



ARLINGTON COUNTY, VIRGINIA
OFFICE OF THE PURCHASING AGENT
2100 CLARENDON BOULEVARD, SUITE 500
ARLINGTON, VIRGINIA 22201

CONTRACT AWARD COVERPAGE

TO:	MAXIMUS US SERVICES 808 MOOREFIELD DRIVE, SUITE 205 RICHMOND, VIRGINIA 23236	DATE ISSUED:	March 21, 2023
		CONTRACT NO:	23-DMF-R-573
		CONTRACT TITLE:	INDIRECT COST ALLOCATION SERVICES

THIS IS A NOTICE OF AWARD OF CONTRACT AND NOT AN ORDER. NO WORK IS AUTHORIZED UNTIL THE VENDOR RECEIVES A VALID COUNTY PURCHASE ORDER ENCUMBERING CONTRACT FUNDS.

The contract documents consist of the terms and conditions of AGREEMENT No. 23-DMF-R-573 including any attachments or amendments thereto.

EFFECTIVE DATE: March 21, 2023
EXPIRES: December 8, 2023
RENEWALS: FOUR (4) ADDITIONAL ONE-YEAR RENEWAL FROM DECEMBER 9, 2023, TO DECEMBER 8, 2027
COMMODITY CODE(S): 94611
LIVING WAGE: N

ATTACHMENTS:
AGREEMENT No. 23-DMF-R-573
ATTACHMENT A – Fauquier County and Fauquier County School Board contract # 20-21ksc, Cost Accounting Services

EMPLOYEES NOT TO BENEFIT:
NO COUNTY EMPLOYEE SHALL RECEIVE ANY SHARE OR BENEFIT OF THIS CONTRACT NOT AVAILABLE TO THE GENERAL PUBLIC.

<u>VENDOR CONTACT:</u>	JASON JENNINGS	<u>VENDOR TEL. NO.:</u>	(804) 823-8132
<u>EMAIL ADDRESS:</u>	JASONJENNINGS@MAXIMUS.COM		
<u>COUNTY CONTACT:</u>	KAREN SPENCE (DMF)	<u>COUNTY TEL. NO.:</u>	(703) 228-3419
<u>COUNTY CONTACT EMAIL:</u>	KSPENCE@ARLINGTONVA.US		

PURCHASING DIVISION AUTHORIZATION

NAME: JAVIER ITURRALDE **TITLE:** PROCUREMENT OFFICER **DATE:** MARCH 21, 20223



**ARLINGTON COUNTY, VIRGINIA
OFFICE OF THE PURCHASING AGENT
2100 CLARENDON BOULEVARD, SUITE 500
ARLINGTON, VA 22201**

RIDER AGREEMENT NO. 23-DMF-R-573

THIS AGREEMENT (hereinafter "Agreement") is made, on the date of its execution by the County, between **Maximus US Services** ("Contractor"), a Commonwealth of Virginia corporation with a place of business at 808 Moorefield Drive, Suite 205, Richmond, Virginia 23236 authorized to transact business in the Commonwealth of Virginia, and the County Board of Arlington County, Virginia ("County"). The County and the Contractor, for the consideration specified herein or specified in a County Purchase Order referencing this Agreement, agree as follows:

1. CONTRACT DOCUMENTS

The Contract Documents consist of this Agreement, Exhibit A: Fauquier County and Fauquier County School Board Contract 30-21ksc, together with all exhibits and amendments issued or applicable thereto (collectively, "Contract Documents" or "Contract"). This Agreement rides a contract awarded to the Contractor by Fauquier County and Fauquier County School Board and extended by the Contractor to the County on the same terms and conditions as the Contractor's agreement with Fauquier County and County School Board. Where the terms of this Agreement vary from the terms and conditions of the other Contract Documents, the terms and conditions of this Agreement shall prevail.

The Contract Documents set forth the entire agreement between the County and the Contractor. The County and the Contractor agree that no representative or agent of either of them has made any representation or promise with respect to the parties' agreement which is not contained in the Contract Documents.

2. CONTRACT TERM

The Contractor's provision of goods and services for the County ("Work") shall commence upon the execution of the Agreement by the County" and shall be completed no later than December 8, 2023 ("Contract Term"), subject to any modifications as provided for in the Contract Documents regarding the Contract Term. No aspect of the Work shall be deemed complete until it is accepted by the County's Project Officer.

Upon satisfactory performance by the Contractor, if the Fauquier County and Fauquier County School Board renews their agreement identified in Exhibit A, the County may elect to renew this Agreement under the same contract terms for four (4) one-year renewal periods from December 9, 2023, to December 8, 2026 ("Subsequent Contract Term"). However, if the Fauquier County and Fauquier County School Board does NOT renew their agreement identified in Exhibit A, this Agreement shall automatically expire on the contract expiration date.

3. PAYMENT

Payment will be made by the County to the Contractor within Thirty (30) days after receipt by the County Project Officer of an invoice detailing the Work provided by the Contractor and accepted by the County. All payments will be made from the County to the Contractor via ACH. Each invoice must certify that the invoice submitted is a true and accurate accounting of the work performed and goods and/or services provided and must be signed and attested to by the Contractor or authorized designee. The Project Officer will either approve the invoice or require corrections. The number of the County Purchase Order pursuant to which authority goods or services have been performed or delivered shall appear on all invoices.

4. SCOPE OF WORK

The Contractor agrees to perform the goods and/or services described in the Contract Documents (hereinafter "the Work"). The primary purpose of the Work is to furnish Indirect Cost Allocation Services.

The Contract Documents set forth the minimum Work estimated by the County and the Contractor to be necessary to complete the Work. It shall be the Contractor's responsibility, at the Contractor's sole cost, to provide the specific Work set forth in the Contract Documents sufficient to fulfill the purposes of the Work. Nothing in the Contract Documents shall be construed to limit the Contractor's responsibility to manage the details and execution of the Work.

5. PROJECT OFFICER

The performance of the Contractor is subject to the review and approval of the County Project Officer ("Project Officer") who shall be appointed by the Director of the Arlington County department or agency which seeks to obtain the Work pursuant to this Contract. However, it shall be the responsibility of the Contractor to manage the details of the execution and performance of its Work pursuant to the Contract Documents.

6. COUNTY PURCHASE ORDER REQUIREMENT

County purchases are authorized only if a County Purchase Order is issued in advance of the transaction. A Purchase Order must indicate that the ordering agency has sufficient funds available to pay for the purchase. Such a Purchase Order is to be provided to the Contractor by the ordering agency. The County will not be liable for payment for any purchases made by its employees without appropriate purchase authorization issued by the County Purchasing Agent. If the Contractor provides goods or services without a signed County Purchase Order, it does so at its own risk and expense.

7. NON-APPROPRIATION

All funds for payments by the County to the Contractor pursuant to this Contract are subject to the availability of an annual appropriation for this purpose by the County Board of Arlington County, Virginia. In the event of non-appropriation of funds by the County Board of Arlington County, Virginia for the goods or services provided under this Contract or substitutes for such goods or services which are as advanced or more advanced in their technology, the County will terminate the Contract, without termination charge or other liability to the County, on the last day of the then current fiscal year or when the appropriation made for the then current year for the services covered by this Contract is spent, whichever event occurs first. If funds are not appropriated at any time for the continuation of this Contract, cancellation will be accepted by the Contractor on thirty (30) days prior written notice, but failure to give such notice shall be of no effect and the County shall not be obligated under this Contract beyond the date of termination specified in the County's written notice.

8. COVID-19 VACCINATION POLICY FOR CONTRACTORS

Due to the ongoing COVID-19 pandemic, the County has taken various steps to protect the welfare, health, safety, and comfort of the workforce and public at large. As part of these steps, the County has implemented various requirements with respect to health and safety including policies with respect to social distancing, the use of face-coverings and vaccine mandates. To protect the County's workforce and the public at large, all employees and subcontractors of the Contractor who are assigned to this Contract, should be fully vaccinated against COVID-19. Any contractor employee or subcontractor who is not fully vaccinated should be following a weekly testing protocol as established by the Contractor, unless exempt pursuant to a valid reasonable accommodation under state or federal law.

9. APPLICABLE LAW, FORUM, VENUE AND JURISDICTION

This Contract and the work performed hereunder shall be governed in all respects by the laws of the Commonwealth of Virginia, and the jurisdiction, forum, and venue for any litigation with respect thereto shall be in the Circuit Court for Arlington County, Virginia, and in no other court. In performing its Work pursuant to this Contract, the Contractor shall comply with applicable federal, state, and local laws, ordinances and regulations.

