.?	See State's response to QC#3 above.
QC #33	N/A	General question	3.What is the expected number of funds, grants, departments, and divisions under review? Are there any specific areas of focus?	See State's response to QC#3 above.
QC #34	N/A	General question	4.What are the sources of federal and state aid received by the BOE of Shelby County?	See State's response to QC#3 above.
QC #35	N/A	General question	5.Have internal audits of the controls in the in-scope areas been performed to evaluate effectiveness of existing controls?	No internal audits have been reported to the State.
QC #36	N/A	General question	6.What is the expected timeline for the completion of the forensic audit? Are there any key milestones or deadlines?	See State's response to QC #28. Milestones/Deadlines will be determined during the Engagement Discussions process set forth in RFQ § 6.2.
QC #37	N/A	General question	7.Are there any legislative, regulatory, or appropriations considerations regarding determination of appropriate budget for this engagement?	See State's response to QC#31 above regarding funding. The State's maximum liability for the contract will be determined by the State during the Engagement Discussions process set forth in RFQ § 6.2.
QC #38	N/A	General question	8.Are you anticipating any potential issues with the availability of supporting documentation for transactions during any of the period under the scope of the project?	No.
QC #39	N/A	General question	9.What systems and software are used for financial reporting?	See State's response to QC#7 above.
QC #40	N/A	General question	10.Will employees be available for information gathering interviews either in person or virtually?	Yes.
QC #41	N/A	General question	11.Is there a preference for work to be performed on-site, virtual, or hybrid?	A hybrid audit approach is acceptable; however, if audit procedures indicate the need for additional in-person work, the audit team should remain flexible and prepared to adjust accordingly.

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QC #42	N/A	General question	12. Have any other forensic accounting engagements previously been performed regarding Shelby County? a. Are there any existing investigation reports related to this matter performed either internally or externally?	The State is not aware of any previous or existing engagements or investigations.
QC #43	N/A	General question	13. Will the project work be required to be on site, remote or hybrid?	See State's response to QC#41 above.
QC #44	N/A	General question	14. Will you consider exceptions to the RFP?	Yes, but any exceptions should be addressed in accordance with RFQ § 1.4. and RFQ § 3.4. See RFQ Amendment 2 - Item 3 below for RFQ 30705-25040 Release 2 for State's revisions to RFQ §1.4. and RFQ § 3.4
QC #45	N/A	General question	15. Are there any specific guidelines or standards that the report should adhere to?	The Contractor will need to adhere to applicable AICPA's Statement on Standards for Attestation Engagements and AICPA Consulting Standards.
QC #46	2	RFQ Attachment E – PRO FORMA Section C.1.	16. We request the addition of language stating that Maximum Liability is an amount equal to the fees Contractor receives under the Agreement.	The State does not agree to this request. See State's response to QC#37 above.
QC #47	5	RFQ Attachment E – PRO FORMA Section D.6.	17. We request the addition of language stating that Contractor may terminate the Agreement for breach or upon reasonable written notice to the State where continued performance would be a violation of law, regulatory requirement, or professional or ethical standards applicable to a licensed CPA firm.	The State does not agree to this request but see RFQ Amendment 2 - Item 3 below for RFQ 30705-25040 Release 2 but where the State has revised D.6. with bilateral termination for cause language.
QC #48	6	RFQ Attachment E – PRO FORMA Section D.11.	18. We request language clarifying that these audit rights are limited solely to our time, billing and reimbursable expense records for services performed under the Agreement and all audits shall be performed off-site.	The State does not agree to this request. See State's response to QC#41 above.
QC #49	6	RFQ Attachment E – PRO FORMA Section D.12.	19. We request language clarifying that these rights are limited solely to our time, billing and reimbursable expense records for services performed under the Agreement.	The State does not agree to this request.
QC #50	7	RFQ Attachment E – PRO FORMA Section D.18.	20. We request the addition of language providing that our total liability exclude indirect, consequential, exemplary or similar such damages.	The State does not agree to this request.
QC #51	7	RFQ Attachment E – PRO FORMA Section D.19.	21. We request modification to this provision to limit our obligations to claims brought by third parties that arise from the negligence or willful misconduct by the Contractor during the performance of its services.	In Round 2 of Written Questions & Comments, please provide specific redlines for this request for the State's consideration. See RFQ Amendment 2 - Item 3 below for RFQ 30705-25040 Release 2 for State's revisions to RFQ §1.4. and RFQ § 3.4.

QC #	Page #	RFQ Section/ RFQ Attachment/ Pro Forma Section	Question/Comment	State Response
QC #52	8	RFQ Attachment E – PRO FORMA Section D.20.	22. We request removal of this section, as we do not anticipate having access to any information protected by HIPAA, HITECH, or the related Privacy Rules for the anticipated services.	No, the State does not agree to this request. See State's response to QC#15 above.
QC #53	8	RFQ Attachment E – PRO FORMA Section D.23.	23. We request removal of this section. REDACTED is a large national accounting/professional services firm and legal and regulatory activity is part of doing business. As is customary within the accounting profession, REDACTED does not disclose suspensions, debarments, convictions, terminations, or other litigation history. These types of regulatory activities often involve matters that are bound by confidentiality agreements and orders on which we cannot comment. There are no claims or regulatory activity currently in process that are expected to impact our ability to serve our clients.	The State does not agree to this request.
QC #54	10	RFQ Attachment E – PRO FORMA Section D.32.	24. We satisfy all insurance coverage requirements but request clarifications and modifications to the terms that would be typical for larger firms with sophisticated risk management programs and to ensure we comply with our policies.	Request for clarifications and modifications to the RFQ or <i>Pro Forma</i> Contract should be addressed in accordance with RFQ § 1.4. and RFQ § 3.4. See RFQ Amendment 2 - Item 3 below for RFQ 30705-25040 Release 2 for revisions to RFQ § 1.4. and RFQ § 3.4.
QC #55	13	RFQ Attachment E – PRO FORMA Section E.3.	25. We request language clarifying that these inspection/audit rights are limited solely to our time, billing and reimbursable expense records for services performed under the Agreement and all audits shall be performed off-site.	The State does not accept the requested changes to the <i>Pro Forma</i> Contract. See State's response to QC#41 above. See Pro Forma section E.3. in RFQ Amendment 2 - Item 3 below for RFQ 30705-25040 Release 2 for the State's revisions to the <i>Pro Forma</i> Contract Section E.3.
QC #56	13	RFQ Attachment E – PRO FORMA Section E.4.	26. We request the opportunity to discuss our comprehensive policies and procedures regarding information security and data privacy and mutually agree to any clarifications and/or modifications to these terms and conditions.	See State's response to QC#54.
QC #57	17	RFQ Attachment A, A.6	Please define whether the “affirmative statement that the Respondent has been engaged during the last three years, as independent Forensic Auditor of a local government or public school board entity” is in reference to a <u>single</u> local government or public school. May we support our experience with this statement if we've been engaged similarly with <u>multiple</u> such entities over the course of the last three years?	See RFQ Amendment 2 - Item 3 below for RFQ 30705-25040 Release 2 for the State's revisions to RFQ Attachment A's mandatory requirements item A.6. and the addition of item A.7. Respondents should address experience in responses to RFQ Attachment C - Items C.1., C.2. and C.5.

QC #	Page #	RFQ Section/ RFQ Attachment/ Pro Forma Section	Question/Comment	State Response
QC #58		(General)	Please confirm if the proposing firms can work with the State to request that certain language be added to the contract pertaining to time limitations, ownership of work papers and files, and data handling.	See State's response to QC#54.
QC #59		(General)	Please clarify what specific Respondent's own contract terms and conditions are not permitted in the response. Are there any circumstances under which this might be acceptable? (See added contract language below.)	See State's response to QC#54. See State's responses to QC#60 thru QC#65 below
QC #60	6	Pro forma D.11 Records (Additional language in red)	The Contractor shall maintain documentation for all charges under this Contract. The books, records, and documents of the Contractor, for work performed or money received under this Contract, shall be maintained for a period of five (5) full years from the date of the final payment and shall be subject to audit at any reasonable time and upon reasonable notice by the State, the Comptroller of the Treasury, or their duly appointed representatives. The financial statements shall be prepared in accordance with generally accepted accounting principles. For the avoidance of doubt, books, records, and documents does not include Contractor's workpapers which are proprietary information and access is restricted.	The State does not accept the requested change to the <i>Pro Forma</i> Contract.
QC #61	7	Pro forma D.19 Hold Harmless (Additional language in red)	The Contractor agrees to indemnify and hold harmless the State of Tennessee as well as its officers, agents, and employees (" Indemnitees ") from and against any and all claims, liabilities, losses, and causes of action (" Claims ") which may arise, accrue, or result to any person, firm, corporation, or other entity which may be injured or damaged as a result of acts, omissions, or negligence on the part of the Contractor, its employees, or any person acting for or on its or their behalf relating to this Contract. The Contractor further agrees it shall be liable for the reasonable cost of attorneys' fees, court costs, expert witness fees, and other litigation expenses for the State to enforce the terms of this Contract. Contractor's indemnification obligations shall not extend to Claims arising from the sole negligence or willful misconduct of Indemnitees.	The State accepts the requested changes to the <i>Pro Forma</i> Contract. See RFQ Amendment 2 - Item 3 below for RFQ 30705-25040 Release 2 for the revised <i>Pro Forma</i> Contract Section D.19.
QC #62	10	Pro forma D.32 Insurance	<i>Contractor agrees to name the State as an additional insured on any insurance policy with the exception of workers' compensation (employer liability) and professional liability (errors and omissions) insurance.</i> Additional insured is done as a blanket endorsement such that the State is not specifically named as an additional insured but is an additional insured by nature of the contractual obligation. Is this acceptable?	Yes, this is acceptable.

