



State of West Virginia  
 Department of Administration  
 Purchasing Division  
 2019 Washington Street East  
 Post Office Box 50130  
 Charleston, WV 25305-0130

# Request for Quotation

RFQ NUMBER
FAR116021

PAGE
1

ADDRESS CORRESPONDENCE TO ATTENTION OF
KRISTA FERRELL 304-558-2596

VENDOR

Maximus  
 Attn: Chris Zitzow  
 804 Morrefield Park Drive Suite 101  
 Richmond VA 23236

SHIP TO

DEPARTMENT OF ADMINISTRATION  
 FINANCIAL ACCOUNTING AND  
 REPORTING SECTION  
 2101 WASHINGTON ST E  
 CHARLESTON, WV  
 25305-1510 304-558-4083

DATE PRINTED	TERMS OF SALE	SHIP VIA	F.O.B.	FREIGHT TERMS
03/23/2011				

BID OPENING DATE: 04/21/2011 BID OPENING TIME 01:30PM

LINE	QUANTITY	UOP	CAT NO.	ITEM NUMBER	UNIT PRICE	AMOUNT
0001	1	LS		961-20		
STATEWIDE COST ALLOCATION PLAN (SWCAP)  REQUEST FOR QUOTATION (RFQ)  THE WEST VIRGINIA STATE PURCHASING DIVISION FOR THE AGENCY, THE WEST VIRGINIA DEPARTMENT OF ADMINISTRATION'S DIVISION OF FINANCE, IS SOLICITING BIDS FOR THE PREPARATION, ANALYSIS, AND NEGOTIATION OF THE STATEWIDE COST ALLOCATION PLAN (SWCAP) PER THE ATTACHED SPECIFICATIONS.  TECHNICAL QUESTIONS CONCERNING THIS SOLICITATION MUST BE SUBMITTED IN WRITING TO KRISTA FERRELL IN THE WEST VIRGINIA STATE PURCHASING DIVISION VIA MAIL AT THE ADDRESS LISTED IN THE BODY OF THIS RFQ, VIA FAX AT 304-558-4115, OR VIA EMAIL AT KRISTA.S.FERRELL@WV.GOV. VENDORS SHOULD INCLUDE THE RFQ NUMBER ON ALL INQUIRY REQUESTS. IF SUBMITTING, VIA EMAIL, PLEASE INCLUDE IN THE SUBJECT LINE OF THE RFQ.  DEADLINE FOR ALL TECHNICAL QUESTIONS IS 04/05/2011 AT THE CLOSE OF BUSINESS. ANY TECHNICAL QUESTIONS RECEIVED WILL BE ANSWERED BY FORMAL WRITTEN ADDENDUM TO BE ISSUED BY THE PURCHASING DIVISION AFTER THE DEADLINE HAS LAPSED.  VERBAL COMMUNICATION: ANY VERBAL COMMUNICATION BETWEEN THE VENDOR AND ANY STATE PERSONNEL IS NOT BINDING. ONLY INFORMATION ISSUED IN WRITING AND ADDED TO THE RF						

RECEIVED  
 2011 APR 20 PM 2:30  
 WV PURCHASING DIVISION

SEE REVERSE SIDE FOR TERMS AND CONDITIONS

SIGNATURE	TELEPHONE	DATE
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TITLE	FEIN	ADDRESS CHANGES TO BE NOTED ABOVE
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WHEN RESPONDING TO RFQ, INSERT NAME AND ADDRESS IN SPACE ABOVE LABELED 'VENDOR'

**GENERAL TERMS & CONDITIONS**  
**REQUEST FOR QUOTATION (RFQ) AND REQUEST FOR PROPOSAL (RFP)**

1. Awards will be made in the best interest of the State of West Virginia.
2. The State may accept or reject in part, or in whole, any bid.
3. Prior to any award, the apparent successful vendor must be properly registered with the Purchasing Division and have paid the required \$125 fee.
4. All services performed or goods delivered under State Purchase Order/Contracts are to be continued for the term of the Purchase Order/Contracts, contingent upon funds being appropriated by the Legislature or otherwise being made available. In the event funds are not appropriated or otherwise available for these services or goods this Purchase Order/Contract becomes void and of no effect after June 30.
5. Payment may only be made after the delivery and acceptance of goods or services.
6. Interest may be paid for late payment in accordance with the *West Virginia Code*.
7. Vendor preference will be granted upon written request in accordance with the *West Virginia Code*.
8. The State of West Virginia is exempt from federal and state taxes and will not pay or reimburse such taxes.
9. The Director of Purchasing may cancel any Purchase Order/Contract upon 30 days written notice to the seller.
10. The laws of the State of West Virginia and the *Legislative Rules* of the Purchasing Division shall govern the purchasing process.
11. Any reference to automatic renewal is hereby deleted. The Contract may be renewed only upon mutual written agreement of the parties.
12. **BANKRUPTCY:** In the event the vendor/contractor files for bankruptcy protection, the State may deem this contract null and void, and terminate such contract without further order.
13. **HIPAA BUSINESS ASSOCIATE ADDENDUM:** The West Virginia State Government HIPAA Business Associate Addendum (BAA), approved by the Attorney General, is available online at [www.state.wv.us/admin/purchase/vrc/hipaa.htm](http://www.state.wv.us/admin/purchase/vrc/hipaa.htm) and is hereby made part of the agreement. Provided that the Agency meets the definition of a Cover Entity (45 CFR §160.103) and will be disclosing Protected Health Information (45 CFR §160.103) to the vendor.
14. **CONFIDENTIALITY:** The vendor agrees that he or she will not disclose to anyone, directly or indirectly, any such personally identifiable information or other confidential information gained from the agency, unless the individual who is the subject of the information consents to the disclosure in writing or the disclosure is made pursuant to the agency's policies, procedures, and rules. Vendor further agrees to comply with the Confidentiality Policies and Information Security Accountability Requirements, set forth in <http://www.state.wv.us/admin/purchase/privacy/noticeConfidentiality.pdf>.
15. **LICENSING:** Vendors must be licensed and in good standing in accordance with any and all state and local laws and requirements by any state or local agency of West Virginia, including, but not limited to, the West Virginia Secretary of State's Office, the West Virginia Tax Department, and the West Virginia Insurance Commission. The vendor must provide all necessary releases to obtain information to enable the director or spending unit to verify that the vendor is licensed and in good standing with the above entities.
16. **ANTITRUST:** In submitting a bid to any agency for the State of West Virginia, the bidder offers and agrees that if the bid is accepted the bidder will convey, sell, assign or transfer to the State of West Virginia all rights, title and interest in and to all causes of action it may now or hereafter acquire under the antitrust laws of the United States and the State of West Virginia for price fixing and/or unreasonable restraints of trade relating to the particular commodities or services purchased or acquired by the State of West Virginia. Such assignment shall be made and become effective at the time the purchasing agency tenders the initial payment to the bidder.

I certify that this bid is made without prior understanding, agreement, or connection with any corporation, firm, limited liability company, partnership, or person or entity submitting a bid for the same material, supplies, equipment or services and is in all respects fair and without collusion or Fraud. I further certify that I am authorized to sign the certification on behalf of the bidder or this bid.

**INSTRUCTIONS TO BIDDERS**

1. Use the quotation forms provided by the Purchasing Division. Complete all sections of the quotation form.
2. Items offered must be in compliance with the specifications. Any deviation from the specifications must be clearly indicated by the bidder. Alternates offered by the bidder as **EQUAL** to the specifications must be clearly defined. A bidder offering an alternate should attach complete specifications and literature to the bid. The Purchasing Division may waive minor deviations to specifications.
3. Unit prices shall prevail in case of discrepancy. All quotations are considered F.O.B. destination unless alternate shipping terms are clearly identified in the quotation.
4. All quotations must be delivered by the bidder to the office listed below prior to the date and time of the bid opening. Failure of the bidder to deliver the quotations on time will result in bid disqualifications: Department of Administration, Purchasing Division, 2019 Washington Street East, P.O. Box 50130, Charleston, WV 25305-0130
5. Communication during the solicitation, bid, evaluation or award periods, except through the Purchasing Division, is strictly prohibited (W.Va. C.S.R. §148-1-6.6).



State of West Virginia  
 Department of Administration  
 Purchasing Division  
 2019 Washington Street East  
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RFQ NUMBER:  
**FAR116021**

PAGE  
**2**

ADDRESS CORRESPONDENCE TO ATTENTION OF:  
**KRISTA FERRELL  
 304-558-2596**

RFQ COPY  
 TYPE NAME/ADDRESS HERE

VENDOR

SHIP TO

DEPARTMENT OF ADMINISTRATION  
 FINANCIAL ACCOUNTING AND  
 REPORTING SECTION  
 2101 WASHINGTON ST E  
 CHARLESTON, WV  
 25305-1510 304-558-4083

DATE PRINTED	TERMS OF SALE	SHIP VIA	FOB	FREIGHT TERMS
03/23/2011				

BID OPENING DATE: **04/21/2011** BID OPENING TIME **01:30PM**

LINE	QUANTITY	UOP	CAT NO	ITEM NUMBER	UNIT PRICE	AMOUNT
<p>BY FORMAL WRITTEN ADDENDUM IS BINDING.</p> <p>NO CONTACT BETWEEN THE VENDOR AND THE AGENCY IS PERMITTED WITHOUT THE EXPRESS WRITTEN CONSENT OF THE STATE BUYER. VIOLATION MAY RESULT IN REJECTION OF THE BID. THE STATE BUYER NAMED ABOVE IS THE SOLE CONTACT FOR ANY AND ALL INQUIRIES AFTER THIS RFQ HAS BEEN RELEASED.</p> <p>EXHIBIT 10</p> <p>REQUISITION NO.: .....</p> <p>ADDENDUM ACKNOWLEDGEMENT</p> <p>I HEREBY ACKNOWLEDGE RECEIPT OF THE FOLLOWING CHECKED ADDENDUM(S) AND HAVE MADE THE NECESSARY REVISIONS TO MY PROPOSAL, PLANS AND/OR SPECIFICATION, ETC.</p> <p>ADDENDUM NO.'S:</p> <p>X NO. 1 ..... <i>Chmiztas</i></p> <p>NO. 2 .....</p> <p>NO. 3 .....</p> <p>NO. 4 .....</p> <p>NO. 5 .....</p> <p>I UNDERSTAND THAT FAILURE TO CONFIRM THE RECEIPT OF THE ADDENDUM(S) MAY BE CAUSE FOR REJECTION OF BIDS.</p> <p>VENDOR MUST CLEARLY UNDERSTAND THAT ANY VERBAL REPRESENTATION MADE OR ASSUMED TO BE MADE DURING ANY</p>						

SEE REVERSE SIDE FOR TERMS AND CONDITIONS

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**3**


ADDRESS & CORRESPONDENCE TO ATTENTION OF  
**KRISTA FERRELL  
 304-558-2596**

RFQ COPY  
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DEPARTMENT OF ADMINISTRATION  
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 2101 WASHINGTON ST E  
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BID OPENING DATE: **04/21/2011** BID OPENING TIME **01:30PM**

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<p>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.</p> <p style="text-align: center;">             .....            SIGNATURE            MAXIMUS Consulting Services, Inc.            .....            COMPANY            04/19/11            .....            DATE         </p> <p>NOTE: THIS ADDENDUM ACKNOWLEDGEMENT SHOULD BE SUBMITTED WITH THE BID.</p> <p>REV. 09/21/2009</p> <p>EXHIBIT 3</p> <p>LIFE OF CONTRACT: THIS CONTRACT BECOMES EFFECTIVE ON AWARD AND EXTENDS FOR A PERIOD OF ONE (1) YEAR OR UNTIL SUCH "REASONABLE TIME" THEREAFTER AS IS NECESSARY TO OBTAIN A NEW CONTRACT OR RENEW THE ORIGINAL CONTRACT. THE "REASONABLE TIME" PERIOD SHALL NOT EXCEED TWELVE (12) MONTHS. DURING THIS "REASONABLE TIME" THE VENDOR MAY TERMINATE THIS CONTRACT FOR ANY REASON UPON GIVING THE DIRECTOR OF PURCHASING 30 DAYS WRITTEN NOTICE.</p> <p>UNLESS SPECIFIC PROVISIONS ARE STIPULATED ELSEWHERE IN THIS CONTRACT DOCUMENT, THE TERMS, CONDITIONS AND PRICING SET HEREIN ARE FIRM FOR THE LIFE OF THE</p>						

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4

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DEPARTMENT OF ADMINISTRATION  
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 2101 WASHINGTON ST E  
 CHARLESTON, WV  
 25305-1510 304-558-4083

PURCHASING

SHIP TO

DATE PRINTED	TERMS OF SALE	SHIP VIA	F.O.B.	FREIGHT TERMS
03/23/2011				

BID OPENING DATE: 04/21/2011 BID OPENING TIME 01:30PM

LINE	QUANTITY	UOP	CAT NO	ITEM NUMBER	UNIT PRICE	AMOUNT
<p><b>CONTRACT.</b></p> <p><b>RENEWAL:</b> THIS CONTRACT MAY BE RENEWED UPON THE MUTUAL WRITTEN CONSENT OF THE SPENDING UNIT AND VENDOR, SUBMITTED TO THE DIRECTOR OF PURCHASING THIRTY (30) DAYS PRIOR TO THE EXPIRATION DATE. SUCH RENEWAL SHALL BE IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE ORIGINAL CONTRACT AND SHALL BE LIMITED TO TWO (2) ONE (1) YEAR PERIODS.</p> <p><b>CANCELLATION:</b> THE DIRECTOR OF PURCHASING RESERVES THE RIGHT TO CANCEL THIS CONTRACT IMMEDIATELY UPON WRITTEN NOTICE TO THE VENDOR IF THE COMMODITIES AND/OR SERVICES SUPPLIED ARE OF AN INFERIOR QUALITY OR DO NOT CONFORM TO THE SPECIFICATIONS OF THE BID AND CONTRACT HEREIN.</p> <p><b>OPEN MARKET CLAUSE:</b> THE DIRECTOR OF PURCHASING MAY AUTHORIZE A SPENDING UNIT TO PURCHASE ON THE OPEN MARKET, WITHOUT THE FILING OF A REQUISITION OR COST ESTIMATE, ITEMS SPECIFIED ON THIS CONTRACT FOR IMMEDIATE DELIVERY IN EMERGENCIES DUE TO UNFORESEEN CAUSES (INCLUDING BUT NOT LIMITED TO DELAYS IN TRANSPORTATION OR AN UNANTICIPATED INCREASE IN THE VOLUME OF WORK.)</p> <p><b>BANKRUPTCY:</b> IN THE EVENT THE VENDOR/CONTRACTOR FILES FOR BANKRUPTCY PROTECTION, THE STATE MAY DEEM THE CONTRACT NULL AND VOID, AND TERMINATE SUCH CONTRACT WITHOUT FURTHER ORDER.</p> <p>THE TERMS AND CONDITIONS CONTAINED IN THIS CONTRACT SHALL SUPERSEDE ANY AND ALL SUBSEQUENT TERMS AND CONDITIONS WHICH MAY APPEAR ON ANY ATTACHED PRINTED DOCUMENTS SUCH AS PRICE LISTS, ORDER FORMS, SALES AGREEMENTS OR MAINTENANCE AGREEMENTS, INCLUDING ANY ELECTRONIC MEDIUM SUCH AS CD-ROM.</p>						