10. NOTICES

Unless otherwise provided herein, all notices and other communications required by this Contract shall be deemed to have been given when made in writing and either (a) delivered in person, (b) delivered by an agent, such as an overnight or similar delivery service, or (c) deposited in the United States mail, postage prepaid, certified or registered, addressed as follows:

TO THE CONTRACTOR:

Jason Jennings, Director
Maximus US Services
808 Moorefield Park Drive, Suite 205
Richmond, Virginia 23236
Email: jasonjennings@maximus.com
Phone: (804) 823-8132

TO THE COUNTY:

Karen Spence, Project Officer
Arlington County, Virginia
2100 Clarendon Boulevard, Suite 500
Arlington, Virginia 22201
Email: kspence@arlingtonva.us
Phone: (703) 228-3419

AND

Dr. Sharon T. Lewis, LL.M, MPS, VCO, CPPB
Purchasing Agent
Arlington County, Virginia
2100 Clarendon Boulevard, Suite 500
Arlington, Virginia 22201
Phone: (703) 228-3294
Email: slewis1@arlingtonva.us

TO COUNTY MANAGER'S OFFICE (FOR PROJECT CLAIMS):

Mark Schwartz, County Manager
Arlington County, Virginia
2100 Clarendon Boulevard, Suite 318
Arlington, Virginia 22201

11. ARLINGTON COUNTY BUSINESS LICENSES

The Contractor must comply with the provisions of Chapter 11 ("Licenses") of the Arlington County Code, if applicable. For information on the provisions of that Chapter and its applicability to this Contract, the Contractor must contact the Arlington County Business License Division, Office of the Commissioner of the Revenue, 2100 Clarendon Blvd., Suite 200, Arlington, Virginia, 22201, telephone number (703) 228-3060, or e-mail business@arlingtonva.us.

12. COUNTERPARTS

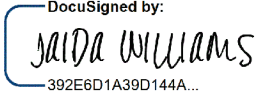
This Agreement may be executed in one or more counterparts and all of such counterparts shall together constitute one and the same instrument. Original signatures transmitted and received via facsimile or other electronic transmission, (e.g., PDF or similar format) are true and valid signatures for all purposes hereunder and shall be effective as delivery of a manually executed original counterpart.

WITNESS these signatures:

THE COUNTY BOARD OF ARLINGTON
COUNTY, VIRGINIA

MAXIMUS US SERVICES

AUTHORIZED SIGNATURE:  F3B19877EB39437...

AUTHORIZED SIGNATURE:  392E6D1A39D144A...

NAME: Javier Iturralde

NAME: Jaida williams

TITLE: Procurement officer

TITLE: Contract Specialist

DATE: 3/21/2023

DATE: 3/21/2023

EXHIBIT A

FAUQUIER COUNTY AND FAUQUIER COUNTY SCHOOL BOARD
Political subdivisions of the Commonwealth of Virginia
Contract # 30-21ksc, Cost Accounting Services

This Agreement is made and entered into this 9th Day of December 2021, by Fauquier County and the Fauquier County School Board, political subdivisions of the Commonwealth of Virginia, collectively referred to as "Owner" (such reference is for the matter of convenience only) and, **Maximus US Services, Incorporated**, having its principal place of business at **808 Moorefield Park Drive, Suite 205** hereinafter referred to as "Firm".

WITNESSETH that the Firm and the Owner, in consideration of the mutual covenants, promises and agreements herein contained, agree as follows:

SCOPE OF SERVICES: The Firm shall provide Cost Accounting Services to the Owner the as set forth in the Contract Documents.

COMPENSATION: The Owner will pay and the Contractor will accept in full consideration for the performance during the contract term the annual fees and, services as required based on the additional services hourly rates, as noted in their proposal and attached hereto.

CONTRACT PERIOD: Contract Period shall be one year from date of fully execute contract agreement, with the option to renew for an additional four (4) one year term if mutually agreed to by both parties in writing.

The contract documents shall consist of and are listed in order of priority:

- (1) This signed form inclusive of the attached Fee Schedule and Negotiated Terms;
- (2) RFP# 30-21ks dated February 12, 2021;
- (3) Firm's proposal dated March 16,7, 2021, all of which documents are incorporated herein.

IN WITNESS WHEREOF, the parties have caused this Contract to be duly executed intending to be bound thereby.

Maximus US Services, Inc.

Fauquier County and the Fauquier
County School Board, political subdivisions
of the Commonwealth of Virginia

By: Jaida Williams

By: Charles Ward
Charles Ward, MBA, CPM, VCO

Title: Paralegal

Title: Procurement Manager

Date: 1/19/2022

Date: 1/20/22



Via Electronic Mail

June 28, 2021

Ms. Kathy H. Stanley, CPPB, Senior Buyer
 Fauquier County Government and Public Schools
 320 Hospital Drive, Suite 23
 Warrenton, VA 20186

RE: Request For Proposal (RFP) 30-21ks – Cost Accounting Services

Dear Ms. Stanley:

Maximus US Services, Inc. (Maximus), a wholly owned subsidiary of Maximus, Inc., is pleased to submit our fixed price to provide Cost Allocation Plan (CAP) and Indirect Cost Proposal (ICRP) services to Fauquier County Government and Public Schools (County).

The efficiencies of our cost allocation processes honed over the last four decades allow us to competitively price projects and provide our services in an economical manner. We believe – and our clients will affirm – that we provide significant value to our clients in relation to our fees. Please find the completed Fixed Price Cost Allocation table below:

Fixed Price Cost Allocation

Fiscal Year	Performance Year	Total Firm Fixed Price
2021	2022	\$5,800
2022	2023	\$6,000
2023	2024	\$6,000
2024	2025	\$6,000
2025	2026	\$6,000

Labor Category

Labor Category Position	2022	2023	2024	2025	2026
Project Director	\$165	\$165	\$165	\$170	\$170
Project Manager	\$125	\$125	\$125	\$130	\$130
Quality Control/Tech Adv.	\$110	\$110	\$110	\$110	\$110
Project Consultant	\$75	\$75	\$75	\$80	\$80

We have included our contract exceptions in the County-provided form "Exceptions to RFP 30-21ks," as well as redline edits to the form "Division of Risk Management Insurance Checklist." Both of these forms are directly following this page.

Should you have any questions regarding this proposal pricing, please contact **Jason Jennings** at **804.823.8132** or via email at jasonjennings@maximus.com. For questions regarding contract exceptions please contact Jaida William at **804.823.8144** or via email at jaidawilliams@maximus.com.

Sincerely,



Nelson Clugston
Vice President, Financial Services
Maximus US Services, Inc.

**DIVISION OF RISK MANAGEMENT
INSURANCE CHECKLIST**

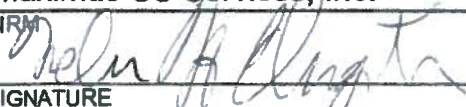
Items marked "X" are required to be provided if award is made to your firm.

<u>Required</u>	<u>Coverage Required</u>	<u>Limits</u> <u>(figures denotes minimum)</u>
<u>X</u>	1. Workers' Compensation and Employers' Liability; Admitted in Virginia Employers' Liability All States Endorsement USL & H Endorsement Voluntary Compensation Endorsement Best's Guide Rating-A-VIII or better or its equivalent	1. Statutory Limits of the Commonwealth of VA Yes \$100,000/\$500,000/\$100,000 Statutory Statutory
<u>X</u>	2. Commercial General Liability General Aggregate Products/Completed Operations Personal and Advertising Injury Fire Legal Liability Damage to Premises Rented to You Best's Guide Rating-A-VIII or better or its equivalent	2. \$1,000,000 (CSL) Each Occurrence \$2,000,000 \$2,000,000 \$1,000,000 \$50,000 Per Occurrence
<u>X</u>	3. Automobile Liability Owned, Hired, Borrowed & Non-owned Motor Carrier Act End. Best's Guide Rating-A-VIII or better, or its equivalent	3. \$1,000,000 combined Single Limit Bodily Injury and Property Damage Each Occurrence (note, symbol "1" on liability coverage)
<u>X</u>	4. Prof. Errors and Omissions Best's Guide Rating-A-VIII or better or its equivalent	4. \$1,000,000 (CSL) Each Claim
—	5. Garage Liability	5. \$1,000,000 CSL Each Occurrence
—	6. Garage Keeper's Legal Liability Best's Guide Rating-A-VIII or better, Or its equivalent	6. a) Maximum Value of One Vehicle b) Maximum Value of All Vehicles Held by Contractor
—	7. Umbrella Liability or its equivalent. Other Insurance:	7. \$1,000,000 Best's Guide Rating-A-VIII or better,
—	8.	
<u>X</u>	9. Auto and General Liability Policies shall be endorsed to name Fauquier County and Fauquier County School Board as additional insured (This coverage is primary to all other coverage The County may possess and must be shown on the certificate)	
<u>X</u>	10. The Contractor's insurers shall, according to each insurance policy's provisions, provide 30 days prior written notice of any policy cancellation or non-renewal for policies specified on this Checklist to Fauquier County in accordance with the timelines and stipulations in Code of Virginia §38.2-231.	
<u>X</u>	11. The Certificate must state Bid/RFP No. and Bid/RFP Title.	
<u>X</u>	12. Contractor shall submit Certificate of Insurance within five (5) business days from notification of award, and shall provide updated Certificates for the duration of the contract.	