QC #	Page #	RFQ Section/ RFQ Attachment/ Pro Forma Section	Question/Comment	State Response
QC #63	10	Pro forma D.32 Insurance	<p>Contractor shall maintain insurance coverage as specified in this Section. The State reserves the right to amend or require additional insurance coverage, coverage amounts, and endorsements required under this Contract. Contractor's failure to maintain or submit evidence of insurance coverage, as required, is a material breach of this Contract. If Contractor loses insurance coverage, fails to renew coverage, or for any reason becomes uninsured during the Term, Contractor shall immediately notify the State. All insurance companies providing coverage must be: (a) acceptable to the State; (b) authorized by the Tennessee Department of Commerce and Insurance ("TDCI"); and (c) rated A- / VII or better by A.M. Best. All coverage must be on a primary basis and noncontributory with any other insurance or self-insurance carried by the State. Contractor agrees to name the State as an additional insured on any insurance policy with the exception of workers' compensation (employer liability) and professional liability (errors and omissions) insurance. All policies must contain an endorsement for a waiver of subrogation in favor of the State. Any deductible or self-insured retention ("SIR") over fifty thousand dollars (\$50,000) must be approved by the State. The deductible or SIR and any premiums are the Contractor's sole responsibility. The Contractor agrees that the insurance requirements specified in this Section do not reduce any liability the Contractor has assumed under this Contract including any indemnification or hold harmless requirements.</p> <p>Comment: REDACTED will not disclose the exact amount of its deductible and/or SIR.</p>	<p>The State accepts the requested changes to the <i>Pro Forma</i> Contract. See RFQ Amendment 2 - Item 3 below for RFQ 30705-25040 Release 2 for the revised <i>Pro Forma</i> Contract Section D.32.</p>

QC #	Page #	RFQ Section/ RFQ Attachment/ Pro Forma Section	Question/Comment	State Response
QC #64	10	Pro forma D.32 Insurance	<p>Contractor shall provide the State a certificate of insurance (“COI”) evidencing the coverages and amounts specified in this Section. The COI must be on a form approved by the TDCI (standard ACORD form preferred). The COI must list each insurer’s National Association of Insurance Commissioners (NAIC) number and be signed by an authorized representative of the insurer. The COI must list the State of Tennessee – Comptroller of the Treasury, Assistant Director of Fiscal Services, 425 Rep. John Lewis Way N, Nashville, TN 37243 as the certificate holder. Contractor shall provide the COI ten (10) business days prior to the Effective Date and again thirty (30) calendar days before renewal or replacement of coverage. Contractor shall provide the State evidence that all subcontractors maintain the required insurance or that subcontractors are included under the Contractor’s policy. At any time, the State may require Contractor to provide a valid COI. The Parties agree that failure to provide evidence of insurance coverage as required is a material breach of this Contract. If Contractor self-insures, then a COI will not be required to prove coverage.</p> <p>Instead Contractor shall provide a certificate of self-insurance or a letter, on Contractor’s letterhead, detailing its coverage, policy amounts, and proof of funds to reasonably cover such expenses. The State reserves the right to require complete copies of all required insurance policies, including endorsements required by these specifications, at any time.</p> <p>Comment: REDACTED will not provide copies of its insurance policies.</p>	<p>The State accepts the requested changes to the <i>Pro Forma</i> Contract. See RFQ Amendment 2 - Item 3 below for RFQ 30705-25040 Release 2 for the revised <i>Pro Forma</i> Contract Section D.32.</p>
QC #65		(General)	<p>We are requesting that the following language be added to the contract, if permissible (see above questions).</p> <p>CONTRACTOR’s services cannot be relied upon to disclose all errors, fraud, or noncompliance with laws and regulations. Except as described in this Agreement or any applicable SOW, CONTRACTOR has no responsibility to identify and communicate deficiencies in STATE’S internal controls as part of any services.</p>	<p>No, the State does not accept the requested addition to the to the <i>Pro Forma</i> Contract. See State’s response to QC#1 above.</p>

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QC #65 – cont.			<p>Time limitations The nature of CONTRACTOR's services makes it difficult, with the passage of time, to gather and present evidence that fully and fairly establishes the facts underlying any dispute that may arise between STATE and CONTRACTOR. The parties agree that, notwithstanding any statute or law of limitations that might otherwise apply to a dispute, including one arising out of this Agreement or the services performed under an SOW, for breach of contract or fiduciary duty, tort, fraud, misrepresentation or any other cause of action or remedy, any action or legal proceeding by STATE against CONTRACTOR must be commenced as provided below, or STATE shall be forever barred from commencing a lawsuit or obtaining any legal or equitable relief or recovery. An action to recover on a dispute shall be commenced within these periods ("Limitation Period"), which vary based on the services provided, and may be modified as described in the following paragraph:</p> <p>Service Time after the date CONTRACTOR delivers the services or work product*</p> <table><tr><td>Tax Consulting Services</td><td>36 months</td></tr><tr><td>Tax Return Preparation</td><td>36 months</td></tr><tr><td>Examination, compilation, and preparation services related to prospective financial statements</td><td>12 months</td></tr><tr><td>Audit, review, examination, agreed-upon procedures, compilation, and preparation services other than those related to prospective financial information</td><td>24 months</td></tr><tr><td>All Other Services</td><td>12 months</td></tr></table> <p>* pursuant to the SOW on which the dispute is based</p>	Tax Consulting Services	36 months	Tax Return Preparation	36 months	Examination, compilation, and preparation services related to prospective financial statements	12 months	Audit, review, examination, agreed-upon procedures, compilation, and preparation services other than those related to prospective financial information	24 months	All Other Services	12 months	No, the State does not accept the requested addition to the <i>Pro Forma</i> Contract.
Tax Consulting Services	36 months													
Tax Return Preparation	36 months													
Examination, compilation, and preparation services related to prospective financial statements	12 months													
Audit, review, examination, agreed-upon procedures, compilation, and preparation services other than those related to prospective financial information	24 months													
All Other Services	12 months													

QC #	Page #	RFQ Section/ RFQ Attachment/ Pro Forma Section	Question/Comment	State Response
QC #65 – cont.			<p>If this Agreement is terminated or STATE’S ongoing relationship with CONTRACTOR is terminated, then the applicable Limitation Period is the lesser of the above periods or 12 months after termination of this Agreement or STATE’S ongoing relationship with CONTRACTOR. The applicable Limitation Period applies and begins to run even if STATE has not suffered any damage or loss, or have not become aware of the existence or possible existence of a dispute.</p> <p>CONTRACTOR will not disclose any of STATE’S confidential, proprietary, or privileged information to any person or party, unless STATE authorizes CONTRACTOR to do so, it is published or released by STATE, it becomes publicly known or available other than through disclosure by CONTRACTOR, or disclosure is required by law, regulation or professional standard. This confidentiality provision does not prohibit CONTRACTOR from disclosing STATE’s information to one or more of CONTRACTOR’s affiliated companies in order to provide services that STATE has requested from CONTRACTOR or from any such affiliated STATE. Any such affiliated STATE shall be subject to the same restrictions on the use and disclosure of STATE’s information as apply to CONTRACTOR. STATE also consents to CONTRACTOR’s disclosure of information regarding the nature of services CONTRACTOR provide to STATE to another independent network member of REDACTED, for the limited purpose of complying with professional obligations regarding independence and conflicts of interest.</p> <p>The workpapers and files supporting the services CONTRACTOR performs are the sole and exclusive property of CONTRACTOR and constitute confidential and proprietary information. CONTRACTOR does not provide access to its workpapers and files to STATE or anyone else in the normal course of CONTRACTOR. Unless required by law or regulation to the contrary, CONTRACTOR retain its workpapers and files in accordance with its record retention policy that typically provides for a retention period of seven years. After this period expires, CONTRACTOR’s workpapers and files will be destroyed. Furthermore, physical deterioration or catastrophic events may shorten the time CONTRACTOR’s records are available. The workpapers and files of CONTRACTOR are not a substitute for STATE’s records.</p>	<p>The State does not accept the requested addition to the <i>Pro Forma</i> Contract.</p> <p>The State does not accept the entirety of the requested addition to the <i>Pro Forma</i> Contract. See RFQ Amendment 2 - Item 3 below for RFQ 30705-25040 Release 2 for language acceptable to the State in the new <i>Pro Forma</i> Contract Section E.6.</p> <p>No, the State does not accept the requested addition to the <i>Pro Forma</i> Contract. See RFQ Amendment 2 - Item 3 below for RFQ 30705-25040 Release 2 for the State’s revisions to <i>Pro Forma</i> Contract Section E.3.</p>

