

MASTER CONTRACT FOR ACCOUNTING AND AUDITING SPB24-0484NH-7

THIS CONTRACT is entered into by and between the State of Montana, Department of Administration, State Procurement Bureau, (State), whose address and phone number are PO Box 200135, Helena, MT 59620, 406-444-2575 and Weaver and Tidwell, L.L.P., whose address and phone number are 2300 N. Field Street, Suite 1000, Dallas, TX 75201, and (972) 490-1970.

1. **EFFECTIVE DATE, DURATION, AND RENEWAL**

1.2 Contract Term. The Master Contract's (Contract) initial term is January 1, 2024, or upon execution, through December 31, 2025, unless terminated earlier as provided in this Contract. In no event is this Contract binding on State unless State's authorized representative has signed it. Neither the legal counsel signature approving legal content of the Contract nor the procurement officer signature approving the form of the Contract constitutes an authorized signature.

1.2 Contract Renewal. State may renew this Contract under its then-existing terms and conditions in two-year intervals, or any interval that is advantageous to State. This Contract, including any renewals, may not exceed a total of seven years.

2. **SERVICES**

Contractor shall provide State various Accounting, Auditing, or Financial Services as outlined in the SPB-RFP-2023-0484NH Contractor shall maintain necessary certifications outlined and required in SPB-RFP-2023-0484NH.

2.1 Tier Two Model. The Contract is a two-tier model. Tier one is the Request for Proposal (RFP), which qualified vendors will be offered this Contract.

The Tier Two Solicitation Process will be used when an ordering agency has a specific project need. Tier Two Solicitation Process will use a selection process whereby the ordering agency selects a Contractor from the pre-qualified master contract roster for projects through a Statement of Work (SOW). This selection process is required unless a valid business reason is presented to the Department of Administration (DOA) for not using the process. Contractors shall submit project quotes to the ordering agency only – not DOA.

Contractor costs will be required during the Tier Two Solicitation Process. Contractor shall provide a total project cost that will be part of the evaluation criteria for the project. Contractor rates shall not be less than 20% of the total evaluation for selecting a Contractor for a specific Statement of Work Task Order (SOWTO).

2.2 Issuing of a Statement of Work Task Order. An ordering agency may select a master contract holder, using the Tier Two Solicitation Process, from the Master Contract-Home page as provided under State's website address:

https://dataportal.mt.gov/t/DOASFSD/views/StatewideContracts/StatewideContracts?:showAppBanner=false&:display_count=n&:showVizHome=n&:origin=viz_share_link&:embed=y&:tabs=n

Considerations for Contractor selection will include Contractor's area of expertise; requirements and location of the project; Contractor's availability and access to resources necessary to efficiently and effectively complete the project; demonstrated excellent past performance on state and public projects; staff qualifications; identified subcontractors; and total project cost.

2.2.1 Selection. Contractor selection is dependent on the value of each project initiated under the Contract.

2.2.1.1 For projects with an estimated cost of \$10,000 or less, the ordering agency may select directly any qualified Contractor.

2.2.1.2 For projects with an estimated cost of between \$10,001 and \$100,000, ordering agency personnel shall solicit responses from at least three qualified contractors before making a selection.

2.2.1.3 For projects under \$100,000 the categories awarded to Contractor are:

- Category 1: Accounting
- Category 2: Auditing
- Category 3: Other Financial Services

2.2.1.4 For projects with an anticipated value of over \$100,000, responses must be solicited from all contractors under the Master Contract. The solicitation will include a detailed SOW, along with the project requirements and selection criteria.

2.2.1.5 Ordering agency personnel shall review and evaluate the responses according to information included in the RFQ and select Contractor with the highest overall rating. Cost may not be the only deciding factor in Contractor selection; however, cost must be at least 20% of the total points considered.

2.2.1.6 A resume, which emphasizes previous experience in the service category, shall be available for all Contractor's staff. State may request Contractor to provide some or all of the resumes during Tier Two. Failure to provide the resumes or summaries upon request is a breach of the Contract.

2.2.2 Tier Two Solicitation Process Scoring Framework. The following categories may be used by the ordering agency to define the selection criteria. The information requested and detail required will depend on the ordering agency's needs, as well as the project's cost, risk, and complexity.

- **Contractor Experience in Providing Services (Company Qualifications)**
Contractor shall describe its experience and specific skills and expertise in providing the services being sought. This may include number of years providing services, company background information, references, work samples.
- **SOW Understanding and Contractor's Approach/Methodology**
Contractor shall provide a response stating it has read and understands the SOW and provide information on how it will satisfy the requirements in the SOW. Contractor shall also identify any expected variances between the SOW requirements and how Contractor will complete the project.
- **Project Schedule (May be in SOW)**
Contractor shall provide a detailed schedule, including start date, milestone completion dates, and a project completion date that will conform to the ordering agency requirements. Contractor may also be required to identify possible schedule issues and how it will address them.
- **Staff and Resources**
Contractor shall identify the staff and other resources it plans to use to complete the project. The ordering agency will request staff resumes or other supporting documentation for proof of experience.
- **Project Cost (Must be at least 20% of total evaluation points)**
Contractor shall provide the total project cost, and/or the cost per milestone.
- **Equal Pay for Montana Women (Must be at least 5% of the total evaluation points)**
Executive Order No. 12-2016 promoting equal pay for Montana women directs the DOA to include incentives in the RFP process for contractors who engage in best practices to

promote wage transparency. Those Offerors who agree to comply will receive all points. Those Offerors who do not agree to comply will receive zero points for this criterion.

Note: ...The ordering agency will determine the weighting factors depending on project/ordering agency needs. Each category may be evaluated using a scoring guide the same or similar to the guide in Evaluation Process document from the RFP. Cost shall be scored by comparing each proposed cost to the lowest cost, unless otherwise stated in the Tier Two Solicitation Process. The lowest cost will receive the maximum points; the higher costs get fewer points based on its relationship to the lowest cost.

2.2.3 eMACS. State will utilize eMACS for all Tier Two Solicitation Process selection procedures with a value of greater than \$5,000. It is Contractor's responsibility to maintain its vendor record in eMACS and keep all contact information up-to-date. Ordering agencies are responsible for ensuring compliance and managing the RFQ within eMACS.

2.2.4 Minimum Documentation. The ordering agency shall document:

- The Master Contract contractors considered, noting Contractor from which the service was purchased;
- A description of the service purchased;
- The amount paid;
- The evaluation methodology used in selecting the category Contractor to receive the order.
- The rationale for making the selection; and
- Total Cost.

Ordering agency SOWTO will be utilized to finalize the project. Only written addenda will be used for adjustments of the SOWTO and must be signed by both parties. All task orders must contain signatures from both parties and appropriate ordering agency legal review as directed in their procurement policy. A SOWTO is available at <http://emacs.mt.gov/Tier-Two-Procedure>. **PLEASE NOTE:** This is not the only acceptable task order template that may be used under this Contract. Each agency may use the template or one that more specifically fits its business need, provided it includes all required references to the Contract.

2.3 State Rights. State may cease negotiations with the chosen contractor if an agreement cannot be reached on project approach and/or costs, and begin negotiations with another Contractor from the category list. State shall keep complete written documentation of the negotiations process in the project file.

State shall monitor contractor selection by using the information provided in the quarterly Contract usage reports.

Contractors who fail to respond to any RFQ opportunities within a two-year period between July 1st and June 30th may not be considered for Contract renewal.

2.4 Contractor Responsibilities.

2.4.1 Supervision and Implementation. Contractor responsible for an individual project will be responsible for the supervision and implementation of the approach and for oversight of work performed by all subcontractors. In most cases, Contractor shall provide and be responsible for all the necessary equipment, materials, supplies and personnel necessary for proper execution of the work unless otherwise stated in a SOW attached to an RFQ.

2.4.2 Applicable Laws. Contractor shall keep informed of, and shall comply with all applicable laws, ordinances, rules, regulations and orders of the city, county, state, federal or public bodies having jurisdiction affecting any work to be done to provide the services required. When necessary, based on the funding source, the ordering agency may attach additional federal terms and conditions to an RFQ

and SOWTO that are in addition to the terms and conditions of the Contract. These are necessary terms and conditions tied to the federal funding and any issues with these terms and conditions must be addressed by the ordering agency,

2.4.3 Work Acceptance. Contractor shall provide project oversight as needed. All work rejected as unsatisfactory shall be corrected prior to final acceptance. State may also periodically provide personnel for administrative oversight from the initiation of the task order through project completion. All work will be inspected by the ordering agency or designated liaison prior to approval of any SOWTO payments. All work rejected as unsatisfactory shall be corrected prior to final inspection and acceptance. Contractor shall respond within seven calendar days after notice of defects has been given by the ordering agency and proceed to immediately remedy all defects.

2.4.4 Records. Contractor shall supply State and/or ordering agency with documentation, when requested, of methods used throughout project implementation. Contractor shall maintain records for itself and all subcontractors of supplies, materials, equipment and labor hours expended. As requested by State, Contractor shall supply State with documentation of all contacts with the public and other agencies related to fulfilling the requirements of this Contract.

2.4.5 Cooperation. Contractor shall work closely as required in a SOWTO with State Financial Services Division or Legislative Audit Division to develop the desired products.

2.4.6 Communication. Remoteness of project sites may necessitate that Contractor have some form of field communication. This communication is necessary to enable State to respond to public questions or concerns related to the project, accidents, inspections, or other project issues that require immediate feedback. In addition, State or cooperative purchaser may require scheduled communication at agreed upon intervals. The communication schedule will be dependent upon the project circumstances and requirements of the ordering agency. When a communication schedule is included in the SOW, the schedule will commence when Contractor initiates the project.

2.4.7 Change of Staffing. Qualifications of Contractor's personnel are key in determining which offerors are selected during Tier Two. Therefore, written notification of any Contractor changes in key personnel must be made to State Procurement Bureau and the ordering agency prior to entering into negotiations to perform any specific work scope or at any time while performing the specific SOW. Contractor shall replace such employee(s) at its own expense with an employee of substantially equal abilities and qualifications without additional cost to State. If these staffing changes cause Contractor to no longer meet the qualifications stated herein, Contractor will be removed from the pre-qualified list under this Contract. Failure to notify State of staffing changes could result in Contractor being removed from the Contract listing and possible suspension from bidding on other state projects.

2.4.8 Collaboration. State encourages collaboration between and among contractors to increase the scope of services offered. In cases where the chosen Contractor is not able to provide all services needed for the project, State will expect the chosen Contractor to contact other contractors on this list to negotiate subcontracts for these services before going elsewhere. Exceptions to this strategy will be evaluated by State on a case-by-case basis.

2.4.9 Project Budget and Invoicing. All subcontractors must be approved by the ordering agency. Project budgets will be negotiated for each task order. Contractor shall include subcontractor costs in their proposed project budget to the ordering agency. The order agency shall pay Contractor who, in turn, will be responsible for payments to its subcontractors.

2.4.10 Meetings. Contractor may be required to meet with State personnel at the project site to conduct a site evaluation and discuss project issues.

Contractor may also be required to meet with State personnel at the onset of the project and periodically thereafter to resolve technical or contractual problems that may occur during the term of a

project. Contractor may be required to attend meetings with other federal and state agencies, and public meetings as directed by State personnel.

Contractor will be given a minimum of three full working days notice of meeting date, time, and location. While face-to-face meetings are desirable, a conference call meeting may be substituted at the discretion of State personnel. Consistent failure to participate in meetings (two consecutive missed or rescheduled meetings) may result in termination of the task order.

2.5 Subcontractors. If subcontractors are included in an RFQ, Contractor is the prime Contractor and is responsible, in total, for all work of any subcontractors. State reserves the right to approve all subcontractors. Therefore, any subcontractors must be listed in the proposal and, if a contract is awarded, will be deemed approved by State. Contractor shall notify the ordering agency of any changes to its list of subcontractors and subcontracting work to a subcontractor shall not be allowed until first obtaining approval from the ordering agency.

Contractor is responsible to State for the acts and omissions of all subcontractors or agents and of persons directly or indirectly employed by such subcontractors, and for the acts and omissions of persons employed directly by Contractor. Further, nothing contained within this Contract or any contract documents created as a result of any contract awards derived from this RFP shall create any contractual relationships between any subcontractor and State.

If Contractor intends to subcontract services, Contractor shall provide a listing of all subcontractors it intends to use and describe the services they will provide. Contractor shall also provide a listing and description of all pertinent equipment available from each subcontractor. Additionally, Contractor shall describe the subcontractor's pertinent education, training and relevant experience associated with services to be provided.

2.6 Contractor Reporting Requirement. Contractor shall submit quarterly reports to the Contracts Officer (CO) assigned by State to manage this Contract. Contractor shall provide CO with an electronic usage report (Excel), which must list the following information at the minimum: purchasing entity; description of items purchased; date of purchase; contract price; and the extended price for each transaction. These reports are due no more than 30 days after the end of the quarter.

First Quarter: July 1 through September 30
 Second Quarter: October 1 through December 31
 Third Quarter: January 1 through March 31
 Fourth Quarter: April 1 through June 30.

Reports are not required for any quarterly period with no contract activity.

Failure to provide reports in a timely manner may result in suspension from the Contract. Consistent failure to provide reports per this clause may result in termination of Contract.

2.7 Montana Administrative Fee. Effective upon execution of a SOWTO issued under this Contract, State assesses an administrative fee of one and one-half percent (1.50%) for all net sales (sales less credits) made under this Contract. The prices paid to Contractor must include the 1.5% Administrative Fee. Contractor shall remit this administrative fee concurrent with the Required Usage Reporting described above. The administrative fee must be submitted by ACH along with email notification to the CO.

3. WARRANTIES

3.1 Warranty of Services. Contractor warrants that the services provided conform to the Contract requirements, including all descriptions, specifications and attachments made a part of this Contract. State's acceptance of services provided by Contractor shall not relieve Contractor from its obligations under this warranty. In addition to its other remedies under this Contract, at law, or in equity, State may require Contractor to promptly correct, at Contractor's expense, any services failing to meet Contractor's warranty herein.

Services corrected by Contractor are subject to all the provisions of this Contract in the manner and to the same extent as services originally furnished.

4. CONSIDERATION/PAYMENT

4.1 Payment Schedule. In consideration for the services to be provided, State shall pay according to the negotiated agreement for each SOWTO. When itemized cost proposals are allowed for in Tier Two, all travel will be in accordance with the State Travel Policy. Mileage (low rate), lodging and meals will be reimbursed at the current State rates per the State Travel Policy. <http://doa.mt.gov/employee-travel>

4.2 Withholding of Payment. In addition to its other remedies under this Contract, at law, or in equity, State may withhold payments to Contractor if Contractor has breached this Contract. Such withholding may not be greater than, in the aggregate, 15% of the total value of the subject SOWTO or applicable contract.

4.3 Payment Terms. Unless otherwise noted in the solicitation document, State has thirty (30) days to pay invoices, as allowed by 17-8-242, MCA. Contractor shall provide banking information at the time of Contract execution in order to facilitate State's electronic funds transfer payments.

4.4 Reference to Contract. The Contract number MUST appear on all invoices, packing lists, packages, and correspondence pertaining to the Contract. If the number is not provided, State is not obligated to pay the invoice.

5. COOPERATIVE PURCHASING

Under Montana law, public procurement units, as defined in 18-4-401, MCA, have the option of cooperatively purchasing with State. Public procurement units are defined as local or state public procurement units of this or any other state, including an agency of the United States, or a tribal procurement unit. Unless the bidder/offeror objects, in writing, to State Procurement Bureau prior to the award of this Contract, the prices, terms, and conditions of this Contract will be offered to these public procurement units. However, State Procurement Bureau makes no guarantee of any public procurement unit participation in this Contract.

6. NON-EXCLUSIVE CONTRACT

The intent of this Contract is to provide state agencies with an expedited means of procuring supplies and/or services. This Contract is for the convenience of state agencies and is considered by State to be a "Non-exclusive" use contract. Therefore, agencies may obtain this product/service from sources other than the Contract holder(s) as long as they comply with Title 18, MCA, and their delegation agreement. State does not guarantee any usage.

7. ACCESS AND RETENTION OF RECORDS

7.1 Access to Records. Contractor shall provide State, Legislative Auditor, or their authorized agents access to any records necessary to determine Contract compliance. State may terminate this Contract under Section 18, Contract Termination, without incurring liability, for Contractor's refusal to allow access as required by this section. (18-1-118, MCA.)

7.2 Retention Period. Contractor shall create and retain all records supporting the Contract for Auditing, Accounting, or Financial Services for a period of eight years after either the completion date of this Contract or termination of the Contract.

8. ASSIGNMENT, TRANSFER, AND SUBCONTRACTING

Contractor may not assign, transfer, or subcontract any portion of this Contract without State's prior written consent. (18-4-141, MCA.) Contractor is responsible to State for the acts and omissions of all subcontractors or agents and of persons directly or indirectly employed by such subcontractors, and for the acts and

omissions of persons employed directly by Contractor. No contractual relationships exist between any subcontractor and State under this Contract.

9. HOLD HARMLESS/INDEMNIFICATION

To the fullest extent permitted by law, Contractor shall defend, indemnify and hold harmless State, its elected and appointed officials, officers, agents, directors, and employees from and against all claims, damages, losses and expenses, including the cost of defense thereof, to the extent caused by or arising out of Contractor's negligent or allegedly negligent acts, errors, or omissions in work or services performed under this Contract, including but not limited to, negligent acts, errors, or omissions of any Subcontractor or anyone directly or indirectly employed by any Subcontractor for whose acts Subcontractor may be liable.

10. REQUIRED INSURANCE

10.1 General Requirements. Contractor shall maintain for the duration of this Contract, at its cost and expense, insurance against claims for injuries to persons or damages to property, including contractual liability, which may arise from or in connection with the performance of the work by Contractor, agents, employees, representatives, assigns, or subcontractors. This insurance shall cover such claims as may be caused by any negligent act or omission.

10.2 Primary Insurance. Contractor's insurance coverage shall be primary insurance with respect to State, its officers, officials, employees, and volunteers and shall apply separately to each project or location. Any insurance or self-insurance maintained by State, its officers, officials, employees, or volunteers shall be excess of Contractor's insurance and shall not contribute with it.

10.3 Specific Requirements for Commercial General Liability. Contractor shall purchase and maintain occurrence coverage with combined single limits for bodily injury, personal injury, and property damage of \$1,000,000 per occurrence and \$2,000,000 aggregate per year to cover such claims as may be caused by any act, omission, or negligence of Contractor or its officers, agents, representatives, assigns, or subcontractors.

State, its officers, officials, employees, and volunteers are to be covered and listed as additional insureds for liability arising out of activities performed by or on behalf of Contractor, including the insured's general supervision of Contractor; products, and completed operations; and the premises owned, leased, occupied, or used.

10.4 Specific Requirements for Professional Liability. Contractor shall purchase and maintain occurrence coverage with combined single limits for each wrongful act of \$1,000,000 per occurrence and \$2,000,000 aggregate per year to cover such claims as may be caused by any act, omission, negligence of Contractor or its officers, agents, representatives, assigns, or subcontractors. Note: If "occurrence" coverage is unavailable or cost prohibitive, Contractor may provide "claims made" coverage provided the following conditions are met: (1) the commencement date of this Contract must not fall outside the effective date of insurance coverage and it will be the retroactive date for insurance coverage in future years; and (2) the claims made policy must have a three-year tail for claims that are made (filed) after the cancellation or expiration date of the policy.

10.5 Deductibles and Self-Insured Retentions. Any deductible or self-insured retention must be declared to and approved by State. At the request of State either: (1) the insurer shall reduce or eliminate such deductibles or self-insured retentions for State, its officers, officials, employees, or volunteers; or (2) at the expense of Contractor, Contractor shall procure a bond guaranteeing payment of losses and related investigations, claims administration, and defense expenses.

10.6 Certificate of Insurance/Endorsements. A certificate of insurance from an insurer with a Best's rating of no less than A- indicating compliance with the required coverages has been received by State Procurement Bureau, P.O. Box 200135, Helena, MT 59620-0135. *The certificates must name the State of Montana as certificate holder and Contractor shall provide copies of additional insured endorsements required*

by Contractor's commercial general liability and automobile liability policies. Contractor must notify State immediately of any material change in insurance coverage, such as changes in limits, coverages, change in status of policy. State reserves the right to require complete copies of insurance policies at all times.

11. COMPLIANCE WITH WORKERS' COMPENSATION ACT

Contractor shall comply with the provisions of the Montana Workers' Compensation Act while performing work for State of Montana in accordance with 39-71-401, 39-71-405, and 39-71-417, MCA. Proof of compliance must be in the form of workers' compensation insurance, an independent contractor's exemption, or documentation of corporate officer status. Neither Contractor nor its employees are State employees. This insurance/exemption must be valid for the entire Contract term and any renewal. Upon expiration, a renewal document must be sent to State Procurement Bureau, P.O. Box 200135, Helena, MT 59620-0135.

12. COMPLIANCE WITH LAWS

Contractor shall, in performance of work under this Contract, fully comply with all applicable federal, state, or local laws, rules, regulations, and executive orders including but not limited to, the Montana Human Rights Act, the Equal Pay Act of 1963, the Civil Rights Act of 1964, the Age Discrimination Act of 1975, the Americans with Disabilities Act of 1990, and Section 504 of the Rehabilitation Act of 1973. Contractor is the employer for the purpose of providing healthcare benefits and paying any applicable penalties, fees and taxes under the Patient Protection and Affordable Care Act [P.L. 111-148, 124 Stat. 119]. Any subletting or subcontracting by Contractor subjects subcontractors to the same provisions. In accordance with 49-3-207, MCA, and Executive Order No. 04-2016, Contractor agrees that the hiring of persons to perform this Contract will be made on the basis of merit and qualifications and there will be no discrimination based on race, color, sex, pregnancy, childbirth or medical conditions related to pregnancy or childbirth, political or religious affiliation or ideas, culture, creed, social origin or condition, genetic information, sexual orientation, gender identity or expression, national origin, ancestry, age, disability, military service or veteran status, or marital status by the persons performing this Contract.

Nondiscrimination Against Firearms Entities/Trade Associations. Contractor shall not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association, and Contractor shall not discriminate during the term of the contract against a firearm entity or firearm trade association. This section shall be construed in accordance with 30-20-301, MCA.

13. DISABILITY ACCOMMODATIONS

State does not discriminate on the basis of disability in admission to, access to, or operations of its programs, services, or activities. Individuals who need aids, alternative document formats, or services for effective communications or other disability related accommodations in the programs and services offered are invited to make their needs and preferences known to this office. Interested parties should provide as much advance notice as possible.

14. TECHNOLOGY ACCESS FOR BLIND OR VISUALLY IMPAIRED

Contractor acknowledges that no state funds may be expended for the purchase of information technology equipment and software for use by employees, program participants, or members of the public unless it provides blind or visually impaired individuals with access, including interactive use of the equipment and services, that is equivalent to that provided to individuals who are not blind or visually impaired. (18-5-603, MCA.) Contact the State Procurement Bureau at (406) 444-2575 for more information concerning nonvisual access standards.

15. REGISTRATION WITH THE SECRETARY OF STATE

Any business intending to transact business in Montana must register with the Secretary of State. Businesses that are domiciled in another state or country, but which are conducting activity in Montana, must determine

whether they are transacting business in Montana in accordance with 35-1-1026 and 35-8-1001, MCA. Such businesses may want to obtain the guidance of their attorney or accountant to determine whether their activity is considered transacting business.

If businesses determine that they are transacting business in Montana, they must register with the Secretary of State and obtain a certificate of authority to demonstrate that they are in good standing in Montana. To obtain registration materials, call the Office of the Secretary of State at (406) 444-3665, or visit their website at <http://sos.mt.gov>.

16. INTELLECTUAL PROPERTY/OWNERSHIP

16.1 Title and Ownership Rights. State retains title to and all ownership rights in all data and content, including but not limited to multimedia or images (graphics, audio, and video), text, and the like provided by State (the "Content"), and grants Contractor the right to access and use Content for the purpose of complying with its obligations under this Contract and any applicable SOW.

16.2 Ownership of Work Product. Contractor shall execute any documents or take any other actions as may reasonably be necessary, or as State may reasonably request, to perfect State's ownership of any Work Product.

16.3 Copy of Work Product. Contractor shall, at no cost to State, deliver to State, upon State's request during the term of this Contract or at its expiration or termination, a current copy of all Work Product in the form and on the media in use as of the date of State's request, or such expiration or termination.

16.4 Ownership of Contractor Pre-Existing Materials. Contractor retains ownership of all literary or other works of authorship (such as software programs and code, documentation, reports, and similar works), information, data, intellectual property, techniques, subroutines, algorithms, methods or related rights and derivatives that Contractor owns at the time this Contract is executed or otherwise developed or acquired independent of this Contract and employed by Contractor in connection with the services provided to State (the "Contractor Pre-existing Materials"). Contractor Pre-existing Materials are not Work Product. Contractor shall provide full disclosure of any Contractor Pre-Existing Materials to State before its use and to prove its ownership. If, however, Contractor fails to disclose to State such Contractor Pre-Existing Materials, Contractor shall grant State a nonexclusive, worldwide, paid-up license to use any Contractor Pre-Existing Materials embedded in the Work Product to the extent such Contractor Pre-Existing Materials are necessary for State to receive the intended benefit under this Contract. Such license shall remain in effect for so long as such Pre-Existing Materials remain embedded in the Work Product. Except as otherwise provided for in Section 18.3, Ownership of Work Product, or as may be expressly agreed in any SOW, Contractor shall retain title to and ownership of any hardware it provides under this Contract.

17. PATENT AND COPYRIGHT PROTECTION

17.1 Third-Party Claim. If a third party makes a claim against State that the products furnished under this Contract infringe upon or violate any patent or copyright, State shall promptly notify Contractor. Contractor shall defend such claim in State's name or its own name, as appropriate, but at Contractor's expense. Contractor shall indemnify State against all costs, damages, attorney fees, and all other costs and expenses of litigation that accrue as a result of such claim. If State reasonably concludes that its interests are not being properly protected, or if principles of governmental or public law are involved, it may enter any action.

17.2 Product Subject of Claim. If any product furnished is likely to or does become the subject of a claim of infringement of a patent or copyright, then Contractor may, at its option, procure for State the right to continue using the alleged infringing product, or modify the product so that it becomes non-infringing. If none of the above options can be accomplished, or if the use of such product by State shall be prevented by injunction, State will determine whether the Contract has been breached.

18. CONTRACT TERMINATION

18.1 Termination for Cause with Notice to Cure Requirement. State may terminate this Contract in whole or in part for Contractor's failure to materially perform any of the services, duties, terms, or conditions contained in this Contract after giving Contractor written notice of the stated failure. The written notice must demand performance of the stated failure within a specified period of time of not less than 30 days. If the demanded performance is not completed within the specified period, the termination is effective at the end of the specified period.

18.2 Termination for Cause with Notice to Cure Requirement. Contractor may terminate this Contract for State's failure to perform any of its duties under this Contract after giving State written notice of the failure. The written notice must demand performance of the stated failure within a specified period of time of not less than 30 days. If the demanded performance is not completed within the specified period, the termination is effective at the end of the specified period.

18.3 Reduction of Funding. State must, by law, terminate this Contract if funds are not appropriated or otherwise made available to support State's continuation of performance of this Contract in a subsequent fiscal period. (18-4-313(4), MCA.) If state or federal government funds are not appropriated or otherwise made available through State's budgeting process to support continued performance of this Contract (whether at an initial contract payment level or any contract increases to that initial level) in subsequent fiscal periods, State shall terminate this Contract as required by law. State shall provide Contractor the date State's termination shall take effect. State shall not be liable to Contractor for any payment that would have been payable had the Contract not been terminated under this provision. As stated above, State shall be liable to Contractor only for the payment, or prorated portion of that payment, owed to Contractor up to the date State's termination takes effect. This is Contractor's sole remedy. State shall not be liable to Contractor for any other payments or damages arising from termination under this section, including but not limited to general, special, or consequential damages such as lost profits or revenues.

19. EVENT OF BREACH – REMEDIES

19.1 Event of Breach by Contractor. Any one or more of the following Contractor acts or omissions constitute an event of material breach under this Contract:

- Products or services furnished fail to conform to any requirement;
- Failure to submit any report required by this Contract;
- Failure to perform any of the other terms and conditions of this Contract, including but not limited to beginning work under this Contract without prior State approval or breaching Section 24.1, Technical or Contractual Problems, obligations; or
- Voluntary or involuntary bankruptcy or receivership.

19.2 Event of Breach by State. State's failure to perform any material terms or conditions of this Contract constitutes an event of breach.

19.3 Actions in Event of Breach. Upon Contractor's material breach, State may:

- Terminate this Contract under Section 18.1, Termination for Cause with Notice to Cure and pursue any of its remedies under this Contract, at law, or in equity; or
- Treat this Contract as materially breached and pursue any of its remedies under this Contract, at law, or in equity.

Upon State's material breach, Contractor may:

- Terminate this Contract under section 18.2, Termination for Cause with Notice to Cure, and pursue any of its remedies under this Contract, at law, or in equity; or
- Treat this Contract as materially breached and, except as the remedy is limited in this Contract, pursue any of its remedies under this Contract, at law, or in equity.

20. **FORCE MAJEURE**

Neither party is responsible for failure to fulfill its obligations due to causes beyond its reasonable control, including without limitation, acts or omissions of government or military authority, acts of God, materials shortages, transportation delays, fires, floods, labor disturbances, riots, wars, terrorist acts, or any other causes, directly or indirectly beyond the reasonable control of the nonperforming party, so long as such party uses its best efforts to remedy such failure or delays. A party affected by a force majeure condition shall provide written notice to the other party within a reasonable time of the onset of the condition. In no event, however, shall the notice be provided later than five working days after the onset. If the notice is not provided within the five-day period, then a party may not claim a force majeure event. A force majeure condition suspends a party's obligations under this Contract, unless the parties mutually agree that the obligation is excused because of the condition.

