

**BENCHMARK CONTRACT FOR PROFESSIONAL SERVICES
BETWEEN
THE NATIONAL ASSOCIATION OF STATE AUDITORS, COMPTROLLERS AND
TREASURERS
AND
THE HACKETT GROUP, INC.**

This Contract is made and entered into by and between the National Association of State Auditors, Comptrollers and Treasurers ("NASACT") and the party named below, hereinafter referred to as "Contractor" or HACKETT.

Contractor: The Hackett Group, Inc.
Address: 1001 Brickell Bay Drive, Suite 3000
City, State & Zip Code: Miami, Florida 33131
Phone: (305) 375-8005
Email Address: fzomefeld@answerthink.com
Federal ID No.: 65-0750100

PURPOSE

The purpose of this contract is for NASACT to agree to acquire professional services and expertise on behalf of association member state governments to assist those state governments in establishing and analyzing high-level baseline measurements of state agencies' human resource and/or financial business processes.

CONTRACTING; STATEMENT OF WORK (SOW)

This objective will be accomplished through benchmarks on functional areas performed by Contractor which may be supported in that effort by subcontractor Accenture, LLP. Each contracting state (hereinafter referred to herein as the "Client" or "contracting state" or "Participating State") will enter into a contract with NASACT substantially similar to this agreement and a Statement of Work (hereinafter, "Statement of Work" or "SOW") substantially similar to Exhibit A attached hereto. It is understood by the parties that the Statement of Work entered into by each participating state may contain project specific terms and NASACT and the Contractor will negotiate any changes from this agreement and Exhibit A and execute these documents prior to beginning work on any Benchmark engagement. The terms of this Contract and the General Terms and Conditions, Exhibit C, will be incorporated by reference and govern any underlying SOW. The parties understand that Exhibit A represents a sample with typical schedule, data collection and resource commitments. These components will vary by state and will be finalized during Phase 1- Planning and Kickoff of the process. Notwithstanding the foregoing, NASACT and Contractor hereby agree that they will work cooperatively together and will exercise commercially reasonable efforts to (subject always to Hackett's and NASACT'S final review and approval as to exact language used): (i) include language into the SOW that is the same or substantially similar to the Special Terms Related to Intellectual Property Ownership & Use set forth in Exhibit A; or (ii) seek and receive Client's execution of a written agreement containing such terms and conditions. Hackett acknowledges that certain Clients may refuse to include or agree to the exact terms and conditions set forth in Exhibit A. In such event, NASACT and Contractor shall work together diligently and in good faith to negotiate with such Client(s) terms substantially similar to what is set forth in Exhibit A which the Client can accept. NASACT understands and agrees that Contractor will not be obligated to initiate or

complete any Services under this Agreement or any SOW unless and until NASACT returns to Contractor a copy of the approved language referenced hereinabove properly signed by an authorized representative of each Client.

Results of the measurement and analyses will be presented to each contracting state with a prioritized list of recommendations as specified in the particular SOW to improve the state's human resource, financial business processes, information systems or other benchmark reviewed process. Similar results and recommendations will also be provided to participating agencies in each state. NASACT will also receive a copy of these results.

The SOW may allow for follow-up measurements and benchmark comparisons of human resource and/or financial business processes, or other benchmark processes, as determined by the contracting state and as negotiated with NASACT and the Contractor.

SCOPE OF WORK

The Contractor will provide services to participating states, and otherwise do all things necessary for or incidental to the performance of work, as set forth in the SOW.

Exhibit A contains the General Terms and Conditions governing work to be performed under this contract, the nature of the working relationship between NASACT and the Contractor and a participating State, and specific obligations of all parties. In the event a participating state is unable to execute an SOW due to language in the General Terms and Conditions of the NASACT Contract due to state restrictions, NASACT and the Contractor will work in good faith to negotiate mutually agreeable terms under a Contract Amendment which will apply solely to that Client to enable the participating state to use the NASACT Benchmark Contract. Amendments to the Contract or General Terms contained in any underlying SOW will not be applicable to any other participating state(s).

The Contractor shall produce the following written reports or other written documents (deliverables) to the contracting state as indicated in the applicable SOW.

This Contract intends to provide benchmarking services and related information to benefit the Participating States with due consideration of safeguarding the Contractor's proprietary or confidential information. This consideration must be appropriately balanced with applicable transparency and public information laws, the requirements of which may differ among the Participating States. In the event that such laws would require the disclosure of Contractor's proprietary or confidential data, such information shall be retained by the Contractor, who shall provide a secondary report to the Participating State to allow their key State officials to view the information without compromising Contractor's proprietary or confidential information. Specifically, upon request of the applicable Client on the basis of their respective open-records laws, the Parties agree to include the following stipulation in the applicable SOW:

The Hackett Group will provide each Participating State with 2 reports:

1. A version which contains the Participating State data plus peer group and World - Class comparisons, metrics at each function level and a graphic of the World - Class Value Grid™ for each function benchmarked. This version may be distributed internally to those legislative committees and/or other internal state government officials which oversee the contracting State's audit and/or budgeting process and to such contracting state's auditor, if applicable but not distributed at will nor posted for public viewing and

will be marked Draft and/or Proprietary-as deemed necessary by the State. This report may also be shared with another contractor under state employment for additional follow on work as defined by Part B of NASACT's Request for Proposals No. 11-01.

2. A version that excludes any World - Class or peer group data or comparison, which can be distributed at will by the State and will be marked Final.

Both of these reports are considered a part of our standard deliverable and are not subject to an additional report creation fee. Please see explanation in Pricing section of SOW.

All written reports required under this contract must be delivered to Kimberly O'Ryan, the Contract Manager, in accordance with the schedule set forth in the applicable SOW.

PERIOD OF PERFORMANCE

Subject to other contract provisions, this Contract will be a three-year contract with options for three, optional one-year extensions. An SOW extending beyond the expiration date of the Contract between NASACT and the Contractor shall be completed as long as the SOW is signed prior to the expiration date of this Contract.

COMPENSATION AND PAYMENT

NASACT will pay Contractor within 45 days of receipt of invoices for work performed under an SOW, which shall first be submitted to the Client's Project Manager for approval in accordance with the contract deliverables payment schedule. NASACT will deliver invoices to participating states within three (3) business days of the receipt of such invoices. The invoices shall describe and document to NASACT's and the contracting state's satisfaction a description of the work performed, the progress of the project, and fees.

As compensation for the Services hereunder, NASACT agrees to pay Contractor pursuant to the fee schedule set forth in each SOW. Contractor's compensation for services rendered shall be the fixed price agreed upon in the applicable SOW. Hackett reserves the right to raise the prices set forth in Exhibit A after 3 years from Contract signature. The price increase would tie to the Consumer Price Index.

BILLING PROCEDURES

NASACT maintains a vendor file to use for processing vendor payments. Contractors are strongly encouraged to sign up for direct deposit.

NASACT will pay Contractor upon receipt of properly completed invoices, which shall be submitted to the Project Manager not more often than called for under any SOW. The invoices shall describe and document to NASACT's satisfaction a description of the work performed, the progress of the project, and fees.

NOTE:

As compensation for the Identified Services, the states agree to pay Hackett pursuant to the fee schedule set forth in each SOW and Project Selection. Hackett will provide the following billing schedule as part of the agreement:

Milestone:

- Planning/Kick-off meeting 33.3% payment

- Final Data submission 33.3%
- Final Report delivered 33.4%

Milestone deliverables are defined below:

Planning /Kickoff/Training

Project Overview Discussion, Location structure discussion and determination, Data Collection timeframe determined, Identification of project team and resources needed to support data collection, Documentation discussion, explanation and delivery, Web Portal Data Collection Structure set up, Discussion & Training if needed for roles and responsibilities, Training on Benchmark methodology, timeline, FTE Worksheets, project management, distribution of questions sets and definitions, training on web portal data collection, training on how to run reports from the web portal.

Final Data-At the end of Final Data-The following activity will have occurred:

FTE worksheets will be completed, Process questions will have been completed. Weekly PM status calls and 24/7 support is in place to guide Benchmark data collection. The State's internal data validation and Hackett's validation of the state's data will occur during this timeframe.

Final Report Delivered

Hackett performs analysis on the final data and incorporates executive interviews and stakeholder survey responses, develop high level observations and recommendations. Conduct executive preview with client. Schedule Executive Presentations.

Payment shall be considered timely if made by NASACT within forty-five (45) days after receipt of properly completed invoices. Payment shall be sent to the address designated by the Contractor.

Travel Expense Allowed:

1. All expenses (airfare, lodging, rental cars, meals, taxi, copies, fax, conference calls, cell phone calls, parking) will be billed as incurred, and will be capped at \$18,000 for the first function benchmarked and \$11,000 for each additional benchmark.
2. Only coach airfare rates will be used and Contractor will make sure of early purchase discounts when possible.
3. Per-diem rates will be capped at the CONUS meals and incidental rates for the relevant city.
4. Contractor will make best efforts to obtain government rates for lodging.

NASACT may, upon request by a participating state, terminate a SOW if the Contractor fails to satisfactorily comply with any term or condition of this contract.

Except as otherwise provided in the SOW, no payments in advance or in anticipation of services or supplies to be provided under this contract shall be made by NASACT.