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**FAR116021**

PAGE  
**5**

ADDRESS CORRESPONDENCE TO ATTENTION OF  
**KRISTA FERRELL  
 304-558-2596**

RFQ COPY  
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VENDOR

SHIP TO

DEPARTMENT OF ADMINISTRATION  
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 2101 WASHINGTON ST E  
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LINE	QUANTITY	UOP	CAT NO	ITEM NUMBER	UNIT PRICE	AMOUNT
<p>REV. 05/26/2009</p> <p style="text-align: center;"><b>NOTICE</b></p> <p><b>A SIGNED BID MUST BE SUBMITTED TO:</b></p> <p style="text-align: center;">DEPARTMENT OF ADMINISTRATION            PURCHASING DIVISION            BUILDING 15            2019 WASHINGTON STREET, EAST            CHARLESTON, WV 25305-0130</p> <p><b>THE BID SHOULD CONTAIN THIS INFORMATION ON THE FACE OF THE ENVELOPE OR THE BID MAY NOT BE CONSIDERED:</b></p> <p><b>SEALED BID</b></p> <p><b>BUYER: KRISTA FERRELL-FILE 21</b></p> <p><b>RFQ. NO.: FAR116021</b></p> <p><b>BID OPENING DATE: 04/21/2011</b></p> <p><b>BID OPENING TIME: 1:30 PM</b></p> <p><b>PLEASE PROVIDE A FAX NUMBER IN CASE IT IS NECESSARY TO CONTACT YOU REGARDING YOUR BID:</b>            (804) 323-3536</p>						

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PAGE  
**6**

ADDRESS CORRESPONDENCE TO ATTENTION OF  
**KRISTA FERRELL  
 304-558-2596**

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VENDOR

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LINE	QUANTITY	UQP	QAT NO	ITEM NUMBER	UNIT PRICE	AMOUNT
<b>CONTACT PERSON (PLEASE PRINT CLEARLY):</b> Chris M. Zitzow -----						
<b>***** THIS IS THE END OF RFQ FAR116021 ***** TOTAL:</b>						

SEE REVERSE SIDE FOR TERMS AND CONDITIONS

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**Purpose**

The WV State Purchasing Division for the Finance Division of the Department of Administration, is soliciting quotations from qualified vendors to provide preparation, analysis, and negotiation of the Statewide Cost Allocation Plan (SWCAP).

The contractor will analyze, develop, submit, and negotiate the State of West Virginia's SWCAP with the federal government.

**Background**

The performance of Federal grants and contracts usually requires the expenditure of resources of various organizations within State government. The Federal Government operates under the assumption that it is expected to pay its fair share of the state's operating cost in carrying out the work under Federal awards. OMB Circular A-87 (A-87) was issued by the Federal Government to provide principles and standards to present a uniform approach for establishing allowable costs to federal awards. A-87 is available at: [http://www.whitehouse.gov/omb/circulars\\_a087\\_2004](http://www.whitehouse.gov/omb/circulars_a087_2004)

Under the guidelines of A-87, the State of West Virginia is required to file an annual SWCAP with the U.S. Department of Health and Human Services (HHS). Preparation of the plan requires analysis of central service costs, which are allocated to the various departments and agencies.

**Scope**

The vendor will perform the following tasks:

1. Attain a thorough working knowledge of the State's accounting and cost systems, budgeting, billing, payroll systems and records, and other areas, as deemed necessary, to ensure the completion of the SWCAP and supplementary reports.
2. Review prior audit coverage and correspondence from (and to) the federal governmental relating to essential plan information.
3. Perform the necessary analysis of financial and accounting records, agency documentation, billing systems, budgets and any other information relevant to the SWCAP for the year under review.
4. Schedule reviews with central service agencies, 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.
5. Prepare a report summarizing the carry-forward calculations on a service-by-service basis for each State agency.
6. Prepare a report summarizing the proposed fixed allocations for each State agency, including carry-forwards, to be submitted to the federal government.
7. Prepare the information necessary to satisfy the documentation requirements for Section II, as provided for in A-87.
8. Successfully negotiate the State of West Virginia's SWCAP with the federal government.



9. 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 actions needed to be taken by the state.
10. Review, respond, and resolve all audit adjustments and recommendations.

Note: We are seeking assistance and guidance from a qualified professional, not just a "software" solution.

#### **Project Quantities and Deliverables**

The vendor will be required to provide the following products in the performance of the contract:

1. Five copies of the Statewide Cost Allocation Plan, carry forward schedules, exhibits of proposed statewide costs, and associated work papers for each fiscal year outlined in the terms of this contract.
2. Upon completion of discussions of the plans with federal negotiators, the Finance Division is to be made aware of any adjustments made to the plan, as well as, any negotiated agreements requiring State approval.

#### **Performance Standards**

The following performance standards will be met:

1. The service to be performed by the Vendor shall be undertaken and completed in such sequence as to assure their expeditious completion and to best carry out the objectives of the Finance Division.
2. Progress reports, at a minimum of once a month until federal agency acceptance, will be made to the Director of Finance to assure that significant progress is maintained throughout the contract period.
3. Vendor must complete any additional tasks that may reasonably relate to preparation, negotiations, or defense of the plan prepared for a period of up to three (3) years following the federal approval of the fixed cost agreement date. The vendor must formally respond to state and federal auditors' findings, explaining differences, agreeing or disagreeing, and providing follow-up documentation to resolve the finding.
4. Retain records for five (5) years.

**Expected Results**

Preparation, submission, and successful negotiation of a Statewide Cost Allocation Plan for the State of West Virginia, in accordance with OMB Circular A-87, for the State Fiscal Year 2009, with possible extension of the scope to include Fiscal Years, 2010 and, 2011.

**Vendor Qualifications**

The Vendor must have prepared and successfully negotiated a minimum of three (3) Statewide Cost Allocation Plans, and must provide three (3) positive references of this prior experience. The vendor may provide software that can be used to compile all of the Statewide Cost Allocation Plan information. Any software provided must be accessible by State employees, as well as the vendor. Finally, the vendor must provide a copy of the most recent audited financial statement of the company.

**Contract Terms**

1. The contract term is one year, with two optional renewals after written consent is received from both parties.
2. The contract that results from this RFQ will remain in force and continue until federal agency acceptance of the negotiated plan for the year ending June 30, 2009.
3. The Finance Division may elect to extend the scope of the contract to provide for the same services (as outlined in the "Scope" section) for the fiscal year ending June 30, 2010, and June 30, 2011.
4. If changes to the original contract become necessary, a formal contract change order will be executed. An approved contract change order is defined as one approved by the Purchasing Division and approved as to form by the West Virginia Attorney General's office prior to the effective date of such amendment. An approved contract change order is required whenever the change affects the payment provision and/or the scope of the work. Such changes may be necessitated by new and amended federal and state regulations and requirements. **NO CHANGE SHALL BE IMPLEMENTATED BY THE VENDOR UNTIL SUCH TIME AS THE VENDOR RECEIVES AN APPROVED WRITTEN CHANGE ORDER.**

**Confidentiality and Care of Data**

Vendor agrees to protect the confidentiality of any files, data or other materials provided by the state agencies and to restrict their use to the purpose of performing this contract only. Vendor shall take all steps necessary to safeguard any data, files, reports, or other information from loss, destruction, or erasure. Any costs or expenses of replacing, or damages resulting from the loss of such data shall be borne by the vendor when such loss or damage occurred through its negligence.

**Payment**

One third (1/3) of the total contract will be paid once predetermined agency meetings have been held. An additional one third (1/3) will be paid when the plan is delivered to the Finance Division and

submitted to the cognizant federal agency. Payment of the remaining contract amount will be made after federal acceptance of the negotiated plan.

**Price Quote**

Vendor must provide separate quotes for the following per the attached cost sheet:

1. All fees associated with the job specifications and requirements outlined in the "Scope" section of the RFQ. The price quote must be all-inclusive. It must include any travel related expenses. In addition, the price quote must include the proposed cost for performing said services for the fiscal years ending June 30, 2010 and June 30, 2011.
2. All fees associated with the software, if provided. Vendor must provide a listing of any proprietary software that will be housed, used and purchased by the Finance Division, as well as, the number of licenses to be included in the price. Additionally, vendor must quote any post-contract software maintenance fees.

**Cost Sheet**

Meet with pre-determined agencies, prepare SWCAP, negotiate with federal cognizant agency, and provide, at a minimum, monthly progress reports

SWCAP - \$20,000  
 \$ Section II - \$5,000

Option A: Software

\$ n/a

Option B: Software Maintenance

\$ n/a

Total

\$ 25,000



April 19, 2011

Re: RFQ #: FAR116021

Ms. Krista Ferrell  
Procurement Officer  
State of West Virginia  
Department of Administration  
Purchasing Division  
Building 15  
2019 Washington Street East  
Charleston, WV 25305-0130

Dear Ms. Ferrell:

MAXIMUS Consulting Services, Inc., a wholly owned subsidiary of MAXIMUS, Inc. (MAXIMUS), is pleased to present this proposal to provide a statewide cost allocation plan to the State of West Virginia. We believe the following key points summarize why MAXIMUS is the best choice for providing these services. They are:

- A company that is regarded as the preeminent cost allocation firm and prepares the majority of statewide cost allocation plans nationwide
- Over 30 staff that specializes in statewide cost allocation plans both on a national and regional level
- The only firm that has a great deal of experience in successfully negotiating statewide cost allocations in the federal DCA HHS Mid-Atlantic region for the following states: Delaware, North Carolina, Maryland and Pennsylvania
- A deep bench and financial strength, as we are part of a NYSE-listed firm that exists to serve public agencies

MAXIMUS focuses on the continuous development of its cost allocation practice. We have a highly regarded staff of over 30 people who specialize in statewide cost allocation plans. In addition, our leader for the statewide practice, Ms. Chris Zitzow is located in our Richmond Office and is available to the State of West Virginia for on-going consultation on statewide issues. For over 35 years, we have been working in over 50 states improving the cost allocation practices. We have more than 6,000 employees who understand how state government works. In addition to statewide cost allocation services, our Company is recognized as the state leader in

health care and human services consulting. This program expertise compliments our cost allocation experience and allows the State to have a vendor that is a leader in state/federal programs and issues.

***Why MAXIMUS?***

MAXIMUS' team of cost consultants will assist the State in not only preparing a compliant statewide cost allocation plan in a timely manner, it will provide a solid, sound and defensible method for recovering IT implementation costs. Our Richmond Office in particular has had extensive experience in developing and receiving federal approval for cost reimbursement for state ERP services in the Mid-Atlantic States.

In addition to preparing the statewide plan, we will host a one day training seminar for state agencies who want to learn about the cost allocation process. We look forward to having the opportunity to work with the State of West Virginia on this important project. As an officer of our firm, I am authorized to offer our services for this project. Please contact me directly at 804-323-3535 if you have any questions.

Yours truly,

A handwritten signature in black ink, appearing to read "Chris M. Zitzow". The signature is fluid and cursive, with a large initial "C" and "Z".

Chris M. Zitzow  
Senior Vice President

**STATE OF WEST VIRGINIA**  
**Department of Administration**  
**RFQ #: FAR116021**



***Statewide Cost Allocation Plan Proposal***

April 19, 2011

***Prepared by***

MAXIMUS Consulting Services, Inc.  
804 Moorefield Park Drive, Suite 101  
Richmond, VA 23236  
Phone:(804) 323-3535 – Fax: (804) 323-3536  
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## TABLE OF CONTENTS

Section	Page
---------	------

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### **A. CORPORATE BACKGROUND AND EXPERIENCE**

A.1 Experience and Reputation.....	1
A.2 History of MAXIMUS .....	2
A.3 MAXIMUS Corporate Structure and Organization.....	3
A.4 Specific Examples of Cost Allocation Consulting .....	5
A.5 Knowledge of Specific Experience with State Government Accounting Systems.....	8

### **B. PROJECT ORGANIZATION**

B.1 Staffing Plan .....	10
B.2 Relevant Experience .....	11
B.3 Specific Examples of Individual's Expertise.....	13
B.4 Capacity to Meet Requirements.....	13
B.5 Location .....	13
B.6 Demonstrated Ability.....	14
B.7 Other Criteria.....	14
B.8 References.....	15
B.9 Why MAXIMUS .....	15

### **C. TECHNICAL APPROACH**

C.1 Report Delivery .....	17
C.2 Development of Statewide Cost Allocation Plan (SWCAP).....	17
C.3 Meeting with Finance Division.....	21
C.4 Reporting on Billed Services .....	21
C.5 Completion Date.....	22

### **D. COST PROPOSAL**

D.1 Cost Proposal.....	23
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### **APPENDICES**

- Appendix A - Resumes
- Appendix B - Financial Statements



## A. CORPORATE BACKGROUND AND EXPERIENCE

For the past three decades, cost accounting of government services has been a principal line of business for MAXIMUS staff. We offer West Virginia both a national perspective and in-depth knowledge of state government. In addition, our proposed project team has a thorough understanding of OMB Circular A-87. Our extensive overall cost allocation experience, our financially stable, responsible company, our deep bench of resources, makes MAXIMUS your best partner for this effort.

MAXIMUS is dedicated to working in the public sector and is regarded as one of the largest public sector consulting firms in the nation. We are a company that has dedicated specialized areas like cost allocation consulting, and we employ the best consultants in this area. The advantages of having such a large specialized cost allocation practice are that the State is guaranteed to have competent consulting support for many years. The State of West Virginia needs a consulting partner whose credibility can stand against the inevitable public scrutiny of the federal auditors, and most importantly, they need to rely upon the assessment capabilities and insights of a company that understands the changes in cost allocation techniques. In short, the Finance Division needs a partner to undertake this study in which they can confidently place their trust – a partner like MAXIMUS.

**MAXIMUS has the background, knowledge, experience, and collective expertise required to develop accurate, thorough cost allocation plans.**

✓	Our project team of four consultants will receive guidance from a project executive, project director, project manager and a technical advisor expert in cost allocation.
✓	West Virginia can be assured that MAXIMUS staff, and not subcontractors, will provide the requested cost allocation services.
✓	MAXIMUS prepares over 2,000 cost allocation plans annually. We prepare more cost allocation plans than all other firms combined. Our cost allocation systems and methodologies have all been approved by the federal government.
✓	In the past 20 years, we have prepared statewide cost allocation plans for over 30 states.
✓	MAXIMUS prepares over 100 state agency indirect cost rate proposals annually.

In this section, we present MAXIMUS' corporate experience with cost allocation and introduce our proposed project team. We also provide a general overview of MAXIMUS and describe our project management approach.

### A.1 EXPERIENCE AND REPUTATION

We invented most of the methodologies in use by other consultants today. We continue to maintain our leading position by staying abreast of the latest developments at the Federal level, where cost allocation policies related to grants are set, and by continuously investing in our systems and procedures.