21. **WAIVER OF BREACH**

Either party's failure to enforce any contract provisions after any event of breach is not a waiver of its right to enforce the provisions and exercise appropriate remedies if the breach occurs again. Neither party may assert the defense of waiver in these situations.

22. **CONFORMANCE WITH CONTRACT**

No alteration of the terms, conditions, delivery, price, quality, quantities, or specifications of the Contract shall be granted without the State Procurement Bureau's prior written consent. Product or services provided that do not conform to the Contract terms, conditions, and specifications may be rejected and returned at Contractor's expense.

23. **LIAISONS AND SERVICE OF NOTICES**

23.1 Contract Manager. State's Contract Manager identified below is State's single point of contact and shall perform all contract management under 2-17-512, MCA, on State's behalf. Written notices, requests, complaints, or any other issues regarding this Contract should be directed to State's Contract Manager.

Nolan Harris is State's Contract Manager
125 North Roberts St., Room 165
Helena, MT 59601
406-444-7210
Cooppurchasing@mt.gov

Alyssa Martin is Contractor's Contract Manager
2300 N. Field Street, Suite 1000
Dallas, TX 75201
(972) 448-6975
alyssa.martin@weaver.com

23.2 Notifications. State's liaison and Contractor's liaison may be changed by written notice to the other party. Written notices, requests, or complaints must first be directed to the liaison. Notice may be provided by personal service, mail, or email. If notice is provided by personal service or facsimile, the notice is effective upon receipt; if notice is provided by mail, the notice is effective within three business days of mailing.

24. **MEETINGS**

24.1 Technical or Contractual Problems. Contractor shall meet with State's personnel, or designated representatives, to resolve technical or contractual problems occurring during the Contract term or to discuss the progress made by Contractor and State in the performance of their respective obligations, at no additional cost to State. State may request the meetings as problems arise and will be coordinated by State. State shall provide Contractor a minimum of three full working days' notice of meeting date, time, and location.

Face-to-face meetings are desired; however, at Contractor's option and expense, a conference call meeting may be substituted. Contractor's consistent failure to participate in problem resolution meetings, Contractor missing or rescheduling two consecutive meetings, or Contractor's failure to make a good faith effort to resolve problems may result in termination of the Contract.

24.2 Progress Meetings. During the term of this Contract, State's Project Manager shall plan and schedule progress meetings with Contractor to discuss Contractor's and State's progress in the performance of their respective obligations. These progress meetings will include State's Project Manager, Contractor's Project Manager, and any other additional personnel involved in the performance of this Contract as required. At each meeting, Contractor shall provide State with a written status report that identifies any problem or circumstance encountered by Contractor, or of which Contractor gained knowledge during the period since the last such status report, which may prevent Contractor from completing any of its obligations or may generate charges in excess of those previously agreed to by the parties. This may include the failure or inadequacy of State to perform its obligation under this Contract. Contractor shall identify the amount of excess charges, if any, and the cause of any identified problem or circumstance and the steps taken to remedy the same.

24.3 Failure to Notify. If Contractor fails to specify in writing any problem or circumstance that materially affects the costs of its delivery of services or products, including a material breach by State, about which Contractor knew or reasonably should have known with respect to the period during the term covered by Contractor's status report, Contractor shall not be entitled to rely upon such problem or circumstance as a purported justification for an increase in the price for the agreed upon scope.

24.4 State's Failure or Delay. For a problem or circumstance identified in Contractor's status report in which Contractor claims was the result of State's failure or delay in discharging any State obligation, State shall review same and determine if such problem or circumstance was in fact the result of such failure or delay. If State agrees as to the cause of such problem or circumstance, then the parties shall extend any deadlines or due dates affected thereby and provide for any additional charges by Contractor. This is Contractor's sole remedy. If State does not agree as to the cause of such problem or circumstance, the parties shall each attempt to resolve the problem or circumstance in a manner satisfactory to both parties.

25. TRANSITION ASSISTANCE

If this Contract is not renewed at the end of this term, if the Contract is otherwise terminated before project completion, or if particular work on a project is terminated for any reason, Contractor shall provide transition assistance for a reasonable, mutually agreed period of time after the expiration or termination of this Contract or particular work under this Contract. The purpose of this assistance is to allow for the expired or terminated portion of the services to continue without interruption or adverse effect, and to facilitate the orderly transfer of such services to State or its designees. The parties agree that such transition assistance is governed by the terms and conditions of this Contract, except for those terms or conditions that do not reasonably apply to such transition assistance. State shall pay Contractor for any resources utilized in performing such transition assistance at the most current Contract rates. If State terminates a project or this Contract for cause, then State may offset the cost of paying Contractor for the additional resources Contractor utilized in providing transition assistance with any damages State may have sustained as a result of Contractor's breach.

26. CHOICE OF LAW AND VENUE

Montana law governs this Contract. The parties agree that any litigation concerning this bid, proposal, or this Contract must be brought in the First Judicial District in and for the County of Lewis and Clark, State of Montana, and each party shall pay its own costs and attorney fees.

27. TAX EXEMPTION

State of Montana is exempt from Federal Excise Taxes (#81-0302402) except as otherwise provided in the federal Patient Protection and Affordable Care Act [P.L. 111-148, 124 Stat. 119].

28. PERSONAL PROPERTY TAX

All personal property taxes will be paid by Contractor.

29. AUTHORITY

This Contract is issued under authority of Title 18, Montana Code Annotated, and the Administrative Rules of Montana, Title 2, chapter 5.

30. SEVERABILITY

A declaration by any court or any other binding legal source that any provision of the Contract is illegal and void shall not affect the legality and enforceability of any other provision of the Contract, unless the provisions are mutually and materially dependent.

31. SCOPE, ENTIRE AGREEMENT, AND AMENDMENT

31.1 Contract. This Contract consists of 14 numbered pages, any Attachments as required, Solicitation # SPB-RFP-2023-0484NH, as amended, and Contractor's response, as amended. In the case of dispute or ambiguity arising between or among the documents, the order of precedence of document interpretation is the same.

31.2 Entire Agreement. These documents are the entire agreement of the parties. They supersede all prior agreements, representations, and understandings. Any amendment or modification must be in a written agreement signed by the parties.

32. WAIVER

State's waiver of any Contractor obligation or responsibility in a specific situation is not a waiver in a future similar situation or is not a waiver of any other Contractor obligation or responsibility.

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36. EXECUTION

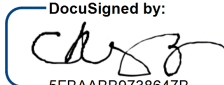
The parties through their authorized agents have executed this Contract on the dates set out below.

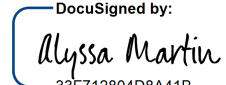
STATE OF MONTANA
Department of Administration
PO Box 200135
Helena, MT 59620

Weaver and Tidwell, L.L.P
2300 N. Field Street, Suite 1000
Dallas, TX 75201
FEDERAL ID # 750786316

BY: Cheryl Grey, Administrator
(Name/Title)

BY: Alyssa Martin
(Name/Title)


DocuSigned by:

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(Signature)

DocuSigned by:

33F712884D8A44B...
(Signature)

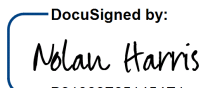
DATE: 2/2/2024

DATE: 2/2/2024

Approved as to Legal Content:

DocuSigned by:

3C947278DF6E48A...
1/22/2024
Legal Counsel (Date)

Approved as to Form:

DocuSigned by:

B31886F651454E1...
1/22/2024
Procurement Officer (Date)
State Procurement Bureau

Chief Information Officer Approval:

Contractor is notified that, under the provisions of 2-17-514, MCA, the Department of Administration retains the right to cancel or modify any contract, project, or activity that is not in compliance with the Agency's Plan for Information Technology, the State Strategic Plan for Information Technology, or any statewide IT policy or standard.

DocuSigned by:

2D9881892F49415...
2/2/2024
Chief Information Officer (Date)
Department of Administration
ITPR_10157_202371295422

Attachment A

Federal Terms and Conditions (Non-Construction)

1. NONDISCRIMINATION

The Contractor agrees that no person shall be denied benefits of, or otherwise be subjected to discrimination in connection with the Contractor's performance under this contract, on the ground of race, religion, color, national origin, sex or handicap. Accordingly, and to the extent applicable, the Contractor agrees to comply with the following:

- a. On the basis of race, color or national origin, in Title VI of the Civil Rights Act of 1964 (42 U.S.C. Section 2000d et seq.) as implemented by DoD regulations at 32 CFR part 195.
- b. On the basis of race, color, religion, sex, or national origin, in Executive Order 11246 {3 CFR, 1964-1965 Comp. pg. 339}, as implemented by Department of Labor regulations at 41 CFR part 60.
- c. On the basis of sex or blindness, in Title IX of the Education Amendments of 1972 (20 U.S.C. 1681, et seq.), as implemented by DoD regulations at 32 CFR part 196.
- d. On the basis of age, in The Age Discrimination Act of 1975 (42 U.S.C. Section 6101 et seq.), as implemented by Department of Health and Human Services regulations at 45 CFR part 90.
- e. On the basis of handicap, in Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), as implemented by Department of Justice regulations at 28 CFR part 41 and DoD regulations at 32 CFR part 56.

2. LOBBYING

a. The Contractor agrees that it will not expend any funds appropriated by Congress to pay any person for influencing or attempting to influence an officer or employee of any agency, or a Member of Congress in connection with any of the following covered Federal actions: the awarding of any Federal contract; the making of any Federal grant; the making of any Federal loan; the entering into of any cooperative agreement; and, the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

b. The Final Rule, New Restrictions on Lobbying, issued by the Office of Management and Budget and the Department of Defense (32 CFR Part 28) to implement the provisions of Section 319 of Public Law 101-121 (31 U.S.C. Section 1352) is incorporated by reference and the State agrees to comply with all the provisions thereof, including any amendments to the Interim Final Rule that may hereafter be issued.

3. DRUG-FREE WORK PLACE

The Contractor agrees to comply with the requirements regarding drug-free workplace requirements in Subpart B of 32 CFR part 26, which implements sec. 5151-5160 of the Drug-Free Workplace Act of 1988 (Public Law 100-690, Title V, Subtitle D; 41 U.S.C. 701, et seq.).

4. ENVIRONMENTAL PROTECTION

a. The Contractor agrees that its performance under this contract shall comply with:

- (1) The requirements of Section 114 of the Clean Air Act (42 U.S.C. Section 7414);
- (2) Section 308 of the Federal Water Pollution Control Act (33 U.S.C. Section 1318), that relates generally to inspection, monitoring, entry reports, and information, and with all regulations and guidelines issued thereunder;
- (3) The Resources Conservation and Recovery Act (RCRA);
- (4) The Comprehensive Environmental Response, Compensation and Liabilities Act (CERCLA);
- (5) The National Environmental Policy Act (NEPA);
- (6) The Solid Waste Disposal Act (SWDA);
- (7) The applicable provisions of the Clean Air Act (42 U.S.C. 7401, et seq.) and Clean Water Act (33 U.S.C. 1251, et seq.), as implemented by Executive Order 11738 and Environmental Protection Agency (EPA) rules at 40 CFR Part 31;
- (8) To identify any impact this contract may have on the quality of the human environment and provide help as needed to comply with the National Environmental Policy Act (NEPA, at 42 U.S.C. 4321, et seq.) and any applicable federal, state or local environmental regulation.

b. In accordance with the EPA rules, the parties further agree that the Contractor shall also identify to the state any impact this contract may have on:

(1) The quality of the human environment, and provide help the agency may need to comply with the National Environmental Policy Act (NEPA, at 42 U.S.C 4321, et seq.) and to prepare Environment Impact Statements or other required environmental documentation. In such cases, the recipient agrees to take no action that will have an adverse environmental impact (e.g., physical disturbance of a site such as breaking of ground) until the agency provides written notification of compliance with the environmental impact analysis process.

(2) Flood-prone areas, and provide help the agency may need to comply with the National Flood Insurance Act of 1968 and Flood Disaster Protection Act of 1973 (42 U.S.C. 4001, et seq.), which require flood insurance, when available, for federally assisted construction or acquisition in flood-prone areas.

(3) Coastal zones, and provide help the agency may need to comply with the Coastal Zone Management Act of 1972 (16 U.S.C. 1451, et seq.), concerning protection of U.S. coastal resources.

(4) Coastal barriers, and provide help the agency may need to comply with the Coastal Barriers Resource Act (16 U.S.C. 3501 et seq.), concerning preservation of barrier resources.

(5) Any existing or proposed component of the National Wild and Scenic Rivers System, and provide help the agency may need to comply with the Wild and Scenic Rivers Act of 1968 (16 U.S.C. 1271 et seq.). Underground sources of drinking water in areas that have an aquifer that is the sole or principal drinking water source, and provide help the agency may need to comply with the Safe Drinking Water Act (42 U.S.C 300H-3).

(6) Underground sources of drinking water in areas that have an aquifer that is the sole or principal drinking work source, and provide help the agency may need to comply with the Safe Drinking Water Act (42 U.S.C 300H-3)

5. USE OF UNITED STATES FLAG VESSELS

a. The Contactor agrees that travel under this contract shall use U.S.-flag air carriers (air carriers holding certificates under 49 U.S.C. 41102) for international air transportation of people and property to the extent that such service is available, in accordance with the International Air Transportation Fair Competitive Practices Act of 1974 (49 U.S.C. 40118) and the inter-operative guidelines issued by the Comptroller General of the United States in the March 31, 1981, amendment to Comptroller General Decision B138942.

b. The Contactor agrees that it will comply with the Cargo Preference Act of 1954 (46 U.S.C. 1241), as implemented by Department of Transportation regulation at 46 CFR 381.7, and 46 CFR 381.7(b).

6. DEBARMENT AND SUSPENSION

a. The Contractor shall not make any award or permit any award (sub-contract or contract) at any tier to any party which is debarred or suspended or is otherwise excluded from or ineligible for participation in Federal assistance programs under Executive Order 12549, "Debarment and Suspension.

b. The Contractor agrees to comply with the requirements regarding debarment and suspension in Subpart C of the OMB guidance in 2 CFR part 180, as implemented by the DoD in 2 CFR part 1125. The Contractor shall comply with 2 CFR Part 1125 by checking the Excluded Parties List System (EPLS) at www.sam.gov to verify Contractor eligibility to receive contracts and subcontracts resulting from this Agreement. The Contractor shall not solicit offers from, nor award contracts to Contractors listed in EPLS. This verification shall be documented in the Contractor's contract files, and shall be subject to audit by federal/State audit agencies

The Contractor agrees to communicate the requirement to comply with Subpart C to persons at the next lower tier with whom the Contractor enters into transactions that are "covered transactions" under Subpart B of 2 CFR part 180 and the DoD implementation in 2 CFR part 1125.

7. BUY AMERICAN ACT

The Contractor agrees that it will not expend any funds appropriated by Congress without complying with The Buy American Act (41 U.S.C. 10a et seq). The Buy American Act gives preference to domestic end products and domestic construction material. In addition, the Memorandum of Understanding between the United States of America and the European Economic Community on Government Procurement, and the North American Free Trade Agreement (NAFTA), provide that EEC and NAFTA end products and construction materials are exempted from application of the Buy American Act.

8. UNIFORM RELOCATION ASSISTANCE AND REAL PROPERTY POLICES

The Contractor agrees that it will comply with CFR 49 part 24, which implements the provisions of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. § 4601 et seq.) and provides for fair and equitable treatment of persons displaced by federally assisted programs or persons whose property is acquired as a result of such programs.

9. COPELAND "ANTI-KICKBACK" ACT

The Contractor agrees that it will comply with the Copeland "Anti-Kickback" Act (18 U.S.C. 874) as supplemented in Department of Labor regulations (29 CFR Part 3). As applied to this contract, the Copeland "Anti-Kickback" Act makes it unlawful to induce, by force, intimidation, threat or procuring dismissal from employment, or otherwise, any person employed in the construction or repair of public buildings or public works, financed in whole or in part by the United States, to give up any part of the compensation to which that person is entitled under a contract of employment.

10. CONTRACT WORK HOURS AND SAFETY STANDARDS

The Contractor agrees that it will comply with Sections 103 and 107 of the Contract Work Hours and Safety Standards Act.(40 U.S.C. 327-330) as supplemented by Department of Labor regulations (29 CFR Part 5). As applied to this agreement, the Contract Work Hours and Safety Standards Act specifies that no laborer or mechanic doing any part of the work contemplated by this agreement shall be required or permitted to work more than 40 hours in any workweek unless paid for all additional hours at not less than 1 1/2 times the basic rate of pay.

11. RIGHTS TO INVENTIONS MADE UNDER A CONTRACT OR AGREEMENT

Any discovery or invention that arises during the course of the contract shall be reported to the non-Federal entity. Contractor must comply with the requirements of 37 CFR Part 401, "Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements," and any implementing regulations issued by the awarding agency.

12. CLEAN AIR ACT (42 U.S.C. 7401-7671Q.) AND THE FEDERAL WATER POLLUTION CONTROL ACT (33 U.S.C. 1251-1387), AS AMENDED

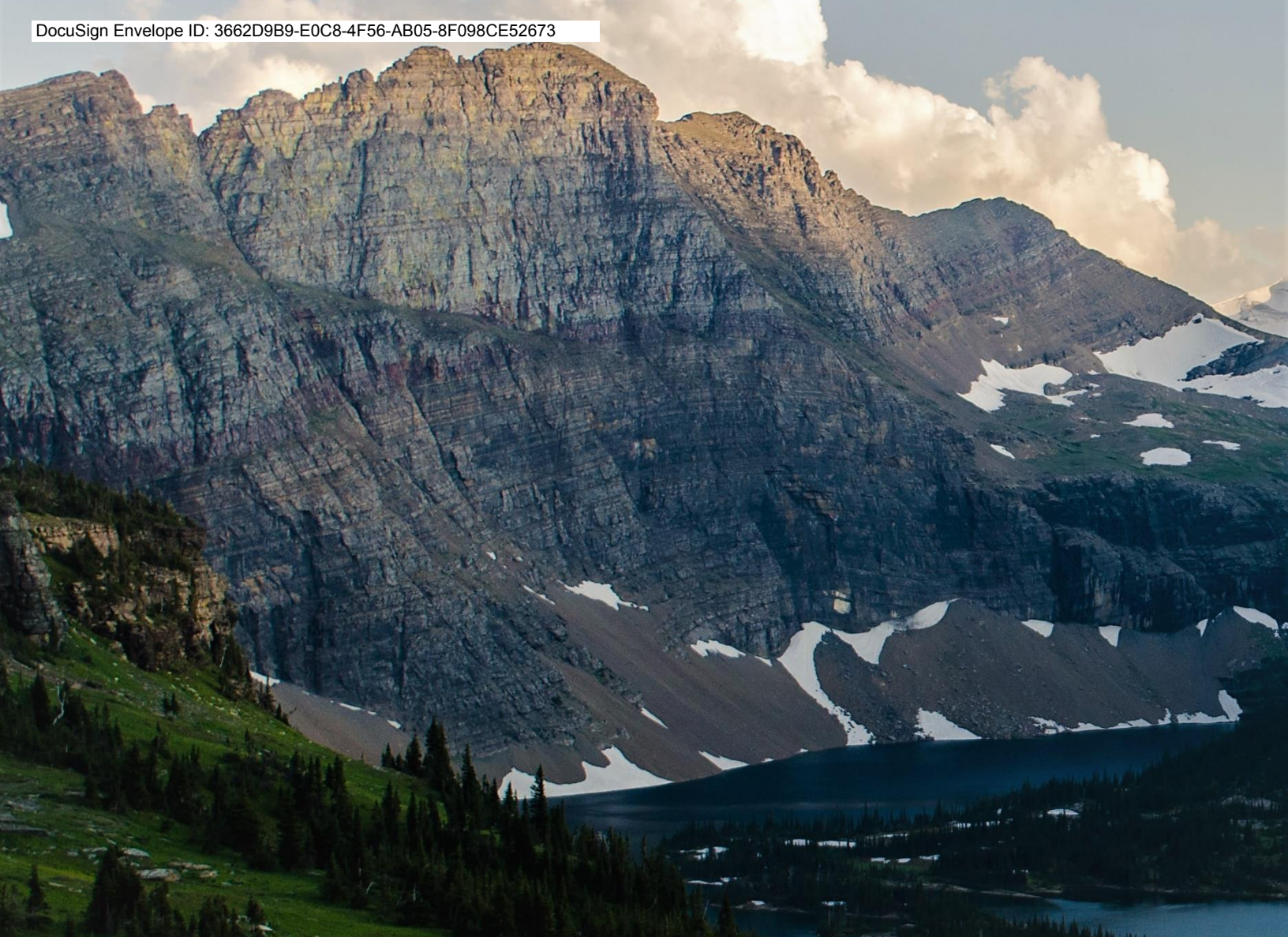
Any Contract or subcontract in excess of \$150,000 must comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act (42 U.S.C. 7401-7671q) and the Federal Water Pollution Control Act as amended (33 U.S.C. 1251-1387). Violations must be reported to the State who in turn will report to the Federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA).

13. BYRD ANTI-LOBBYING AMENDMENT (31 U.S.C. 1352)

Contractors that bid for an award exceeding \$100,000 must file the required certification. Each tier certifies to the tier above that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award covered by 31 U.S.C. 1352. Each tier must also disclose any lobbying with non-Federal funds that takes place in connection with obtaining any Federal award. Such disclosures are forwarded from tier to tier up to the non-Federal award.

14. PROCUREMENT OF RECOVERED MATERIALS

Contractors must comply with section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at [40 CFR part 247](#) that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds \$10,000 or the value of the quantity acquired during the preceding fiscal year exceeded \$10,000; procuring solid waste management services in a manner that maximizes energy and resource recovery; and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.



Proposal for State of Montana Master Accounting and Auditing Services

SPB-RFP-2024-0484NH — Scope of Work

October 30, 2023

Alyssa Martin, CPA | National Strategy Leader, Large Markets and Public Entities
Weaver and Tidwell, L.L.P. | 2300 N. Field Street, Suite 1000 | Dallas, TX 75201
972.448.6975 | alyssa.martin@weaver.com





October 30, 2023

Nolan Harris, Strategic Sourcing Provider
State of Montana Procurement Bureau
125 Roberts Street #165
Helena, MT 59601

RE: Proposal for State of Montana Master Accounting and Auditing Services | SPB-RFP-2024-0484NH

Dear Mr. Harris and State Procurement Bureau:

The State of Montana serves over a million constituents across the diverse terrain of the Rocky Mountains to the Great Plains. The State of Montana (the State) is seeking assistance from an independent audit and consulting firm that will rise to your challenges. That requires specific knowledge, deep experience and a wide variety of professionals you can call upon to perform audits, assessments and other consulting projects across an array of subjects and activities.

Your leaders need a firm that understands the nuances of state government operations and public policy, with close cooperation, team leadership and subject matter experience that aligns with your needs, resources, constraints and strategy. You need a partner who can help address the challenges and opportunities the future will bring for the Land of the Shining Mountains.

Meet Weaver.

Since our founding in 1950, serving governments has been fundamental to Weaver, with a keen focus on internal audit and other advisory services. Our team brings deep insight into the regulatory, political, and financial pressures state governments face. Our knowledge and skills are informed by our broader government and private-sector practices, with cutting-edge methodologies that have been sharpened through hundreds of engagements across multiple governmental and industry environments.

Our holistic approach brings you the best people we have in financial and internal audit, information technology, data analytics, organizational assessment, business process improvement and forensics. We meet you where you are within a competitive rate structure based on low overhead and careful planning.

Weaver addresses complex problems for states and billion-dollar government agencies regarding audit, operational, financial and IT processes and procedures. We provide audit and advisory services to some of the most complex state government and state-funded organizations in the country, including the **California State Teacher Retirement System**, the **California Public Employees Retirement System (CalPERS)**, **Texas Department of Motor Vehicles**, the **Lower Colorado River Authority**, the **North Dakota Retirement and Investment Office (ND RIO)**, the **State Board of Administration of Florida (SBA)**, **City of Houston**, **Texas A&M University System** and the **University of Texas System**.

300+

Government clients annually

25+

State agencies

25+

Colleges & universities

100+

Local/regional entities

40+

Cities & towns

50+

School districts



Our Insightful Staff See the Big Picture

Your engagement will be supported by a diverse, well-rounded team of advisory professionals — selected for their subject matter knowledge in each of the potential audit areas identified in the RFP and hands-on experience with complex government operations. The entire team is tailored to address your complete range of issues.

Weaver's function-specific approach means we deploy the right resources at the right time, based on each specific scope, subject area and task. Our approach provides scalable, flexible teams in an agile and cost-effective manner with minimal disruption to your day-to-day operations.

Weaver understands and respects the interrelations between different departments and overlapping systems and processes. We remain cognizant of the implications that every engagement — and every change — can have for the State as a whole, and **we thoughtfully consider how each project fits into your broader goals.**

You can be confident that we'll work to ensure any recommendations we make are deliberate, practical, scalable and can be implemented to suit your needs over the long-term.



VALUE THROUGH INSIGHT

The real value of an engagement comes from professionals who have the insight and experience to put information into a meaningful context you can actually use, not from checklists and spreadsheets. We work to ensure our recommendations are relevant, realistic, and scalable to suit your needs as circumstances change over time, **supportive of your overall mission.**



A BIG-SKY PERSPECTIVE

By their nature, master services agreements aren't singular events. The greatest impact results from building on work that's already been performed to strengthen internal processes and minimize risk in an ongoing way. We continuously enhance our understanding of your organization, culture, challenges and opportunities, **so we can provide efficient, impactful services that deliver meaningful value over time.**



COLLABORATIVE, CONSULTATIVE APPROACH

We'll work closely with you to navigate internal complexities to confirm focused, customized services. Along the way, we communicate regularly to facilitate and support the implementation of any recommendations and educate internal resources, giving them the **tools they need to support process and cultural changes over the long term.**



We Want to Work with You

Ultimately, your success is our success, and we want to support the State with active, hands-on leadership, coordination and subject matter knowledge – so that you can accomplish the State's goals of preserving the State's natural beauty and improving the lives of its citizens.

Thank you for the opportunity to submit our qualifications. Should you have any questions regarding our proposal or any other matter, please don't hesitate to contact me at any time.

Sincerely,

Alyssa Martin, CPA | National Strategy Leader, Large Markets and Public Entities
972.448.6975 | alyssa.martin@weaver.com



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Section 2.4 Audit Services Offerors

2.4.1 Process and Audit Approach

Financial Audit Approach

At a high level, our financial audit approach generally consists of five phases:



Phase 1: Planning & Risk Assessment

To start, our team will meet with you to understand your operations and processes, compile our document request list, provide access to our client portal, identify and confirm potential risks and calculate a preliminary estimate of materiality.



Finally, we'll develop key parameters for the audit, including:

- ▶ Audit objectives
- ▶ Staffing and responsibilities, including manager and partner supervision
- ▶ Application of analytical procedures
- ▶ Schedules and hour budgets by audit area
- ▶ Materiality levels used for planning
- ▶ A risk assessment of internal controls

In developing our audit plan, we'll consider aspects of your operations that could affect the audit scope and approach, such as organizational structure, governing laws and regulations, annual budget and sources of revenue, number of employees, and any significant events during the past year that might have affected your financial processes.

BEYOND THE AUDIT

What makes Weaver different? We strive to provide ongoing value beyond mere "check the box" compliance, including:

- ▶ A knowledgeable engagement team that can alert you to pending changes and coach you through them
- ▶ Professionals at every level who understand government auditing and accounting standards and the special requirements of governmental entities
- ▶ Year-round access to consultation and advice from well-informed industry leaders
- ▶ Free admission to Weaver's annual day of continuing professional education designed specifically for our government clients



TECHNOLOGY IN THE AUDIT — Weaver's secure portal enables our team and yours to share, review, store and track all items related to the engagement. We can also download financial data directly into our audit software to prepare trial balances, perform analytical procedures and prepare the financial statements. To further increase efficiency and accuracy, we can even leverage our in-house data analytics team to analyze 100% of selected data.

As an integral part of our audit planning, we complete annual reviews of internal controls and your operations and accounting processes. This in-depth understanding of your operations and accounting processes is essential for performing a thorough, efficient and effective audit. It also helps us make relevant, valuable management comments.

Phase 2: Control Documentation and Preliminary Fieldwork



Understanding Your Internal Control Structure

First, we'll examine your internal controls to make sure they're properly designed and functioning as intended.

We'll then ensure an adequate understanding of your internal controls as they relate to the risk assessment, control environment, control activities, information and communication and monitoring. This will be accomplished by:

- ▶ Reviewing controls and determining whether they've been placed in operation
- ▶ Assessing the materiality of the various account balances and transaction classes
- ▶ Evaluating the risk factors that could affect the scope of testing

Determining Laws and Regulations Subject to Testing

We'll consider the effects of laws and regulations that have a direct and material effect on the determination of amounts in the financial statements. To do this, we'll:

- ▶ Discuss applicable laws and regulations with representatives and legal counsel, if indicated
- ▶ Utilize information from prior-year work papers and our knowledge of your processes and procedures
- ▶ Review certain grants and contracts
- ▶ Obtain written representations from management

PREPARED BY CLIENT (PBC) REQUESTS

We recognize that client's staff manages finances of a multimillion and multibillion-dollar enterprises; our objective is to allocate to you only those tasks that will result in the greatest cost-efficiency overall.

For any and all requests for information, we'll give your adequate lead-time for their preparation. We'll deliver a request list for our interim fieldwork no later than one month in advance of the scheduled arrival for fieldwork.