CONTRACT MANAGEMENT

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

Contract Manager for Contractor:	Contract Manager for NASACT:
Company Name: The Hackett Group Contractor Name: Kathy Zupo Address: 1000 Abernathy Road, Suite 1400 City/State/Zip: Atlanta, GA 30328 Phone: (770) 225-7204 Fax: (770) 225-3650 Email address: kzupo@thehackettgroup.com	Company Name: NASACT Contract Manager: Kimberly O’Ryan Address: 449 Lewis Hargett Circle, Suite 290 City/State/Zip: Lexington, KY 40503-3590 Phone: (859) 276-1147 Fax: (859) 278-0507 Email address: koryan@nasact.org

The Contractor shall provide insurance coverage as set out in Request for Proposals No. 11-01. The intent of the required insurance is to protect NASACT should there be any claims, suits, actions, costs, damages or expenses arising from any negligent or intentional act or omission of the Contractor or subcontractor, or agents of either, while performing under the terms of this contract.

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

ASSURANCES

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

ORDER OF PRECEDENCE

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

- * Federal and state statutes and regulations applicable to the participating state.
- * This Contract (as amended)
- * Exhibit C – General Terms and Conditions.
- * The applicable SOW, including Exhibit A attached hereto
- * Request for Proposals No. 11-01 including provisions, terms or material incorporated herein by reference or otherwise incorporated, as amended by the Contract.
- * Contractor's Proposal as amended by the Contract
- * Any other provision, term or material incorporated herein by reference or otherwise incorporated including any underlying SOW.

NASACT acknowledges that Contractor shall be an intended third party beneficiary to the End User Agreements with the right to pursue NASACT's remedies thereunder, to the extent permitted by applicable law.

EXCLUSIVE REMEDY; ASSIGNMENT OF RIGHTS; THIRD PARTY BENEFICIARY

The parties hereto agree that, absent bad faith, negligence, fraud, failure to remit funds paid by a participating state, breach of the confidentiality or intellectual property provisions of this

agreement or injuries to persons or property caused by NASACT, Contractor shall not be entitled to bring a claim against NASACT hereunder. In the event of a breach of an SOW by a participating state, NASACT shall assign its rights to proceed against such state to Contractor and shall cooperate in the pursuit of an action against such state at Contractors expense. In the event that such assignment of rights is not effective, NASACT agrees to bring a lawsuit in its name against such participating state and pursue any and all remedies requested by Contractor at Contractor's expense. In such event, NASACT agrees to use a law firm chosen by Contractor to pursue the claim. In the event of a dispute between NASACT and the Contractor, NASACT reserves the right to hire its own law firm at NASACT's expense.

ENTIRE AGREEMENT

This contract including referenced exhibits represents all the terms and conditions agreed upon by the parties. No other understandings or representations, oral or otherwise, regarding the subject matter of this contract shall be deemed to exist or to bind any of the parties hereto.

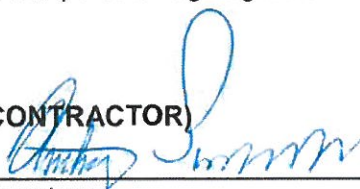
CONFORMANCE

If any provision of this contract violates any statute or rule of law of the contracting state, it is considered modified to conform to that statute or rule of law.

AMENDMENTS

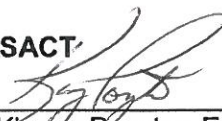
The contract may be changed, modified or amended only by written amendment executed by both parties.

THIS CONTRACT, consisting of 36 pages and 2 attachment(s), is executed by the persons signing below who warrant that they have the authority to execute the contract.

(CONTRACTOR)


Signature
Senior Executive 6/28/2012

Title Date

NASACT


R. Kinney Poynter, Executive Director
6/29/12

Date

EXHIBIT C GENERAL TERMS AND CONDITIONS

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

- A. "NASACT" shall mean the National Association of State Auditors, Comptrollers and Treasurers, and any other officials lawfully representing NASACT.
- B. "Agent" shall mean the Executive Director of NASACT and/or the delegate authorized in writing to act on the Director's behalf.
- C. "Contractor" shall mean that Proposer, provider, organization, individual or other entity performing service(s) under this contract, and shall include all employees of the Contractor.
- D. "Subcontractor" shall mean one not in the employment of the Contractor, who is performing all or part of those services under this contract under a separate contract with the Contractor. The terms "Subcontractor" and "Subcontractors" mean Subcontractor(s) in any tier.

ACCESS TO DATA AND OWNERSHIP – Subject to the terms below, the Contractor shall provide access to data generated under this contract to NASACT and to the legislative committees and/or other internal state government officials which oversee the contracting state's audit and to the contracting state's auditor, if applicable, at no additional cost. This includes access to all information that supports the findings, conclusions, and recommendations of the Contractor's reports, including computer models and methodology for those models. NASACT and the participating states shall have a perpetual, non-exclusive license to utilize the reports provided by Hackett and may disclose reports provided by Hackett or generated by Hackett data collection tools to those legislative committees and/or other internal state government officials which oversee the contracting state's audit and to such contracting state's auditor, if applicable, at no additional cost, provided that NASACT discloses the ownership and rights related to the Hackett reports to all disclosed parties. Notwithstanding the foregoing, the data collection tool, definitions, questionnaires, process taxonomy, database, research and programs are proprietary to Hackett and are Hackett's trade secrets. Subject to each state's open record laws and as specifically provided in any SOW, NASACT and the participating state agree that these trade secrets will be held in strict confidence by NASACT and any participating state, its officers, and employees, that they will utilize the same degree of care with respect to the Hackett Process Taxonomy and data collection tools as each utilizes with its own confidential information to prevent the unauthorized disclosure to third parties (but no less than a reasonable degree of care), and that NASACT and any participating state will either return or destroy all copies of the Hackett Process Taxonomy and data collection tools upon Hackett's request. Hackett shall remain the exclusive owner of all right, title and interest in and to this proprietary information and trade secrets, and each of their component parts, now in existence or hereafter developed, including all copyrights thereto, in whatever medium in which they are embodied. Hackett agrees not to publish the data of any participating state in a format that identifies the information as that of the participating state. However, each state shall retain ownership of its individual data.

Marketing

- Hackett may reference a State as a client on its website.

- Hackett may reference a State in its benchmark sales material – state logos will be used to represent who has contributed data into our database. However, state seals may not be used without the prior written consent of the participating state.
- Hackett occasionally produces Press Releases/Case Studies on specific client organizations. A unique client would not be referenced without expressed written consent.
- Hackett will sometimes present at Conferences and Seminars. Hackett will leverage State logos to describe client participants, but will not reference explicit benchmark outcomes without prior written consent.

Benchmark/ Advisory/ Transformation Services

- State data will be contributed to Hackett's database. State data used within Public Sector and State peer groups – both standard and custom. Individual performance data will never be isolated and shared with any organization. Hackett will only use State information in aggregate, as part of a broader peer group population
- State data may be leveraged as part of our World-Class annual data cut process. This process is leveraged to identify those organizations that have achieved World Class performance – balancing first quartile efficiency with first quartile effectiveness. If a state is determined to exhibit World-Class performance then it will be included in the WC peer group and associated metrics produced for World-Class will come from that State and other organizations, but will never uniquely identify a unique organization without the express written consent of the State.
- Hackett regularly publishes research around business challenges, themes/ trends and solutions to enable World-Class. Research may concentrate on specific geographies/industries and examines business challenges/trends/ themes. Similar to the data cuts, the State data would be part of a broader population of organizations for trending and analysis. No one State would ever be uniquely identified.
- Hackett's advisory service often puts clients in touch with one another under our "Peer to Peer" program. Hackett would only broker such an interaction if a State becomes a Hackett Advisory member, or provides a written documentation requesting such an interaction.

ADVANCE PAYMENTS PROHIBITED – Unless otherwise provided in the SOW, no payments in advance of or in anticipation of goods or services to be provided under this contract shall be made by NASACT.

ASSIGNMENT – Other than as provided for in this agreement or any SOW, the work to be provided under this Agreement, and any claim arising hereunder, is not assignable or delegable by either party in whole or in part, without the express prior written consent of the other party, which consent shall not be unreasonably withheld.

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

CONFIDENTIALITY / SAFEGUARDING OF INFORMATION - Subject to each Client's open record laws and as specifically provided in any SOW, neither party shall use or disclose any information concerning the other, including any contracting state, or information which may be classified as confidential, for any purpose not directly connected with the administration of this contract, except with prior written consent of the disclosing party, or as may be required by law or administrative process. Notwithstanding the foregoing, Hackett shall be permitted to use and

publish certain information gathered in connection with its work under any SOWs in Hackett Programs as now or in the future conducted, which may include the aggregated results of the data analysis and research, and the reports generated in connection with the Hackett Programs for its own business, provided Hackett shall not publish such information in the Hackett Programs or related publications in a way that identifies NASACT or any participating state. However, each state shall retain ownership of its individual data.

CONFLICT OF INTEREST - NASACT may, in its sole discretion, by written notice to the Contractor terminate this contract if it is found after due notice and examination by the Agent that there is a violation of NASACT's Procurement Policy for Cooperative Agreements, Section 6, involving the Contractor in the procurement of, or services under this contract. In addition, NASACT may terminate any SOW if it receives notice of a conflict of interest from any participating state.