OFFEROR STATEMENT

We understand the Insurance Requirements of these specifications and will comply in full if awarded this contract. [HBA note: we can comply with my changes above, and the changes above are based on what is actually written in our insurance policies]

Maximus US Services, Inc.

FIRM

 SIGNATURE

Revised 4/4/13, Proc/HR

RETURN THIS PAGE

EXCEPTIONS TO RFP 30-21ks, COST ACCOUNTING SERVICES

Name of Offeror: Maximus US Services, Inc.

Please list any deviations to RFP specifications below:

Section Title	Page Number	Explanation of exception and any proposed language
9.0 Ownership of Documents	8	<p><i>Maximus takes exception to the lack of protection for our existing proprietary software. To ensure that Maximus' proprietary software, which is not being licensed for this project, but which may be used in preparing cost allocation plans and the like, is fully and appropriately protected. Maximus therefore proposes to include the following language in any resulting contract:</i></p> <p><i>"To the extent that the Services provided by Contractor are generated by Contractor's proprietary software, nothing contained herein is intended nor shall it be construed to require Contractor to provide such software to County. County agrees that it has no claims of ownership, including copyright, patents or other intellectual property rights to Contractor's software. Nothing in this Contract shall be construed to grant County any rights to Contractor's materials created prior to the execution of this Contract. All of the deliverables under this Contract are specifically set out herein."</i></p>
30. PAYMENT TERMS	12	<p><i>Maximus policy states that all payment terms must be Net 30. Maximus proposes to revise the second paragraph of this section as follows:</i></p> <p><i>Unless otherwise provided in the solicitation payment will be made thirty (30) days after receipt of a proper invoice, or thirty (30) days after receipt of all goods or acceptance of work, whichever is the latter.</i></p> <p><i>1. Invoices for items/services ordered, delivered/performed and accepted shall be submitted by the Contractor directly to the payment address shown on the purchase order/contract. All invoices shall show the contract number, purchase order number, and any federal employer identification number.</i></p> <p><i>2. Any payment terms requiring payment in less than 45 days will be regarded as requiring payment 45 days after invoice or delivery, whichever occurs last. This shall not affect offers of discounts for payment in less than 45 days, however.</i></p>
33. DEFAULT	13	<p><i>Maximus proposes to revise this section as follows</i></p> <p><i>In case of failure to deliver goods or services in accordance with the contract terms and conditions, the Owner, after due oral or written notice, may procure them from other sources. This remedy shall be in addition to another remedies which the Owner may have.</i></p>
37. INDEMNIFICATION	13	<p><i>In the event a client or vendor requests that Maximus provide indemnification against damages, Maximus should, at a minimum, limit its obligations third-party claims and proven direct damages arising out of our negligence or willful misconduct. Therefore, Maximus proposes to revise the following section in any resulting contract:</i></p>

		<p>Contractor shall indemnify, keep and save harmless the Owner, its agents, officials, employees and volunteers against third-party claims of injuries, death, damage to property, patent claims, suits, liabilities, judgments, cost and expenses which may otherwise accrue against the Owner in consequence of the granting of a contract or which may otherwise result therefrom, if it shall be determined that the act was directly caused through negligence or error, or omission of the Contractor or his or her employees, or that of the subcontractor or his or her employees, if any; and the Contractor shall, at his or her own expense, appear, defend and pay all charges of attorneys and all costs and other expenses arising therefrom or incurred in connection therewith; and if any judgment shall be rendered against the Owner in any such action, the Contractor shall, at his or her own expenses, satisfy and discharge the same.</p>
<p>39. TERMINATION</p>	<p>14</p>	<p><i>Maximus should have the opportunity to cure or develop a plan to resolve any performance issues prior to termination for default. Having the opportunity to cure will save the County time, resources and money in avoiding a re-procurement. Maximus proposes to replace this provision with the following language:</i></p> <p><u>a. Termination for Cause.</u> Upon material breach of the terms of this Agreement, the non-breaching party shall provide written notice to the breaching party specifying the nature of the default. The breaching party shall have a minimum of 30 days from the date of receipt to cure any such default prior to the effective date of termination.</p> <p><u>b. Termination for Convenience.</u> Either party may terminate this Agreement without cause upon 60 days' prior written notice to the other.</p> <p><u>c. Rights Upon Termination.</u> Upon termination for whatever reason and regardless of the nature of the default (if any), County agrees to pay Consultant in full for all Services provided to Client under this Agreement, or any amendment thereto, as of the effective date of termination of the Agreement.</p>
<p>Litigation Reimbursement - RFP is silent</p>		<p><i>Maximus has been previously requested by the clients to assist in various stages of litigation without any guarantee of payment for those services. This provision is designed to ensure Maximus receives payment from the County in the event that Maximus provides assistance in unrelated third party litigation brought against the County. Maximus therefore proposes to include the following language in any resulting contract:</i></p> <p>"If Contractor is requested by County to produce Contractor deliverables, documents, records, working papers, or personnel for testimony or interviews with respect to this Contract or any services provided hereunder for any third party matter, litigation or otherwise, then County and Contractor shall execute a change order or new services contract for the sole purpose of setting forth any payment and the terms associated with Contractor's response and related to the reasonable fees of Contractor in responding. The foregoing does not: (1) diminish or negate Contractor's obligation to negotiate and defend all cost allocation plans and State mandated cost claims as specifically provided for under this Contract; or (2) apply in the event Contractor is compelled by subpoena from a third party to provide Contractor deliverables, documents, records, working</p>

		papers, or personnel for testimony or interviews.”
Data Accuracy - RFP is silent		<p><i>Maximus does not have an obligation to audit the County's data and shall be entitled to assume that data provided by the County is accurate. As such, Maximus proposes to include the following language in any resulting contract:</i></p> <p>“Contractor shall provide guidance to the County in determining the data required. The County represents that all financial and statistical information provided to Contractor by the County, its employees and/or agents is accurate and complete to the best of the County's knowledge. The County further acknowledges and agrees that Contractor shall be entitled to rely upon the accuracy and completeness of the data to perform the services. The County shall provide all such data in a timely manner sufficient to allow Contractor to provide the services. The Contractor shall have no liability to the County whatsoever if the County provides incomplete or inaccurate data or provides data in an untimely manner.”</p>
Audit Disallowances - RFP is silent		<p><i>Maximus has not been engaged to obtain a specific level of recoveries from the cost allocation plan. Rather, we have been hired to develop a plan that meets state and federal requirements and to defend that plan in any negotiation or audit. Similar to a tax attorney, Maximus cannot be responsible for an audit disallowance because Maximus has not promised a particular level of claims. Even if, for example, Maximus has performed its duties in accordance with the contract by developing a plan that is fully compliant with federal requirements, the federal negotiator may take a contrary position. That would not mean that Maximus position was in error or that Maximus made an omission; rather, the negotiator simply had a different view. Additionally, the County may be unjustly enriched if Maximus is liable for audit disallowances. For example, if Maximus mistakenly enters a \$10,000 cost that is allocated to a program as \$100,000 and there is an audit resulting in a disallowance of \$90,000, the County would not be harmed by such error. The County was only entitled to \$10,000, so it would not seem sensible for Maximus to pay the \$90,000 simply because of the error. Maximus defends its work at no additional cost to the County and will make the necessary changes to correct any errors we make that are uncovered during an audit at no cost. Therefore, it is important that the contract reflect that Maximus is not responsible for missed or lost revenue or audit disallowances. We therefore propose to include the following language in any resulting contract:</i></p> <p>“Contractor shall, upon notice of audit, make work papers and other records available to the auditors. Contractor's sole responsibility under an audit shall be to provide reasonable assistance to the County through the audit and to make those changes to the work product required as a result of the audit. Contractor shall not be liable for any audit disallowances or any missed or lost revenue associated with, or related to, the Services, regardless of cause.”</p>
Limitation of Liability – RFP is silent		<p><i>Placing a reasonable cap on our liability is a prudent business practice that we work with all of our clients to achieve in our contracts. It does not speak to our ability to, or confidence in, completing the services successfully. Limiting liability proportionally to the contract value does not create unreasonable risk for the County given Maximus' extensive experience and success in providing similar</i></p>