When we conclude our interim fieldwork in your office, we'll deliver a tailored list of schedules for final fieldwork based on our understanding of controls and operations developed during the interim fieldwork. We don't utilize standard templates; rather, whenever possible, we'll work with schedules already prepared by management.

Based on our understanding of your accounting and financial reporting, we expect that our PBC list will be similar to prior audits. We'll update any items subsequently received that could be added to the list, and remove items that don't add meaningful value.



Audit Sampling Approach

The nature and size of our client's operations will likely require us to design procedures to include sampling applications.

All sampling will be performed in accordance with AU-C Section 530 and the AICPA audit guide, "Audit Sampling." Sampling applications may be used for these areas:

- ▶ Tests of accounting controls
- ▶ Tests of controls over compliance requirements of major federal or state programs, as applicable
- ▶ Tests of compliance with major federal or state program requirements, as applicable
- ▶ Substantive tests of account-balance details

The determination of tests of controls for transaction cycles will be determined by our evaluation of the design and effectiveness of your accounting controls. Our approach to tests of accounting controls will use tolerable rates of deviation and a 90% confidence level. The number of transactions tested will ultimately be determined by our expected rates of deviation and our control risk assessment. The specific items to be tested will be chosen randomly.

Determining Sample Sizes

Sample sizes can't be determined in advance for substantive tests of details of account balances. Weaver uses a nonstatistical sampling approach based on statistical theory, as widely used throughout the audit profession.

This methodology uses the concepts of tolerable misstatement, risk of material misstatement, other substantive procedure risk, individually significant transactions and account balance in determining the sample size.

Phase 3: Final Fieldwork

After you complete the year-end closing of accounts, our team will begin final fieldwork.



This is the time when we perform most of the substantive tests on your data and prepare our audit work papers. During this time, the auditors will:

- ▶ Perform audit tests and complete preparation of audit work papers
- ▶ Complete audit programs, procedures and conclusions
- ▶ Discuss audit findings and adjust entries with your management
- ▶ Obtain attorney letters

Throughout this phase — and throughout our entire relationship with you — Weaver will remain in close communication with your management. Our goal is a "no-surprises" audit. Whenever there is a question or a potential issue, **we'll immediately bring it to your attention, seek your confirmation of the data and ask about any relevant circumstances.**



Substantive Procedures

After years of experience, Weaver has developed a very efficient methodology for performing substantive procedures on financial statement accounts and transactions quickly, but thoroughly.

The objectives of these procedures are to provide reasonable assurance that you'll be able to accurately process, summarize and report financial data consistent with management's assertions. Those assertions cover classes of transactions, year-end account balances, and presentation and disclosure of financial data.

Analytical Procedures

During your audit, we examine more than pieces of data in isolation. We also analyze the interrelationships of financial and nonfinancial data. Our extensive use of analytical procedures offers a natural extension to the process of understanding your operations. As we develop this understanding, we determine what ratios, relationships and internal or external data management tools will be useful in identifying and monitoring risks.

The exact analytical procedures performed are determined as part of our planning process, after we have completed interim and internal control analysis and testing. Common procedures performed in past engagements include trend analysis, ratio analysis and predictive or "reasonableness" tests.

For example, depending on the specifics of your data and processes, we may:

- ▶ Compare financial information with comparable prior periods, accounting for any known or expected changes. For example, we'll compare revenues and expenditures with comparable previous periods and balances, looking for unexpected variations

WEAVER ANALYTICS

Weaver Analytics is an internal data analytics team that uses advanced computerized data-analysis techniques to uncover irregularities that could indicate fraud, persistent or systematic errors and internal control weaknesses.

During financial audits, our team can analyze 100% of selected data in the areas of journal entries, payroll and disbursements. We can identify potential risk areas that may require further investigation by the audit team.

During previous engagements, our team has identified items such as bid splitting and nepotism, as well as opportunities to improve efficiencies in the disbursement process. Examples of key findings from other data analyses performed by Weaver Analytics include:

- ▶ Duplicate vendors in the master vendor file
- ▶ Duplicate invoice payments
- ▶ Concentrations in vendors and customers that may indicate fraud
- ▶ Payroll checks paid in the incorrect amounts
- ▶ Payroll checks paid to former employees
- ▶ Employee addresses that match vendor addresses
- ▶ "Ghost" employees and vendors
- ▶ Unusual overtime patterns

By adding fraud detection and operational compliance, as well as computer data acquisition and analysis, Weaver can provide insights on the best ways to improve the efficiency and effectiveness of your processes.



- ▶ Compare actual with anticipated results. For example, we'll make a budget-versus-actual comparison of revenues and expenditures
- ▶ Evaluate relationships among different elements within the period, such as receivables in relation to billings, or revenues in relation to costs
- ▶ Analyze financial information considering relevant nonfinancial information (growth, political changes, new regulatory requirements, etc.)
- ▶ Perform automated data analysis (data mining) using audit command language (ACL) and similar tools

Weaver typically pursues analytic procedures at depth in these areas:

- ▶ Salaries and benefits
- ▶ Depreciation
- ▶ Certain revenues and expenditures

Any unexpected variations are researched for explanations and then corroborated by reviewing supporting information.

Phase 4: Financial Review and Quality Control

As fieldwork is nearing completion, the engagement partner will be onsite and will review the entire engagement, with particular attention to significant audit areas.



In addition, the draft report and work papers will be reviewed by the engagement technical review partner to determine the completeness with which the engagement has been performed. The auditor's review will determine whether judgments made by others are reasonable in relation to the supporting data and to generally accepted accounting principles, auditing standards and firm policy.

Weaver will review your ACFR during this phase. We utilize our engagement software mapped to your financial reporting schedules to link our trial balance database to your financial statements and supporting schedules for an efficient review.

This use of technology, combined with our experience reviewing hundreds of ACFRs, allows us to streamline the review process as balances can be easily verified and cross-checked quickly. We also provide feedback timely and focus primarily on material and impactful items, helping to present a quality and accurate document to the public while minimizing your time spent making non-substantive changes.

The ACFR will be reviewed by the engagement senior manager, and the engagement and technical review partner, who is a member of the GFOA Special Review Committee.

We'll discuss and confirm our findings with appropriate staff whenever we discover an area of potential concern. In addition, we'll review draft findings and recommendations with you throughout the engagement. At the reporting stage, there should be no surprises. Review and quality control tasks include:

- ▶ Engagement partner review of all work papers to ensure compliance with technical standards
- ▶ Technical review of all work papers
- ▶ Performing any final analytical procedures
- ▶ A client conference to review financial statements, the auditor's opinion and preliminary management letter comments
- ▶ Obtaining written representations from management



Weaver will create and maintain all necessary information and documentation, including accounting records related to services and payment for at least five years after the engagement. We'll also make available to any authorized representatives and their entities necessary, relevant information.

Phase 5: Reporting

Throughout the audit, if we become aware of irregularities or illegal acts, we'll make an immediate, written report of those acts to management.



After our internal reviews have confirmed the audit is complete, you've reviewed the draft reports, and we've incorporated your management responses and related information, Weaver will issue the final audit documents (printed copies and electronic files).

We'll issue all reports currently required by generally accepted auditing standards and any regulatory agencies, as well as issue any other reports subsequently required by these or similar entities following completion of the financial audit.

Weaver will present our findings to the parties you designate. At that time, we'll explain our findings, present practical recommendations for improvement (if needed) and answer your questions. The engagement partner and manager will also bring these reports to meetings as requested. This provides your leaders with the opportunity to ask questions directly and enables us to explain our recommendations and any unusual findings.



Weaver's Audit Insights are designed to convey the most essential results of the audit, without excessive accounting jargon. It also presents information on financial trends over time, strengths and opportunities and looming changes.

We'll ensure management is informed of the following information, as well as any other items required by audit standards:

- ▶ The auditor's responsibility under generally accepted auditing standards and government auditing standards
- ▶ Difficulties encountered in performing the audit
- ▶ Disagreements with management
- ▶ Major issues discussed with management prior to retention
- ▶ Management consultation with other accountants
- ▶ Management judgments and accounting estimates
- ▶ Other information in documents containing audited financial statements
- ▶ Significant accounting policies
- ▶ Significant audit adjustments

All working papers and reports will be retained for a minimum of five (5) years, unless the Weaver is notified in writing of the need to extend the retention period.



Our Approach to GASB Implementation

Weaver can work alongside the State to provide technical consultation on the new GASB standards. Our approach is designed to enable you to collaborate on technical matters throughout each phase of the implementation.

Weaver will perform the work at the direction of the State, which will review and accept the work performed and, ultimately, make all decisions regarding your financial reporting. Weaver will not audit or express an opinion on the fairness of the presentation of any portion of your financial statements or disclosures.

In Focus: Technical Support for Standards

Each GASB standard will have its own complexities and nuances to implement within the State. While we will tailor each implementation to the needs, applicability and materiality of your financial statements, we have provided an example below of our approach, including key phases and activities, for GASB Statement No. 87, Leases.

	KEY ACTIVITIES	KEY DELIVERABLES
Phase 1: Assessment	<ul style="list-style-type: none"> ▶ Assist management with preparing a road map for project management and assessing the lease landscape after an entrance meeting ▶ Assist management in identifying significant leases by reviewing existing disclosures, recurring monthly expenses, and classes of expenditures/expenses that have an elevated exposure to the new standard; this will also include meeting with departments susceptible to entering into long-term contracts ▶ Assist management in evaluating significant classes of leases based on initial review of lease terms ▶ Assist management in documenting the evaluation of treatment of significant classes of leases under the new standard ▶ Assist management with evaluating the current processes, procedures, and internal controls in place for evaluating and tracking lease agreements ▶ Gain an understanding of the current IT systems in place for recording and maintaining lease contracts 	<ul style="list-style-type: none"> ▶ Documentation of a road map for implementation with key contacts identified and the timeline ▶ Documentation of the identified significant leases and a documented approach for review of significant classes of transactions that have an elevated exposure to the lease standard ▶ Documentation of the analysis of leases and the development of significant classes of leases ▶ Written commentary on initial review of lease contracts and their qualification for treatment under the new standard ▶ Documentation of the current process in place for lease abstraction and migration and highlight gaps or potential gaps in the process ▶ Documentation of the current IT systems in place
Phase 2: Design	<ul style="list-style-type: none"> ▶ Assist management in evaluating significant lease contracts for their treatment under the new standard (GASB 87) and Implementation Guide No. 2019-3 Leases ▶ Assist management in developing an established approach for periodic lease accounting ▶ Review management's planned adjustments and financial statement presentation for initial adoption ▶ Review management's planned lease accounting disclosures under the new standard ▶ Assist management by participating in lease module demonstrations 	<ul style="list-style-type: none"> ▶ Checklists completed by Weaver evaluating a sample of significant classes of leases under the new standard ▶ Documentation of management's overall evaluation of lease contracts and conclusions on the treatment of significant classes of leases; documentation will also include management's technical accounting policy ▶ Evaluation of existing process documentation and recommendations to management for controls to address risks ▶ Written commentary on our review of management-developed adjustments and initial to be included in the AFR ▶ Written system requirements needed for a lease contract database with potential vendor questions



Phase 3: Implementation

- ▶ Assist management by providing guidance on needed system configuration and ensuring implementation teams conform
 - ▶ Assist management by populating significant terms of leases into their lease contract database based on the recommended treatment of leases
 - ▶ Assist management in reviewing the new system for sustainability and compatibility
 - ▶ Assist management in transition process development and providing education materials and onsite training in the future
- ▶ Written commentary on lease database configuration and processes to populate lease database
 - ▶ Populated and configured lease database based on management's instruction
 - ▶ Written commentary on new system and its compatibility
 - ▶ Documentation of the transition process and coordination of an education class on the new system for all applicable departments

Phase 1: Assessment

In the first stage, we'll assist management in gathering significant contracts to analyze the lease landscape.

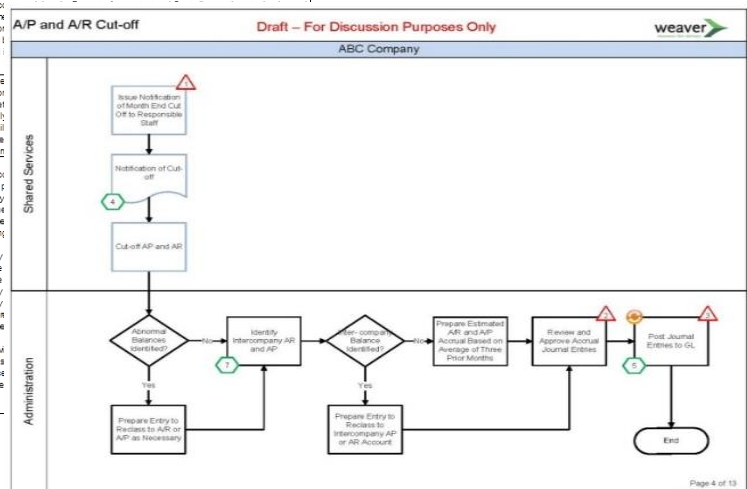


We'll utilize the prior year's note disclosure, but to gain more comfort on the completeness of the population, we'll also look for reoccurring monthly payments, using data analytics to identify and analyze expenditure/expense accounts and meeting with various department managers who may have lease contracts but are unaware.

Once the lease landscape has been evaluated and significant leases have been identified, we'll assist the State with determining the type of leases that have been identified and the lease terms. This information gathered while reviewing lease contracts will also be a key deliverable.

As we're assisting with gathering the contracts and documenting the lease terms, we'll seek to understand the current internal controls over the accounting process for leases. We'll document the current process flow and perform a data quality and gap analysis to determine how the processes and procedures can be improved.

Reference #	PFC Responsible Party	Observation / Issue Identified	Risk	Rating	Recommendation
PFC-ARO-01	Property Accountant	Annual Review: Management is currently in the process of designing a control activity to evaluate whether the estimated useful lives and plugging and abandonment cost assumptions within Assent 143 are appropriate. However, a formal control has not been implemented as of the date of this assessment.	There is an increased risk that the ARO Liability is over / understated on the interim or annual financial statements.	Medium	We recommend implementing a control
PFC-ARO-02	Property Accountant	Annual Working Interest / Well Validation: The accuracy of the working interest data within Assent 143 is considered as part of the review and approval of ARO additions; however, there is not a formal process in place to update the interest information within Assent 143 to account for changes in the Company's ownership.	There is an increased risk that the ARO Liability is over / understated on the interim or annual financial statements.	High	Manage and work on control annuals; reconcile; identify location
PFC-ARO-03	Property Accountant	ARO Rollforward: The ARO balance sheet accounts are performed and reviewed monthly and the entries to record accretion expense and adjusted the ARO for current period activity (e.g. additions, sales or PSA, etc.) are reviewed and approved; however, a formal ARO Rollforward is not performed.	There is an increased risk that the ARO Activity and ARO Liability are not accurately reflected in the company's interim or annual SEC filings.	Medium	We recommend that as liability statements become follow-up: - Verify - Agree - Agree - Verify - Verify - Ensure - Ensure - Ensure



Sample Flow Chart and Points for Consideration



During this stage, we'll also gain an understanding of the current system in place for recording and tracking leases and the data migration and how it is loaded to/from systems. This will be an assessment of lease abstraction, lease migration, technology and software sufficiency.

After understanding the number and types of leases and the current processes and systems in place, we'll assist the State in developing a road map for implementation, which will include the timeline, key players, and work plan for adopting GASB 87.

Phase 2: Design

In the second phase, we'll assist in drafting revised internal control policies and technical accounting policy documentation.



We'll also provide educational step-by-step guides for your employees, to use when the State enters into future complex lease contract scenarios.

As we review the current contracts and consider future contracts, we'll have accumulated a list of sample questions that you can ask current and future vendors when they are evaluating lease contracts, entering into new agreements, and researching internal technology solutions for capturing the accounting of their leases. During this stage of the project, we'll also review any system demonstrations for lease modules that the State is considering or has already implemented.

As we approach the implementation phase of GASB 87, we'll assist in reviewing a draft of the note disclosures to be included in your annual financial report (AFR) and the potential financial statement impact. We'll use the literature in GASB 87, as well as authoritative guides such as *Implementation Guide No. 2019-3, Leases* and non-authoritative literature such as a disclosure checklist.

The key deliverables in this phase will be documentation of the revised processes and procedures and documentation of the accounting policy, which will include the educational step-by-step guide for significant classes of the lease contracts.

Phase 3: Implementation

In the final phase, we'll train and assist management as they deploy the revised processes related to your lease accounting managed services, lease abstraction and lease migration.



Assisting with the transition process will be done as a coordinated effort with all applicable departments.

We'll provide initial drafts, as reviewed by management, to support our implementation efforts and the checklists and guides to sustain the implementation effort for years to come. These key deliverables will include the lease information gathered, with references to the supporting accounting records, financial statement and disclosure checklists, and step-by-step guides to recording potential transactions in the future.

The technology solutions that the State chooses will be reviewed for compliance with GASB 87. To sustain an effective lease process that is effective for years to come, we'll also provide education to your employees.



AUP Methodology

Typically, our AUPs follow a three-phased approach:



Phase 1: Planning

The first step in any engagement is to develop a mutually agreeable schedule, including identifying fieldwork timing and deliverable dates, which will serve as both a communications and monitoring tool as the engagement progresses.



As a foundational step in our engagement, we'll meet with management to establish a timetable that begins as soon as practical and achieves the engagement goals. During the planning stage of the engagement, we'll also identify relevant aspects of your internal control structure and key personnel with whom we'll be working.

We'll go over in detail the AUP steps that will be performed with management, and provide a Prepared by Client (PBC) list of items we need that coincide with each procedure. We'll set up the client portal, deliverable dates for items requested and interviews with key personnel.

Phase 2: Fieldwork

Weaver will perform the agreed-upon procedures and report in accordance with the AICPA "Statements on Standards for Attestation Engagements," the standards for attest engagements contained in "Government Auditing Standards — 2018 Revisions" issued by the Comptroller General of the United States, and Fiscal Rules promulgated by the State Controller.



Fieldwork includes interviews, reviewing requested documents, sampling procedures in accordance with AICPA sampling guidelines, and follow-up procedures, as well as multiple touch points and status meetings throughout this process.

Phase 3: Reporting

Reports will be developed based on AICPA "Statements on Standards for Attestation Engagements."



Our firm quality control standards require all agreed-upon procedures reports to be reviewed by a manager and a partner in order to ensure the engagement procedures performed meet these requirements. By the Reporting stage, our client will be familiar with the results of the procedures and any recommendations to be made. Weaver prides itself on a "no surprises" approach. A draft report will be provided management for review, followed by an exit conference and final report issuance and presentation, as needed.



Transition — Getting to Know You as a Client

Although transitioning to a new firm can seem daunting, we help clients through the transition process every day. We know how important it is to make the process as seamless as possible, and our previous experience working with similar clients will help in achieving that goal. When transitioning from your previous audit firm, we will follow the guidance under current auditing and PCAOB standards. Current standards require us to obtain certain information from the previous auditor before accepting a new engagement. Once those inquiries are finished, we will coordinate the work paper review as quickly as possible and begin the planning stages of the audit.

Once our work paper review is complete, we would like to have a collaborative transition and audit planning meeting, including key stakeholders as well as the outsourced internal audit provider. The goal of this meeting is to:

- ▶ Discuss prior year work plan — what worked, what did not
- ▶ Share our findings from prior-year work paper review; suggested recommendations and changes
- ▶ Seek feedback, goals and requests from management
- ▶ Learn your preferences for communication plan (e.g., weekly status updates)
- ▶ Understand how you use information internally and what your team has typically prepared for the auditors

Transition Process Overview

Client: Provide previous auditor's contact information

Client: Provide signed letter using Weaver template

Weaver: Arrange work paper review with previous auditor

Weaver: Review previous auditor's work papers

Weaver: Identify any additional information needed

From there, we will create a detailed engagement plan and timeline that will lay out the milestones of our audit.



Additional Services Requested in the Scope of Work

Forensic Accounting

When an organization faces questions about whether fraud may have occurred, leaders are often left wondering: **“What should we do now?”**



Weaver can help.

We have extensive experience conducting forensic accounting investigations for governmental entities, many of which involve allegations of fraud or other suspected improprieties. Mature processes with strong internal controls can prevent these issues – but if an incident ever does arise, Weaver professionals can help you get to the bottom of it.

Our team has completed high-profile investigations for entities such as the Weslaco ISD, DeSoto ISD, Beaumont ISD, the City of Austin and the City of Forney. Our team:

- ▶ **Conducts** in-depth, probing witness interviews, many of which seek admissions of culpability
- ▶ **Identifies** and gathers evidence of intentional, fraudulent conduct
- ▶ **Analyzes** large volumes of electronic and hard-copy information, employing the latest data mining and analytic techniques
- ▶ **Prepares** comprehensive summary reports with appropriate supporting documentation
- ▶ **Works** with prosecutors and law enforcement agencies by providing the forensic accounting component of their criminal investigations and trials

Weaver’s investigative reports have been relied upon by law enforcement agencies such as the Department of Justice and FBI, including recent investigative engagements with DeSoto ISD and the City of Austin, both of which resulted in successful prosecutions for embezzlement and misapplication of government funds.



Digital Forensic Investigation

Our team includes professionals with specific experience in analyzing relevant electronic data including email and text message communications, as well as the recovery of digital evidence, including data that someone may have attempted to delete.

From initial acquisition of the evidence to evidence-handling protocols to evidence processing, examination and reporting, we work with our clients and their counsel on some of their most sensitive issues. Our digital forensic technology can provide context and perspective to any investigation that traditional paper records alone can’t always fulfill.



On the following page is a high-level overview of our approach:



Phase 1: Plan & Scope

- 1 We'll begin work with a review of the allegation to gain an understanding of the issues and to formulate a preliminary work plan for the forensic investigation.

At the conclusion of Phase 1, we'll provide an investigative work plan based on information gathered during discussions with our client. This work plan will include our estimated fees to complete the investigation, as well as a timeline for completion.

Phase 2: Investigate & Analyze

- 2 We'll then execute the investigative work plan prepared during Phase 1, including the review and analysis of relevant financial documents and data, email communications and perform interviews with the appropriate parties. This will include a thorough review of internal policies, processes and procedures.

Throughout the course of an investigation, it's common to find processes and procedures that need to be revised. We'll identify these during the engagement, and our extensive experience working with government entities has also given us insight into what policies and safeguards are the most effective at preventing, identifying and remediating fraud, waste and abuse.

We'll keep our client up-to-date about the work performed, any preliminary observations or findings and the remaining work to be completed.

Phase 3: Document & Report

- 3 At the end of the forensic investigation, our team will provide a comprehensive investigative report, including thorough documentation of our findings and recommendations for preventing future losses.

Our findings will support any appropriate administrative or legal proceedings, and we'll also provide necessary expert testimony.

Our professionals are CPAs, CFFs, CFEs, CIAs, MAFFs, CFAs, J.D.s, PIs, Ph.D.s and ASAs, and we understand the importance of independence, confidentiality, thoroughness and accuracy in the work that we perform. Our professionals' work has been accepted and relied upon by numerous government entities, law enforcement, and judges and juries around the country.



Budgeting, Financial Forecasting and Financial Planning

Robust, efficient accounting and financial processes are the backbone of sound and stable government. When state and local governments need help managing and planning accounting, controllership, and CFO services, they look to Weaver's accounting advisory team for strategic guidance and ongoing support.

Our scalable accounting advisory services enhance your existing accounting and finance functions when and where you need them most. Our experienced and knowledgeable professionals support you along your specific journey aligned to the needs of your residents.

We fill the gaps — no matter the level or quantity of tasks — from back-office specialists who handle daily transaction processing and monthly reporting; Federal and grant-required filings and year-end to outsourced Controller or CFO participation. We offer strategic guidance and special project assistance on a temporary or ongoing basis. Whether you want to outsource some or all of your accounting functions, our team can provide everything from monthly reporting, expense and mileage tracking, and invoicing to more complex C-level tasks, and everything in between.

Our Team Is Your Team

Weaver brings a team deeply experienced in government finance and accounting to work alongside yours. Many of us have been in your shoes, and we deeply appreciate the nuanced work you do. We are eager to partner with you to use tools such as digital workflows and SaaS solutions to streamline and augment your work to deliver the best for your constituents. You want to innovate and to deliver stellar, effective, efficient services to your constituents and we are eager for the opportunity to work with you to achieve those goals.

Choose Your Services

By choosing Weaver's team, you can flex to fit as you grow or face new challenges, scaling up and down or adding services as needed. In addition to our standard monthly, quarterly or annual accounting service packages, you can add technical accounting services to assist with non-recurring transactions, implementing new accounting standards, or preparing for an annual audit.

Accounting Advisory Services — Technical Accounting

Changing accounting and reporting requirements take a level of technical skills and knowledge that many government agencies do not have on staff full-time. Our technical accounting professionals have the experience you need, when you need it, to conform to the requirements that affect your business.



Our technical accounting services include:

- ▶ Audit preparation assistances
- ▶ Complex accounting treatment analysis
- ▶ Accounting standards implementation
- ▶ Accounting methodology conversion
- ▶ Pre- and post-merger and acquisition accounting assistance
- ▶ IFRS vs. GAAP



Internal Controls

Advisory Services Focus

Weaver's Advisory Services practice is made up of dedicated professionals who focus on helping clients establish governance, manage risk and maintain compliance.

Weaver's **Risk Advisory Services** professionals are recognized for their breadth and depth of experience in all phases of risk management, from internal control evaluations over individual processes to complete enterprise risk management.

They bring many years of experience performing risk assessments and providing co-sourced and outsourced internal audit services for a wide of variety clients — including numerous government entities.



Governance
Risk Assessment
Internal Controls



Risk
Enterprise, Entity-Level and
Process-Level Risk Assessments,
Internal Audit



Compliance
Program Development,
Review, Program Monitoring,
Sarbanes-Oxley Services



Performance
Business Process Analysis,
Business Process Improvement,
Performance Audit, Quality
Assurance Review



**Government Consulting
Services**
Strategy, Operations,
Technology & Human
Resources



**Asset Management
Consulting**
Internal Audit, Compliance, Risk
& Management Consulting for
Investment Advisors & Asset
Managers



Certifications and Industry Involvement

This engagement will be staffed leveraging our highly experienced, full-time professionals who stay at the forefront of the industry through ongoing certifications. Some of the many certifications held by our team includes:

- ▶ Certified Public Accountant (CPA)
- ▶ Certified Internal Auditors (CIA)
- ▶ Certified Government Auditing Professional (CGAP)
- ▶ Chartered Global Management Accountant (CGMA)
- ▶ Certification in Risk Management Assurance (CRMA)
- ▶ Certified in Risk and Information Systems Control (CRISC)
- ▶ Certificate of Cloud Security Knowledge (CCSK)
- ▶ Certified Cloud Security Professional (CCSP)
- ▶ Certified Data Privacy Solutions Engineer (CDPSE)
- ▶ Certified Ethical Hacker (CEH)
- ▶ Certified Fraud Examiner (CFE)
- ▶ Certified HITRUST CSF Practitioner (CCSFP)
- ▶ Certified Information Systems Auditor (CISA)
- ▶ Certified Information Systems Manager (CISM)
- ▶ Certified Information Systems Security Professional (CISSP)
- ▶ Certified ISO 27001 Lead Auditor
- ▶ Cybersecurity Maturity Model Certification Registered Practitioner (CMMC RP)
- ▶ GIAC Certified Windows Security Administrator (GCWN)
- ▶ GIAC Forensic Examiner (GCFE)
- ▶ GIAC Penetration Tester (GPEN)
- ▶ GIAC Systems and Network Auditor (GSNA)
- ▶ Payment Card Industry Professional (PCIP)
- ▶ PCI Qualified Security Assessor (QSA)
- ▶ AICPA Advanced SOC for Service Organizations Certificate

Our professionals also stay abreast of best practices, industry trends and compliance issues through active participation — including holding key leadership positions — in numerous professional and industry associations, such as:

- ▶ Member, **Institute of Internal Auditors' (IIA's)** North American Board, Board of Governors (Houston Chapter), American Center for Government Auditing, Chapter Relations Committee, Publications Advisory Committee and Academic Relations Committee
- ▶ Member, **American Institute of Certified Public Accountants (AICPA)** State and Local Government Expert Panel, Government Audit Quality Center (GAQC), Information Technology Executive Committee (ITEC) and Management and Technology Assurance Committee (IMTA)
- ▶ Member, Editorial Board of **Internal Auditor** magazine
- ▶ Member, **Information Systems Audit and Control Association (ISACA)**
- ▶ Member, **International Information Systems Security Certification Consortium (ISC2)**
- ▶ **AICPA SOC for Service Organization** School Graduate and Member, SOC Task Force
- ▶ Member, Michigan Council of Women in Technology Foundation
- ▶ Member, Cloud Security Alliance (**CSA**), Trusted Cloud Consultant (**TCC**), Certified STAR Auditor, Working Group Team Leader – Cloud Controls Matrix (**CCM**) mapping to National Institute of Standards and Technology (**NIST**) Cybersecurity Framework (**CSF**), Certificate of Competence in Zero Trust (**CCZI**) Beta Test Contributor



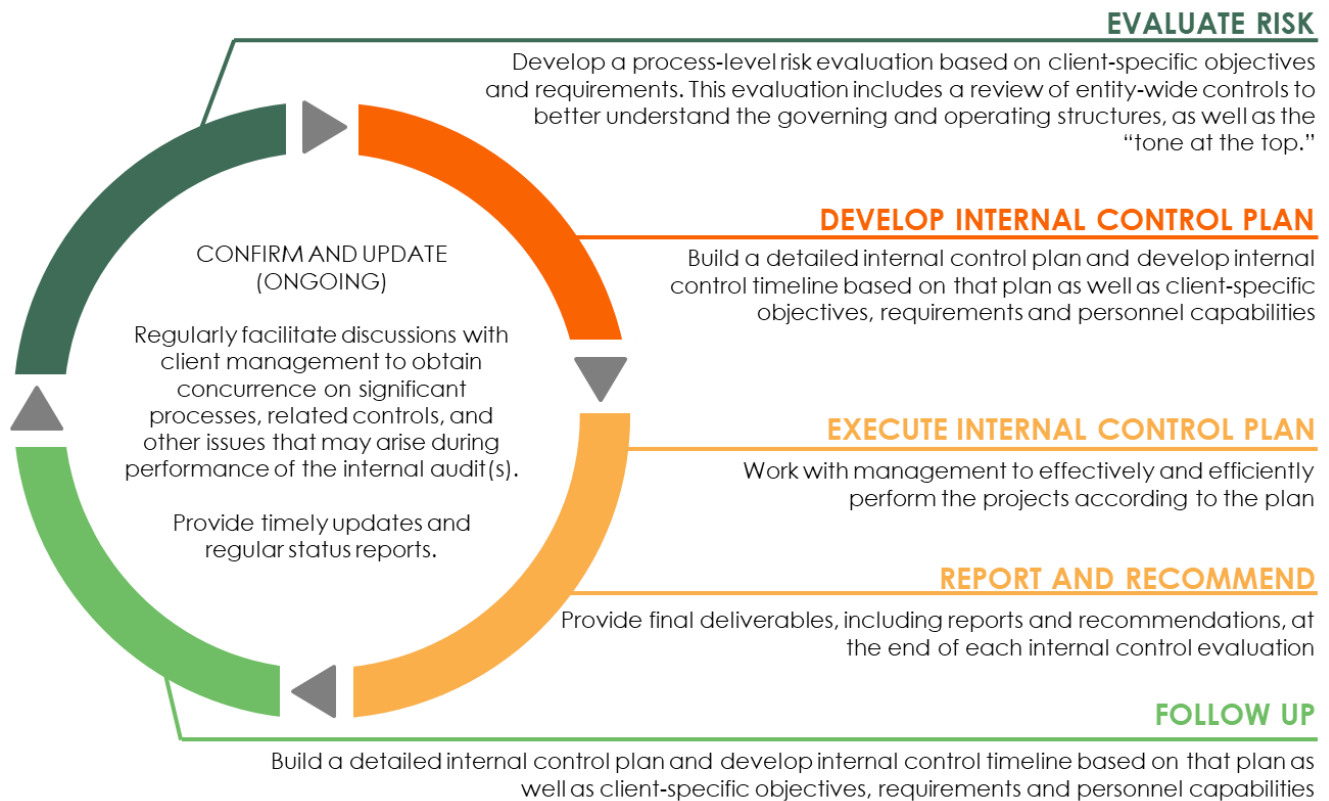


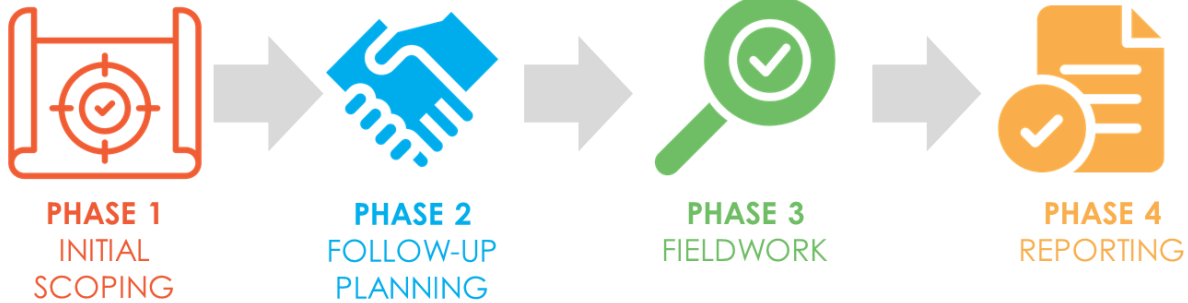
Approach: Internal Controls Design

Weaver's approach to evaluating internal controls is designed in accordance with the Standards for the Professional Practice of Internal Auditing and the Code of Ethics contained in the Institute of Internal Auditors' Professional Practices Framework. With an overarching focus on long-term risk management, our methodology encompasses both the examination and evaluation of the adequacy and effectiveness of the system of internal controls and the quality of performance in carrying out assigned responsibilities for each in-scope area.