QC #	Page #	RFQ Section/ RFQ Attachment/ Pro Forma Section	Question/Comment	State Response
QC #65 – cont.			<p>Pursuant to authority given by law, regulation or professional standards CONTRACTOR may be requested to make certain workpapers and files available to a regulator for its regulatory oversight purposes. CONTRACTOR will notify STATE of any such request, if permitted by law. Access to the requested workpapers and files will be provided to the regulator under the supervision of CONTRACTOR personnel and at a location designated by CONTRACTOR. Furthermore, upon request, CONTRACTOR may provide copies of selected workpapers and files to such regulator. The regulator may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.</p> <p>CONTRACTOR may, at times, utilize external web applications to receive and process information from its clients; however, any sensitive data, including protected health information and personally identifiable information, must be redacted by STATE to the maximum extent possible prior to uploading the document or file. In the event that STATE is unable to remove or obscure all sensitive data, please contact CONTRACTOR to discuss other potential options for transmitting the document or file.</p> <p>CONTRACTOR and certain owners of CONTRACTOR are licensed by the REDACTED. However, CONTRACTOR has owners not licensed by the California REDACTED. who may provide services under this Agreement. If STATE has any questions regarding licensure of the personnel performing services under this Agreement, please do not hesitate to contact CONTRACTOR.</p> <p>CONTRACTOR regularly aggregates anonymized client data and perform a variety of analyses using that aggregated data. Some of these analyses are published to clients or released publicly. However, CONTRACTOR is always careful to preserve the confidentiality of the separate information that CONTRACTOR obtains from each client, as required by the AICPA Code of Professional Conduct and various laws. STATE's acceptance of this Agreement will serve as STATE's consent to CONTRACTOR's use of anonymized data in performing and reporting on these cost comparison, performance indicator and/or benchmarking analyses.</p> <p>CONTRACTOR may, at times, use third-party software applications to perform services under this Agreement. STATE acknowledges the software vendor may have access to its data.</p>	<p>The State does not accept the entirety of the requested addition to the <i>Pro Forma</i> Contract. See RFQ Amendment 2 - Item 3 below for RFQ 30705-25040 Release 2 for language acceptable to the State in new <i>Pro Forma</i> Contract Section E.7.</p> <p>The State does not accept the requested addition to the <i>Pro Forma</i> Contract.</p> <p>The State will not agree to add this language to the Pro Forma Contract, but the State is willing to sign a separate acknowledgement.</p> <p>The State does not accept the requested addition as presented. See RFQ Amendment 2 - Item 3 below for RFQ 30705-25040 Release 2 for language acceptable to the State in the new <i>Pro Forma</i> Contract Section E.8.</p> <p>The State does not accept the requested addition as presented. See RFQ Amendment 2 - Item 3 below for RFQ 30705-25040 Release 2 for language acceptable to the State in the new <i>Pro Forma</i> Contract Section E.5.</p>

QC #	Page #	RFQ Section/ RFQ Attachment/ Pro Forma Section	Question/Comment	State Response
QC #66	p. 2	RFQ, Section 1.1	1. What is the anticipated time period (i.e., fiscal years) subject to the forensic audit engagement?	See State's response to QC#3 above.
QC #67	p. 2	RFQ, Section 1.1	2. What details can be provided as part of the proposal process to further understand the request for a forensic audit of MSCS?	See State's response to QC#3 above.
QC #68	p. 2	RFQ, Section 1.1	3. Are there any areas of concern within MSCS financial operations that will be the primary focus for the engagement?	See State's response to QC#3 above.
QC #69	p. 2	RFQ, Section 1.1	4. Will both revenue and expenditure transactions be subject to the scope of work?	See State's response to QC#3 above.
QC #70	p. 2	RFQ, Section 1.1	5. Approximately how many deposits and disbursements occur annually from all cash accounts?	See State's response to QC#3 above.
QC #71	p. 2	RFQ, Section 1.1	6. Can MSCS produce financial records in a digital format for supporting records such as invoices, statements, and receipts?	It is the State's assumption that most documents would be digital but hard copy paper documents may also be maintained by MSCS staff.
QC #72	p. 2	RFQ, Section 1.1	7. Are there any concerns about the reliability, completeness, and accuracy of the data necessary to conduct the forensic audit?	See State's response to QC#3 above.
QC #73	p. 5	RFQ, Section 2	8. Are there any specific deadlines or milestones we need to be made aware of?	See State's response to QC #36 above.
QC #74	p. 14	RFQ, Section 6.2.4	9. Should we include a sample engagement letter with our proposal?	No. See RFQ Section RFQ § 6.2.4.
QC #75	p. 22	RFQ Attachment D	10. Regarding Attachment D, as stated in our CONTRACT EXCEPTIONS, we feel it's prudent to indicate the form is being signed with the assumption that the noted exceptions have been accepted. We understand the RFQ has asked for the form to remain unchanged; however, we are hoping the STATE can allow this slight modification.	Respondents should not assume State's acceptance when submitting responses. See RFQ Section 5.2 and RFQ Attachment A - Item A.1. See State's response to QC #44 above.
QC #76	p. 22	RFQ Attachment D, Section 3	1. Modified as: The Respondent accepts and agrees to all terms and conditions set out in the RFQ Attachment E, Pro Forma Contract, with the noted exceptions . Comment: Clarification that the firm will propose modifications to the contract.	The State does not accept this change. See State's Response to QC#75.

QC #	Page #	RFQ Section/ RFQ Attachment/ Pro Forma Section	Question/Comment	State Response
QC #77	p. 1-15	Pro Forma Contract	<p>2. We have suggested some modifications to the Agreement to conform with firm policies and professional standards, but we are happy to talk about concerns and finalize language that works for both parties. Additionally, in our role as a CPA firm, in order to ensure compliance with firm policies and applicable professional standards, the firm will also include in its engagement letter matters such as dispute resolution and limitations on liability that we consider important to us and standard in our line of work, to be negotiated on commercially reasonable terms.</p>	<p>See State's responses to QC#78 thru QC#91 below.</p> <p>As set forth in Section A.2. of the <i>Pro Forma</i> Contract, the Engagement Letter shall remain confidential. The Engagement Letter is limited to the contents and limitations set forth in RFQ Section 6.2.4.</p> <p>See State's responses to QC#44, QC#54 and QC#76 above.</p>
QC #78	p. 5	Pro Forma Contract, Section D.4:	<p>3. Modified as: ...If the State terminates this Contract due to lack of funds availability, the Contractor shall be entitled to compensation for all conforming goods requested and accepted by the State and for all satisfactory and authorized services completed as of the termination date...</p> <p><i>Comment: "Satisfactory" and words of similar import are a subjective measure of contract performance. The firm should be held to an objective measure of contract performance, such as the objective terms of an agreement and/or applicable professional standards.</i></p>	No, the State does not accept the requested change to the <i>Pro Forma</i> Contract.
QC #79	p. 5	Pro Forma Contract, Section D.5	<p>4. Modified as: ... The Contractor shall be entitled to compensation for all conforming goods delivered and accepted by the State or for satisfactory, authorized services completed as of the termination date. In no event shall the State be liable to the Contractor for compensation for any goods neither requested nor accepted by the State or for any services neither requested by the State nor satisfactorily performed by the Contractor which do not adhere to applicable professional standards. In no event shall the State's exercise of its right to terminate this Contract for convenience relieve the Contractor of any liability to the State for any damages or claims arising under this Contract.</p> <p><i>Comment: "Satisfactory" and words of similar import are a subjective measure of contract performance. The firm should be held to an objective measure of contract performance, such as the objective terms of an agreement and/or applicable professional standards.</i></p>	No, the State does not accept the requested changes to the <i>Pro Forma</i> Contract.
QC #80	p. 5	Pro Forma Contract, Section D.6	<p>5. Modified as: ... If within thirty (30) days of notice, the Contractor has not cured the Breach Condition, the State may terminate the Contract and withhold payments in excess of compensation for completed services or provided goods...</p> <p><i>Comment: Entitlement to relief is not a foregone conclusion.</i></p>	The State does not accept the requested changes to the <i>Pro Forma</i> Contract. See RFQ Amendment 2 - Item 3 below for RFQ 30705-25040 Release 2 where the State has revised <i>Pro Forma</i> Contract Section D.6. with bilateral termination for cause language.