		<p>services and its solid financial standing. Therefore, Maximus proposes to include the following language in any resulting contract:</p> <p>“To the extent permissible by law, County agrees that Contractor's total liability to the State, or any third party, for any and all damages whatsoever arising out of, or in any way related to, this Contract from any cause, including but not limited to negligence, errors, omissions, strict liability, breach of contract or breach of warranty shall not, in the aggregate, the lesser of (a) the amount actually paid to Contractor during the contract year in which the claim rose, or (b) \$150,000.</p> <p>In no event shall Contractor be liable for indirect, special, incidental, economic, consequential or punitive damages, including but not limited to lost revenue, lost profits, replacement goods, loss of technology rights or services, loss of data, or interruption or loss of use of software or any portion thereof regardless of the legal theory under which such damages are sought even if Contractor has been advised of the likelihood of such damages, and notwithstanding any failure of essential purpose of any limited remedy.</p> <p>Any claim by County against Contractor relating to this Contract must be made in writing and presented to Contractor within one (1) year after the date on which Contractor completes performance of the services specified in this Contract. This provision shall not be deemed to alter any applicable statute of limitations under VA law for any claims, or causes of action arising hereunder.</p>

RETURN THIS PAGE

MAXIMUS US Services, Inc. ("Maximus" or "Consultant") is pleased to submit its proposal to the County of Fauquier, Virginia (the "County" or "Client"). Our submission in response to this solicitation shall not constitute a binding offer; and no contract shall form between MAXIMUS and the County as the result of the County's selection of MAXIMUS unless such contract contains mutually acceptable language, including, but not limited to a reasonable limit on our liability, termination, insurance, and indemnification obligations.

EXCEPTIONS TO RFP

Name of Offeror: MAXIMUS Consulting Services, Inc.

RFP Title: Cost Accounting Services

MAXIMUS Consulting Services, Inc. ("MAXIMUS" or "Contractor" or "Consultant") is pleased to submit its proposal to the Fauquier County Government and Public Schools, Finance Department (the "County" or "Firm"). Our submission in response to this solicitation shall not constitute a binding offer and no contract shall form between MAXIMUS and the County as a result of the County's selection of MAXIMUS, unless such contract contains mutually acceptable language, including, but not limited to a reasonable limit on our liability, termination, and indemnification obligations.

Term	Section/Page #	Explanation of exception and any proposed language
Insurance Requirements	RFP pg. 14, Sections 3 and 10 – Division of Risk Management— Insurance Checklist	<p><i>In accordance with our insurance policies and at the direction of our Risk Director, MAXIMUS proposes to revise this section to state the following:</i></p> <p>3. Automobile Liability Owned, Hired, Borrowed & Non-owned Motor Carrier Aet End (we are not in the trucking or shipping industry) Best's Guide Rating-A-VIII or better, or its equivalent</p> <p>3. \$1,000,000 combined Single Limit Bodily Injury and Property Damage Each Occurrence (note, symbol "1" on liability coverage)</p> <p>10. The Contractor's Insurers according to the policy provisions shall provide 30 days prior written notice of any policy cancellation for policies specified on this Checklist to Fauquier County and/or Fauquier County School Board in accordance with the timelines and stipulations in Code of Virginia Section 38.2-231.</p>
Additional Information	RFP pg. 6, Section 8.3	<p><i>MAXIMUS policy states that all payment terms must be Net 30. MAXIMUS proposes to revise the second paragraph of this section as follows:</i></p> <p>The Contractor will be paid on the basis of invoices submitted. Invoices shall include the following: the contract number, purchase order number, description of services rendered, and total amount due. Invoices shall be submitted to the Bill-To address as specified on the Owner's purchase order. Payment will be made thirty (30) days after receipt of a proper invoice.</p>
Payment Terms	RFP pg. 11, Section 30	<p><i>MAXIMUS policy states that all payment terms must be Net 30. MAXIMUS proposes to revise the this section as follows:</i></p> <p>30. PAYMENT TERMS: Unless otherwise provided in the solicitation payment will be made thirty (30) days after receipt of a proper invoice.</p> <p>a. Invoices for items/services ordered, delivered/performed and accepted shall be submitted by the Contractor directly to the payment address shown on the purchase order/contract. All invoices shall show the contract number, purchase order number, and any federal employer identification number.</p> <p>b. Any payment terms requiring payment in less than 30 days will be regarded as requiring payment 30 days after invoice. This shall not affect offers of discounts for payment in less than 30 days, however.</p>

Default	RFP pg. 11, Section 33	<p><i>MAXIMUS proposes to revise this section as follows:</i></p> <p>33. DEFAULT: In case of failure to deliver goods or services in accordance with the contract terms and conditions, the Owner, after due oral or written notice, may procure them from other sources. This remedy shall be in addition to another remedies which the Owner may have.</p>
Indemnity	RFP pg. 12, Section 37	<p><i>MAXIMUS proposes to revise the first paragraph of this section as follows:</i></p> <p>“Contractor shall indemnify, keep and save harmless the County, its agents, officials, employees and volunteers from and against any and all third-party claims and resulting proven direct damages, liabilities and costs (including reasonable attorneys’ fees) to the extent proximately caused by the negligent actions or willful misconduct of the Contractor, its employees or agents; and the Contractor shall, at his or her own expense, appear, defend and pay all charges of attorneys and all costs and other expenses arising therefrom or incurred in connection therewith; and if any judgment shall be rendered against the County in any such action, the Contractor shall, at his or her own expenses, satisfy and discharge the same. Contractor expressly understands and agrees that any performance bond or insurance protection required by this contract, or otherwise provided by the Contractor, shall in no way limit the responsibility to indemnify, keep and save harmless and defend the Owner as herein provided. The Contractor shall not be responsible for any damages, liabilities or costs resulting from the negligence or willful misconduct of the County, its employees, consultants, or agents or any third party.”</p>
Termination	RFP pg. 12, Section 39	<p><i>MAXIMUS proposes to revise this section as follows:</i></p> <p>TERMINATION: Subject to the provisions below, either party may terminate this Agreement without cause upon sixty (60) days’ prior written notice to the other. Any contract cancellation notice shall not relieve the Contractor of the obligation to deliver and/or perform on all outstanding orders issued prior to the effective date of cancellation. In the event the Agreement is so terminated by the Owner, the Owner shall reimburse Contractor for all reasonable costs incurred by Contractor due to such early termination.</p> <p>A. <u>Termination for Cause:</u> Upon material breach of the terms of this Agreement, the non-breaching party shall provide written notice to the breaching party specifying the nature of the default. The breaching party shall have thirty (30) days (or such longer period as the parties may mutually agree upon) from the date of receipt to cure any such default prior to the effective date of termination. Any notice of default shall be delivered by certified mail or overnight courier.</p> <p>B. <u>Termination Due to Unavailability of Funds in Succeeding Fiscal Years:</u> When funds are not appropriated or otherwise made available to support continuation of performance in a subsequent fiscal year, the contract shall be canceled.</p> <p>C. <u>Rights Upon Termination.</u> Upon termination for whatever reason and regardless of the nature of the default (if any), the Owner agrees to pay Consultant in full for all goods and/or services provided to Client under this Agreement, or any amendment thereto, as of the effective date of termination of the Agreement.</p>

Accuracy of Information	RFP is silent	<p><i>MAXIMUS takes exception to the absence of data accuracy language and proposes to include the following language in any resulting contract:</i></p> <p>“Contractor shall provide guidance to the County in determining the data required. The County acknowledges and agrees that the Contractor shall be entitled to rely upon the accuracy and completeness of the data provided by the County to perform the Services. The County shall provide all such data in a timely manner sufficient to allow the Contractor to provide the Services. Contractor shall have no liability to the County whatsoever if the County provides incomplete or inaccurate data or provides data in an untimely manner.”</p>
Limitation of Liability	RFP is silent	<p><i>MAXIMUS takes exception to the absence of a limitation of liability provision and proposes that any resulting contract include the following language:</i></p> <p>“The County agrees that Contractor’s total liability to the County for any and all damages whatsoever arising out of, or in any way related to, this Agreement from any cause, including but not limited to negligence, errors, omissions, strict liability, breach of contract or breach of warranty shall not, in the aggregate, exceed the lesser of (a) the amount actually paid to Contractor during the contract year in which the claim arose, or (b) \$150,000.</p> <p>In no event shall Contractor be liable for indirect, special, incidental, economic, consequential or punitive damages, including but not limited to lost revenue, lost profits, replacement goods, loss of technology rights or services, loss of data, or interruption or loss of use of software or any portion thereof regardless of the legal theory under which such damages are sought even if Contractor has been advised of the likelihood of such damages, and notwithstanding any failure of essential purpose of any limited remedy.</p> <p>Any claim by County against Contractor relating to this Agreement must be made in writing and presented to Contractor within one (1) year after the date on which Contractor completes performance of the Services specified in this Agreement.”</p>
Contractor Liability if Audited	RFP is silent	<p><i>MAXIMUS takes exception to the absence of audit disallowances language and proposes that any resulting contract include the following language:</i></p> <p>“The County represents that all financial and statistical information provided to Contractor by the County, its employees and/or agents is accurate and complete to the best of the County’s knowledge. Contractor shall, upon notice of audit, make work papers and other records available to the auditors. Contractor’s sole responsibility under an audit shall be to provide reasonable assistance to the County through the audit and to make those changes to the work product as required as a result of the audit. Contractor shall not be liable for any audit disallowances or any missed or lost revenue associated with, or related to, the Services, regardless of cause.”</p>