Key areas of focus include:

- ▶ **Reliability** and integrity of financial and operating information and the means used to identify measure, classify and report such information
- ▶ **Compliance** with policies, plans and procedures, as well as applicable laws and regulations
- ▶ **Safeguarding** of assets and, as appropriate, verification of the existence of such assets
- ▶ **Economical** and efficient use of resources
- ▶ **Consistency** of results with established objectives and goals and whether operations/programs are being carried out as planned





Phase 1: Initial Scoping

During this phase, we lay the foundation for the internal control evaluation, working with our client to establish the scope and develop mutually agreeable schedules and staffing assignments.



We meet with management and process owners to identify key areas of risk, concerns and any known control deficiencies. We also review previous year plans and results, as applicable.

To determine the appropriate coverage for each annual evaluation, we perform a process-level risk assessment to identify the critical failure points and key controls in place. Where possible, our team will look for opportunities to combine any related evaluation areas to increase the efficiency of the evaluation. Based on the information gathered, we'll develop a detailed evaluation program.

While internal control evaluations differ based on factors such as scope, nature of the program and objectives, common procedures include:

- ▶ Gaining an understanding of the internal controls, including information technology systems, for ensuring that information is reliable and accurate and that controls are operating as designed
- ▶ Gaining an understanding of internal controls for ensuring compliance with relevant federal and state statutes

Finally, we'll prepare a time and expense budget based on procedures, individual schedules and the process cycle.

Phase 2: Follow-Up Planning

During this phase, Weaver will meet with management and process owners to obtain approval of the scope, objectives, evaluation programs and budget prior to execution.



Our team will review:

- ▶ Policies, procedures and other relevant documents
- ▶ Financial/cost information
- ▶ Reporting
- ▶ Authoritative guidance and standards



Based on the information obtained and reviewed, we'll revise the draft evaluation program as needed to ensure it's sufficiently tailored to achieve your specific objectives.

Phase 3: Fieldwork

During this phase, Weaver will perform most of the hands-on internal control work, executing procedures and testing as indicated in the detailed internal control evaluation plan.



Common procedures performed include:

- ▶ Confirming controls are designed and operating effectively according to policies, procedures and federal and state regulations (or other authoritative criteria)
- ▶ Observing processes and procedures
- ▶ Testing relevant controls
- ▶ Reviewing relevant documentation
- ▶ Confirming the accuracy of data reported
- ▶ Evaluating compliance with state statutes and regulations

Based on the information gathered during our fieldwork, the team will identify preliminary findings and validate them with the respective process owners. After validating the findings, we'll conduct an exit interview to communicate our preliminary results.

Phase 4: Report Preparation and Review

Prior to inclusion in any reports, Weaver will review and confirm potential findings with client management. We'll work with process owners and management to provide accurate and timely recommendations and to remediate the findings identified.



Once findings have been reviewed, we'll prepare a balanced report that includes all results from our process, as well as recommendations for each reportable issue. Then, after performing complete quality control reviews of deliverables, our team will deliver the draft reports to the process owner(s) and client management for review. We'll review and consider any feedback and responses to findings received regarding the draft reports, and issue the final report.

Recommendations will include suggested guidelines to ensure compliance with regulatory and industry requirements, process safeguards to protect assets, checklists to help streamline processes, and procedures or automated controls to improve the reliability, efficiency and transparency of processes and procedures from beginning to end.





The final layout and content of project-specific internal control evaluation reports is flexible, depending on your specific needs.



IT Systems

The professionals in Weaver’s IT Advisory Services group have extensive experience providing real-world, implementable recommendations for improving information security, operational efficiency and reliability of IT systems, processes and controls — with deep, hands-on experience reviewing processes and procedures for complex environments and unique architectures.

The IT Advisory Services practice group was established in 2006, as IT systems rapidly grew both more complex and more vulnerable. Weaver has assisted in the development of national AICPA standards for System and Organization Controls (SOC) assessments, used to help document the security and reliability of IT service providers for their clients.

 <p>IT Internal Audit Risk assessment Internal controls</p>	 <p>Outsourced SOX Compliance Sarbanes-Oxley Section 404</p>	 <p>SOC Examination Services SOC 1, 2, and 3 SOC for Cybersecurity SOC for Supply Chain</p>
 <p>Cybersecurity Develop, maintain and monitor up-to-date cybersecurity programs</p>	 <p>Payment Card Industry Data Security Standards Comply with credit card security requirements</p>	 <p>CIO Advisory Services Strategic and organizational guidance</p>
 <p>IT Compliance Meet your industry’s standard framework: HIPAA, PCI, FDICIA, GLBA, CCPA, NIST, ISO 27001 and more</p>	 <p>Consulting Organization, strategy, implementation or problem-solving</p>	 <p>Digital Transformation & Business Automation Find the answers hidden in data you already have</p>

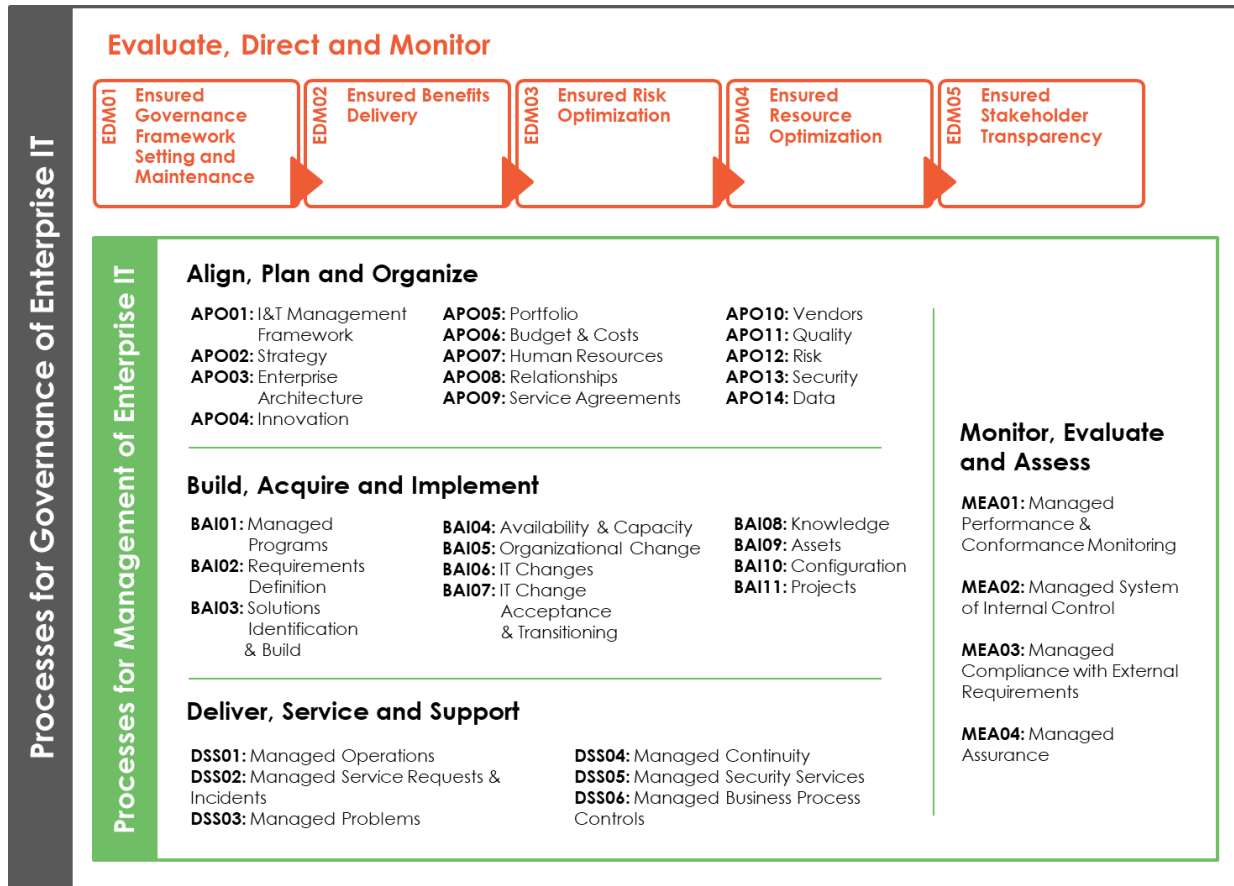
We are also well-versed in the standards and control frameworks used by leading organizations to manage compliance with regulations, including COBIT 2019, NIST 800-53, CIS 20 CSC, NIST-CSF, PCI-DSS, SOC, ISO 27001/27002, FFIEC, FISMA and ITIL.



In Focus: IT Risk Management

When evaluating IT risks and controls, Weaver typically leverages the COBIT (v2019) framework for the delivery of IT audit services.

COBIT is one of the most widely adopted frameworks for IT governance, risk management and IT auditing, and is the most frequently used framework for the evaluation of IT General Controls (ITGCs).



Along with COBIT, we review existing policies, state/federal regulations/policies that may be applicable. We also identify any subject matter-specific materials that may be relevant, whether NIST Contingency Planning Guide for Disaster Recovery, or IIA's Global Technology Audit Guides (GTAGs), among other sources for criteria development.

Throughout the course of each project, our professionals evaluate the risks associated with each relevant process area to the appropriate layers of information technology (key applications, infrastructure, and data).

When performing IT Risk Assessments in support of the internal audit function or for the IT department, we start with the COBIT areas and adapt the assessment for relevant considerations — whether it is newer technologies like artificial intelligence or robotics process automation or migration of key systems/functionality to the cloud. Our tailored approach means that we will factor in how the entity utilizes technology.



In Focus: IT General Controls Review

Your Weaver team is keenly aware of the complexities and nuances involved in managing IT investments. As the foundation of our procedures, we can evaluate design and controls in the context of how our client operates and consider the structure, systems, third parties and tools available.

Focusing on the compliance obligations and key technology risks that impact our clients, we leverage best practices to guide our conclusions and recommendations.

Our assessment considers the current state of technology, with a focus on assisting our client in validating the existence of or need for the following components of a mature IT control:

- ▶ A robust and secure IT infrastructure
- ▶ Appropriately defined and verified controls
- ▶ Processes and policies that implement the controls
- ▶ Complete documentation that demonstrates compliance
- ▶ Employees who understand and follow the processes

Overall, you need to ensure that you are not relying on internal controls that are inadequately designed or not operating at a level of "precision" needed to confirm that technology is protecting our clients. You need to confirm that technology risks are being addressed, and the systems themselves prevent and detect significant or material errors in a timely manner.

Government agencies typically do not have documented controls, though the control activities are being executed. Depending on the nature of the audit need, adequately describing who performs a control activity and how frequently is a starting point, but well-documented controls also include the following elements to assist the function in understanding the purpose of the internal control:

- ▶ The specific attributes contemplated during the execution of a control or process
- ▶ Assessment of the accuracy and completeness of the underlying reports or spreadsheet
- ▶ The types or nature of errors that the control is designed to prevent or detect
- ▶ Testing of the accuracy and completeness of system-generated data and reports

We know from experience that mitigating risk and achieving compliance objectives relies on many factors. We approach developing, testing, and educating about controls from the perspective of addressing the risk, not creating a checklist-only function that causes uncertainty when an atypical situation arises and the process owners do not understand how to approach the situation that isn't directly addressed through a checklist.

When evaluating, we extend beyond the design and implementation of IT controls, we also assess the operation of the controls in their current state.



A typical IT General Controls assessment may include the following IT areas:

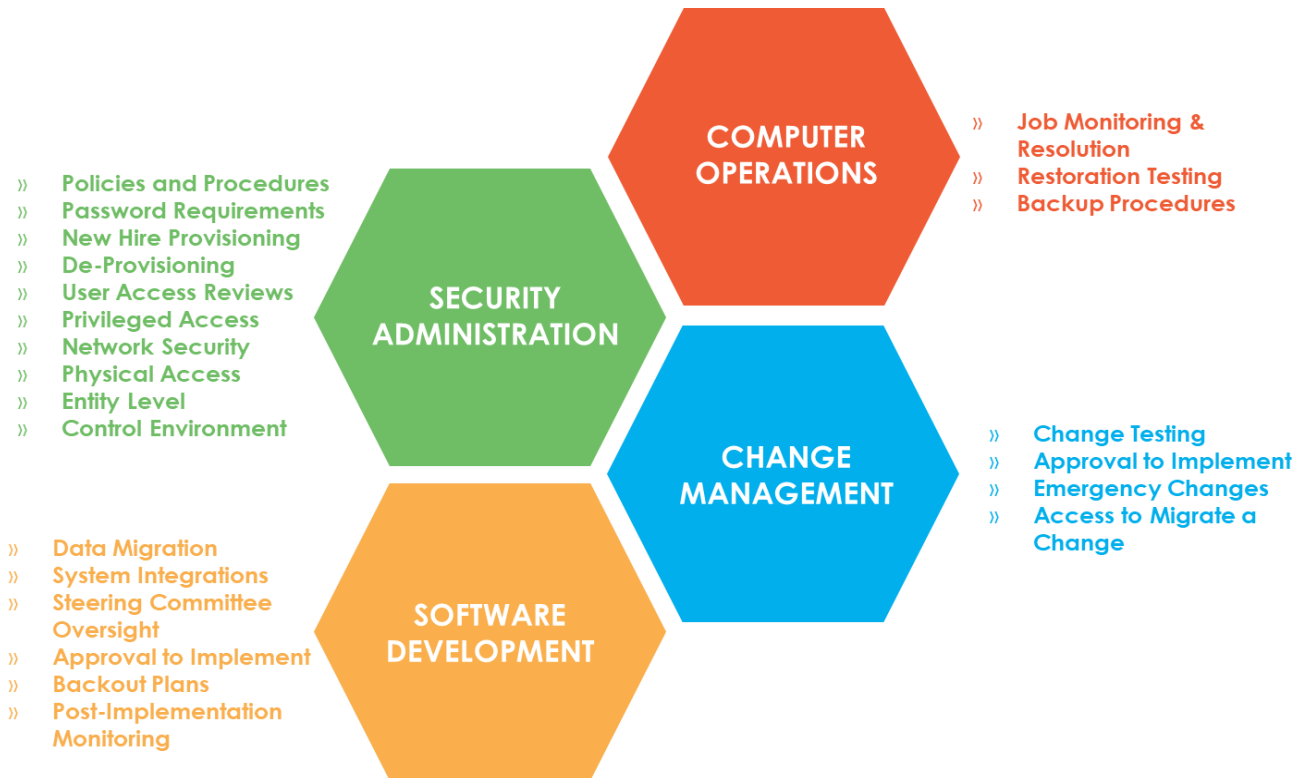
- ▶ Security Administration for the network (Active Directory typically), select applications and its supporting database and servers
- ▶ Change Management
- ▶ Interface Management and Batch Job Monitoring
- ▶ Backup and Recovery
- ▶ Third-party management
- ▶ Server Room/ Data Center Physical Security
- ▶ Implementation Projects / System Development and Acquisition

During the planning of the engagement, Weaver focuses on understanding your IT landscape to develop a risk-based approach that matches our client's environment and compliance requirements.

Depending on the environment, controls and processes may focus on additional IT areas, such as cybersecurity processes and the coordination of information technology with other departments, such as Human Resources/Payroll and Treasury where certain applications/access is managed within a department.

We'll work with you to understand the applications, supporting databases and infrastructure you desire to include as part of the assessment. With an extensive team available for technology-specific skill sets, we work with you to define the scope, objectives, test plans, and skillsets required to complete a comprehensive assessment.

We anticipate the significant processes/cycles may include the following:





In Focus: Cybersecurity Services

To be effective, the State's cybersecurity program must provide an ongoing process that assesses risks, identifies threats, creates protections, monitors systems, and enables quick response and recovery. And that cybersecurity process must be embedded into the organization's governance, not just relegated to a corner of the IT department.

Weaver's IT Advisory Services team understands that cybersecurity has to be built into your organization from the ground up.

We regularly work with organizations to assess systems and processes against a variety of technical and regulatory requirements, and we're well-versed in the standards and control frameworks used by leading organizations to manage compliance with these regulations, including:

- ▶ NIST-CSF
- ▶ NIST SP 800-53
- ▶ NIST 800-171
- ▶ CIS Critical Security Controls
- ▶ MITRE ATT&CK
- ▶ DoD CMMC
- ▶ ISO 27001/27002
- ▶ PCI-DSS
- ▶ HIPAA
- ▶ SOC 1, 2 and 3

Weaver looks at your IT environment based on organizational practices to go beyond standards and address cybersecurity at the root of what you do. Each assessment is uniquely tailored, and we work with stakeholders to reflect the right perspective whether strategic, tactical, or compliance oriented.



CYBER RISK ASSESSMENTS

Prioritizing cyber risks that impact security and operations and identifying mitigations.



COMPLIANCE ASSESSMENTS

Evaluating systems and processes, and providing results based on criteria and requirements.



VULNERABILITY ASSESSMENTS

Identifying technical weaknesses across devices to improve the overall security posture.



MATURITY ASMT. & ROADMAPS

Defining the current security profile to improve and target the intended goal state for security.



GAP & READINESS ASSESSMENTS

Facilitating work sessions and reviews to determine next steps for compliance.



PENETRATION TESTS

Testing systems as an attacker to highlight flaws and misconfigurations in a controlled manner.



CYBER AUDITS

Auditing cyber management practices against industry norms to quantify risk for stakeholders.



CYBER DUE DILIGENCE

Providing buy and sell-side analysis and support aligned to M&A strategy.



SOCIAL ENGINEERING

Simulating fraudulent e-mails to assess human weaknesses in security programs.

Weaver Foundational Fridays

Weaver provides the latest insights and guidance in a series of 30 and 50-minute sessions designed to enrich your cybersecurity knowledge. Up to 6 hours of complimentary CPE credits are available. Click the image to the right to register for one session, all 12 or something in between.





In Focus: Data Governance and Privacy Services

Appropriate governance of data is important for strategic decision making.

Weaver provides tailored procedures to improve the data governance posture across organizations through our understanding of diverse technology, privacy and security standards, and industry requirements, which include:

- ▶ Evaluating the current **protection methods** of key data practices
- ▶ **Measuring the maturity** of existing data governance program
- ▶ Developing a **roadmap to implement** a data privacy and governance program
- ▶ Assessing **records management** process and procedures
- ▶ Evaluating data and privacy governance programs against industry standards, legal/regulatory requirements, and organization policies to meet **compliance obligations**
- ▶ Identifying risks that impact data and privacy governance and prioritizing mitigation activities



With experience helping clients implement and review data privacy and governance frameworks and standards — NIST-PF, DGI, NISTIR 8062, HIPAA Security Rule, ISO 29100, COBIT 19 series and others — Weaver has the broad perspective required to help meet your data privacy and governance needs.

In Focus: SOC and ISO Services

Depending on the nature of services that specific entities provide, third-party reporting may be required for the users of services.

Weaver can assist in executing System & Organization Control Reports (SOC), as well as readiness activities and the examination and subsequent reporting. We can also assist in ISO readiness, ISO Internal Audit, and/or ISO Certification needs.

	ASSERTION-BASED EXAMINATION ENGAGEMENT	DIRECT EXAMINATION ENGAGEMENT	REVIEW ENGAGEMENTS	AGREED-UPON PROCEDURES ENGAGEMENT
OBJECTIVE	External Audit over a Framework	External Audit over a Framework	Recommendations for Adherence with a Framework	Specific Procedures Performed over a Framework for Specified Users
INFORMATION PROVIDED TO USERS	Opinion, Description of Environment in Relation to Framework, Procedures Performed, Results	Opinion, Description of Environment in Relation to Framework, Procedures Performed, Results	Written Report, Conclusion, Recommendations	Conclusion, Procedures Performed, Results
ASSURANCE	High	High	None	Moderate
SUBJECT MATTER	SOC 1, SOC 2, Compliance, Specified Subject Matter	SOC 2, Specified Subject Matter	Any Subject Matter	Compliance, Laws, Regulations, Contracts, etc., Specified Subject Matter



In Focus: PCI-DSS Compliance

If your organization accepts or processes payment cards, the Payment Card Industry Data Security Standard (PCI-DSS) applies to you.

For organizations that store, process, transmit, or could affect the security of cardholder data, Weaver conducts data security assessments and assists in complying with stringent PCI-DSS standards.

Weaver is a PCI-QSA firm that issues:

PCI Attestation of Compliance (AOC)	Reports on Compliance (ROC)	Self-Assessment Questionnaires (SAQ)
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Our Qualified Security Assessors (QSA) can ensure that your organization meets and adheres to the following PCI-DSS goals and requirements:

- ▶ Build and maintain a secure network and systems using firewalls to protect cardholder data, and ensure that vendor-supplied defaults for system passwords and other security parameters are not used.
- ▶ Protect cardholder data and encrypt its transmission across open, public networks.
- ▶ Maintain a vulnerability management program with secure systems and applications, plus regular updates to anti-virus software and programs.
- ▶ Implement strong access control measures by restricting access to cardholder data (both electronic and physical) on a "need-to-know" basis.
- ▶ Regularly monitor and test networks and track all access to cardholder data.
- ▶ Maintain an information security policy that addresses information security for all personnel.

In Focus: System Implementations

As systems including ERPs are becoming dated, and newer technologies promise increased efficiencies. Many organizations are wanting to identify and move to a new system, or at least a newer version of an application.

When going through these updates, it's important to identify requirements at a sufficient detail to ensure a new system has the expectations known, and that testing will be performed that validates the requirements.

Weaver has worked with many clients when they are changing systems. We know that requirements gathering and fully understanding the depth needed for requirements doesn't come until user acceptance testing is initiated and personnel are able to see what the new system and new procedures actually means for processing.

It's important to have a thorough understanding business processes, how current systems are used and what existing workarounds would ideally be addressed in a new system. Weaver can assist in a number of different ways when a new system implementation/ major system upgrade is planned.



TYPICAL ISSUES. Any system implementation has issues, and we work with the project stakeholders to determine the existence of any issues, and mitigations or methods to address.



We've seen the following in different implementations:

- ▶ The right personnel aren't included in requirements or testing, resulting in incomplete system functionality.
- ▶ IT doesn't participate in system implementation and the knowledge transition is limited when the system is turned over to IT to support.
- ▶ Incomplete security testing, resulting in changes immediately during post go live to continue operations.
- ▶ Issues/functionality is not implemented due to delayed development and workarounds need to be identified at the last minute.
- ▶ Functionality is not implemented based on the implementation management team wanting to stay on timelines, causing reduced functionality at go live.
- ▶ Performance and capacity management issues creating perception issues on improvement in system capabilities with a new system.
- ▶ Implementing existing processes in the new system in trying to recreate the existing process and not accounting for the functionality of the newer system and enhancements available.
- ▶ Heavy customization leading to limited upgrade or integration functionality.
- ▶ Flexibility in configurations for future updates based on legislative changes.

We can assist in the requirements gathering process, by not shortcutting the process, but working on the current state and really understanding the process and developing future state processes, which outline minimum expectations of a function and additional expectations with a new system. We also recognize that some personnel may want to recreate the existing process in the new system, inefficiencies included, since someone may have been executing a certain way for decades. We try to identify and limit those exposures of creating inefficient processes that do not take advantage of a new system's functionality.

In an internal audit capacity, Weaver also performs pre-implementation and post-implementation procedures. We can work alongside the project team and system implementor to consider risk factors for the implementation and also how implementation controls are being executed.

Company ABC							
Risk							
Pre-Implementation Area	Sept - Wk 1	Sept - Wk 2	Sept - Wk 3	Sept - Wk 4	Oct - Wk 1	Oct - Wk 2	Oct - Wk 3
Implementation Initiative/Project Management Process	90%	90%	90%	87%	80%	97%	97%
Security Administration Configuration	35%	45%	45%	30%	30%	60%	70%
Configuration Management	80%	100%	100%	96%	96%	96%	96%
Data Migration	68%	72%	72%	76%	68%	68%	72%
Testing Process (incl. User Acceptance, Regression)	56%	58%	58%	60%	58%	65%	70%
Go-Live Approval	60%	60%	60%	60%	60%	100%	100%
Interface Management	50%	65%	65%	65%	70%	75%	75%
General IT Controls Process Areas							
Change Management	50%	50%	50%	50%	65%	70%	70%
Security Administration	28%	52%	52%	52%	50%	53%	63%
Vendor Management	40%	40%	40%	40%	57%	63%	63%
Backup & Recovery	60%	60%	60%	60%	60%	60%	60%
Business Process Controls Area							
Business Process	Implementation Initiative/Project Management Process						
Note - The percentage is based on the area's rating. The							
Scope: To determine and evaluate risks associated with the implementation project plan and execution. This section focuses on the following questions:							
Question	Rating (as of Date)	Rating (as of Date)	Rating (as of Date)	Commentary			
1. Are periodic meetings being held with the key stakeholders?	#	#	#	Notes entered in this section by date.			
2. Are periodic meetings been held with the key process owners?	#	#	#	Notes entered in this section by date.			
3. Is a project plan established?	#	#	#	Notes entered in this section by date.			
4. Is the project plan communicated and agreed upon by key stakeholders and process owners?	#	#	#	Notes entered in this section by date.			
5. Is the project plan regularly updated based on the project plan?	#	#	#	Notes entered in this section by date.			