We are proud of our long-standing relationship with states in the preparation of central service cost allocation plans. MAXIMUS Financial Services (formerly David M. Griffith & Associates, Ltd.) created the computerized cost allocation tools and methodologies that today many other firms try to copy. These innovations include:

- Cross-allocation and multiple iterating techniques
- Direct assignment of costs to functions
- Optimization of the order of central services and cost pool closing sequences

*We are at the forefront of how to structure rates for state internal service funds in order to minimize audit disallowances*





MAXIMUS also focuses on the analysis of Section II (billed services). Federal negotiators are placing increased emphasis on how rates are set for data processing and telecommunications services. MAXIMUS is at the forefront of working with state internal service funds on how to structure rates as to minimize audit disallowances. We offer the State of West Virginia the experience it needs in order to be assured that it will receive quality cost allocation services, which identify and recover the optimal allowable administrative costs from the Federal government.

Ms. Chris Zitzow, a senior vice president, is the individual responsible for negotiating any contract resulting from this proposal.

804 Moorefield Park Drive

Suite 101

Richmond, VA 23236

Phone: (804) 323-3535

Fax: (804) 323-3536

E-mail: [chriszitzow@maximus.com](mailto:chriszitzow@maximus.com)

### **A.2 History of MAXIMUS**

*MAXIMUS is a market leader specializing in cost allocation consulting*

MAXIMUS was established in 1975 for the sole purpose of *Helping Government Serve the People™*. We are proud of our success at this calling – a success that has led to our growth as a company and to a record number of satisfied clients. Today, MAXIMUS is a market leader specializing in cost allocation consulting, management services, consulting, and software applications for the public sector. This includes federal, state, and local governments, in addition to many other public institutions. We serve clients in all 50 states, including 97 of the 100 largest cities and counties in the United States.

MAXIMUS is the largest management-consulting firm in the nation serving the needs of non-defense, public sector clients. The company has annual revenues that have grown from \$100 million in FY 1996 to over \$800 million in FY 2010. Along with our steady revenue growth has come a commensurate increase in professional consultants. With over 6,000 staff, MAXIMUS has the depth of professional resources necessary to support the consulting, service, and product needs of a myriad of public sector entities.

MAXIMUS became publicly owned in 1997 (symbol “MMS” on the NYSE) and since that time has expanded its staff. This growth allows us to run successful projects by applying the experience and knowledge of seasoned professionals. Our business model is defined by market areas, which allows us to recruit and hire individuals with expertise specific to a given market niche, and to customarily attract consultants with national reputations in a particular market segment. This is true for our practices that focus on technical issues, such as governmental fund accounting and grants management. We are strong in other areas as well. These include: Child Support Enforcement, Child Welfare, Medicaid, Food Stamps, Temporary Assistance to Needy Families, Day Care, and others.

In 1998, MAXIMUS acquired the former David M. Griffith & Associates, Ltd. DMG has now become part of MAXIMUS Financial Services Division. MAXIMUS is the nation’s leader in cost allocation issues for state and local governments. Each year, we work with over 2,000 clients to assist them in developing and negotiating their cost allocation plans. These documents are used primarily for:

- Supporting allocations to agencies that administer federal grants and contracts



- Documenting allocations that are used in developing agency indirect cost rate proposals
- Setting billing rates for internal service funds
- Negotiating grant audit disallowances

### **A.3 MAXIMUS Corporate Structure and Organization**

MAXIMUS is incorporated in Virginia and has an expansive organization with a management structure that is streamlined and efficient, providing the benefits of local decision-making and subject matter concentrations, while allowing for the diversity and knowledge base of a national corporation.

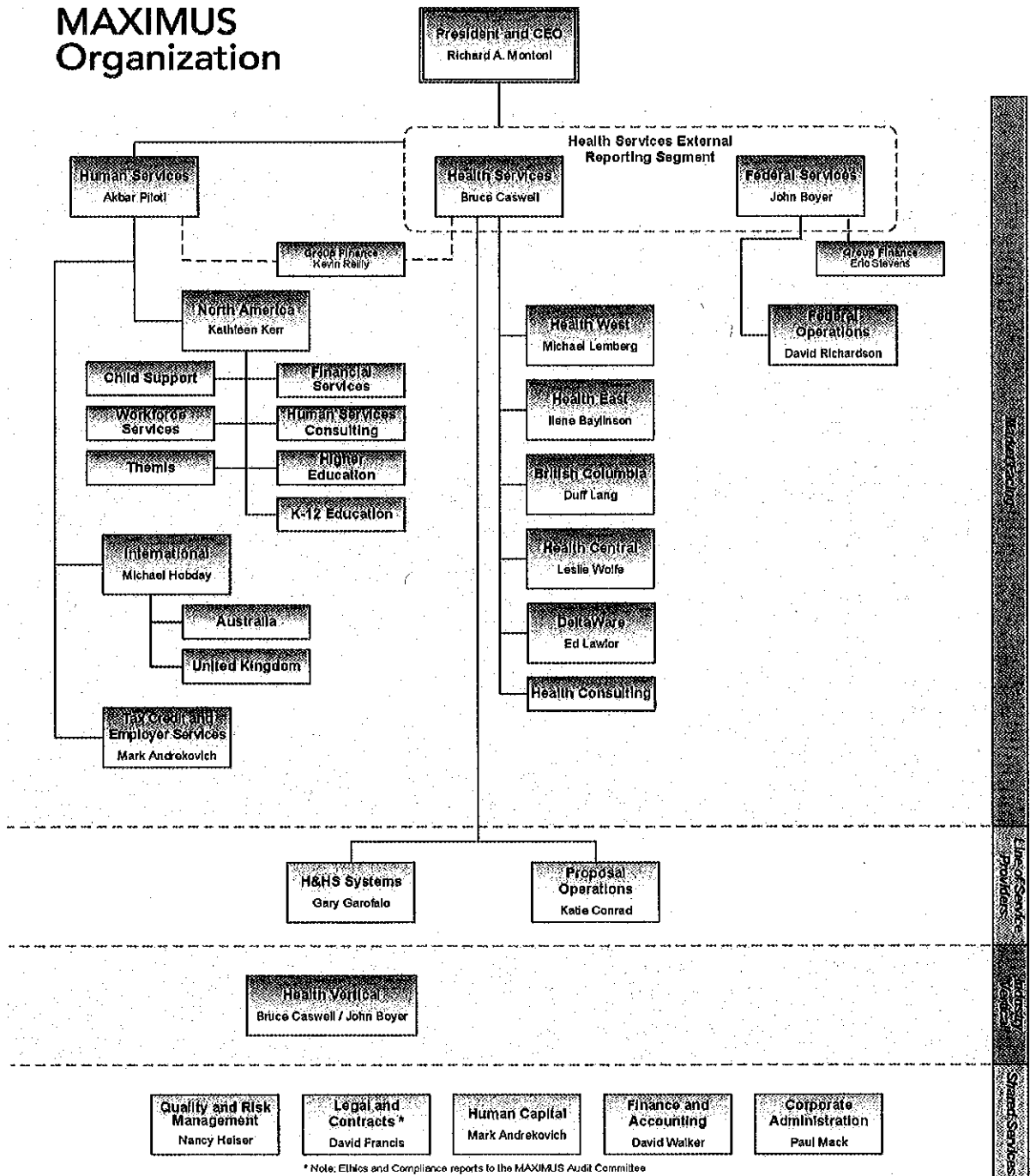
Our more than 6,000 employees provide a variety of consulting, operations, and information technology services for government health and human service departments. We have a national reputation for providing consulting services to state and local governments, covering virtually every area of government operations and programs. The MAXIMUS wealth of experience across government entities and programs has given us the knowledge and capacity to provide new and innovative solutions to our clients in an ever changing environment.

We offer a diverse set of products and services, ranging from financial consulting services to systems development and implementation to maintenance and operations of programs and systems. To support this diversity, MAXIMUS is organized as shown in *Exhibit I-1 MAXIMUS Corporate Organization Chart*. The group structure supports the goals of the corporation by aligning divisions with common market interests. Within all of our major segments, senior professionals provide the administrative, operational, systems, and programmatic expertise to implement and operate each project.

This project will be performed by MAXIMUS Consulting Services Inc, a wholly owned subsidiary of MAXIMUS, Inc. (MAXIMUS). The project will be overseen by Steven Whitney, the Financial Services Practice Leader. Mr. Whitney reports to Kathleen Kerr, President of MAXIMUS Human Services North America. Consulting Services provides government clients with programmatic and financial services focused on obtaining optimal federal revenues, complying with federal requirements, preventing and detecting fraud and abuse, and realizing cost savings and avoidance.



# MAXIMUS Organization



\* Note: Ethics and Compliance reports to the MAXIMUS Audit Committee

OF-001 (8/2011)

**A.3-1: MAXIMUS Corporate Organization.** Financial Services, which assists state and local governments to enhance tax dollars through federal revenue recovery as well as cost avoidance strategies, will manage this project.



### **MAXIMUS Financial Stability**

MAXIMUS recognizes the Department's need to work with a financially capable, responsible provider and shares the belief that a strong financial base is essential to ensuring contract success. MAXIMUS is a large, public corporation with stock trading on the New York Stock Exchange (symbol: MMS). We have grown in both size and profitability every year since our founding in 1975. Our revenues have grown from \$100 million in FY 1996 to over \$800 million in FY 2010.

*We have financial resources readily available, if needed.*

MAXIMUS also is a financially stable corporation. We have never filed (or had filed against us) any bankruptcy or insolvency proceeding or undergone the appointment of a receiver, trustee, or assignee for the benefit of creditors. Presently, MAXIMUS commands a high financial rating (5A1) from Dun & Bradstreet, reflecting its assessment of both our financial statements and our credit worthiness as "strong." Our Dun & Bradstreet number is 08-234-7477. Our bank of record is SunTrust Bank, 8245 Boone Boulevard – Third Floor, Vienna, Virginia 22182.

As a publicly traded company, we are subject to the scrutiny of our shareholders and Wall Street. Each quarter, we submit financial reports to Wall Street, the SEC, and our stockholders. As a public company, MAXIMUS financials are thoroughly reviewed. Unlike small and privately held companies, MAXIMUS is subject to regular financial reporting requirements and audit standards. Moreover, the Company is subject to valuation by the stock market based upon the quality of our work and the resulting financial status. Thus, MAXIMUS must maintain the highest degree of honesty, ethics, and moral scruples. This level of accountability and reporting provides further assurance to the Department of our responsible financial and accounting practices.

### **A. 4 Specific Examples of Cost Allocation Consulting Experience**

In this section, we offer a representative sample of MAXIMUS projects for related, relevant contracts. We bring considerable experience to this assignment for the State of West Virginia. We have clustered project examples around three major areas to demonstrate the extent of our experience in cost allocation issues. We also demonstrate that no other firm has our depth of experience working with government. The three areas are as follows:

- Statewide Central Service Cost Allocation Plans (SWCAPs)
- State Agency Indirect Cost Rate Proposals
- Development of Billing Rates for Direct Bill Services (Section II Services)

#### **Statewide Central Service Cost Allocation Plans (SWCAPs)**

MAXIMUS is the leading firm in preparing and negotiating SWCAPs. We prepare more SWCAPs than all other firms combined. We are proud of our leading position in this specialized area. Our national experience in this area allows us to compare positions of the various HHS regional negotiators in order to advise our clients about negotiating strategies.

*Exhibit A.4-1: Overview of SWCAPs Prepared* identifies the states we have assisted with SWCAP services since 1989. We currently provide SWCAP services within the past five years to the 20 bolded states.



*We have provided statewide cost allocation plans for 20 bolded states in the past five years.*

State	Years
<b>Alabama</b>	1989 – Present
<b>Alaska</b>	1989 – Present
Arizona	1992
<b>Connecticut</b>	2006 - Present
D.C.	1990 – 1992, 1998
<b>Delaware</b>	1989 – Present
<b>Florida</b>	1989 – 1990, 1995 – Present
<b>Georgia</b>	1989 – Present
<b>Hawaii</b>	1989 – 1992, 1994 – Present
Idaho	1991 – 1993
<b>Illinois</b>	1989 – Present
Indiana	1989 – 2001
<b>Kansas</b>	1989 – Present
<b>Louisiana</b>	1989 – Present
<b>Maine</b>	2000 – Present
<b>Maryland</b>	1989 – Present
<b>Massachusetts</b>	1990, 1992 – 1993, 2008-Present
<b>Michigan</b>	1989 – Present
Mississippi	1989 – 2004
Missouri	1989 – 1990
Montana	1989 – 2005
Nevada	1989 – 2001
New Mexico	1989 – 2001
<b>New York</b>	1994 – 1995, 1999 – Present
<b>North Carolina</b>	1989 – Present
<b>North Dakota</b>	1989 – Present
Ohio	1990 – 2001
<b>Oklahoma</b>	1989 – Present
<b>Pennsylvania</b>	2003 – Present
Rhode Island	1989 – 1997, 2004
South Dakota	1989 – 1991
<b>Texas</b>	1989 – 2006
West Virginia	1989

**Exhibit A.4-1: Overview of SWCAPs Prepared.** *We have provided more than 30 states with SWCAP services.*

**State Agency Indirect Cost Rate Proposals**

SWCAPs involve the allocation of the cost of centrally administered services to the agencies that use the services. If the receiving agencies administer federal funds, they should prepare an indirect cost rate proposal as the first step in claiming the

*We understand the linkages between the SWCAP and the agency claiming process as the key to a successful indirect cost-claiming program*



funds. Human service agencies may prepare a public assistance cost allocation plan instead of an indirect cost rate proposal. Without an agency indirect cost rate proposal or public assistance cost allocation plan, the SWCAP would be of little or no benefit to the state. Therefore, the SWCAP and agency indirect cost rates go hand in hand.

MAXIMUS prepares hundreds of agency indirect cost rate proposals each year. We understand the linkages between the SWCAP and the agency claiming process as the key to a successful indirect cost-claiming program.

*Exhibit 4A-2: Overview of Indirect Cost Rate Proposal Work* identifies states in which we have prepared agency indirect cost rate proposals.

Alabama	Maryland
Alaska	Massachusetts
Arizona	Michigan
Colorado	Minnesota
Connecticut	Mississippi
Delaware	Missouri
Florida	Montana
Hawaii	North Carolina
Illinois	Ohio
Indiana	Pennsylvania
Kansas	Rhode Island
Kentucky	Texas
Louisiana	Virginia
Maine	

**Exhibit A.4-2: Overview of Indirect Cost Rate Proposal Work.** We have prepared indirect cost rate proposals in over 25 states.

The range of agencies we have worked with includes human services, economic development, law enforcement, infrastructure, environmental and agriculture agencies. We have subject matter experts available throughout MAXIMUS who can advise clients on claiming issues related to their particular type of program.

