



The following documentation is an electronically-submitted vendor response to an advertised solicitation from the *West Virginia Purchasing Bulletin* within the Vendor Self-Service portal at ***wvOASIS.gov***. As part of the State of West Virginia's procurement process, and to maintain the transparency of the bid-opening process, this documentation submitted online is publicly posted by the West Virginia Purchasing Division at ***WVPurchasing.gov*** with any other vendor responses to this solicitation submitted to the Purchasing Division in hard copy format.

Header 1

List View

General Information

Contact

Default Values

Discount

Document Information

Procurement Folder: 381672

SO Doc Code: CRFQ

Procurement Type: Central Contract - Fixed Amt

SO Dept: 0209

Vendor ID: VS0000009980

SO Doc ID: FAR1800000001

Legal Name: MGT of America Consulting, LLC

Published Date: 12/11/17

Alias/DBA:

Close Date: 12/15/17

Total Bid: \$0.00

Close Time: 13:30

Response Date: 12/13/2017

Status: Closed

Response Time: 20:01

Solicitation Description: Addendum 1 - FARS Statewide Cost Allocation Plan

Commodity Group | Total Lines: 1 | Line: 1 | Group Description: Default Commodity Group



Purchasing Division
 2019 Washington Street East
 Post Office Box 50130
 Charleston, WV 25305-0130

**State of West Virginia
 Solicitation Response**

Proc Folder : 381672
Solicitation Description : Addendum 1 - FARS Statewide Cost Allocation Plan
Proc Type : Central Contract - Fixed Amt

Date issued	Solicitation Closes	Solicitation Response	Version
	2017-12-15 13:30:00	SR 0209 ESR12131700000002629	1

VENDOR
VS0000009980 MGT of America Consulting, LLC

Solicitation Number: CRFQ 0209 FAR1800000001

Total Bid : \$0.00 **Response Date:** 2017-12-13 **Response Time:** 20:01:06

Comments:

FOR INFORMATION CONTACT THE BUYER
 Linda B Harper
 (304) 558-0468
 linda.b.harper@wv.gov

Signature on File	FEIN #	DATE
--------------------------	---------------	-------------

All offers subject to all terms and conditions contained in this solicitation

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Ln Total Or Contract Amount
1	SWCAP Cost Proposal for Fiscal Year 2015	0.00000	LS	\$29,400.000000	\$0.00

Comm Code	Manufacturer	Specification	Model #
80100000			

Extended Description : SWCAP Cost Proposal (each item is an All-Inclusive Cost)

Comments: Cost Proposal for Fiscal Year 2015

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Ln Total Or Contract Amount
2	SWCAP Cost Proposal for Fiscal Year 2016 - Optional Renewal	0.00000	LS	\$29,400.000000	\$0.00

Comm Code	Manufacturer	Specification	Model #
80100000			

Extended Description : SWCAP Cost Proposal (each item is an All-Inclusive Cost)

Comments: Cost Proposal for Fiscal Year 2016

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Ln Total Or Contract Amount
3	SWCAP Cost Proposal for Fiscal Year 2017 - Optional Renewal	0.00000	LS	\$29,950.000000	\$0.00

Comm Code	Manufacturer	Specification	Model #
80100000			

Extended Description : SWCAP Cost Proposal (each item is an All-Inclusive Cost)

Comments: Cost Proposal for Fiscal Year 2017

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Ln Total Or Contract Amount
4	SWCAP Cost Proposal for Fiscal Year 2018 - Optional Renewal	0.00000	LS	\$30,250.000000	\$0.00

Comm Code	Manufacturer	Specification	Model #
80100000			

Extended Description :	SWCAP Cost Proposal (each item is an All-Inclusive Cost)
-------------------------------	--

Comments: Cost Proposal for Fiscal Year 2018

SUBMITTED ONLINE
VIA **wvOASIS**

SOLICITATION NO: CRFQ FAR1800000001
DECEMBER 15, 2017



TO:

STATE OF WEST VIRGINIA
DEPARTMENT OF ADMINISTRATION,
PURCHASING DIVISION
2019 WASHINGTON STREET EAST
CHARLESTON, WV 25305-0130

FARS STATEWIDE COST ALLOCATION PLAN (SWCAP) 2015-2018

FROM:

J. BRADLEY BURGESS
EXECUTIVE VICE PRESIDENT
FINANCIAL SERVICES DIVISION
916.595.2646

STATE OF WEST VIRGINIA

BRET SCHLYER
DIRECTOR OF STATE SERVICES
13303 WEST MAPLE, SUITE 139 #177
WICHITA, KS 67235
316.214.3163
bschlyer@mgtconsulting.com



December 13, 2017

Linda Harper
Department of Administration, Purchasing Division
2019 Washington Street East
Charleston, WV 25305

Subject: Response to CRFQ FARI80000001 for FARS SWCAP 2015-2018

Dear Ms. Harper:

MGT of America Consulting, LLC (MGT) is pleased to submit our proposal to the State of West Virginia (State) to prepare the FY15 State-Wide Central Services Cost Allocation Plan (SWCAP Section I) and Information Document for Internal Service Funds, Self Insurance Funds, Fringe Benefit Funds, and Billed Services (SWCAP Section II).

STATE OF WEST VIRGINIA/MGT PARTNERSHIP

Founded in 1974, MGT is a national research and management consulting firm specializing in providing management and financial services to public-sector clients. As our clients will confirm, our staff of over 60 professionals bring a wealth of knowledge and depth of understanding to all client engagements, delivering the highest quality and timely services to clients.

While the qualifications and experience of a firm are important, perhaps more important are the qualifications and experience of a firm's proposed project team. The MGT costing services consultants proposed to complete the scope of services requested by the State have successfully completed numerous statewide cost allocation plans (SWCAP), agency cost allocation plans, indirect cost rate proposals, and service billing rate projects for state agencies. Members of our proposed project team have completed numerous indirect cost rate proposals, agency cost allocation plans and rates for billed services, including for information technology environments, and Section I and Section II SWCAPs for the states of Alabama, Alaska, Arizona, Colorado, Florida, Idaho, Kansas, Louisiana, Montana, Nevada, New Mexico, North Dakota, Texas, and Washington. Within the last five years MGT has completed SWCAPs for the following states:

- ◆ Louisiana – FY 2014-current SWCAPs.
- ◆ Nevada – FY 2008-current SWCAPs.
- ◆ New Mexico – FY 2007-current SWCAPs.
- ◆ North Dakota – FY 2014-current SWCAPs.
- ◆ Texas – FY 2009-current SWCAPs.
- ◆ Washington – FY 2010-current SWCAPs.
- ◆ U.S. Territory of the Virgin Islands – FY 2009-current SWCAP

Although we are committed and able to develop the most technically compliant deliverables, we believe our most important objective is to assist state agencies in the actual application of project results





including the recovery of administrative costs from non-general fund sources. The extensive experience and understanding of cost recovery principles and state government operations by our consultants will enable us to assist the State in identifying the maximum allowable administrative costs; and more important, actually recovering those costs from non-general fund sources and reducing the State's risk of potential pay backs to the federal government. As our clients will confirm, we will spend the extra time to train and educate State staff on generally accepted accounting and federal cost recovery principles, policies, and procedures; and to assist them in recovering administrative costs.

We believe you will find that our proposed project team and comprehensive work plan will provide the State with deliverables in compliance with Federal 2 CFR Part 200 that are defensible and optimize the State's goals and objectives.

Person Authorized to Bind	Contact for Clarification
<p>The person who is authorized to contractually obligate our firm with respect to this proposal is:</p> <p>Mr. Brad Burgess Executive Vice President MGT of America Consulting, LLC 516 North Adams Street Tallahassee, Florida 32301 Phone: 916-595-2646 E-mail: bburgess@mgtconsulting.com</p>	<p>The following individual should be contacted for clarification of our proposal:</p> <p>Mr. Bret Schlyer Director, Financial Services Division MGT of America Consulting, LLC 13303 W. Maple, Suite 139 # 177 Wichita, Kansas 67235 Phone: 316-214-3163 E-mail: bschlyer@mgtconsulting.com</p>

MGT looks forward to the opportunity to serve the State. We believe the advantages for selecting MGT presented in our proposal will lead the State to conclude that we offer the best choice to provide the requested services and meet the State's objectives.

As an MGT Executive Vice President, I authorize the submission of the attached quotation/proposal for cost allocation plan and indirect cost rate services which is valid for 120 days from bid opening.

Sincerely,

J. Bradley Burgess
Executive Vice President
MGT of America Consulting, LLC

TABLE OF CONTENTS

ATTACHMENT A: VENDOR RESPONSE SHEET 1

ATTACHMENT B: COST SHEET 3

REQUIRED FORM: DESIGNATED CONTACT 5

REQUIRED FORM: CONTRACT MANAGER..... 7

REQUIRED FORM: ADDENDUM ACKNOWLEDGEMENT 9

REQUIRED FORM: DISCLOSURE OF INTERESTED PARTIES (NOTARIZED) 11

REQUIRED FORM: PURCHASING AFFIDAVIT (NOTARIZED) 13

REQUIRED FORM: VENDOR PREFERENCE..... 15

MGT PROFILE & QUALIFICATIONS 17

 ORGANIZATION BACKGROUND 17

 ORGANIZATION STRUCTURE..... 17

 PRIOR EXPERIENCE WITH SIMILAR PROJECTS..... 18

 REFERENCES 22

PERSONNEL QUALIFICATIONS AND EXPERIENCE..... 24

 INTERNAL CONTROLS AND QUALITY ASSURANCE PROCESS..... 25

 PROJECT TEAM STRUCTURE 26

APPROACH & METHODOLOGY 35

 PROJECT APPROACH AND METHODOLOGY 35

 WORK PLAN FOR SERVICES..... 40

 PROJECT SCHEDULE FOR SERVICES..... 45

 SCOPE OF SERVICES AND DELIVERABLES 45

APPENDIX A: RESUMES..... 47

APPENDIX B: MGT EMPLOYEE DOCUMENTATION 65

APPENDIX C: MGT FINANCIAL STATEMENT..... 70

ATTACHMENT A: VENDOR RESPONSE SHEET

REQUEST FOR QUOTATION
State of West Virginia – FARS SWCAP

Attachment A: Vendor Response Sheet

Provide a response regarding the following: firm qualifications and experience in completing similar projects; and references.

List qualifications contained in Section 3.

- **Section 3, Subsection 3.1:** Must provide documentation of employing a minimum of at least 40 full time employees.

Vendor Response: MGT's employee documentation is provided in APPENDIX B of our proposal.

- **Section 3, Subsection 3.2:** Must provide documentation for successfully preparing and negotiating at least three (3) Statewide Consolidated Allocation Plans (SWCAP) for the respective State's most recent three (3) SWCAP filings. Must provide three (3) positive references where firm has prepared and successfully negotiated SWCAP's for respective States.

Vendor Response: MGT's SWCAP documentation is provided in the MGT Profile & Qualifications Section, on Page 17-21 of our proposal.

References are provided on Page 22-23 of the MGT proposal.

- **Section 3, Subsection 3.3:** Must provide a copy of the most recent audited financial statements of the company.

Vendor Response: MGT's most recent audited financial statement is included in APPENDIX C of our proposal.

ATTACHMENT B: COST SHEET

REQUEST FOR QUOTATION
State of West Virginia – FARS SWCAP

Attachment B: Cost Sheet

Cost information below as detailed in the *Request for Quotation* and submitted in a sealed envelope *unless bidding electronically through VSS*. Cost should be clearly marked.

- **Cost Proposal for Fiscal Year 2015** (each item is an All-Inclusive Cost):

FY2015 SWCAP \$ \$ 29,400

The Finance Division may elect to renew the scope of the contract to provide for the same services outlined in this RFQ for the fiscal years ending June 30, 2016, 2017 and 2018.

- **Cost Proposal for Fiscal Year 2016** (each item is an All-Inclusive Cost):

FY2016 SWCAP \$ \$ 29,400

- **Cost Proposal for Fiscal Year 2017** (each item is an All-Inclusive Cost):

FY2017 SWCAP \$ \$ 29,950

- **Cost Proposal for Fiscal Year 2018** (each item is an All-Inclusive Cost):

FY2018 SWCAP \$ \$ 30,250

- **Grand Total of Cost Proposal for Fiscal Year 2015, 2016, 2017 and 2018:**

Total \$ \$ 119,000

If applicable, sign and submit the attached Resident Vendor Preference Certificate with the proposal.

REQUIRED FORM: DESIGNATED CONTACT

DESIGNATED CONTACT: Vendor appoints the individual identified in this Section as the Contract Administrator and the initial point of contact for matters relating to this Contract.

Bret Schlyer, Director, Financial Services

(Name, Title)

Bret Schlyer, Director, Financial Services

(Printed Name and Title)

13303 W. Maple, Suite 139 #177 Wichita, KS 67235

(Address)

P: 316-214-3163 F: 850-385-4501

(Phone Number) / (Fax Number)

bschlyer@mgtconsulting.com

(email address)

CERTIFICATION AND SIGNATURE: By signing below, or submitting documentation through wvOASIS, I certify that I have reviewed this Solicitation in its entirety; that I understand the requirements, terms and conditions, and other information contained herein; that this bid, offer or proposal constitutes an offer to the State that cannot be unilaterally withdrawn; that the product or service proposed meets the mandatory requirements contained in the Solicitation for that product or service, unless otherwise stated herein; that the Vendor accepts the terms and conditions contained in the Solicitation, unless otherwise stated herein; that I am submitting this bid, offer or proposal for review and consideration; that I am authorized by the vendor to execute and submit this bid, offer, or proposal, or any documents related thereto on vendor's behalf; that I am authorized to bind the vendor in a contractual relationship; and that to the best of my knowledge, the vendor has properly registered with any State agency that may require registration.

MGT of America Consulting, LLC

(Company)



J. Bradley Burgess, Executive Vice President

(Authorized Signature) (Representative Name, Title)

J. Bradley Burgess, Executive Vice President

(Printed Name and Title of Authorized Representative)

12/13/17

(Date)

P: 916-443-3411 / F: 916-443-1766

(Phone Number) (Fax Number)

REQUIRED FORM: CONTRACT MANAGER

REQUEST FOR QUOTATION
State of West Virginia – FARS SWCAP

11. MISCELLANEOUS:

11.1 Contract Manager: During its performance of this contract, Vendor must designate and maintain a primary Contract Manager responsible for overseeing Vendor's responsibilities under this contract. The Contract Manager must be available during normal business hours to address any customer service or other issues related to this contract. Vendor should list its Contract Manager and his or her contact information below.

Contract Manager: Bret Schlyer

Telephone Number: 316.214.3163

Fax Number: 850.385.4501

Email Address: bschlyer@mgtconsulting.com

12. RESPONSIBILITIES OF THE AGENCY

12.1 Independent Contractor Status: The purpose of this contract is to obtain temporary services that are provided by individuals or entities as independent contractors and not as employees of the State of West Virginia. The distinction between an independent contractor and an employee is complex and can require an analysis of 20 or more factors relating to the circumstances of each contract. The Internal Revenue Service and the U.S. Department of Labor have provided guidance on this issue at:

IRS <http://www.irs.gov/pub/irs-pdf/p15a.pdf>

IRS <http://www.irs.gov/Businesses/Small-Businesses-&Self-Employed/Independent-Contractor-Self-Employed-or-Employee>

DOL <http://www.dol.gov/elaws/esa/flsa/docs/contractors.asp>

Prior to utilizing the services available under this contract, each agency must ensure that factors relating to the broad categories of behavioral control, financial control, and the type of relationship between the State and the temporary worker will not cause the independent contractor relationship to be construed as an employee/employer relationship. Items that must be considered include but are not limited to, the degree of control exercised by the State over the temporary worker relating to performance of the job and the degree to which the temporary worker is integrated into the State's system. The Purchasing Division recommends that each agency review the IRS and DOL publications found at the links above and obtain further assurance from their respective internal legal counsel to maintain the independent contractor status of individuals and entities hired under this contract.

REQUIRED FORM: ADDENDUM ACKNOWLEDGEMENT

**ADDENDUM ACKNOWLEDGEMENT FORM
SOLICITATION NO.:**

Instructions: Please acknowledge receipt of all addenda issued with this solicitation by completing this addendum acknowledgment form. Check the box next to each addendum received and sign below. Failure to acknowledge addenda may result in bid disqualification.

Acknowledgment: I hereby acknowledge receipt of the following addenda and have made the necessary revisions to my proposal, plans and/or specification, etc.

Addendum Numbers Received:

(Check the box next to each addendum received)

- | | |
|--|--|
| <input checked="" type="checkbox"/> Addendum No. 1 | <input type="checkbox"/> Addendum No. 6 |
| <input type="checkbox"/> Addendum No. 2 | <input type="checkbox"/> Addendum No. 7 |
| <input type="checkbox"/> Addendum No. 3 | <input type="checkbox"/> Addendum No. 8 |
| <input type="checkbox"/> Addendum No. 4 | <input type="checkbox"/> Addendum No. 9 |
| <input type="checkbox"/> Addendum No. 5 | <input type="checkbox"/> Addendum No. 10 |

I understand that failure to confirm the receipt of addenda may be cause for rejection of this bid. I further understand that any verbal representation made or assumed to be made during any oral discussion held between Vendor's representatives and any state personnel is not binding. Only the information issued in writing and added to the specifications by an official addendum is binding.

MGT of America Consulting, LLC

Company



J. Bradley Burgess

Authorized Signature

12/13/17

Date

NOTE: This addendum acknowledgment should be submitted with the bid to expedite document processing.

REQUIRED FORM: DISCLOSURE OF INTERESTED PARTIES (NOTARIZED)

West Virginia Ethics Commission
Disclosure of Interested Parties to Contracts

(Required by *W. Va. Code* § 6D-1-2)

Contracting Business Entity: MGT of America Consulting, LLC **Address:** 516 North Adams St.
Tallahassee, FL 32301

Authorized Agent: Anthony Trey Traviesa **Address:** same as above

Contract Number: _____ **Contract Description:** State-Wide Cost Allocation Plan

Governmental agency awarding contract: Dept. of Administration

Check here if this is a Supplemental Disclosure

List the Names of Interested Parties to the contract which are known or reasonably anticipated by the contracting business entity for each category below (*attach additional pages if necessary*):

1. Subcontractors or other entities performing work or service under the Contract

Check here if none, otherwise list entity/individual names below.

2. Any person or entity who owns 25% or more of contracting entity (not applicable to publicly traded entities)

Check here if none, otherwise list entity/individual names below.

3. Any person or entity that facilitated, or negotiated the terms of, the applicable contract (excluding legal services related to the negotiation or drafting of the applicable contract)

Check here if none, otherwise list entity/individual names below.

Signature: [Signature] Date Signed: 12/8/17

Notary Verification

State of FLORIDA, County of HILLSBOROUGH:

I, Anthony Trey Traviesa, the authorized agent of the contracting business entity listed above, being duly sworn, acknowledge that the Disclosure herein is being made under oath and under the penalty of perjury.

Taken, sworn to and subscribed before me this 8TH day of DECEMBER, 2017
[Signature]

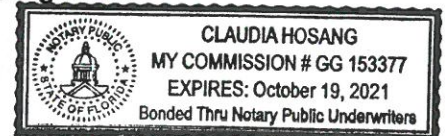
Notary Public's Signature

To be completed by State Agency:

Date Received by State Agency: _____

Date submitted to Ethics Commission: _____

Governmental agency submitting Disclosure: _____



REQUIRED FORM: PURCHASING AFFIDAVIT (NOTARIZED)

STATE OF WEST VIRGINIA
Purchasing Division

PURCHASING AFFIDAVIT

CONSTRUCTION CONTRACTS: Under W. Va. Code § 5-22-1(i), the contracting public entity shall not award a construction contract to any bidder that is known to be in default on any monetary obligation owed to the state or a political subdivision of the state, including, but not limited to, obligations related to payroll taxes, property taxes, sales and use taxes, fire service fees, or other fines or fees.