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

COPYRIGHT PROVISIONS – Except for the reports provided by Hackett or generated by Hackett data collection tools, or unless otherwise provided, all Materials produced under this contract shall be considered "works for hire" as defined by the U.S. Copyright Act and shall be owned jointly by NASACT and each contracting state. NASACT shall be considered the author of such Materials. In the event the Materials are not considered "works for hire" under the U.S. Copyright laws, Contractor hereby irrevocably assigns all right, title, and interest in Materials, including all intellectual property rights, to NASACT effective from the moment of creation of such Materials.

Materials means all items in any format and includes, but is not limited to, data, reports, documents, pamphlets, advertisements, books, magazines, surveys, studies, computer programs, films, tapes, and/or sound reproductions. Ownership includes the right to copyright, patent, register and the ability to transfer these rights.

For Materials that are delivered under the contract, but that incorporate pre-existing materials not produced under the contract, Contractor hereby grants to NASACT a nonexclusive, royalty-free, irrevocable license (with rights to sublicense others) in such Materials to translate, reproduce, distribute, prepare derivative works, publicly perform, and publicly display. The Contractor warrants and represents that Contractor has all rights and permissions, including intellectual property rights, moral rights and rights of publicity, necessary to grant such a license to NASACT. Any rights and materials specific to a contracting state's project will be transferred from NASACT to that state.

The Contractor shall exert all reasonable effort to advise NASACT or the participating state, as applicable, at the time of delivery of Materials furnished under this contract, of all known or potential invasions of privacy contained therein and of any portion of such document which was not produced in the performance of this contract. NASACT shall receive prompt written notice of each notice or claim of copyright infringement received by the Contractor with respect to any data delivered under this contract. NASACT shall have the right to modify or remove any restrictive markings placed upon the data by the Contractor.

COVENANT AGAINST CONTINGENT FEES - The Contractor warrants that no person or selling agent has been employed or retained to solicit or secure this contract upon an agreement or understanding for a commission, percentage, brokerage or contingent fee, excepting bona fide employees or bona fide established agents maintained by the Contractor for the purpose of securing business. NASACT shall have the right, in the event of breach of this clause by the Contractor, to annul this contract without liability or, in its discretion, to deduct from the contract price or consideration or recover by other means the full amount of such commission, percentage, brokerage or contingent fee.

DISPUTES - Except as otherwise provided in this contract, when a dispute arises between the parties and it cannot be resolved, either party may request a dispute hearing with (Agent). Disputes shall be resolved as quickly as possible. In the event of a dispute between Contractor and a participating state, NASACT will assign its rights to pursue remedies under the applicable SOW to either the Contractor or the participating state.

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

NASACT and Contractor agree that, the existence of a dispute notwithstanding, they will continue without delay to carry out all their respective responsibilities under this contract which are not affected by the dispute. Both parties agree to exercise good faith in the dispute resolution and to settle disputes prior to using the dispute resolution panel whenever possible.

GOVERNING LAW - This contract shall be construed and interpreted in accordance with the laws of the Commonwealth of Kentucky, and the venue of any action brought hereunder shall be in the Superior Court for Fayette County. SOWs shall be construed and interpreted in accordance with the laws of the participating state and the venue of any action brought hereunder shall be in the state or federal courts of the participating state.

INDEMNIFICATION - To the fullest extent permitted by law, the Contractor shall indemnify, defend, and hold harmless NASACT and all officials, agents and employees of NASACT, from and against all claims for injuries or death arising out of or resulting from the performance of the contract. Contractor's obligation to indemnify, defend and hold harmless includes any claim by Contractor's agents, employees, representatives, or any subcontractor or its employees.

Contractor expressly agrees to indemnify, defend, and hold harmless NASACT for any claim arising out of or incident to Contractor's or any subcontractor's performance or failure to perform

the contract (i) related to the negligence or willful misconduct of Contractor, or its officers, employees and/or agents, or (ii) related to claims by any of Contractor's employees for injuries or damages under the workmen's compensation or similar acts, (iii) incurred by NASACT based on any claim that any materials provided by Contractor under the Agreement or use thereof by Contractor in accordance with this Agreement infringes any patent, copyright, trademark, trade secret or other proprietary right of any third party. Contractor shall be required to indemnify, defend and hold harmless NASACT only to the extent claim is caused in whole or in part by negligent acts or omissions of Contractor.

If Contractor or any of its affiliates, or any of their respective officers, directors, employees, agents, subcontractors or shareholders, is ever liable to NASACT for one or more breaches, disputes, controversies or claims arising under or in connection with Services provided hereunder (whether any such breach, dispute, controversy or claim is based upon contract, tort, statute, equity or any other legal theory), except for claims for personal injury arising out of Contractor's willful misconduct or negligence and/or Contractor's infringement of a third party intellectual property rights, then, (i) the cumulative amount of all damages and penalties, if any, recoverable by NASACT and any single participating state, in the aggregate, for all such breaches, disputes, controversies and claims will not exceed an amount equal to two times the total amount paid or payable under the SOW from which the breach, dispute, controversy or claim arose.

In no event will Contractor or any of its affiliates, or any of their respective officers, directors, employees, agents, shareholders or subcontractors, be liable to NASACT or any other person for (i) any special, indirect, incidental or consequential damages, even if Contractor or such other person has been advised of the possibility of such damages, (ii) punitive damages, loss of anticipated profits, savings or business, loss of commercial reputation or other economic loss, or (iii) damages that could have been avoided, using reasonable diligence, by NASACT or such other person.

INDEPENDENT CAPACITY OF THE CONTRACTOR - The parties intend that an independent contractor relationship will be created by this contract. The Contractor and his or her employees or agents performing under this contract are not employees or agents of NASACT. The Contractor will not hold himself/herself out as or claim to be an officer or employee of NASACT by reason hereof, nor will the Contractor make any claim of right, privilege or benefit which would accrue to such employee under law. Conduct and control of the work will be solely with the Contractor.

INDUSTRIAL INSURANCE COVERAGE - NASACT may require the Contractor to provide proof of adequate worker's compensation and public liability insurance coverage before entering into a contract. Additionally, NASACT may require, at its sole discretion, the Contractor to provide proof of adequate professional malpractice liability or other forms of insurance. Failure to provide evidence of such insurance coverage is a material breach and grounds for termination of the contract negotiations. Any insurance required by NASACT shall be in form and substance acceptable to NASACT.

LICENSING, ACCREDITATION AND REGISTRATION - The Contractor shall comply with all applicable local, state, and federal licensing, accreditation and registration requirements/standards, necessary for the performance of this contract.

LIMITATION OF AUTHORITY - Only the Agent or Agent's delegate by writing (delegation to be made prior to action) shall have the express, implied, or apparent authority to alter, amend, modify, or waive any clause or condition of this contract. Furthermore, any alteration,

amendment, modification, or waiver or any clause or condition of this contract is not effective or binding unless made in writing and signed by the Agent.

NONCOMPLIANCE WITH NONDISCRIMINATION LAWS - In the event of the Contractor's non-compliance or refusal to comply with any nondiscrimination law, regulation, or policy, this contract may be rescinded, canceled or terminated in whole or in part, and the Contractor may be declared ineligible for further contracts with NASACT. The Contractor shall, however, be given a reasonable time in which to cure this noncompliance. Any dispute may be resolved in accordance with the "Disputes" procedure set forth herein.

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

PRIVACY PROTECTION CLAUSE - Personal information collected, used or acquired in connection with this contract shall be used solely for the purposes of this contract. Contractor and its subcontractors agree not to release, divulge, publish, transfer, sell or otherwise make known to unauthorized persons personal information without the express written consent of NASACT and the contracting state or as provided by law. Contractor agrees to implement physical, electronic and managerial safeguards to prevent unauthorized access to personal information. Any breach of this provision may result in termination of the contract and the demand for return of all personal information. The Contractor agrees to indemnify and hold harmless NASACT for any damages related to the Contractor's unauthorized use of personal information.

For purposes of this provision, personal information includes but is not limited to information identifiable to an individual that relates to a natural person's health, finances, education, business, use or receipt of governmental services, or other activities, names, addresses, telephone numbers, Social Security numbers, driver's license numbers, financial profiles, credit card numbers, financial identifiers and other identifying numbers.

PUBLICITY - The Contractor agrees to submit to NASACT all advertising and publicity matters relating to this Contract which, in NASACT's judgment, NASACT's and the contracting state(s)' names can be implied or are specifically mentioned. The Contractor agrees not to publish or use such advertising and publicity matters without the prior written consent of NASACT and the contracting state(s).

RECORDS, DOCUMENTS, AND REPORTS - The Contractor shall maintain complete financial records relating to this contract and the services rendered including all books, records, documents, magnetic media, receipts, invoices and other evidence relating to this contract and performance of the services described herein, including but not limited to, accounting procedures and practices which sufficiently and properly reflect all direct and indirect costs of any nature expended in the performance of this contract. Contractor shall retain such records for a period of six years following the date of final payment. At no additional cost, these records, including materials generated under the contract, shall be subject at all reasonable times following reasonable prior written notice to inspection, review, or audit by NASACT, its auditors, and federal and state officials so authorized by law, rule, regulation, or agreement.

If any litigation, claim or audit is started before the expiration of the six (6) year period, the records shall be retained until all litigation, claims, or audit findings involving the records have been resolved.

REGISTRATION WITH DEPARTMENT OF REVENUE - The Contractor shall complete registration with the Revenue Cabinet of the Commonwealth of Kentucky and be responsible for payment of all taxes due on payments made under this contract.