QC #	Page #	RFQ Section/ RFQ Attachment/ Pro Forma Section	Question/Comment	State Response
QC #81	p. 6	Pro Forma Contract, Section D.11	<p>6. Modified as: The Contractor shall maintain documentation for all charges under this Contract. The books, records, and documents of the Contractor, for work performed or money received under this Contract, shall be maintained for a period of five three (53)¹ full years from the date of the final payment and shall be subject to audit at any reasonable time and upon reasonable notice by the State, the Comptroller of the Treasury, or their duly appointed representatives. The financial statements shall be prepared in accordance with generally accepted accounting principles.²</p> <p><i>Comment: ¹ The firm's documentation with respect to money received is held for a period of three years. ² The firm's financial statements are the firm's confidential information that, as a matter of longstanding firm policy, are not shared outside of the firm.</i></p>	The State does not accept the entirety of the requested change. See RFQ Amendment 2 - Item 3 below for RFQ 30705-25040 Release 2 for language acceptable to the State for <i>Pro Forma</i> Contract section D.11.
QC #82	p. 7	Pro Forma Contract, Section D. 18	<p>7. Modified as: The Contractor's liability for all claims arising under this Contract shall be limited to an amount equal to two (2) times the Maximum Liability amount detailed in Section C.1. and as may be amended, PROVIDED THAT in no event shall this Section limit the liability of the Contractor for: (i) intellectual property or any Contractor indemnity obligations for infringement for third party intellectual property rights; (ii) any claims covered by any specific provision in the Contract providing for liquidated damages; or (iii) any claims for intentional torts, criminal acts, fraudulent conduct, or acts or omissions that result in personal injuries or death. For clarity, except as otherwise expressly set forth in this Section, Contractor's indemnification obligations and other remedies available under this Contract are subject to the limitations on liability set forth in this Section.</p> <p><i>Comment: The firm's professional liability insurers prefer that we do not accept unlimited liability, and doing so creates an uninsured risk. There is only so much risk the firm is willing to take on for each engagement, which allows the firm to provide high quality services while maintaining competitive pricing. Peer firms include similar provisions for the same reason (often capping this at the amount of fees paid). The firm requires a reasonable, ascertainable, and meaningful (to both parties) limitation of liability.</i></p>	The State does not accept the entirety of the requested change. See State's response to QC#12 for the portion that the State is willing to accept.
QC #83	p. 7	Pro Forma Contract, Section D.19	<p>8. Modified as: In the event of any suit or claim, the Parties shall give each other immediate prompt notice and provide all necessary assistance to respond.</p> <p><i>Comment: A standard of immediate is practically and administratively unworkable.</i></p>	The State accepts this requested change to the <i>Pro Forma</i> Contract. See RFQ Amendment 2 - Item 3 below for RFQ 30705-25040 Release 2 for the revised See <i>Pro Forma</i> language .

QC #	Page #	RFQ Section/ RFQ Attachment/ Pro Forma Section	Question/Comment	State Response
QC #84	p. 8	Pro Forma Contract, Section D.20(c)	<p>9. Modified as: The State and the Contractor will sign documents, including but not limited to business associate agreements, to be negotiated on commercially reasonable terms, as required by the Privacy Rules and that are reasonably necessary to keep the State and Contractor in compliance with the Privacy Rules...</p> <p><i>Comment: Clarification added as we cannot preemptively agree to sign documents we have not had a chance to review, and negotiate if needed.</i></p>	The State does not accept this requested change to the <i>Pro Forma</i> Contract. However, see RFQ Amendment 2 - Item 3 for RFQ 30705-25040 Release 2 for the State's revisions to Pro Forma Contract Section D.20.
QC #85	p. 8 & 9	Pro Forma Contract, Section D.23	<p>10. Modified as: The Contractor certifies, to the best of its knowledge and belief, that it, its current and future principals, its current and future subcontractors and their principals performing services under this engagement:¹</p> <p>The Contractor shall provide immediate prompt² written notice to the State if at any time it learns that there was an earlier failure to disclose...</p> <p>Comment: ¹ Clarification added that this should apply to those principals performing services on the engagement. ² A standard of immediate is practically and administratively unworkable.</p>	No, the State does not accept the requested change to the <i>Pro Forma</i> Contract.
QC #86	p. 9	Pro Forma Contract, Section D.24	<p>11. Modified as: ...If any Force Majeure Event results in a delay in Contractor's performance longer than forty-eight (48) hours, the State may, upon notice to Contractor: (a) cease payment of the fees for the affected obligations until Contractor resumes performance of the affected obligations not yet performed; or (b) immediately terminate this Contract or any purchase order, in whole or in part, without further payment except for fees then due and payable...</p> <p><i>Comment: Even in the event of force majeure, the firm should be paid for services performed.</i></p>	The State accepts this requested change to the <i>Pro Forma</i> Contract. See RFQ Amendment 2 - Item 3 below for RFQ 30705-25040 Release 2 for the revised <i>Pro Forma</i> Contract Section D.24.

QC #	Page #	RFQ Section/ RFQ Attachment/ Pro Forma Section	Question/Comment	State Response
QC #87	p. 10	Pro Forma Contract, Section D.32	<p>12. Modified as: ...If Contractor loses insurance coverage, fails to renew coverage, or for any reason becomes uninsured during the Term, Contractor shall promptly¹immediately notify the State. All insurance companies providing coverage must be: (a) acceptable to the State; (b) authorized by the Tennessee Department of Commerce and Insurance ("TDCI"); and (c) rated A- / VII or better by A.M. Best. All coverage where the State is named as an additional insured² must be on a primary basis and noncontributory with any other insurance or self-insurance carried by the State. Contractor agrees to name the State as an additional insured on any insurance policy with the exception of workers' compensation (employer liability) and professional liability (errors and omissions) insurance. All policies must contain an endorsement for a waiver of subrogation in favor of the State. Any deductible or self-insured retention ("SIR") over fifty thousand dollars (\$50,000) must be approved by the State.³ The deductible or SIR and any premiums are the Contractor's sole responsibility. The Contractor agrees that the insurance requirements specified in this Section do not reduce any liability the Contractor has assumed under this Contract including any indemnification or hold harmless requirements.</p> <p>... Contractor shall provide a copy of the umbrella insurance policy documents certificate of insurance⁴ to ensure that no aggregate limit applies to the umbrella policy for that coverage area...</p> <p><i>Comment: ¹ A standard of immediate is promptly and administratively unworkable. ² A primary and noncontributory endorsement will not be applicable where the State is not an additional insured. ³ The amount of the firm's self-insured retention (SIR) is the firm's confidential business information that, as a matter of longstanding firm policy, is not disclosed outside the firm. In lieu of disclosure, the firm would be glad to provide a letter from its insurers stating (in effect) that the amount of the firm's SIR is reasonable and appropriate given factors such as the applicable market and the firm's financial resources to pay for same. ⁴ We can provide certificates of insurance along with any required endorsements. However, the terms and conditions of the firm's insurance policies are the firm's confidential business information that, as a matter of longstanding firm policy, are not disclosed outside the firm. In lieu of disclosure, the firm would be glad to provide a letter from its insurers stating (in effect) that the policy terms are reasonable and within the market range.</i></p>	The State accepts the requested change to the <i>Pro Forma</i> Contract. See RFQ Amendment 2 - Item 3 below for RFQ 30705-25040 Release 2 for the revised <i>Pro Forma</i> Contract Section D.32.