ALL OTHER CONTRACTS: Under W. Va. Code §5A-3-10a, no contract or renewal of any contract may be awarded by the state or any of its political subdivisions to any vendor or prospective vendor when the vendor or prospective vendor or a related party to the vendor or prospective vendor is a debtor and: (1) the debt owed is an amount greater than one thousand dollars in the aggregate; or (2) the debtor is in employer default.

EXCEPTION: The prohibition listed above does not apply where a vendor has contested any tax administered pursuant to chapter eleven of the W. Va. Code, workers' compensation premium, permit fee or environmental fee or assessment and the matter has not become final or where the vendor has entered into a payment plan or agreement and the vendor is not in default of any of the provisions of such plan or agreement.

DEFINITIONS:

"Debt" means any assessment, premium, penalty, fine, tax or other amount of money owed to the state or any of its political subdivisions because of a judgment, fine, permit violation, license assessment, defaulted workers' compensation premium, penalty or other assessment presently delinquent or due and required to be paid to the state or any of its political subdivisions, including any interest or additional penalties accrued thereon.

"Employer default" means having an outstanding balance or liability to the old fund or to the uninsured employers' fund or being in policy default, as defined in W. Va. Code § 23-2c-2, failure to maintain mandatory workers' compensation coverage, or failure to fully meet its obligations as a workers' compensation self-insured employer. An employer is not in employer default if it has entered into a repayment agreement with the Insurance Commissioner and remains in compliance with the obligations under the repayment agreement.

"Related party" means a party, whether an individual, corporation, partnership, association, limited liability company or any other form or business association or other entity whatsoever, related to any vendor by blood, marriage, ownership or contract through which the party has a relationship of ownership or other interest with the vendor so that the party will actually or by effect receive or control a portion of the benefit, profit or other consideration from performance of a vendor contract with the party receiving an amount that meets or exceeds five percent of the total contract amount.

AFFIRMATION: By signing this form, the vendor's authorized signer affirms and acknowledges under penalty of law for false swearing (W. Va. Code §61-5-3) that: (1) for construction contracts, the vendor is not in default on any monetary obligation owed to the state or a political subdivision of the state, and (2) for all other contracts, that neither vendor nor any related party owe a debt as defined above and that neither vendor nor any related party are in employer default as defined above, unless the debt or employer default is permitted under the exception above.

WITNESS THE FOLLOWING SIGNATURE:

Vendor's Name: MGT of America Consulting, LLC

Authorized Signature: [Signature] Date: 12/8/17

State of FLORIDA

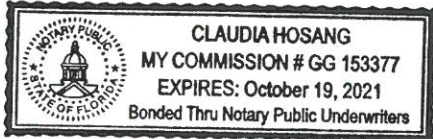
County of HILLSBOROUGH, to-wit:

Taken, subscribed, and sworn to before me this 8 day of DECEMBER, 2017.

My Commission expires OCTOBER 19, 2021.

AFFIX SEAL HERE

NOTARY PUBLIC [Signature]



REQUIRED FORM: VENDOR PREFERENCE

State of West Virginia
VENDOR PREFERENCE CERTIFICATE

Certification and application is hereby made for Preference in accordance with *West Virginia Code*, §5A-3-37. (Does not apply to construction contracts). *West Virginia Code*, §5A-3-37, provides an opportunity for qualifying vendors to request (at the time of bid) preference for their residency status. Such preference is an evaluation method only and will be applied only to the cost bid in accordance with the *West Virginia Code*. This certificate for application is to be used to request such preference. The Purchasing Division will make the determination of the Vendor Preference, if applicable.

1. **Application is made for 2.5% vendor preference for the reason checked:**
 Bidder is an individual resident vendor and has resided continuously in West Virginia for four (4) years immediately preceding the date of this certification; or,
 Bidder is a partnership, association or corporation resident vendor and has maintained its headquarters or principal place of business continuously in West Virginia for four (4) years immediately preceding the date of this certification; or 80% of the ownership interest of Bidder is held by another individual, partnership, association or corporation resident vendor who has maintained its headquarters or principal place of business continuously in West Virginia for four (4) years immediately preceding the date of this certification; or,
 Bidder is a nonresident vendor which has an affiliate or subsidiary which employs a minimum of one hundred state residents and which has maintained its headquarters or principal place of business within West Virginia continuously for the four (4) years immediately preceding the date of this certification; or,
2. **Application is made for 2.5% vendor preference for the reason checked:**
 Bidder is a resident vendor who certifies that, during the life of the contract, on average at least 75% of the employees working on the project being bid are residents of West Virginia who have resided in the state continuously for the two years immediately preceding submission of this bid; or,
3. **Application is made for 2.5% vendor preference for the reason checked:**
 Bidder is a nonresident vendor employing a minimum of one hundred state residents or is a nonresident vendor with an affiliate or subsidiary which maintains its headquarters or principal place of business within West Virginia employing a minimum of one hundred state residents who certifies that, during the life of the contract, on average at least 75% of the employees or Bidder's affiliate's or subsidiary's employees are residents of West Virginia who have resided in the state continuously for the two years immediately preceding submission of this bid; or,
4. **Application is made for 5% vendor preference for the reason checked:**
 Bidder meets either the requirement of both subdivisions (1) and (2) or subdivision (1) and (3) as stated above; or,
5. **Application is made for 3.5% vendor preference who is a veteran for the reason checked:**
 Bidder is an individual resident vendor who is a veteran of the United States armed forces, the reserves or the National Guard and has resided in West Virginia continuously for the four years immediately preceding the date on which the bid is submitted; or,
6. **Application is made for 3.5% vendor preference who is a veteran for the reason checked:**
 Bidder is a resident vendor who is a veteran of the United States armed forces, the reserves or the National Guard, if, for purposes of producing or distributing the commodities or completing the project which is the subject of the vendor's bid and continuously over the entire term of the project, on average at least seventy-five percent of the vendor's employees are residents of West Virginia who have resided in the state continuously for the two immediately preceding years.
7. **Application is made for preference as a non-resident small, women- and minority-owned business, in accordance with *West Virginia Code* §5A-3-59 and *West Virginia Code of State Rules*.**
 Bidder has been or expects to be approved prior to contract award by the Purchasing Division as a certified small, women- and minority-owned business.

Bidder understands if the Secretary of Revenue determines that a Bidder receiving preference has failed to continue to meet the requirements for such preference, the Secretary may order the Director of Purchasing to: (a) reject the bid; or (b) assess a penalty against such Bidder in an amount not to exceed 5% of the bid amount and that such penalty will be paid to the contracting agency or deducted from any unpaid balance on the contract or purchase order.

By submission of this certificate, Bidder agrees to disclose any reasonably requested information to the Purchasing Division and authorizes the Department of Revenue to disclose to the Director of Purchasing appropriate information verifying that Bidder has paid the required business taxes, provided that such information does not contain the amounts of taxes paid nor any other information deemed by the Tax Commissioner to be confidential.

Under penalty of law for false swearing (*West Virginia Code*, §61-5-3), Bidder hereby certifies that this certificate is true and accurate in all respects; and that if a contract is issued to Bidder and if anything contained within this certificate changes during the term of the contract, Bidder will notify the Purchasing Division in writing immediately.

Bidder: MGT of America Consulting, LLC

Signed: 

Date: 12/13/17

Title: Executive Vice President

MGT PROFILE & QUALIFICATIONS

ORGANIZATION BACKGROUND

MGT of America Consulting, LLC is a national management consulting and research firm specializing in providing services to public-sector clients. Founded in 1974, MGT has grown to over 75 professionals located across the country with regional offices located in Austin, Texas; Denver, Colorado; Olympia, Washington; Wichita, Kansas; Sacramento, California; Bay City, Michigan; and Tallahassee, Florida.

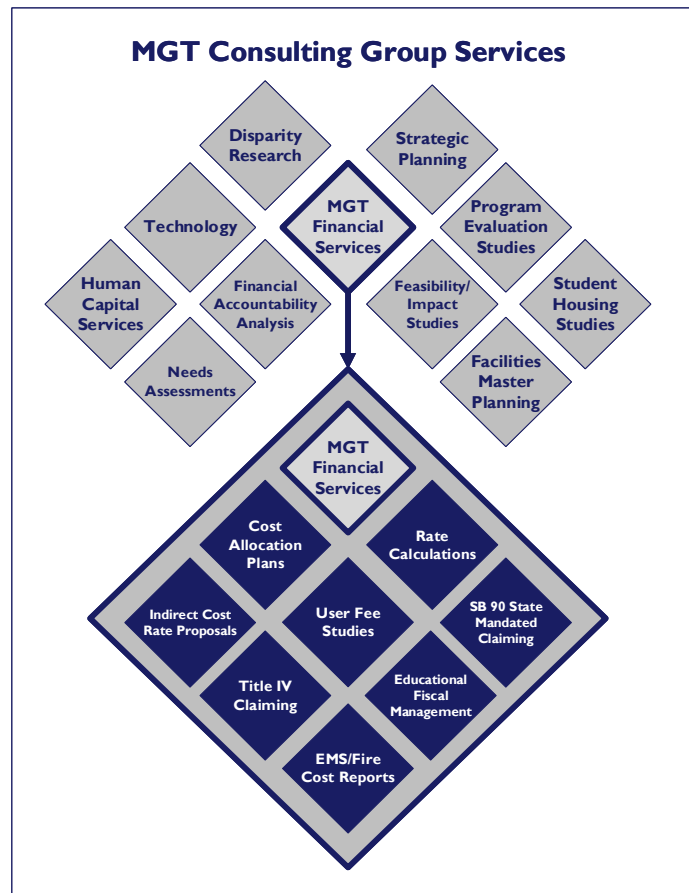
MGT is organized as a privately-held, employee-owned and financially stable corporation with a deep roster of experienced cost allocation experts, resources, and desire to serve the State. MGT has acquired a keen understanding of the structures, operations, and issues facing state government agencies. This understanding comes from over 40 years of extensive experience in providing financial and management consulting for state and local governments, and the prior work experience of our consultants. Prior to working as consultants, many of our consultants worked in government agencies as managers and staff. This insider knowledge and understanding of government structures and processes gives our consultants an ability to hit the ground running from the very start of a project. MGT consultants understand what it means to work within constrained time lines, and the need to produce a study that will concisely and clearly articulate findings and results.

Further information on MGT and its services are available at www.mgtconsulting.com.

ORGANIZATION STRUCTURE

MGT is structured into several primary consulting divisions aligned to the firm’s core competencies. MGT’s Financial Services Division will be responsible for completion of the project. Our Financial Services Division consists of 32 experienced costing consultants, where the everyday focus of our consultants is on identifying the cost of providing government services. All members of our project team have completed numerous SWCAP and cost allocation projects for state and local governments.

In addition to cost of service experience, MGT has a number of experienced consultants that are strong and diversified in the areas of state government cost analysis, charge-back rate development, operational analysis, program structuring and compliance.





The **first advantage** of our organizational structure is that every member of the firm, and by extension every member of a project team, has a vested interest in the successful completion of every project, for every client. Additionally, this ownership structure creates a mindset that permeates through every MGT owner of operating a growing, yet stable firm based on building long-term relationships.

The **second advantage** of our organizational structure is our client's direct access to executive-level staff on every project. Many engagements are staffed with a partner of the firm who is actively involved in all aspects of the project. All engagements are no more than one staff member away from a partner of the firm. This access ensures the State will receive not just project specific expertise but also decisions and resolutions of any concerns in a timely manner.

The **third advantage** of our organizational structure is the focused expertise of the consultants within the Financial Services Division. These consultants provide state agencies, special districts, cities, and counties services limited to cost allocation plans, billed service rate development, user fee studies, indirect cost rate proposals, and jail rate studies. This focus on cost of service issues ensures every project is staffed not just with experienced consultants, but with experienced cost of service consultants.

PRIOR EXPERIENCE WITH SIMILAR PROJECTS

STATEWIDE COST ALLOCATION PLANS

MGT annually prepares over 100 central service cost allocation plans for state and local government. This includes preparing statewide central service cost allocation plans (SWCAP) for states. As an MGT consultant in just the past 5 years MGT consultants have annually prepared SWCAPs for the states of Louisiana, Nevada, New Mexico, North Dakota, Texas, and Washington. We have also completed a Territory-Wide Cost Allocation Plan for the U.S. Territory of the Virgin Islands. In general, these projects have included the following scope of work:

- ◆ Preparation and submittal to the Division of Cost Allocation (CAS) of the U.S. Department of Health and Human Services of a 2 CFR Part 200 compliant central service cost allocation plan that identified and fully allocated cost of the State's Section I allocated costs.
- ◆ Collection and submittal of all Section II billed cost information required by 2 CFR Part 200 and CAS on internal service funds, self-insurance funds, fringe benefits, and other billed services.
- ◆ Negotiation of the Section I statewide central services cost allocation plan and Section II billed services information with CAS.
- ◆ Securing of a negotiation agreement on the Section I costs and Section II billed services.
- ◆ Guidance on the implementation of Section I results.
- ◆ Guidance on Section II cost and fund balance issues.
- ◆ Continuing guidance on issues and requirements related to 2 CFR Part 200.
- ◆ Educational support to the State on 2 CFR Part 200, Section I, Section II, and federal cost recovery.

MGT PROFILE & QUALIFICATIONS



Following is project and contact information for SWCAP projects MGT consultants have completed during the last five years.

STATE OF NEW MEXICO	Prepared and negotiated the approval of the FY 2007 through the current year SWCAP. Approval of the FY 2011 SWCAP and prior SWCAPs were negotiated with the CAS Central Field (Dallas) Office. MGT Project Consultants: Elise d’Auteuil and Bret Schlyer.	
	<i>Contact:</i>	Mr. Richard H. Torrence, CPA
	<i>Title:</i>	Department of Finance and Administration, CAFR Accountant
	<i>Phone:</i>	505-476-8533
	<i>E-Mail:</i>	Richard.torrence@state.nm.us

STATE OF TEXAS	Prepared and negotiated the approval of the FY 2009 through the current year SWCAP. Approval of the SWCAPs is negotiated with the CAS Central Field Office (Dallas). MGT Project Consultants: Elise d’Auteuil, Joel Nolan and Bret Schlyer.	
	<i>Contact:</i>	Theresa Boland
	<i>Title:</i>	Office of the Governor, Budget Manager, Financial Services Division
	<i>Phone:</i>	512-936-0166
	<i>E-Mail:</i>	tboland@governor.state.tx.us

STATE OF WASHINGTON	Prepared and negotiated the approval of the FY 2012 through the current year SWCAP. Approval of the SWCAPs was negotiated with the CAS Western Field (San Francisco) Office. MGT Project Consultants: Bret Schlyer and Joel Nolan.	
	<i>Contact:</i>	Michael Schaub
	<i>Title:</i>	Office of Financial Management, State Financial Senior Consultant
	<i>Phone:</i>	360-725-0225
	<i>E-Mail:</i>	Michael.Schaub@OFM.WA.GOV

MGT PROFILE & QUALIFICATIONS



STATE OF NORTH DAKOTA	Prepared and negotiated approval of the FY 2014 through the current year SWCAP was negotiated with the CAS Western Field (San Francisco) Office. MGT Project Consultants: Bret Schlyer and Brooke Brandenburg.	
	<i>Contact:</i>	Crystal Hoggarth
	<i>Title:</i>	Office of Management and Budget
	<i>Phone:</i>	701-328-1666
	<i>E-Mail:</i>	cnhoggarth@nd.gov

MGT has extensive experience in developing indirect cost rate proposals (ICRP) for state and local governments. ICRP projects include the development of both a cost allocation plan and indirect cost rates in accordance federal requirements as presented in 2 CFR Part 200. MGT has completed ICRPs for state agencies in Alabama, Alaska, Arizona, California, Florida, Kansas, Louisiana, Mississippi, Ohio, Texas, and Washington. We have also assisted departments of the U.S. Territory of the Virgin Islands. In general, these projects have included the following scope of work:

- ◆ Acquiring and reviewing organizational and financial information.
- ◆ Review of federal programs administered by the Agency.
- ◆ Identifying administrative and support activities.
- ◆ Acquiring state central services costs.
- ◆ Preparing detailed cost schedules for each indirect organizational unit.
- ◆ Preparing an indirect cost schedule.
- ◆ Preparing a draft indirect cost rate(s).
- ◆ Acquiring information on billed and allocated services.
- ◆ Providing a draft ICRP to the Agency for review and comment.
- ◆ Reviewing the draft ICRP with Agency staff.
- ◆ Providing a final ICRP to Agency incorporating any requested revisions.
- ◆ Negotiation of approval of the ICRP with the Agency’s federal cognizant agency.
- ◆ If necessary, providing a revised ICRP incorporating any negotiated revisions.
- ◆ Providing support on indirect cost recovery for one year after delivery of final ICRP.

MGT PROFILE & QUALIFICATIONS



Following is project and contact information on example ICRP projects MGT consultants have completed during the last five years. We have identified the MGT consultants assigned to each project.

ARIZONA OFFICE OF THE GOVERNOR	Prepared the Department's FY 2011 through FY 2018 ICRPs. The ICRP were approved by the U.S. Department of Justice. MGT Project Consultant: Bret Schlyer and Brooke Brandenburg.	
	<i>Contact:</i>	John L. McCleve
	<i>Title:</i>	Comptroller, Director of Accounting
	<i>Phone:</i>	602-542-1339
	<i>E-Mail:</i>	jmccleve@az.gov

ARIZONA DEPARTMENT OF GAME AND FISH	Annually prepared the Department's ICRP for the last 12 years. The ICRP is annually submitted to and approved by the U.S. Department of Interior. MGT Project Consultant: Bret Schlyer and Brooke Brandenburg.	
	<i>Contact:</i>	Kevin Hodgkins
	<i>Title:</i>	Finance Director
	<i>Phone:</i>	623-236-7412
	<i>E-Mail:</i>	khodgkins@azgfd.gov

KANSAS CORPORATION COMMISSION	Annually prepared the Department's ICRP for the last 12 years. The ICRP is annually submitted to and approved by the U.S. Environmental Protection Agency for review and approval. Also assisted the Agency in revising its policies and procedures to ensure compliance with 2 CFR Part 200 and to maximize indirect cost recoveries. MGT Project Consultant: Bret Schlyer and Eric Parish.	
	<i>Contact:</i>	Neysa Thomas
	<i>Title:</i>	Chief Financial Officer
	<i>Phone:</i>	785-271-3178
	<i>E-Mail:</i>	n.thomas@kcc.ks.gov



REFERENCES

MGT hereby grants permission to the State to contact any of the following references, project contacts previously identified in our proposal, and any others who may have pertinent information regarding MGT’s qualifications and experience to perform the services required by the RFP.

All of the following references are business references for MGT and our selected project team.