RIGHT OF INSPECTION - The Contractor shall provide right of access to its facilities to NASACT, or any of its officers, or to any other authorized agent or official of any contracting state or the federal government, at all reasonable times following reasonable prior written notice, in order to monitor and evaluate performance, compliance, and/or quality assurance under this contract.

SAVINGS - In the event funding from state, federal, or other sources is withdrawn, reduced, or limited in any way after the effective date of this contract and prior to normal completion, NASACT may terminate the contract under the "Termination for Convenience" clause, without the ten day notice requirement, subject to renegotiation at NASACT's discretion under those new funding limitations and conditions.

SEVERABILITY - The provisions of this contract are intended to be severable. If any term or provision is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity of the remainder of the contract.

SITE SECURITY - While on the premises of NASACT or a contracting state, the Contractor, its agents, employees, or subcontractors shall conform in all respects with physical, fire or other security regulations.

SUBCONTRACTING - Neither the Contractor nor any subcontractor shall enter into subcontracts for any of the work contemplated under this contract without obtaining prior written approval of NASACT.

TAXES - All payments accrued on account of payroll taxes, unemployment contributions, any other taxes, insurance or other expenses for the Contractor or its staff shall be the sole responsibility of the Contractor.

TERMINATION FOR CAUSE - In the event either party determines the other has failed to comply with the material conditions of this contract in a timely manner, such party has the right to terminate this Contract. The non-breaching party shall notify the other in writing of the need to take corrective action. If corrective action is not taken within 10 days, following written notice of a payment-related breach, then the contract may be terminated. For all other breaches, if corrective action is not taken within 30 days, following written notice, then the contract may be terminated. NASACT reserves the right to suspend all or part of the contract, withhold further payments, or prohibit the Contractor from incurring additional obligations of funds during the corresponding cure period while an investigation of the alleged compliance breach and pending corrective action by the Contractor is taken.

In the event of termination, the Contractor shall be liable for damages as authorized by law including, but not limited to, any cost difference between the original contract and the replacement or cover contract and all administrative costs directly related to the replacement contract, e.g., cost of the competitive bidding, mailing, advertising and staff time. The termination shall be deemed to be a "Termination for Convenience" if it is determined that the Contractor: (1) was not in default, or (2) failure to perform was outside of his or her control, fault or negligence. The rights and remedies of NASACT provided in this contract are not exclusive and are in addition to any other rights and remedies provided by law.

TERMINATION FOR CONVENIENCE - Except as otherwise provided in this contract, NASACT may, by 30 days prior written notice, beginning on the second day after the mailing, terminate this contract, in whole or in part. If this contract is so terminated, NASACT shall be liable only for payment required under the terms of this contract or outstanding SOW for services rendered or goods delivered prior to the effective date of termination.

TERMINATION PROCEDURES - Upon termination of this contract, NASACT, in addition to any other rights provided in this contract, may require the Contractor to deliver to NASACT any property specifically produced or acquired for the performance of such part of this contract as has been terminated. The provisions of the "Treatment of Assets" clause shall apply in such property transfer.

NASACT shall pay to the Contractor the agreed upon price, if separately stated, for completed work and services accepted by NASACT, and the amount agreed upon by the Contractor and NASACT for (i) completed work and services for which no separate price is stated, (ii) partially completed work and services, (iii) other property or services which are accepted by NASACT, and (iv) the protection and preservation of property, unless the termination is for default, in which case NASACT shall determine the extent of the liability of NASACT. Failure to agree with such determination shall be a dispute within the meaning of the "Disputes" clause of this contract. NASACT may withhold from any amounts due the Contractor such sum as NASACT determines to be necessary to protect NASACT against potential loss or liability.

The rights and remedies of NASACT provided in this section shall not be exclusive and are in addition to any other rights and remedies provided by law or under this contract.

After receipt of a notice of termination, and except as otherwise directed by the Agent, the Contractor shall:

1. Stop work under the contract on the date, and to the extent specified, in the notice;
2. Place no further orders or subcontracts for materials, services, or facilities except as may be necessary for completion of such portion of the work under the contract that is not terminated;
3. Assign to NASACT, in the manner, at the times, and to the extent directed by the Agent, all of the rights, title, and interest of the Contractor under the orders and subcontracts so terminated, in which case NASACT have the right, at its discretion, to settle or pay any or all claims arising out of the termination of such orders and subcontracts;
4. Settle all outstanding liabilities and all claims arising out of such termination of orders and subcontracts, with the approval or ratification of NASACT to the extent NASACT may require, which approval or ratification shall be final for all the purposes of this clause;
5. Transfer title to NASACT and deliver in the manner, at the times, and to the extent directed by NASACT any property which, if the contract had been completed, would have been required to be furnished to NASACT;
6. Complete performance of such part of the work as shall not have been terminated by NASACT; and

7. Take such action as may be necessary, or as NASACT may direct, for the protection and preservation of the property related to this contract which is in the possession of the Contractor and in which NASACT have or may acquire an interest.

TREATMENT OF ASSETS -

- A. Title to all property furnished by NASACT shall remain in NASACT. Title to all property furnished by the Contractor, for the cost of which the Contractor is entitled to be reimbursed as a direct item of cost under this contract, shall pass to and vest in NASACT upon delivery of such property by the Contractor. Title to other property, the cost of which is reimbursable to the Contractor under this contract, shall pass to and vest in NASACT upon (i) issuance for use of such property in the performance of this contract, or (ii) commencement of use of such property in the performance of this contract, or (iii) reimbursement of the cost thereof by NASACT in whole or in part, whichever first occurs.
- B. Any property of NASACT furnished to the Contractor shall, unless otherwise provided herein or approved by NASACT, be used only for the performance of this contract.
- C. The Contractor shall be responsible for any loss or damage to property of NASACT which results from the negligence of the Contractor or which results from the failure on the part of the Contractor to maintain and administer that property in accordance with sound management practices.
- D. If any NASACT property is lost, destroyed or damaged, the Contractor shall immediately notify NASACT and shall take all reasonable steps to protect the property from further damage.
- E. The Contractor shall surrender to NASACT all property of NASACT prior to settlement upon completion, termination or cancellation of this contract.
- F. All reference to the Contractor under this clause shall also include Contractor's employees, agents or subcontractors.

WAIVER - Waiver of any default or breach shall not be deemed to be a waiver of any subsequent default or breach. Any waiver shall not be construed to be a modification of the terms of this contract unless stated to be such in writing and signed by NASACT.

EXHIBIT A
BENCHMARKING STATEMENT OF WORK (SOW)
between NASACT and The State of [INSERT]

This Statement of Work (SOW) is made and entered into by and between the National Association of State Auditors, Comptrollers and Treasurers ("NASACT") and State of [INSERT] (the "Participating State" or "State") under a Benchmark Contract by and between The Hackett Group, Inc. ("Hackett") and NASACT on behalf of all Participating States (the "Contract"), which Contract is hereby incorporated by reference herein.

NOW, THEREFORE, in consideration of the agreements contained herein, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, under the terms of the Contract, the Parties hereto agree as follows:

1) Background

States are able to select products/services based on their needs, objectives and timing. Hackett will work directly with the Participating States on delivery of these products/services, with NASACT providing administrative services coordination and overall program management.

2) Scope, Process & Timing

Benchmark Offerings consist of functional benchmark products in Finance, Human Resources/Payroll, Procurement and Information Technology.

The functional scope of the project will include:

- Finance
- Human Resources
- Procurement
- Information Technology

The taxonomy used for analyzing the performance of these functions is described in detail below.

The State's Finance Benchmark focuses on 8 process groups

Transactional	Compliance and Risk Management	Budgeting and Analysis	Management & Administration
<ul style="list-style-type: none"> ♦ Cash Disbursements <ul style="list-style-type: none"> ♦Accounts Payable ♦Travel and Expenses ♦Program Payables ♦ Revenue Cycle <ul style="list-style-type: none"> ♦Credit ♦Customer billing ♦Collections ♦Cash Application ♦ Accounting and External Reporting <ul style="list-style-type: none"> ♦Fixed Assets ♦Interfund/Interdepartmental Accounting ♦General Ledger Accounting ♦Project Grant and Cost Accounting ♦External Reporting 	<ul style="list-style-type: none"> ♦ Treasury Management <ul style="list-style-type: none"> ♦Cash Management ♦Capital and Risk Management ♦ Compliance Management <ul style="list-style-type: none"> ♦Regulatory Compliance and Auditing ♦Process Certification 	<ul style="list-style-type: none"> ♦ Budget Preparation and Reporting <ul style="list-style-type: none"> ♦Long Term Forecasting ♦Annual/BiAnnual budgeting ♦Budget and Performance Reporting ♦ Business analysis <ul style="list-style-type: none"> ♦Department/Program Analysis 	<ul style="list-style-type: none"> ♦ Finance Function Management <ul style="list-style-type: none"> ♦Function Oversight ♦Personnel Management ♦Policy and Procedures Oversight