QC #	Page #	RFQ Section/ RFQ Attachment/ Pro Forma Section	Question/Comment	State Response
QC #88	p. 11	Pro Forma Contract, D. 32	<p>13. Modified as: ... Contractor shall provide the COI ten (10) business days prior to the Effective Date and again thirty (30) calendar days¹ before renewal or replacement of coverage. Contractor shall provide the State evidence that all subcontractors maintain the required insurance or that subcontractors are included under the Contractor's policy. At any time, the State may require Contractor to provide a valid COI. The Parties agree that failure to provide evidence of insurance coverage as required is a material breach of this Contract. If Contractor self-insures, then a COI will not be required to prove coverage. Instead Contractor shall provide a certificate of self-insurance or a letter, on Contractor's letterhead, detailing its coverage, policy amounts, and proof of funds to reasonably cover such expenses. The State reserves the right to require complete copies of all required insurance policies, including endorsements required by these specifications, at any time.²</p> <p>The insurance obligations under this Contract where the State is an additional insured shall be: (1)—all the insurance coverage and policy limits carried by the Contractor; or (2)—the minimum insurance coverage requirements and policy limits shown in this Contract; whichever is greater. Any insurance proceeds in excess of or broader than the minimum required coverage and minimum required policy limits, which are applicable to a given loss where the State is an additional insured, shall be available to the State...³</p> <p><i>Comment: ¹ We will provide replacement certificates when insurance is renewed, but it is unlikely it would be 30 days before. ² We can provide certificates of insurance along with any required endorsements. However, the terms and conditions of the firm's insurance policies are the firm's confidential business information that, as a matter of longstanding firm policy, are not disclosed outside the firm. In lieu of disclosure, the firm would be glad to provide a letter from its insurers stating (in effect) that the policy terms are reasonable and within the market range.</i></p> <p><i>³ Insurance where State is not an additional insured is for the purpose of insuring the firm, rather than its clients.</i></p>	<p>The State does not accept the entirety of the requested change. See RFQ Amendment 2 - Item 3 below for RFQ 30705-25040 Release 2 for language acceptable to the State.in the revised <i>Pro Forma</i> Contract Section D.32.</p>

QC #	Page #	RFQ Section/ RFQ Attachment/ Pro Forma Section	Question/Comment	State Response
QC #89	p. 12	Pro Forma Contract, Section D.32.C	<p>14. Modified as: Automobile Liability Insurance</p> <p>1) The Contractor shall maintain automobile liability insurance which shall cover liability arising out of any automobile (including owned, 1 leased, hired, and non-owned automobiles).</p> <p>2) The Contractor shall maintain bodily injury/property damage with a limit of not less than one million dollars (\$1,000,000) per occurrence-accident or combined single limit.</p> <p><i>Comment: ¹ The firm does not own any automobiles, so insurance extends only to hired and non-owned. ² Clarification that the insurance is written per accident.</i></p>	The State accepts this requested change. See RFQ Amendment 2 - Item 3 below for RFQ 30705-25040 Release 2 for the revised <i>Pro Forma</i> Contract Section D.32.
QC #90	p. 13	Pro Forma Contract, Section E.4	<p>15. Modified as: ...Contractor shall immediately promptly¹ notify State: (1) of any disclosure or use of any PII by Contractor or any of its employees, agents and representatives in breach of this Contract; and (2) of any disclosure of any PII to Contractor or its employees, agents and representatives where the purpose of such disclosure is not known to Contractor or its employees, agents and representatives. The State reserves the right to review summaries of² Contractor's policies and procedures used to maintain the security and confidentiality of PII and Contractor shall, and cause its employees, agents and representatives to, comply with all reasonable requests or directions from the State to enable the State to verify or ensure that Contractor is in full compliance with its obligations under this Contract in relation to PII. Upon termination or expiration of the Contract or at the State's direction at any time in its sole discretion, whichever is earlier, Contractor shall immediately return to the State any and all PII which it has received under this Contract and shall destroy all records of such PII; provided, however, that where required by law or applicable professional standards, Contractor shall be entitled to keep one archival copy of such PII disclosed hereunder.³</p> <p><i>Comment: ¹ A standard of immediate is practically and administratively unworkable. ² The firm's policies are confidential, but we can provide reasonable summaries of information. ³ Professional standards require us to maintain engagement documentation.</i></p>	The State does not accept the entirety of the requested changes to the Pro Form Contract. See RFQ Amendment 2 - Item 3 below for RFQ 30705-25040 Release 2 for language acceptable to the State.in the revised <i>Pro Forma</i> Contract Section E.4.

QC #	Page #	RFQ Section/ RFQ Attachment/ Pro Forma Section	Question/Comment	State Response
QC #91	p. 14	Pro Forma Contract, Section E.4	<p>16. Modified as: The Contractor shall report to the State any instances of unauthorized access to or potential disclosure of PII¹ in the custody or control of Contractor ("Unauthorized Disclosure") that come to the Contractor's attention. Any such report shall be made by the Contractor within twenty-four (24) seventy-two (72)² hours after the Unauthorized Disclosure has come to the attention of the Contractor. Contractor shall take all necessary measures to halt any further Unauthorized Disclosures. The Contractor, at the sole discretion of the State in accordance with applicable law,³ shall provide no cost credit monitoring services for individuals whose PII was affected by the Unauthorized Disclosure...</p> <p><i>Comment: ¹ While the firm recognizes a duty to investigate, notification requirement should be limited to actual unauthorized disclosures. ² A standard of 24 hours is practically and administratively unworkable. ³ The firm can agree to comply with the law but cannot allow the State to unilaterally determine the firm's responsibility.</i></p>	The State does not accept the entirety of the requested changes to the Pro Form Contract. See RFQ Amendment 2 - Item 3 below for RFQ 30705-25040 Release 2 for language acceptable to the State.in the revised <i>Pro Forma</i> Contract Section E.4.
QC #92	2	RFQ Section 1.1	<p>The request to conduct a forensic audit of the financial records, transactions, and processes of MSCS to identify and evaluate instances of fraud, waste, abuse and any deficiencies in the design or operation of the MSCS internal control structure that facilitated these occurrences is a broad request for an entity that processes approximately \$8 billion of funding that occurred during the fiscal years 2020 through 2024.</p> <p>Since this is an extensive amount of activity over a large period of time, can the Comptroller's Office provide additional guidance as to the expectation of any specific focus area for independent forensic audit firm? This will assist in a more accurate forensic audit cost/budging process.</p>	<p>See State's response to QC#3 above.</p> <p>Cost/pricing/budgets will be addressed after the State enters into Engagement Discussions with the firm identified in the Notice of Intent to Engage and in accordance with RFQ § 6.1.2.</p>
QC #93	2	1.1	Will the Comptroller's Office consider allowing the forensic auditor to implement cost savings strategies to apply a risk-based approach to perform the forensic audit?	Yes, the standards allow risk-based approaches.
QC #94	2	1.1	Will the Comptroller's Office consider allowing the forensic auditor to implement cost savings strategies to apply a risk-based approach to perform the forensic audit?	See State's response to QC#93 above.
QC #95	2	1.1	Can you provide any reports of fraud, waste and abuse activity that have occurred during FY 2020 through FY 2024?	See State's response to QC#3 above.

QC #	Page #	RFQ Section/ RFQ Attachment/ Pro Forma Section	Question/Comment	State Response
QC #96	2	1.1	The RFQ states that over 200 schools are in the MSCS district. Can you please provide clarification as to whether the expectation of the forensic audit will be evaluating the transactional activity at the school level?	It is not anticipated that the transactional activity of individual schools will be evaluated, only that of the central office.
QC #97	2	1.1	It was also noted that substantial funding goes to numerous charter schools throughout the district. Can you please clarify whether the expectation of the forensic audit will have access to and cover the determination of the appropriateness of the transactional activity that occurs at the charter school?	It is not anticipated that the transactional activity of charter schools will be evaluated, only that of the central office.
QC #98	2	1.1	The RFQ also noted major expenditures occur through instruction, support services, administration, transportation, facility operation, food service, debt service and capital outlay. Has the Comptroller's Office identified any specific concerns with these major expenditures or is it the responsibility of the forensic auditor to identify and substantiate the appropriateness or the unauthorized/inappropriate activity that occurred?	It is the responsibility of the forensic auditor to identify and substantiate the appropriateness or the unauthorized/inappropriate activity that occurred.
QC #99	2	1.1	A February 12, 2025, article published in the Memphis Commercial Appeal stated the audit would allocate \$50,000 of commission contingency funds and look at financial records from January 1, 2020 through January 31, 2025. Can you please indicate whether it is the Comptroller's Office expectation that the forensic audit will be limited to the \$50,000 funds identified in the article?	This RFQ was issued by the State and is being funded by the State, not a local government entity. See State's response to QC#31.
QC #100	2	1.1	The request to conduct a forensic audit to evaluate and assess the effectiveness and efficiency of MSCS operations, the accuracy and reliability of MSCS financial reporting are within the specialization of services that forensic accountants perform. However, determining whether MSCS is in compliance with applicable laws and regulations appears to be seeking the forensic accountant to make legal determinations, which would be outside the expertise of the forensic accountant. Please clarify the expectation that the forensic auditor's responsibility to determining compliance with applicable laws and regulations. It is quite often that forensic accountants work directly with legal counsel as part of the services provided. Can you provide additional clarification as to whether legal counsel will be involved with the forensic audit?	Yes, situations may arise where the firm may need to consult its legal counsel. Level of firm legal counsel involvement can be discussed during the Engagement Discussions.