STATE OF NEW MEXICO	Prepared and negotiated the approval of the FY 2007 through the current year SWCAP. Approval of the FY 2011 SWCAP and prior SWCAPs were negotiated with the CAS Central Field (Dallas) Office. MGT Project Consultants: Elise d’Auteuil and Bret Schlyer.	
	<i>Contact:</i>	Mr. Richard H. Torrence, CPA
	<i>Title:</i>	Department of Finance and Administration, CAFR Accountant
	<i>Phone:</i>	505-476-8533
	<i>E-Mail:</i>	Richard.torrence@state.nm.us

STATE OF TEXAS	Prepared and negotiated the approval of the FY 2009 through the current year SWCAP. Approval of the SWCAPs is negotiated with the CAS Central Field Office (Dallas). MGT Project Consultants: Elise d’Auteuil, Joel Nolan and Bret Schlyer.	
	<i>Contact:</i>	Theresa Boland
	<i>Title:</i>	Office of the Governor, Budget Manager, Financial Services Division
	<i>Phone:</i>	512-936-0166
	<i>E-Mail:</i>	tboland@governor.state.tx.us

STATE OF WASHINGTON	Prepared and negotiated the approval of the FY 2012 through the current year SWCAP. Approval of the SWCAPs was negotiated with the CAS Western Field (San Francisco) Office. MGT Project Consultants: Bret Schlyer and Joel Nolan.	
	<i>Contact:</i>	Michael Schaub
	<i>Title:</i>	Office of Financial Management, State Financial Senior Consultant
	<i>Phone:</i>	360-725-0225
	<i>E-Mail:</i>	Michael.Schaub@OFM.WA.GOV

MGT PROFILE & QUALIFICATIONS



STATE OF NORTH DAKOTA	Prepared and negotiated approval of the FY 2014 through the current year SWCAP. Approval of the SWCAPs was negotiated with the CAS Western Field (San Francisco) Office. MGT Project Consultants: Bret Schlyer and Brooke Brandenburg.	
	<i>Contact:</i>	Crystal Hoggarth
	<i>Title:</i>	Office of Management and Budget
	<i>Phone:</i>	701-328-1666
	<i>E-Mail:</i>	cnhoggarth@nd.gov

PERSONNEL QUALIFICATIONS AND EXPERIENCE

We believe MGT has designated a project team for the project with exceptional qualifications for completing the scope of work and assisting the State in maximizing the recovery of indirect costs, and creating the most accurate billed service rates. We intend to only assign senior consultants with extensive experience in preparing and negotiating SWCAPs, agency cost allocation plans and billed service rates. MGT consultants to be assigned to this project have prepared numerous similar projects over the past 25 plus years. Our project team will assure the development of a quality SWCAP and agency cost allocation plan and billed service rates within the required time frame. MGT will not utilize subcontractors.

All MGT senior consultants to be assigned to the project team have:

- ◆ Minimum of 10 years of experience preparing SWCAPs and indirect cost allocation plans for state agencies.
- ◆ Participated on SWCAP projects for at least four states in the last five years.
- ◆ Developed charge-back methodologies and rates for state internal service funds, including information technology departments, which have been approved by CAS.
- ◆ Participated on indirect cost allocation plans, rates, and ICRP projects for multiple state agencies.
- ◆ Extensive knowledgeable of Federal 2 CFR 200 (requirements and procedures).
- ◆ Understanding of how to maximize indirect costs within federally allowable limits.
- ◆ Experience in minimizing state staff efforts during interviewing and data-gathering tasks.

Our Project Team has acquired extensive knowledge and negotiation skills from negotiating SWCAPs, cost allocation plans, ICRPs, and billed service rates with the CAS. We have successfully negotiated multiple SWCAPs with different regions of CAS, and fully understand the SWCAP requirements and federal review process.

All MGT consultants to be assigned to the project have extensive experience negotiating with CAS.

The 2 CFR Part 200 is not a black and white document. There is flexibility in the interpretation and applications of many sections of 2 CFR Part 200. Our experience in negotiating SWCAPs, cost allocation plans, ICRPs, and billed service rates with CAS negotiators will enable us to obtain the best results for the State. It will also enable us to initially provide the information to CAS that we know the negotiator wants and in the format they prefer; and to minimize state staff efforts in responding to additional requests for information and clarification of costs.

The availability of experienced senior consultants to the State is particularly important when considering the millions of dollars of potential liability the State has in Section II billed costs and the additional dollars that experienced consultants may be able to identify and obtain approval for in the Section I cost allocation plan. The availability of consultants with this extensive level of experience can assist the State



in identifying and addressing potential federal costing related issues before they become audit findings; provide experience in the resolution and appeal of federal related audit findings; and provide experienced, practical resources for on-going training for State staff on federal cost recovery principles and procedures, charge-back rate development, and indirect cost recovery by state agency staff.

In addition to the SWCAP experience, all MGT consultants to be assigned to this project have successfully developed and negotiated charge-back methodologies and rates with CAS; have prepared numerous state agency indirect cost allocation plans, rates, and indirect cost rate proposals (ICRPs) and negotiated their approval with cognizant federal agencies; and not only understand, but are experienced with state accounting systems, funding, budgeting, and appropriation issues.

INTERNAL CONTROLS AND QUALITY ASSURANCE PROCESS

MGT is committed to development of quality project deliverables and client satisfaction. We are accustomed to having our work audited or reviewed by state and federal negotiators and auditors. We have established the following process to ensure the accuracy and quality of our work.

- ◆ Detailed work papers and schedules are prepared, reconciled, and referenced to State source documents.
- ◆ Work papers are maintained by cost allocation plan and billed service section to enable rapid response to questions or issues that may arise during the review of the SWCAP, cost allocation plan or billed service document by CAS or state auditors.
- ◆ All schedules and interim project deliverables are continually reviewed and cross-checked by the Project Director.
- ◆ All schedules and work papers are reviewed by an MGT Vice President prior to the development of interim reports, and draft and final deliverables.
- ◆ MGT's quality assurance coordinator ensures all work papers are properly identified and maintained in accordance with State and federal requirements.

When planning a project, MGT utilizes common project management tools to identify tasks and assign resources to projects. As part of our establishment of the task time and durations, we build-in the possibility that issues may arise during the project that cause the task time or duration of the project to need modification.

It is quite common for states to seek deadline extensions from CAS for the SWCAP submittals due to required data, typically the CAFR, not becoming available early enough for an on-time completion. MGT will work with the State should a deadline extension become necessary to establish a revised timeline agreeable to all involved parties. The most common deadline extensions are 60 and 90 days which would delay the due date for the SWCAP until the end of February or March.

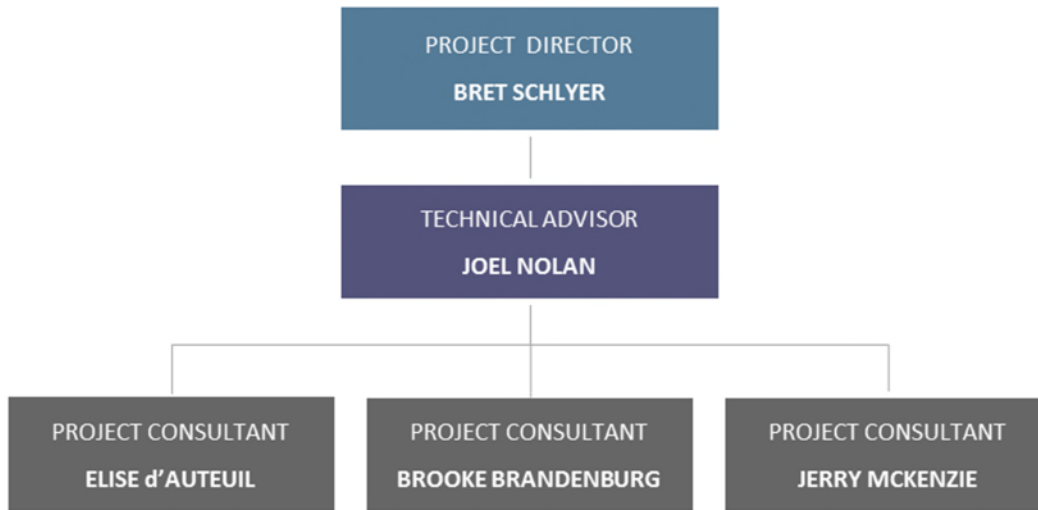
By pre-planning for potential changes to the timeline, MGT helps to ensure that our clients' projects remain as close to on-schedule as possible, and any changes have the least possible impact on the project duration. This is done most often by adding additional resources to the project to perform more tasks simultaneously. MGT takes seriously our commitment to meet the deadlines established at the



beginning of each engagement, while remaining flexible enough to expedite a project that has had its duration modified.

PROJECT TEAM STRUCTURE

The key members of MGT’s project team are Mr. Bret Schlyer, Ms. Elise d’Auteuil, and Mr. Joel Nolan. Additional consultants are available as needed to ensure the project is completed in accordance with the required completion dates. Following are descriptions of each consultant’s project role and qualifications. All consultants are available for work on-site in West Virginia. **Project team resumes are provided in APPENDIX A: RESUMES.**



MR. BRET SCHLYER – PROJECT DIRECTOR AND LEAD CONSULTANT

Mr. Schlyer will serve as project director and lead consultant for this project and have responsibility and involvement in all tasks related to the project.

Located in Wichita, Kansas, Mr. Schlyer is a Director with over 23 years of public-sector consulting experience. He joined MGT in 2008 after holding consulting positions with the Financial Services Division of MAXIMUS, Inc. for over 14 years. He has participated in the development of SWCAPs and Section II information for the following states:

- ◆ **Kansas** (1995-2008)
- ◆ **Louisiana** (2012-current)
- ◆ **Nevada** (2009-current)
- ◆ **New Mexico** (2009-current)
- ◆ **North Dakota** (2012-current)
- ◆ **Oklahoma** (1995-2008)

PERSONNEL QUALIFICATIONS AND EXPERIENCE



- ◆ **Utah** (2015-current)
- ◆ **Washington** (2010-current)
- ◆ **Wyoming** (2014)

He also has extensive experience in assisting state agencies in the preparation and submission to federal cognizant agencies of indirect cost rates and indirect cost allocation plans. He has completed ICRP, CAP, and indirect cost rate projects for state agencies, several annually over the course of his career. State agencies for which he has developed ICRPs and CAPs include:

- ◆ **Alaska.** Alaska Department of Commerce, Community and Economic Development.
- ◆ **Arizona.** Arizona Office of the Governor and Arizona Department of Game and Fish.
- ◆ **Kansas.** Kansas Corporation Commission, Kansas Department of Agriculture, Kansas Department of Commerce, Kansas Department of Health & Environment, and Kansas Historical Society.
- ◆ **Louisiana.** Louisiana Department of Corrections, Louisiana Department of Labor, Louisiana Department of Natural Resources, Louisiana Department of Public Safety, Louisiana Department of Transportation and Development, Louisiana Housing Corporation, and Louisiana Department of Wildlife and Fisheries.
- ◆ **Nevada.** Nevada Department of Forestry, Nevada Department of Corrections.

He also has assisted in the development of service charge-back rates for state agencies, and successfully negotiated their approval with CAS. On all state agency service rate projects on which he participated, he was actively involved in the review and development of the methodology; the actual preparation of service rates based on the methodology; the negotiation of approval of the methodology and rates with CAS; and in assisting the agency in the implementation, application, and clarification of the rates with users. This has provided him with an extensive knowledge of both the theoretical development of rates and the practical side of developing and applying rates in a state government setting. He has assisted in the development of service rates and charge-back methodologies for the following state agencies:

- ◆ **Alaska** Department of Enterprise Technology – Billed services methodology review (2012).
- ◆ **Louisiana** Division of Administrative Law – Billed services methodology and rate calculation (2013).
- ◆ **Louisiana** Human Capital Management – Billed services methodology and rate calculation (2015).
- ◆ **Louisiana** Office of State Procurement – Billed services methodology and rate calculation (2015).
- ◆ **South Carolina** Division of State Information Technology – Billed services methodology and rate calculation (2012).

Mr. Schlyer also has significant experience in projects designed to maximize federal funding for state agencies. He has participated on federal revenue enhancement projects for the following state agencies: Alabama Department of Mental Health and Mental Retardation, Arizona Health Care Cost Containment System, Connecticut Department of Social Services, Delaware Department of Aging, Florida Department



of Children & Families, Kansas Department of Social & Rehabilitative Services, Kansas Health Policy and Authority, New Jersey Department of Addiction Services, New Jersey Department of Mental Health Services, and New Mexico Department of Health.

As a result of his experiences, Mr. Schlyer is nationally recognized as an authority on 2 CFR Part 200 and its impact on state and local governments. He has made numerous presentations and published articles for governmental organizations on the development and application of 2 CFR Part 200 cost allocation plans, indirect cost rates, and charge-back rates. He has provided training at several state Association of Governmental Accountants and Governmental Finance Officer Association professional development conferences. In addition, he has given presentations on 2 CFR Part 200, cost analysis, and cost recovery subjects to state agencies and local entities in Alabama, Arizona, Colorado, Florida, Kansas, Louisiana, Nebraska, New Jersey, New Mexico, and Oklahoma.

MR. JOEL NOLAN – TECHNICAL ADVISOR

As Technical Advisor, Mr. Nolan will be available to the MGT project team and the State to resolve technical issues, and provide advice for resolving issues with CAS.

Mr. Nolan is a Certified Government Financial Manager with over 30 years of governmental experience, and probably the industry's most experienced SWCAP consultant. Prior to joining MGT in May 2007 as the Director of MGT's National Costing Practice, he held senior management positions with the Financial Services Division of MAXIMUS, Inc. for over 20 years. Since 2014, his role has been Technical Advisor at MGT. During his career, he has been responsible for directing the annual preparation and negotiation of the SWCAP and Section II information for the following states:

- ◆ **Alaska** (1989-2006)
- ◆ **Arizona** (1992 and 1993)
- ◆ **Idaho** (1991-1993)
- ◆ **Kansas** (1987-2006)
- ◆ **Louisiana** (1986-current)
- ◆ **Nevada** (2007-current)
- ◆ **New Mexico** (1987-2000, 2005-current)
- ◆ **Oklahoma** (1988-2006)
- ◆ **Texas** (1987-current)
- ◆ **Washington** (2010-current)
- ◆ **The U.S. Virgin Islands** (2009-current)

During his career, he also has provided technical support in the preparation and negotiation of SWCAPs for the states of Alabama, Colorado, Florida, Mississippi, Montana, and North Carolina.

He also has extensive experience in assisting state agencies in the preparation and submission to federal cognizant agencies of indirect cost rates and indirect cost allocation plans. He has completed numerous indirect cost rate proposal (ICRP), departmental cost allocation plan (CAP), and indirect cost rate



projects for state and territorial agencies in Alabama, Alaska, Arizona, Kansas, Louisiana, New Mexico, Nevada, Oklahoma, Texas, Washington, and the U.S. Virgin Islands for over 25 years.

State and territorial agencies for which he has developed ICRPs and CAPs include:

- ◆ **Alabama.** Department of Conservation and Natural Resources.
- ◆ **Alaska.** Court System, Department of Commerce, Department of Community and Economic Development, Department of Corrections, Department of Education, Department of Fish and Game, Department of Labor and Workforce Development, Department of Law, Department of Public Safety, Department of Revenue, and Department of Transportation.
- ◆ **Arizona.** Office of the Governor, Office of the Attorney General, Department of Agriculture, Department of Corrections, Department of Environmental Quality, Department of Game and Fish, Department of Health Services, and Department of Water Resources.
- ◆ **Kansas.** Department of Agriculture, Department of Commerce, and Department of Health and Environment.
- ◆ **Louisiana.** Board of Regents, Department of Corrections, Department of Labor, Department of Public Safety, and Department of Wildlife and Fisheries.
- ◆ **Oklahoma.** Department of Agriculture, Department of Commerce, Department of Education, Department of Environmental Quality, Department of Health, Department of Mines, Department of Public Safety, Department of Transportation, and Department of Wildlife Conservation.
- ◆ **Nevada.** Division of Forestry.
- ◆ **Texas.** Office of the Governor, Office of the Attorney General, Office of the Secretary of State, Commission for the Blind, Commission on Alcohol and Drug Abuse, Department of Agriculture, Department of Assistive and Rehabilitative Services, Department of Commerce, Department of Mental Health and Mental Retardation, Department of Public Safety, Department of State Health Services, Natural Resources and Conservation Commission, Texas Education Agency, and Texas Workforce Commission.
- ◆ **Washington.** Department of General Administration, Department of Personnel, and Higher Education Coordinating Board.
- ◆ **U.S. Virgin Islands.** Department of Agriculture, Department of Education, Department of Health, Department of Human Services, Department of Justice, Department of Labor, Department of Planning and Natural Resources, Department of Police, Department of Public Works, and Emergency Management Agency.

Mr. Nolan has acquired a practical understanding of state budgeting and accounting systems, processes, and issues over his career. This understanding has been acquired both as a budget analyst for the Texas Office of the Governor, through the completion of SWCAP and ICRP project for state agencies, and through assisting state agencies in the implementation of project recommendations and results. In particular, he understands charge-back service rate implementation issues faced by state support organizations. He has assisted agencies that are on annual and biennium budget cycles. He realizes that organizations that rely on all or part of their funding from charge-back service rates must develop sound



methodologies and accurately document costs. However, more importantly, the rates must ensure full recovery but not excessive recovery of costs; and must be reasonable and understandable to customers. The key is to develop sound processes for projecting costs and usage. It is also important that rates be budgeted accurately to ensure state agencies are able to recover their service charges from applicable federal and other non-general fund funding sources, and so the fund does not realize excessive revenues and end up repaying the federal government for over charges.

Mr. Nolan also has acquired extensive experience negotiating the approval of service rate methodologies with the CAS. In addition to negotiating approval of all service rate methodologies he has developed, Mr. Nolan has annually assisted state agencies in the negotiation of approval of service rate methodologies with CAS and the resolution of audit findings for over 25 years. His experience in negotiating service rate methodologies with CAS negotiators will enable us to assist the State in developing and obtaining the approval of any new or revised service rate methodologies. He has developed federal compliant charge-back methodologies and service rates for the following state agencies:

- ◆ **State of Alaska** Department of Administration – Divisions of Central Mail, Enterprise Technology, Facility Management, Procurement, and Personnel.
- ◆ **State of Alaska** Department of Law – Legal service billing rates.
- ◆ **State of Alaska** Department of Transportation and Public Facilities – Divisions of Equipment Services.
- ◆ **State of Arizona** Department of Administration – Divisions of Equipment Services, Information Technology, and Facility Management.
- ◆ **State of Kansas** Department of Administration – Divisions of Facility Management, Data Processing Services, Motor Pool, and Printing.
- ◆ **State of Louisiana** Division of Administration – Divisions of Building Management, Office of Computer Processing, Office of Risk Management, and Office of Telecommunications.
- ◆ **State of Nevada** Office of the Attorney General – Legal service billings.
- ◆ **State of New Mexico** General Services Department – Office of Information Processing (now Department of Information Technology), Motor Pool, and Property Management (facility management), and State Printing Office.
- ◆ **State of Oklahoma** Office of Finance – Divisions of Data Processing and Telecommunications.
- ◆ **State of Oklahoma** Department of Central Services – Divisions of Facility Management, Motor Pool, and Printing.
- ◆ **State of Texas** Office of the Attorney General – Legal service billing rates.
- ◆ **State of Texas** Comptroller of Public Accounts – Cost allocation plan for the Information Technology Division.
- ◆ **State of Texas** Department of Information Resources – Assisted in acquiring approval of the Department’s cost recovery processes and rates from the U.S. Department of Health and Human Services.



- ◆ **State of Washington** Department of General Administration – Reviewed the financial status of all services provided and funds administered by the Department; developed a central services cost allocation plan and service rate model for the Department; reviewed the methods and processes utilized by the Department to establish budgets, cost services, and develop service billing rates; and assisted in the development of service budgets and rates.

Mr. Nolan has been instrumental in the resolution of audit findings in several states. He has assisted state agencies in Alaska, Idaho, Kansas, Louisiana, Montana, New Mexico, Oklahoma, and Texas in the resolution of findings related to over-billing and/or inconsistent billing of federal programs. These findings have included billings by state entities providing data processing, facilities, motor pools, printing, retirement systems, risk management, and telecommunication services. He has assisted states in resolving issues at the federal department level, the appeals level, and in federal court.