The State Human Resources Taxonomy Focuses on 9 Process Groups

Process Category	Transactional	Employee Life Cycle	Planning and Strategy	Management and Administration
Process Group	<ul style="list-style-type: none"> ▪ Total Rewards Administration <ul style="list-style-type: none"> – Health and Welfare Administration – Pension and Savings Administration – Compensation Administration ▪ Payroll Services <ul style="list-style-type: none"> – Time and Attendance – Payroll Administration ▪ Data Management, Reporting, and Compliance <ul style="list-style-type: none"> – Compliance Management – EE Data Management – HR Reporting 	<ul style="list-style-type: none"> ▪ Staffing Services <ul style="list-style-type: none"> – Recruiting and Staffing – Exit Process ▪ Workforce Development <ul style="list-style-type: none"> – Learning and Development – Career Planning – Performance Management ▪ Organizational Effectiveness <ul style="list-style-type: none"> – Labor Relations Administration – Organization Design and Measurement – Employee Relations 	<ul style="list-style-type: none"> ▪ Total Rewards Planning <ul style="list-style-type: none"> – Benefits Planning – Compensation Planning ▪ Strategic Workforce Planning <ul style="list-style-type: none"> – Workforce gap assessment – Leadership gap assessment 	<ul style="list-style-type: none"> ▪ Function Management <ul style="list-style-type: none"> – Function oversight – Personnel management – Policy and procedures oversight

FTEs and costs will be captured at the process group and process level

The State Procurement Taxonomy focuses on 11 process groups that cover both the strategic and tactical processes of Procurement

Operations & Compliance		Sourcing & Supplier Management	Planning & Strategy
<ul style="list-style-type: none"> ▪ Supply Data Management <ul style="list-style-type: none"> – Supplier master management – Item master/content management – Catalog management – Contract master management ▪ Requisition and PO Processing <ul style="list-style-type: none"> – Requisition processing – Purchase order processing – Requisition and purchase order support 	<ul style="list-style-type: none"> ▪ Supplier Scheduling <ul style="list-style-type: none"> – Supply requirements review – Supplierscheduling – Order release – Inbound tactical supply management – Delivery coordination ▪ Receipt Processing <ul style="list-style-type: none"> – Materials and goods – Services ▪ Compliance Management <ul style="list-style-type: none"> – Internal Compliance Management – External Compliance 	<ul style="list-style-type: none"> ▪ Customer Management <ul style="list-style-type: none"> – External Customer Management – Internal Customer Management – Product Development and Design Support ▪ Sourcing Execution <ul style="list-style-type: none"> – Requirements definition and supplier bidding – Negotiation and supplier contract creation ▪ Supplier Management and Development <ul style="list-style-type: none"> – Supplier Management – Supplier Partnering 	<ul style="list-style-type: none"> ▪ Function Strategy and Performance Management <ul style="list-style-type: none"> – Strategic and operational planning ▪ Sourcing and Supply Base Strategy <ul style="list-style-type: none"> – Sourcing and Supply Base data gathering – Sourcing and Supply Strategy
Management & Administration <ul style="list-style-type: none"> ▪ Function Management <ul style="list-style-type: none"> – Function oversight – Personnel management – Policy and procedures oversight 			



The State Information Technology Taxonomy focuses on 11 process groups

Process Category	Technology Infrastructure	Application Management	Control and Risk Management*	Planning and Strategy	Management and Administration
Process Group	<ul style="list-style-type: none"> ▪ Infrastructure Management <ul style="list-style-type: none"> – Operations Management – Security Management – Disaster Recovery Planning ▪ End User Support <ul style="list-style-type: none"> – Help Desk – End User Training ▪ Infrastructure Development <ul style="list-style-type: none"> – Planning – Construct – Implement 	<ul style="list-style-type: none"> ▪ Application Maintenance <ul style="list-style-type: none"> – Application Support – Enhancement Delivery – Upgrade Execution ▪ Application Development and Implementation <ul style="list-style-type: none"> – Planning – Construct – Implement 	<ul style="list-style-type: none"> ▪ Quality Assurance <ul style="list-style-type: none"> – Change Management ▪ Risk Management <ul style="list-style-type: none"> – Audit and Compliance 	<ul style="list-style-type: none"> ▪ IT Business Planning <ul style="list-style-type: none"> – Alignment – Project Prioritization – Communication ▪ Enterprise Architecture Planning <ul style="list-style-type: none"> – Governance – Standards Management ▪ Emerging Technologies <ul style="list-style-type: none"> – Technology Evaluation 	<ul style="list-style-type: none"> ▪ Function Management <ul style="list-style-type: none"> – Function Oversight – Personnel Management – Policy and Procedures Oversight

* For comparison purposes, Control & Risk Management will be included in the Planning & Strategy Process Group



The Hackett Group will provide each Participating State with 2 reports:

1. A version which contains the Participating State data plus peer group and World - Class comparisons, metrics at each function level and a graphic of the World - Class Value Grid™ for each function benchmarked. This version maybe distributed internally to those legislative committees and/or other internal state government officials which oversee the contracting State's audit and/or budgeting process and to such contracting state's auditor, if applicable but not distributed at will nor posted for public viewing and will be marked Draft and/or Proprietary-as deemed necessary by the State. This report may also be shared with another contractor under state employment for additional follow on work as defined by Part B of this agreement.
2. A version that excludes any World - Class or peer group data or comparison, which can be distributed at will by the State and will be marked Final.

Marketing:

- Hackett may reference a State as a client on its website.
- Hackett may reference a State in its benchmark sales material – state logos will be used to represent who has contributed data into our database. However, state seals may not be used without the prior written consent of the participating state.
- Hackett occasionally produces Press Releases/Case Studies on specific client organizations. A unique client would not be referenced without expressed written consent.
- Hackett will sometimes present at Conferences and Seminars. Hackett will leverage State logos to describe client participants, but will not reference explicit benchmark outcomes without prior written consent.

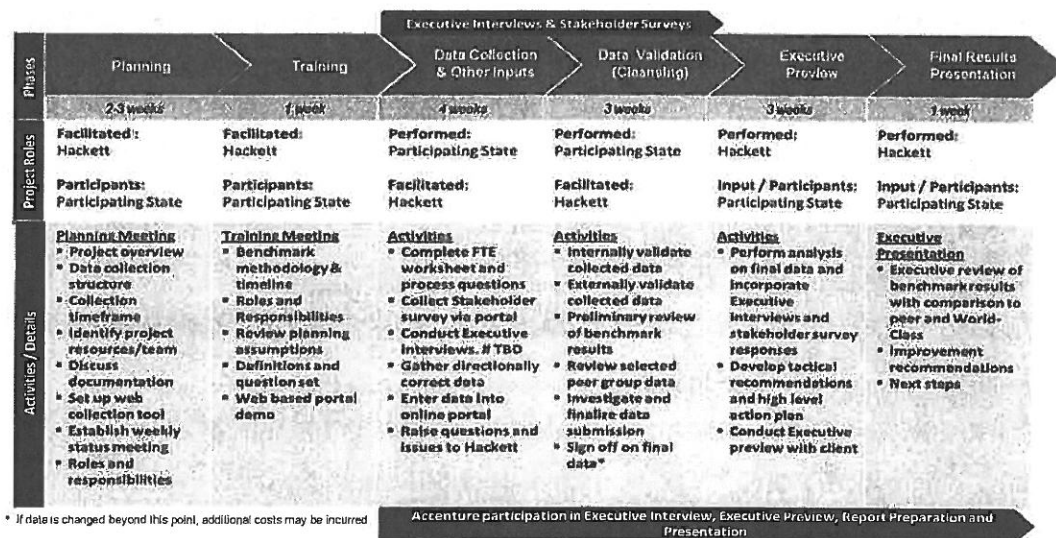
Benchmark/ Advisory/ Transformation Services:

- State data will be contributed to Hackett's database. State data used within Public Sector and State peer groups – both standard and custom. Individual performance data will never be isolated and shared with any organization. Hackett will only use State information in aggregate, as part of a broader peer group population.
- State data may be leveraged as part of our World-Class annual data cut process. This process is leveraged to identify those organizations that have achieved World-Class performance – balancing first quartile efficiency with first quartile effectiveness. If a state is determined to exhibit World-Class performance then it will be included in the WC peer group and associated metrics produced for World-Class will come from that State and other organizations, but will never uniquely identify a unique organization without the express written consent of the State.
- Hackett regularly publishes research around business challenges, themes/trends and solutions to enable World-Class. Research may concentrate on specific geographies/industries and examines business challenges/trends/themes. Similar to the data cuts, the State data would be part of a broader population of organizations for trending and analysis. No one State would ever be uniquely identified.
- Hackett's advisory service often puts clients in touch with one another under our "Peer to Peer" program. Hackett would only broker such an interaction if a State becomes a Hackett Advisory member, or provides a written documentation requesting such an interaction

Contract Manager for CONTRACTOR:	Contract Manager for STATE:
Company Name: The Hackett Group Contractor Name: Kathy Zupo Address: 1000 Abernathy Road, Suite 1400 City/State/Zip: Atlanta, GA 30328 Phone: (770) 225-7204 Fax: (770) 225-3650 Email address: kzupo@thehackettgroup.com	State Name: Contract Manager: Address: City/State/Zip: Phone: Fax: Email address:

As depicted in the chart below, our approach to the project will adhere to The Hackett Group's Benchmarking Methodology. It involves seven project phases. These include:

- Planning – Prepare for project execution through the development of the benchmark data collection strategy, team identification and recruitment, and finalization of project milestones.
- Training – Review Hackett benchmark methodology, project timeline, and provide training on Hackett data collection tools and process definitions.
- Data Collection – Completion of staffing level worksheets, transaction volumes, practices questionnaire, stakeholder surveys, and executive interviews.
- Data Validation – State validation of submitted data first, and then Hackett will perform its data validation exercise, with final data submission and state sign-off occurring at the end of this phase.
- Executive Preview – Provide a preliminary presentation of the benchmark results that includes draft analysis and recommendations as a starting point for refinement of the key themes, messages and opportunities.
- Final Results Presentation – Executive review of the final benchmark results including high level observations, recommendations and next steps.