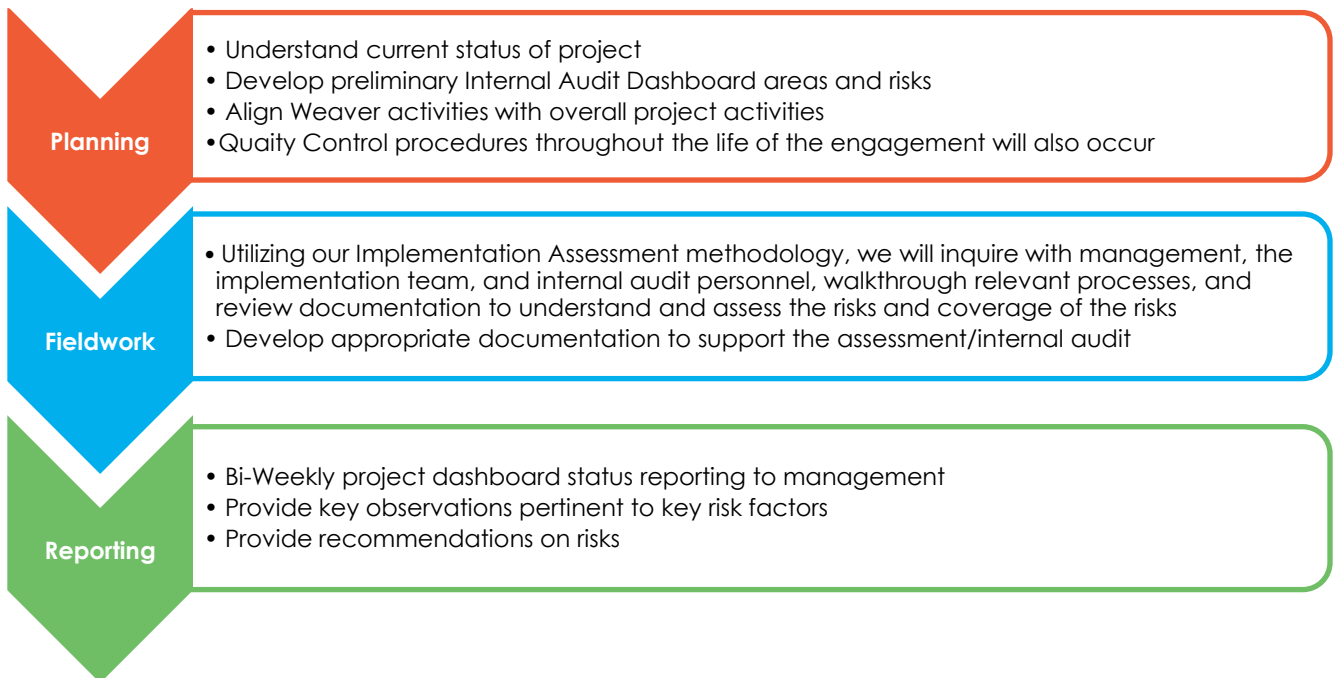


For pre-implementation assistance, Weaver utilizes an implementation dashboard that shows the progression of the process areas that are identified as key/high risk, and how management's processes are managing those risks. In addition, we establish questions and apply a risk value with commentary to track the progress of various implementation areas to support the risk rating. These areas are separate from the system implementers' progress on development and testing.

We work with the IT organization, project team, and the related departments' that will be impacted by the system implementation. Throughout the process for the system implementation, we worked side-by-side with the project team providing monitoring services regarding the implementation process and whether risk was managed for the implementation, including:

- ▶ Project management
- ▶ Security administration
- ▶ Role security definition as part of the implementation
- ▶ Requirements definition process
- ▶ Application functionality/requirements implemented to support financial reporting processes
- ▶ User acceptance testing
- ▶ Post implementation operational plans for security administration
- ▶ Change management
- ▶ Interface management
- ▶ Hypercare processes
- ▶ Go live approval

Weaver has assisted on the multiple implementations in varying degrees to ensure the project teams and the system implementers are maintaining appropriate documentation, have sufficient coverage over risks, including how segregation of duties will be managed in the system once implemented, and validation of key reports planned for usage in business processes.





Weaver recognizes that there are some activities that are global to the process and others that are phase-specific. We work with the organization to understand where it makes sense to provide internal audit assistance, whether pre- or post-implementation reviews, or as an advisor to procedures that the IA Department performs. And where a separate Independent Verification & Validation (IV&V) function operates for certain projects, we can supplement that function to support Internal Audit where it most aligns.

In Focus: Cloud Advisory Services

Many entities are considering the utilization of cloud services to replace existing system or software, Weaver can provide risk considerations to assist in ensuring that there is risk consideration and mitigation appropriately applied – whether as part of an internal audit or a consulting project.

Weaver is familiar the risk associated with any system implementation, including a cloud solution – whether a SaaS (Software as a Service) workbook implementation to a major organization wide impacting cloud hosted system.

Cloud solutions vary from SaaS systems to IaaS solutions and we have developed strong knowledge of the public/private/hybrid cloud stack, DevOps, Continuous Integration/ Continuous Deployment (CI/CD) pipelines, container orchestration and server-less architecture. As technology landscape evolves, we can assist in reviewing planned and implemented utilization of newer technologies. Some of the technologies and tools we've worked with include:



Virtualization: Docker, KVM, HyperV, Vmware, Citrix



Orchestration: Kubernetes, OpenShift



Configuration Management: SCCM, Ansible, Chef, Puppet, SaltStack, GitHub



Change Management: JIRA, ServiceNow, GitHub, Travis, Jenkins, Azure DevOps



Monitoring: LogDNA, ELK Stack, Splunk, Qradar, Devo, PagerDuty, Solarwinds, LogRhythm, Opsgenie



Vulnerability Management: Qualys, Tenable Security Center, Tenable Nessus & Security Center, Rapid7 InsightVM & Nexpose



Storage: File, Block, Object oriented storage solutions from AWS, Azure, IBM, and Google



Network Protection: Palo Alto, CrowdStrike, SNORT, OSSEC, Firepower

In Focus: Business Continuity

Resilience is more than an isolated project – building resilience and business continuity plans is a multi-faceted integral part of an organization's health.

We can assess disaster recovery plans and processes and business continuity/continuity of operations processes to help assess vulnerabilities and capacities and provide recommendations for enhancing resiliency in the face of crises. Whatever the future, we're here to help manage it by developing the right resources to mitigate damage, recover, and build resilient organizations.





In Focus: Third-Party Monitoring

Whether or not portions of the technology environment is hosted in an off-site data center, a SaaS solution is utilized, or business functions are outsourced, an entity needs to understand how a service provider is performing processes to maintain data and process integrity, and data security, at a minimum.

System and Organization (SOC) Reports are utilized heavily by third-party service providers to provide such insight of controls performed by the service provider to management. The reports are an 'auditor to auditor' report which translates to template language required by the standard and interpretations by management and the SOC auditor on how the service provider supports their SOC 1 and/or SOC 2 criteria.

To help report readers and management understand the implications of scope, exception impact, and complementary end user controls mapping to management processes, Weaver has a template available for management to utilize for assessing SOC reports.



We can assist in identifying the Complementary User Entity Controls (CUEC) that are identified by the service provider and translate those controls to the entity's processes and operations, or assist in remediation efforts to implement such processes. We help to assist organizations in understanding the report and whether the report covers the services that are provided to the entity.

Often times, smaller SaaS entities may not obtain SOC reports themselves, and instead utilize the large infrastructure providers' SOC Reports instead. This scenario is common, but it's important to understand that while a large infrastructure providers' report is needed, it doesn't preclude the SaaS provider who is processing the data from also needing a report. Weaver understands the nuances and can assist management in assessing to applicability, coverage and impact analysis of any documented exceptions.

We anticipate that management has completed its analysis of existing SOC Reports that's relied on for financial reporting, and if needed for changes in third-party vendors and SOC Report reliance, we can work with management as needed on report review. We have a template to assist management in performing the review, or we can utilize the existing format that's utilized today.

SOC Report Review				
Company Name				
FYE				
Name of Service Organization				
Name of System (of internal controls)				
Document the control objectives or criteria to determine which control objectives are relevant to the company. Determine if any control objectives are missing. List below the control objectives included in the description of the service organization's system.				
Control Objectives are relevant to SOC 1				
Trust Service Principles and Criteria are relevant to SOC 2				
(Add additional rows as appropriate)				
Process Area (Principle)	Control Objective (Criteria)	Applicable to Company? (Is the Control Objective or Criteria applicable to the Company based on how the Company	Sufficient procedures executed to support conclusion? (ex of considerations include: whether the service auditor only perform inquiry	Control Objective (Criteria) Qualified? (A qualified control objective/criteria is based on the opinion's Basis for Qualification Section). (If the control objective is not
For the applicable control objectives (criteria) that have exceptions, assess the impact to the company:				
(Add additional rows as appropriate)				
Applicable Control Objective Identifier (if one is noted)	Description	Qualification	Impact to Company	Service Provider Management's Response - Compensating Controls at Company Appears Sufficient
Service Auditor's Opinion				
Response				
Company Comment				
What type of opinion did the service auditor express in the SOC report?				
For the applicable controls, assess the				
Applicable Control Activity Identifier (one is noted)	Description	Sub-service Organizations	Response	Company Comment
*Unqualified is a 'clean' opinion				
*If a qualified opinion, are (Can the report be relied upon)				
Does the SOC reference sub-service organization(s)?				
Are the sub-service organization(s) relevant to the company?				
Are the sub-service organization(s) referenced as part of the inclusive method?				
Are the sub-service organization(s) carved out?				
Report Period Applicability				
Does the SOC Report suffice?				
Are SOC Report(s) available for the carved out sub-service organization(s)?				
*If the SOC Report is less than management.				
*If yes, complete a separate form for each applicable sub-service organization, and if complementary sub-service organization controls are documented within the primary service provider's SOC report, ensure that there is coverage/mapping between the two reports.				
*When provided - is the report after to provide coverage for organization's fiscal year end				
Name of applicable sub-service organization(s)				
SOC Report Scope				
Conclusion				
(To be completed after the review has been performed)				
Does the SOC Report cover				
Based on the procedures performed by Company to review the SOC Report, can the report and its results be relied upon for the audit period?				
The conclusion of the reviewer				
Reviewer				
Date				



Digital Transformation and Automation

While modernizing your digital ecosystem can be transformative to your workflow, it doesn't occur overnight.

From understanding how the applications and data relate to the objectives of the organization, to what data is available to you, to evolving that data into insightful information, to developing sustainable and repeatable practices, digital transformation is a journey that will pay dividends now and for years to come.

Weaver wants to aid that transformation: We want to support our clients by helping them navigate common pitfalls and being a ready knowledge resource to develop your digital toolkit for your needs.

Weaver's experience with making technical operations that work for the business spans the breadth of custom application development, data warehouses, integration and API management, Robotic Process Automation (RPA), Process Mining, and Artificial Intelligence (AI) services are designed to evaluate your processes and assist you in developing customized and targeted technology solutions, developed to directly enhance the efficiency and accuracy of key processes that work with your current systems.

Our services can also be application and service independent, so our team can help you streamline and simplify your processes by maximizing your current systems so your team can access data and reporting at the click of a button. **Weaver works to develop integrated mindsets with each of our clients, diving deep into their systems to automate, improve and systemize process workflows.**

Our experience spans a variety of process automation, data architecture, data visualization and recurring analytics and ranges from providing simple process improvements, to developing cloud-based tools.

Weaver is a thought leader in the areas of organizational growth, innovation and transformation; scan the QR code to view our ongoing blog series, **Your Guide to a Successful Digital Transformation.**



Digital Transformation

Strategic guidance on becoming a "Data-Driven Organization"



Reporting Enhancement & Visualization

Make the most of data you already have



Process Automation

Enhancing an existing automation solution, or using Weaver's tools to develop a functional solution



Software and Tool Development

Licensable tools and applications





Applying for Grants and Grant Administration

Over the past decade, Weaver has executed needs analyses, grant seeking, writing, and monitoring engagements for federal agencies, major state agencies, and local government, and dozens of federal fund audits and consultations. We have performed these services for school districts, charter schools, colleges and universities, year after year.

We offer the State a cross-disciplinary team that understands your needs. With experience spanning both program areas and technical skills, we support the effective use of funds by working alongside our clients to:

- ▶ **Design** grant management to maximize grant funding that weighs the costs and benefits of each grant before choosing to apply
- ▶ **Collaborate** with internal and external stakeholders to ensure impactful use
- ▶ **Develop** compliant policies and procedures to minimize risk
- ▶ **Monitor** and review grant compliance
- ▶ **Audit** grant expenditures
- ▶ **Evaluate** grant opportunities and grant controls, from day one of funding
- ▶ **Create** effective frameworks aligned with treasury guidance for reporting compliance
- ▶ **Ensure compliance** to confirm that relevant organizations are complying with all applicable rules and regulations to avoid a loss of stakeholder and community confidence

Although grant management is a continuous process, and Weaver builds in compliance from the very beginning, for purposes of explanation we have divided this work into **two major aspects: 1) grant administration and management, and 2) grant compliance.**

Grant Administration and Management

The Grant Administration and Management process includes these key focus areas:

- ▶ Budgeting
- ▶ Outcome and goal measurement
- ▶ Partnering with implementation teams for effective documentation
- ▶ Drawdowns
- ▶ Closeout



Grant Administration and Management Process

Our team will be your trusted partner in administration and compliance for grant activities. We know that administering multiple projects with several not-for-profit and for-profit partners simultaneously is both a new challenge and a significant time investment. Our team is here to take on that lift and make sure the State's team can focus on your most important work. The graphic below depicts our process:





ENGAGEMENT STARTUP FOR GRANTS MANAGEMENT

- ▶ Assess the risk of contracts, including for unallowable costs
- ▶ Establish methods and systems to ingest grant-related submissions
- ▶ Develop and integrate into Standard Operating Procedures documentation the processes for:
 - » Processing cash transactions in coordination with the grantor
 - » Sub recipient funding request approvals and distribution
 - » Sub recipient cash management and financial reporting requirements
- ▶ Develop and implement forecasting and monitoring tools
- ▶ Design and post materials to guide grantee implementation, including web-based training
- ▶ Alignment meetings with grantees, design professionals, and The State's staff to set cadence, train on documentation submission, and align on standards
 - » Procedures for accepting, recording, and tracking applications
 - » Templates for documenting and evaluating applications
 - » Staffing requirements and an organization chart
- ▶ Develop and update Program Guidelines on an ongoing basis for each established program
- ▶ Train grantees in procedures, policies, and guidelines for the grant to ensure compliance
- ▶ Plan for "long lead" items to drive smooth processes toward closure
- ▶ Build relationships with sub-grantees

Grants close-out is baked into our methodology and approach from Day One.



ONGOING PROJECT MANAGEMENT

- ▶ Ongoing risk assessment and mitigation in collaboration with the State, grantee and contractors
- ▶ Monitor grant and update forecast based on execution
- ▶ Support project management and scheduling with guidance on grantor requirements as well as inputs as to timelines and resources required for effective grants-management activities
- ▶ Review project proposals, plans, and worksheets and drive ongoing updates within grant parameters
- ▶ Provide guidance on reimbursement maximization
- ▶ Provide integrity monitoring over grant funds to ensure appropriate use with federal guidelines
- ▶ Identify and advise on unallowable costs and other grant-specific stipulations to ensure compliance with legal and regulatory requirements
- ▶ Validate that project execution matches the approved plan
- ▶ Review submissions from grantees and recommend action as needed to the State
- ▶ Conduct site visits
- ▶ If applicable, identify and track sources of program income
- ▶ Evaluate efficacy and recommend methods to improve existing programs
- ▶ Periodically update training and materials



ONGOING REPORTING AND DRAWDOWNS

- ▶ Complete the required monthly reports set by the granting agency
- ▶ Track, oversee and evaluate project milestones and their completion
- ▶ Collect documentation to include contracts, invoices, program income, financial and project reports, logs and other supporting documentation
- ▶ Ongoing review of submissions, including reimbursement requests, to ensure compliance and maximize cost recovery; alignment meetings with stakeholders as needed
- ▶ Prepare submissions for the State in an agreed-upon, common format, highlighting unallowable costs
- ▶ Attend and support meetings with grantors as needed
- ▶ Monitoring for fraud



CLOSEOUT

- ▶ Confirmation that grant projects have achieved stated performance goals, as originally approved in the grant agreement and modified through any amendments
- ▶ Final audit of grant projects
- ▶ Reconciliation and systematic close-out of grant projects in alignment with grantor requirements

Grant Compliance

Weaver builds grant compliance in from the beginning, working with administration teams to set up processes and documentation that make compliance a given. This aspect of our grant management work includes these key tasks:

- ▶ Partnering with teams for compliant documentation
- ▶ Monitoring compliance to grant programs
- ▶ Partnering with client teams to address compliance

Grant Compliance Methodology

Weaver's grant monitoring encompasses both a thorough examination and evaluation of the adequacy, compliance, and effectiveness of systems of internal control, as well as the quality of performance in carrying out assigned responsibilities for the projects and contracts being reviewed.

This process includes three key phases, with an emphasis on appropriate planning and scoping activities to ensure that fieldwork and procedures are focused on the appropriate projects, attributes, and activities that are relevant for each project.

The key steps in our performance are described below:



Monitoring Set-up and Planning

We will meet with key stakeholders to introduce our team and to discuss current initiatives, timelines, and expectations to determine a mutually agreeable plan for performing our work. We will also obtain detailed information regarding the planned projects, budget details, and initiatives for utilization of federal grant funds. We will meet you where you are and work with you to ensure that the transition is seamless.



Risk Assessment

To determine which projects need to be evaluated by priority level and timeline, we will perform a grant project risk assessment. This process will be collaborative, including meetings with key stakeholders to identify the risk and priority levels for each project, anticipated funding by project, expected timelines, etc.

The risk assessment will identify which projects and initiatives should be performed for each year. This will also serve as a tool to reevaluate biannually to determine project status and where our work should be focused.

The risk assessment will focus on the grants and the use of those awards across the various projects in scope. The focus of the risk assessment for the particular project will consider the following:

- ▶ Type of project, including use
- ▶ Complexity of the project
- ▶ Stage of completion or delivery
- ▶ Amount of funds, met and unmet
- ▶ Key criteria that affect eligibility and allowableness
- ▶ Use of vendors, including subcontractors
- ▶ Reporting requirements

In an effort to maintain the highest degree of efficiency and cost effectiveness, we will perform a high-level risk rating for each of the in-scope initiatives and projects, classifying each as low, moderate, or high risk based on the key factors identified above, including any prior experience and/or findings identified in previous audits. Following the results, we will develop a recommended audit plan with the order in which projects should be audited. However, the audit plan will be reassessed biannually and adjusted as necessary to meet your needs.

Grantee Classification	Grant Types	Grantee Training		Pre-Award Procedures	Fiscal/Burdenment Request Violation	Desk Review Grant Coverage (Total \$)		Desk Review				Field Review Grant Coverage (Total \$)		Additional Field Review Procedures			
		Onboarding	Annual Compliance			Active	In Closed	Program Progress (Peer Review)	Financial Integrity (Grantee)	Billing Review	Compliance Review	Active	In Closed	Program Progress (Peer Review)	Financial Integrity (Grantee)	Billing Review	Compliance Review
New Grantees																	
Quantified Risk Assessment Score																	
Entity Maturity Score																	
High		On Site	On Site	X													
Moderate		Webinar	Webinar	X													
Low		Webinar	Self-Auditor	X													
Year 1																	
High	Food Development		Webinar		40-50 samples	75%	100%	X	X	40-50 samples	X	10%	100%	X	Every 2 years	40-50 samples	X
	Research					75%	100%					15%	100%				
	Procurement					75%	100%					5%	100%				
Moderate	Food Development		Webinar		25-30 samples	60%	100%	X	X	25-30 samples	X	10%	100%	X	Every 2 years	25-30 samples	X
	Research					60%	100%					15%	100%				
	Procurement					60%	100%					5%	100%				
Low	Food Development		Self-Auditor		20-25 samples	40%	100%	X	X	20-25 samples	X						
	Research					40%	100%										
	Procurement					40%	100%										
Year 2																	
High	Food Development		Webinar		40-50 samples	75%	100%	X	X	40-50 samples	X	10%	100%	X	Every 2 years	40-50 samples	X
	Research					75%	100%					15%	100%				
	Procurement					75%	100%					5%	100%				
Moderate	Food Development		Webinar		25-30 samples	60%	100%	X	X	25-30 samples	X	10%	100%	X	Every 2 years	25-30 samples	X
	Research					60%	100%					15%	100%				
	Procurement					60%	100%					5%	100%				
Low	Food Development		Self-Auditor		20-25 samples	40%	100%	X	X	20-25 samples	X						
	Research					40%	100%										
	Procurement					40%	100%										
Year 3																	
High	Food Development		On Site		40-50 samples	100%	100%	X	X	40-50 samples	X	10%	100%	X	Every 2 years	40-50 samples	X
	Research					100%	100%					10%	100%				
	Procurement					100%	100%					10%	100%				
Moderate	Food Development		Webinar		25-30 samples	100%	100%	X	X	25-30 samples	X	10%	100%	X	Every 2 years	25-30 samples	X
	Research					100%	100%					10%	100%				
	Procurement					100%	100%					10%	100%				
Low	Food Development		Self-Auditor		20-25 samples	100%	100%	X	X	20-25 samples	X						
	Research					100%	100%										
	Procurement					100%	100%										
Year 4																	
High	Food Development		On Site		40-50 samples	75%	100%	X	X	40-50 samples	X	10%	100%	X	Every 2 years	40-50 samples	X
	Research					75%	100%					10%	100%				
	Procurement					75%	100%					10%	100%				
Moderate	Food Development		Webinar		25-30 samples	60%	100%	X	X	25-30 samples	X						
	Research					60%	100%										
	Procurement					60%	100%										
Low	Food Development		Webinar		20-25 samples	40%	100%	X	X	20-25 samples	X						
	Research					40%	100%										
	Procurement					40%	100%										

Sample Monitoring Plan



Project Coordination

Managerial Advisory Services are often more about **doing what you do now better and more efficiently**, rather than doing something new. This means it's absolutely critical that our clients, who know their organization, its history, and where it's going, are the owners of the transformation.

We'll work with our client's team to develop project plans that align across vendors, teams, and other stakeholders to realistically, but rapidly, implement change via robust change management, training and documentation.

A large component of these engagements is the efficiency that arises from technology. Weaver has the professionals to assist in understanding and assessing technology functions and identifying areas for improvement to reduce risk and gain efficiency, including moving to the cloud.

We help define the benefits and costs around a change, build desire among stakeholders in preparation for the change, and establish a sustainable system by setting up stakeholder groups and management structures to **monitor the change and adjust over time**.

Our focus is on understanding stakeholders and their professional knowledge and working with them to improve and enable their processes. In understanding each client's needs, we typically engage several groups.

- ▶ Front-line staff and managers **who know the business up close**
- ▶ Customers and clients **who feel the impacts of the operation**
- ▶ Executives and other leaders **who have aspirations and ideas for the process**
- ▶ Experts and other professionals **who have experience designing and executing the processes**

Our approach is to consistently make improvements a win-win for all involved. We constantly work with those impacted by changes to maintain their excitement around the improvements and ensure that feedback flows across teams to address user issues. As part of our work, we'll typically lead a process of fully diagramming the business processes involved. This gives the team a common, agreed-upon starting point and a framework for discussion throughout the project.

Using these maps, and a knowledge of potential tools in the marketplace, our team can conduct Human-Centered Design sessions with stakeholders to create new processes, informed by best practices and focused on customers. In conducting these sessions, we focus on the "value add" at each step, while minimizing required resources.

We're deeply cognizant that process improvement is not a rote and cold process — efficiency doesn't always need to rule. There are times when processes may require a more human touch or more involvement than is minimally necessary.

We help your team quantify and understand these areas to ensure that processes are efficient, but also fully incorporate the human touch. Typical outputs of our activities with you could include the following:

- ▶ Current and re-designed process flows
- ▶ Service catalogs
- ▶ Job profiles and descriptions
- ▶ Service level agreements
- ▶ High-level requirements and design documents



Our Change Management Philosophy

Change management is the application of a structured process and proven, actionable steps that lead stakeholders through the journey to achieve a desired outcome.

Weaver recognizes a successful change effort must be managed. No matter whether you are designing new work processes, implementing new technologies or transforming the organization, intentional actions help ensure achievement.



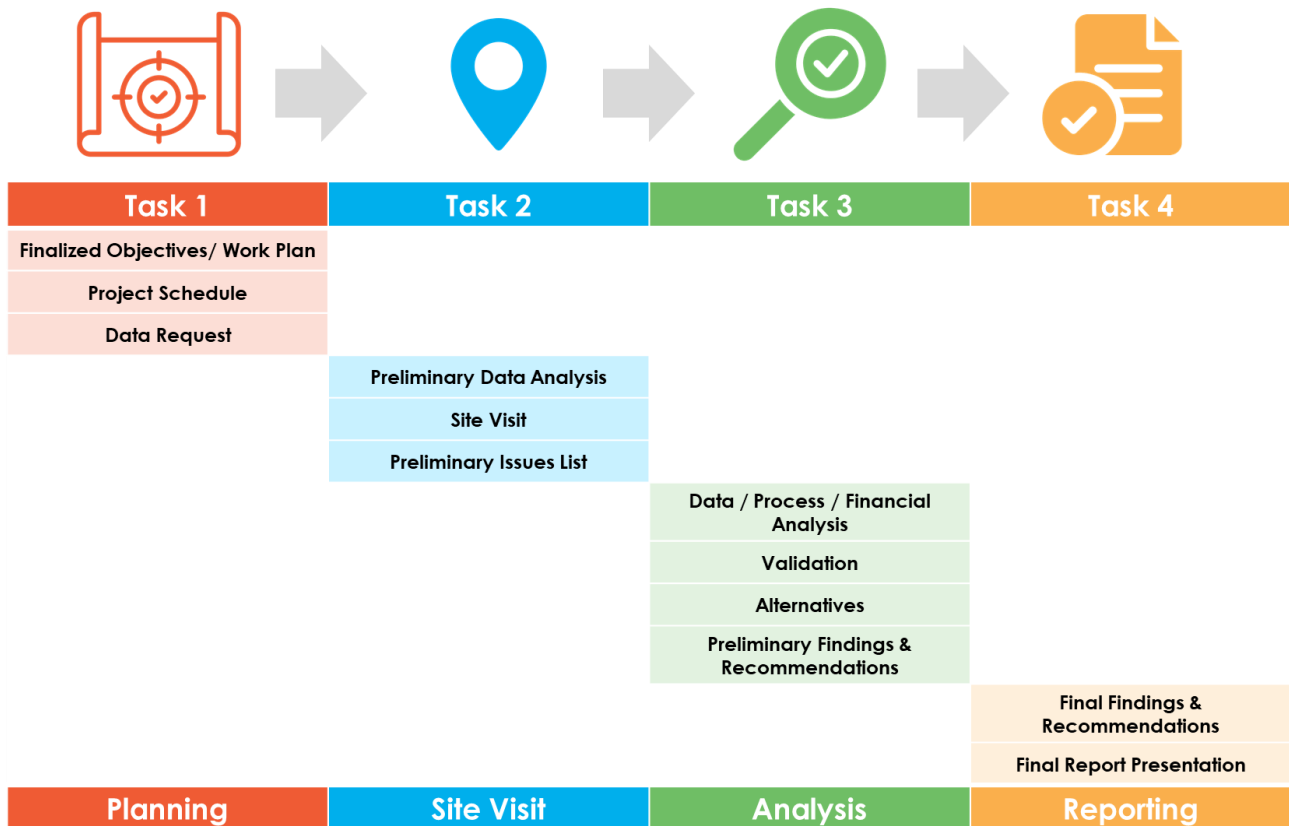


Reviews Showing Trends, Risks, Options, Changes

As needed, Weaver can perform special analyses, reviews and studies, which may include:

- ▶ Special financial analyses or feasibility studies (e.g., cost savings identification, fiscal impact of year-round education, outsourcing, return on investment in technology/software)
- ▶ Pricing analysis (e.g., analysis of alternative pricing structure)
- ▶ Compensation analysis (e.g., evaluation of the existence and degree of salary compression)
- ▶ Business planning (e.g., analysis of program scale-up and/or marketing products)
- ▶ Organizational analysis (e.g., span of control, logical alignment of functions, organizational equity)
- ▶ Information systems (e.g., software implementation assessment, gap analysis, process efficiency analysis)
- ▶ Management/performance analysis (e.g., the existence and use of accountability mechanisms to oversee the effective implementation of client initiatives and the achievement of desired results)

We expect that each project will have a defined scope of work expressed in a list of questions to be addressed. All non-audit projects will follow a similar methodology in terms of how the work is done. As indicated in the following schematic, there are four major tasks. The "site visit" task (**Task 2**) can be conducted virtually or onsite.



The following provides a sample overview of example projects, as well as additional tasks at the project level (e.g., project management and follow-up work).



Task 1: Planning and Data Request

We'll conduct a planning meeting with the State to finalize the scope and objectives of the project, finalize staffing, establish reporting expectations, and agree on a project timetable for completion.



Based on these decisions, we'll prepare a comprehensive plan for the project, as well as a data request for financial, process, or operational data, or other information that we'll need to begin our project work. We'll prepare a detailed project program and site visit schedule, as well as identify any areas of concern.

At the outset, we'll work with the State to identify the appropriate personnel to act as a liaison between Weaver and the client, to help schedule interviews during our site visit, and to assist us in gathering information during the project. Ideally, this individual should have authority over the areas under review or, if not, have sufficient standing within your organization to give our project the necessary attention and priority.

The more information we have available before the site visit, the more informed and productive we can be while performing tasks, whether virtually or in person. Therefore, we'll present a list of data needs prior to our site visit. As we become more knowledgeable regarding the issues impacting the State, we may add other items to the data request throughout the project.

Task 2: Site Visit

Our strategy for site work is to minimize the amount of time spent on-site so that your work won't be disrupted for unreasonable periods of time.



We'll seek to establish remote read-only access to key information systems to have direct and unlimited access to transactional and other data needed for each applicable project.