As a result of his experience, Mr. Nolan is nationally recognized as an authority on 2 CFR Part 200 and its impact on state and local governments. He annually makes numerous presentations to governmental organizations on the development and application of federal cost principle cost allocation plans, indirect cost rates, and charge-back rates. He has provided training at the American Institute of Certified Public Accountants governmental training program, Association of Governmental Accountants professional development conferences, Governmental Finance Officer Association development conferences, National Association of State Comptrollers annual conferences, the Texas CPAs Single Audit in Texas Conference on OMB Circular A-87, and the Texas Finance Officers Academy. In addition, he has given presentations on federal cost principles, cost analysis, and cost recovery subjects to state agencies and local entities in Alaska, Arizona, Colorado, Florida, Kansas, Idaho, Louisiana, Montana, Oklahoma, and Texas.

MS. ELISE D'AUTEUIL - PROJECT CONSULTANT

Ms. d'Auteuil will serve as Project Consultant and will be utilized as needed to ensure completion of all work plan tasks and the provision of all deliverables in accordance with the project schedule. It is anticipated that her primary focus will be on the Section I cost allocation plan component of the SWCAP.

Ms. d'Auteuil is a Senior Consultant with over 30 years of governmental experience. She joined MGT in 2007 as a Senior Consultant after holding consulting positions with the Financial Services Division of MAXIMUS, Inc. for over 18 years. She has participated in the development of SWCAPs and Section II information for the following states and territory:

- ◆ **Louisiana** (1995, 1996, and 2001)
- ◆ **New Mexico** (1990-1992 and 2007-current)
- ◆ **Texas** (1992-current)
- ◆ **The U.S. Virgin Islands** (2009-current)

Through her participation on the SWCAPs Ms. d'Auteuil has acquired extensive experience in negotiating the approval of SWCAPs, Section II billed services methodologies and rates, and agency indirect cost rates with CAS. On all SWCAPs projects on which she participated, she was actively involved in the defense, negotiation and revision of the SWCAPs.



She also has extensive experience in assisting state agencies in the preparation and submission to federal cognizant agencies of indirect cost rates and indirect cost allocation plans. She has completed ICRP, CAP, and indirect cost rate projects for state agencies, several annually for over 15 years. State and territorial agencies for which she has developed ICRPs and CAPs include:

- ◆ **Texas.** Office of the Governor, Office of the Attorney General, Office of the Secretary of State, Commission for the Blind, Commission on Alcohol and Drug Abuse, Department of Assistive and Rehabilitative Services, Department of Mental Health and Mental Retardation, Department of Public Safety, Department of State Health Services, and Texas Workforce Commission.
- ◆ **Washington.** Department of General Administration and Department of Personnel.
- ◆ **U.S. Virgin Islands.** Department of Education, Department of Health, Department of Human Services, Department of Justice, Department of Labor, Department of Planning and Natural Resources, Department of Police, and Department of Public Works.

She also has assisted in the development of service charge-back rates for state agencies, and successfully negotiated their approval with CAS. On all state agency service rate projects on which she participated, she was actively involved in the review and development of the methodology; the actual preparation of service rates based on the methodology; the negotiation of approval of the methodology and rates with CAS; and in assisting the agency in the implementation, application, and clarification of the rates with users. This has provided her with an extensive knowledge of both the theoretical development of rates and the practical side of developing and applying rates in a state government setting. She has assisted in the development of service rates and charge-back methodologies for the following state agencies:

- ◆ **Texas** Office of the Attorney General – Legal services billing methodology and rates (Annually 1992 through 2017).
- ◆ **Texas** Office of the Comptroller of Public Accounts – Information Services Division cost allocation plan (Annually 2003 through 2007 and 2017).
- ◆ **Texas** Department of Information Resources – Billing methodologies and rates, and resolution of issues identified by CAS (2006 and 2007).
- ◆ **Washington** Department of General Administration – Billing methodologies and rates for Central Mail Services, Engineering and Architectural Services, Facility Management, Materials Management Center, State Motor Pool, State Procurement, and Surplus Property (2008 and 2009).

MR. BROOKE BRANDENBURG - PROJECT CONSULTANT

Mr. Brandenburg will assist as needed throughout all aspects of the project. His responsibilities will include: data collection, data analysis, and presentation of results. Mr. Brandenburg is a Senior Consultant with MGT and has over 15 years of experience providing cost of service, cost allocation, user fee, and indirect cost rate services to state and local governments.

States which he has assisted with preparations of SWCAPs include:

- ◆ **Louisiana** (2013-current)



- ◆ **Nevada** (2012-current)
- ◆ **North Dakota** (2013-current)
- ◆ **Washington** (2012-current)
- ◆ **Kansas** (2006-2010)
- ◆ **Oklahoma** (2006-2010)

State agencies and local governments for which he has developed cost recovery and cost of service projects in recent years include:

- ◆ **Arizona.** Maricopa County, Arizona Department of Game & Fish, Arizona Attorney General, Arizona Office of the Governor.
- ◆ **Colorado.** Jefferson County, City & County of Denver.
- ◆ **Kansas.** Kansas Corporation Commission, Kansas Department of Agriculture, Kansas Department of Commerce, Kansas Department of Health & Environment, and Kansas Historical Society. Local governments of City of Wichita, Johnson County, Sedgwick County, Unified Government of Wyandotte County & Kansas City.
- ◆ **Louisiana.** Jefferson Parish, Lafayette Consolidated Government, City of New Orleans, Orleans Parish District Attorney, City of Baton Rouge, City of Lake Charles, St. Charles Parish.
- ◆ **Oklahoma.** Department of Public Safety and Department of Transportation. Local governments of City of Tulsa.
- ◆ **New Mexico.** City of Farmington.

MR. JERRY MCKENZIE - PROJECT CONSULTANT

Mr. Jerry McKenzie will assist as needed throughout all aspects of the project. His responsibilities will include: data collection, data analysis, and presentation of results. Mr. McKenzie is a Senior Consultant with MGT and has over 30 years of experience providing cost of service, cost allocation, user fee, and indirect cost rate services to state and local governments.

States which he has assisted with preparations of SWCAPs include:

- ◆ **Louisiana** (2013-current)
- ◆ **Nevada** (2012-current)
- ◆ **North Dakota** (2013-current)
- ◆ **Washington** (2012-current)

State agencies and local governments for which he has developed cost recovery and cost of service projects in recent years include:

- ◆ **Arizona.** Maricopa County, Arizona Office of the Governor.
- ◆ **Colorado.** Jefferson County, City & County of Denver.

PERSONNEL QUALIFICATIONS AND EXPERIENCE



- ◆ **Kansas.** Kansas Corporation Commission, Kansas Department of Commerce. Local governments of City of Wichita, Johnson County, Sedgwick County, Unified Government of Wyandotte County & Kansas City.
- ◆ **Louisiana.** Jefferson Parish, Lafayette Consolidated Government, City of New Orleans, Orleans Parish District Attorney, City of Baton Rouge, City of Lake Charles.
- ◆ **Oklahoma.** City of Tulsa.
- ◆ **Texas.** City of San Antonio.

APPROACH & METHODOLOGY

PROJECT APPROACH AND METHODOLOGY

West Virginia state agencies expend considerable resources in the administration and support of federally funded programs. To recover the costs of and associated with those resources from federal funding sources, state agencies must comply with federal cost principles and procedures as presented in 2 CFR Part 200.

2 CFR Part 200 acknowledges the total cost of administering a program is comprised of allowable direct costs of the program, plus a program's appropriated share of allowable indirect costs (administrative and support costs). Direct costs are costs which can be specifically identified with a particular program or activity. Indirect costs are those incurred for a common purpose benefiting more than one program or activity, and not readily assignable to programs specifically benefited without effort disproportionate to results achieved. Indirect costs are incurred at the statewide level and at the department level.

A state program to maximize indirect cost recovery from federally funded programs and non-federally funded activities is comprised of **three principles components**. The **first component** is the annual preparation, submittal, and subsequent negotiation and approval of a SWCAP, and the calculation of billed services rates. The **second component** is typically the responsibility of each state department and agency. Tasks of the second component include the preparation, submittal, and subsequent negotiation and approval of department indirect cost rate proposals; the inclusion of indirect costs in federal program budgets that are approved by federal funding agencies; and the actual claiming of indirect costs on federally grants. The **third component** is the establishment of on-going educational and support program to provide continued guidance to departments on issues and requirements of the 2 CFR Part 200 Circular and other related cost recovery issues. Failure to appropriately identify costs and/or complete each component of the indirect cost recovery program will impact a state's ability to recover indirect costs and the amount that may be recovered. Components one and three are included in the scope of work requested. Tasks required to complete component two are not included in the requested scope of work and are the responsibility of each state agency.

FIRST COMPONENT: SWCAP PREPARATION, SUBMITTAL, AND APPROVAL

To identify and recover the costs of centralized services benefiting multiple state agencies and programs from federally funded programs, the State must annually prepare a SWCAP which must be submitted to the Division of Cost Allocation Services (CAS) of the U.S. Department of Health and Human Services (DHHS), for negotiation and approval within six months prior to the beginning of the fiscal year in which it proposes to claim central service costs. The SWCAP must identify all central service costs that maybe claimed. This includes the costs of billed services such as facility services, information services, legal services, motor pool, risk management and telecommunications; and allocated indirect costs such as cash management, financial reporting, payroll, budgeting and accounting. A SWCAP submission is actually comprised of two documents: a central services cost allocation plan and a document providing 2 CFR Part 200 required information on billed services. Following receipt of the SWCAP submission documents, CAS will begin to review, question and eventually negotiate with the State an agreement

which permits the State to use the SWCAP for cost recovery from federal programs and grants. In summary, the SWCAP process is comprised of three principal tasks:

- ◆ Preparation of a central services cost allocation plan.
- ◆ Development of information on billed services.
- ◆ Submittal, negotiation, and approval of the SWCAP by CAS.

Although almost all states provide the same central services, states greatly differ on how they provide and fund each service, and the level of service provided. Services such as personnel and payroll services may be treated as an allocated cost in some states and as a billed service in other states. In addition, the methods for either allocating or billing services may differ between states. For example, one state may allocate or bill the cost of centralized payroll based on the number of funded positions and another state may allocate or bill based on the number of payroll warrants issued.

A significant impact on whether costs of a service are billed or allocated, and the method used to allocate or bill costs is the CAS field office and negotiator responsible for reviewing and approving a state's SWCAP. 2 CFR Part 200 is not a clearly defined document and leaves much to the interpretation of the reader or, in most cases, the CAS negotiator. For instance, the CAS Central Field Office (Dallas) has a different interpretation than the CAS Western and Northeast field offices of what a service activity is, the allowable fund balance for internal service funds, and the federal reconciliation (true-up) form to be prepared and submitted on each internal service fund. It is very important that the person preparing the SWCAP be fully knowledgeable of the interpretations and preferences of CAS, and the types and format of the information they like to be provided for their review.

A knowledgeable and proactive process of dealing with the CAS negotiators will greatly reduce the State's financial risk and significantly reduce the level of effort State staff will need to spend clarifying information and/or responding to requests for additional information.

FIRST COMPONENT, TASK ONE: SWCAP—SECTION I ALLOCATED SERVICES

A central services cost allocation plan (CSCAP) will be prepared that includes and allocates the costs of all central services that are not billed to state agencies. The CSCAP will be completed in sufficient time to allow for the review of the CSCAP by the State and submittal to CAS (U.S. Department of Health and Human Services) by December 31st of each year. The cost of each central service will be identified and allocated in the statewide CSCAP to all benefiting state agencies utilizing an allocation base that reasonably results in the allocation of costs in accordance with the relative benefit provided or received. The costs that are allocated to each state agency in the statewide CSCAP may be subsequently claimed by each state agency through further allocation of these costs to the programs they administer or through their inclusion in the development of an indirect cost rate for the agency. In order to maximize the potential recovery of the states non-billed central service costs, a complete review of all state departments will be conducted by MGT to identify all statewide central services and the agencies benefited by each service.

Allocated indirect costs are approved as Section I costs on the SWCAP cost allocation agreement. Per 2 CFR Part 200, the statewide CSCAP must include for each allocated central services a brief description of the service, an identification of the unit rendering the service and the operating agencies receiving the

service, the items of expense included in the cost of the service, the method used to distribute the cost of the service to benefited agencies, and a summary schedule showing the allocation of each service to the benefited agencies.

We will utilize MGT’s proprietary cost allocation software to allocate the non-billed central service costs and prepare the statewide CSCAP. The software incorporates years of refinements and continual field use by MGT consultants. The software has been utilized to develop statewide and state agency CSCAPs that have been reviewed by numerous federal agencies, including CAS. It is the tool we use to generate all the 2 CFR Part 200 CSCAPs we prepare on behalf of city, county, and state clients each year. The software uses a double iteration (two step-down allocating mechanism) methodology ensuring the full allocation of all costs. The software enables the allocation of an unlimited number of cost pools using multiple allocation bases. Report outputs include detailed schedules that will reconcile all costs allocated in statewide CSCAP to state financial statements. It also provides a number of summary and management reports.

FIRST COMPONENT, TASK TWO: SWCAP—SECTION II BILLED SERVICES

The State is required to provide service descriptions, financial, rate methodology, billing, and 2 CFR Part 200 reconciliation information on all billed central services. Billed central services are approved as Section II billed costs on the negotiation agreement. Billed services which are not identified on the SWCAP cost allocation agreement as approved Section II billed costs may not be charged to federal programs. Therefore, it is essential that all the State’s billed services be identified, properly documented, and included on the agreement.

In addition to state policies and GAAP, 2 CFR Part 200 cost principles should be considered in the development of service rate methodologies due to the likely funding of those charges by state agencies from federal funding sources. Rate methodologies and working capital balances are required to be submitted annually as part of the SWCAP process. Failure to fully document each billed service and/or to develop billing rates in compliance with federal requirements could result in service rates being classified as unallowable costs for federal programs, and/or funds may be forced to refund “over billings” to the federal government.

As many states have experienced, CAS has been increasingly emphasizing the importance of compliance to 2 CFR Part 200 by internal service funds, self-insurance funds and other billed services. As a result of the number of State billed services, we anticipate a significant effort associated with the developing of the Section II information, assisting the State in responding to inquiries from CAS, and educating and assisting State staff in complying with 2 CFR Part 200 requirements as they relate to billed services.

Section II billed services in the State may have reduced the State’s reliance on general fund. However, unless the methodologies and procedures used to develop service rates and fees are structured correctly and fully costed in accordance with 2 CFR Part 200, the State may reduce the amount of billed costs that can be recovered from federally funded programs. The Legislature’s requirement that portions of a central service’s activities be recovered through a billing process may result in the balance of a central service’s costs being deemed unallowable by CAS. Each billed cost should be developed and identified by activity to assure all costs remain allowable. It should be further realized that whether the

billed activity is established as an internal service fund or not, financial statements will need to be annually prepared and reconciled to 2 CFR Part 200 requirements.

In addition to annually preparing 2 CFR Part 200 financial reconciliations for each billed service, MGT will annually review the financial statements, billing rate development methodology, and provide guidance to the State and service agency management on compliance with federal requirements. We will assist the State and agency management in understanding issues raised by CAS during their annual review and formulating an approach to addressing issues raised by CAS. The state is responsible for any agency cost allocation plans or billed service rate models.

FIRST COMPONENT, TASK THREE: SWCAP—NEGOTIATION OF SWCAP APPROVAL

The final task is the negotiation of the approval of the SWCAP with CAS. This task requires responding to CAS's inquiries concerning the statewide CSCAP and Section II information. During the annual review of the SWCAP, the assigned CAS negotiator usually makes an on-site visit to review the SWCAP and to schedule meetings with selected managers of Section II billed services to acquire first-hand knowledge of each service's rate development methodology and process. The final outcome of this task is the receipt by the State from CAS of a cost allocation agreement approving the Section I allocated costs and Section II billed costs.

Although reliant upon CAS's schedule, MGT will strive to negotiate approval of the SWCAP as quickly as possible. We will be at the State's offices during any on-site SWCAP reviews by the CAS negotiator and will attend all meetings with the CAS negotiator. We will be available to assist the State in responding to inquiries concerning the SWCAP, 2 CFR Part 200 issues, and billed services issues beginning with the date of our contract through the period covered by the SWCAP. If the SWCAP should be audited or questioned, regardless of when, MGT will be available to respond to questions and provide documentation in support of the SWCAP.

Although MGT's experience in preparing SWCAPs is important to the State, we believe that of most importance is our project team's extensive experience negotiating SWCAPs with CAS. Our experience in negotiating SWCAPs with the CAS will enable us to obtain the best results for the State. It will also enable us to initially provide the information to CAS that we know the negotiator wants and in the format they prefer; and to minimize state staff efforts in responding to additional requests for information and clarification of costs.

SECOND COMPONENT: DEPARTMENT INDIRECT COST RECOVERY

Although statewide indirect costs are identified and their allowability negotiated through the SWCAP, the recovery of these costs from federal and non-federal programs is reliant on State departments. In order to recover SWCAP costs, each department that administers federally funded programs must prepare a department CSCAP and indirect cost rate(s). The department CSCAP and rate must include all department indirect costs, including those allocated to a department in the SWCAP Section I CSCAP and/or billed to a department. The department CSCAP and indirect cost rate(s) must be submitted to and approved by each department's federal cognizant agency.

2 CFR Part 200 requires a state department wishing to recover costs of agency indirect costs from federally funded programs to annually prepare an indirect cost rate proposal (ICRP). The ICRP must

include documentation on all costs that are billed to or recovered from federally funded programs utilizing an allocation or billing methodology, and/or through the utilization of an indirect cost rate. At a minimum, the ICRP must include a certification, department CSCAP, indirect cost rates, schedules reconciling costs to a department’s official financial statements, and documentation on any billed or allocated costs. The ICRP must be submitted to the department's federal cognizant agency for review and approval.

Once a department receives approval of its ICRP, a department may utilize approved indirect cost rates to recover indirect costs. However, indirect costs must be an approved cost of a federal grant, contract or award before it may be claimed. Grant budgets and contracts with federal awarding agencies must be amended to include the approved rate. Once this is completed, departments may apply rates to claims and recover the State’s indirect costs.

In addition to their SWCAP experience, all MGT consultants to be assigned to the West Virginia SWCAP project have extensive experience in preparing CSCAPs, indirect cost rates, and ICRPs for state departments and negotiating their approval with cognizant federal agencies; are fully knowledgeable of federal requirements; understand how to maximize indirect costs within federally allowable limits; and understand and are experienced with state accounting systems, funding, budgeting, and appropriation issues. This will enable them to provide continuing support to state agency on the recovery of indirect costs from both federal and non-federal funded programs.

Tasks required to complete component two are not included in the requested scope of work and are the responsibility of each state agency. MGT is not proposing to develop ICRPs for state agencies. However, we will at the request of the State provide training on indirect cost recovery and ICRP development for state agencies. We will also be available to respond to state agency questions concerning the development and negotiation of ICRPs and the application of indirect cost rates.