FAUQUIER COUNTY GOVERNMENT AND PUBLIC SCHOOLS
REQUEST FOR PROPOSAL RFP 30-21ksc, Cost Accounting Services

ISSUE DATE: February 12, 2021

RFP: 30-21ks

TITLE: **Cost Accounting Services**

ISSUED BY: Fauquier County Government and Public Schools ("Owner")
Procurement Division
320 Hospital Drive, Suite 23
Warrenton, VA 20186

USING DEPARTMENT: Fauquier County Finance Department

Sealed Proposals Will Be Received Until **March 17, 2021 at 3:00 p.m.**, For Furnishing the Services Described Herein.

All Inquiries For Information Should Be Directed To: Kathy H. Stanley, CPPB, Senior Buyer Phone: (540) 422-8354, E-mail: Kathy.stanley@fauquiercounty.gov, or Fax (540) 422-8355.

ALL QUESTIONS SHALL BE SUBMITTED NO LATER THAN 5 BUSINESS DAYS PRIOR TO THE PROPOSAL OPENING DATE

IF PROPOSALS ARE MAILED, SEND DIRECTLY TO ISSUING DEPARTMENT SHOWN ABOVE, IF PROPOSALS ARE HAND DELIVERED DELIVER TO: ALICE JANE CHILDS OFFICE BUILDING, 320 HOSPITAL DRIVE, 2ND FLOOR, SUITE 23, WARRENTON, VA, 20186. **DUE TO CONTINUED RESTRICTED PUBLIC ACCESS, THE AJC BUILDING IS OPEN BUT OFFERORS OR COURIERS MUST ANNOUNCE THEIR NAME/PURPOSE VIA BUZZER/SPEAKER AT THE 2ND FLOOR SECURE ENTRY DOOR FOR THEIR PROPOSAL TO BE ACCEPTED. ACCEPTANCE WILL OCCUR AT THAT SECURE DOOR AND MUST STILL OCCUR, PRIOR TO THE PROPOSAL DUE DATE AND TIME.**

In Compliance With This Request For Proposal And To All The Conditions Imposed Therein And Hereby Incorporated By Reference, The Undersigned Offers And Agrees To Furnish The Services In Accordance With The Attached Signed Proposal Or As Mutually Agreed Upon By Subsequent Negotiations.

Name and Address Of Firm:

Zip Code: _____

Date: _____

By: _____
(Signature in Ink)

Name: _____

Title: _____

FEI/FIN NO.: _____

Telephone Number: () _____

E-Mail Address: _____

Fax Number: () _____

*****RETURN THIS PAGE*****

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Reminder: Offerors shall NOT provide Fee Proposal with initial submission, only when requested.

1.0 PURPOSE:

The purpose and intent of this Request for Proposal (RFP) is to solicit sealed proposals from qualified Firms to establish a *Professional Services Contract*, through competitive negotiations, for one firm to provide cost accounting services for Fauquier County and the Fauquier County School Board in accordance with the terms, conditions, and specifications contained herein and attached hereto. This solicitation is issued for the Fauquier County Department of Finance by the Fauquier County Government and Public Schools Procurement Division on behalf of Fauquier County and the Fauquier County School Board, a political subdivision of the Commonwealth of Virginia, herein referred to collectively for convenience as "Owner" .

For ease of reference, each organization submitting a response to the Request for Proposal will hereinafter be referred to as an "Offeror". An Offeror whose proposal would result in a formal agreement will hereinafter be referred to as a "Firm".

The contents of the proposal submitted by the successful Offeror, this RFP (including general and special terms and conditions) and all modifications made thereof, will become part of any contract awarded as a result of this solicitation. The successful firm will be required to sign a contract with the Owner.

2.0 STATEMENT OF NEEDS:

The Owner's Comprehensive Annual Financial Report (CAFR), is completed no later than December 31st of each year. The Firm's and Owner's Finance staff shall determine a mutually agreeable time frame for services to be provided after completion of the CAFR, typically from February to March each year. The Firm shall prepare a fully documented plan in accordance with Uniform Administrative Requirements, Cost Principles, and Audit Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR Part 200) and commonly accepted cost accounting allocation and allowable principles and practices, and all applicable Federal and State directives. The Firm shall develop and prepare the plan based on the County's audited financial records.

- 2.1 The plan shall contain all required items as specified by Uniform Administrative Requirements, Cost Principles, and Audit Requirement for HHS Awards (45 CFR Part 75). At a minimum the plan shall include:
 - 2.1.1 Certification by a local official that the plan is prepared in accordance with applicable policies and procedures.
 - 2.1.2 The rates proposed, including subsidiary worksheets and other relevant data, cross-referenced and reconciled to the financial data.
 - 2.1.3 An organization chart showing all departments of the government even though some may not receive central services. The chart shall be accompanied by a functional statement noting the duties of all units that comprise the agency.
 - 2.1.4 A copy of the annual financial data upon which the rate is based.
 - 2.1.5 A summary of the allowable central service costs and allocations (double step-down on a fixed carry-forward basis) to benefiting operating departments.
 - 2.1.6 Items of expense included in the cost of central services reconciled to the financial statements submitted.

- 2.1.7 A description of the central services provided and their relevance to Federal projects, if not readily obvious.
- 2.1.8 The methods used in allocating the costs to benefiting departments or agencies.
- 2.1.9 Identification of departments rendering and receiving the service.
- 2.1.10 The approximate amount of direct base costs incurred under Federal Awards, broken out between salaries and wages and other direct costs.
- 2.1.11 For central services provided and billed to users, the plan shall describe the methodology utilized and the treatment of billed costs.

3.0 **TASKS TO BE PERFORMED:**

Qualified offerors are encouraged to submit a proposal to perform the following Task:

- 3.1 Develop and prepare a detailed indirect cost allocation plan in accordance with 2 CFR Part 200 and 45 CFR Part 75.
- 3.2 Develop and prepare indirect cost proposals as requested by the various federal grantor agencies in accordance with 2 CFR Part 200 and 45 CFR Part 75.
- 3.3 Review data collection worksheets, allocation bases, indirect cost pools, and methods of distributing costs for appropriateness and also to identify alternative methodologies which may favorably impact indirect cost recoveries.
- 3.4 Perform variation analysis of the plan with prior year plan to ensure reasonableness of the plan and provide explanation for major variances.
- 3.5 Present, negotiate and secure approval of the plan with the Director of Finance and with appropriate Federal and State agencies. The Firm will act as the County's advocate to secure the fairest plan for all concerned, consistent with the principles 2 CFR Part 200 and 45 CFR Part 75. Make necessary adjustments as requested.
- 3.6 Monitor first year recoveries: During the initial year, the Firm shall monitor application of the approved indirect costs to ensure all allowable recoveries are realized. This is necessary to ensure that the most important objective of this project, i.e., recovery of indirect costs, actually occurs
- 3.7 Review, evaluate and recommend revenue enhancement strategies for Federal and State supported programs.
- 3.8 Meet with the County for a review of the draft cost allocation plan. Document the results in a format acceptable to the Owner.
- 3.9 Provide additional miscellaneous cost accounting services needed or that may be requested in order for the Firm to provided and deliver a complete and accepted plan as requested and in accordance with the requirements provided herein.

4.0 **PROPOSAL PREPARATION AND SUBMISSION REQUIREMENTS:**

RFP Response. In order to be considered for selection, Offerors must submit a complete response to this RFP. ***One (1) original and three (3) copies, along with a CD or flash drive containing both the ORIGINAL proposal submission and, if applicable, the REDACTED proposal submission (per any proprietary sections identified on the form provided herein)*** of each proposal must be

submitted to the Procurement Division by the date and time noted. The Offeror shall make no other distribution of the proposal.

4.1 Proposal Preparation:

4.1.1 An authorized representative of the Offeror shall sign proposals. All information requested should be submitted. Failure to submit all information requested may result in the Owner requiring prompt submission of missing information and/or giving a lowered evaluation of the proposal. Proposals which are substantially incomplete or lack key information may be rejected by the Owner. Mandatory requirements are those required by law or regulation or are such that they cannot be waived and are not subject to negotiation.