Note: Time frames reflected in the above Benchmark Methodology chart reflect estimates to complete. The actual project timeline will be finalized during the planning phase.

Having executed thousands of benchmarks, The Hackett Group has a well-defined project methodology with is designed to ensure accurate and timely project execution while managing client resource requirements. Based on our experience in benchmarking, the expected duration of the benchmark would be 15-16 weeks from the initial planning sessions through to the presentation of the results to the executive sponsor.

Benchmarking engagements will now include six onsite meetings, as follows:

- Pre-planning Meeting with Steering Committee
- Pre-planning Meeting with Agency Coordinators
- Executive Interviews (when combined with pre-planning meetings)
- Onsite Training
- Preliminary Report
- Final Presentation

Each project phase is described in more detail in Sections A through F that follow:

A) Planning: Hackett advisors will facilitate a series of project planning discussions with the Executive Sponsor(s) and the State Project Director designated by the Project Sponsor. The topics covered in the planning meetings include a project overview, objectives and expectations, key statement of work elements, confirmation of scope, timing and key milestones, resource requirements, data collection location structure, data collection approach, project deliverables, data comparison groups, and currency considerations. As part of the planning activities, members of the Hackett team will also introduce the Hackett proprietary web-based data collection portal and automated collection tool, recommend an initial data collection location structure and deliver training on portal functionality and administration to the State's Project Manager.

Planning Deliverables / Outcomes:

- Scope confirmation
- Exclusions (agencies, departments, significant one-time costs, etc.)
- Confirmation of data collection time period
- Data collection strategy and confirmation of data collection location structure, question set assignment and currency per location
- Team member identification and assignments
- Map Hackett's taxonomy to State organization structure
- Identification of sources of critical information (i.e., fully loaded labor cost, technology cost, other cost, etc.)
- Project work plan and schedule
- Distribution of project training materials (Hackett's proprietary taxonomy and question sets)
- Confirmation of training session date, attendees and logistics

B) Training: The State training process is focused on delivering data collection training to the State. The Project Manager who will be responsible for the management of the project along with the individuals responsible for the collection of required data. A single training session will

be supported in person or remotely via webcast (and recorded to accommodate global operations and time-zone differences), if preferred. Training topics covered include: benchmark methodology and process, project communication and escalation process, critical project milestones, status update, process roles and responsibilities, planning assumptions, benchmark process definitions, question-set reviews, and a demonstration of the web-based data collection tools.

Training Deliverables / Outcomes:

- On-site Training Session for the portal (X sessions)
- Trained project team
- Revisions to key planning decisions as needed

C) Data Collection and Other Inputs: During this process, the state's data collection team will complete the benchmark question set. The State's Project Manager, along with the identified State data collection team is responsible for the timely, accurate, and consolidated collection of the State's data according to Hackett's benchmark taxonomy, terminology and guidance. The benchmark question sets focus on costs, staffing levels, activity volumes, and process and best practice adoption rates according to detailed definitions. Hackett advisors will facilitate and manage the data collection process remotely by answering questions and interpretations associated with the question set and providing the State's project manager with all necessary guidance. The State's team is responsible for submitting data in Hackett's benchmark project portal by the agreed upon date.

In addition to benchmark question-set completion, 2 – 3 Executive Interviews per function and the Stakeholder Survey will be conducted. The objectives of the Stakeholder Survey are to provide voice-of-the-customer feedback regarding the relative importance and related effectiveness of the services provided, current opinion and desired role of the function overall and other areas for improvement.

Data Collection Deliverables / Outcomes:

- Completed FTE worksheets
- Initial data submitted in the Hackett portal
- Completed executive interviews (2 - 3) per function
- Completed Stakeholder Surveys

D) Data Validation: Once the benchmark data has been submitted by the State's team, the combined State and Hackett joint-project team will initiate data validation.

There are two components to validation: 1) Internal state validation and 2) Hackett validation. The objective of the State's validation is to ensure first-time, high quality data submission through identification and resolution of major discrepancies during the latter stages of the data collection process. The state will leverage online data validation reports to validate key data submissions (e.g., staffing levels and costs, key practices). The objective of Hackett validation is to effectively communicate the State's submitted data issues for remediation and correction. The Hackett Project Manager will conduct a data validation meeting with the functional data collection team to review data validation items and provide guidance to enable data finalization.

No further material changes will be allowed after the signed Data Validation Confirmation Letter has been submitted to Hackett. If the State requests data changes after the submission of the

signed Data Validation Confirmation Letter, a project change request will be completed and associated fees will be required (see Appendix).

Data Validation Deliverables / Outcomes:

- Internally validated data submitted in the Hackett portal
- Data discrepancy documentation and preliminary benchmark results via Hackett portal reports
- Preliminary metrics showing comparisons to peer group and World-Class
- On-site data discrepancy review
- Final data submitted in the Hackett portal
- Signed Data Validation Letter signed by the State Project Manager, Director and/or Project Sponsor

E) Executive Preview: The objective of the Executive Preview process is to present the benchmark results to the Executive Sponsor(s). Upon conclusion of the data validation stage and final data sign-off, Hackett will initiate the functional benchmark deliverable development phase to create the final benchmark deliverable. Hackett advisors will perform an analysis of the final benchmark data, executive interviews and stakeholder surveys. The benchmark deliverable will include two comparisons: 1) peer group median and 2) World-Class.

The peer group is defined as organizations that share a similar scoring on a scale of business complexity and size. Hackett peer groups included in the benchmark deliverable are determined by function. The World-Class comparison is defined as organizations achieving top quartile scores in both efficiency and effectiveness performance metrics verified through ongoing Hackett studies.

In addition to comparisons provided for output performance metrics and best practices, the following are provided as part of the results:

- A cost gap analysis is provided by process area to both the peer group and World-Class comparisons to support the prioritization of improvement opportunities.
- Detailed metrics and benchmark comparisons are provided on transactional processes, including Purchase-to-Pay, Order-to-Cash, and Account-to-Report.

Executive Preview Deliverables and Outcomes:

- Detailed performance metrics with comparisons to peer group and World-Class
- Hackett Value Grid™
- Analysis of benchmark results, executive interviews, and stakeholder surveys
- Preliminary, high-level improvement recommendations
- Detailed metrics on transactional process from the Hackett Performance Exchange
- One review session to discuss Executive Preview

F) Results Presentation: The objective of this work step is to present the project results. This step includes an on-site, boardroom-level, results-oriented meeting with the state to present the final deliverable. In addition to providing the benchmark results, cost gaps by comparison, The Hackett Value Grid™, and process level analysis, Hackett advisors discuss the recommendations and facilitate the State's discussion.

Prior to the results presentation, the benchmark deliverable will be updated with any relevant feedback and edits from the executive preview.

Presentation Deliverables and Outcomes:

- 2 reports: 1- A version which contains the participating state data plus peer group and World-Class comparisons, metrics at each function level and a graphic of the World-Class Value Grid™ for each function benchmarked. This version may be distributed internally to those legislative committees with oversee the contracting State's audit and/or budgeting process and to such contracting state's auditor, if applicable but not distributed at will nor posted for public viewing and will be marked Draft and/or Proprietary-as deemed necessary by the State. This report may also be shared with another contractor under state employment for additional follow on work as defined by Part B of NASACT's Request for Proposals No. 11-01. 2- A version that excludes any World-Class or peer group data or comparison, which can be distributed at will by the State and will be marked Final.
- Hackett Value Grid™
- Analysis of benchmark results, executive interviews, and stakeholder surveys
- Business Case, Initiative Sequencing, Roadmap
- One On-site Final Presentation

3) Estimated Project Schedule

The project is estimated to take approximately 15 to 16 weeks. A final project timeline will be completed at the conclusion of the planning phase, which will define the dates that the State commits to for starting and completing the project. The expected start date is no later than XXX and is expected to be completed by the week of XXX.

Milestone	Responsible Party	Date - Month/Day
<input type="checkbox"/> Planning	State Project Manager and Hackett Group	2012 - 2012
<input type="checkbox"/> Training	State Project Manager and State Data Collection Team and Hackett Group	2012
<input type="checkbox"/> Data Collection & Other Inputs*	State Project Manager and Data Collection Team	2012 - 2012
<input type="checkbox"/> Weekly Status Calls	State Project Team and Hackett Group	Weekly
<input type="checkbox"/> Submission of Location Data in Portal	State Project Team	2012
<input type="checkbox"/> Internal Data Validation*	State Project Manager	2012 - 2012

<input type="checkbox"/> External Data Validation	Hackett Group	2012 - 2012
<input type="checkbox"/> Review of Data Discrepancies	Hackett Group and State Project Team	2012
<input type="checkbox"/> Data Discrepancies Resolution	State Project Team	2012 - 2012
<input type="checkbox"/> Data Declared Final*	State Project Manager	2012
<input type="checkbox"/> Sign-off on Final Data*	State Project Manager	2012
<input type="checkbox"/> Executive Preview	Hackett Group and State Project Sponsor and Project Manager	Week of 2012
<input type="checkbox"/> Final Executive Results Presentation	Hackett Group and State Leadership Team	Week of 2012

* If milestone dates are missed, the project timeline will likely be extended and additional project fees will be incurred dependant on the project and impact.