#### **Development of Billing Rates for Direct Bill Services (Section II)**

While states are usually most concerned about timely submission of their annual SWCAPs, federal negotiators have started to place more emphasis on Section II requirements. Section II relates to the supplemental information required that describes how fringe benefit and internal services are billed. In the 1980's, DHHS Division of Cost Allocation (DCA) observed that states recovered more federal funds from direct billed versus indirect charged costs. DCA then began requiring each state to submit, as an addendum to its SWCAP, financial statements and billing procedures for each internal service fund (ISF). ISFs are often created for computer services, telecommunications, space, fringe benefits, supplies, etc.

Since the late 1980's, DCA has developed an ever-growing set of rules to guide its review of ISF charges. These started with targets for "working capital balances" and have expanded to include settlement procedures for "over" or "under-billings." The settlement procedures are extremely onerous for states. A recent grant appeals decision (*New Mexico v. HHS*) no longer allows states to offset over and under-billings. This new prohibition makes it incumbent on states to carefully review their

*Our extensive experience with Internal service funds will serve West Virginia well as federal negotiators place more emphasis on Section II requirements*



ISF rates and make timely adjustments for any discrepancies. MAXIMUS can help West Virginia meet the new Washington DHHS DCA requirement that IT fund profits be reconciled at the service level.

*Exhibit A.4 -3: Overview of ISF Work* lists the states we have assisted with ISF related rate setting. MAXIMUS Financial Services works with over 30 states on rate setting and settlement procedures.

Alabama	Michigan
Alaska	Minnesota
Arizona	Mississippi
Arkansas	Montana
California	Nevada
Colorado	New Mexico
Delaware	North Carolina
Florida	Ohio
Georgia	Oklahoma
Hawaii	Pennsylvania
Idaho	Rhode Island
Illinois	Utah
Indiana	Vermont
Louisiana	West Virginia
Maryland	Wyoming
Maine	

**Exhibit A.4-3: Overview of ISF Work.** *We have assisted over 30 states with ISF-related rate setting.*

### **A.5 Knowledge and Specific Experience with State Government Accounting Systems and Central Service Agency Functions in the Mid-Atlantic Region**

The MAXIMUS consultants who will be staffing the project work with ten state governments on a regular basis. These consultants complete cost allocation work for:

- Delaware
- Maryland
- Virginia
- North Carolina
- Pennsylvania
- New York
- Massachusetts
- Connecticut
- Rhode Island
- Maine

The Richmond based staff has prepared statewide plans for all of these states in the Mid-Atlantic Region.

### **MAXIMUS Experience in Defending Clients' Central Allocation Plans with Federal Audit Agencies**

MAXIMUS has considerable experience resolving audit findings with federal negotiators. We have worked with states to resolve questioned costs and improve cost allocation methodologies. MAXIMUS draws on our national experience and

reputation to find a "workable solution" for the state and with the federal negotiators. We provide two detailed examples of our experience defending clients' cost allocation plans with federal audit agencies.

In 2003, MAXIMUS prepared the statewide cost allocation plan for the Commonwealth of Pennsylvania for the first time. The first MAXIMUS cost plan increased allocated costs by 34%. That cost plan was heavily scrutinized by HHS in Washington. The Federal negotiator questioned the inclusion of new costs and new overhead pools. MAXIMUS and PA staff defended the plan by explaining why the costs were allowable and bringing in state technical experts in the new costs pools to explain what services were provided. We also provided volumes of invoice copies and contracts. MAXIMUS has just completed negotiation on the fourth statewide plan for Pennsylvania and we still have had no material disallowances.

*We are able to push cost recovery to the limit without going out of bounds on what is allowable*

Recently the HHS negotiator for the Delaware statewide cost plan questioned the methodology that the state uses to charge workers' compensation costs to departments. MAXIMUS and the Delaware Office of Management and Budget staff defended the state method. We argued that the method used (percentage of salary costs) is reasonable and fair given the small amount of money involved. MAXIMUS also argued that several states have fringe benefit rates that are calculated as a percentage of salaries therefore percent of salaries is a reasonable allocation basis for any fringe benefit.

These examples attest to MAXIMUS' ability to defend our client's cost plans. We know the circular and the current interpretation of the circular. We are able to push cost recovery to the limit without going out of bounds on what is allowable.



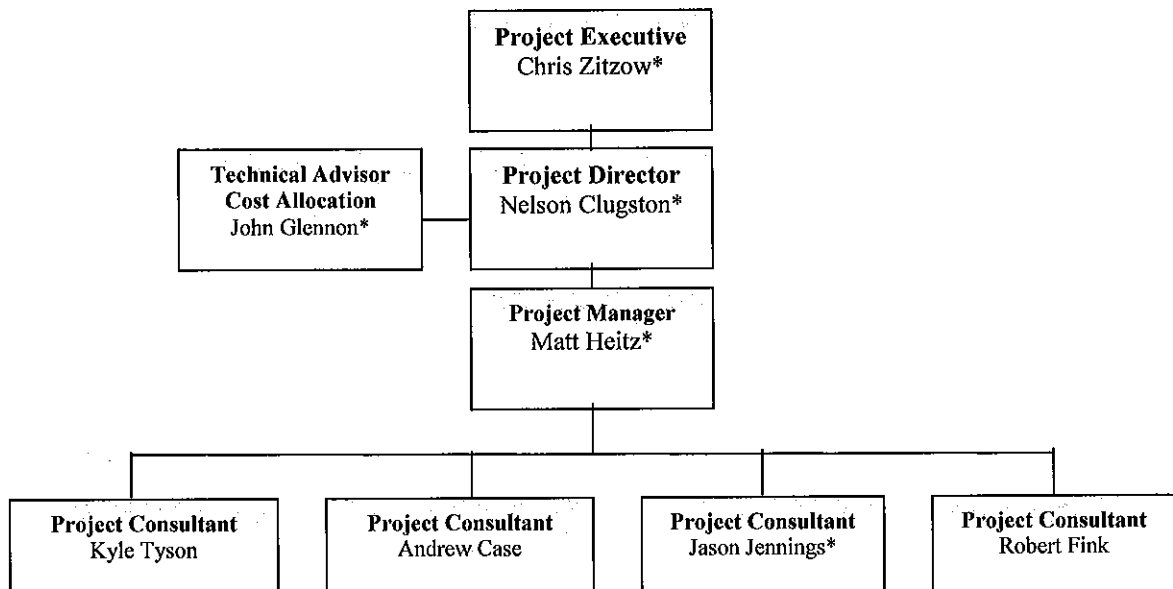
## B. PROJECT ORGANIZATION

The MAXIMUS team assembled to conduct this project includes some of the firm's most senior experts in cost accounting principles of OMB Circular A-87. This team has assisted hundreds of government agencies at the state and local level in the development preparation and negotiation of cost allocation plans, indirect cost proposals, fringe benefit rates, internal service fund billing rates, and user fee rates for services provided to outside users. The personnel assigned to this team have extensive experience in all aspects of cost allocation plans, as well as the Federal costing principles and procedures found in OMB Circular A-87 and OASC-10. Team members have participated in the preparation of over two-dozen Statewide Cost Allocation Plans and indirect cost rate proposals per year.

Our project team will draw on a variety of specialized technical and programmatic skills. Moreover, our size allows us to be able to recruit and maintain a solid cadre of professional consultants with a broad mix of skills. Specifically, we have forty-five experienced cost allocation specialists to draw upon if additional staff is needed.

### B.1 Staffing Plan

We have developed our project organization to provide the State of West Virginia with specialized expertise as well as several project consultants who will be responsible for day-to-day efforts. *Exhibit B-1: Project Staffing Plan* shows our proposed project structure.



**Exhibit B-1: Project Staffing Plan.** This chart depicts our proposed project organization and staff-plan, which is designed to provide the Finance Division with day-to-day consultants as well as specialized expertise.

*Our project management team will have ready access to a number of technical advisors*

We plan to have a Project Management team and a Technical Advisor who will lend their expertise as needed. The utilization of senior-level staff with extensive subject matter expertise will ensure comprehensive and effective cost allocation plans. The roles and responsibilities of each position in the staffing plan are described below.

**Project Executive:** The Project Executive has ultimate responsibility for the project and ensures that the necessary resources are available to the project team. In addition, the Project Executive provides necessary input and guidance to help ensure project success. In addition to the general supervisory role of staff assignments, etc., Ms. Zitzow will:

- Participate in project initiation activities
- Participate in SWCAP preparation and Indirect Cost Policy development with the State
- Assist in implementing all key recommendations of the project
- Assist in negotiations with DHHS and DCA

**Project Director:** The Project Director will have primary responsibility for the MAXIMUS team effort. It is the Project Director's responsibility to ensure that quality work and customer satisfaction are achieved. The Project Director is also responsible for suggesting overall strategies to the project team and assisting in identifying solutions to any implementation barriers. He will review the SWCAP preparation work to assure accuracy and consistency in the application of Federal cost principles with other state agencies, which we serve.

**Project Manager:** The Project Manager will be the primary contact person for the Finance Division staff. The Project Manager has the day-to-day responsibility for the project and guides the work on the multiple tasks. The Project Manager ensures that project implementation occurs on schedule and in accordance with Federal requirements and has responsibility for regular client communication and reporting.

**Technical Advisor:** We have included a Technical Advisor with specialty expertise. Technical Advisors have knowledge, mastery, and expertise in their designated areas, along with extensive experience with OMB Circular A-87.

**Project Consultants:** Project Consultants will carry out the day-to-day work. They will gather and review source documentation as well as interview state officials.

## **B.2 Relevant Experience of Each Individual**

*All staff assigned to this project are employees of MAXIMUS and fully knowledgeable of OMB Circular A-87*

MAXIMUS warrants that all persons assigned to this project will be fully qualified to perform the work. We have proposed staff experienced with the preparation of SWCAPs and familiar with state government. Every consultant assigned to this project is fully knowledgeable of OMB Circular A-87 policies and procedures, understands how to optimize indirect costs within federally allowable limits, and knows how to effectively interview state staff so as to minimize state staff time and efficiently gather data. Using experienced staff is particularly important when considering the millions of dollars of potential recoveries that the state receives from SWCAP.

In this section, we summarize the qualifications of our proposed staff. Full resumes are included in *Appendix A: Staff Resumes*. The wealth of experience our proposed staff members bring to this project is demonstrated in the following sections. We offer the Finance Division a team with the experience required to produce successful results.

### **Project Executive, Ms. Chris Zitzow**

Ms. Chris Zitzow is Senior Vice President in charge of the Eastern Region, which includes North Carolina, South Carolina, Tennessee, Kentucky, West Virginia, Virginia, D.C., Maryland, Delaware, Pennsylvania, New Jersey, New York and the New England states. Ms. Zitzow joined MAXIMUS in 1980 and has negotiated statewide plans for most states in the Eastern Region. She is the firm's national A-87 coordinator and meets frequently with the federal DCA cost negotiators.

### **Project Director, Mr. Nelson Clugston, CPA**

*Mr. Clugston worked on the West Virginia Statewide plan in 1989.*

Mr. Nelson Clugston has prepared over 300 cost allocation plans and associated rate analyses during his twenty-two year association with our firm. In addition to his work with North Carolina, he is directly responsible for the statewide plans for

Maryland, New York, Pennsylvania, Rhode Island, North Carolina, Massachusetts, North Dakota, Delaware, Connecticut, and Maine. He is thoroughly familiar with the requirements of state cost plans and fringe rate calculations as well as the volume of financial and statistical data, analyses, and interviews, which are involved in the plan preparation process.

***Technical Advisor: Cost Allocation, Mr. John Glennon***

Mr. John Glennon, a manager with MAXIMUS, has more than 30 years in government finance and accounting experience which includes reviewing and negotiating numerous public assistance cost allocation plans, statewide cost allocation plans and departmental indirect cost rate calculation. He has provided technical assistance to states on A-87 issues. In the last six years as a negotiator for the central region of HHS DCA he has reviewed statewide plans and billed services rates for Texas, Ohio, Oklahoma, Louisiana and Wisconsin. Mr. Glennon has developed billed services rates in Pennsylvania and Massachusetts.

***Project Manager, Mr. Matthew Heitz***

Since joining MAXIMUS, Matt Heitz has prepared Statewide Allocation Plans for Maine, New York, Massachusetts, North Dakota, and Connecticut and department cost allocation plans for the departments of Agriculture, Inland Fisheries, Conservation and Corrections in Maine. Mr. Heitz has prepared the department cost plans and rates for state departments in Rhode Island, and the indirect rates for the Delaware Department of Education and 15 department rates for Commonwealth of Massachusetts. He has also prepared the Cost Allocation Plan for the Metropolitan Government of Nashville and Davidson County, TN.

***Project Consultant, Mr. Kyle Tyson***

Since joining MAXIMUS, Mr. Kyle Tyson has prepared the Statewide Cost Allocation Plan for the Commonwealth of Pennsylvania, the State of Delaware, and the State of Maryland, and Delaware Department of Health and Social Services and the Department of Children Youth and Families. Mr. Tyson has also prepared Cost Allocation Plans for Fulton County, Mercer County and the City of Lancaster in Pennsylvania, and several Virginia Counties. He has helped with cost of service determination relating to service rates and user fees.

***Project Consultant, Mr. Andrew Case***

Mr. Andrew Case has prepared Cost Allocation Plans for Orange County, Dinwiddie County, and the City of Danville in Virginia, and several North Carolina Counties. He has also helped with the Delaware Attorney General's Office and Family Court Cost Allocation Plans.

***Project Consultant, Mr. Jason Jennings***

Jason Jennings brings several years of cost allocation experience. Mr. Jennings' range of experience includes preparation of cost allocation plans for the State of North Carolina and a multitude of large local government clients in North Carolina including the City of Raleigh, the City of Winston-Salem, Wake County, and Buncombe County, and Chesterfield, Henrico and Roanoke Counties in Virginia.

***Project Consultant, Mr. Robert Fink***

Robert Fink has more than 22 years of experience in accounting and financial analysis with MAXIMUS. He has prepared over 105 cost allocation projects in Ohio,



including the supervision of 79 annual county Cost Allocation Plans and departmental cost allocation plans for twelve Ohio State Agencies, including indirect cost rate proposals, auditor of state billing rates, and the Ohio State University extension office FNP project.

**B.3 Specific Examples of Individual's Expertise in Federal Cost Allocation Principles under OMB Circular A-87**

*Exhibit B.2-1: Areas of Expertise* identifies project team members who are experts in specialty areas and provides examples of their project experience in the respective area. In addition, *Appendix A: Staff Resumes* includes specific examples of each proposed team member's cost allocation experiences.

<b>Project Team Member</b>	<b>Examples of Experience</b>
Chris Zitzow	New York Statewide Cost Plan, Pennsylvania Statewide Cost Plan
Nelson Clugston	Maryland Statewide Cost Plan, Massachusetts Statewide Cost Plan
Matthew Heitz	Connecticut Statewide Cost Plan, Maine Statewide Cost Plan
John Glennon	Review and Negotiation of Statewide Plans

**Exhibit B.2-1: Areas of Expertise.** *We have staffed this project with senior staff that has expertise in specialized areas.*

**B.4 Capacity to Meet Requirements**

MAXIMUS has undertaken numerous projects similar in size and scope to the work requested in this RFQ. We have provided these services for Delaware for many years. Specifically, our work in Maine is most comparable to West Virginia. In Maine, we prepare the statewide cost plan, six departmental plans and billed services rates and methodologies. *Section A.4: Specific Examples of Cost Allocation Consulting Experience* above lists the various states where we have provided services for

- Statewide Central Service Cost Allocation Plans (SWCAPs)
- State Agency Indirect Cost Rate Proposals
- Development of Billing Rates for Direct Bill Services (Section II Services)

**B.5 LOCATION**

MAXIMUS corporate headquarters are located at 11419 Sunset Hills Road, Reston, VA 20190.