THIRD COMPONENT: INDIRECT COST RECOVERY TRAINING AND SUPPORT

There are many factors which strongly support a state’s establishment of an on-going program and/or resources available to state staff that provides training and support on indirect cost recovery. Although, 2 CFR Part 200 established principles and procedures for the development, submittal and approval of indirect cost rate proposals, there are many vague cost issues and varying interpretations. State departments are often unfamiliar with cost allocation concepts and do not fully identify and/or appropriately allocate costs to federal programs. The understanding and interpretation of 2 CFR Part 200 also varies greatly between and within federal agencies. The regulations and related cost recovery issues are continually changing and evolving. State staff retirements and turn over also significantly impact departments. These factors and others make it essential that the State engage a firm with consultants that are knowledgeable, experienced, and on top of current federal interpretations and audit issues related to indirect cost recovery. ***MGT is that firm.***

Because of their experience, our Project Director and Consultants are nationally recognized as authorities on 2 CFR Part 200 and its impact on state and local governments. They annually make numerous presentations to governmental organizations on the development and application of 2 CFR Part 200 cost allocation plans, indirect cost rates, and charge-back rates. They have provided training at the American Institute of Certified Public Accountants governmental training program, Association of

Governmental Accountants professional development conferences, Governmental Finance Officer Association development conferences, National Association of State Comptrollers annual conferences, the Texas CPAs Single Audit in Texas Conference on federal costing regulations, and the Texas Finance Officers Academy. In addition, they have provided presentations on federal costing regulations, cost analysis, and cost recovery subjects to state agencies and local entities in Alaska, Arizona, California, Colorado, Florida, Kansas, Idaho, Louisiana, Montana, Oklahoma, and Texas.

In addition to our project team, MGT has a number of experienced consultants that are strong and diversified in the areas of state government cost analysis, charge-back rate development, operational analysis, program structuring and compliance. Our experts in data processing, rate development, statistics, and finance can all be called in to answer questions or provide professional advice to produce the best possible indirect cost recovery program for the State.

We will, at the request of the State, provide training on indirect cost recovery and ICRP development for state agencies. We will also be available to respond to state agency questions concerning the development and negotiation of ICRPs and the application of indirect cost rates.

WORK PLAN FOR SERVICES

We are committed to developing a SWCAP (Section I and Section II) on time, and meeting with State staff as frequently as necessary to assure a quality product, a full understanding of project results and federal issues, and assisting the State in developing methods and procedures for the full recovery of central services costs from non-general fund sources.

To meet our commitment and time line, we will utilize a work plan that has been used by our project team members to prepare numerous SWCAPs for over 20 years. Our technical approach will meet the State's objectives through interviews with state agency managers, a comprehensive data collection and review process, and proven cost allocation software. Embedded within our approach is our philosophy of close communications with our client on the progress of our work. Our management philosophy calls for interactive communication with State staff because it fosters an understanding of the work being performed and improves client satisfaction with our work. This will also be beneficial to the State staff that will have responsibility for assisting state agencies in the actual recovery of SWCAP costs.

Given access and availability of state staff to provide organization, service and financial information, MGT is qualified and fully staffed to complete all activities and tasks of the project. We will only require access to state agency staff for brief interviews related to services provided and their duties. We will also need assistance in the acquisition of organizational, financial, allocation base data, and other related information.

Our work plan for completion of the SWCAP each year is comprised of six primary tasks and over 40 subtasks. As our references will confirm, we are committed to developing a SWCAP on time, and meeting with State staff as frequently as necessary to assure a quality product, a full understanding of project results and federal issues, and assisting the State in developing methods and procedures for the full recovery of central services costs from non-general fund sources. Following is a brief description of our work plan tasks, subtasks, and the week in which the subtask would be completed. Assuming the work began each year the first week of October, we would complete a draft SWCAP in 8 weeks (end of

November), provide and review the draft SWCAP with the State the first of December, receive comments from the State by December 15th, and provide the State with a final SWCAP by December 31st. Total of 12 weeks. Because of the current timeframe, it is understood that the FY 2015 actual cost SWCAP will not be completed in this timeframe, but will rather be completed within 12 weeks of the notice to proceed.

TASK 1.0: PROJECT INITIATION AND ADMINISTRATION

- 1.1** At the onset of the project, MGT will meet with the State to confirm the objectives, deliverables, and schedule of the project. MGT staff understands the general objectives going into the engagement. However, having an initial meeting to set and determine specific objectives ensures the final product will meet the State expectations. If necessary, any refinements in approach or schedule will be identified, discussed, and incorporated into a revised work plan and timeline, and submitted for approval.

Also, at this meeting a State project coordinator should be designated. This individual's involvement will include the scheduling of interviews with key department personnel and assisting MGT staff in acquiring organization, financial, and allocation base information. This individual will also be involved in establishing and coordinating activities to ensure a timely flow of information and interaction between MGT and the State. The designated individual should be thoroughly knowledgeable of State central service operations. **WEEK 1.**

- 1.2** Identify the contact people in each central service agency and each billed service agency. Agencies would be identified, for which contacts are needed, during the first week of the project. **WEEK 1.**
- 1.3** As the project progresses, deliver a biweekly project status report to the project coordinator, until all documents are completed and submitted to CAS. **ONGOING.**
- 1.4** After CAS responds to SWCAP submission, we will ensure the State is informed of all conversations and correspondence until all outstanding issues are resolved. **ONGOING.**

TASK 2.0: PREPARATION OF THE SECTION I CENTRAL SERVICES COST ALLOCATION PLAN

- 2.1** Review the prior SWCAPs, audit documentation, and correspondence related to SWCAPs prepared based on actual expenditures for the previous three years. This review will provide us an understanding of the State's current allocated and billed services, and enable us to identify improvement recommendations. It will also enable us to identify and assist the State in addressing any current or potential federal issues with allocated and/or billed services. We will need the State lead to provide or direct us to the documents. **WEEKS 1 AND 2.**
- 2.2** Obtain electronic (preferable) or hard copies of actual expenditures for state central services. **WEEK 1.**
- 2.3** As necessary, meet with central service agencies included in central services cost allocation plan (CSCAP) or identified as a result of our review to brief them on the process and purpose. We expect that the agency meetings will be completed during the first week of project commencement. During these meetings, we will discuss services provided; determine if the current CSCAP service model is still appropriate; and discuss allocation of costs among multiple services. We also will discuss CSCAP allocation logic and current allocation base, and examine

alternatives that might now be available. We anticipate each meeting will last approximately one hour. We anticipate the State project lead will coordinate meeting for us with the central service agencies. **WEEKS 1 AND 2.**

- 2.4** Provision by central service agencies of allocation data and other necessary information to the State project lead or directly to our consultants, at the discretion of the State. We anticipate the State will want their project lead to coordinate and manage the collection of documents generated at central service agencies. We anticipate the agencies will send the information to the State lead and they will forward it to MGT. **WEEKS 1 THROUGH 4.**
- 2.5** When the data from the central service agencies is available, enter cost and allocation statistics into our proprietary cost allocation plan software. **WEEKS 5 AND 6.**
- 2.6** Review, update, and prepare the description of service and allocation base for each central service department. **WEEKS 5 AND 6.**
- 2.7** Prepare carry-forward calculations on a service-by-service basis for each State agency and identify Fixed Costs. **WEEK 6.**
- 2.8** Prepare a draft Section I CSCAP. **WEEKS 6 AND 7.**
- 2.9** Prepare an analysis comparing the amount of cost allocated and the amount allocated to each state agency for the current year to the previous year. The analysis will include a description of significant revisions, and increases and decreases in allocation to state agencies. **WEEK 7.**
- 2.10** Provide a draft CSCAP and analysis/comparison to the State project coordinator for review and comment. An electronic copy of the draft CSCAP and analysis will be provided to the State. **WEEK 8.**
- 2.11** A meeting will be held with the State to review the draft CSCAP and analysis/comparison. The intent of this meeting is to ensure the State’s understanding of the CSCAP, the accuracy and validity of the results, and the identification and discussion with the State of any potential issues with CAS. Potential impacts on federal cost recovery by state agencies will also be presented and discussed. **WEEK 9.**
- 2.12** Provide a final CSCAP to the State project coordinator incorporating any revisions during the review of the draft CSCAP within 10 days of the receipt of any comments or requested revision from the State. Three bound copies and an electronic copy of the final CSCAP will be provided to the State. **WEEK 12.**

TASK 3.0: PREPARATION OF SECTION II BILLED SERVICES DOCUMENTATION

- 3.1** Identify all statewide Section II billed services. Assistance by the State will likely be required in identifying billed service. **WEEK 1.**
- 3.2** Collect descriptions of services provided. We anticipate the agencies will send the information to the State project coordinator and they will forward it to MGT. **WEEK 1 AND 2.**
- 3.3** Collect and review descriptions of billing and rate development methodologies. We anticipate the agencies will send the information to the State project coordinator and they will forward it to MGT. **WEEKS 1 THROUGH 4.**



- 3.4** Collect and review existing billing mechanisms for all internal service funds, self-insurance funds, fringe benefit funds, and any other billed service which are or may be billed to federally funded programs. We anticipate the agencies will send the information to the State project coordinator and they will forward it to MGT. **WEEKS 1 THROUGH 4.**
- 3.5** Collect rate schedules/tables. We anticipate the agencies will send the information to the State project coordinator and they will forward it to MGT. **WEEKS 1 THROUGH 4.**
- 3.6** Obtain and review financial statement for the internal service funds from the State’s Comprehensive Annual Financial Report (CAFR). We anticipate the CAFR or draft statements will be available by November 15th each year to be able to meet the December 31st filing deadline. **WEEK 6.**
- 3.7** Obtain cost center level reports showing the breakdown of expenditures and revenues for each service. The reports should reconcile the cost center information to the CAFR financial reports for each internal service fund. We anticipate the agencies will send the information to the State project coordinator and they will forward it to MGT. **WEEK 6.**
- 3.8** For non-internal services funds, obtain depreciation schedules for each service. We anticipate the agencies will send the information to the State project coordinator and they will forward it to MGT. **WEEK 6.**
- 3.9** If necessary, obtain the average daily cash balances data for each internal service fund, and the average State Treasury rate of return to calculate imputed interest for internal service funds. We anticipate the State project coordinator will acquire the information and forward it to MGT. **WEEK 6.**
- 3.10** Prepare the required federal retained earnings reconciliation schedules for each billed service. **WEEKS 7 AND 8.**
- 3.11** Compile the information on all Section II services into a single statewide Section II document with a section on each service. **WEEKS 7 AND 8.**
- 3.12** Provide a draft statewide Section II billed services document to the State project coordinator for review and comment. One electronic copy of the draft Section II document will be provided. **WEEK 8.**
- 3.13** A meeting will be held with the State to review the draft Section II billed services document. The intent of this meeting is to ensure the State’s understanding of the results, the accuracy and validity of the results, and the identification and discussion with the State of any potential CAS issues. **WEEK 9.**
- 3.14** Provide a final Section II billed services document to the State project coordinator incorporating any revisions identified by the State during its review of the draft document within 10 days of the receipt of any comments or requested revision by the State. Three bound copies of the final Section II document will be provided to the State. An electronic copy will also be provided. **WEEK 12.**

TASK 4.0: SUBMISSION AND NEGOTIATION WITH CAS

- 4.1** MGT will submit the SWCAP (Section I CSCAP and Section II Billed Services Document) to CAS by December 31st each year. **WEEK 12.**



- 4.2 MGT will contact CAS at least quarterly to find out the status of their review and notify the State of the status.
- 4.3 Provide negotiation services with CAS, coordinating responses, revising submission documents, and generating corrected documents as needed, until all documents are acceptable to CAS and the State. It is important to note that some federal exceptions unrelated to SWCAP preparation or accuracy may interfere with SWCAP approval, such as claims for federal financial participation reimbursements that result in protracted negotiations. MGT will ensure that all of our products are satisfactory to the State and comply with federal regulations. Although reliant upon CAS's schedule, we will strive to negotiate approval as quickly as possible.
- 4.4 Attend any on-site review meeting in West Virginia with the CAS negotiator.
- 4.5 Inform the State on the impact or possible impact of any CAS findings and/or request for additional information and appraise the State of their options.
- 4.6 If necessary, a revised Section I CSCAP and/or Section II Billed Services Document will be developed incorporating any revisions agreed upon by the State and submitted to CAS and the State.
- 4.7 Upon receipt of a negotiation agreement from CAS, three bound copies of the approved Section I CSCAP and Section II Billed Services Document will be provided to the State. The Section I CSCAP will include a copy of the agreement approving the Fixed Central Services Costs and Section II billed services. An electronic copy will also be provided.

TASK 5.0: PROVISION OF CONTINUING SUPPORT TO STATE ON SWCAP AND FEDERAL ISSUES

- 5.1 Our continuing service work plan includes the provision of telephone and electronic support in response to questions or interpretations associated with federal cost recovery issues for the term of the contract. MGT considers communications with state agencies, internal service fund managers, and users of SWCAP data an essential element in assisting the State to maximize the recovery of State funds expended on federal programs. We will also provide continued guidance to the State on the requirements of and issues related to 2 CFR Part 200. As new procedures and interpretations are developed and issued, we will assist the State in responding. As with most issues there will likely be many alternatives for addressing each issue. We will attempt to direct the State to those with the least cost and most benefit to the State. **TERM OF THE CONTRACT.**
- 5.2 We will be available to assist the State in responding to inquiries concerning the SWCAP, federal costing issues, cost allocation plan, and billed services issues for the term of the contract. MGT will complete any additional tasks that may reasonably relate to preparation, negotiation, or defense of the SWCAP. **TERM OF THE CONTRACT.**
- 5.3 If the SWCAP should be audited or questioned, regardless of when, MGT will be available to respond to questions and provide documentation in support of the SWCAP.
- 5.4 At the option of the State, we will provide a training session on 2 CFR Part 200 and federal cost recovery issues for State personnel. We will provide a two to three-hour long session at no additional cost to the State. **TO BE DETERMINED BY THE STATE.**

PROJECT SCHEDULE FOR SERVICES

MGT will complete the SWCAP and all required information detailed in our Work Plan in sufficient time each year to facilitate review and approval by the State and submittal of the final SWCAP and information by December 31st each year to the Division of Cost Allocation Services (CAS) of the U.S. Department of Health and Human Services. Assuming a contract would be awarded and financial information would be available by October 1st each year, MGT would provide a draft Section I CSCAP and a Section II Billed Services Document to the State by the first of December each year. Assuming a ten-day period for State review, a final Section I CSCAP and a final Section II Billed Services Document would be provided to State and submitted to CAS by December 31st each year. Although reliant upon CAS's schedule, we will strive to negotiate approval of the SWCAP as quickly as possible.

It is quite common for states to seek deadline extensions from CAS for the SWCAP submittals due to required data not becoming available early enough for an on-time completion. MGT will work with the State should a deadline extension become necessary to establish a revised timeline agreeable to all involved parties. The most common deadline extensions are 60 and 90 days which would delay the due date for the SWCAP until the end of February or March.

Our project schedule for each task is identified in our Work Plan. Our project schedule for each deliverable is identified in the following section.

SCOPE OF SERVICES AND DELIVERABLES

MGT shall prepare the SWCAP(s) for the years ending June 30, 2015. The Finance Division may elect to extend the scope of the contract to provide for the same services outlined in this contract for the fiscal years ending June 30, 2016, June 30, 2017 and June 30, 2018.

MGT shall attain a thorough working knowledge of the State's accounting cost systems, budgeting, billing, payroll systems and records, and other areas, as deemed necessary, to ensure the completion of the SWCAP and supplementary reports in accordance with the Federal Compliance. Reviews with central service agencies shall be scheduled, if necessary, to ensure the accurate interpretation of financial data provided by the state agencies and to help ensure the overall accuracy of the SWCAP.

MGT shall review prior audit coverage and correspondence from (and to) the federal government relating to essential plan information.

MGT shall prepare the information necessary to satisfy the documentation requirements for Section II, as provided for in the Federal Compliance.

MGT shall successfully negotiate the State of West Virginia's SWCAP with the cognizant federal agency official.

MGT shall submit the plan for approval, to the applicable Federal Agency within the time frame prescribed by such agency. The vendor will be responsible for obtaining approval of the statewide cost plan, representing the Finance Division in negotiations with the federal cognizant agency, being present during any site visits by federal officials, and explaining any and all aspects of the compilation of plan

documents. The Vendor shall provide the Finance Division with detailed documentation of all issues discussed during the negotiations and provide recommendations of any necessary actions by the state.

The Contractor shall prepare a report summarizing the carry-forward calculations on a service-by-service basis for each State agency.

The Contractor shall prepare a report summarizing the proposed fixed allocations for each State agency, including carry-forwards, to be submitted to the federal government.

The Contractor shall review, respond, and resolve all audit adjustments and recommendations.

ADDITIONAL DELIVERABLES

- ◆ An analysis comparing the amount of cost allocated and the amount allocated to each state agency for the current year to the previous year. The analysis will include a description of significant revisions, and increases and decreases in allocation to state agencies.
- ◆ A meeting will be held with the State to review the draft CSCAP and analysis/comparison. The intent of this meeting is to ensure State's understanding of the CSCAP, the accuracy and validity of the results, and the identification and discussion with the State of any potential issues with CAS. Potential impacts on federal cost recovery by state agencies will also be presented and discussed.
- ◆ A meeting will be held with the State to review the draft Section II billed services document. The intent of this meeting is to ensure understanding of the results, the accuracy and validity of the results, and the identification and discussion with the State of any potential CAS issues.
- ◆ Assist the State in negotiating approval of the Section I CSCAP and Section II billed services with CAS. Assistance will include attending any on-site review meeting in West Virginia with the CAS negotiator, coordinating responses, revising submission documents, and generating corrected documents as needed, until all documents are acceptable to CAS and the State. MGT will also inform the State on the impact or possible impact of any CAS findings and/or request for additional information; and appraise the State of their options.
- ◆ Provision of telephone and electronic support in response to questions or interpretations associated with federal cost recovery issues. We will provide guidance to the State on the requirements of and issues related to 2 CFR Part 200. We will be available to assist the State in responding to inquiries concerning the SWCAP, federal issues; the CSCAP, state agency indirect cost recovery, and billed services issues.
- ◆ If the SWCAP should be audited or questioned, regardless of when, and whether by federal, internal or legislative auditors, MGT will be available to respond to questions and provide documentation in support of the SWCAP.
- ◆ At the option of the State, we will provide a training session on 2 CFR Part 200 and federal cost recovery issues for State personnel. We will provide a two to three-hour session at no additional cost to the State.

APPENDIX A: RESUMES



BRET SCHLYER

Director, Financial Services

MGT CONSULTING GROUP | bschlyer@mgtconsulting.com

Mr. Schlyer is a Director assigned to the MGT Financial Services division. He has over 23 years of experience with state and local programs and organizations. His prior work experiences with the Kansas Corporation Commission and consulting project experiences have provided him with both theoretical and practical experience in the analysis and costing of governmental operations. Through his participation on numerous state and local government management and costing projects, he has developed extensive experience with federal cost determination standards; generally accepted accounting principles and procedures; and governmental budgeting, finance, accounting, and operations.

AREAS OF EXPERTISE

- ◆ Development of cost allocation plans (CAPs) in accordance with generally accepted accounting principles (GAAP).
- ◆ Development of CAPs in accordance with federal principles.
- ◆ Development and negotiation of statewide cost allocation plans (SWCAPs).
- ◆ Development and negotiation of charge-back rate methodologies and rates, including for State Information Technology agencies.
- ◆ Development and negotiation of indirect cost rate proposals (ICRPs).
- ◆ Development of indirect cost policies, procedures, and models for sub-grantees.
- ◆ Development and review of sub-grantee indirect cost rates.
- ◆ Development of activity based cost of services and user fee studies.
- ◆ Development and implementation of random moment sampling systems and other personnel activity reporting systems.
- ◆ Development and negotiation of jail rate studies and U.S. Federal Marshal daily housing costs.
- ◆ Development and negotiation of implementation plans and quarterly claims associated with county Title IV-E activities.
- ◆ Assisting agencies in maximizing general fund cost recoveries from federally funded programs, enterprise and special revenue funds, and other non-general fund sources.
- ◆ Developing claims for reimbursement from the State Criminal Alien Assistance Program (SCAAP) program.