4) Project Organization and Staffing

The nature of this effort requires a dedicated, cross-functional project team. The Hackett Group firmly believes that a fully integrated State and Hackett team is a critical factor of a successful engagement. The project team will be comprised of both State and Hackett staff working together to develop the project deliverables. The following graphic and tables outline the organization of the teams and project responsibilities.

NOTE - Adjust % as required

Hackett Resources

Role	Responsibilities
Sales Executive	<ul style="list-style-type: none"> Manages overall account / sponsor relationship
Client Engagement Executive- Patty Miller	<ul style="list-style-type: none"> Overall account / sponsor relationship Advisor to Executive team and State relationship management Conducts Executive Interviews/Accenture participates Reviews recommendations and action plans/Accenture participates Delivery assurance

Hackett Project Manager -Matt Thompson	<ul style="list-style-type: none"> • Manages State Project Manager Relationship • Coordinates benchmark process • Finalize project assumptions (location structure, collection period, etc) • Facilitates State data validation • Leads weekly status call and discuss status memo • Performs data analysis/Accenture participates • Delivers benchmark results and next steps/Accenture Participates • Finalizes project assumptions (e.g., location structure, collection period, etc.) Accenture Participates
Functional Advisors- TBD	<ul style="list-style-type: none"> • Participate in Executive Interviews/Accenture participates • Perform data analysis for assigned function • Deliver benchmark results and next steps for assigned function/Accenture participates • Facilitate finalization of State data
Benchmark Competency Center-(BCC) Support	<ul style="list-style-type: none"> • Support the Client Project Director with project coordination and oversight • Provide training sessions/web-cast • Participate in weekly status calls • Support Project Director in resolving questions and/or issues • Identify data validation issues • Ensure adherence of data to Hackett definitions and taxonomy

State Resources

Role	Resource(s)	Effort	Responsibilities
Project Sponsor	<ul style="list-style-type: none"> • State Executive Sponsor 	<ul style="list-style-type: none"> • Available throughout the project (as needed) 	<ul style="list-style-type: none"> • Manages overall account / sponsor relationship
State Project Manager	TBD	<ul style="list-style-type: none"> • 1 resource is involved for full project life cycle <ul style="list-style-type: none"> • Planning-30% • Collection-75% • Validation-50% 	<ul style="list-style-type: none"> • Responsible for coordinating benchmark across all functions • Manage project scope according to the agreed upon timeline • Identify list of "Organization Unit, Regional, Functional and Data Coordinators" that will collect data and monitor their progress • Develop an internal communication strategy for

			<ul style="list-style-type: none"> questions and concerns • Develop an internal communication strategy for questions and concerns regarding the program answering general questions and coordinating Hackett responses • Communicate directionally correct approach for data collection • Conduct internal validation of submitted data • Communicate data validation issues to Organizational Unit, Regional Functional and Location Coordinators • Responsible for results presentation review coordination
	TBD	<ul style="list-style-type: none"> • Preplanning: 25-35 • Training: 4 hours/session • Data Collection: 10-20% • Data Validation: 40-50% 	<ul style="list-style-type: none"> • Manages State Project Manager Relationship • Coordinates benchmark process • Finalize project assumptions (location structure, collection period, etc) • Facilitates State data validation • Leads weekly status call and discuss status memo • Performs data analysis/Accenture participates • Delivers benchmark results and next steps/Accenture Participates • Finalizes project assumptions (e.g., location structure, collection period, etc.) Accenture Participates
Functional Coordinator			

Data Coordinators	TBD	<ul style="list-style-type: none"> • Training: 4 hours • Data Collection: 40-50% • Data Validation: 20-30% 	<ul style="list-style-type: none"> • Participate in a training session on Hackett's methodology and tools • Initiate data collection of costs, FTE's Best Practice questions • Upload FTE spreadsheets and necessary information into portal • Provide status updates as to collection progress • Follow up and correct validation issues
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5) Key Assumptions

The following general assumptions have been made in the development of Hackett's proposal and associated fee estimates. All fees and expenses set forth in this SOW are, therefore, contingent upon the accuracy of these assumptions, and are subject to change in the event that any such assumptions turn out to be incorrect. With this in mind, the following assumptions should be carefully reviewed by the State to verify accuracy:

- State will staff according to the profile listed in Staffing Plan section.
- Hackett will not be held responsible for delays in the timetable due to unavailability of data or resources from the State.
- Hackett project team will have access to required state staff during this engagement.
- State will provide a Project Manager to serve as a principal point of contact for the project.
- State will respond to Hackett requests for information, input and approvals in a timely fashion as spelled out in the work plan.
- Any additional requirements beyond those listed in the "Scope of Work" section will require review to determine impact to cost and schedule, before the additional or changed work is planned.
- All deliverables must be reviewed and approved, by the State within five business days of delivery.
- Project scope is limited by the agreed to Statement of Work.
- The state will provide adequate space, telephones, and Internet access needed to support the agreed to staffing levels of the Hackett team at the time of project start and going forward.
- The state will be responsible for State staff coordination during the project and will handle project management tasks such as status meetings and reporting, schedule management, and issue management.
- The State will provide a client-side Project Executive to serve as a principal point of contact for the project.

6) Responsibilities of Both Parties

The spirit of this engagement is one based on mutual advantage and partnership. In keeping with this, the following outlines each party's responsibilities in making this project a success.

Hackett Responsibilities

The Hackett Group will provide the skilled resources described above to support this project. We will work closely with The State's Executive Sponsor and Project Team to facilitate timely completion of tasks and the identification and resolution of issues. We will seek the approval of the state's Executive Sponsor for all material changes in the project and for deliverables in accordance with the Change Control process.

State Responsibilities

- The state will provide the overall business and technical guidance and direction for this project.
- The Hackett Group will have access to the State senior executives and functional leaders as required in order to conduct interviews to understand their business visions and applicable business requirements.
- The state will provide access to all appropriate necessary internal resources and will be responsible for the coordination of meetings and meeting schedules; and assumes responsibility for the attendance and participation of internal resources.
- The state will make available all relevant necessary documents that the State has assumed responsibility to provide and will respond to Hackett's reasonable requests for information, input and approvals in a timely fashion (e.g., control and process documentation, work products from past work with in-scope process areas).
- The State will mobilize resources as described in the Project Organization Section above, including the core team available to begin project work at the agreed to start date and Subject Matter Experts available for interviews and workshops.
- The Hackett Group will not be held responsible for delays in the timetable due to lack of data or necessary resources for which the State has assumed responsibility to provide.
- The state will create a Project Steering Committee to review project milestones and resolve issues on a timely basis.
- The State will provide a client-side Program Director to serve as a principal point of contact for the project. This individual will have authority to sign off on all deliverables and authorize milestone payments.
- All content will be in English and transactions in [US Dollars]. There is no international language support.
- The State is responsible for any required data scrubbing or cleansing of the data during data conversions or data imports.
- Hackett project team members will have access to all State buildings and facilities necessary to complete this body of work, including access outside of State normal business hours where feasible and adequate workspace, high-speed broadband Internet access, phones, and high-speed/high-volume printer access all provided by the State.
- Hackett will have timely access to appropriate State participants and decision-makers for the project to ensure that the project tasks can be performed within the agreed-upon period.

- Project plan signoff will lock in scope and project direction. Any changes will follow the documented project Change Control process.
- There will be a weekly project status meeting to address open issues and make key decisions. The format of the weekly status meeting will be mutually agreed upon between the State and Hackett at the start of the project.

7) Issue Management

Most issues encountered during a project are relatively easily resolved. However, occasionally a serious issue is encountered that, if left unresolved, could jeopardize project success. In the shared interest of keeping the project on schedule and on budget, it is essential that issues be managed well and receive timely management attention and decision-making.

The Hackett project manager will facilitate resolution of issues as the project unfolds. For each issue, the project manager will attempt to resolve the issue. If after a due diligence effort the project manager cannot resolve the issue, he or she will assign a level and escalate. The levels are assigned as follows:

Level	Description	Decision-maker	Time Limit	Action Taken Upon Time Limit Expiration
1	Likely to affect scope (schedule, budget, staff)	Client Sponsor	2 business days	Scope change order
2	Serious but resolvable within scope	Client Project Manager	5 business days	Adopt Hackett proposed resolution
3	Other	Client Project Manager	As Needed	Adopt Hackett proposed resolution

For the purposes of this process, issue levels are defined as follows:

Level 1 - The issue identifies an item in a deliverable that is inconsistent with the project scope as defined under this SOW. For example, an in-scope function is omitted from the Requirements Document.

Level 2 - The item identified by the issue is consistent with the project scope as defined under this SOW, but the item is nonetheless incorrect. For example, an in-scope function is included and consistent with the scope of work. During acceptance review, however, reviewers determine that the function needs to be changed.

Level 3 - The issue identifies a cosmetic issue that does not affect the correctness of the content as defined under this SOW. For example, a function is correctly described but a cut and paste has occurred. Although technically incorrect, the intended meaning is clear from the context.

Once the issue is escalated, the State decision maker or someone designated by the decision-maker has the specified time period ("Time Limit") to make a decision concerning potential resolution of the issue or to work out a plan to resolve the issue that is acceptable to both Hackett and the State. If that time period expires, then the issue will be escalated further to each party's management and for potential change under the Change Control process.

For the purposes of this process, an "issue" is defined as any obstacle that materially impedes the team's ability to accomplish the work described in this SOW and achieve the state's acceptance. "Resolution" is defined as a solution to an issue that is agreeable to both parties and is consistent with this SOW.