Prior to beginning site work, we'll conduct an orientation meeting with those individuals directly affected by the project to introduce the project team and familiarize them with the purpose of the project, our expectations from them, and our project timelines.

The two primary activities during site work will be interviews and process definition. We'll conduct interviews to inquire about existing responsibilities, financial analyses, operating procedures and systems, organizational structures, or other areas based on the scope of work. Focus groups may be applied to develop new (or validate existing) process maps of key processes related to the project area.

Our approach to analyzing business processes and the related control procedures will focus on a thorough examination of the current processes using process mapping software. Our team will map the major and unique processes according to the people who actually conduct the work, as opposed to mapping them according to how they are described in procedures manuals or by individuals not directly involved in the processes.

This will allow us to understand the tasks involved, along with the respective staff members, the order in which tasks occur, any dependencies that exist among tasks, interactions among departments, major systems or applications utilized in the processes, any interfaces that exist among those systems/applications, hard copy or electronic outputs, key and non-key controls procedures, and major decision points.



Task 3: Analysis

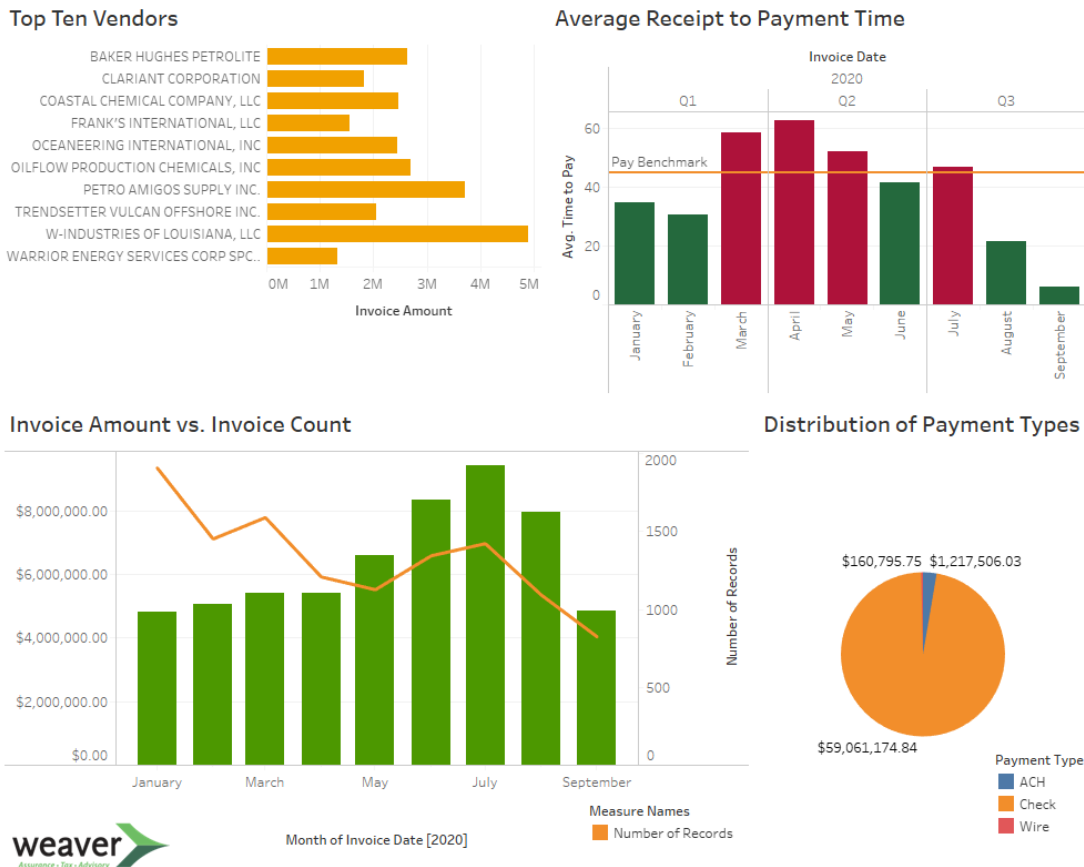
Data Analytics: More than just analytics. *Insight.*

Depending on the objectives of a particular project, data analytics may be used to generate project observations or findings.



By downloading and analyzing entire transactional data sets, algorithms can be developed (or in some instances software applied) to identify anomalies in the data. These anomalies can then be investigated to determine if any conclusions can be made with respect to compliance, efficiency, or other project objectives.

Our analytics do more than just identify random anomalies, based on the available data we highlight common areas that may have an impact on internal controls and business objectives to provide insight that the business can use to operate more effectively. Based on the data available, we generate a dashboard of insights that help you understand the efficiency and effectiveness of your processes. Below is an example of what your dashboard may look like:



Furthermore, with both Tableau and PowerBI, your dashboard is not limited to periodic updates. We share the dashboard source file allowing you to generate the information on demand, and with our process automation service line, we can even help you set up the dashboard to update in real-time.



Process Analysis

When we create process maps, we use Microsoft's Visio™, so that our clients can maintain the maps after the project is complete.

Visio™ requires minimal training and is relatively inexpensive to license. We can provide electronic versions of the maps in both .pdf and .vsd formats for the client to validate. When we receive additional input or corrections on process maps, we can prepare the final drafts of the process maps for use in further analysis and for the client to maintain in the future.

When analyzing a client's business processes, we're mindful of the fact that various organizational factors (i.e., resource availability, organizational culture, leadership style, local policy, or existing technology) may have shaped the way the client currently carries out processes and will likely continue to influence any efforts to change the processes. Also, our team is sensitive to the federal and state mandates that impact the processes in place within certain areas of government operations.

In some cases, a client can implement a recommendation with existing resources; for others, the client may need to invest in staff, technology, or other resources to achieve the change. In all cases, we'll make our best efforts to provide more cost-effective alternative recommendations, where applicable.

Financial Analysis

Depending on the objectives of a particular project, financial analyses may be used to generate project findings and/or consider alternatives.

Financial analyses may include pricing analyses, fiscal impact of expanding, reducing or eliminating programs, compensation analyses, and prospective fiscal impact analyses, among others. We'll use MS Excel to conduct most financial analyses and may also use database software and data dashboards for larger data sets.

Organizational Analysis

Organizational analyses will include the historical transformation of the client's or department's organizational structure, the rationale for the changes, and the consideration of organizational principles in the development or modification of organizational charts.

Organizational analyses will consider the logical alignment of functions, spans of control, organizational leveling, and definition of job requirements relative to the job description. Organizational analyses may also include the development of a migration plan to successfully implement organizational change based on the client's timetable.

Evaluate Organizational Structure and Personnel

Weaver can provide an integrated, objective and disciplined evaluation of each administrative and operational unit's organization, structure, and people.

We'll meet with key personnel in each unit to obtain a thorough understanding of their mission, objectives, key roles, and responsibilities. In addition, we can evaluate centralized core business processes and decentralized unit processes to determine which procedures are performed, along with controls to ensure consistent and appropriate processes. Throughout the evaluation, we'll identify and document internal control and process gaps.



Weaver will review existing documentation (such as policies, procedures and flowcharts) to determine whether they contain sufficient detail and guidance for employees to execute the tasks and duties of their job function, which could ultimately affect the performance of each administrative and operational unit. At a high level, key objectives of the evaluation can include:

- ▶ Identifying key processes, internal controls and control gaps
- ▶ Identifying the impact of HR employment and compensation policies on each unit
- ▶ Identifying processes and procedure redundancies
- ▶ Identifying dependencies and unnecessary hand-offs
- ▶ Identifying functional alignment and succession planning

Knowledge, Skills and Abilities Assessment

We can perform a knowledge, skills and abilities assessment (KSA) across all units.

The assessment will be highly collaborative, including interviews with staff members, functional leaders and administrative and operational unit management. In addition to interviews, we'll review unit job descriptions and compare them against individual employee qualifications.

To aid in our evaluation of capacity and staffing levels, we'll work with State staff to quantify the types and proportion of tasks performed. Our assessment will include an analysis of the delegation of responsibilities, existing competencies, expertise and segregation of duties across functions. Key objectives of our assessment include:

- ▶ Provide an evaluation of the organizational reporting structure and current staffing levels to determine if alignment is appropriate and meets best practices
- ▶ Evaluation of staffing plans and processes utilized to review current staffing levels and methods for forecasting future needs
- ▶ Provide recommendations for improvement that will aid in the efficiency and effectiveness of operations and service delivery

What is a KSA?

A KSA documents the knowledge, skills and abilities of employees in the organization in the context of the job to which they are assigned. A KSA is also applied to the collective needs of the organization.

Effective organizations put the **right people**, in the **right seats**, moving in the **right direction**. The best organizations align personnel with the **most talent** to perform the **most critical functions**.

Determining your collective KSA requires asking fundamental questions about your organization:

- ▶ Human resources function
- ▶ Talent and proficiency
- ▶ Organization and deployment



Human Resource Questions

- ▶ Does a job description exist for each position? Is it accurate?
- ▶ Do the responsibilities assigned to the position meet the current needs of the organization?
- ▶ Have those responsibilities been communicated to the employee?
- ▶ Has the employee's performance been evaluated?
- ▶ Do employee evaluations provide useful information?

Talent and Proficiency Questions

- ▶ What degrees, certifications and training are required for the position (**knowledge**)?
- ▶ What are the different aspects of the job and how proficient is the employee at those aspects (**skills**)?
- ▶ How well does the employee perform the job relative to others (**ability**)?
- ▶ What continuing professional education and training has the employee completed?

Organizational Questions

- ▶ How are positions compensated?
- ▶ How does that compare to the market?
- ▶ How many vacancies exist across the organization?
- ▶ Is there a pattern to the vacancies?

After assessing KSA, the results are put into a matrix, creating a visual map of where talent gaps exist.

Management Performance and Accountability

Separate from performance audits of selected areas, there should be structures in place to effectively manage and monitor the performance of any program, project, or initiative.

The analyses of management performance and accountability will include the review and analysis of plans, performance objectives, reporting, progress monitoring, and internal assessments of results. How decisions are made, and how they might affect program implementation fidelity or program success, may also be analyzed and evaluated, as well as any constraints that may be preventing or adversely affecting the successful implementation of client initiatives.

Task 4: Reporting

Based on our mutual understanding of the method to communicate the results of our work, we'll prepare a formal report with final findings and recommendations, including the assignment of priority.



Prior to the delivery of our final report, we'll present an initial draft report to management and meet with the appropriate client and department leadership to discuss findings and recommendations in the draft report. This meeting will be an opportunity to validate factual information contained in the project, to receive input from the client, and to evaluate any additional relevant information.

A final draft report will be presented to and reviewed with the client. We'll support each finding and recommendation with the information reviewed, and best practices, where applicable. We'll also provide presentations of our reports to the entire board during a regular board meeting, if requested.



**MONTANA
DEPARTMENT OF
ADMINISTRATION**

State Financial Services Division

Greg Gianforte, Governor
Misty Ann Giles, Director

Nondiscrimination Against Firearms Entities/Trade Associations.

The contractor shall not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association, and the Contractor shall not discriminate during the term of the contract against a firearm entity or firearm trade association. This section shall be construed in accordance with 30-20-301, MCA.

Verification of Nondiscrimination Against Firearms Entities/Trade Associations.

1. By selecting 'Yes,' the Contractor certifies and affirms:
 - a. Contractor does not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association during the term of this contract; and
 - b. Contractor will not discriminate against a firearm entity or firearm trade association during the term of this contract.
2. By selecting 'No,' the Contractor certifies and affirms that the Contractor is unable to make both of the certifications in part 1, during the anticipated term of the contract.

The contractor's certification is made in compliance with and in reference to 30-20-301, MCA and the terms defined therein. If the Contractor determines the provisions of 30-20-301, MCA do not apply to the contract, the Contractor shall submit a statement setting forth in detail the basis for such determination.

Yes. I confirm that we do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association.

No. I cannot confirm.

Signed:

Date:

1/12/2024

**Statewide Accounting
Bureau**
Mitchell Bldg, Rm 255
P.O. Box 200102
Helena, MT 59620
406-444-3092

**Financial Services
Technology Bureau**
Mitchell Bldg, Rm 295
P.O. Box 200102
Helena, MT 59620
406-444-3092

**Local Government
Services**
Mitchell Bldg, Rm 255
P.O. Box 200547
Helena, MT 59620
406-444-9101

**State Procurement
Bureau**
Mitchell Bldg, Rm 165
P.O. Box 200135
Helena, MT 59620
406-444-2575



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
12/4/2023

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Edgewood Partners Insurance Center EPIC Brokers 14881 Quorum Drive, Suite 850 Dallas TX 75254	CONTACT NAME: Tyler Deisley PHONE (A/C, No, Ext): _____ FAX (A/C, No): _____ E-MAIL ADDRESS: tyler.deisley@epicbrokers.com														
INSURED Weaver and Tidwell LLP 2821 W. 7th Street, Ste. 700 Fort Worth TX 76107	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">INSURER(S) AFFORDING COVERAGE</th> <th style="text-align: center;">NAIC #</th> </tr> </thead> <tbody> <tr> <td>INSURER A : The Continental Insurance Company</td> <td style="text-align: center;">35289</td> </tr> <tr> <td>INSURER B : National Fire Insurance Co of Hartford</td> <td style="text-align: center;">20478</td> </tr> <tr> <td>INSURER C :</td> <td></td> </tr> <tr> <td>INSURER D :</td> <td></td> </tr> <tr> <td>INSURER E :</td> <td></td> </tr> <tr> <td>INSURER F :</td> <td></td> </tr> </tbody> </table>	INSURER(S) AFFORDING COVERAGE	NAIC #	INSURER A : The Continental Insurance Company	35289	INSURER B : National Fire Insurance Co of Hartford	20478	INSURER C :		INSURER D :		INSURER E :		INSURER F :	
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COVERAGES **CERTIFICATE NUMBER: 459653148** **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER: _____			6081459505	8/15/2023	8/15/2024	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 300,000 MED EXP (Any one person) \$ 15,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000 \$
B	<input type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS ONLY <input checked="" type="checkbox"/> NON-OWNED AUTOS ONLY			6081459486	8/15/2023	8/15/2024	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
A	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> DED <input checked="" type="checkbox"/> RETENTION \$ 10,000			6081459536	8/15/2023	8/15/2024	EACH OCCURRENCE \$ 15,000,000 AGGREGATE \$ 15,000,000 \$
A B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N <input checked="" type="checkbox"/> N	N/A	6081459522 6081459519	8/15/2023 8/15/2023	8/15/2024 8/15/2024	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
 Contract #: SPB24-0484NH-7

The General Liability and Automobile Liability policies include automatic additional insured endorsements providing primary/non-contributory coverage to any entity as required by written contract. All policies include blanket waiver of subrogation in favor of all entities required by written contract. 30 day notice of cancellation except 10 days for non-payment of premium included on the General, Auto, and Workers' Comp Liability policies. Excess Liability is "Following Form" and includes General, Auto and Employers Liability.
 Contract #: SPB24-0484NH-7

CERTIFICATE HOLDER State of Montana 125 N. Roberts St. Helena MT 59601	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE
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EXTENDED COVERAGE - BA PLUS - FOR HIRED AND NON-OWNED AUTOS

It is understood and agreed that this endorsement amends the **BUSINESS AUTO COVERAGE FORM** as follows. If any other endorsement attached to this policy amends any provision also amended by this endorsement, then that other endorsement controls with respect to such provision, and the changes made by this endorsement to such provision do not apply.

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I. AMENDMENTS TO LIABILITY COVERAGE

A. Amendments to Who Is An Insured

Under **SECTION II – COVERED AUTOS LIABILITY COVERAGE**, the paragraph entitled **Who Is An Insured** is amended to add the following:

1. Majority Owned Corporations

Any incorporated entity in which you own a majority of the voting stock on the inception date of this Coverage Form is an **insured**, but only if such entity is not an **insured** under any other liability “policy” that provides **auto** coverage.

2. Newly Acquired Organizations

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Any organization you newly acquire or form during the policy period, other than a limited liability company, partnership or joint venture, and in which you maintain majority ownership interest is an **insured**, but only if such organization is not an **insured** under any other liability "policy" that provides **auto** coverage. The insurance afforded by this provision:

- a. Is effective on the date of acquisition or formation of the organization, and applies until:
 - (1) The end of the policy period of this Coverage Form; or
 - (2) The next anniversary of this Coverage Form's inception date, whichever is earlier; and
- b. Does not apply to **bodily injury** or **property damage** caused by an **accident** that occurred before you acquired or formed the organization.

3. Additional Insureds Required By Written Contract

Any person or organization that you are required by written contract to make an additional insured under this insurance is an **insured**, but only with respect to that person or organization's legal liability for acts or omissions of a person who qualifies as an **insured** for Liability Coverage under **SECTION II - WHO IS AN INSURED** of this Coverage Form.

4. Employee-Hired Autos

Any **employee** of yours is an **insured** while operating with your permission an **auto** hired or rented under a contract in that **employee's** name, while performing duties related to the conduct of your business.

With respect to provisions **A.1.** and **A.2.** above, "policy" includes those policies that were in force on the inception date of this Coverage Form, but:

- i. Which are no longer in force; or
- ii. Whose limits have been exhausted.

B. Increased Loss of Earnings Allowance

Under **SECTION II – COVERED AUTOS LIABILITY COVERAGE**, the paragraph entitled **Coverage Extensions** is amended under **Supplementary Payment** subparagraph **(4)** to delete the \$250. a day limit for loss of earnings and replace it with a \$500. a day limit.

C. Fellow Employee Coverage

Under **SECTION II – COVERED AUTOS LIABILITY COVERAGE**, the paragraph entitled **Exclusions** is amended to delete the exclusion entitled **Fellow Employee**.

II. AMENDMENTS TO PHYSICAL DAMAGE COVERAGE

A. Increased Loss of Use Expense

Under **SECTION III – PHYSICAL DAMAGE COVERAGE**, the paragraph entitled **Coverage Extensions** is amended under **Loss of Use Expenses** to delete the maximum of \$600., and replace it with a maximum of \$800.

B. Broadened Electronic Equipment Coverage

Under **SECTION III – PHYSICAL DAMAGE COVERAGE**, the paragraph entitled **Exclusions** is amended to delete paragraphs **5.a** through **5.d.** in their entirety, and replace them with the following:

- 5. Exclusions **4.c.** and **4.d.** above do not apply to **loss** to any electronic equipment that at the time of **loss** is:

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- a. Permanently installed in or upon a covered **auto**, nor to such equipment's antennas or other accessories used with such equipment. A \$100 deductible applies to this provision, and supersedes any otherwise applicable deductible; or
- b. Designed to be operated solely by use of the power from the **auto's** electrical system and is:
 - (1) Removable from a housing unit which is permanently installed in or upon the covered **auto**;
 - (2) An integral part of the same unit housing any electronic equipment described in paragraphs a. or b.(1) above; or
 - (3) Necessary for the normal operation of the covered **auto** or the monitoring of the covered **auto's** operating system.

III. AMENDMENTS TO BUSINESS AUTO CONDITIONS

A. Knowledge of Accident or Loss

Under **BUSINESS AUTO CONDITIONS**, the **Loss Condition** entitled **Duties In the Event of Accident, Claims, Suit, or Loss** is amended to add the following subparagraph a.(4):

- (4) If your **employees** know of an **accident** or **loss**, this will not mean that you have such knowledge until such **accident** or **loss** is known to a natural person Named Insured, to a partner, executive officer, manager or member of a Named Insured, or to an **employee** designated by any of the above to be your insurance manager.

B. Knowledge of Documents

Under **BUSINESS AUTO CONDITIONS**, the **Loss Condition** entitled **Duties In the Event of Accident, Claims, Suit, or Loss** is amended to add the following subparagraph b.(6):

- (6) If your **employees** know of documents concerning a claim or **suit**, this will not mean that you have such knowledge until such documents are known to a natural person Named Insured, to a partner, executive officer, manager or member of a Named Insured, or to an **employee** designated by any of the above to be your insurance manager.

C. Waiver of Subrogation

Under **BUSINESS AUTO CONDITIONS**, the **Loss Condition** entitled **Transfer Of Rights Of Recovery Against Others To Us** is amended to add the following:

We waive any right of recovery we may have, because of payments we make for injury or damage, against any person or organization for whom or which you are required by written contract or agreement to obtain this waiver from us.

This injury or damage must arise out of your activities under a contract with that person or organization.

You must agree to that requirement prior to an **accident** or **loss**.

D. Unintentional Failure To Disclose Hazards

Under **BUSINESS AUTO CONDITIONS**, the **General Condition** entitled **Concealment, Misrepresentation or Fraud** is amended to add the following:

Your failure to disclose all hazards existing on the inception date of this Coverage Form shall not prejudice you with respect to the coverage provided by this insurance, provided such failure or omission is not intentional.

E. Primary and Non-Contributory When Required By Contract

Under **BUSINESS AUTO CONDITIONS**, the **General Condition** entitled **Other Insurance** is amended to add the following:

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Notwithstanding provisions 5.a. through 5.d. above, the coverage provided by this Coverage Form shall be on a primary and non-contributory basis when required to be so by a written contract entered into prior to **accident** or **loss**.

IV. AMENDMENTS TO DEFINITIONS

A. Broadened Bodily Injury

Under **DEFINITIONS**, the definition of **bodily injury** is deleted and replaced by the following:

Bodily injury means physical injury, sickness or disease sustained by a person, including death, mental anguish or mental injury sustained by that person which results as a consequence of the physical injury, sickness or disease.

All other terms and conditions of the policy remain unchanged.

This endorsement, which forms a part of and is for attachment to the policy issued by the designated Insurers, takes effect on the Policy Effective date of said policy at the hour stated in said policy, unless another effective date (the Endorsement Effective Date) is shown below, and expires concurrently with said policy.

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Policy No: 6081459486
Policy Effective Date: 08/15/2023



General Liability Extension Endorsement

It is understood and agreed that this endorsement amends the **COMMERCIAL GENERAL LIABILITY COVERAGE PART** as follows. If any other endorsement attached to this policy amends any provision also amended by this endorsement, then that other endorsement controls with respect to such provision, and the changes made by this endorsement with respect to such provision do not apply.

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1. ADDITIONAL INSUREDS

a. **WHO IS AN INSURED** is amended to include as an **Insured** any person or organization described in paragraphs **A.** through **K.** below whom a **Named Insured** is required to add as an additional insured on this **Coverage Part** under a written contract or written agreement, provided such contract or agreement:

(1) is currently in effect or becomes effective during the term of this **Coverage Part**; and

(2) was executed prior to:

(a) the **bodily injury** or **property damage**; or

(b) the offense that caused the **personal and advertising injury**,

for which such additional insured seeks coverage.

b. However, subject always to the terms and conditions of this policy, including the limits of insurance, the Insurer will not provide such additional insured with:

(1) a higher limit of insurance than required by such contract or agreement; or

(2) coverage broader than required by such contract or agreement, and in no event broader than that described by the applicable paragraph **A.** through **K.** below.

Any coverage granted by this endorsement shall apply only to the extent permissible by law.

A. Controlling Interest

Any person or organization with a controlling interest in a **Named Insured**, but only with respect to such person or organization's liability for **bodily injury**, **property damage** or **personal and advertising injury** arising out of:

1. such person or organization's financial control of a **Named Insured**; or

2. premises such person or organization owns, maintains or controls while a **Named Insured** leases or occupies such premises;

provided that the coverage granted by this paragraph does not apply to structural alterations, new construction or demolition operations performed by, on behalf of, or for such additional insured.

B. Co-owner of Insured Premises

A co-owner of a premises co-owned by a **Named Insured** and covered under this insurance but only with respect to such co-owner's liability for **bodily injury**, **property damage** or **personal and advertising injury** as co-owner of such premises.

C. Grantor of Franchise

Any person or organization that has granted a franchise to a **Named Insured**, but only with respect to such person or organization's liability for **bodily injury**, **property damage** or **personal and advertising injury** as grantor of a franchise to the **Named Insured**.

D. Lessor of Equipment

Any person or organization from whom a **Named Insured** leases equipment, but only with respect to liability for **bodily injury**, **property damage** or **personal and advertising injury** caused, in whole or in part, by the **Named Insured's** maintenance, operation or use of such equipment, provided that the **occurrence** giving rise to such **bodily injury**, **property damage** or the offense giving rise to such **personal and advertising injury** takes place prior to the termination of such lease.

E. Lessor of Land

Any person or organization from whom a **Named Insured** leases land but only with respect to liability for **bodily injury**, **property damage** or **personal and advertising injury** arising out of the ownership, maintenance or use of such land, provided that the **occurrence** giving rise to such **bodily injury** or **property damage**, or the offense giving rise to such **personal and advertising injury**, takes place prior to the termination of such lease. The



General Liability Extension Endorsement

coverage granted by this paragraph does not apply to structural alterations, new construction or demolition operations performed by, on behalf of, or for such additional insured.

F. Lessor of Premises

An owner or lessor of premises leased to the **Named Insured**, or such owner or lessor's real estate manager, but only with respect to liability for **bodily injury, property damage or personal and advertising injury** arising out of the ownership, maintenance or use of such part of the premises leased to the **Named Insured**, and provided that the **occurrence** giving rise to such **bodily injury, property damage** or the offense giving rise to such **personal and advertising injury** takes place prior to the termination of such lease. The coverage granted by this paragraph does not apply to structural alterations, new construction or demolition operations performed by, on behalf of, or for such additional insured.

G. Mortgagee, Assignee or Receiver

A mortgagee, assignee or receiver of premises but only with respect to such mortgagee, assignee or receiver's liability for **bodily injury, property damage or personal and advertising injury** arising out of the **Named Insured's** ownership, maintenance, or use of a premises by a **Named Insured**.

The coverage granted by this paragraph does not apply to structural alterations, new construction or demolition operations performed by, on behalf of, or for such additional insured.

H. State or Governmental Agency or Subdivision or Political Subdivisions – Permits

A state or governmental agency or subdivision or political subdivision that has issued a permit or authorization, but only with respect to such state or governmental agency or subdivision or political subdivision's liability for **bodily injury, property damage or personal and advertising injury** arising out of:

1. the following hazards in connection with premises a **Named Insured** owns, rents, or controls and to which this insurance applies:
 - a. the existence, maintenance, repair, construction, erection, or removal of advertising signs, awnings, canopies, cellar entrances, coal holes, driveways, manholes, marquees, hoistaway openings, sidewalk vaults, street banners, or decorations and similar exposures; or
 - b. the construction, erection, or removal of elevators; or
 - c. the ownership, maintenance or use of any elevators covered by this insurance; or
2. the permitted or authorized operations performed by a **Named Insured** or on a **Named Insured's** behalf.

The coverage granted by this paragraph does not apply to:

- a. **Bodily injury, property damage or personal and advertising injury** arising out of operations performed for the state or governmental agency or subdivision or political subdivision; or
- b. **Bodily injury or property damage** included within the **products-completed operations hazard**.

With respect to this provision's requirement that additional insured status must be requested under a written contract or agreement, the Insurer will treat as a written contract any governmental permit that requires the **Named Insured** to add the governmental entity as an additional insured.

I. Trade Show Event Lessor

1. With respect to a **Named Insured's** participation in a trade show event as an exhibitor, presenter or displayer, any person or organization whom the **Named Insured** is required to include as an additional insured, but only with respect to such person or organization's liability for **bodily injury, property damage or personal and advertising injury** caused by:
 - a. the **Named Insured's** acts or omissions; or
 - b. the acts or omissions of those acting on the **Named Insured's** behalf,

in the performance of the **Named Insured's** ongoing operations at the trade show event premises during the trade show event.



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2. The coverage granted by this paragraph does not apply to **bodily injury or property damage included within the products-completed operations hazard.**

J. Vendor

Any person or organization but only with respect to such person or organization's liability for **bodily injury or property damage** arising out of **your products** which are distributed or sold in the regular course of such person or organization's business, provided that:

1. The coverage granted by this paragraph does not apply to:
 - a. **bodily injury or property damage** for which such person or organization is obligated to pay **damages** by reason of the assumption of liability in a contract or agreement unless such liability exists in the absence of the contract or agreement;
 - b. any express warranty unauthorized by the **Named Insured**;
 - c. any physical or chemical change in any product made intentionally by such person or organization;
 - d. repackaging, except when unpacked solely for the purpose of inspection, demonstration, testing, or the substitution of parts under instructions from the manufacturer, and then repackaged in the original container;
 - e. any failure to make any inspections, adjustments, tests or servicing that such person or organization has agreed to make or normally undertakes to make in the usual course of business, in connection with the distribution or sale of the products;
 - f. demonstration, installation, servicing or repair operations, except such operations performed at the such person or organization's premises in connection with the sale of a product;
 - g. products which, after distribution or sale by the **Named Insured**, have been labeled or relabeled or used as a container, part or ingredient of any other thing or substance by or for such person or organization; or
 - h. **bodily injury or property damage** arising out of the sole negligence of such person or organization for its own acts or omissions or those of its employees or anyone else acting on its behalf. However, this exclusion does not apply to:
 - (1) the exceptions contained in Subparagraphs **d.** or **f.** above; or
 - (2) such inspections, adjustments, tests or servicing as such person or organization has agreed with the **Named Insured** to make or normally undertakes to make in the usual course of business, in connection with the distribution or sale of the products.
2. This Paragraph **J.** does not apply to any insured person or organization, from whom the **Named Insured** has acquired such products, nor to any ingredient, part or container, entering into, accompanying or containing such products.
3. This Paragraph **J.** also does not apply:
 - a. to any vendor specifically scheduled as an additional insured by endorsement to this **Coverage Part**;
 - b. to any of **your products** for which coverage is excluded by endorsement to this **Coverage Part**; nor
 - c. if **bodily injury or property damage** included within the **products-completed operations hazard** is excluded by endorsement to this **Coverage Part**.