4.1.2 Proposals should be prepared simply and economically, providing a straightforward, concise description of capabilities to satisfy the requirements of the RFP. Emphasis should be placed on completeness and clarity of content.

4.1.3 **Offerors shall organize their proposal in the order in which the requirements are presented in the RFP.** All pages of the proposal should be numbered. Each paragraph in the proposal should reference the paragraph number of the corresponding section of the RFP. It is also helpful to cite the paragraph number, and repeat the text of the requirement as it appears in the RFP. If a response covers more than one page, the paragraph number should be repeated at the top of the next page. The proposal should contain a table of contents, which cross-references the RFP requirements. Information which the offeror desires to present that does not fall within any of the requirements of the RFP should be inserted at an appropriate place or be attached at the end of the proposal and designated as additional material. Proposals that are not organized in this manner risk elimination from consideration if the evaluators are unable to find where the RFP requirements are specifically addressed. The Offeror's proposal should provide all the information that it considers pertinent to its qualifications for the project and which respond to the Statement of Needs described.

4.1.4 Each copy of the proposal should be bound or contained in a single volume where practical. All documentation submitted with the proposal should be contained in that single volume.

4.1.5 Ownership of all data, materials and documentation originated and prepared for the Owner pursuant to the RFP will belong exclusively to the Owner and be subject to public inspection in accordance with the Virginia Freedom of Information Act (FOIA). Trade secrets or proprietary information submitted by an Offeror shall not be subject to public disclosure under the Virginia FOIA; however, the Offeror must invoke the protections of §2.2-4342(D) of the Code of Virginia, in writing, on the form provided within this RFP either before or at the time the data or other material is submitted. As noted on the form, Offerors must specifically identify the data or materials to be protected and state the reasons why protection is necessary. The Owner reserves the right to ask for additional clarification prior to establishing protection. *Note: the Owner will not honor proposal submissions with a page footer declaring the entire proposal as Proprietary and Confidential; use the form provided to specifically request permissions for areas legally justified as proprietary.*

4.2 Specific Proposal Requirements: Proposals should be as thorough and detailed as possible so that the Owner may properly evaluate the Firm's capabilities to provide the required services. Offerors are required to submit the following items as a complete proposal:

- 4.2.1 Certification page and the return of this completed RFP and any addenda, acknowledgments, signed and filled out as required, including the Insurance Checklist and other required forms;
- 4.2.2 Project plan as outlined in the Statement of needs. Proposal should include at a minimum;
 - 4.2.2.1 Understanding of the Owners Requirements - This section should confirm the Offeror's understanding of this RFP and the tasks to be performed. In addition, it should clearly outline the scope and objectives of the proposed assistance as it relates to the scope and objectives of the tasks and the requested product deliverables;
 - 4.2.2.2 Approach and methodology to include compliance with 2 CFR Part 200 and 45 CFR Part 75. – This section should describe the recommended approach and workplan regarding the assistance to be provided. The Offeror should clearly distinguish tasks that the Offeror will undertake as distinguished from those that are the responsibility of the County. Absence of this distinction will mean the Offeror is fully assuming responsibility for all tasks. The proposal must address in depth the Offeror's plans to meet the requirements of each of the tasks and activities outlined in the "Statement of Needs" of this RFP. The workplan must discuss the staffing level(s) required to complete each task, as well as the relative effort that each member of the proposed project team will devote to the task. The workplan also must include a schedule of the time required to complete the task. The proposal should also discuss documentation and/or authorizations that will be required from the Owner anticipated problem areas, proposed solutions to the problem areas, etc.
 - 4.2.2.3 Management Plan; Identification of task milestones – In this section, the Offeror must present a plan that clearly explains how it will manage and control all proposed activities and the resulting timetable. The Firm must explain how the management and administrative processes will ensure that appropriate levels of attention are given so that work is properly performed and that milestones are met on a timely basis as proposed. The section should set forth beginning and ending dates, deliverables, and major milestones for a proposed timetable that coincides with the proposed workplan.
- 4.3 Completed Questionnaire attached, including all requested information in the format provided;
- 4.4 Provide a detailed explanation for any "Exceptions" taken on the form provided in this RFP, concerning the Statement of Needs, General Conditions or any part of the RFP; if no exceptions are taken, offeror can submit that notation on the form provided.
- 4.5 State Corporation Commission (SCC) registration requirements, effective July 1, 2010: Proposals shall include the identification number issued by the State Corporation Commission as proof of registration or justification for non-registration per the requirements in paragraph 45 of the General Conditions and Instructions to Bidders/Offerors. Complete and return the form provided to indicate the Offeror's State Corporation Commission Identification Number or justification for non-registration. The SCC may be reached at (804) 371-9733 or at www.scc.virginia.gov/default.aspx. Failure to include this form with the proposal submission may result in rejection of the proposal.
- 4.6 **No Initial Fee/Cost Proposal:** Offerors are reminded that this is a Professional Services proposal process; do NOT include any fee or cost information for the Firm, with the initial proposal response. The Owner will request non-binding fees in the form of a lump sum fee for

cost allocation and the Firm's hourly rate schedule, only after ranking the firms, further into the evaluation process.

5.0 **EVALUATION AND AWARD CRITERIA:**

5.1 Evaluation of Proposals: An Evaluation Committee will evaluate proposals based on the following criteria:

5.1.1 Demonstrates an understanding of the Statement of Needs, Scope of Work requirements and task to be performed including approach, methodology and milestones (management Plan) **(35 points)**

5.1.2 Offeror's expertise, qualifications, and experience in providing the services of similar size and scope specified as well as experience of personnel proposed to perform the services. **(35 points)**

5.1.3 Experience of the Firm in defending governments for audit disallowances under 2 CFR Part 200 and 45 CFR Part 75. **(20 points)**

5.1.4 Overall responsiveness to the RFP, required submittals, completion of all forms, including documentation proving financial status. **(10 points)**

5.2 **Award of Contract:**

The Owner shall engage in individual discussions with two or more Offerors deemed fully qualified, responsible and suitable on the basis of initial responses and with emphasis on professional competence, to provide the required services. Repetitive informal interviews shall be permissible, but may be scheduled as WebEx or teleconference interviews if warranted due to meeting restrictions. Such Offerors shall be encouraged to elaborate on their qualifications and performance data or staff expertise pertinent to the proposed services, as well as alternative concepts if applicable.

At the discussion stage, the Owner may discuss non-binding estimates of total service costs and, where appropriate, request non-binding estimates of price for services, which are not required with Offeror proposal submission. Proprietary information from competing Offerors shall not be disclosed to the public or to competitors. At the conclusion of the informal interviews, on the basis of evaluation factors published in the Request for Proposals and all information developed in the selection process to this point, the Owner shall select, in the order of preference, two or more Offerors whose professional qualification and proposed services are deemed most meritorious. Negotiations shall then be conducted, beginning with the Offeror ranked first. If a contract satisfactory and advantageous to the Owner can be negotiated at a price considered fair and reasonable, the award shall be made to that Offeror. Otherwise, negotiations with the Offeror ranked first shall be formally terminated and negotiations conducted with the Offeror ranked second, and so on, until such a contract can be negotiated at a fair and reasonable price.

Should the Owner determine in writing and in its sole discretion that only one Offeror is fully qualified, or that one Offeror is clearly more highly qualified and suitable than the others under consideration, a contract may be negotiated and awarded to that Offeror. The Owner reserves the right to cancel or reject any or all proposals, to waive any informalities in any proposal received and to negotiate and award a contract deemed to be in the Owner's best interest.

6.0 **CONTRACT PERIOD:**

The contract term shall be for a period of one (1) year from date of award through March 31, 2022. At the Owner's option, the contract may be renewed for four (4) additional one (1) year periods, under the terms of the current contract, and at a reasonable time (approximately 90 days) prior to the expiration. The Contract Fee Schedule may be adjusted at the end of the initial contract period (and at the end of each extension period, if applicable), upon mutual agreement of both parties. The adjustment to the fee schedule shall not exceed the percentage increase for the previous twelve (12) months in the Consumer Price Index, U.S. Cities average, Other Services, as adjusted, as published by the Bureau

of Labor Statistics, U.S. Department of Labor. Should this index be superseded, the Owner reserves the right to select another appropriate index.

7.0 PROJECT SCHEDULE:

The Firm shall commence services for the Cost Allocation Plans upon execution of contract, and thereafter on or before February 15th of each fiscal year, and shall provide the Owner a draft plan no later than April 1st of that fiscal year. The Firm shall provide a final plan to the Owner within thirty (30) calendar days from the date of the draft plan review meeting with the Owner..