The proposed cost allocation services will be provided out of the following branch office.

Branch Office:
804 Moorefield Park Drive, Suite 101 Richmond, VA 23236 Phone; (804) 323-3535



**B.6 DEMONSTRATED ABILITY**

*Exhibit B.5-1: Key Personnel References* provides two references for each team member designated as key personnel.

Key Personnel	Project Role	First Reference	Second Reference
Chris Zitzow	Project Executive	New York Statewide Cost Allocation Plan Jim DeWan Budget Examiner New York Division of the Budget State Capitol Room 129 Albany, NY 12224 (518) 473-1793 <a href="mailto:james.dewan@budget.state.ny.us">james.dewan@budget.state.ny.us</a>	Pennsylvania Statewide Cost Allocation Plan Scott Heisey, Office of the Budget 555 Walnut Street 9 <sup>th</sup> Floor Forum Place Harrisburg, PA 17101 Phone Number: (717) 425-6740 Email: <a href="mailto:sheisey@state.pa.us">sheisey@state.pa.us</a>
Nelson Clugston	Project Director	Maryland Statewide Cost Allocation Plan John Pirro Director Division of Finance and Administration Department of Budget & Management 45 Calvert Street Annapolis, MD 21401 (410) 260-7059 <a href="mailto:jpirro@dbm.state.md.us">jpirro@dbm.state.md.us</a>	North Carolina Statewide Cost Allocation Plan Randy Thomas Sr. Management Analyst Office of State Controller 3512 Bush Street Raleigh, NC 27609 (919) 981-5488 <a href="mailto:randy.thomas@ncosc.net">randy.thomas@ncosc.net</a>
Matt Heitz	Project Consultant	Maine Statewide Cost Allocation Plan Terry Brann Controller Office of the State Controller 14 SHS Fourth Floor Burton Cross Building 111 Sewall Street Augusta ME 04330-6830 (207) 624-7420 <a href="mailto:edward.a.karass@maine.gov">edward.a.karass@maine.gov</a>	Connecticut Statewide Cost Allocation Plan Bob Gribbon Office of the State Controller 55 Elm Street, Room 109 Hartford, CT 06106 (860)702-3352 <a href="mailto:robert.gribbon@po.state.ct.us">robert.gribbon@po.state.ct.us</a>
John Glennon	Technical Advisor	Maryland Statewide Cost Allocation Plan John Pirro Director Division of Finance and Administration Department of Budget & Management 45 Calvert Street Annapolis, MD 21401 (410) 260-7059 <a href="mailto:jpirro@dbm.state.md.us">jpirro@dbm.state.md.us</a>	Delaware Statewide Cost Allocation Plan John Nauman Office of Mgmt & Budget 122 William Penn Street Haslet Armory Dover, DE 19901 (302) 672-5129 <a href="mailto:John.Nauman@state.de.us">John.Nauman@state.de.us</a>

**Exhibit B-5: Key Personnel References.** *The references listed above can attest to the extensive experience and skills our key personnel bring to the State of West Virginia.*

**B.7 OTHER CRITERIA**

We would like to take this opportunity to share with the State of West Virginia our project management approach, several references and an overview of work we have completed for states. We believe these three items lend further insight into our ability to provide West Virginia with a high quality, cost-effective project. We

conclude this section by summarizing why MAXIMUS is the best choice for the State of West Virginia.

### ***Project Management Approach***

We would begin the project by conducting a kick-off meeting with the Finance Division's Project Manager along with other representatives of the Finance Division. During this meeting, we would discuss our overall approach to conducting the work, introduce the MAXIMUS project team, identify primary individuals within the Finance Division and State Central Services Agencies, discuss and identify the sources of financial and statistical information and set a schedule for progress meetings and deliverables.

Specific tasks contained within our work-plan will be assigned to each member of the MAXIMUS project team. However, many times during engagements of this type, and based on the complexity of the analyses, various consultants may be assigned to complete sub-tasks within a single task.

Also, during the first meeting with State representatives, we will identify to what extent the State will participate in this project. Typically, we take full responsibility for the work and require only liaison assistance to central support services' offices.

Because of the time constraints associated with the work, we would expect to hold progress meetings with the State project manager and other interested individuals. This will allow for identifying problems in securing requisite data as well as reporting interim results on a very current basis.

### ***B.8 References***

*We encourage the State to contact our references so it can hear first-hand from our clients about the quality of our services and the depth of our knowledge*

MAXIMUS offers the State of West Virginia a broad base of experience with cost allocation. We are pleased to provide project references in support of our experience, skills, program knowledge, and background. These references speak to the quality of our services and the knowledge and experience of our consultants.

- **State of Connecticut** – Mr. Robert Gribbon, State Controller, 55 Elm Street, Room 107, Hartford, CT 06106, (860) 702-3352. Robert.gribbon@po.state.ct.us.
- **Commonwealth of Pennsylvania** – Mr. Scott Heisey, Office of the Comptroller, 9<sup>th</sup> Floor Forum Place, 555 Walnut Street, Harrisburg, PA 17101, (717) 425-6740. MAXIMUS has prepared and negotiated the statewide cost allocation plan since 2003.
- **State of Maine** – Mr. Terry Brann, State Controller, 111 Sewall Street, Burton Cross Building 4th Floor, Augusta, ME 04330, (207) 626-8423. MAXIMUS has prepared and negotiated the statewide cost allocation plan since 2000.
- **State of Maryland** – Mr. John Pirro, Director, Division of Finance and Administration, Department of Budget and Management, 45 Calvert Street, Annapolis, MD 21401, (410) 260-7059. We have prepared the plan since 1999.

*We are eager to provide West Virginia with cost allocation services and believe that our work in other states best attests to the quality West Virginia will receive.*

### ***B.9 Why MAXIMUS***

We believe we bring a unique combination of corporate resources and skills to this assignment:

- **The Advantage of a Dedicated Practice.** Unlike many other large firms, MAXIMUS is dedicated to working in the public sector as defined by our motto of "Helping Government Serve the People™". We are first and

foremost a consulting company with a specialized practice that addresses the full complement of business needs of its public sector clients.

- **A Long History of Performing Similar Work.** As our list of sample projects demonstrates, MAXIMUS has a distinguished history of working with government agencies to address cost allocation issues and concerns. We have literally performed dozens of these types of cost allocation plans across the nation.
- **Interdisciplinary Staff Skills Mix, Including Management Consulting, Subject Matter Expertise, Financial Consultants, and Information Technologists.** Our size allows us to be able to recruit and maintain a solid cadre of professional consultants with a broad mix of skills. Our project team will draw on a variety of technical and programmatic skills from our various divisions. We can handle every aspect of this assignment.
- **Resources of a Large Company.** In addition to the services offered directly by the Financial Services Division, MAXIMUS brings the resources of a large company to bear on all projects. We can draw upon the resources of a company that is 6,000 employees strong and the financial resources that a \$800 million company offers.
- **National Experience.** MAXIMUS prepares more statewide cost allocation plans than any other consulting firm. This means that our consultants are keenly aware of issues that may have surfaced in other states across the nation. This network of consultants represents a valuable resource to the State of West Virginia. If issues should arise regarding the West Virginia SWCAP, we can determine if similar issues have been addressed in other states, and how they were resolved or negotiated with DHHS.



## C. TECHNICAL APPROACH

Our approach ensures we will meet the required timelines and fully comply with federal requirements while maximizing federal recoveries. Drawing upon our deep understanding of the Finance Division's needs and state government, our team is able to hit the ground running.

MAXIMUS has developed hundreds of cost allocation plans. Our approach to cost allocation has been refined over the past 30 years and is crafted to ensure expediency, effective use of state staff time, enhance federal recoveries and federal compliance. We have drawn on this extensive experience in presenting our approach.

Our approach is informed by our national experience as well as a deep understanding of State agencies and accounting systems.

✓ We have prepared over 200 statewide cost allocation plans and department indirect rate cost allocation plans for states like West Virginia.

✓ MAXIMUS will act as your advocate to secure the fairest plan for all concerned consistent with the principles of OMB A-87.

In this section, we detail our comprehensive, effective approach for developing a statewide indirect cost allocation plan. We begin this section by affirming that we meet the RFQ requirements and will provide proper notification of staffing changes.

### C.1 REPORT DELIVERY

MAXIMUS approach allows for careful, thorough and accurate development of the statewide cost allocation plan. Through interviews and scrutiny of source documentation, MAXIMUS will develop a defensible cost allocation plan. We will stand by our work and assist the State in its negotiations with Federal staff as well as assist the State with responding to agencies' questions. Our approach speaks to the service needs listed in RFQ: Scope of Work:

- Development of Statewide Cost Allocation Plan
- Reporting on Billed Services
- Meeting with the Finance Division
- Completion Date

### C.2 Development of Statewide Cost Allocation Plan (SWCAP)

We will undertake 15 tasks in order to develop the statewide cost allocation plan. We describe the fifteen tasks below.

#### Task 1. Determine Available Financial Information

This task involves identifying the reports and sources for financial information to be used. At a minimum, department or appropriation expenditure summaries, a chart of accounts and appropriate organization charts are required. Available financial data would include a detail run of actual expenditures during the year with information to permit account analysis. Further, payroll information on a fiscal year basis must be obtained for all individuals in central service departments and internal service funds.

*We will complete 15 tasks in order to develop the statewide cost allocation plan*



## **Task 2. Classify All State Departments, Agencies, Commissions, Authorities, Boards, etc.**

After updating the latest organization chart, all organization units are classified as executive, legislative, or judicial. This classification is required because most legislative costs are not allowable for recovery of Federal grants. In this task, we will also review and note particular departments, which were identified in prior year cost allocation plans.

Within the executive category, departments as well as their component divisions, sections, offices, etc. will be classified as one of the following:

- Central service department (Central Support Service Agency)
- Direct billed agency
- Departmental administrative cost center
- Operating (receiver) department

Non-departmental cost centers, including depreciation or use charges, employee benefits and insurance, interest, and general expenses must be analyzed to determine their specific makeup for inclusion in the plan or as separate chargeable items.

## **Task 3. Review Correspondence between the State and DHHS**

In this task, correspondence between the State and DHHS regarding the agreements will be reviewed to determine any agreed to adjustments or changes that need to be reflected in the FY 2009 SWCAP. MAXIMUS will review any state audits regarding the SWCAP prepared by the West Virginia auditors. Any findings in the audits will be discussed with the Finance Division to determine what, if any, action needs to be taken in preparations of the FY 2009 plan. In addition to a review of the Section I SWCAP work-papers, we will review Section II billed services. MAXIMUS consultants will meet with representatives of the Finance Division to review any issues that impact the development of Section I; we will then take these issues into account in the plan development.

## **Task 4. Identify Agencies Administering Federal Funding**

In this task, we will use the State's Budget Document and the Catalog of Federal Domestic Assistance to identify agencies administering Federal funds, whether or not indirect cost rate proposals are regularly being prepared.

## **Task 5. Determine Administrative and Central Support Service Agencies**

Basically, this task focuses on identifying those departments or agencies with responsibility for providing administrative or support services to other agencies. This may be impacted by the historical practices of finalizing internal service fund charges through the SWCAP (Section I vs. Section II costs).

## **Task 6. Analyze Expenditures and Classify Costs**

After obtaining the financial information identified in Task 1 above, it is necessary to conduct interviews and analyze source documentation to correctly classify costs within central service agencies and Internal Service Funds by functional cost pool. This procedure provides the required accuracy needed for precise allocations. An established format from prior year plans facilitates our effort; however, analysis and interview work must be conducted to determine the



comprehensiveness of prior procedures and to update the plan for changes in organization or service provision. Also, revenue offsets to identified expenditures must be analyzed and properly classified within each functional area. MAXIMUS will work with West Virginia to develop a plan to recover the cost of your new ERP from federal programs. We have helped Delaware, Rhode Island, Connecticut, New York and Pennsylvania with this in the past.

#### **Task 7. Determine Allocation Statistics**

This task is critical to ensure that administrative costs are allocated fairly and accurately. OMB A-87 provides substantial leeway in selecting allocation bases, but they must be defensible during negotiations. Allocation statistics, which will be gathered at high levels of detail wherever practical, assure that central services are measurable in specific units of service provided. For example, the Division of Human Resources may provide a range of services to state employees grouped within various classes of merit service. The Division may also deal with training and exam administration. We will match the appropriate statistic to each cost, representing each of the variety of personnel-related services, to assure the highest reasonable degree of accuracy in allocations.

#### **Task 8. Prepare Cost Allocation Worksheets and Data Entry Formats**

For each central service agency, a series of work-papers will be prepared showing the expenditures of the particular cost grouping for the appropriate fiscal period being analyzed. Any unallowable expenditure under OMB A-87 guidelines is eliminated; building and equipment charges and fringe benefits are added back; and other adjustments for revenue offsets or expenditure transfers and inflation adjustments, as may be required, are recorded. The resulting amount, plus allocations from other central service agencies which maintain a supportive relationship with the ones being analyzed, are identified as allowable costs for allocation to benefiting departments. Based upon the allocation statistics and units of service identified in Task 6, the portion of allowable costs to each department is calculated.

Interviews with central services departments will generally be conducted face-to-face. We have found that interviews and meetings are more meaningful and productive when conducted in this manner. Face-to-face interactions allow the MAXIMUS consulting team to meet with program managers and representatives of the various activity areas to most effectively define our approach and work with state officials. We will bring copies of previous studies and drafts of other similar items that are relevant to the issues being discussed. Our goal for these meetings is two-fold: both parties have a clear understanding of what we are trying to accomplish and how we intend to accomplish it. Of course, if a particular state official prefers phone or e-mail meetings, we are happy to oblige.

#### **Task 9. Allocate Central Service Costs**

MAXIMUS uses a sophisticated computerized cost allocation system (MAXCars) to generate its cost allocation plans. This system was designed to meet all federal regulations regarding the proper allocation of costs and to maximize cost reimbursement to state and local agencies. MAXCars, was developed by MAXIMUS staff. It has been used in numerous cost allocation plans that have been approved by DHHS DCA.

*We will use MAXCars, our well-honed computerized cost allocation system, to allocate statewide overhead costs to grantee departments through a double step-down procedure*

Using cost data and allocation statistics, MAXCars allocates the cost of statewide overhead to the grantee departments. MAXCars uses a double step-down allocation procedure to distribute costs among central services and to grantee departments that receive benefits. The double step-down procedure initially requires a sequential ordering of departments. Department indirect cost allocations are then made in the order selected to all benefiting departments, including cross allocations to other central service departments. To ensure that the cross-benefit of services among central service departments is fully recognized, a step-down allocation for each central service department is made.