K. Other Person Or Organization

Any person or organization who is not an additional insured under Paragraphs **A.** through **J.** above. Such additional insured is an **Insured** solely for **bodily injury, property damage or personal and advertising injury** for which such additional insured is liable because of the **Named Insured's** acts or omissions.

The coverage granted by this paragraph does not apply to any person or organization:

1. for **bodily injury, property damage, or personal and advertising injury** arising out of the rendering or failure to render any professional service;



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2. for **bodily injury** or **property damage** included within the **products-completed operations hazard**; nor
3. who is specifically scheduled as an additional insured on another endorsement to this **Coverage Part**.

2. ADDITIONAL INSURED - PRIMARY AND NON-CONTRIBUTORY TO ADDITIONAL INSURED'S INSURANCE

- A. The **Other Insurance** Condition in the **COMMERCIAL GENERAL LIABILITY CONDITIONS** Section is amended to add the following paragraph:

If the **Named Insured** has agreed in writing in a contract or agreement that this insurance is primary and non-contributory relative to an additional insured's own insurance, then this insurance is primary, and the Insurer will not seek contribution from that other insurance. For the purpose of this Provision 2., the additional insured's own insurance means insurance on which the additional insured is a named insured.

- B. With respect to persons or organizations that qualify as additional insureds pursuant to paragraph 1.K. of this endorsement, the following sentence is added to the paragraph above:

Otherwise, and notwithstanding anything to the contrary elsewhere in this Condition, the insurance provided to such person or organization is excess of any other insurance available to such person or organization.

3. BODILY INJURY – EXPANDED DEFINITION

Under **DEFINITIONS** the definition of **bodily injury** is deleted and replaced by the following:

Bodily injury means physical injury, sickness or disease sustained by a person, including death, humiliation, shock, mental anguish or mental injury sustained by that person at any time which results as a consequence of the physical injury, sickness or disease.

4. BROAD KNOWLEDGE OF OCCURRENCE/ NOTICE OF OCCURRENCE

Under **CONDITIONS**, the condition entitled **Duties in The Event of Occurrence, Offense, Claim or Suit** is amended to add the following:

A. BROAD KNOWLEDGE OF OCCURRENCE

The **Named Insured** must give the Insurer or the Insurer's authorized representative notice of an **occurrence**, offense or **claim** only when the **occurrence**, offense or **claim** is known to a natural person **Named Insured**, to a partner, executive officer, manager or member of a **Named Insured**, or to an **employee** designated by any of the above to give such notice.

B. NOTICE OF OCCURRENCE

The **Named Insured's** rights under this **Coverage Part** will not be prejudiced if the **Named Insured** fails to give the Insurer notice of an **occurrence**, offense or **claim** and that failure is solely due to the **Named Insured's** reasonable belief that the **bodily injury** or **property damage** is not covered under this **Coverage Part**. However, the **Named Insured** shall give written notice of such **occurrence**, offense or **claim** to the Insurer as soon as the **Named Insured** is aware that this insurance may apply to such **occurrence**, offense or **claim**.

5. BROAD NAMED INSURED

WHO IS AN INSURED is amended to delete its Paragraph 3. in its entirety and replace it with the following:

3. Pursuant to the limitations described in Paragraph 4. below, any organization in which a **Named Insured** has management control:

- a. on the effective date of this **Coverage Part**; or
- b. by reason of a **Named Insured** creating or acquiring the organization during the **policy period**,

qualifies as a **Named Insured**, provided that there is no other similar liability insurance, whether primary, contributory, excess, contingent or otherwise, which provides coverage to such organization, or which would have provided coverage but for the exhaustion of its limit, and without regard to whether its coverage is broader or narrower than that provided by this insurance.

But this **BROAD NAMED INSURED** provision does not apply to:



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- (a) any partnership, limited liability company or joint venture; or
- (b) any organization for which coverage is excluded by another endorsement attached to this **Coverage Part**.

For the purpose of this provision, management control means:

- A. owning interests representing more than 50% of the voting, appointment or designation power for the selection of a majority of the Board of Directors of a corporation; or
 - B. having the right, pursuant to a written trust agreement, to protect, control the use of, encumber or transfer or sell property held by a trust.
4. With respect to organizations which qualify as **Named Insureds** by virtue of Paragraph 3. above, this insurance does not apply to:
- a. **bodily injury** or **property damage** that first occurred prior to the date of management control, or that first occurs after management control ceases; nor
 - b. **personal or advertising injury** caused by an offense that first occurred prior to the date of management control or that first occurs after management control ceases.
5. The insurance provided by this **Coverage Part** applies to **Named Insureds** when trading under their own names or under such other trading names or doing-business-as names (dba) as any **Named Insured** should choose to employ.

6. ESTATES, LEGAL REPRESENTATIVES, AND SPOUSES

The estates, heirs, legal representatives and **spouses** of any natural person **Insured** shall also be insured under this policy; provided, however, coverage is afforded to such estates, heirs, legal representatives, and **spouses** only for **claims** arising solely out of their capacity or status as such and, in the case of a **spouse**, where such **claim** seeks **damages** from marital community property, jointly held property or property transferred from such natural person **Insured** to such **spouse**. No coverage is provided for any act, error or omission of an estate, heir, legal representative, or **spouse** outside the scope of such person's capacity or status as such, provided however that the **spouse** of a natural person **Named Insured** and the **spouses** of members or partners of joint venture or partnership **Named Insureds** are **Insureds** with respect to such **spouses'** acts, errors or omissions in the conduct of the **Named Insured's** business.

7. EXPECTED OR INTENDED INJURY – EXCEPTION FOR REASONABLE FORCE

Under **COVERAGES, Coverage A – Bodily Injury And Property Damage Liability**, the paragraph entitled **Exclusions** is amended to delete the exclusion entitled **Expected or Intended Injury** and replace it with the following:

This insurance does not apply to:

Expected or Intended Injury

Bodily injury or **property damage** expected or intended from the standpoint of the **Insured**. This exclusion does not apply to **bodily injury** or **property damage** resulting from the use of reasonable force to protect persons or property.

8. IN REM ACTIONS

A quasi *in rem* action against any vessel owned or operated by or for the **Named Insured**, or chartered by or for the **Named Insured**, will be treated in the same manner as though the action were *in personam* against the **Named Insured**.

9. INCIDENTAL HEALTH CARE MALPRACTICE COVERAGE

Solely with respect to **bodily injury** that arises out of a **health care incident**:

- A. Under **COVERAGES, Coverage A – Bodily Injury And Property Damage Liability**, the **Insuring Agreement** is amended to replace Paragraphs **1.b.(1)** and **1.b.(2)** with the following:
 - b. This insurance applies to **bodily injury** provided that the professional health care services are incidental to the **Named Insured's** primary business purpose, and only if:



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- (1) such **bodily injury** is caused by an **occurrence** that takes place in the **coverage territory**.
- (2) the **bodily injury** first occurs during the **policy period**. All **bodily injury** arising from an **occurrence** will be deemed to have occurred at the time of the first act, error, or omission that is part of the **occurrence**; and

B. Under COVERAGES, Coverage A – Bodily Injury And Property Damage Liability, the paragraph entitled **Exclusions** is amended to:

- i. add the following to the **Employers Liability** exclusion:

This exclusion applies only if the **bodily injury** arising from a **health care incident** is covered by other liability insurance available to the **Insured** (or which would have been available but for exhaustion of its limits).

- ii. delete the exclusion entitled **Contractual Liability** and replace it with the following:

This insurance does not apply to:

Contractual Liability

the **Insured's** actual or alleged liability under any oral or written contract or agreement, including but not limited to express warranties or guarantees.

- iii. add the following additional exclusions.

This insurance does not apply to:

Discrimination

any actual or alleged discrimination, humiliation or harassment, including but not limited to **claims** based on an individual's race, creed, color, age, gender, national origin, religion, disability, marital status or sexual orientation.

Dishonesty or Crime

Any actual or alleged dishonest, criminal or malicious act, error or omission.

Medicare/Medicaid Fraud

any actual or alleged violation of law with respect to Medicare, Medicaid, Tricare or any similar federal, state or local governmental program.

Services Excluded by Endorsement

Any **health care incident** for which coverage is excluded by endorsement.

C. DEFINITIONS is amended to:

- i. add the following definitions:

Health care incident means an act, error or omission by the **Named Insured's employees** or **volunteer workers** in the rendering of:

- a. **professional health care services** on behalf of the **Named Insured** or
- b. Good Samaritan services rendered in an emergency and for which no payment is demanded or received.

Professional health care services means any health care services or the related furnishing of food, beverages, medical supplies or appliances by the following providers in their capacity as such but solely to the extent they are duly licensed as required:

- a. Physician;
- b. Nurse;
- c. Nurse practitioner;
- d. Emergency medical technician;



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- e. Paramedic;
- f. Dentist;
- g. Physical therapist;
- h. Psychologist;
- i. Speech therapist;
- j. Other allied health professional; or

Professional health care services does not include any services rendered in connection with human clinical trials or product testing.

- ii. delete the definition of **occurrence** and replace it with the following:

Occurrence means a **health care incident**. All acts, errors or omissions that are logically connected by any common fact, circumstance, situation, transaction, event, advice or decision will be considered to constitute a single **occurrence**;

- iii. amend the definition of **Insured** to:

- a. add the following:

- the **Named Insured's employees** are **Insureds** with respect to:

(1) **bodily injury** to a **co-employee** while in the course of the **co-employee's** employment by the **Named Insured** or while performing duties related to the conduct of the **Named Insured's** business; and

(2) **bodily injury** to a **volunteer worker** while performing duties related to the conduct of the **Named Insured's** business;

when such **bodily injury** arises out of a **health care incident**.

- the **Named Insured's volunteer workers** are **Insureds** with respect to:

(1) **bodily injury** to a **co-volunteer worker** while performing duties related to the conduct of the **Named Insured's** business; and

(2) **bodily injury** to an **employee** while in the course of the **employee's** employment by the **Named Insured** or while performing duties related to the conduct of the **Named Insured's** business;

when such **bodily injury** arises out of a **health care incident**.

- b. delete Subparagraphs **(a), (b), (c) and (d)** of Paragraph **2.a.(1)** of **WHO IS AN INSURED**.

- c. add the following:

Insured does not include any physician while acting in his or her capacity as such.

- D. The **Other Insurance** condition is amended to delete Paragraph **b.(1)** in its entirety and replace it with the following:

Other Insurance

b. Excess Insurance

(1) To the extent this insurance applies, it is excess over any other insurance, self insurance or risk transfer instrument, whether primary, excess, contingent or on any other basis, except for insurance purchased specifically by the **Named Insured** to be excess of this coverage.

10. JOINT VENTURES / PARTNERSHIP / LIMITED LIABILITY COMPANIES

WHO IS AN INSURED is amended to delete its last paragraph and replace it with the following:



General Liability Extension Endorsement

No person or organization is an **Insured** with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a **Named Insured** in the Declarations, except that if the **Named Insured** was a joint venturer, partner, or member of a limited liability company and such joint venture, partnership or limited liability company terminated prior to or during the **policy period**, such **Named Insured** is an **Insured** with respect to its interest in such joint venture, partnership or limited liability company but only to the extent that:

- a. any offense giving rise to **personal and advertising injury** occurred prior to such termination date, and the **personal and advertising injury** arising out of such offense first occurred after such termination date;
- b. the **bodily injury** or **property damage** first occurred after such termination date; and
- c. there is no other valid and collectible insurance purchased specifically to insure the partnership, joint venture or limited liability company.

11. LEGAL LIABILITY – DAMAGE TO PREMISES

- A. Under **COVERAGES, Coverage A – Bodily Injury and Property Damage Liability**, the paragraph entitled **Exclusions** is amended to delete the first paragraph immediately following subparagraph **(6)** of the **Damage to Property** exclusion and replace it with the following:

Paragraphs **(1)**, **(3)** and **(4)** of this exclusion do not apply to **property damage** (other than damage by fire) to premises rented to the **Named Insured** or temporarily occupied by the **Named Insured** with the permission of the owner, nor to the contents of premises rented to the **Named Insured** for a period of 7 or fewer consecutive days. A separate limit of insurance applies to Damage To Premises Rented To You as described in **LIMITS OF INSURANCE**.

- B. Under **COVERAGES, Coverage A – Bodily Injury and Property Damage Liability**, the paragraph entitled **Exclusions** is amended to delete its last paragraph and replace it with the following:

Exclusions **c.** through **n.** do not apply to damage by fire to premises while rented to a **Named Insured** or temporarily occupied by a **Named Insured** with permission of the owner, nor to damage to the contents of premises rented to a **Named Insured** for a period of 7 or fewer consecutive days.

A separate limit of insurance applies to this coverage as described in the **LIMITS OF INSURANCE** Section.

- C. **LIMITS OF INSURANCE** is amended to delete Paragraph **6.** (the Damage To Premises Rented To You Limit) and replace it with the following:

6. Subject to Paragraph **5.** above, (the Each Occurrence Limit), the Damage To Premises Rented To You Limit is the most the Insurer will pay under **COVERAGE A** for **damages** because of **property damage** to:

- a. any one premises while rented to a **Named Insured** or temporarily occupied by a **Named Insured** with the permission of the owner; and
- b. contents of such premises if the premises is rented to the **Named Insured** for a period of 7 or fewer consecutive days.

The Damage To Premises Rented To You Limit is \$200,000. unless a higher Damage to Premises Rented to You Limit is shown in the Declarations.

- D. The **Other Insurance** Condition is amended to delete Paragraph **b.(1)(a)(ii)**, and replace it with the following:

- (ii)** That is property insurance for premises rented to a **Named Insured**, for premises temporarily occupied by the **Named Insured** with the permission of the owner; or for personal property of others in the **Named Insured's** care, custody or control;

- E. This Provision **11.** does not apply if liability for damage to premises rented to a **Named Insured** is excluded by another endorsement attached to this **Coverage Part**.

12. MEDICAL PAYMENTS

- A. **LIMITS OF INSURANCE** is amended to delete Paragraph **7.** (the Medical Expense Limit) and replace it with the following:



General Liability Extension Endorsement

7. Subject to Paragraph 5. above (the Each Occurrence Limit), the Medical Expense Limit is the most the Insurer will pay under **Coverage C - Medical Payments** for all medical expenses because of **bodily injury** sustained by any one person. The Medical Expense Limit is the greater of:

- (1) \$15,000 unless a different amount is shown here: \$<insert (\$) amount>; or
- (2) the amount shown in the Declarations for Medical Expense Limit.

B. Under **COVERAGES, Coverage C – Medical Payments**, the **Insuring Agreement** is amended to replace Paragraph 1.a.(3)(b) with the following:

(b) The expenses are incurred and reported to the Insurer within three years of the date of the accident; and

13. NON-OWNED AIRCRAFT

Under **COVERAGES, Coverage A – Bodily Injury and Property Damage Liability**, the paragraph entitled **Exclusions** is amended as follows:

The exclusion entitled **Aircraft, Auto or Watercraft** is amended to add the following:

This exclusion does not apply to an aircraft not owned by any **Named Insured**, provided that:

1. the pilot in command holds a currently effective certificate issued by the duly constituted authority of the United States of America or Canada, designating that person as a commercial or airline transport pilot;
2. the aircraft is rented with a trained, paid crew to the **Named Insured**; and
3. the aircraft is not being used to carry persons or property for a charge.

14. NON-OWNED WATERCRAFT

Under **COVERAGES, Coverage A – Bodily Injury and Property Damage Liability**, the paragraph entitled **Exclusions** is amended to delete subparagraph (2) of the exclusion entitled **Aircraft, Auto or Watercraft**, and replace it with the following.

This exclusion does not apply to:

- (2) a watercraft that is not owned by any **Named Insured**, provided the watercraft is:
 - (a) less than 75 feet long; and
 - (b) not being used to carry persons or property for a charge.

15. PERSONAL AND ADVERTISING INJURY –DISCRIMINATION OR HUMILIATION

A. Under **DEFINITIONS**, the definition of **personal and advertising injury** is amended to add the following tort:

- Discrimination or humiliation that results in injury to the feelings or reputation of a natural person.

B. Under **COVERAGES, Coverage B – Personal and Advertising Injury Liability**, the paragraph entitled **Exclusions** is amended to:

1. delete the Exclusion entitled **Knowing Violation Of Rights Of Another** and replace it with the following:

This insurance does not apply to:

Knowing Violation of Rights of Another

Personal and advertising injury caused by or at the direction of the **Insured** with the knowledge that the act would violate the rights of another and would inflict **personal and advertising injury**. This exclusion shall not apply to discrimination or humiliation that results in injury to the feelings or reputation of a natural person, but only if such discrimination or humiliation is not done intentionally by or at the direction of:

- (a) the **Named Insured**; or
- (b) any **executive officer**, director, stockholder, partner, member or manager (if the **Named Insured** is a limited liability company) of the **Named Insured**.



2. add the following exclusions:

This insurance does not apply to:

Employment Related Discrimination

discrimination or humiliation directly or indirectly related to the employment, prospective employment, past employment or termination of employment of any person by any **Insured**.

Premises Related Discrimination

discrimination or humiliation arising out of the sale, rental, lease or sub-lease or prospective sale, rental, lease or sub-lease of any room, dwelling or premises by or at the direction of any **Insured**.

Notwithstanding the above, there is no coverage for fines or penalties levied or imposed by a governmental entity because of discrimination.

The coverage provided by this **PERSONAL AND ADVERTISING INJURY –DISCRIMINATION OR HUMILIATION** Provision does not apply to any person or organization whose status as an **Insured** derives solely from

- Provision 1. **ADDITIONAL INSUREDS** of this endorsement; or
- attachment of an additional insured endorsement to this **Coverage Part**.

16. PERSONAL AND ADVERTISING INJURY - CONTRACTUAL LIABILITY

A. Under **COVERAGES, Coverage B –Personal and Advertising Injury Liability**, the paragraph entitled **Exclusions** is amended to delete the exclusion entitled **Contractual Liability** and replace it with the following:

This insurance does not apply to:

Contractual Liability

Personal and advertising injury for which the **Insured** has assumed liability in a contract or agreement.

This exclusion does not apply to liability for **damages**:

- (1) that the **Insured** would have in the absence of the contract or agreement; or
- (2) assumed in a contract or agreement that is an **insured contract** provided the offense that caused such **personal or advertising injury** first occurred subsequent to the execution of such **insured contract**. Solely for the purpose of liability assumed in an **insured contract**, reasonable attorney fees and necessary litigation expenses incurred by or for a party other than an **Insured** are deemed to be **damages** because of **personal and advertising injury** provided:
 - (a) liability to such party for, or the cost of, that party's defense has also been assumed in such **insured contract**; and
 - (b) such attorney fees and litigation expenses are for defense of such party against a civil or alternative dispute resolution proceeding in which covered **damages** are alleged.

B. Solely for the purpose of the coverage provided by this paragraph, **DEFINITIONS** is amended to delete the definition of **insured contract** in its entirety, and replace it with the following:

Insured contract means that part of a written contract or written agreement pertaining to the **Named Insured's** business under which the **Named Insured** assumes the tort liability of another party to pay for **personal or advertising injury** arising out of the offense of false arrest, detention or imprisonment. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

C. Solely for the purpose of the coverage provided by this paragraph, the following changes are made to the Section entitled **SUPPLEMENTARY PAYMENTS – COVERAGES A AND B**:

1. Paragraph 2.d. is replaced by the following:



General Liability Extension Endorsement

d. The allegations in the **suit** and the information the Insurer knows about the offense alleged in such **suit** are such that no conflict appears to exist between the interests of the **Insured** and the interests of the indemnitee;

2. The first unnumbered paragraph beneath Paragraph **2.f.(2)(b)** is deleted and replaced by the following:

So long as the above conditions are met, attorneys fees incurred by the Insurer in the defense of that indemnitee, necessary litigation expenses incurred by the Insurer, and necessary litigation expenses incurred by the indemnitee at the Insurer's request will be paid as **defense costs**. Notwithstanding the provisions of Paragraph **e.(2)** of the Contractual Liability exclusion (as amended by this Endorsement), such payments will not be deemed to be **damages** for **personal and advertising injury** and will not reduce the limits of insurance.

D. This **PERSONAL AND ADVERTISING INJURY - LIMITED CONTRACTUAL LIABILITY** Provision does not apply if **Coverage B –Personal and Advertising Injury Liability** is excluded by another endorsement attached to this **Coverage Part**.

17. PROPERTY DAMAGE – ELEVATORS

A. Under **COVERAGES, Coverage A – Bodily Injury and Property Damage Liability**, the paragraph entitled **Exclusions** is amended such that the **Damage to Your Product** Exclusion and subparagraphs **(3)**, **(4)** and **(6)** of the **Damage to Property** Exclusion do not apply to **property damage** that results from the use of elevators.

B. Solely for the purpose of the coverage provided by this **PROPERTY DAMAGE – ELEVATORS** Provision, the **Other Insurance** conditions is amended to add the following paragraph:

This insurance is excess over any of the other insurance, whether primary, excess, contingent or on any other basis that is Property insurance covering property of others damaged from the use of elevators.

18. SUPPLEMENTARY PAYMENTS

The section entitled **SUPPLEMENTARY PAYMENTS – COVERAGES A AND B** is amended as follows:

A. Paragraph **1.b.** is amended to delete the \$250 limit shown for the cost of bail bonds and replace it with a \$5,000. limit; and

B. Paragraph **1.d.** is amended to delete the limit of \$250 shown for daily loss of earnings and replace it with a \$1,000. limit.

19. UNINTENTIONAL FAILURE TO DISCLOSE HAZARDS

If the **Named Insured** unintentionally fails to disclose all existing hazards at the inception date of the **Named Insured's Coverage Part**, the Insurer will not deny coverage under this **Coverage Part** because of such failure.

20. WAIVER OF SUBROGATION - BLANKET

Under **CONDITIONS**, the **Transfer Of Rights Of Recovery Against Others To Us** Condition is amended to add the following:

The Insurer waives any right of recovery the Insurer may have against any person or organization because of payments the Insurer makes for injury or damage arising out of:

1. the **Named Insured's** ongoing operations; or
2. **your work** included in the **products-completed operations hazard**.

However, this waiver applies only when the **Named Insured** has agreed in writing to waive such rights of recovery in a written contract or written agreement, and only if such contract or agreement:

1. is in effect or becomes effective during the term of this **Coverage Part**; and
2. was executed prior to the **bodily injury, property damage** or **personal and advertising injury** giving rise to the **claim**.



General Liability Extension Endorsement

All other terms and conditions of the Policy remain unchanged.

This endorsement, which forms a part of and is for attachment to the Policy issued by the designated Insurers, takes effect on the effective date of said Policy at the hour stated in said Policy, unless another effective date is shown below, and expires concurrently with said Policy.



Blanket Additional Insured - Owners, Lessees or Contractors - with Products-Completed Operations Coverage Endorsement

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

It is understood and agreed as follows:

- I. WHO IS AN INSURED** is amended to include as an **Insured** any person or organization whom you are required by **written contract** to add as an additional insured on this **coverage part**, but only with respect to liability for **bodily injury, property damage or personal and advertising injury** caused in whole or in part by your acts or omissions, or the acts or omissions of those acting on your behalf:
- A.** in the performance of your ongoing operations subject to such **written contract**; or
 - B.** in the performance of **your work** subject to such **written contract**, but only with respect to **bodily injury or property damage** included in the **products-completed operations hazard**, and only if:
 - 1. the **written contract** requires you to provide the additional insured such coverage; and
 - 2. this **coverage part** provides such coverage.

II. But if the **written contract** requires:

- A.** additional insured coverage under the 11-85 edition, 10-93 edition, or 10-01 edition of CG2010, or under the 10-01 edition of CG2037; or
- B.** additional insured coverage with "arising out of" language; or
- C.** additional insured coverage to the greatest extent permissible by law;

then paragraph I. above is deleted in its entirety and replaced by the following:

WHO IS AN INSURED is amended to include as an **Insured** any person or organization whom you are required by **written contract** to add as an additional insured on this **coverage part**, but only with respect to liability for **bodily injury, property damage or personal and advertising injury** arising out of **your work** that is subject to such **written contract**.

III. Subject always to the terms and conditions of this policy, including the limits of insurance, the Insurer will not provide such additional insured with:

- A.** coverage broader than required by the **written contract**; or
- B.** a higher limit of insurance than required by the **written contract**.

IV. The insurance granted by this endorsement to the additional insured does not apply to **bodily injury, property damage, or personal and advertising injury** arising out of:

- A.** the rendering of, or the failure to render, any professional architectural, engineering, or surveying services, including:
 - 1. the preparing, approving, or failing to prepare or approve maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; and
 - 2. supervisory, inspection, architectural or engineering activities; or
- B.** any premises or work for which the additional insured is specifically listed as an additional insured on another endorsement attached to this **coverage part**.

V. Under **COMMERCIAL GENERAL LIABILITY CONDITIONS**, the Condition entitled **Other Insurance** is amended to add the following, which supersedes any provision to the contrary in this Condition or elsewhere in this **coverage part**:

Primary and Noncontributory Insurance



Blanket Additional Insured - Owners, Lessees or Contractors - with Products-Completed Operations Coverage Endorsement

With respect to other insurance available to the additional insured under which the additional insured is a named insured, this insurance is primary to and will not seek contribution from such other insurance, provided that a **written contract** requires the insurance provided by this policy to be:

1. primary and non-contributing with other insurance available to the additional insured; or
2. primary and to not seek contribution from any other insurance available to the additional insured.

But except as specified above, this insurance will be excess of all other insurance available to the additional insured.

VI. Solely with respect to the insurance granted by this endorsement, the section entitled **COMMERCIAL GENERAL LIABILITY CONDITIONS** is amended as follows:

The Condition entitled **Duties In The Event of Occurrence, Offense, Claim or Suit** is amended with the addition of the following:

Any additional insured pursuant to this endorsement will as soon as practicable:

1. give the Insurer written notice of any **claim**, or any **occurrence** or offense which may result in a **claim**;
2. send the Insurer copies of all legal papers received, and otherwise cooperate with the Insurer in the investigation, defense, or settlement of the **claim**; and
3. make available any other insurance, and tender the defense and indemnity of any **claim** to any other insurer or self-insurer, whose policy or program applies to a loss that the Insurer covers under this **coverage part**. However, if the **written contract** requires this insurance to be primary and non-contributory, this paragraph 3. does not apply to insurance on which the additional insured is a named insured.

The Insurer has no duty to defend or indemnify an additional insured under this endorsement until the Insurer receives written notice of a **claim** from the additional insured.

VII. Solely with respect to the insurance granted by this endorsement, the section entitled **DEFINITIONS** is amended to add the following definition:

Written contract means a written contract or written agreement that requires you to make a person or organization an additional insured on this **coverage part**, provided the contract or agreement:

- A. is currently in effect or becomes effective during the term of this policy; and
- B. was executed prior to:
 1. the **bodily injury or property damage**; or
 2. the offense that caused the **personal and advertising injury**;
 for which the additional insured seeks coverage.

Any coverage granted by this endorsement shall apply solely to the extent permissible by law.

All other terms and conditions of the Policy remain unchanged.

This endorsement, which forms a part of and is for attachment to the Policy issued by the designated Insurers, takes effect on the effective date of said Policy at the hour stated in said Policy, unless another effective date is shown below, and expires concurrently with said Policy.



NOTICE OF CANCELLATION TO CERTIFICATE HOLDERS

It is understood and agreed that:

If you have agreed under written contract to provide notice of cancellation to a party to whom the Agent of Record has issued a Certificate of Insurance, and if we cancel a policy term described on that Certificate of Insurance for any reason other than nonpayment of premium, then notice of cancellation will be provided to such Certificate Holders at least 30 days in advance of the date cancellation is effective.

If notice is mailed, then proof of mailing to the last known mailing address of the Certificate Holder on file with the Agent of Record will be sufficient to prove notice.

Any failure by us to notify such persons or organizations will not extend or invalidate such cancellation, or impose any liability or obligation upon us or the Agent of Record.

Form No: CC68021A (02-2013)

Policy No: 6081459505

Policy Effective Date: 08/15/2023



**Workers Compensation And Employers Liability Insurance
Policy Endorsement**

WAIVER OF OUR RIGHT TO RECOVER FROM OTHERS ENDORSEMENT

We have the right to recover our payments from anyone liable for an injury covered by this policy. We will not enforce our right against the person or organization named in the Schedule. This agreement applies only to the extent that you perform work under a written contract that requires you to obtain this agreement from us.

This agreement shall not operate directly or indirectly to benefit anyone not named in the Schedule.

Schedule

Any Person or Organization on whose behalf you are required to obtain this waiver of our right to recover from under a written contract or agreement.

The premium charge for the endorsement is reflected in the Schedule of Operations.

All other terms and conditions of the policy remain unchanged.

This endorsement, which forms a part of and is for attachment to the policy issued by the designated Insurers, takes effect on the Policy Effective Date of said policy at the hour stated in said policy, unless another effective date (the Endorsement Effective Date) is shown below, and expires concurrently with said policy unless another expiration date is shown below.

Form No: WC 00 03 13 (04-1984)
Endorsement Effective Date:
Endorsement No: 8; Page: 1 of 1

Endorsement Expiration Date:

Policy No: WC 6 81459522 Policy
Effective Date: 08/15/2023 Policy



**Workers Compensation And Employers Liability Insurance
Policy Endorsement**

BLANKET WAIVER OF OUR RIGHT TO RECOVER FROM OTHERS

This endorsement changes the policy to which it is attached.

It is agreed that **Part One - Workers' Compensation Insurance G. Recovery From Others** and **Part Two - Employers' Liability Insurance H. Recovery From Others** are amended by adding the following:

We will not enforce our right to recover against persons or organizations. (This agreement applies only to the extent that you perform work under a written contract that requires you to obtain this agreement from us.)