QC #	Page #	RFQ Section/ RFQ Attachment/ Pro Forma Section	Question/Comment	State Response
QC #101	2	1.1	The request to conduct a forensic audit review the design and implementation of MSCS internal controls to ensure they are adequate to mitigate risks and prevent fraud, waste, and abuse is generally performed as a separate engagement that focuses on the documentation, testing and validating the controls currently in place, a control assessment with a separate report documenting and substantiating the control environment including recommendations for improving weaknesses and/or implementation of new controls. However, a natural by-product of a forensic investigation is the identification of how the internal controls failed or the limitation of the controls that allowed unauthorized and/or inappropriate activity to occur. Can you please clarify the expectation for the forensic audit with respect to the forensic audit related to the responsibility of the auditor to assist on pricing this request.	<p>Pricing/cost proposals are not requested, nor should they be provided as part of a firm's response to this RFQ.</p> <p>See RFQ § 4.2.2. and RFQ § 4.3.7. as well as RFQ Attachment A.</p> <p>See State's response to QC#92 above.</p>
QC #102	2	1.1	Can you provide a copy of the MCSC internal controls policies and procedures manual?	The Firm will need to obtain from MSCS.
QC #103	2	1.1	The last request for the forensic audit is the report and presentation of the findings, conclusions and recommendations. Forensic audits can report results in a wide variety of methods and documenting the forensic audit can be time consuming writing and providing documentation with footnote references and supporting exhibits. Forensic audits results can be summarized and presented via verbal presentation with limited support and documentation. Can you please clarify the expectation for reporting the forensic audit results for this request?	See <i>Pro Forma</i> Contract Section A.7.
QC #104	2	1.1	What accounting system is utilized by MSCS for recording the transactional activity?	See the State's response to QC#7 above.
QC #105	2	1.1	Please confirm whether all schools use the same accounting system?	See State's response to QC#96 above.
QC #106	2	1.1	Please identify the number of bank accounts utilized by the school districts operations.	See State's responses to QC#3 and QC#96 above.
QC #107	2	1.1	Please confirm whether the bank reconciliation process is current with these accounts.	See State's responses to QC#3 and QC#96 above.

QC #	Page #	RFQ Section/ RFQ Attachment/ Pro Forma Section	Question/Comment	State Response
QC #108	2	1.1	Please identify the number of investment accounts utilized by the school districts operations.	See State's responses to QC#3 and QC#96 above.
QC #109	2	1.1	Please identify the number of credit card accounts utilized by the school districts operations.	See State's responses to QC#3 and QC#96 above.
QC #110	2	1.1	Please provide an overview of how the financial records and supporting documentation are maintained. Are the supporting records stored electronically, such as invoices, purchase orders, approvals, etc.	See State's responses to QC#3 and QC#96 above.
QC #111	2	1.1	Please provide an overview of how the payments occur and the approval process that occurs.	See State's responses to QC#3 and QC#96 above.
QC #112	2	1.1	With the availability of electronic records, forensic audits are generally performed in a hybrid manner, some work on-site and additional work performed offsite. Can you confirm the analysis of the forensic audit work can be performed off-site?	See State's response to QC#41 above.
QC #113	2	1.1	Can you provide clarification on the volume of transactional activity that occurred and needs to be documented / investigated as part of the forensic audit?	See State's responses to QC#3 and QC#96 above.
QC #114	2	1.1. Statement of Procurement Purpose	Does the State contemplate these services to follow AICPA Consulting Standards or does the State require an audit opinion or attestation type service under AICPA's Statement on Standards for Attestation Engagements?	See State's response to QC#45 above.
QC #115	2	1.1. Statement of Procurement Purpose	The RFQ states that the successful Firm will "report and present its findings, conclusions, and recommendations". Please clarify to whom the findings would be presented. For example, would this be presented only to the State Comptroller's Office or would other State agencies/ organizations receive the report?	See <i>Pro Forma</i> Contract Section A.7.
QC #116	2	1.1. Statement of Procurement Purpose	Does the Comptroller's Office anticipate performing this engagement under attorney-client privilege?	It is not clear to the State the intent of the question. Please elaborate in Round 2 of Written Questions & Comments.
QC #117	2	1.1. Statement of Procurement Purpose / 1.2 Background	Is there an expected time period for the Successful Firm to complete this work?	See State's response to QC#28 above.

QC #	Page #	RFQ Section/ RFQ Attachment/ Pro Forma Section	Question/Comment	State Response
QC #118	2	1.1. Statement of Procurement Purpose / 1.2 Background	What is the anticipated look-back period of financial records and operational data? For example, is the period of review a 3 or 5 year period?	See State's response to QC#3 above.
QC #119	17	II. Scope of work A. Basic Requirements of S.253	The RFQ states that the respondent should provide an "affirmative statement that the Respondent has been engaged during the last three years, as independent Forensic Auditor of a local government or public school board entity" Please clarify how the State defines "independent Forensic Auditor."	See State's response to QC#26 above.
QC #120	23	Attachment E - Pro Forma Contract	Would any contract resulting from this RFQ be a stand alone contract?	It is not clear to the State as to what is meant by "stand alone contract". . Please elaborate in Round 2 of Written Questions & Comments.
QC #121	RFQ Page 2 of 23	RFQ Introduction - Section 1.1 Statement of Procurement Purpose	The RFQ states that the selected firm will "evaluate and assess the effectiveness and efficiency of MSCS operations, the accuracy and reliability of MSCS financial reporting, and MSCS compliance with applicable laws and regulations." Could you elaborate on the intended scope of the operational assessment? Specifically, would COT consider an assessment of broader financial management functions, such as financial planning, resource allocation, and budgeting processes within scope for this work?	See State's response to QC#1. The State is only seeking an internal controls attestation and a forensic audit under this RFQ.
QC #122	RFQ Page 16 of 23	RFQ Attachment A - Section A.3 Mandatory Required Items	The RFQ requires that the Respondent be a licensed CPA firm in the State of Tennessee. Our firm is not organized as a licensed AICPA firm, however we are proposing a team of highly qualified, licensed CPAs and Certified Fraud Examiners (CFEs) as engagement leaders and supervisory personnel. All work would be performed in accordance with GAGAS and relevant professional standards under the direct supervision of these licensed professionals. Could you confirm if this approach would satisfy the intent of the CPA firm licensing requirement under Section A.3? Alternatively, would COT consider modifying the RFQ language to accept responses of firms who propose teams led by who hold a CPA licensed accountants?	See State's response to QC#1 above.

QC #	Page #	RFQ Section/ RFQ Attachment/ Pro Forma Section	Question/Comment	State Response
QC #123	Pro Forma Contract Page 1 of 16	Pro Forma- Section A.3	Request to add: The State acknowledges that Contractor's engagement shall not constitute an audit, review or compilation, or any other type of financial statement reporting engagement that is subject to the rules of the AICPA, PCAOB, SEC or other state or national professional or regulatory body.	The State does not accept the requested addition to the <i>Pro Forma</i> Contract.
QC #124	Pro Forma Contract Page 1 of 16	Pro Forma- Section A.4	Request to add: Contractor makes no representation or guarantee that, inter alia, (i) an appropriate course of action or recommendations can be formulated for the State (ii) any course of action or recommendations presented to the State will be more successful than all other possible course of action or recommendations, (iii) such course of action or recommendations are the best course of action for the State or (iv) if formulated, that any proposed course of action or recommendations will be accepted by the State's or MSCS's creditors, stakeholders and/or constituents. Further, Contractor does not assume any responsibility for the State's or MSCS's decision to pursue, or not pursue any operational strategy, or to effect, or not to effect any transaction.	The State does not accept the requested addition to the <i>Pro Forma</i> Contract.
QC #125	Pro Forma Contract Page 1 of 16	Pro Forma- Section A.6	Request to add: Reports are intended solely for the benefit of and use by State in considering matters relating to the purpose of the engagement. The State shall not publicize any reports to the extent such contain the Contractor's name without the Contractor's consent. The State may adopt reports as its own without requesting permission from the Contractor, and there shall be no restrictions on transfer, distribution, or publication, provided that the State removes all references therein to Contractor.	The State does not accept the requested addition to the <i>Pro Forma</i> Contract.
QC #126	Pro Forma Contract Page 2 of 16	Pro Forma- Section A.7	Request to add: The Reports are not being rendered by Contractor as an agent or as a fiduciary of the State, MSCS or any of their respective stakeholders or constituents and Contractor shall not have any liability or obligation with respect to its services hereunder to such stakeholders or constituents or to any other person, firm or public or private entity.	The State does not accept the requested addition to the <i>Pro Forma</i> Contract.
QC #127	Pro Forma Contract Page 5 of 16	Pro Forma- Section D.6	Request to add: . Contractor may terminate this Contract upon written notice in the event that the State misrepresents or fails to disclose material facts, fails to pay fees or expenses, or makes it unethical or unreasonably difficult for Contractor to continue performance of the engagement, or other just cause exists.	The State does not accept the requested addition to the <i>Pro Forma</i> Contract. However, see RFQ Amendment 2 - Item 3 below for RFQ 30705-25040 Release 2 where the State has revised <i>Pro Forma</i> Contract Section D.6. with bilateral termination for cause language.