#### **Task 10. Summarize Costs by Benefiting Department**

Costs are summarized in the cost allocation plan for each department, division, section, commission, agency, board, authority, etc. which receives administrative support services from other departments and which are of interest for costing purposes.

#### **Task 11. Compute Roll-Forward Adjustments**

When the SWCAP is complete and based on actual costs, a comparison is made with costs projected or fixed for a later period. These projections would be based on prior estimates. The comparison can be done for each central service projected to each cost objective. In this manner, the analysis can be done at functional detail levels.

Any central service cost, which is actually incurred, but is not projected, must be excluded for roll-forward (carry-forward) purposes. Conversely, any central service cost projected, which does not finalize (i.e., one previously treated as a Section I cost and is now a Section II cost and directly billed) must be adjusted from the computation.

#### **Task 12. Calculate Fixed Costs**

Upon completion of roll-forward computations, a Fixed Cost Schedule is prepared for negotiation and inclusion in departmental indirect cost rate proposals.

#### **Task 13. Review Plan With Core State Personnel**

After formalization of the plan, we propose to review the work with concerned management personnel and selected agencies as may be required. This meeting serves to identify any major areas, which may have been overlooked in the plan's preparation, but more typically provides an opportunity for MAXIMUS personnel to present the results of the work and answer questions, which arise from the review session. As required by the RFQ, MAXIMUS will provide twelve copies of the SWCAP with appropriate narrative descriptions. MAXIMUS will also provide an executive summary of the plan and methodology for the review of the Finance Division management.

#### **Task 14. Present Plan to Federal Negotiators**

After the review and necessary revisions to the plan, certification letter signatures are obtained along with other submission materials and the plan is forwarded to DHHS for negotiation and issuance of a formal negotiation agreement.

*We will stand by our work and represent West Virginia and answers auditor questions for up to three years after the plan is final.*



### **Task 15. Negotiate Final Plan and Secure Approvals**

After Federal negotiators have reviewed the plan, negotiations on certain classifications of costs begin. MAXIMUS will act as your advocate to secure the fairest plan for all concerned consistent with the principles of OMB A-87. We will also represent the State of West Virginia and answer negotiator/auditor questions for a period of three years following the completion of the plan.

### **C.3 Meeting with the Finance Division**

MAXIMUS will meet with the Finance Division on a regular basis to explain cost plan content, structure, rationale, methodologies and consistency with prior cost plans.

We understand that the State of West Virginia uses the SWCAP extensively and often issues arise which relate to the development or application of the plan. In addition, many cost allocation issues surface as a result of reorganization in state government and changes in accounting policies. MAXIMUS will be available to meet with State officials to provide advice on cost allocation issues as they arise, including providing written recommendations for improved the State's current methodology for allocating costs and answering questions from State agencies regarding the preparation of their respective departmental plans.

We also will analyze current and proposed federally-funded programs operated by the State to assess recovery potential for indirect costs. We have been successful in past years with helping Delaware maximize recoveries. For example, MAXIMUS has recently provided the State of Delaware with advice on how to recover federal share of extra contributions the general fund made to the retiree health insurance fund. Also, over the years, MAXIMUS has included new items of cost in the statewide plan in order to maximize federal recoveries. Our efforts have led to adding bond interest on building purchases and improvements and enabling the State to recover the federal share of new Human Resource and Accounting systems.

*MAXIMUS proposes to offer the State a cost allocation seminar to train OMB staff and other departmental staff on A-87 issues*

During the term of the contract, MAXIMUS proposes to provide one cost allocation seminar to train the Finance Division and staff of other departments on A-87 issues.

### **C.4 Reporting on Billed Services**

We will undertake three tasks in order to report on billed services. The three tasks are described below.

#### **Task 1. Identify Services to be Direct Billed**

Although all central services can be allocated and reconciled through the cost allocation plan from year to year, or within a shorter time frame where in-house capability is present, in recent years, DCA negotiators have encouraged a clearer distinction and separate treatment of Section II (Direct Billed) costs as opposed to pure indirect allocations (Section I). Services such as data processing, building occupancy, motor pool, and printing and postage are typically direct charged.



**Task 2. Present Financial Statements and Billing Methods for Direct Billed Services**

MAXIMUS will compile a Section II Report that presents the financial results of the billed services and describes their billing methods.

**Task 3. Reconcile Section II Costs**

MAXIMUS will prepare A-87 Reconciliation of Retained Earning reports for billed services as prescribed by DHHS Publication ASMB C-10. These reports will track all adjustments made to the billed service fund balance through adjustments made in Section I or other means.

**C.5 Completion Date**

MAXIMUS will complete the Statewide Cost Allocation Plan covering the period of July 1, 2008 through June 30, 2009 in the time frame agreed to at the start of field work. Completion of the Statewide Plan and billed service reports are subject to the timely availability of data from the State.



## D. 1 COST PROPOSAL

### COST PROPOSAL FORMAT

Pricing	Unit	Cost
<b>Per Year Fixed Fee for the Contract Term</b>	<b>OMB A-87 Statewide Cost Plan</b>	<b>\$20,000</b>
	<b>Section II Report</b>	<b>5,000</b>
<b>Total Fees</b>		<b>\$25,000</b>



## **APPENDIX A RESUMES**



## Appendix A Resumes

The State of West Virginia needs a vendor with the staff expertise to provide critical cost accounting services. It is vital that West Virginia State's chosen partner offer staff with the experience and knowledge to ensure the preparation of cost allocation plan, which maximizes recoveries, and is fully compliant with OMB Circular A-87. The resumes for our proposed project staff demonstrate that we are in a unique position to meet those needs.

We have included Resumes for each of our proposed project staff in this section. The resumes confirm that our staff has the necessary experience to ensure a successful outcome for the State of West Virginia.

<b>Name/Title</b>	<b>Page</b>
Chris Zitzow, <i>Senior Vice President</i> .....	2
Nelson Clugston, C.P.A., <i>Vice President</i> .....	4
John Glennon <i>Principal Consultant</i> .....	6
Matthew Heitz <i>Principal Consultant</i> .....	9
Kyle Tyson <i>Project Consultant</i> .....	11
Andrew Case <i>Associate Consultant</i> .....	14
Jason Jennings <i>Principal Consultant</i> .....	16
Robert Fink <i>Director</i> .....	19



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**Chris Zitzow,  
Senior Vice President**

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**Qualifications**

Chris Zitzow has over 30 years of experience with state and local governments and non-profit organizations in applying the principles and methodologies of Circular A-87. She is a frequent speaker on this topic for national associations such as: NASC, NASACT, and GFOA on Circular A-87 principles. Ms. Zitzow coordinates the firm's State Services Committee and represents various states when negotiating with the national HHS DCA office and OMB regarding audit disallowances. Her range of experience includes:

- Directs all statewide cost allocation plan engagements in the eastern region which includes the New England States as well as NY, PA, MD, DE and NC.
- Directs ARRA Admin direct billed services projects for the states of NY, NC, DE, CT, AL, GA.
- Directs the Public Assistance Cost Allocation Plan (PACAP) engagements for state and local human service agencies. Meets regularly with state and federal officials on Circular A-87 issues that impact human service agencies.
- Represents the Company on various Federal-State Partnership organizations involving federal circular issues and other grants management related activities.
- Developed indirect cost proposals for the Commonwealth of Virginia. Assisted state agencies with the preparation of indirect cost rate proposals
- Managed and prepared user fee studies for fifteen localities in Virginia, District of Columbia and Maryland.
- Conducted activity based costing studies for several local Virginia governments including: City of Roanoke, Prince William County, Loudoun County, and the City of Alexandria.
- Directed local government cost allocation plan studies for several large Virginia human service agencies including Fairfax County and the City of Norfolk. These studies were used to allocate costs under the new Welfare Reform Act.
- Directed a regional government study for the Commonwealth of Virginia Senate Finance Committee. This study examined consolidation opportunities for human services, utilities, and transportation services in the Richmond Metro area.
- Developed grant proposals and budgets for the Virginia Center on Aging with the US Department of Health and Human Services.
- Developed more than 350 grant-funding packages for the Richmond Redevelopment and Housing Authority urban renewal program, including the Section 8, Section 202 and Mod-Rehab programs.
- Managed several organizational studies for Virginia localities to assess the efficiency and effectiveness of government services. Also directed studies to assist local governments with evaluating consolidation and privatization opportunities.
- Assisted in the development of a publication on Unfunded Mandates for the National Association of Counties (NACO).



■ Assists national associations such as NASACT with developing "white papers" on Circular A-87 issues that impact states.

**Relevant Experience**

Since joining MAXIMUS, Ms. Zitzow has worked on the following projects:

**United Nations Cost Study:** Directed a project for five United Nations specialized agencies to develop a cost methodology for allocating support costs to UN funded development projects in undeveloped countries. The result of this study was the implementation of a uniform method for allocating and charging technical assistance and administrative costs to United Nations development projects. This methodology was accepted and implemented by the United Nations system.

**Public Works Cost Accounting:** Developed a public works labor rate costing methodology for projects administered by cities that was approved and implemented by the Virginia Department of Highways and Transportation in 1985.

**Virginia Department of Social Services Compensation Study:** Directed a statewide classification study for 122 local human services agencies. The purpose of the study was to examine how the classification system should be changed to reflect changes in welfare reform. More than 73 classifications were reviewed during the study. In addition, a random sample of 7,000 employees and 24 agency site visits were completed as part of the study in 2001.

**Commonwealth of Virginia Regional Government Study:** Directed a regional government study for the Commonwealth of Virginia Senate Finance Committee. This study examined consolidation opportunities for human services, utilities and transportation services in the Richmond Metro area in 2000.

**Prior Experience**

Prior to joining MAXIMUS, Ms. Zitzow gained the following experience:

**Budget Analyst, Commonwealth of Virginia:** Ms. Zitzow was responsible for the preparation of the Statewide Cost Allocation Plan. In addition, she managed the preparation of state agency cost allocation plans.

**Professional History**

MAXIMUS Consulting Services, Inc., Senior Vice President, Richmond, Virginia, 1986 – Present.

**Education**

Commonwealth of Virginia, Budget Analyst, June 1978 – October 1980

Masters in Public Administration, Virginia Commonwealth University, Richmond, Virginia.

B.S. in Sociology, James Madison University, Harrisonburg, Virginia.

**Publications**

Article on the changes to A-87 for the national GFOA magazine. Published articles and presented numerous seminars on cost principles for Federal Circular A-87 and A-122. Authored a publication entitled "The Art of Indirect Cost Recovery." Wrote an article on the principles of OMB Circular A-87 for GFOA. Writes white papers on Circular A-87 issues for various national associations.

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**Nelson Clugston, C.P.A.,  
Vice President**

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**Qualifications**

Nelson Clugston has more than 22 years of experience in finance/accounting, including preparing cost allocation plans, indirect cost rate proposals, and Federal funds claiming. His areas of project experience include the following:

- Preparation and negotiation of cost allocation plans and indirect cost rate proposals for state governments and non-profit organizations
- Preparation of statewide cost allocation plans and billed services reports
- Development of cost allocation plans for local governments
- Development of overhead rates and methodologies for Public Works and Utility Departments
- Preparation of certified pass-through claims for human service activities
- Spoke on recovering overhead costs from ARRA grants at the Virginia Government Finance Officers' Association Annual Meeting
- Provide training on A-87 for customers such as Maryland, Maine, and Nashville, TN

**Relevant Experience**

Since joining MAXIMUS, Mr. Clugston has worked on the following projects.

- Prepares and negotiates the Delaware statewide cost allocation plan and nine departmental indirect cost rate calculations. Provides advice to the State of Delaware on how it can enhance its recovery of indirect costs.
- Supervises the preparation of statewide cost allocation plans for the State of Maryland, North Carolina, New York, Pennsylvania, Massachusetts, Maine, Delaware, Connecticut, and Rhode Island. Negotiates these statewide plans with the U.S. Department of Health and Human Services. Provides advice on how to enhance recovery of indirect costs.
- Supervises the preparation of billed service reports in Delaware, North Carolina, and New York.
- Supervises the preparation of department cost allocation plans and indirect cost rates in Delaware, Maine, Virginia, North Carolina, Massachusetts, and Rhode Island. Negotiates these plans and rates with federal funding agencies.
- Developed billed services rates for Human Resources, Facilities, Accounting and Budgeting, and Auditing in Delaware, Rhode Island, and Maryland
- Supervised the preparation of eighty local cost allocation plans in North Carolina in FYs 2005-present.
- Developed, prepared, and negotiated a cost allocation plan that allows the American Red Cross to recover indirect costs related to research grants it receives from the National Institutes for Health from 1990 – present.
- Assisted on a project for five United Nations specialized agencies to develop a cost methodology for allocating support costs to UN funded development projects in undeveloped countries from 1990 – 1992. The result of this study was the implementation of a uniform method for allocating and charging technical assistance and administrative costs to United Nations development projects. This methodology was accepted by the United Nations system.



- Prepared cost allocation plans for more than 40 different local governments in Virginia and Maryland. Prepared cost allocation plans for human service agencies such as Fairfax County and Bedford County, Virginia.
- Developed overhead rates for the City of Lynchburg. The City uses these rates to charge overhead costs to their street maintenance program that is funded by the Virginia Department of Transportation for FYs 1997 – present.
- Developed a cost accounting system that the City of Norfolk Utility Department will use to calculate the cost of water production that Virginia Beach will share with Norfolk under an agreement where Virginia Beach purchases water from Norfolk in 1995.
- Prepared cost allocation plans and indirect cost rates for the Virginia Department of Mines, Minerals and Energy and the Virginia Department of Environmental Quality.
- Developed methodology to recover American Reinvestment and Recovery Act-specific overhead costs for The State of North Carolina.

**Prior Experience**

Prior to joining MAXIMUS, Mr. Clugston gained the following professional experience:

**Assistant Director of Administration for the North Central Texas Council of Governments:** Responsibilities included supervising the accounting staff, coordinating the annual audit report, and preparing the financial section of the financial statements that received the GFOA Certificate of Excellence in Financial Reporting.

**Professional History**

MAXIMUS Consulting Services, Inc., **Vice President**, Richmond, Virginia, 1988 – Present.

North Central Texas Council of Governments, Arlington, Texas, Final Position, **Assistant Director of Administration**, 1982 –1988.

McNaughton & Co. CPA's. Harrisburg, Pennsylvania, **Staff Accountant**, 1981 – 1982.

**Education**

B.S., Accounting, B.S., Public Service, Pennsylvania State University, University Park, Pennsylvania, 1981.

**Certifications/  
Professional  
Organizations**

Certified Public Accountant in Virginia, since 1989; in Texas, 1985 – 1988.

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**John Glennon**  
**Principal Consultant**


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John Glennon has more than 30 years of experience in finance/accounting, including reviewing and approving Statewide Cost Allocation Plans, Public Assistance Cost Allocation Plans, and indirect cost rate proposals for the U.S. Department of Health and Human Services (HHS), Division of Cost Allocation (DCA). His areas of project experience include the following:

- Review and approval of cost allocation plans and indirect cost rate proposals with state governments and non-profit organizations
- Review and approval of statewide cost allocation plans, public assistance cost allocation plans, indirect cost rate proposals, and billed services reports
- Provide technical assistance to state governments regarding OMB Circular A-87.
- Provided and supervised the provision of administrative services to 4,500 HHS employees.