PREMIUM CHARGE - Refer to the Schedule of Operations

The charge will be an amount to which you and we agree that is a percentage of the total standard premium for California exposure. The amount is 3%.

All other terms and conditions of the policy remain unchanged.

This endorsement, which forms a part of and is for attachment to the policy issued by the designated Insurers, takes effect on the Policy Effective Date of said policy at the hour stated in said policy, unless another effective date (the Endorsement Effective Date) is shown below, and expires concurrently with said policy unless another expiration date is shown below.

Form No: G-19160-B (11-1997)
Endorsement Effective Date:
Endorsement No: 2; Page: 1 of 1

Endorsement Expiration Date:

Policy No: WC 6 81459519 Policy
Effective Date: 08/15/2023

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured under this policy. The words "we", "us" and "our" refer to the company providing this insurance.

The word "insured" means any person or organization qualifying as such under Section II – Who Is An Insured.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section V – Definitions.

SECTION I – COVERAGES

COVERAGE A – BODILY INJURY AND PROPERTY DAMAGE LIABILITY

1. Insuring Agreement

a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury" or "property damage" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury" or "property damage" to which this insurance does not apply. We may, at our discretion, investigate any "occurrence" and settle any claim or "suit" that may result. But:

- (1) The amount we will pay for damages is limited as described in Section III – Limits Of Insurance; and
- (2) Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages A or B or medical expenses under Coverage C.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments – Coverages A and B.

b. This insurance applies to "bodily injury" and "property damage" only if:

- (1) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory";

(2) The "bodily injury" or "property damage" occurs during the policy period; and

(3) Prior to the policy period, no insured listed under Paragraph 1. of Section II – Who Is An Insured and no "employee" authorized by you to give or receive notice of an "occurrence" or claim, knew that the "bodily injury" or "property damage" had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "bodily injury" or "property damage" occurred, then any continuation, change or resumption of such "bodily injury" or "property damage" during or after the policy period will be deemed to have been known prior to the policy period.

c. "Bodily injury" or "property damage" which occurs during the policy period and was not, prior to the policy period, known to have occurred by any insured listed under Paragraph 1. of Section II – Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim, includes any continuation, change or resumption of that "bodily injury" or "property damage" after the end of the policy period.

d. "Bodily injury" or "property damage" will be deemed to have been known to have occurred at the earliest time when any insured listed under Paragraph 1. of Section II – Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim:

- (1) Reports all, or any part, of the "bodily injury" or "property damage" to us or any other insurer;
- (2) Receives a written or verbal demand or claim for damages because of the "bodily injury" or "property damage"; or
- (3) Becomes aware by any other means that "bodily injury" or "property damage" has occurred or has begun to occur.

e. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".

2. Exclusions

This insurance does not apply to:

a. Expected Or Intended Injury

"Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" resulting from the use of reasonable force to protect persons or property.

b. Contractual Liability

"Bodily injury" or "property damage" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:

- (1) That the insured would have in the absence of the contract or agreement; or
- (2) Assumed in a contract or agreement that is an "insured contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement. Solely for the purposes of liability assumed in an "insured contract", reasonable attorneys' fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be damages because of "bodily injury" or "property damage", provided:
 - (a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and
 - (b) Such attorneys' fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

c. Liquor Liability

"Bodily injury" or "property damage" for which any insured may be held liable by reason of:

- (1) Causing or contributing to the intoxication of any person;
- (2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or
- (3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in:

- (a) The supervision, hiring, employment, training or monitoring of others by that insured; or
- (b) Providing or failing to provide transportation with respect to any person that may be under the influence of alcohol;

if the "occurrence" which caused the "bodily injury" or "property damage", involved that which is described in Paragraph (1), (2) or (3) above.

However, this exclusion applies only if you are in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages. For the purposes of this exclusion, permitting a person to bring alcoholic beverages on your premises, for consumption on your premises, whether or not a fee is charged or a license is required for such activity, is not by itself considered the business of selling, serving or furnishing alcoholic beverages.

d. Workers' Compensation And Similar Laws

Any obligation of the insured under a workers' compensation, disability benefits or unemployment compensation law or any similar law.

e. Employer's Liability

"Bodily injury" to:

- (1) An "employee" of the insured arising out of and in the course of:
 - (a) Employment by the insured; or
 - (b) Performing duties related to the conduct of the insured's business; or
- (2) The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph (1) above.

This exclusion applies whether the insured may be liable as an employer or in any other capacity and to any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by the insured under an "insured contract".

f. Pollution

- (1) "Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":
- (a) At or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any insured. However, this subparagraph does not apply to:
 - (i) "Bodily injury" if sustained within a building and caused by smoke, fumes, vapor or soot produced by or originating from equipment that is used to heat, cool or dehumidify the building, or equipment that is used to heat water for personal use, by the building's occupants or their guests;
 - (ii) "Bodily injury" or "property damage" for which you may be held liable, if you are a contractor and the owner or lessee of such premises, site or location has been added to your policy as an additional insured with respect to your ongoing operations performed for that additional insured at that premises, site or location and such premises, site or location is not and never was owned or occupied by, or rented or loaned to, any insured, other than that additional insured; or
 - (iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire";
 - (b) At or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;
 - (c) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for:
 - (i) Any insured; or
 - (ii) Any person or organization for whom you may be legally responsible; or
 - (d) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the "pollutants" are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor. However, this subparagraph does not apply to:
 - (i) "Bodily injury" or "property damage" arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the "bodily injury" or "property damage" arises out of the intentional discharge, dispersal or release of the fuels, lubricants or other operating fluids, or if such fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent that they be discharged, dispersed or released as part of the operations being performed by such insured, contractor or subcontractor;
 - (ii) "Bodily injury" or "property damage" sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with operations being performed by you or on your behalf by a contractor or subcontractor; or
 - (iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire".
 - (e) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants".

(2) Any loss, cost or expense arising out of any:

- (a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
- (b) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

However, this paragraph does not apply to liability for damages because of "property damage" that the insured would have in the absence of such request, demand, order or statutory or regulatory requirement, or such claim or "suit" by or on behalf of a governmental authority.

g. Aircraft, Auto Or Watercraft

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading".

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft that is owned or operated by or rented or loaned to any insured.

This exclusion does not apply to:

- (1) A watercraft while ashore on premises you own or rent;
- (2) A watercraft you do not own that is:
 - (a) Less than 26 feet long; and
 - (b) Not being used to carry persons or property for a charge;
- (3) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;
- (4) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or

(5) "Bodily injury" or "property damage" arising out of:

- (a) The operation of machinery or equipment that is attached to, or part of, a land vehicle that would qualify under the definition of "mobile equipment" if it were not subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged; or
- (b) The operation of any of the machinery or equipment listed in Paragraph **f.(2)** or **f.(3)** of the definition of "mobile equipment".

h. Mobile Equipment

"Bodily injury" or "property damage" arising out of:

- (1) The transportation of "mobile equipment" by an "auto" owned or operated by or rented or loaned to any insured; or
- (2) The use of "mobile equipment" in, or while in practice for, or while being prepared for, any prearranged racing, speed, demolition, or stunting activity.

i. War

"Bodily injury" or "property damage", however caused, arising, directly or indirectly, out of:

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

j. Damage To Property

"Property damage" to:

- (1) Property you own, rent, or occupy, including any costs or expenses incurred by you, or any other person, organization or entity, for repair, replacement, enhancement, restoration or maintenance of such property for any reason, including prevention of injury to a person or damage to another's property;
- (2) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;
- (3) Property loaned to you;

- (4) Personal property in the care, custody or control of the insured;
- (5) That particular part of real property on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations, if the "property damage" arises out of those operations; or
- (6) That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

Paragraphs (1), (3) and (4) of this exclusion do not apply to "property damage" (other than damage by fire) to premises, including the contents of such premises, rented to you for a period of seven or fewer consecutive days. A separate limit of insurance applies to Damage To Premises Rented To You as described in Section III – Limits Of Insurance.

Paragraph (2) of this exclusion does not apply if the premises are "your work" and were never occupied, rented or held for rental by you.

Paragraphs (3), (4), (5) and (6) of this exclusion do not apply to liability assumed under a sidetrack agreement.

Paragraph (6) of this exclusion does not apply to "property damage" included in the "products-completed operations hazard".

k. Damage To Your Product

"Property damage" to "your product" arising out of it or any part of it.

l. Damage To Your Work

"Property damage" to "your work" arising out of it or any part of it and included in the "products-completed operations hazard".

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor.

m. Damage To Impaired Property Or Property Not Physically Injured

"Property damage" to "impaired property" or property that has not been physically injured, arising out of:

- (1) A defect, deficiency, inadequacy or dangerous condition in "your product" or "your work"; or
- (2) A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to "your product" or "your work" after it has been put to its intended use.

n. Recall Of Products, Work Or Impaired Property

Damages claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

- (1) "Your product";
- (2) "Your work"; or
- (3) "Impaired property";

if such product, work, or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

o. Personal And Advertising Injury

"Bodily injury" arising out of "personal and advertising injury".

p. Electronic Data

Damages arising out of the loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data.

However, this exclusion does not apply to liability for damages because of "bodily injury".

As used in this exclusion, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

q. Recording And Distribution Of Material Or Information In Violation Of Law

"Bodily injury" or "property damage" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- (1) The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
- (2) The CAN-SPAM Act of 2003, including any amendment of or addition to such law;
- (3) The Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair and Accurate Credit Transactions Act (FACTA); or

- (4) Any federal, state or local statute, ordinance or regulation, other than the TCPA, CAN-SPAM Act of 2003 or FCRA and their amendments and additions, that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of material or information.

Exclusions c. through n. do not apply to damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner. A separate limit of insurance applies to this coverage as described in Section III – Limits Of Insurance.

COVERAGE B – PERSONAL AND ADVERTISING INJURY LIABILITY

1. Insuring Agreement

- a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "personal and advertising injury" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "personal and advertising injury" to which this insurance does not apply. We may, at our discretion, investigate any offense and settle any claim or "suit" that may result. But:

- (1) The amount we will pay for damages is limited as described in Section III – Limits Of Insurance; and
- (2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages A or B or medical expenses under Coverage C.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments – Coverages A and B.

- b. This insurance applies to "personal and advertising injury" caused by an offense arising out of your business but only if the offense was committed in the "coverage territory" during the policy period.

2. Exclusions

This insurance does not apply to:

a. Knowing Violation Of Rights Of Another

"Personal and advertising injury" caused by or at the direction of the insured with the knowledge that the act would violate the rights of another and would inflict "personal and advertising injury".

b. Material Published With Knowledge Of Falsity

"Personal and advertising injury" arising out of oral or written publication, in any manner, of material, if done by or at the direction of the insured with knowledge of its falsity.

c. Material Published Prior To Policy Period

"Personal and advertising injury" arising out of oral or written publication, in any manner, of material whose first publication took place before the beginning of the policy period.

d. Criminal Acts

"Personal and advertising injury" arising out of a criminal act committed by or at the direction of the insured.

e. Contractual Liability

"Personal and advertising injury" for which the insured has assumed liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement.

f. Breach Of Contract

"Personal and advertising injury" arising out of a breach of contract, except an implied contract to use another's advertising idea in your "advertisement".

g. Quality Or Performance Of Goods – Failure To Conform To Statements

"Personal and advertising injury" arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your "advertisement".

h. Wrong Description Of Prices

"Personal and advertising injury" arising out of the wrong description of the price of goods, products or services stated in your "advertisement".

i. Infringement Of Copyright, Patent, Trademark Or Trade Secret

"Personal and advertising injury" arising out of the infringement of copyright, patent, trademark, trade secret or other intellectual property rights. Under this exclusion, such other intellectual property rights do not include the use of another's advertising idea in your "advertisement".

However, this exclusion does not apply to infringement, in your "advertisement", of copyright, trade dress or slogan.

j. Insureds In Media And Internet Type Businesses

"Personal and advertising injury" committed by an insured whose business is:

- (1) Advertising, broadcasting, publishing or telecasting;
- (2) Designing or determining content of web sites for others; or
- (3) An Internet search, access, content or service provider.

However, this exclusion does not apply to Paragraphs **14.a.**, **b.** and **c.** of "personal and advertising injury" under the Definitions section.

For the purposes of this exclusion, the placing of frames, borders or links, or advertising, for you or others anywhere on the Internet, is not by itself, considered the business of advertising, broadcasting, publishing or telecasting.

k. Electronic Chatrooms Or Bulletin Boards

"Personal and advertising injury" arising out of an electronic chatroom or bulletin board the insured hosts, owns, or over which the insured exercises control.

l. Unauthorized Use Of Another's Name Or Product

"Personal and advertising injury" arising out of the unauthorized use of another's name or product in your e-mail address, domain name or metatag, or any other similar tactics to mislead another's potential customers.

m. Pollution

"Personal and advertising injury" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time.

n. Pollution-related

Any loss, cost or expense arising out of any:

- (1) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
- (2) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

o. War

"Personal and advertising injury", however caused, arising, directly or indirectly, out of:

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

p. Recording And Distribution Of Material Or Information In Violation Of Law

"Personal and advertising injury" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- (1) The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
- (2) The CAN-SPAM Act of 2003, including any amendment of or addition to such law;
- (3) The Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair and Accurate Credit Transactions Act (FACTA); or
- (4) Any federal, state or local statute, ordinance or regulation, other than the TCPA, CAN-SPAM Act of 2003 or FCRA and their amendments and additions, that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of material or information.

COVERAGE C – MEDICAL PAYMENTS

1. Insuring Agreement

a. We will pay medical expenses as described below for "bodily injury" caused by an accident:

- (1) On premises you own or rent;
 - (2) On ways next to premises you own or rent; or
 - (3) Because of your operations;
- provided that:

- (a) The accident takes place in the "coverage territory" and during the policy period;
- (b) The expenses are incurred and reported to us within one year of the date of the accident; and
- (c) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.

b. We will make these payments regardless of fault. These payments will not exceed the applicable limit of insurance. We will pay reasonable expenses for:

- (1) First aid administered at the time of an accident;
- (2) Necessary medical, surgical, X-ray and dental services, including prosthetic devices; and
- (3) Necessary ambulance, hospital, professional nursing and funeral services.

2. Exclusions

We will not pay expenses for "bodily injury":

a. Any Insured

To any insured, except "volunteer workers".

b. Hired Person

To a person hired to do work for or on behalf of any insured or a tenant of any insured.

c. Injury On Normally Occupied Premises

To a person injured on that part of premises you own or rent that the person normally occupies.

d. Workers' Compensation And Similar Laws

To a person, whether or not an "employee" of any insured, if benefits for the "bodily injury" are payable or must be provided under a workers' compensation or disability benefits law or a similar law.

e. Athletics Activities

To a person injured while practicing, instructing or participating in any physical exercises or games, sports, or athletic contests.

f. Products-Completed Operations Hazard

Included within the "products-completed operations hazard".

g. Coverage A Exclusions

Excluded under Coverage A.

SUPPLEMENTARY PAYMENTS – COVERAGES A AND B

1. We will pay, with respect to any claim we investigate or settle, or any "suit" against an insured we defend:

- a. All expenses we incur.
- b. Up to \$250 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.
- c. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.
- d. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$250 a day because of time off from work.
- e. All court costs taxed against the insured in the "suit". However, these payments do not include attorneys' fees or attorneys' expenses taxed against the insured.
- f. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.

- g.** All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance.

These payments will not reduce the limits of insurance.

- 2.** If we defend an insured against a "suit" and an indemnitee of the insured is also named as a party to the "suit", we will defend that indemnitee if all of the following conditions are met:
 - a.** The "suit" against the indemnitee seeks damages for which the insured has assumed the liability of the indemnitee in a contract or agreement that is an "insured contract";
 - b.** This insurance applies to such liability assumed by the insured;
 - c.** The obligation to defend, or the cost of the defense of, that indemnitee, has also been assumed by the insured in the same "insured contract";
 - d.** The allegations in the "suit" and the information we know about the "occurrence" are such that no conflict appears to exist between the interests of the insured and the interests of the indemnitee;
 - e.** The indemnitee and the insured ask us to conduct and control the defense of that indemnitee against such "suit" and agree that we can assign the same counsel to defend the insured and the indemnitee; and
 - f.** The indemnitee:
 - (1)** Agrees in writing to:
 - (a)** Cooperate with us in the investigation, settlement or defense of the "suit";
 - (b)** Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "suit";
 - (c)** Notify any other insurer whose coverage is available to the indemnitee; and
 - (d)** Cooperate with us with respect to coordinating other applicable insurance available to the indemnitee; and
 - (2)** Provides us with written authorization to:
 - (a)** Obtain records and other information related to the "suit"; and
 - (b)** Conduct and control the defense of the indemnitee in such "suit".

So long as the above conditions are met, attorneys' fees incurred by us in the defense of that indemnitee, necessary litigation expenses incurred by us and necessary litigation expenses incurred by the indemnitee at our request will be paid as Supplementary Payments. Notwithstanding the provisions of Paragraph **2.b.(2)** of Section **I – Coverage A – Bodily Injury And Property Damage Liability**, such payments will not be deemed to be damages for "bodily injury" and "property damage" and will not reduce the limits of insurance.

Our obligation to defend an insured's indemnitee and to pay for attorneys' fees and necessary litigation expenses as Supplementary Payments ends when we have used up the applicable limit of insurance in the payment of judgments or settlements or the conditions set forth above, or the terms of the agreement described in Paragraph **f.** above, are no longer met.

SECTION II – WHO IS AN INSURED

- 1.** If you are designated in the Declarations as:
 - a.** An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
 - b.** A partnership or joint venture, you are an insured. Your members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business.
 - c.** A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.
 - d.** An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.
 - e.** A trust, you are an insured. Your trustees are also insureds, but only with respect to their duties as trustees.

2. Each of the following is also an insured:
- a. Your "volunteer workers" only while performing duties related to the conduct of your business, or your "employees", other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business. However, none of these "employees" or "volunteer workers" are insureds for:
 - (1) "Bodily injury" or "personal and advertising injury":
 - (a) To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), to a co-"employee" while in the course of his or her employment or performing duties related to the conduct of your business, or to your other "volunteer workers" while performing duties related to the conduct of your business;
 - (b) To the spouse, child, parent, brother or sister of that co-"employee" or "volunteer worker" as a consequence of Paragraph (1)(a) above;
 - (c) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraph (1)(a) or (b) above; or
 - (d) Arising out of his or her providing or failing to provide professional health care services.
 - (2) "Property damage" to property:
 - (a) Owned, occupied or used by;
 - (b) Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by;

you, any of your "employees", "volunteer workers", any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).
 - b. Any person (other than your "employee" or "volunteer worker"), or any organization while acting as your real estate manager.
 - c. Any person or organization having proper temporary custody of your property if you die, but only:
 - (1) With respect to liability arising out of the maintenance or use of that property; and
 - (2) Until your legal representative has been appointed.
 - d. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this Coverage Part.
3. Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:
- a. Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier;
 - b. Coverage **A** does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization; and
 - c. Coverage **B** does not apply to "personal and advertising injury" arising out of an offense committed before you acquired or formed the organization.
- No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.

SECTION III – LIMITS OF INSURANCE

1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
 - a. Insureds;
 - b. Claims made or "suits" brought; or
 - c. Persons or organizations making claims or bringing "suits".
2. The General Aggregate Limit is the most we will pay for the sum of:
 - a. Medical expenses under Coverage **C**;
 - b. Damages under Coverage **A**, except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard"; and
 - c. Damages under Coverage **B**.

3. The Products-Completed Operations Aggregate Limit is the most we will pay under Coverage **A** for damages because of "bodily injury" and "property damage" included in the "products-completed operations hazard".
4. Subject to Paragraph **2.** above, the Personal And Advertising Injury Limit is the most we will pay under Coverage **B** for the sum of all damages because of all "personal and advertising injury" sustained by any one person or organization.
5. Subject to Paragraph **2.** or **3.** above, whichever applies, the Each Occurrence Limit is the most we will pay for the sum of:
 - a. Damages under Coverage **A**; and
 - b. Medical expenses under Coverage **C**
 because of all "bodily injury" and "property damage" arising out of any one "occurrence".
6. Subject to Paragraph **5.** above, the Damage To Premises Rented To You Limit is the most we will pay under Coverage **A** for damages because of "property damage" to any one premises, while rented to you, or in the case of damage by fire, while rented to you or temporarily occupied by you with permission of the owner.
7. Subject to Paragraph **5.** above, the Medical Expense Limit is the most we will pay under Coverage **C** for all medical expenses because of "bodily injury" sustained by any one person.

The Limits of Insurance of this Coverage Part apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS

1. Bankruptcy

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Coverage Part.

2. Duties In The Event Of Occurrence, Offense, Claim Or Suit

- a. You must see to it that we are notified as soon as practicable of an "occurrence" or an offense which may result in a claim. To the extent possible, notice should include:
 - (1) How, when and where the "occurrence" or offense took place;
 - (2) The names and addresses of any injured persons and witnesses; and

- (3) The nature and location of any injury or damage arising out of the "occurrence" or offense.
- b. If a claim is made or "suit" is brought against any insured, you must:
 - (1) Immediately record the specifics of the claim or "suit" and the date received; and
 - (2) Notify us as soon as practicable.
 You must see to it that we receive written notice of the claim or "suit" as soon as practicable.
 - c. You and any other involved insured must:
 - (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
 - (2) Authorize us to obtain records and other information;
 - (3) Cooperate with us in the investigation or settlement of the claim or defense against the "suit"; and
 - (4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of injury or damage to which this insurance may also apply.
 - d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

3. Legal Action Against Us

No person or organization has a right under this Coverage Part:

- a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or
- b. To sue us on this Coverage Part unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured; but we will not be liable for damages that are not payable under the terms of this Coverage Part or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

4. Other Insurance

If other valid and collectible insurance is available to the insured for a loss we cover under Coverages **A** or **B** of this Coverage Part, our obligations are limited as follows:

a. Primary Insurance

This insurance is primary except when Paragraph **b.** below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in Paragraph **c.** below.

b. Excess Insurance

(1) This insurance is excess over:

(a) Any of the other insurance, whether primary, excess, contingent or on any other basis:

(i) That is Fire, Extended Coverage, Builder's Risk, Installation Risk or similar coverage for "your work";

(ii) That is Fire insurance for premises rented to you or temporarily occupied by you with permission of the owner;

(iii) That is insurance purchased by you to cover your liability as a tenant for "property damage" to premises rented to you or temporarily occupied by you with permission of the owner; or

(iv) If the loss arises out of the maintenance or use of aircraft, "autos" or watercraft to the extent not subject to Exclusion **g.** of Section **I** – Coverage **A** – Bodily Injury And Property Damage Liability.

(b) Any other primary insurance available to you covering liability for damages arising out of the premises or operations, or the products and completed operations, for which you have been added as an additional insured.

(2) When this insurance is excess, we will have no duty under Coverages **A** or **B** to defend the insured against any "suit" if any other insurer has a duty to defend the insured against that "suit". If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

(3) When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

(a) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and

(b) The total of all deductible and self-insured amounts under all that other insurance.

(4) We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the Limits of Insurance shown in the Declarations of this Coverage Part.

c. Method Of Sharing

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

5. Premium Audit

a. We will compute all premiums for this Coverage Part in accordance with our rules and rates.

b. Premium shown in this Coverage Part as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period and send notice to the first Named Insured. The due date for audit and retrospective premiums is the date shown as the due date on the bill. If the sum of the advance and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured.

c. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.

6. Representations

By accepting this policy, you agree:

a. The statements in the Declarations are accurate and complete;

- b. Those statements are based upon representations you made to us; and
- c. We have issued this policy in reliance upon your representations.

7. Separation Of Insureds

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this Coverage Part to the first Named Insured, this insurance applies:

- a. As if each Named Insured were the only Named Insured; and
- b. Separately to each insured against whom claim is made or "suit" is brought.

8. Transfer Of Rights Of Recovery Against Others To Us

If the insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them.

9. When We Do Not Renew

If we decide not to renew this Coverage Part, we will mail or deliver to the first Named Insured shown in the Declarations written notice of the nonrenewal not less than 30 days before the expiration date.

If notice is mailed, proof of mailing will be sufficient proof of notice.

SECTION V – DEFINITIONS

1. "Advertisement" means a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters. For the purposes of this definition:
 - a. Notices that are published include material placed on the Internet or on similar electronic means of communication; and
 - b. Regarding web sites, only that part of a web site that is about your goods, products or services for the purposes of attracting customers or supporters is considered an advertisement.
2. "Auto" means:
 - a. A land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment; or
 - b. Any other land vehicle that is subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged.

However, "auto" does not include "mobile equipment".

3. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.
4. "Coverage territory" means:
 - a. The United States of America (including its territories and possessions), Puerto Rico and Canada;
 - b. International waters or airspace, but only if the injury or damage occurs in the course of travel or transportation between any places included in Paragraph a. above; or
 - c. All other parts of the world if the injury or damage arises out of:
 - (1) Goods or products made or sold by you in the territory described in Paragraph a. above;
 - (2) The activities of a person whose home is in the territory described in Paragraph a. above, but is away for a short time on your business; or
 - (3) "Personal and advertising injury" offenses that take place through the Internet or similar electronic means of communication;

provided the insured's responsibility to pay damages is determined in a "suit" on the merits, in the territory described in Paragraph a. above or in a settlement we agree to.

5. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".
6. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, bylaws or any other similar governing document.
7. "Hostile fire" means one which becomes uncontrollable or breaks out from where it was intended to be.
8. "Impaired property" means tangible property, other than "your product" or "your work", that cannot be used or is less useful because:
 - a. It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or
 - b. You have failed to fulfill the terms of a contract or agreement;

if such property can be restored to use by the repair, replacement, adjustment or removal of "your product" or "your work" or your fulfilling the terms of the contract or agreement.

9. "Insured contract" means:

- a.** A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";
- b.** A sidetrack agreement;
- c.** Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
- d.** An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
- e.** An elevator maintenance agreement;
- f.** That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

Paragraph **f.** does not include that part of any contract or agreement:

- (1)** That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, road-beds, tunnel, underpass or crossing;
- (2)** That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
 - (a)** Preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or
 - (b)** Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or
- (3)** Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in **(2)** above and supervisory, inspection, architectural or engineering activities.

10. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".

11. "Loading or unloading" means the handling of property:

- a.** After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";
- b.** While it is in or on an aircraft, watercraft or "auto"; or
- c.** While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered;

but "loading or unloading" does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or "auto".

12. "Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment:

- a.** Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
- b.** Vehicles maintained for use solely on or next to premises you own or rent;
- c.** Vehicles that travel on crawler treads;
- d.** Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:
 - (1)** Power cranes, shovels, loaders, diggers or drills; or
 - (2)** Road construction or resurfacing equipment such as graders, scrapers or rollers;
- e.** Vehicles not described in Paragraph **a.**, **b.**, **c.** or **d.** above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
 - (1)** Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or
 - (2)** Cherry pickers and similar devices used to raise or lower workers;
- f.** Vehicles not described in Paragraph **a.**, **b.**, **c.** or **d.** above maintained primarily for purposes other than the transportation of persons or cargo.

However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":

- (1) Equipment designed primarily for:
 - (a) Snow removal;
 - (b) Road maintenance, but not construction or resurfacing; or
 - (c) Street cleaning;
- (2) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
- (3) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

However, "mobile equipment" does not include any land vehicles that are subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged. Land vehicles subject to a compulsory or financial responsibility law or other motor vehicle insurance law are considered "autos".

13. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.
14. "Personal and advertising injury" means injury, including consequential "bodily injury", arising out of one or more of the following offenses:
 - a. False arrest, detention or imprisonment;
 - b. Malicious prosecution;
 - c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;
 - d. Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
 - e. Oral or written publication, in any manner, of material that violates a person's right of privacy;
 - f. The use of another's advertising idea in your "advertisement"; or
 - g. Infringing upon another's copyright, trade dress or slogan in your "advertisement".
15. "Pollutants" mean any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

16. "Products-completed operations hazard":

- a. Includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except:

- (1) Products that are still in your physical possession; or
- (2) Work that has not yet been completed or abandoned. However, "your work" will be deemed completed at the earliest of the following times:
 - (a) When all of the work called for in your contract has been completed.
 - (b) When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.
 - (c) When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

- b. Does not include "bodily injury" or "property damage" arising out of:
 - (1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by you, and that condition was created by the "loading or unloading" of that vehicle by any insured;
 - (2) The existence of tools, uninstalled equipment or abandoned or unused materials; or
 - (3) Products or operations for which the classification, listed in the Declarations or in a policy Schedule, states that products-completed operations are subject to the General Aggregate Limit.

17. "Property damage" means:

- a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
- b. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the "occurrence" that caused it.

For the purposes of this insurance, electronic data is not tangible property.

As used in this definition, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

18. "Suit" means a civil proceeding in which damages because of "bodily injury", "property damage" or "personal and advertising injury" to which this insurance applies are alleged. "Suit" includes:

- a.** An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or
- b.** Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.

19. "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.

20. "Volunteer worker" means a person who is not your "employee", and who donates his or her work and acts at the direction of and within the scope of duties determined by you, and is not paid a fee, salary or other compensation by you or anyone else for their work performed for you.

21. "Your product":

- a.** Means:
 - (1)** Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
 - (a)** You;
 - (b)** Others trading under your name; or
 - (c)** A person or organization whose business or assets you have acquired; and
 - (2)** Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

b. Includes:

- (1)** Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product"; and
- (2)** The providing of or failure to provide warnings or instructions.

c. Does not include vending machines or other property rented to or located for the use of others but not sold.

22. "Your work":

a. Means:

- (1)** Work or operations performed by you or on your behalf; and
- (2)** Materials, parts or equipment furnished in connection with such work or operations.

b. Includes:

- (1)** Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work"; and
- (2)** The providing of or failure to provide warnings or instructions.