QC #	Page #	RFQ Section/ RFQ Attachment/ Pro Forma Section	Question/Comment	State Response
QC #128	Pro Forma Contract Page 5 of 16	Pro Forma- Section D.7	Request to add: For avoidance of doubt, Contractor may utilize the resources, personnel, infrastructure, equipment and expertise of its affiliates and their personnel in the provision of services under this Agreement without the prior written approval of the State, and such utilization shall not be considered subcontracting for purposes of this Contract; provided that Contractor remains responsible for any such affiliates' performance hereunder.	The State does not accept the requested addition to the <i>Pro Forma</i> Contract. See State's response to QC#1 above.
QC #129	Pro Forma Contract Page 5 of 16	Pro Forma- Section D.8	Request to add: Notwithstanding anything to the contrary, because Contractor and its affiliates comprise a consulting firm (the "Firm") that serves clients on an international basis in numerous cases, both in and out of court, it is possible that the Firm may have rendered or will render services to, or have business associations with, other entities or people which had or have or may have relationships with the State and MSCS. The Firm will not be prevented or restricted by virtue of providing the services under this contract from providing services to other entities or individuals, including entities or individuals whose interests may be in competition or conflict with the State or MSCS, provided the Firm makes appropriate arrangements to ensure that the confidentiality of information is maintained.	The State does not accept the requested addition to the <i>Pro Forma</i> Contract.
QC #130	Pro Forma Contract Page 7 of 16	Pro Forma- Section D.18	Request revision as shown: The Contractor's liability for all claims arising under this Contract shall be limited to an amount equal to two (2) times the Maximum Liability amount detailed in Section C.1. and as may be amended, PROVIDED THAT in no event shall this Section limit the liability of the Contractor for: (i) intellectual property or any Contractor indemnity obligations for infringement for third-party intellectual property rights; (ii) any claims covered by any specific provision in the Contract providing for liquidated damages; or (iii) any claims for Contractor's intentional torts-misconduct, criminal acts, or fraudulent conduct, or acts or omissions that result in personal injuries or death. For clarity, except as otherwise expressly set forth in this Section, Contractor's indemnification obligations and other remedies available under this Contract are subject to the limitations on liability set forth in this Section. In no event shall Contractor or its personnel be liable for any consequential, special, indirect, incidental, punitive, or exemplary loss, damage, or expense relating to this engagement (including, without limitation, loss of revenue, data, goodwill, or similar damages) even if advised of the possibility of such damages.	The State does not accept the requested changes to the <i>Pro Forma</i> Contract.

QC #	Page #	RFQ Section/ RFQ Attachment/ Pro Forma Section	Question/Comment	State Response
QC #131	Pro Forma Contract Page 7 of 16	Pro Forma- Section D.19	<p>Hold Harmless. The Contractor agrees to indemnify and hold harmless the State of Tennessee as well as its officers, agents, and employees from and against any and all claims, liabilities, losses, and causes of action relating to bodily injuries or death to any third party individual incurred on-site at a State or MSCS facility to the extent caused by the which may arise, accrue, or result to any person, firm, corporation, or other entity which may be injured or damaged as a result of negligent or willful acts, omissions, or negligence on the part of the Contractor, its employees, or any person acting for or on its or their behalf in the performance of services under relating to this Contract. The Contractor further agrees it shall be liable for the reasonable cost of attorneys' fees, court costs, expert witness fees, and other litigation expenses for the State to enforce the terms of this Contract.</p> <p>In the event of any suit or claim, the Parties shall give each other immediate notice and provide all necessary assistance to respond. The failure of the State to give notice shall only relieve the Contractor of its obligations under this Section to the extent that the Contractor can demonstrate actual prejudice arising from the failure to give notice. This Section shall not grant the Contractor, through its attorneys, the right to represent the State in any legal matter, as the right to represent the State is governed by Tenn. Code Ann. § 8-6-106.</p>	The State does not accept the requested changes to the <i>Pro Forma</i> Contract.
QC #132	Pro Forma Contract Page 8 of 16	Pro Forma- Section D.20	<p>Request to delete: d. The Contractor will indemnify the State and hold it harmless for any violation by the Contractor or its subcontractors of the Privacy Rules. This includes the costs of responding to a breach of protected health information, the costs of responding to a government enforcement action</p>	The State does not accept the requested change to the <i>Pro Forma</i> Contract.

QC #	Page #	RFQ Section/ RFQ Attachment/ Pro Forma Section	Question/Comment	State Response
QC #133	Pro Forma Contract Page 10	Pro Forma- Section D.32	<p>Request revision as shown:</p> <p><u>Insurance</u>. Contractor shall maintain insurance coverage as specified in this Section. The State reserves the right to amend or require additional insurance coverage, coverage amounts, and endorsements required under this Contract. Contractor's failure to maintain or submit evidence of insurance coverage, as required, is a material breach of this Contract. If Contractor loses insurance coverage, fails to renew coverage, or for any reason becomes uninsured during the Term, Contractor shall immediately notify the State. All insurance companies providing coverage must be: (a) acceptable to the State; (b) authorized by the Tennessee Department of Commerce and Insurance ("TDCI"); and (c) rated A- / VII or better by A.M. Best. All coverage must be on a primary basis and noncontributory with any other insurance or self-insurance carried by the State. Contractor agrees to name the State as an additional insured on any insurance policy with the exception of workers' compensation (employer liability) and professional liability (errors and omissions) insurance. All policies must contain an endorsement for a waiver of subrogation in favor of the State. Any deductible or self-insured retention ("SIR") over fifty thousand dollars (\$50,000) must be approved by the State. The deductible or SIR and any premiums are the Contractor's sole responsibility. The Contractor agrees that the insurance requirements specified in this Section do not reduce any liability the Contractor has assumed under this Contract including any indemnification or hold harmless requirements.</p> <p>To achieve the required coverage amounts, a combination of an otherwise deficient specific policy and an umbrella policy with an aggregate meeting or exceeding the required coverage amounts is acceptable. For example: If the required policy limit under this Contract is for two million dollars (\$2,000,000) in coverage, acceptable coverage would include a specific policy covering one million dollars (\$1,000,000) combined with an umbrella policy for an additional one million dollars (\$1,000,000). If the deficient underlying policy is for a coverage area without aggregate limits (generally Automobile Liability and Employers' Liability Accident), Contractor shall provide a copy of the umbrella insurance policy documents to ensure that no aggregate limit applies to the umbrella policy for that coverage area. In the event that an umbrella policy is being provided to achieve any required coverage amounts, the umbrella policy shall be accompanied by an endorsement at least as broad as the Insurance Services Office, Inc. (also known as "ISO") "Noncontributory—Other Insurance Condition" endorsement or shall be written on a policy form that addresses both the primary and noncontributory basis of the umbrella policy if the State is otherwise named as an additional insured.</p>	<p>The State does not accept the entirety of the requested changes to the <i>Pro Forma</i> Contract. However, See RFQ Amendment 2 - Item 3 below for RFQ 30705-25040 Release 2 for language acceptable to the State.in the revised <i>Pro Forma</i> Contract Section D.32.</p>

QC #	Page #	RFQ Section/ RFQ Attachment/ Pro Forma Section	Question/Comment	State Response
QC #133 – cont.			<p>Contractor shall provide the State a certificate of insurance (“COI”) evidencing the coverages and amounts specified in this Section. The COI must be on a form approved by the TDCI (standard ACORD form preferred). The COI must list each insurer’s National Association of Insurance Commissioners (NAIC) number and be signed by an authorized representative of the insurer. The COI must list the State of Tennessee – Comptroller of the Treasury, Assistant Director of Fiscal Services, 425 Rep. John Lewis Way N, Nashville, TN 37243 as the certificate holder. Contractor shall provide the COI ten (10) business days prior to the Effective Date and again thirty (30) calendar days before renewal or replacement of coverage. Contractor shall provide the State evidence that all subcontractors maintain the required insurance or that subcontractors are included under the Contractor’s policy. At any time, the State may require Contractor to provide a valid COI. The Parties agree that failure to provide evidence of insurance coverage as required is a material breach of this Contract. If Contractor self-insures, then a COI will not be required to prove coverage.</p> <p>Instead Contractor shall provide a certificate of self-insurance or a letter, on Contractor’s letterhead, detailing its coverage, policy amounts, and proof of funds to reasonably cover such expenses. The State reserves the right to require complete copies of all required insurance policies, including endorsements required by these specifications, at any time.</p> <p>The State agrees that it shall give written notice to the Contractor as soon as practicable after the State becomes aware of any claim asserted or made against the State, but in no event later than thirty (30) calendar days after the State becomes aware of such claim. The failure of the State to give notice shall only relieve the Contractor of its obligations under this Section to the extent that the Contractor can demonstrate actual prejudice arising from the failure to give notice. This Section shall not grant the Contractor or its insurer, through its attorneys, the right to represent the State in any legal matter, as the right to represent the State is governed by Tenn. Code Ann. § 8-6-106.</p>	