**Relevant Experience**

Since joining MAXIMUS, Mr. Glennon has worked on the following projects.

- Developed SWCAP Section II methodology and service by service reconciliation of revenue and expense for the Maryland Correctional Enterprise (MCE). Assisted MCE in the settlement of federal claims for cash transfers out of MCE and negotiated with DCA to secure a zero beginning balance for the MCE fund.
- Developed methodologies for several states in the identification and claiming of administrative costs associated with ARRA.
- Developed SWCAP Section II billed service methodology and billing rates for the Pennsylvania Comptroller's office. These costs were previously allocated through Section I of the SWCAP.
- Developed new Public Assistance Cost Allocation Plans (PACAP) for the Delaware Department of Health and Social Services, Division of Services for Aging and Adults with Disabilities, New Mexico Children Youth and Families Department, and the Tennessee Department of Children's Services. These new PACAP's were developed to reflect the agencies current organizational structure and bring the agencies into compliance with A-87. Our review of each agency assured that the PACAP maximized the recovery from all allowable federal funding sources.
- Developed a cost allocation plan for the Tennessee Center for Child Welfare (TCCW) which provides Title IV-E training for the Tennessee Department of Children's Services.
- Provided advice on the the preparation of statewide cost allocation plans for the State of Maryland, Georgia and New York. My advice draws on my experience as a cost negotiator with the U.S. Department of Health and Human Services, Division of Cost Allocation.
- Oversight of the preparation of state agency indirect rate proposals for the Texas Department of State Health Services and the Texas Department of Public Safety. Negotiates these plans with the federal funding agencies.

Prior to joining MAXIMUS, Mr. Glennon worked on the following projects for HHS, DCA.

- Review and negotiate public assistance cost allocation plans and amendments from the Texas Health and Human services Commission, Wisconsin Department of Health and Family Services, Wisconsin Department of workforce Development, Louisiana Department of Social Services, Louisiana Department of Health and Hospitals, Ohio Department of Jobs and Family Services, and the Oklahoma Department of Human Services.
- Review and negotiate the Texas statewide cost allocation plan and indirect cost rate proposals from the Texas Governor's Office, Texas Department of State Health Services, Texas Attorney General's Office and the Texas Comptroller's Office. Provide technical advice to the State of Texas regarding cost allocation issues.
- Review and negotiate the Wisconsin statewide cost allocation plan, and indirect cost rate proposals from the Wisconsin Department of Administration, Wisconsin Department of Justice, Wisconsin Department of Health and Family Services. Provide technical advice to the State of Wisconsin regarding cost allocation issues.
- Review and negotiate the Ohio statewide cost allocation plan and the public assistance cost allocation plan. Provide Technical assistance to the State of Ohio regarding cost allocation issues.
- Review and negotiate the Louisiana statewide cost allocation plan and the public assistance cost allocation plans. Provide technical assistance to the State of Louisiana regarding cost allocation issues.
- In the aftermath of Hurricane Katrina assisted the state in obtaining waivers for the state's public assistance cost allocation plans.
- Review and negotiate the Oklahoma statewide cost allocation plan and the public assistance cost allocation plan. Provide Technical assistance to the State of Oklahoma regarding cost allocation issues.
- Assisted other DCA negotiators in the review of cost allocation plans in the 15 states of the Central States field office.

**Prior Experience**

Prior to joining MAXIMUS, Mr. Glennon gained the following professional experience.

Negotiate indirect cost rates with State agencies and Non – Profit grantees. HHS is the cognizant agency for Federal indirect cost rate negotiation. Interpret and apply OMB Circulars A-87 (Cost Principles for State, Local and Indian Tribal Governments) and A-122 (Cost Principles for Non-Profit Organizations) as part of the state and local branch review of Statewide Cost Allocation Plans, Public Assistance Cost Allocation Plans and Non-Profit agencies.

**Director, Regional Administrative Support Center – HHS Regional Office**

Supervised the provision of centralized administrative services including Financial Management, Information Technology, Personnel, Payroll, Procurement, and Facilities Management. He managed a staff of 80 professionals and provided administrative services to over 4,500 HHS employees. The administrative support provided by the office enabled the HHS program offices to complete their mission by providing services in a transparent and efficient manner.

**Director, Division of Finance – HHS Regional Office**

Provided accounting services to all HHS components. These services included budgeting, travel reimbursement, vendor payment, and accounting policy. Presided over appeals of cost disallowances and financial management issues developed by the Division of Cost Allocation.

**Professional History**

MAXIMUS, Inc., Dallas, Texas, 2008 – Present  
U. S. Department of Health and Human Services, 1974 –2008

**Education**

B.S., Accounting, Biscayne College 1970

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**Matthew Heitz, PMP**  
**Principal Consultant**

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**Qualifications**

Matthew Heitz is a Cost Allocation Consultant. He works out of the corporate office in Reston, Virginia. He prepares cost allocation plans for a variety of state and local government. He has been with MAXIMUS for 4 years.

**Relevant Experience**

Since joining MAXIMUS, Mr. Heitz has worked on the following projects.

- **State of New York**
  - Statewide Cost Allocation Plan
- **Commonwealth of Massachusetts**
  - Statewide Cost Allocation Plan
  - IT Billing Rates
  - Indirect Cost Rates for 14 Departments
  - Department of Education
  - City of Boston
- **Commonwealth of Virginia**
  - Metropolitan Washington Airport Authority
  - King George County
  - Westmoreland County
  - City of Charlottesville
  - City of Franklin
- **State of Delaware**
  - Department of Natural Resources
  - Department of Natural Resources Superfund
  - Department of Public Safety
  - Department of Education
  - Department of Agriculture
- **State of Rhode Island**
  - Department of Information Technology
  - Department of Transportation
  - Facilities and HR rate plans
  - Department of Health
- **State of Maine**
  - Department of Financial and Professional Services
  - Department of Conservation
  - Department of Agriculture
  - Department of Inland Fisheries and Wildlife
  - Statewide Cost Allocation Plan
  - Department of Corrections
- **State of Connecticut**
  - Department of Social Services PACAP
  - Statewide Cost Allocation Plan
- **State of North Carolina**
  - Pamlico County



- Montgomery County
- Lincoln County
- Pitt County
- Cumberland County
- Lee County
- Cleveland County
- Department of Natural Resources
- **State of Tennessee**
  - Metropolitan Government of Nashville and Davidson County
  - Shelby County
  - Tennessee Child Care and Welfare
- **State of New Mexico**
  - Department of Children Youth and Family
- **State of Louisiana**
  - DSS ACCESS Advanced Planning Document
- **District of Columbia**
  - American Red Cross
- **State of Texas**
  - Department of Health and Human Services

**Professional History**

MAXIMUS Consulting Services, Inc., Reston, Virginia, Consultant, 2006 – Present

**Education**

University of Virginia, Charlottesville, Virginia,  
Double Hoo Grant recipient and research assistant  
B.A., Economics, University of Virginia, Charlottesville, Virginia  
Project Management Professional (PMP), September 2010.

**Technical Skills**

Mr. Heitz is proficient in many Windows-based applications, including the Microsoft Office package, Lotus Notes, and MAXCars.

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**Kyle J. Tyson**  
**Project Consultant**

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**Qualifications**

Kyle J. Tyson has more than 3 years experience in governmental management consulting. His primary areas of experience are in cost allocation, cost of service determination (user fees), fringe benefit rate analysis and departmental indirect cost rate proposal preparation. His range of project experience includes the following:

- Cost allocation plans for state and local governments
- Cost of service determination relating to service rates and user fees

**Relevant Experience**

Since joining MAXIMUS, Mr. Tyson has worked on over 50 consulting projects. Some examples follow:

**PENNSYLVANIA**

- **State of Pennsylvania, Cost Allocation Plan:** Project Manager for the preparation of the statewide federal OMB A-87 cost allocation plan. Responsibilities also include all fieldwork, data research, compilation and distribution of the analysis, and reconciliation of carry-forward adjustments. He also assists with the Department of Health of Human Services, Division of Cost Allocation.
- **Allegheny County, Pennsylvania, Court of Common Pleas Cost Allocation Plan:** Project Consultant for the preparation of the Court's annual cost allocation plan and Federal IV-D claim based on OMB Circular A-87 methodology. Responsible for data research and compilation of the analysis.
- **City of Lancaster, Pennsylvania, User Fee Study:** Project Consultant for the 2007-based fee study developed in 2007-08. The scope of the project was to develop an analysis of costs and revenues and service utilization measurements for services provided by the Bureaus of Zoning & Inspections, Structural Inspections, Planning, Police, Fire, Engineering, Procurement & Collections, and Mayor's Office and to recommend user fee rates as appropriate based on the cost of services provided.
- **Borough of State College, Pennsylvania, Cost Allocation Plan:** Project Consultant for the preparation of the Borough's federal OMB Circular A-87 and full cost allocation plans. This project includes the calculation of hourly labor rates for several Borough departments. Responsible for all fieldwork, data research, compilation and distribution of the analysis.
- **Fulton County, Pennsylvania, Cost Allocation Plan:** Project Consultant for the preparation of the County's annual cost allocation plan based on the OMB Circular A-87 methodology. Responsible for all fieldwork, data research, compilation and distribution of the analysis.

**VIRGINIA**

- **Prince William County, Virginia, Cost Allocation Plan:** Project Consultant for the preparation of the County's annual cost allocation plan based on OMB Circular A-87 methodology. Responsible for data research and compilation of the analysis.
- **Fauquier County, Virginia, Cost Allocation Plan:** Project Consultant for the preparation of the County's annual cost allocation plan based on OMB

Circular A-87 methodology. Responsible for data research and compilation of the analysis.

- **King George County, Virginia, Cost Allocation Plan:** Project Consultant for the preparation of the County's annual cost allocation plan based on OMB Circular A-87 methodology. Responsible for data research and compilation of the analysis.
- **City of Fredericksburg, Virginia, Cost Allocation Plan:** Project Consultant for the preparation of the City's annual cost allocation plan based on OMB Circular A-87 methodology. Responsible for data research and compilation of the analysis.
- **City of Alexandria, Virginia, User Fee Study:** Project Consultant for the user fee study developed in 2009. The scope of the project was to develop an analysis of costs and revenues and service utilization measurements for services provided by the Office of Building and Fire Codes Administration and recommend user fee rates as appropriate based on the cost of services provided.

#### **DELAWARE**

- **State of Delaware, Cost Allocation Plan:** Project Manager for the preparation of the statewide federal OMB A-87 cost allocation plan. Responsibilities also include reconciliation of carry-forward adjustments and calculating fixed indirect cost rates for multiple state agencies, including the Department of Labor, Children, Youth and Families, Safety and Homeland Security, and Health and Social Services, which consists of 12 agencies. He also assists with the development of the statewide personnel rate and handles federal negotiations with the Department of Health of Human Services, Division of Cost Allocation.

#### **TENNESSEE**

- **Metropolitan Government of Nashville and Davidson County, Tennessee, User Fee Studies:** Project Consultant for the user fee studies developed in 2007 and 2009 for the Metro Planning Commission and Department of Codes and Building Safety. The scope of the projects was to develop an analysis of costs and revenues and service utilization measurements for services provided by each and recommend user fee rates as appropriate based on the cost of services provided.
- **Metropolitan Government of Nashville and Davidson County, Tennessee, Cost Allocation Plan:** Project Manager for the preparation of the citywide federal OMB A-87 and full cost allocation plans. Responsibilities also include reconciliation of carry-forward adjustments and calculating fixed indirect cost rates for the Department of Codes Administration, District Attorney, Fire, Health, Parks, Planning, Police, Public Works, and Social Services.

#### **MARYLAND**

- **State of Maryland, Cost Allocation Plan:** Project Manager for the preparation of the statewide federal OMB A-87 cost allocation plan. Responsibilities also include all fieldwork, data research, compilation and distribution of the analysis, and reconciliation of carry-forward adjustments.



He also assists with the Department of Health of Human Services, Division of Cost Allocation.

- Professional History** MAXIMUS Harrisburg, Pennsylvania, Consultant, 2009 – Present, Associate Consultant 2007-2008
- Education** B.S., Finance from Penn State University, State College, Pennsylvania, 2007
- Technical Skills** Software: Microsoft Office Suite, MAXIMUS proprietary cost allocation software, and Monarch data mining software.
- Professional Organizations** Pennsylvania Government Finance Officers Association

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**Andrew T Case**  
**Associate Consultant**

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**Qualifications**

Andrew Case joined the firm in July, 2010. He has since worked on a number of cost plans for the states of Delaware, Virginia, Maine and North Carolina, as well as for the Metro-Washington region.

**Relevant Experience**

Mr. Case has been responsible for the following projects:

**Metro Washington Airport Authority:** Focused on construction and transportation expense allocation, this cost project was designed to assist the Airport Authority in sharing responsibility with private airports for on-going Metro Rail and Toll Road projects. Mr. Case's involvement with the project is ongoing, as the plan is renewed every six months.

**Maine State Agency Cost Allocation Plans:**

- Department of Corrections
- Statewide Cost Allocation Plan

**Delaware State Agency Cost Allocation Plans:** Mr. Case is responsible for the following cost allocation plans for the State of Delaware:

- Attorney General
- Family Court, Administrative Office of the Courts

**North Carolina Cost Allocation Plans:**

- Tyrrell County Cost Allocation Plan
- Columbus County Cost Allocation Plan
- Sampson County Cost Allocation Plan
- Scotland County Cost Allocation Plan
- Clay County Cost Allocation Plan
- Montgomery County Cost Allocation Plan

**Virginia Cost Allocation Plans:**

- City of Danville Cost Allocation Plan
- Dinwiddie County Cost Allocation Plan
- Henrico County Cost Allocation Plan
- Orange County Cost Allocation Plan
- Lynchburg Cost Allocation Plan
- Newport News Cost Allocation Plan
- Orange County Cost Allocation Plan



**Professional History**      MAXIMUS Consulting Services, Inc., Richmond, Virginia, Consultant,  
July 2010 – Present

**Education**                      B.A., Physics, with Cognitive Science double major, University of Virginia,  
Charlottesville, Virginia, 2010

**Awards**                              College Science Scholar, University of Virginia  
UVA Parents Committee Internship Grant for Health Care (2009) winner

**Technical Skills**                Mr. Case is proficient in many Windows-based applications, including the  
Microsoft Office package, Lotus Notes, and MAXCars+.