EDUCATION

B.S., Business Accounting, University of Kansas

WORK EXPERIENCE

MGT of America Consulting, LLC, *Director, Financial Services*, 2008-Present

Maximus, Inc., *Director, Financial Services Division*, 2000-2008

David M. Griffith & Associates, LTD. (DMG), *Consultant*, 1994-1998

Kansas Corporation Commission, *Administrative Officer*, 1993

STATE GOVERNMENT EXPERIENCE

Mr. Schlyer has extensive experience and knowledge of 2 CFR Part 200 and its application and relevance to state governments in a variety of settings including the development and negotiation of cost allocation plans (CAP), state wide cost allocation plans (SWCAPs) and indirect cost rate proposals (ICRP). He also has experience with implementing and administering random moment sampling systems, and rate setting and administrative claiming for the Medicaid program.



BRET SCHLYER

Director, Financial Services

MGT CONSULTING GROUP | bschlyer@mgtconsulting.com

Mr. Schlyer’s SWCAP clients have included:

- Kansas Department of Administration – SWCAP. Assisted with the annual preparation of the State’s SWCAP. Annually negotiated with and approved by the U.S. Department of Health and Human Services.
- Louisiana Office of Statewide Reporting & Accounting Policy – SWCAP. Responsible for the annual preparation of the State’s SWCAP. Annually negotiated with and approved by the U.S. Department of Health and Human Services.
- Nevada Department of Administration – SWCAP. Responsible for the annual preparation of the State’s SWCAP. Annually negotiated with and approved by the U.S. Department of Health and Human Services.
- New Mexico Department of Administration – SWCAP. Assisted with the annual preparation of the State’s SWCAP. Annually negotiated with and approved by the U.S. Department of Health and Human Services.
- North Dakota Department of Fiscal Management – SWCAP. Responsible for the annual preparation of the State’s SWCAP. Annually negotiated with and approved by the U.S. Department of Health and Human Services.
- Oklahoma Office of State Finance – SWCAP. Assisted with the annual preparation of the State’s SWCAP. Annually negotiated with and approved by the U.S. Department of Health and Human Services.
- Washington Office of Financial Management – SWCAP. Responsible for the annual preparation of the State’s SWCAP. Annually negotiated with and approved by the U.S. Department of Health and Human Services.

Mr. Schlyer’s State rate setting clients have included:

- Alaska Division of Enterprise Technology Services – Billed Services Methodology Review. Responsible for reviewing the SWCAP Section II billed services methodology for the division and determining areas for improvement.
- Alaska Division of Enterprise Technology Services – Billed Services Rate Model Development. Developed an Excel-based rate model for the Division to calculate billed services rates based on budgeted and actual costs of providing services.
- Kansas Department of Social and Rehabilitation Services – Rate Setting. Developed market-based service rates for Medicaid Targeted Case Management services.
- Louisiana Office of Computing Services – Cost Allocation & Rate Development. Responsible for preparing budget based cost allocation model each fall to set rates for the department. Project also includes a cost allocation plan based on actual expenditures each spring to calculate the profit/loss by line of service.
- Louisiana Division of Administrative Law – Created rate model and billing methodology for the Division to charge customers for judicial services provided by the Division in accordance with 2 CFR Part 200.
- North Carolina Office of Administrative Hearings – Reviewed the Office’s existing cost allocation methodology and provided recommendations for improvements to align the calculations with 2 CFR Part 200 requirements.

Mr. Schlyer’s State cost allocation and indirect cost rate clients have included:

- Arizona Department of Game & Fish – ICRP. Responsible for the preparation and negotiation of the Department’s annual indirect cost rates. Annually negotiated with and approved by the U.S. Department of the Interior.
- Arizona Department of Forestry – ICRP. Responsible for the preparation and negotiation of the Department’s annual indirect cost rates. Annually negotiated with and approved by the U.S. Department of Agriculture.
- Arizona Governor’s Office – ICRP. Responsible for the preparation and negotiation of the Department’s annual indirect cost rate proposal. Annually negotiated with and approved by the U.S. Department of Justice.



BRET SCHLYER

Director, Financial Services

MGT CONSULTING GROUP | bschlyer@mgtconsulting.com

- Arizona Attorney General – ICRP. Responsible for the preparation and negotiation of the Department’s annual indirect cost rate proposal. Annually negotiated with and approved by the U.S. Department of Health & Human Services.
- Florida Agency for Workforce Innovation – WIA Sub-Grantee Policies and Procedures. Assisted in the development of policies and procedures to be utilized by Florida regional workforce boards (RWB) to annually develop Workforce Investment Act (WIA) and 2 CFR Part 200 compliant cost allocation plans (CAP) for one-stop centers; and the development of policies and procedures to be followed by the Agency in annually reviewing and approving the CAPs. The project also included the provision of three one day training seminars for the RWBs, the review and written analysis of the initial cost allocation plans and resource sharing agreements submitted to the Agency by each RWB, and recommendations for approval or disapproval by the Agency for each RWB CAP with any deficiencies identified and correction actions to remedy any deficiency identified.
- Alaska Department of Community Commerce and Economic Development – ICRP and User Fee Study. Prepared indirect cost rate proposal and a user fee study for divisions within the department.
- Kansas Corporation Commission – ICRP. Responsible for the preparation and negotiation of the Commission’s annual cost allocation plan and indirect cost rates. Annually negotiated with and approved by the U.S. Department of Energy.
- Kansas Department of Agriculture – ICRP. Assisted with the preparation of the Department’s annual cost allocation plan and indirect cost rates. Annually negotiated with and approved by the U.S. Department of the Agriculture.
- Kansas Department of Commerce – ICRP. Responsible for the preparation and negotiation of the Department’s annual indirect cost rates. Annually negotiated with and approved by the U.S. Department of the Labor.
- Kansas Department of Labor – ICRP. Responsible for the preparation and negotiation of the Department’s annual indirect cost rates. Annually negotiated with and approved by the U.S. Department of the Labor.
- Kansas Department of Health & Environment – ICRP. Responsible for the preparation and negotiation of the Department’s annual cost allocation plan and indirect cost rates. Annually negotiated with and approved by the U.S. Department of Health and Human Services.
- Kansas Department of Wildlife, Parks & Tourism – ICRP. Responsible for the preparation and negotiation of the Department’s annual indirect cost rates. Annually negotiated with and approved by the U.S. Department of the Interior.
- Kansas Historical Society – ICRP. Assisted with the annual preparation of the Society’s annual cost allocation plan and indirect cost rates. Annually negotiated with and approved by the U.S. Department of the Interior.
- Louisiana Department of Corrections – ICRP. Assisted with the preparation of the Department’s annual cost allocation plan and indirect cost rates. Annually negotiated with and approved by the U.S. Department of Justice.
- Louisiana Department of Transportation and Development – ICRP. Prepared the Department’s annual indirect cost rates. Annually negotiated with and approved by the U.S. Department of Transportation, Federal Highway Administration.
- Louisiana Department of Labor – WIA Sub-Grantee Policies and Procedures. Assisted in the development of policies and procedures to be utilized by Louisiana regional workforce boards (RWB) to annually develop Workforce Investment Act (WIA) and 2 CFR Part 200 compliant cost allocation plans (CAP) for one-stop centers; and the development of policies and procedures to be followed by the Department in annually reviewing and approving the CAPs. The project also included the provision of a training seminar for the RWBs and the preparation of CAPs for the Bastrop Job Center, Calcasieu Workforce Center, Hammond One-Stop Center, Jefferson Parish One-Stop Center, and New Orleans One-Stop Center. These CAPs were subsequently provided to other RWBs as examples.
- Louisiana Department of Natural Resources – ICRP. Responsible for the preparation and negotiation of the Department’s annual cost allocation plan and indirect cost rates. Annually negotiated with and approved by the U.S. Environmental Protection Agency.



BRET SCHLYER

Director, Financial Services

MGT CONSULTING GROUP | bschlyer@mgtconsulting.com

- Louisiana Department of Public Safety – ICRP. Assisted with the preparation of the Department’s annual cost allocation plan and indirect cost rates. Annually negotiated with and approved by the U.S. Department of Justice.
- Louisiana Department of Wildlife & Fisheries – ICRP. Assisted with the preparation of the Department’s annual cost allocation plan and indirect cost rates. Annually negotiated with and approved by the U.S. Department of the Interior.
- North Carolina Department of Environment & Natural Resources – ICRP. Responsible for the preparation of the annual cost allocation plan and indirect cost rate development for the Department. Annually negotiated with and approved by the U.S. Environmental Protection Agency.
- Ohio Department of Health – ICRP. Responsible for the preparation and negotiation of the Department’s annual cost allocation plan and indirect cost rates. Annually negotiated with and approved by the U.S. Department of Health and Human Services.
- Washington Student Achievement Council – ICRP. Responsible for the preparation and negotiation of the Department’s cost allocation plan and indirect cost rate proposal. Negotiated with the U.S. Department of Education.
- Texas Secretary of State – ICRP. Responsible for the preparation and negotiation of the Department’s indirect cost rate proposal. Negotiated with the U.S. Election Assistance Commission.

LOCAL GOVERNMENT AND NOT-FOR-PROFIT EXPERIENCE

Mr. Schlyer also has significant experience with local government and not-for-profit cost recovery operations through his career. Specific types of projects he has managed include:

- Development of Federal and GAAP (Full Cost) allocation plans and indirect cost rate proposals.
- Development of Activity Based Costing and User Fee models
- Charge back rate studies for internal service funds
- Jail Per-diem Rate Studies
- Administrative claiming for the Medicaid and IV-E programs
- Claims for the State Criminal Alien Assistance Program

His experiences have included managing and preparation of indirect cost rate proposals (ICRP), cost allocation plans (CAP) in accordance with GAAP for the identification of general fund costs provided to non-general fund entities, charge-back rates for billed services, and activity based cost of service and user fee studies. He has successfully negotiated ICRPs with the U.S. Departments of Health and Human Services, Housing and Urban Development and Education, Department of Education, and the Department of Defense. His responsibilities have included the collection and analysis of organizational, financial and performance data; the preparation of detail and summary reports; negotiation of ICRPs with state and federal agencies; assisting agencies in the application of indirect cost rates; development of cost of service models; development of user fee pricing models; and presenting executive summaries to departments, councils and commissions.

- Completion of ICRP and CAP projects for cities across the US including New Orleans (LA), Tulsa (OK), Wichita (KS), Carrollton (TX), Kansas City (KS), Murrieta (CA), Nashville, (TN), Kalamazoo (MI), and Farmington (NM).
- Completion of ICRP and CAP projects for counties and parishes including Orange County (CA), Jefferson Parish (LA), Sedgwick County (KS), Shawnee County (KS), Johnson County (KS), Harris County (TX), Bexar County (TX), Galveston County (TX), Los Alamos County (NM), and Yuma County (AZ).
- Completion of cost of service and user fee studies for the City of Miami (FL), Kansas City (KS), Johnson County (KS), Tulsa (OK), Broken Arrow (OK), and the Kansas City Missouri Police Department.



BRET SCHLYER

Director, Financial Services

MGT CONSULTING GROUP | bschlyer@mgtconsulting.com

- Developed and submitted to the Texas Juvenile Probation Commission and the Texas Department of Protective and Regulatory Services Department budgets, implementation plans, and quarterly claims on behalf of Texas counties for the reimbursement of costs associated with Title IV-E activities. Texas counties for which services were provided included Bexar, Galveston, and Harris.
- Developed and submitted implementation plans and quarterly claims to the Texas Department of State Health Services, on behalf of Harris County for the reimbursement of costs associated with Medicaid administrative services.
- Developed and submitted for U.S. Federal Marshal approval daily rate proposals for the reimbursement of costs associated with housing federal prisoners for detention facilities in Kansas, Louisiana and Oklahoma. Mr. Schlyer also prepared detailed analyses of county jail costs utilizing activity-based costing principles and developed daily rates to secure reimbursement for county detention services.



JOEL NOLAN

Technical Advisor

MGT CONSULTING GROUP | jnolan@mgtconsulting.com

Mr. Nolan joined MGT as National Director of MGT Financial Services, after holding management positions with the Financial Services Division of MAXIMUS, Inc. for over 20 years. He is experienced in all aspects of development, negotiation, and application of cost principles and strategies in the public sector. He is a Certified Government Financial Manager with over 38 years of experience, of which more than 30 years have been directly involved with federal, state, and local government programs and organizations. His knowledge of government programs and organizations provides extensive insight into the most appropriate financial representation and application of cost principles, the recovery of costs associated with federally funded programs, and the proper methods for costing governmental services.

The wide variety of engagements Mr. Nolan has been responsible for during his consulting career have included preparing and negotiating cost allocation plans (CAPs), indirect cost rates, indirect cost rate proposals (ICRPs), internal service billing rates, and jail per diem rate studies that were prepared in accordance with federal and generally accepted accounting principles and procedures; performing cost of services, cost of ownership, privatization analyses, user fee, and revenue maximization studies; performing organization, operation, and process improvement studies; and providing audit resolution and appeal assistance. He has also served in a financial management capacity in his various roles while employed in state and local government.

EDUCATION

B.A., Accounting, Texas Tech University

WORK EXPERIENCE

MGT of America Consulting, LLC, *Technical Advisor, National Director*, 2007 – Present

Maximus, Inc., *Vice President, Financial Services Division*, 1984– 2007

Red Arrow Tools, Inc., *Vice President*, 1979 – 1984

Rice Research Center, *Vice President/Treasurer*, 1976 – 1979

Houston-Galveston Area Council of Governments, *Finance Director*, 1974 – 1976

West Texas Council of Governments, *Finance Director*, 1973 – 1974

Texas Office of the Governor, *Budget Analyst*, 1972 – 1973

Faris, Sims & Green CPAs, *Associate*, 1970 – 1972

AREAS OF EXPERTISE

Mr. Nolan is one of the leading authorities on 2 CFR Part 200 (formerly OMB Circular A-87) and its impact on states and local governments. He has applied his knowledge in the preparation and negotiation of local and statewide and agency CAPs, indirect cost rates, ICRPs, public assistance cost plans, and internal service billing rates; assisting in the resolution of audit findings; and assisting in the appeal of findings to the Grants Appeal Board and federal courts.

As a leading authority on 2 CFR Part 200, he has presented numerous seminars on topics related to direct and indirect cost recovery on federal programs. He has provided training on topics related to federal cost recovery requirements at the American Institute of Certified Public Accountants (CPAs) governmental training program, Association of Governmental Accountants professional development conferences, Governmental Finance



JOEL NOLAN

*Technical Advisor*MGT CONSULTING GROUP | jnolan@mgtconsulting.com

Officer Association development conferences, National Association of State Comptrollers annual conferences, the Texas CPA's Single Audit in Texas Conference on OMB A-87, and the Texas Finance Officer's Academy. As part of these plan preparations and negotiations, he has also prepared and negotiated methodologies, billing rates, and fund reconciliations for Section II billed services. Mr. Nolan has performed management studies and developed billing rates for state agencies.

Mr. Nolan's statewide CAP experience has included the preparation of plans for Alaska, Arizona, Colorado, Idaho, Kansas, Louisiana, Montana, Nevada, New Mexico, Oklahoma, and Texas. These plans have been successfully negotiated with the U.S. Department of Health and Human Services. As part of these plan preparations and negotiations, he has also prepared and negotiated methodologies, billing rates, and fund reconciliations for Section II billed services.

Mr. Nolan has also prepared numerous state agency ICRPs, which included the development of a CAP and indirect cost rate(s). Types of agencies for which he has been involved include agriculture, attorney general, board of regions, children and youth, civil defense, commerce, corporation commission, corrections, court systems, education, environmental quality, fire marshals, fish and game, general services, handicap concerns, health and social services, historical societies, labor, law, land offices, mental health and mental retardation, mines, parks and wildlife, public safety, rehabilitation, revenue, transportation, and water resources.

Mr. Nolan's experience with health and human services agencies has included preparing public assistance cost plans and ICRPs, organizational reviews, assisting in the development of random moment sampling systems, assisting in identifying and recovering additional federal funds, and costing of services. His clients have included the Alaska Department of Health and Social Services, Colorado Department of Social Services, Oklahoma Department of Mental Health, South Dakota Department of Social Services, Texas Commission for the Blind and Visually Impaired, Texas Commission on Alcohol and Drug Abuse, Texas Department of Aging and Disability Services, Texas Department of Assistive and Rehabilitative Services, Texas Department of Family and Protective Services, Texas Department of Mental Health and Mental Retardation, Texas Department of State Health Services, and Texas Health and Human Services Commission.

Mr. Nolan has performed management studies and developed billing rates for state agencies. Management studies focusing on the operational review and costing of services by activity have been performed for the Alaska departments of Administration, Law, Revenue, and Transportation; Arizona departments of Administration, Agriculture, Corrections, Health Services, and Water Resources; Texas departments of Attorney General, Commerce, Information Resources, Mental Health and Mental Retardation, State Health Services, and Texas Workforce Commission; Louisiana Division of Administration; New Mexico General Services Department, Oklahoma Office of Finance; and Utah departments of Administrative Services, Public Safety, and Transportation. Studies for the Alaska Department of Law and the Texas Office of the Attorney General included reviewing and recommending changes to their organizational structure, timekeeping system, and billing rate methodology; and developing billing rates. Other studies have focused on providing recommendations for operational improvements, development of service structures, establishing service forecasting systems, and developing billing rate methodologies, procedures, and rates for state organizations responsible for such services as equipment and vehicle maintenance, printing, facility maintenance and operations, data processing, mail, procurement, and telecommunications.

Mr. Nolan has been instrumental in the resolution of audit findings in several states. He has assisted state agencies in Alaska, Idaho, Kansas, Louisiana, Montana, New Mexico, Oklahoma, and Texas in the resolution of findings related to overbilling and/or inconsistent billing of federal programs. These findings have included billings by state entities providing data processing, facilities, motor pools, printing, retirement systems, risk


JOEL NOLAN
Technical Advisor

 MGT CONSULTING GROUP | jnolan@mgtconsulting.com

management, and telecommunication services. He has assisted states in resolving issues at the federal department level, the appeals level, and in federal court.

In addition to his MAXIMUS, Inc. experience, Mr. Nolan was a financial analyst with the Office of the Governor, state of Texas. In that capacity he was responsible for the implementation of a uniform grant management and accounting system for 24 regional councils of governments throughout the state of Texas. He also assisted in developing indirect cost policies for state agencies and subgrantees. This work included the preparation and negotiation of annual agency budgets and indirect cost proposals.

LOCAL GOVERNMENT

Mr. Nolan is well versed in the issues facing local governments. He has been involved in preparing CAPs, cost of services studies, jail per diem rate studies, revenue maximization studies, user fee studies, privatization studies, and management studies for numerous cities and counties.