8.0 INSURANCE:

By signing and submitting a proposal under this solicitation, the Offeror certifies that if awarded a contract, it will have the insurance coverage specified on the Insurance Checklist at the time the work commences. Additionally, it will maintain this coverage during the entire term of the contract and that all insurance coverage will be provided by insurance companies authorized to sell insurance in Virginia by the Virginia State Corporation Commission. During the period of the contract, the Owner reserves the right to require the Firm to furnish certificates of insurance for the coverage required with Fauquier County and Public Schools endorsed as additional insured.

9.0 OWNERSHIP OF DOCUMENTS:

Any reports, studies, photographs, negatives, or other documents prepared by the Firm in the performance of its obligations under this contract shall be the exclusive property of the Owner, and all such materials shall be remitted to the Owner by the Firm upon completion, termination or cancellation of the contract. The Firm shall not use, willingly allow, or cause to have such materials used for any purpose other than performance of Firm's obligations under this contract without the prior written consent of the Owner.

10.0 CONTRACT ADMINISTRATION:

The Fauquier County Department of Finance has been assigned responsibility for administration of the resulting contract. The Procurement Division has designated the Finance Director, or their designee, as the Contract Administrator. This individual is the interpreter of the conditions of the contract and the judge of its performance. The Contract Administrator will use all powers under the contract to enforce its faithful performance. The Contract Administrator will determine the amount, quality, acceptability, and fitness of all aspects of the work. Any modifications made must be authorized by the Procurement Division and issued as a written amendment to the Contract.

GENERAL TERMS, CONDITIONS AND INSTRUCTIONS TO BIDDERS/OFFERORS

Revised 7/19/2018

Vendor: These general rules and conditions shall apply to all purchases and be a part of each solicitation and every contract awarded by the Procurement Division, unless otherwise specified. The Procurement Division is responsible for the purchasing activity of Fauquier County and the Fauquier County School Board. The term "Owner" as used herein refers to the contracting entity which is the signatory on the contract and may be either Fauquier County, or the Fauquier County School Board, political subdivisions of the Commonwealth of Virginia, or both. Bidder/Offeror or their authorized representatives are expected to inform themselves fully as to the conditions, requirements, and specifications before submitting bids/proposals: failure to do so will be at the bidder's/offeror's own risk and except as provided by law, relief cannot be secured on the plea of error.

Subject to all Federal, State and local laws, policies, resolutions, regulations, rules, limitations and legislation, bids/proposals on all solicitations issued by the Procurement Division will bind bidders/ offerors to applicable conditions and requirements herein set forth unless otherwise specified in the solicitation.

1. **AUTHORITY**-Except as delegated in the Procurement Procedures Manual, the Purchasing Agent has the sole responsibility and authority for negotiating, placing and when necessary modifying every solicitation, contract and purchase order issued by the Owner. In the discharge of these responsibilities, the Purchasing Agent may be assisted by assigned buyers. Unless specifically delegated by the Purchasing Agent, no other Owner officer or employee is authorized to order supplies or services, enter into purchase negotiations or contracts, or in any way obligate the Owner for an indebtedness. Any purchase order or contract made which is contrary to these provisions and authorities shall be of no effect and void and the Owner shall not be bound thereby.
2. **COMPETITION INTENDED:** It is the Owner's intent that this solicitation permit competition. It shall be the Bidder's/Offeror's responsibility to advise the Purchasing Agent in writing if any language, requirement, specification, etc., or any combination thereof, stifles competition or inadvertently restricts or limits the requirements stated in this solicitation to a single source. The Purchasing Agent must receive such notification not later than five (5) business days prior to the deadline set for acceptance of the bids/proposals.

CONDITIONS OF BIDDING

3. **CLARIFICATION OF TERMS** – Unless otherwise specified, if any Bidder/ Offeror has questions about the specifications or other solicitation documents, the prospective Bidder/ Offeror should contact the buyer whose name appears on the face of the solicitation no later than five (5) business days prior to the date set for the opening of bids or receipt of proposals. Any revisions to the solicitation will be made only by addendum issued by the Buyer. Notifications regarding specifications may not be considered if received in less than five (5) business days of the date set for opening of bids/receipt of proposals.
4. **MANDATORY USE OF OWNER FORM AND TERMS AND CONDITIONS:** Failure to submit a bid/proposal on the official Owner form provided for that purpose shall be a cause for rejection of the bid/proposal. Unauthorized modification of or additions to any portion of the Invitation to Bid or Request for Proposal may be cause for rejection of the bid/proposal. However, the Owner reserves the right to decide, on a case by case basis, in its sole discretion, whether to reject any bid or proposal which has been modified.
5. **LATE BIDS/PROPOSALS & MODIFICATION OF BIDS/PROPOSALS:**
Any bid/proposal/modification received at the office designated in the solicitation after the exact time specified for receipt of the bid/proposal/modification is considered a late bid/proposal/modification. The Owner is not responsible for delays in the delivery of the mail by the U.S. Postal Service, private carriers or the inter-office mail system. It is the sole responsibility of the Bidder/Offeror to ensure their bid/proposal reaches the Procurement Division by the designated date and hour.
 - a. The official time used in the receipt of bids/ proposals is that time on the automatic time stamp machine in the Procurement Division.
 - b. Late bids/proposals/modifications will be returned to the Bidder/Offeror UNOPENED, if solicitation number, acceptance date and Bidder/Offeror's return address is shown on the container.
 - c. If the Owner closes its offices due to inclement weather scheduled bid openings or receipt of proposals will be extended to the next business day, same time.
6. **WITHDRAWAL OF BIDS/PROPOSALS:**
A Bidder/Offeror for a contract other than for public construction may request withdrawal of his or her bid/proposal under the following circumstances:
 - a. Bids/Proposals may be withdrawn on written request from the Bidder/Offeror received at the address shown in the solicitation prior to the time of acceptance.
 - b. Requests for withdrawal of bids/proposals after opening of such bids/proposals but prior to award shall be transmitted to the Purchasing Agent, in writing, accompanied by full documentation supporting the request. If the request is based on a claim of error, documentation must show the basis of the error. Such documentation may take the form of supplier quotations, vendor work sheets, etc. If bid bonds were tendered with the bid, the Owner may exercise its right of collection.

No Bid/Proposal may be withdrawn under this paragraph when the result would be the awarding of the contract on another bid/Proposal of the same bidder/offeror or of another bidder/offeror in which the ownership of the withdrawing bidder/offeror is more than five percent. In the case of Invitation for Bid's, if a bid is withdrawn under the authority of this paragraph, the lowest remaining bid shall be deemed to be the low bid. No bidder/offeror that is permitted to withdraw a bid/proposal shall, for compensation, supply any material or labor to or perform any subcontract or other work agreement for the person or firm to whom the contract is awarded or otherwise benefit, directly or indirectly, from the performance of the project for which the withdrawn bid/proposal was submitted.

7. **ERRORS IN BIDS/PROPOSALS** – When an error is made in extending total prices, the unit bid price will govern. Erasures in bids/proposals must be initialed by the bidder/offeror. Carelessness in quoting prices, or in preparation of bid/proposal otherwise, will not relieve the Bidder/Offeror. Bidders/Offerors are cautioned to recheck their bids/proposals for possible error. Errors discovered after public opening cannot be corrected and the bidder will be required to perform if his or her bid is accepted.

8. **IDENTIFICATION OF BID/PROPOSAL ENVELOPE:** The signed bid/proposal and requested copies should be returned in a separate envelope or package, sealed and identified with the following information:

ADDRESSED AS INDICATED ON PAGE 1

IFB/RFP NUMBER

TITLE

BID/PROPOSAL DUE DATE AND TIME

VENDOR NAME AND COMPLETE MAILING ADDRESS (RETURN ADDRESS)

If a bid/proposal is not addressed with the information as shown above, the Bidder/Offeror takes the risk that the envelope may be inadvertently opened and the information compromised, which may cause the bid/proposal to be disqualified. Bids/Proposals may be hand delivered to the designated location in the office issuing the solicitation. No other correspondence or other proposals should be placed in the envelope.

9. **ACCEPTANCE OF BIDS/PROPOSALS:** Unless otherwise specified, all formal bids/proposals submitted shall be valid for a minimum period of one hundred twenty (120) calendar days following the date established for acceptance. At the end of the one hundred twenty (120) calendar days the bid/proposal may be withdrawn at the written request of the Bidder/Offeror. If the proposal is not withdrawn at that time it remains in effect until an award is made or the solicitation is canceled.

10. **CONDITIONAL BIDS:** Conditional bids are subject to rejection in whole or in part.

11. **BIDDERS PRESENT:** At the time fixed for the opening of responses to a bid, bid contents will be made public for the information of bidders and other interested parties who may be present either in person or by representative. All bids will be opened at the time and place specified and read publicly. Bid tabulations are posted on the Procurement Division's Bulletin Board for a minimum of 10 days from award date. At the time fixed for the receipt of responses for Request for Proposals, only the names of the offerors will be read and made available to the public.