8) Change Control / Scope Management

The scope of work as specified in this SOW shall not change in any material aspect except where approved using the following process:

- The Hackett project manager and the State project manager review an issue and determine mutually that the resolution will lead to a change in scope, defined as a change that will have material impact on an objective, key tasks, tools and templates, deliverables, acceptance criteria, cost, schedule or staffing for one or more phases of the project ("Key Elements").
- The proposed change is documented in a scope change order, including the impact on schedule, cost and staffing or other Key Elements of the project.
- The scope change order is reviewed by the State Steering Committee or appointed representative, and approved by signing the change order.
- At this point, the change order becomes an addendum to this SOW.

A member of the State Executive Steering Committee will be granted full responsibility and authority to review and approve changes to this SOW.

This process also applies to deliverables once the Acceptance Signatory has formally accepted them according to the acceptance process described below.

9) Deliverable Acceptance

Deliverables shall be considered acceptable when they are "materially complete." Deliverables are materially complete when the Acceptance Signatory or designee has reviewed them, has identified issues, and the issues have been resolved by the Hackett Group.

The Acceptance Signatory will be notified in writing when a deliverable or set of deliverables is ready for acceptance review. In the event that the Acceptance Signatory does not respond in writing with acceptance or rejection within five business days of delivery, not including the State holidays, then the issue will be escalated further to each party's management and for potential change under the Change Control process.

10) Payment Terms & Expenses

The functional benchmark does allow for unlimited state agency participating as part of the standard pricing and scope for the benchmark, with data collected from those participating agencies are included in the final report.

The fee structure for all of the services set forth in this SOW is a flat fee basis and is governed by the NASACT Benchmarking Part A Contract signed in 2012. The total flat fee, not including applicable taxes and expenses, for the Project as defined in this Statement of Work is []. This flat fee structure is based on the scope, work activity, deliverables, project timetable, key assumptions, and staffing requirements defined in this document. Fees will be invoiced in accordance with this SOW and the NASACT Benchmarking Part A Contract, with payment due based on milestones defined in the contract. These are restated below:

As compensation for the Identified Services, the states agree to pay Hackett pursuant to the fee schedule set forth in each SOW and Project Selection. Hackett will provide the following billing schedule as part of the agreement.

Milestone: Defined below

Planning/Kick-off/Training	33.3% payment
Final Data submission	33.3%
Final Report delivered	33.4%

Milestone deliverables are defined below:

Planning /Kickoff/Training

Project Overview Discussion, Location structure discussion and determination, Data Collection timeframe determined, Identification of project team and resources needed to support data collection, Documentation discussion, explanation and delivery, Web Portal Data Collection Structure set up, Discussion & Training if needed for roles and responsibilities, Training on Benchmark methodology, timeline, FTE Worksheets, project management, distribution of questions sets and definitions, training on web portal data collection, training on how to run reports from the web portal.

Final Data-At the end of Final Data-The following activity will have occurred:

FTE worksheets will be completed, Process questions will have been completed. Weekly PM status calls and 24/7 support is in place to guide Benchmark data collection. The States internal data validation and Hackett's validation of the state's data will occur during this timeframe.

Final Report Delivered

Hackett performs analysis on the final data and incorporates executive interviews and stakeholder survey responses, develop high level observations and recommendations. Conduct executive preview with client. Schedule Executive Presentations.

Benchmark Fees

Benchmark Fees Finance, HR/Payroll, Procurement, IT	Contract Fees
1 Benchmark	\$88,000.00
2 Benchmarks	\$158,000.00
3 Benchmarks	\$231,000.00
4 Benchmarks	\$299,000.00

Consulting Rates

Hourly Consulting Rates in support of Benchmark Engagement	Fees
Project Director	\$450.00/hour
Project Manager	\$375.00/hour
Team Lead	\$325.00/hour
Team Analyst	\$250.00/hour

Additional Fees

Capability Maturing Model Assessment \$20,000.00/function

Project Delay Fees-

In the event that there is a delay caused by the client, Hackett will require fees to cover the delay.

- Delay fees are subject to negotiation with the individual state client and typically will not exceed 10% of the SOW.
- The Hackett Group will not be held responsible for delays in the timetable due to lack of data or necessary resources for which the state has assumed responsibility to provide.
- The Hackett Group will notify and seek the approval of Executive Sponsor for all material changes caused by Hackett in the project and for the delay of all deliverables in accordance with the Change Control process. The delays caused by Hackett will not cause a project delay fee for the State.

Extra Reports Fees-

Subject to negotiation with the individual state client, an extra report can be requested from Hackett. The reports typically do not exceed \$2,500.00.

Extra Reports are defined as a request from the State to create a new report that requires new analysis or a different view of the data than is specified in the SOW. For example: One of the departments within a State would like a report that just provides a view of their department compared to the State as a whole. e.g., The DOT would like their specific agency data compared to the State's data.

Extra On Site Results Briefing-

Some states have requested Hackett to present to the State legislature and other special committee meetings after presenting the findings of the Benchmarking Project at the Executive Presentation. Subject to negotiation with the individual state client, the extra briefing typically costs up to \$7,500.00 plus expenses.

Subject to the following:**Travel Expense Allowed**

1. All expenses (airfare, lodging, rental cars, meals, taxi, copies, fax, conference calls, cell phone calls, parking) will be billed as incurred, and will be capped at \$18,000 for the first function benchmarked and \$11,000 for each additional benchmark.
2. Only coach airfare rates will be used and Contractor will make sure of early purchase discounts when possible.
3. Per-diem rates will be capped at the CONUS meals and incidental rates for the relevant city.

Benchmarking engagements will include six onsite meetings, as follows:

- Pre-planning Meeting with Steering Committee
- Pre-planning Meeting with Agency Coordinators
- Executive Interviews (when combined with pre-planning meetings)
- Onsite Training
- Preliminary Report
- Final Presentation

Any change in scope and/or assumptions that may affect fees and expenses will be discussed and approved by the State and The Hackett Group prior to proceeding.

The Hackett Benchmarking Portal is provided as a component of the delivery tools used for the benchmark project. This tool is provided free of charge during the project and for one year following the delivery of benchmark results.

11) General and Contract Terms – Termination Provision

This SOW is governed by the Contract which is hereby incorporated into this SOW.

Termination. Either party may terminate this SOW without cause upon the giving of at least thirty (30) days' advance written notice to the other (provided, however, that all payment obligations incurred by Client to date shall be current at the time of such notice of termination) or upon an event of default that remains uncured after the thirtieth (30th) day after written notice, provided, however, that if Client decides to terminate this SOW for mere convenience, it understands and agrees that Hackett is under no obligation to refund or reimburse any fees paid and Client will remain liable for any unpaid program fees associated with the current periods contracted for by Client.

12) Special Terms Related to Intellectual Property Ownership & Use

Access to Data and Ownership – Subject to the terms below, Hackett shall provide access to data generated under this contract to NASACT and the Participating State and to the legislative committees and/or other internal state government officials which oversee the Participating State's audit and to the Participating State's auditor, if applicable, at no additional cost. This includes access to all information that supports the findings, conclusions, and recommendations of Hackett's reports, including computer models and methodology for those models. NASACT and the Participating State shall have a perpetual, non-exclusive license to utilize the reports provided by Hackett and may disclose reports provided by Hackett or generated by Hackett data collection tools to those legislative committees and/or other internal state government officials which oversee the Participating State's audit and to such Participating State's auditor, if applicable, at no additional cost, provided that NASACT and Participating State discloses the ownership and rights related to the Hackett reports to all disclosed parties. Notwithstanding the foregoing, the data collection tool, definitions, questionnaires, process taxonomy, database, research and programs are proprietary to Hackett and are Hackett's trade secrets. Subject to each Participating State's open record laws and as specifically provided in this SOW, NASACT and the Participating State agree that these trade secrets will be held in strict confidence by NASACT and Participating State, and their respective officers, and employees, that they will utilize the same degree of care with respect to the Hackett Process Taxonomy and data collection tools as each utilizes with its own confidential information to prevent the unauthorized disclosure to third parties (but no less than a reasonable degree of care), and that NASACT and Participating State will either return or destroy all copies of the Hackett Process Taxonomy and

data collection tools upon Hackett's request. Hackett shall remain the exclusive owner of all right, title and interest in and to this proprietary information and trade secrets, and each of their component parts, now in existence or hereafter developed, including all copyrights thereto, in whatever medium in which they are embodied. Hackett agrees not to publish the data of any participating state in a format that identifies the information as that of the participating state. However, the Participating State shall retain ownership of its individual data.

The undersigned Participating State understands and agrees that all materials provided and/or generated by Hackett (including reports) are for Participating State's internal business purposes only. Any external distribution of Hackett materials in any form that is not expressly specified herein, including but not limited to publication on Participating State's external Internet website or any website that Participating State controls, without Hackett's prior written consent (even with proper attribution of ownership) is strictly prohibited. These provisions will survive after the services described herein are rendered or Participating State's participation in the programs described herein expires or is terminated.

IN WITNESS WHEREOF, this SOW has been duly executed and delivered by the duly authorized officer of each of the Parties with effect as of the last date executed below.

PARTICIPATING STATE

Authorized Signature: _____

Name: _____

Title: _____

NASACT

Authorized Signature: _____

Name: _____

Title: _____