Mr. Nolan has extensive experience in developing user fee, revenue, and cost of services studies for city and county governments. His experience includes the development of comprehensive user fee studies that reviewed all fee services provided by all city/county departments and studies focusing on specific department and/or services. Counties for which he has completed comprehensive user fee studies include Arizona counties of Apache, Cochise, Coconino, Maricopa, Pinal, and Yuma; and Texas counties of Galveston, Harris, and San Patricio. Cities for which he has completed comprehensive user fee studies include Arizona cities of Flagstaff, Peoria, and Tucson; Kansas City, Kansas; Louisiana cities of Baton Rouge, Lafayette, New Orleans and Shreveport; Nevada cities of Las Vegas and Reno; Oklahoma cities of Oklahoma City and Tulsa; and Texas cities of Arlington, Corpus Christi, Dallas, Fort Worth, Houston, and Longview. He has been involved in management studies focused on all operations of government entities and studies focused on specific activities. Entity-wide organizational and operational reviews on which he has participated include Tucson, Arizona; Kansas City, Kansas; and Texas cities of Fort Worth and San Angelo. Activity specific studies have been completed on departments providing the following types of services: data processing, development services, equipment maintenance, facility maintenance and operation, financial, human resources, mail, motor pool, printing, procurement, and risk management. Entities for which he has completed activity or service-specific studies have included the Arizona counties of Coconino, Maricopa, Pima, and Pinal; City of Tucson, Arizona; Texas counties of Galveston, Harris, Patricio, and Travis; and Texas cities of Austin, Fort Worth, and San Antonio.

Mr. Nolan's CAP clients have included the following jurisdictions: Arizona cities of Peoria, Surprise, Tucson, and Yuma; Texas cities of Abilene, Arlington, Austin, Corpus Christi, Dallas, Denton, El Paso, Fort Worth, Houston, Lubbock, Midland, Odessa, and San Antonio; Louisiana cities of Baton Rouge, New Orleans, and Shreveport; Oklahoma City and Tulsa, Oklahoma; Kansas City, Kansas; and Las Vegas, Nevada. County clients have included: Apache, Cochise, Coconino, Gila, Graham, Maricopa, Mohave, Navajo, Pinal, Santa Cruz, and Yuma counties of Arizona; Cameron, El Paso, Galveston, Harris, San Patricio, Tarrant, and Travis counties of Texas; Beaugard and Jefferson Parishes, Louisiana; and Johnson, Sedgwick, and Shawnee counties, Kansas. He has also participated on engagements in Alaska, Idaho, New Mexico, and Utah.

Mr. Nolan has prepared and/or managed the preparation of Workforce Investment Act (WIA) compliant CAPs for local governments and nonprofit agencies. Projects have included the preparation of CAP for the Bastrop Job Center, Calcasieu Workforce Center, Hammond One-Stop Center, Jefferson Parish One-Stop Center, and New Orleans One-Stop Center. He has reviewed the methods and procedures utilized by one-stop operators in Florida and Louisiana, provided a report on their compliance with WIA requirements, and provided training for



JOEL NOLAN

Technical Advisor

MGT CONSULTING GROUP | jnolan@mgtconsulting.com

one-stop operator on developing CAPs and resource sharing agreements. He has also managed the review of the cost allocation methods utilized by Texas councils of government to recover costs when they are a one-stop operator, and has provided guidance and assistance to the Texas Workforce Commission on WIA cost allocation related issues.

Furthermore, Mr. Nolan has assisted local governments in Arizona and Texas in maximizing the recovery of costs incurred in the provision of federally funded services. In Arizona he managed a study for all Arizona counties that identified allowable Medicaid reimbursable activities associated with eligibility determination of Sixth Omnibus Budget Reconciliation Act (SOBRA) mothers and their children. He subsequently managed the negotiation of a federally accepted cost identification and claiming system that resulted in additional annual recovery of over \$10 million to Arizona counties. In Texas he has supervised the provision of services associated with maximizing federal reimbursement of Title IV-E and Title IV-D services provided by the following counties: Bexar, Galveston, Harris, Tarrant, and Travis.

Mr. Nolan's local government experience includes responsible positions with multimillion-dollar organizations, funded by taxes, donations, grants, and fee for services. These positions included Director of Administration of the Houston-Galveston Area Council of Governments, Director of Administration of the West Texas Council of Governments, Vice President/Treasurer of the Rice Research Center, and auditor with CPA firms. His responsibilities included budgeting, accounting, banking, revenue, and audit activities.



ELISE D'AUTEUIL

Senior Manager

MGT CONSULTING GROUP | edauteuil@mgtconsulting.com

Elise d'Auteuil has over 35 years of experience with state and local programs and organizations. Through her management and participation on numerous state and local government projects, she has acquired an extensive knowledge of federal and generally accepted accounting principles and procedures, governmental budgeting, finance, accounting, and operations. Projects that she has managed and/or participated in include:

- ◆ Statewide cost allocation plans (SWCAPs)
- ◆ Indirect cost allocation plans (CAPs) and indirect cost rate proposals (ICRPs) for cities, counties and state agencies
- ◆ Cost of service studies and rate methodologies
- ◆ Jail rate per diem studies and U.S. Federal Marshal housing costs
- ◆ Implementation plans and quarterly claims for Title IV-E, Title IV-D and Medicaid Administrative reimbursement
- ◆ Organizational and operational reviews

EDUCATION

B.A., George Washington University, Washington DC

WORK EXPERIENCE

MGT of America Consulting, LLC, *Senior Consultant*, 2007-Present

Maximus, Inc., *Senior Manager, Manager, Senior Consultant*

Dallas County Mental Health and Mental Retardation Center, 1983-1988

Dallas County Budget Office, 1979-1983

AREAS OF EXPERTISE

- ◆ Development of activity based cost of service and user fee studies.
- ◆ Development of cost allocation plans (CAPs) in accordance with generally accepted accounting principles (GAAP).
- ◆ Development of CAPs in accordance with federal principles.
- ◆ Development and negotiation of statewide cost allocation plans (SWCAPs).
- ◆ Development and negotiation of indirect cost rate proposals (ICRPs).
- ◆ Development and negotiation of charge-back rate methodologies and rates.
- ◆ Development of indirect cost policies, procedures, and models for sub-grantees.
- ◆ Development and review of sub-grantee indirect cost rates
- ◆ Development and implementation of random moment sampling systems and other personnel activity reporting systems.
- ◆ Development of information system advanced planning documents.
- ◆ Assisting agencies in maximizing general fund cost recoveries from federally funded programs, enterprise and special revenue funds, and other non-general fund sources.

PROFESSIONAL AND BUSINESS EXPERIENCE

Ms. d'Auteuil has worked on hundreds of state and local cost allocation plans, indirect cost rate proposals and cost of services studies. Additionally, Elise has extensive experience at the state level of government.



State Government

Ms. d'Auteuil has acquired an extensive knowledge of U.S. Office of Management and Budget Circular 2 CFR Part 200 (formerly OMB A-87) and state agencies operations through her consulting experiences in the states of Louisiana, New Mexico, Texas, and Washington. Her state experiences have included the preparation of SWCAPs; state agency CAPs, indirect cost rates and ICRPs; charge-back rates for billed services in accordance with 2 CFR PART 200; activity-based cost of services studies; and organizational and operational reviews. She has assisted in the successful negotiations of SWCAPs, ICRPs and/or charge-back rates with U.S. departments of Health and Human Services (USDHHS), Justice (USDOJ), Agriculture (USDA) and Transportation (USDOT). Her responsibilities have included the collection and analysis of organizational, financial and performance data; the preparation of detail and summary report in accordance with 2 CFR PART 200; the preparation of 2 CFR PART 200 fund reconciliations for Section II billed services; assisting in the negotiation of SWCAPs and ICRPs with federal agencies; assisting agencies in the application of indirect cost rates; development of billing rate methodologies and charge-back rates that comply with 2 CFR PART 200; and the costing of services for which a fee is charged or possibly charged. State government projects which she has managed and/or participated on include the following:

Statewide Cost Allocation Plan Projects – USDHHS is Federal Cognizant Agency

- ◆ Louisiana SWCAP - Louisiana Division of Administration – 1995, 1996 and 2001
- ◆ New Mexico SWCAP - New Mexico Department of Finance and Administration – 1990, 1991, 1992, 2007 - current
- ◆ Texas SWCAP - Texas Office of the Governor – annually 1992 – current
- ◆ Washington SWCAP – Office of Financial Management – annually 2009 – current
- ◆ US Territory of the Virgin Islands – annually 2009 - current

Cost Allocation Plan and Indirect Cost Rate Projects

- ◆ Texas Office of the Attorney General – USDHHS is Federal cognizant agency - Annually 1992 - current
- ◆ Texas Office of the Governor – USDHHS is Federal cognizant agency – Annually 1995 – current
- ◆ Texas Department of Agriculture – USDA is Federal cognizant agency – Annually 2012 – current
- ◆ Texas Veterans Commission – USDOL is Federal cognizant agency – Annually 2016 - current
- ◆ Texas Department of Public Safety – USDOT is Federal cognizant agency – Annually 1995 through 2007
- ◆ Texas Department of State Health Services – USDHHS is Federal cognizant agency – Annually 2004 through 2007

Other State Agency Projects

- ◆ Texas Office of the Comptroller of Public Accounts, Information Services Division - Developed cost allocation plan. Annually 2003 through 2007, 2010 - 2016
- ◆ Louisiana Department of Social Services - Assisted in the development of an Advance Planning Document required for obtaining federal approval and funding for the acquisition and implementation of a statewide child welfare information system. 2002
- ◆ Texas Office of the Attorney General - Developed legal services billing methodology in accordance with 2 CFR PART 200 and annually prepared legal services billing. Annually 1992 - current
- ◆ Texas Office of the Attorney General, Child Support Division - Developed and analyzed costs according to the state of Texas, Council on Competitive Government Cost Methodology for the purpose of recommending operational improvements and to compare in-house costs with private vendor service fees. 1996
- ◆ Texas Health and Human Services Commission - Assisted in the assessment of the current and future cost recovery issues related to the reorganization of 12 health and human services agencies into five new agencies. 2004 and 2005



ELISE D'AUTEUIL

Senior Manager

MGT CONSULTING GROUP | edauteuil@mgtconsulting.com

- ◆ Texas Health and Human Services Commission - Assisted in the review and assessment of the methods utilized by the Commission and its agencies to charge and/or allocate the costs associated with facility and information services to programs and funding sources. Based on assessment, assisted in development of methods for the recovery of facility and information services that were approved by the Commission's cognizant federal agencies. 2005
- ◆ Texas Department of Information Resources - Assisted in resolving issues related to the consolidation of information technology services with U.S. Department of Health and Human Services. 2006 and 2007
- ◆ Texas Guaranteed Student Loan Corporation - Assisted in the development of an organization to process student loans regionally and developed projected costs by activity for the development of service fees. 1996
- ◆ Washington Department of General Administration - Assisted in a comprehensive review of the following ISF's administered by the Department: Central Mail Services, Engineering and Architectural Services, Facility Management, Materials Management Center, State Motor Pool, State Procurement, and Surplus Property. The review included the review of current methodologies and processes, provision of recommendations for improvements, development of rate models, assistance in the development of FY 2009-11 biennium rates, and provision of training. 2008 and 2009

Local Government

In addition to Ms. d'Auteuil's prior work experiences with the Dallas County Budget Office and the Dallas County Mental Health and Mental Retardation Center, she has acquired an extensive knowledge of local government operations through her project experiences as a consultant. Her experiences have included the preparation of ICRPs, CAPs in accordance with GAAP for the identification of general fund costs provided to non-general fund entities, charge-back rates for billed services, activity based cost of services and user fee studies, and organizational and operational reviews. Local government projects on which she has participated have included the following:

- ◆ Completion of ICRP and CAP projects for counties including the Texas counties of Bexar, Galveston, Harris, Travis, and Tarrant.
- ◆ Developed and submitted to the Texas Attorney General Child Support Division, budget and quarterly claims on behalf of Texas counties for the reimbursement of costs associated with Title IV-D activities. Texas counties for which services were provided included Bexar and Tarrant.
- ◆ Developed and submitted to the Texas Juvenile Probation Commission and the Texas Department of Protective and Regulatory Services Department budgets, implementation plans, and quarterly claims on behalf of Texas counties for the reimbursement of costs associated with Title IV-E activities. Texas counties for which services were provided included Bexar, Galveston, Harris, and Travis.
- ◆ Developed and submitted implementation plans and quarterly claims to the Texas Department of State Health Services, on behalf of Harris County for the reimbursement of costs associated with Medicaid administrative services.
- ◆ Reviewed and provided recommendation to Texas Regional Councils of Governments on the adequacy of regional councils of governments' ICRPs and their compliance with 2 CFR PART 200 principles and procedures.
- ◆ Developed and submitted for U.S. Federal Marshal approval daily rates for the reimbursement of costs associated with housing federal prisoners. Ms. d'Auteuil also prepared detailed analyses of county jail costs utilizing activity-based costing principles and developed daily rates to secure reimbursement for county detention services.
- ◆ Developed and analyzed activity-based costs for the Tarrant County Domestic Relations Office for the purpose of determining the cost effectiveness of a Child Support Case Monitoring unit in conjunction with a cooperative agreement with the Office of the Attorney General Child Support Division.
- ◆ Responsibilities with the Dallas County Budget Office and the Dallas County Mental Health and Mental Retardation Center included the preparation and maintenance of budgets; grant and contract program



ELISE D'AUTEUIL

Senior Manager

MGT CONSULTING GROUP | edauteuil@mgtconsulting.com

activities necessary to assure compliance with applicable state and federal policies and procedures; preparation of financial reports and ICRPs; negotiation of contracts and ICRPs with applicable state and federal agencies; and the resolution of audit findings with state and federal program and financial auditors.

REPRESENTATIVE CLIENTS

Counties / Special Districts

- ◆ Los Angeles County Metropolitan Transportation Authority (LACMTA) ICRP
- ◆ Southern California Regional Rail Authority ICRP
- ◆ Greater Cleveland Regional Transit Authority ICRP
- ◆ Harris County, Texas ICAP
- ◆ Galveston County, Texas ICRP & Jail Per Diem Rate
- ◆ Collin County, Texas ICRP
- ◆ North Texas Tollway Authority CAP & Cost of Services Study
- ◆ Pinal County, Arizona ICAP
- ◆ Southwest Florida Water Management District (SWFWMD) ICRP

States

- ◆ State of Texas SWCAP
- ◆ State of New Mexico SWCAP
- ◆ United States Territory of the Virgin Islands GWCAP & Departmental ICRPs
- ◆ Texas Office of the Governor ICRP
- ◆ Texas Office of the Attorney General ICRP & Legal Billing Rate Study
- ◆ Texas Comptroller of Public Accounts Innovation Technology CAP
- ◆ Texas Department of Agriculture ICRP
- ◆ Texas Veterans Commission



BROOKE BRANDENBURG

Consultant

MGT CONSULTING GROUP | brandenburg@mgtconsulting.com

Mr. Brandenburg is a Consultant assigned to the MGT Financial Services Division of MGT of America Consulting, LLC. He has over 16 years of experience with state and local programs and organizations. His prior experience working in a governmental entity and consulting project endeavors have provided him with a unique understanding of governmental operations and costing. He has participated in numerous state and local government costing projects and has experience with federal cost determination standards; generally accepted accounting principles and procedures; and governmental budgeting, finance, accounting, and operations.

EDUCATION

Masters of Public Administration, Wichita State University

WORK EXPERIENCE

MGT of America Consulting, LLC, *Consultant*, 2012-Present

Maximus, Inc., *Senior Consultant*, 2001-2012

City of College Station, TX, *Assistant to the City Manager/Budget Analyst*, 1999-2001

AREAS OF EXPERTISE

- ◆ Development of cost allocation plans (CAPs) in accordance with generally accepted accounting principles (GAAP).
- ◆ Development of CAPs in accordance with federal principles.
- ◆ Development and negotiation of indirect cost rate proposals (ICRPs).
- ◆ Development of indirect cost policies, procedures, and models for sub-grantees.
- ◆ Development and review of sub-grantee indirect cost rates.
- ◆ Development and negotiation of charge-back rate methodologies and rates.
- ◆ Development and negotiation of jail rate studies and U.S. Federal Marshal daily housing costs.
- ◆ Development and negotiation of implementation plans and quarterly claims associated with county Title IV-E activities.
- ◆ Assisting agencies in maximizing general fund cost recoveries from federally funded programs, enterprise and special revenue funds, and other non-general fund sources.
- ◆ Developing claims for reimbursement from the State Criminal Alien Assistance Program (SCAAP) program.

REPRESENTATIVE CLIENTS

Cities and Counties

- ◆ City of New Orleans, LA
- ◆ City of Tulsa, OK
- ◆ City of Kansas City, KS
- ◆ City of Baton Rouge, LA
- ◆ City of Lake Charles, LA
- ◆ City of Alexandria, LA
- ◆ City of Lafayette Consolidated Government, LA
- ◆ City of Shreveport, LA
- ◆ Jefferson Parish, LA
- ◆ Sedgwick Co, LA
- ◆ Shawnee Co, KS

States

- ◆ Arizona Department of Game & Fish
- ◆ Arizona Forestry
- ◆ Kansas Corporation Commission
- ◆ Kansas Department of Health and Environment
- ◆ Kansas Water Department
- ◆ Kansas Department of Labor
- ◆ Kansas Department of Wildlife Parks and Tourism
- ◆ Oklahoma Office of State Finance
- ◆ North Dakota Office of Management and Budget
- ◆ Ohio Department of Health



BROOKE BRANDENBURG

Consultant

MGT CONSULTING GROUP | brandenburg@mgtconsulting.com

Cities and Counties (cont'd)

- ◆ Johnson Co, KIS
- ◆ Caddo Parish, LA
- ◆ St Charles Parish, LA
- ◆ Branch Co, MI
- ◆ Tulsa County Jail, OK
- ◆ Cochise Co, AZ
- ◆ City of Farmington, NM
- ◆ Maricopa Co, AZ



JERRY MCKENZIE

Senior Associate

MGT CONSULTING GROUP | jmckenzie@mgtconsulting.com

Mr. McKenzie has an extensive background in cost accounting concepts and practical applications. He is a Senior Associate with MGT of America Consulting and has been responsible for managing hundreds of successful engagements in both the utility and governmental environments for over 26 years. Mr. McKenzie has been directly responsible for the development and review of cost allocation plans created in accordance with federal guidelines (i.e. OMB Circular A-87). These guidelines establish the procedures necessary for governmental entities to recover indirect costs associated with programs funded through grants. In this capacity, he has dealt with several reviewing agencies on behalf of his clients. In addition, he has developed "Full Cost" plans which enable clients to bill the full cost of support services to enterprise funds, special revenue accounts, etc. This process involves an in-depth analysis of general fund support provided to enterprise-funded activities such as Utilities and Golf Course operations. Another related area in which Mr. McKenzie has extensive experience is in the costing of internal services. He has developed and implemented numerous charge back models and billing algorithms for facilities, fleet maintenance programs, information technology funds, and miscellaneous other internal service type charge back systems. Finally, he has been directly responsible for the review and analysis of alternative revenue sources for governmental clients. This activity primarily involves the development and implementation of User Fee Cost Recovery Programs, as well as the identification of "new" potential revenue areas for the governmental units.