QC #	Page #	RFQ Section/ RFQ Attachment/ Pro Forma Section	Question/Comment	State Response
QC #133 – cont.			<p>The insurance obligations under this Contract shall be: (1)—all the insurance coverage and policy limits carried by the Contractor; or (2)—the minimum insurance coverage requirements and policy limits shown in this Contract; whichever is greater. Any insurance proceeds in excess of or broader than the minimum required coverage and minimum required policy limits, which are applicable to a given loss, shall be available to the State. No representation is made that the minimum insurance requirements of the Contract are sufficient to cover the obligations of the Contractor arising under this Contract. The Contractor shall obtain and maintain, at a minimum, the following insurance coverages and policy limits.</p> <p>Commercial General Liability (“CGL”) Insurance The Contractor shall maintain CGL, which shall be written on an ISO Form CG 00 01 occurrence form (or a substitute form providing equivalent coverage) and shall cover liability arising from property damage, premises and operations products and completed operations, bodily injury, personal and advertising injury, and liability assumed under an insured contract (including the tort liability of another assumed in a business contract). The Contractor shall maintain single limits not less than one million dollars (\$1,000,000) per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this policy or location of occurrence or the general aggregate limit shall be twice the required occurrence limit.</p>	

QC #	Page #	RFQ Section/ RFQ Attachment/ Pro Forma Section	Question/Comment	State Response
QC #133 – cont.			<p>Workers' Compensation and Employer Liability Insurance</p> <p>For Contractors statutorily required to carry workers' compensation and employer liability insurance, the Contractor shall maintain:</p> <p>1) Workers' compensation in an amount not less than one million dollars (\$1,000,000) including employer liability of one million dollars (\$1,000,000) per accident for bodily injury by accident, one million dollars (\$1,000,000) policy limit by disease, and one million dollars (\$1,000,000) per employee for bodily injury by disease. If the Contractor certifies that it is exempt from the requirements of Tenn. Code Ann. §§ 50-6-101 – 103, then the Contractor shall furnish written proof of such exemption for one or more of the following reasons:</p> <p>i. The Contractor employs fewer than five (5) employees;</p> <p>ii. The Contractor is a sole proprietor;</p> <p>iii. The Contractor is in the construction business or trades with no employees;</p> <p>iv. The Contractor is in the coal mining industry with no employees;</p> <p>v. The Contractor is a state or local government; or</p> <p>vi. The Contractor self-insures its workers' compensation and is in compliance with the TDCI rules and Tenn. Code Ann. § 50-6-405.</p>	

QC #	Page #	RFQ Section/ RFQ Attachment/ Pro Forma Section	Question/Comment	State Response
QC #133 - cont.			<p>b. Automobile Liability Insurance</p> <p>1) The Contractor shall maintain automobile liability insurance which shall cover liability arising out of any automobile (including owned, leased, hired, and non-owned automobiles).</p> <p>2) The Contractor shall maintain bodily injury/property damage with a limit of not less than one million dollars (\$1,000,000) per occurrence or combined single limit.</p> <p>c. Professional Liability Insurance</p> <p>1) Professional liability insurance shall be written on an occurrence basis or on a claims-made basis. If this coverage is written on a claims-made basis, then:</p> <p>i. The retroactive date must be shown, and must be on or before the earlier of the Effective Date of the Contract or the beginning of Contract work or provision of goods and services;</p> <p>ii. Insurance must be maintained and evidence of insurance must be provided for at least three (3) five (5) full years from the date of the final Contract payment; and</p> <p>iii. If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a retroactive date on or prior to the Contract Effective Date, the Contractor must purchase "extended reporting" or "tail coverage" for a minimum of three (3) five (5) full years from the date of the final Contract payment.</p> <p>Any professional liability insurance policy shall have a limit not less than one million dollars (\$1,000,000) per claim and two million dollars (\$2,000,000) in the aggregate.</p>	
QC #134	Pro Forma Contract Page 12 of 16	Pro Forma- Section D.34	<p>Request to add:</p> <p>If any person or entity requests or subpoenas any information or materials related to the services provided Contractor under this Contract, the Contractor will promptly inform the State and reasonably cooperate with the State, at the State's expense, incurred in responding to the request or subpoena.</p>	The State does not accept the requested change to the Pro Forma Contract.

QC #	Page #	RFQ Section/ RFQ Attachment/ Pro Forma Section	Question/Comment	State Response
QC #135	Pro Forma Contract Page 13 of 16	Pro Forma- Section E.4	<p>Request to revise as shown:</p> <p>E.4. Personally Identifiable Information. While performing its obligations under this Contract, Contractor may have access to Personally Identifiable Information held by the State ("PII"). For the purposes of this Contract, "PII" includes "Nonpublic Personal Information" as that term is defined in Title V of the Gramm-Leach-Bliley Act of 1999 or any successor federal statute, and the rules and regulations thereunder, all as may be amended or supplemented from time to time ("GLBA") and personally identifiable information and other data protected under any other applicable laws, rule or regulation of any jurisdiction relating to disclosure or use of personal information ("Privacy Laws"). Contractor agrees it shall not do or omit to do anything which would cause the State to be in breach of any Privacy Laws. Contractor shall, and shall cause its employees, agents and representatives to: (i) keep PII confidential and may use and disclose PII only as necessary to carry out those specific aspects of the purpose for which the PII was disclosed to Contractor and in accordance with this Contract, GLBA and Privacy Laws; and (ii) implement and maintain appropriate technical and organizational measures regarding information security to: (A) ensure the security and confidentiality of PII; (B) protect against any threats or hazards to the security or integrity of PII; and (C) prevent unauthorized access to or use of PII. Contractor shall immediately notify State: (1) of any disclosure or use of any PII by Contractor or any of its employees, agents and representatives in breach of this Contract; and (2) of any disclosure of any PII to Contractor or its employees, agents and representatives where the purpose of such disclosure is not known to Contractor or its employees, agents and representatives. The State reserves the right to review Contractor's policies and procedures used to maintain the security and confidentiality of PII and Contractor shall, and cause its employees, agents and representatives to, comply with all reasonable requests or directions from the State to enable the State to verify or ensure that Contractor is in full compliance with its obligations under this Contract in relation to PII. Upon termination or expiration of the Contract or at the State's direction at any time in its sole discretion, whichever is earlier, Contractor shall immediately return to the State any and all PII which it has received under this Contract and shall destroy all records of such PII.</p>	<p>The State does not accept the requested changes to the <i>Pro Forma</i> Contract. However, see RFQ Amendment 2 - Item 3 below for RFQ 30705-25040 Release 2 for the State's revisions to <i>Pro Forma</i> Contract Section E.4.</p>

QC #	Page #	RFQ Section/ RFQ Attachment/ Pro Forma Section	Question/Comment	State Response
QC #135 - cont.			<p>The Contractor shall report to the State any instances of unauthorized access to or potential disclosure of PII in the custody or control of Contractor ("Unauthorized Disclosure") that come to the Contractor's attention. Any such report shall be made by the Contractor within twenty-four (24) hours after the Unauthorized Disclosure has come to the attention of the Contractor. Contractor shall take all necessary measures to halt any further Unauthorized Disclosures. The Contractor, <u>to the extent required by applicable law</u>, at the sole discretion of the State, shall provide no cost credit monitoring services for individuals whose PII was affected by the Unauthorized Disclosure. The Contractor shall bear the cost of notification to all individuals affected by the Unauthorized Disclosure, including individual letters and public notice. The remedies set forth in this Section are not exclusive and are in addition to any claims or remedies available to this State under this Contract or otherwise available at law. The obligations set forth in this Section shall survive the termination of this Contract.</p>	

3. **Delete RFQ # 30705-25040, in its entirety, and replace it with RFQ # 30705-25040, Release # 2, attached to this amendment.** Revisions of the original RFQ document are emphasized within the new release. **Any sentence or paragraph containing revised or new text is highlighted.**
4. **RFQ Amendment Effective Date.** The revisions set forth herein shall be effective upon release. All other terms and conditions of this RFQ not expressly amended herein shall remain in full force and effect.