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**Jason Jennings,  
Principal Consultant**

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**Qualifications**

Jason Jennings is a Cost Allocation Principal Consultant in the Richmond, Virginia and Raleigh, North Carolina offices. He is assigned a variety of cost allocation projects in numerous states. He is primarily responsible for the preparation of cost allocation plans for the State of North Carolina and its counties and cities, as well as several counties and cities in the Commonwealth of Virginia. His range of experience includes the following:

- Preparation of Cost Allocation Plans for the states of North Carolina, Delaware, Maryland, Massachusetts and a multitude of large local government clients in North Carolina, Virginia, and South Carolina.
- Calculating and comparing increased recoveries for revenue maximization studies

**Relevant Experience**

Since joining MAXIMUS, Mr. Jennings has worked on the following projects:

- **State of North Carolina**
  - Statewide Cost Allocation Plan
  - Wake County
  - Orange County
  - Johnston County
  - New Hanover
  - Buncombe County
  - Union County
  - Halifax County
  - Robeson County
  - Franklin County
  - Henderson County
  - Rockingham County
  - Brunswick County
  - Pitt County
  - Nash County
  - Washington County
  - Onslow County
  - Pender County
  - Beaufort County
  - Lincoln County
  - Chowan County
  - Alexander County
  - Columbus County
  - Pasquotank County

- Anson County
- Jones County
- Camden County
- Burke County
- Moore County
- Hyde County
- Alleghany County
- Vance County
- City of Raleigh
- City of Winston Salem
- City of Asheville
- City of Hickory
- City of Monroe
- City of Lexington
- City of Burlington
- 9 EMS Medicaid Plans
- Mid-East Commission
- **Commonwealth of Virginia**
  - Department of Mines, Minerals, & Energy
  - Chesterfield County
  - Henrico County
  - Montgomery County
  - Roanoke County
  - Stafford County
  - Westmoreland County
  - York County
  - City of Chesapeake & City of Chesapeake Public Works
  - City of Newport News
  - City of Danville
  - City of Bristol
  - City of Hopewell
  - City of Norton
- **State of Delaware**
  - State of Delaware Cost Allocation Project
  - Department of Health & Social Services
  - Department of Children, Youth, and Their Families
  - Department of Natural Resources & Environmental Control
  - Department of Labor



- Department of Education
- **State of Maryland**
  - State of Maryland Cost Allocation Project
  - Department of General Services/Facilities
- **State of South Carolina**
  - Horry County
- **Commonwealth of Pennsylvania**
  - Department of Public Welfare
- **State of Rhode Island**
  - Department of Health
  - Department of IT

**Professional History**

MAXIMUS Consulting Services, Inc., Richmond, Virginia, Principal Consultant, 2005 – Present.  
Exxon Mobil, Corp. Legal Department, Fairfax, Virginia, Data Analyst, winters and summers, 2000 – 2005.

**Education**

B.S., Commerce with concentrations in Finance and Management, University of Virginia, Charlottesville, Virginia, 2005.  
B.S., Economics, University of Virginia, Charlottesville, Virginia, 2005.

**Technical Skills**

Mr. Jennings is proficient in many Windows-based applications, including the Microsoft Office package, Lotus Notes, and MAXCARS+

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**Robert J. Fink**  
**State Manager / Project Director**

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**Qualifications**

Mr. Fink has over 22 years of experience in accounting and financial analysis with MAXIMUS. His range of project experience includes the following:

- As a State Manager, has supervisory responsibility for completion of over one hundred and five projects in Ohio including seventy-nine cost allocation plans annually.
- Supervisory responsibility for twelve Ohio State agency projects to include Indirect Cost Rate Proposals, Auditor of State billing rates, and the Ohio State University Extension office FNP project.

**Relevant Experience**

Since joining MAXIMUS, Mr. Fink has worked on the following projects:

**City of Euclid, Ohio** – Project Director on the Wastewater Treatment User Charge and Revenue Requirement Study for the City of Euclid. This is an annual engagement.

**Cost Allocation Projects:** Mr. Fink assists with producing 79 annual county cost allocation plans, fourteen Counties IV-D cost agreements, six updates to rental rate agreements, several indirect rate proposals, and a utility rate review.

These have included work in the Counties of Columbiana, Coshocton, Cuyahoga, Hamilton, Lorain, Lucas, Mahoning, Montgomery, Ottawa, Portage, Richland, Stark, Summit, Williams, Wood, and Delaware, among just a few. Cities include Cleveland, Cincinnati, Chillicothe, Jackson, Marietta, Portsmouth, Athens and Euclid.

**Cleveland Regional Transit Authority** – Project Manager of the Cost Allocation Plan and Indirect Cost Rate Proposal. This is an annual engagement.

**Montgomery County, Ohio** – Project Director of an analysis of Building Regulations Department user fees.

**Cost Allocation Plan and Indirect Cost Rates** – Project Director for seventy-nine county cost allocation plans prepared annually in Ohio.

**Professional History**

MAXIMUS Inc., Financial Services, Concord, Ohio, State of Ohio State Manager, 1988 – Present

Self employed in auto industry 1975 – 1988

Lake County National Bank, Painesville, Ohio, Branch Manager 1970 – 1975

**Professional Degrees**

B.A., Accounting, Cleveland State University, Cleveland, Ohio, 1975

**Technical Experience**

Software: Excel, Word, Lotus Notes, Monarch Pro Version 6, PowerPoint.



## **APPENDIX B**

### **FINANCIAL STATEMENTS**

Table of Contents

MAXIMUS, Inc.

**CONSOLIDATED BALANCE SHEETS**

(Dollars in thousands)

	September 30,	
	2009	2010
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 87,815	\$ 155,321
Restricted cash	3,919	4,182
Accounts receivable—billed, net	133,485	136,260
Accounts receivable—unbilled	19,510	17,245
Current portion of note receivable	736	—
Prepaid income taxes	7,501	4,149
Deferred income taxes	5,389	13,290
Prepaid expenses and other current assets	19,749	25,702
Current assets of discontinued operations	14,007	—
Total current assets	292,111	356,149
Property and equipment, net	45,286	48,873
Capitalized software, net	18,969	24,715
Deferred contract costs, net	8,206	6,708
Goodwill	61,029	71,251
Intangible assets, net	2,455	7,778
Deferred income taxes	1,239	1,844
Deferred compensation plan assets	—	8,317
Other assets	3,939	2,106
Total assets	<u>\$ 433,234</u>	<u>\$ 527,741</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 44,644	\$ 49,200
Accrued compensation and benefits	31,738	40,807
Deferred revenue	22,177	58,070
Acquisition-related contingent consideration	—	923
Income taxes payable	—	7,120
Accrued liabilities	15,083	7,934
Liabilities of discontinued operations	13,823	634
Total current liabilities	127,465	164,688
Deferred revenue, less current portion	6,527	4,083
Long-term debt	—	1,411
Acquisition-related contingent consideration, less current portion	—	2,138
Income taxes payable, less current portion	1,871	1,793
Deferred income taxes	243	4,946
Deferred compensation plan liabilities	—	9,893
Total liabilities	136,106	188,952
Commitments and contingencies (Notes 11 and 12)		
Shareholders' equity:		
Common stock, no par value; 60,000,000 shares authorized; 27,161,849 and 27,487,725 shares issued and 17,599,029 and 17,174,141 outstanding at September 30, 2009 and September 30, 2010, at stated amount, respectively	338,739	352,696
Treasury stock, at cost; 9,562,820 and 10,313,584 shares at September 30, 2009 and September 30, 2010, respectively	(319,149)	(359,366)
Accumulated other comprehensive income	8,268	14,530
Retained earnings	269,270	330,929
Total shareholders' equity	297,128	338,789
Total liabilities and shareholders' equity	<u>\$ 433,234</u>	<u>\$ 527,741</u>

See notes to consolidated financial statements.

Table of Contents

MAXIMUS, Inc.

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data)

	Year ended September 30.		
	2008	2009	2010
Revenue	\$ 699,552	\$ 720,108	\$ 831,749
Cost of revenue	508,661	528,762	610,916
Gross profit	190,891	191,346	220,833
Selling, general and administrative expenses	110,443	107,028	118,778
Gain on sale of building	3,938		
Legal and settlement expense (recovery), net (Note 17)	38,358	(4,271)	(5,351)
Operating income from continuing operations	46,028	88,589	107,406
Interest and other income, net	2,423	145	916
Income from continuing operations before income taxes	48,451	88,734	108,322
Provision for income taxes	18,989	34,893	38,925
Income from continuing operations	29,462	53,841	69,397
Discontinued operations, net of income taxes:			
Income (loss) from discontinued operations	(17,150)	(5,734)	1,040
Loss on disposal	(5,635)	(1,567)	(28)
Income (loss) from discontinued operations	(22,785)	(7,301)	1,012
Net income	\$ 6,677	\$ 46,540	\$ 70,409
Basic earnings (loss) per share:			
Income from continuing operations	\$ 1.55	\$ 3.06	\$ 3.99
Income (loss) from discontinued operations	(1.20)	(0.41)	0.05
Basic earnings per share	\$ 0.35	\$ 2.65	\$ 4.04
Diluted earnings (loss) per share:			
Income from continuing operations	\$ 1.53	\$ 3.01	\$ 3.86
Income (loss) from discontinued operations	(1.18)	(0.41)	0.06
Diluted earnings per share	\$ 0.35	\$ 2.60	\$ 3.92
Dividends per share	\$ 0.40	\$ 0.46	\$ 0.48
Weighted average shares outstanding:			
Basic	19,060	17,570	17,413
Diluted	19,305	17,886	17,965

See notes to consolidated financial statements.

## MAXIMUS, Inc.

## CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(In thousands)

	Common Shares Outstanding	Common Stock	Accumulated Other Comprehensive Income	Retained Earnings	Treasury Stock	Total Shareholders' Equity
Balance at September 30, 2007	22,194	\$ 299,846	\$ 1,730	\$ 232,071	\$ (124,637)	\$ 409,010
Net income	—	—	—	6,677	—	6,677
Foreign currency translation	—	—	3,806	—	—	3,806
Comprehensive income	—	—	—	—	—	10,483
Employee stock transactions	253	4,422	—	—	—	4,422
Cash dividends	—	—	—	(7,798)	—	(7,798)
Repurchases of common stock	(4,145)	—	—	—	(164,466)	(164,466)
Price adjustment under Accelerated Share Repurchase agreement	—	13,903	—	—	—	13,903
Non-cash equity based compensation	—	9,463	—	—	—	9,463
Tax benefit due to option exercises	—	689	—	—	—	689
Balance at September 30, 2008	18,302	328,323	5,536	230,950	(289,103)	275,706
Net income	—	—	—	46,540	—	46,540
Foreign currency translation	—	—	2,732	—	—	2,732
Comprehensive income	—	—	—	—	—	49,272
Employee stock transactions	225	2,292	—	—	—	2,292
Cash dividends	—	—	—	(8,054)	—	(8,054)
Repurchases of common stock	(928)	—	—	—	(30,046)	(30,046)
Dividends on RSUs	—	166	—	(166)	—	—
Non-cash equity based compensation	—	7,307	—	—	—	7,307
Tax benefit due to option exercises	—	651	—	—	—	651
Balance at September 30, 2009	17,599	338,739	8,268	269,270	(319,149)	297,128
Net income	—	—	—	70,409	—	70,409
Foreign currency translation	—	—	6,262	—	—	6,262
Comprehensive income	—	—	—	—	—	76,671
Employee stock transactions	326	2,763	—	—	—	2,763
Cash dividends	—	—	—	(8,375)	—	(8,375)
Repurchases of common stock	(751)	—	—	—	(40,217)	(40,217)
Dividends on RSUs	—	375	—	(375)	—	—
Non-cash equity based compensation	—	7,918	—	—	—	7,918
Tax benefit due to option exercises	—	2,901	—	—	—	2,901
Balance at September 30, 2010	17,174	\$ 352,696	\$ 14,530	\$ 330,929	\$ (359,366)	\$ 338,789

See notes to consolidated financial statements.

## MAXIMUS, Inc.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in thousands)

	Year ended September 30		
	2008	2009	2010
<b>Cash flows from operating activities:</b>			
Net income	\$ 6,677	\$ 46,540	\$ 70,409
Adjustments to reconcile net income to net cash provided by operating activities:			
(Income) loss from discontinued operations	22,785	7,301	(1,012)
Depreciation	8,845	8,882	12,857
Amortization	3,396	3,350	5,483
Deferred income taxes	(28,851)	26,471	(3,172)
Gain on sale of building	(3,938)	—	—
Gain on sale of fixed assets	—	(51)	—
Deferred interest income on note receivable	147	376	263
Non-cash equity based compensation	9,123	7,307	7,918
Changes in assets and liabilities, net of effects from divestitures:			
Accounts receivable—billed	(12,694)	(13,052)	38
Accounts receivable—unbilled	(1,259)	(6,677)	2,415
Due from insurance carrier	(12,500)	12,500	—
Prepaid expenses and other current assets	(1,207)	(11,801)	(1,740)
Deferred contract costs	2,792	(2,882)	1,541
Other assets	(1,250)	(822)	(6,773)
Accounts payable	1,021	993	(407)
Accrued compensation and benefits	2,422	5,497	7,883
Deferred revenue	(90)	5,820	31,294
Income taxes	11,223	(20,503)	6,374
Other liabilities	47,502	(36,715)	7,600
Cash provided by operating activities—continuing operations	54,144	32,534	140,971
Cash provided by (used in) operating activities—discontinued operations	1,406	(1,901)	(2,530)
Cash provided by operating activities	55,550	30,633	138,441
<b>Cash flows from investing activities:</b>			
Proceeds (payments) from sales of discontinued operations, net of transaction costs	37,678	(1,626)	1,700
Proceeds from sale of building, net of transaction costs	5,929	—	—
Acquisition of businesses, net of cash acquired	(3,150)	(406)	(11,960)
Proceeds from note receivable	237	972	473
Purchases of property and equipment	(10,380)	(19,694)	(13,936)
Capitalized software costs	(5,131)	(6,888)	(8,672)
Decrease in marketable securities	126,210	—	—
Proceeds from sale of equipment	—	696	—
Cash provided by (used in) investing activities—continuing operations	151,393	(26,946)	(32,395)
Cash used in investing activities—discontinued operations	(2,933)	(90)	—
Cash provided by (used in) investing activities	148,460	(27,036)	(32,395)
<b>Cash flows from financing activities:</b>			
Employee stock transactions	4,422	2,292	2,763
Repurchases of common stock	(164,466)	(30,046)	(40,217)
Price adjustment under Accelerated Share Repurchase agreement	13,903	—	—
Payments on capital lease obligations	(1,627)	(417)	—
Tax benefit due to option exercises and restricted stock units vesting	689	651	2,901
Repayment of long-term debt	—	—	(7)
Issuance of long-term debt	—	—	533
Cash dividends paid	(7,798)	(8,054)	(8,375)
Cash used in financing activities—continuing operations	(154,877)	(35,574)	(42,402)
Cash provided by financing activities—discontinued operations	—	—	—
Cash used in financing activities	(154,877)	(35,574)	(42,402)
Effect of exchange rate changes on cash	—	187	3,862
Net increase (decrease) in cash and cash equivalents	49,133	(31,790)	67,506
Cash and cash equivalents, beginning of period	70,472	119,605	87,815
Cash and cash equivalents, end of period	\$ 119,605	\$ 87,815	\$ 155,321

See notes to consolidated financial statements.