AREAS OF EXPERTISE

- ◆ Development of internal service fund rates & methodologies
- ◆ Development of local government charge back (billing) models
- ◆ Development of state government charge back (billing) models
- ◆ Development of activity based cost of services studies
- ◆ Development of cost allocation plans in accordance with OMB A-87
- ◆ Development of enterprise fund forecasting models
- ◆ Development of statewide cost allocation plans
- ◆ Development & negotiation of indirect cost rate proposals
- ◆ Development of jail rate studies & US Marshal daily housing rates
- ◆ Assisting in maximizing general fund cost recoveries from
 - Federally funded programs
 - Enterprise funds
 - Internal service funds & other external sources

EDUCATION

B.S., Business Administration/ Accounting, Wichita State University

WORK EXPERIENCE

MGT of America Consulting, LLC, Senior Associate, 2008 – Present

Maximus, Inc., Vice President, 1989 – 2008



JERRY MCKENZIE

Senior Associate

MGT CONSULTING GROUP | jmckenzie@mgtconsulting.com

REPRESENTATIVE CLIENTS

Cities and Counties

- ◆ City of Wichita
- ◆ City of Tulsa
- ◆ City of Topeka
- ◆ Unified Government (Kansas City)
- ◆ Johnson County, KS
- ◆ Sedgwick County, KS
- ◆ City of New Orleans
- ◆ Jefferson Parish, LA
- ◆ Lafayette Consolidated Govt. (LA)

Internal Service Funds

- ◆ Coconino County AZ (Fleet)
- ◆ Riverside County CA (Purchasing & Fleet)
- ◆ Jefferson County CO (Fleet, IT & Bldg.)
- ◆ City of San Antonio, TX (IT)
- ◆ San Mateo County CA (HR)

APPENDIX B: MGT EMPLOYEE DOCUMENTATION

CO= GM00325
 U= GM00325

EQUAL EMPLOYMENT OPPORTUNITY
2016 EMPLOYER INFORMATION REPORT
CONSOLIDATED REPORT - TYPE 2

SECTION B - COMPANY IDENTIFICATION

1. MGT OF AMERICA CONSULTING, LLC
 3800 ESPLANADE WAY SUITE 210
 TALLAHASSEE, FL 32311

2.a. MGT OF AMERICA CONSULTING, LLC
 3800 ESPLANADE WAY SUITE 210
 TALLAHASSEE, FL 32311

SECTION C - TEST FOR FILING REQUIREMENT

1-N 2-N 3-N DUNS NO.:0 EIN :810890071

SECTION E - ESTABLISHMENT INFORMATION

NAICS:

SECTION D - EMPLOYMENT DATA

JOB CATEGORIES	HISPANIC OR LATINO		NOT-HISPANIC OR LATINO											OVERALL TOTALS	
	MALE	FEMALE	***** MALE *****						***** FEMALE *****						
			WHITE	BLACK OR AFRICAN AMERICAN	NATIVE HAWAIIAN OR PACIFIC ISLANDER	ASIAN	AMERICAN INDIAN OR ALASKAN NATIVE	TWO OR MORE RACES	WHITE	BLACK OR AFRICAN AMERICAN	NATIVE HAWAIIAN OR PACIFIC ISLANDER	ASIAN	AMERICAN INDIAN OR ALASKAN NATIVE		TWO OR MORE RACES
EXECUTIVE/SR OFFICIALS & MGRS	1	0	8	2	0	0	0	0	1	0	0	0	0	0	12
FIRST/MID OFFICIALS & MGRS	0	1	8	0	0	0	0	0	12	0	0	1	0	0	22
PROFESSIONALS	3	0	3	0	0	0	0	0	11	4	1	1	0	1	24
TECHNICIANS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SALES WORKERS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
ADMINISTRATIVE SUPPORT	0	0	0	0	0	0	0	0	3	1	0	0	0	0	4
CRAFT WORKERS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OPERATIVES	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
LABORERS & HELPERS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SERVICE WORKERS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	4	1	19	2	0	0	0	0	27	5	1	2	0	1	62
PREVIOUS REPORT TOTAL															

SECTION F - REMARKS

DATES OF PAYROLL PERIOD: 09/01/2016 THRU 09/15/2016

SECTION G - CERTIFICATION

CERTIFYING OFFICIAL: JENNIFER NICCOLAI
 EEO-1 REPORT CONTACT PERSON: JENNIFER NICCOLAI
 EMAIL: JNICCOLAI@MG TAMER.COM

TITLE: HR MANAGER
 TITLE: HR MANAGER
 TELEPHONE NO: 8502194315

CERTIFIED DATE[EST]: 09/12/2016 12:06 PM

co= GM00325
 u= GM00325

EQUAL EMPLOYMENT OPPORTUNITY
 2016 EMPLOYER INFORMATION REPORT
 HEADQUARTERS REPORT - TYPE 3

SECTION B - COMPANY IDENTIFICATION

1. MGT OF AMERICA CONSULTING, LLC
 3800 ESPLANADE WAY SUITE 210
 TALLAHASSEE, FL 32311

2.a. MGT OF AMERICA CONSULTING, LLC
 3800 ESPLANADE WAY SUITE 210
 TALLAHASSEE, FL 32311

LEON COUNTY

c.

SECTION C - TEST FOR FILING REQUIREMENT

1-N 2-N 3-N DUNS NO.:0 EIN :810890071

SECTION E - ESTABLISHMENT INFORMATION

NAICS: 541611 Administrative Management
 and General Management Consulting
 Services

SECTION D - EMPLOYMENT DATA

JOB CATEGORIES	HISPANIC OR LATINO		NOT-HISPANIC OR LATINO											OVERALL TOTALS	
	MALE	FEMALE	***** MALE *****						***** FEMALE *****						
			WHITE	BLACK OR AFRICAN AMERICAN	NATIVE HAWAIIAN OR PACIFIC ISLANDER	ASIAN	AMERICAN INDIAN OR ALASKAN NATIVE	TWO OR MORE RACES	WHITE	BLACK OR AFRICAN AMERICAN	NATIVE HAWAIIAN OR PACIFIC ISLANDER	ASIAN	AMERICAN INDIAN OR ALASKAN NATIVE		TWO OR MORE RACES
EXECUTIVE/SR OFFICIALS & MGRS	1	0	5	2	0	0	0	0	1	0	0	0	0	0	9
FIRST/MID OFFICIALS & MGRS	0	0	1	0	0	0	0	0	5	0	0	0	0	0	6
PROFESSIONALS	0	0	2	0	0	0	0	0	5	4	0	1	0	0	12
TECHNICIANS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SALES WORKERS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
ADMINISTRATIVE SUPPORT	0	0	0	0	0	0	0	0	2	1	0	0	0	0	3
CRAFT WORKERS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OPERATIVES	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
LABORERS & HELPERS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SERVICE WORKERS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	1	0	8	2	0	0	0	0	13	5	0	1	0	0	30
PREVIOUS REPORT TOTAL															

SECTION F - REMARKS

CO= GM00325
 U= GM00866

EQUAL EMPLOYMENT OPPORTUNITY
2016 EMPLOYER INFORMATION REPORT
REPORT - TYPE 8

SECTION B - COMPANY IDENTIFICATION

1. MGT OF AMERICA CONSULTING, LLC
 3800 ESPLANADE WAY SUITE 210
 TALLAHASSEE, FL 32311

2.a. MGT OF AMERICA CONSULTING, LLC
 2251 HARVARD STREET
 SACRAMENTO, CA 95815

SACRAMENTO COUNTY

c.

SECTION C - TEST FOR FILING REQUIREMENT

1-N 2-N 3-N DUNS NO.:0 EIN :810890071

SECTION E - ESTABLISHMENT INFORMATION

NAICS: 541611 Administrative Management
 and General Management Consulting
 Services

SECTION D - EMPLOYMENT DATA

JOB CATEGORIES	HISPANIC OR LATINO		NOT-HISPANIC OR LATINO											OVERALL TOTALS		
	MALE	FEMALE	***** MALE *****						***** FEMALE *****							
			WHITE	BLACK OR AFRICAN AMERICAN	NATIVE HAWAIIAN OR PACIFIC ISLANDER	ASIAN	AMERICAN INDIAN OR ALASKAN NATIVE	TWO OR MORE RACES	WHITE	BLACK OR AFRICAN AMERICAN	NATIVE HAWAIIAN OR PACIFIC ISLANDER	ASIAN	AMERICAN INDIAN OR ALASKAN NATIVE		TWO OR MORE RACES	
EXECUTIVE/SR OFFICIALS & MGRS	0	0	2	0	0	0	0	0	0	0	0	0	0	0	0	2
FIRST/MID OFFICIALS & MGRS	0	1	6	0	0	0	0	0	6	0	0	1	0	0	0	14
PROFESSIONALS	3	0	1	0	0	0	0	0	2	0	1	0	0	1	8	
TECHNICIANS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
SALES WORKERS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
ADMINISTRATIVE SUPPORT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
CRAFT WORKERS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
OPERATIVES	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
LABORERS & HELPERS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
SERVICE WORKERS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
TOTAL	3	1	9	0	0	0	0	0	8	0	1	1	0	1	24	
PREVIOUS REPORT TOTAL																

SECTION F - REMARKS

CO= GM00325
 U= GM00985

EQUAL EMPLOYMENT OPPORTUNITY
 2016 EMPLOYER INFORMATION REPORT
 REPORT - TYPE 8

SECTION B - COMPANY IDENTIFICATION

1. MGT OF AMERICA CONSULTING, LLC
 3800 ESPLANADE WAY SUITE 210
 TALLAHASSEE, FL 32311

2.a. MGT OF AMERICA CONSULTING, LLC
 2343 DELTA ROAD
 BAY CITY, MI 48706

BAY COUNTY

c.

SECTION C - TEST FOR FILING REQUIREMENT

1-N 2-N 3-N DUNS NO.:0 EIN :810890071

SECTION E - ESTABLISHMENT INFORMATION

NAICS: 541611 Administrative Management
 and General Management Consulting
 Services

SECTION D - EMPLOYMENT DATA

JOB CATEGORIES	HISPANIC OR LATINO		NOT-HISPANIC OR LATINO											OVERALL TOTALS		
	MALE	FEMALE	***** MALE *****						***** FEMALE *****							
			WHITE	BLACK OR AFRICAN AMERICAN	NATIVE HAWAIIAN OR PACIFIC ISLANDER	ASIAN	AMERICAN INDIAN OR ALASKAN NATIVE	TWO OR MORE RACES	WHITE	BLACK OR AFRICAN AMERICAN	NATIVE HAWAIIAN OR PACIFIC ISLANDER	ASIAN	AMERICAN INDIAN OR ALASKAN NATIVE		TWO OR MORE RACES	
EXECUTIVE/SR OFFICIALS & MGRS	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	1
FIRST/MID OFFICIALS & MGRS	0	0	1	0	0	0	0	0	1	0	0	0	0	0	0	2
PROFESSIONALS	0	0	0	0	0	0	0	0	4	0	0	0	0	0	0	4
TECHNICIANS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SALES WORKERS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
ADMINISTRATIVE SUPPORT	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1
CRAFT WORKERS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OPERATIVES	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
LABORERS & HELPERS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SERVICE WORKERS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	0	0	2	0	0	0	0	0	6	0	0	0	0	0	0	8
PREVIOUS REPORT TOTAL																

SECTION F - REMARKS

APPENDIX C: MGT FINANCIAL STATEMENT

MGT is a financially sound and stable company capable of delivering these services to the State of West Virginia in a timely and efficient manner. We are a private employee-owned company governed by a board of directors. With 70 full time employees, we have more than enough resources to deliver the State's cost allocation plan. The individuals whose qualification are presented in this submittal will be the individuals working on this project. We have attached a copy of our latest financial statement in the following pages. Below, we provide two financial references.

Financial References	
Capital City Bank Danna Hilaman 1801 Apalachee Parkway Tallahassee, FL 32301 Office (850) 402-7726 Hilaman.danna@ccbg.com	Avis Budget Group, Inc. Valerie Black Account Manager Corporate Sales 715 South Beach Street, Unit 106-D Daytona Beach, FL 32114 Cellular (386) 679-7654

CONFIDENTIAL

Combined Financial Statements

M&T of America Consulting, LLC

Year ended June 30, 2016

with Accountant's Compilation Report

MGT of America Consulting, LLC

Combined Financial Statements

Year ended June 30, 2016

Contents

Accountant's Compilation Report.....	1
Combined Financial Statements	
Combined Balance Sheet.....	2
Combined Statement of Operations.....	4
Combined Statement of Changes in Stockholders' Equity.....	5
Notes to Combined Financial Statements.....	6

CONFIDENTIAL

Accountant's Compilation Report

To the Board of Managers
MGT of America Consulting, LLC.


I have compiled the accompanying combined balance sheet of MGT of America Consulting, LLC (the Company) as of June 30, 2016, and the related combined statements of operations and changes in stockholders' equity for the year then ended. I have not audited or reviewed the accompanying combined financial statements and, accordingly, do not express an opinion or provide any assurance about whether the combined financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the combined financial statements.

My responsibility is to conduct the compilation in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all of the disclosures and the statement of cash flows required by accounting principles generally accepted in the United States of America. If the omitted disclosures and the statement of cash flows were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

I am not independent with respect to MGT of America Consulting, LLC.


Tallahassee, Florida
February 8, 2017

MGT of America Consulting, LLC
Combined Balance Sheet
June 30, 2016

Assets

Current assets:

Cash and cash equivalents	\$	253,070
Accounts receivable, net		2,694,281
Unbilled receivables		2,540,278
Prepaid expenses		52,183
Total current assets		<u>5,539,812</u>
Property and equipment, net		107,211
Goodwill		1,387,492
Intangibles, net		422,522
Deposits		53,160
Prepaid taxes		8,756
Deferred income taxes		431,843
Total assets	\$	<u>7,950,796</u>

(continued)

CONFIDENTIAL

MGT of America Consulting, LLC
 Combined Balance Sheet (continued)
 June 30, 2016

Liabilities and stockholders' equity

Current liabilities:

Accounts payable	\$ 1,464,499
Accrued liabilities	418,037
Lines of credit	2,920,000
Short term notes due to related parties	91,239
Unearned revenue	1,092,000
Deferred income taxes	901,369
Total current liabilities	6,887,144

Long term debt, less current portion due to related party	820,829
Total liabilities	7,707,973

Stockholders' equity:

Class A prime preferred stock, \$1,000 par value, 100,000 shares authorized, 1,637 issued and outstanding at June 30, 2015	1,576,266
Class B five percent convertible preferred stock, 65,384 shares authorized, 5,384 issued and outstanding at June 30, 2015	1
Class C five percent convertible preferred stock, 10,000 shares authorized, 4,157 issued and outstanding at June 30, 2015	1
Class A common stock, \$1 par value, 500,000 shares authorized, 53,000 issued and outstanding at June 30, 2015	52,158
Class B common stock, \$1 par value, 50,000 shares authorized, 320 issued and outstanding at June 30, 2015	262
Class C common stock, \$1 par value, 500,000 shares authorized, 32,587 issued and outstanding at June 30, 2015	32,587
Additional paid-in capital 849,831	849,831
Members' equity	187,500
Retained earnings	3,168,065
Treasury stock	(5,623,848)
Total stockholders' equity	242,823
Total liabilities and stockholders' equity	\$ 7,950,796

See accountant's compilation report and accompanying notes.

MGT of America Consulting, LLC

Combined Statement of Operations

Year ended June 30, 2016

Revenues	12,751,320
Operating Expenses:	
Salaries and employee benefits	6,486,173
Contract labor	3,250,782
Travel	891,973
Rent	337,670
Office	120,509
Depreciation and amortization	107,716
Telephone	106,660
Professional fees	380,380
Copying	91,014
Taxes, excluding income taxes	53,903
Computer and data service	66,987
Postage	32,183
Insurance	71,792
Tuition and conference fees	15,835
Entertainment	11,013
Dues and subscriptions	52,420
Utilities	8,473
Interest	225,940
Janitorial and maintenance	3,734
Advertising	8,952
Donations	42,750
Miscellaneous	8,982
Total Operating Expenses	12,375,841
Income from Operations	375,478
Nonoperating income and expenses:	
Other revenue	1,174
Total nonoperating income and expenses	1,174
Income tax expense	0
Net income	\$ 376,652

See accountant's compilation report and accompanying notes.

MGT of America Consulting, LLC

Combine Statement of Changes in Stockholders' Equity

Year ended June 30, 2016

	Common Stock		Preferred Stock		Additional Paid in Capital	Member's Equity	Treasury Stock	Retained Earnings	Total
	Shares	Par Value	Shares	Par Value					
Balance as of June 30, 2015	85,907	\$85,907	1,637	\$1,637,268	\$849,831	\$212,500	(\$5,524,817)	\$2,836,383	\$97,072
Purchase of Treasury Stock	(900)	(900)	(61)	(61,000)		(25,000)	(99,031)		(185,931)
Issuance of Shares	-	-	-	-					1,286
Net income	-	-	-	-				376,652	376,652
Dividends	-	-	-	-				(44,970)	(44,970)
Balance as of June 30, 2016	83,141	\$83,141	1,576	\$1,576,268	\$849,831	\$187,500	(\$5,623,848)	\$3,168,065	\$242,823

See accountant's compilation report and accompanying notes.

MGT of America Consulting, LLC
Notes to Combined Financial Statements

Year ended June 30, 2016

(See accountant's compilation report)

1. Summary of Significant Accounting Policies

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. On May 12, 2014, MGT Financial Services, LLC (MFS) was incorporated in the state of Delaware. The combined financial statements include the accounts of MGT of America, Inc. (MGT) and MFS, collectively the Company.

MGT is a firm that provides management consulting services to public agencies and public related agencies in the following markets: secondary education PK-12, higher education, state and local governments, and public safety.

All material intercompany accounts and transactions are eliminated in combination.

Revenue Recognition

Revenue is recognized as services are rendered. The asset, unbilled receivables, represents revenues recognized in excess of billed amounts. The liability, unearned revenues, represents contracts that are billed prior to being earned.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents include cash or deposits with financial institutions and deposits in highly liquid money market securities. Deposits with financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor. Bank deposits at times may exceed federally insured limits.

Accounts Receivable

Accounts receivable are recorded at net realizable value. The Company establishes a general reserve based on the Company's average historical write-off percentage, in conjunction with a specific reserve for receivables with known collection problems due to circumstances such as liquidity or bankruptcy.

Property and Equipment

Property and equipment is carried at cost, net of accumulated depreciation and amortization. Maintenance repairs and minor improvements are expensed as incurred. Depreciation is computed using the straight-line method of depreciation over the estimated useful lives of the assets, which range from three to 15 years.

MGT of America Consulting, LLC
Notes to Combined Financial Statements

(See accountant's compilation report)

1. Summary of Significant Accounting Policies (continued)

Income Taxes

Income taxes are accounted for under the asset and liability method. Under this method, deferred tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. Valuation allowances are established when necessary to reduce net deferred tax assets to amounts that management believes are more likely than not to be realized. The Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. Unrecognized tax benefits and uncertainties are reported, and the estimated accrued interest and penalties related to unrecognized tax benefits are charged to income tax expense. For income tax purposes the Company is considered a personal service corporation which places certain restrictions on dealings with its shareholders.

With few exceptions, the Company is no longer subject to examinations by major tax jurisdictions for years ended June 30, 2013 and prior.

Advertising

Advertising costs are charged to expense when incurred.

Subsequent Events

MGT has evaluated subsequent events through December 15, 2016, the date the financial statements were available to be issued. During the period from June 30, 2016 to February 8, 2017, the Company did not have any material recognizable subsequent events.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.



FLORIDA

516 North Adams Street
Tallahassee, Florida 32301

4320 West Kennedy Boulevard
Tampa, Florida 33609

CALIFORNIA

2251 Harvard Street, Suite 134
Sacramento, California 95815

3579 East Foothill Boulevard, Suite 144
Pasadena, California 91107

COLORADO

8200 South Quebec, Suite A3 #184
Centennial, Colorado 80112

KANSAS

13303 West Maple, Suite 139 #177
Wichita, Kansas 67235

MARYLAND

18310 Montgomery Village Avenue #520
Gaithersburg, Maryland 20879

MICHIGAN

2343 Delta Road
Bay City, Michigan 48706

NORTH CAROLINA

10030 Green Level Church Road, Suite #1267
Cary, North Carolina 27519

TEXAS

1801 East 51st Street, Suite 365-504
Austin, Texas 78723

WASHINGTON

1420 Marvin Road, NE, Suite C #342
Olympia, Washington 98516



MGT of America Consulting, LLC

www.mgtconsulting.com