12. **RESPONSE TO SOLICITATIONS:** In the event a vendor cannot submit a bid on a solicitation, the vendor is requested to return the solicitation cover sheet with an explanation as to why the vendor is unable to bid on these requirements. Because of the large number of firms listed on the Owner's Bidders List, it may be necessary to delete from this list the names of those persons, firms or corporations who fail to respond after having been invited to bid for three (3) successive solicitations. Such deletion will be made only after formal notification of the intent to remove the firm from the Owner's Bidder's List.

13. **BIDDER INTERESTED IN MORE THAN ONE BID:** If more than one bid is offered by any one party, either directly or by or in the name of his or her clerk, partner, or other persons, all such bids may be rejected. A party who has quoted prices on work, materials, or supplies to a bidder is not thereby disqualified from quoting prices to other bidders or firms submitting a bid directly for the work, materials or supplies.

14. **TAX EXEMPTION:** The Owner is exempt from the payment of any federal excise or any Virginia sales tax. The price bid must be net, exclusive of taxes. Tax exemption certificates will be furnished if requested by the Bidder/Offeror.

15. **DEBARMENT STATUS:** By submitting their bids/proposals, Bidders/Offerors certify that they are not currently debarred from submitting bids/proposals on contracts by the Owner, nor are they an agent of any person or entity that is currently debarred from submitting bids or proposals on contracts by the Owner or any agency, public entity/locality or authority of the Commonwealth of Virginia.

16. **ETHICS IN PUBLIC CONTRACTING:** The provisions contained in §2.2-4367 through 2.2-4377 of the Virginia Public Procurement Act as set forth in the 1950 Code of Virginia, as amended, shall be applicable to all contracts solicited or entered into by the Owner. By submitting their bids/proposals, all Bidders/Offerors certify that their bids/proposals are made without collusion or fraud and that they have not offered or received any kickbacks or inducements from any other Bidder, Offeror, supplier, manufacturer or subcontractor in connection with their bid/proposal, and that they have not conferred on any public employee having official responsibility for this procurement transaction any payment, loan, subscription, advance, deposit of money, services or anything of more than nominal value, present or promised, unless consideration of substantially equal or greater value was exchanged.

17. **NO CONTACT POLICY:** No Bidder/Offeror shall initiate or otherwise have contact related to the solicitation with any Owner representative or employee, other than the Procurement Division, after the date and time established for receipt of bids/proposals. Any contact initiated by a Bidder/Offeror with any Owner representative, other than the Procurement Division, concerning this solicitation is prohibited and may cause the disqualification of the Bidder/Offeror from this procurement process.
18. **VIRGINIA FREEDOM OF INFORMATION ACT:** All proceedings, records, contracts and other public records relating to procurement transactions shall be open to the inspection of any citizen, or any interested person, firm or corporation, in accordance with the Virginia Freedom of Information Act except as provided below:
- a. Cost estimates relating to a proposed procurement transaction prepared by or for a public body shall not be open to public inspection.
 - b. Any competitive sealed bidding bidder, upon request, shall be afforded the opportunity to inspect bid records within a reasonable time after the opening of bids but prior to award, except in the event that the Owner decides not to accept any of the bids and to reopen the contract. Otherwise, bid records shall be open to public inspection only after award of the contract. Any competitive negotiation offeror, upon request, shall be afforded the opportunity to inspect proposal records within a reasonable time after the evaluation and negotiations of proposals are completed but prior to award except in the event that the Owner decides not to accept any of the proposals and to reopen the contract. Otherwise, proposal records shall be open to the public inspection only after award of the contract except as provided in paragraph "c" below. Any inspection of procurement transaction records under this §shall be subject to reasonable restrictions to ensure the security and integrity of the records.
 - c. Trade secrets or proprietary information submitted by a bidder, offeror or contractor in connection with a procurement transaction shall not be subject to public disclosure under the Virginia Freedom of Information Act; however, the bidder, offeror or contractor must invoke the protections of this §prior to or upon submission of the data or other materials, and must identify the data or other materials to be protected and state the reasons why protection is necessary.
 - d. Nothing contained in this §shall be construed to require the Owner, when procuring by "competitive negotiation" (Request for Proposal), to furnish a statement of reasons why a particular proposal was not deemed to be the most advantageous to the Owner.
19. **CONFLICT OF INTEREST:** Contractor certifies by signing bid to the Owner that no conflict of interest exists between Contractor and Owner that interferes with fair competition and no conflict of interest exists between Contractor and any other person or organization that constitutes a conflict of interest with respect to the contract with the Owner.

SPECIFICATIONS

20. **BRAND NAME OR EQUAL ITEMS:** Unless otherwise provided in the solicitation, the name of a certain brand, make or manufacturer does not restrict bidders to the specific brand, make or manufacturer named; it conveys the general style, type, character, and quality of the article desired, and any article which the Owner in its sole discretion determines to be the equal of that specified, considering quality, workmanship, economy of operation, and suitability for the purpose intended, shall be accepted. The Bidder is responsible to clearly and specifically indicate the product being offered and to provide sufficient descriptive literature, catalog cuts and technical detail to enable the Owner to determine if the product offered meets the requirements of the solicitation. This is required even if offering the exact brand, make or manufacturer specified. Normally in competitive sealed bidding, only the information furnished with the bid will be considered in the evaluation. Failure to furnish adequate data for evaluation purposes may result in declaring a bid non-responsive. Unless the Bidder clearly indicates in its bid/proposal that the product offered is "equal" product, such bid/proposal will be considered to offer the brand name product referenced in the solicitation.
21. **FORMAL SPECIFICATIONS:** When a solicitation contains a specification which states no substitutes, no deviation therefrom will be permitted and the bidder will be required to furnish articles in conformity with that specification.
22. **OMISSIONS & DISCREPANCIES:** Any items or parts of any equipment listed in this solicitation which are not fully described or are omitted from such specification, and which are clearly necessary for the completion of such equipment and its appurtenances, shall be considered a part of such equipment although not directly specified or called for in the specifications.
- The Bidder/Offeror shall abide by and comply with the true intent of the specifications and not take advantage of any unintentional error or omission, but shall fully complete every part as the true intent and meaning of the specifications and drawings. Whenever the mention is made of any articles, material or workmanship to be in accordance with laws, ordinances, building codes, underwriter's codes, A.S.T.M. regulations or similar expressions, the requirements of these laws, ordinances, etc., shall be construed as to the minimum requirements of these specifications.
23. **CONDITION OF ITEMS:** Unless otherwise specified in the solicitation, all items shall be new, in first class condition.

AWARD

24. **AWARD OR REJECTION OF BIDS:** The Purchasing Agent shall award the contract to the lowest responsive and responsible bidder complying with all provisions of the IFB, provided the bid price is reasonable and it is in the best interest of the Owner to accept it. Awards made in response to a RFP will be made to the highest qualified offeror whose proposal is determined, in writing, to be the most advantageous to the Owner taking into consideration the evaluation factors set forth in the RFP. The Purchasing Agent reserves the right to award a contract by individual items, in the aggregate, or in combination thereof, or to reject any or all bids/proposals and to waive any informality in bids/proposals received whenever such rejection or waiver is in the best interest of the Owner. Award may be made to as many bidders/offerors as deemed necessary to fulfill the anticipated requirements of the Owner. The Purchasing Agent also reserves the right to reject the bid if a bidder is deemed to be a non-responsible bidder.
25. **ANNOUNCEMENT OF AWARD:** Upon the award or announcement of the decision to award a contract as a result of this solicitation, the Procurement Division will publicly post such notice on the Procurement Website at <http://www.fauquiercounty.gov/government/departments-h-z/procurement>
26. **QUALIFICATIONS OF BIDDERS OR OFFERORS:** The Owner may make such reasonable investigations as deemed proper and necessary to determine the ability of the Bidder/Offeror to perform the work/furnish the item(s) and the Bidder/Offeror shall furnish to the Owner all such information and data for this purpose as may be requested. The Owner reserves the right to inspect Bidder's/Offeror's physical facilities prior to award to satisfy questions regarding the Bidder's/Offeror's capabilities. The Owner further reserves the right to reject any bid or proposal if the evidence submitted by or investigations of, such Bidder/Offeror fails to satisfy the Owner that such Bidder/Offeror is properly qualified to carry out the obligations of the contract and to complete the work/furnish the item(s) contemplated therein.
27. **TIE BIDS:** In the case of a tie bid, the Owner may give preference to goods, services and construction produced in Fauquier County or provided by persons, firms or corporations having principal places of business in the County. If such choice is not available, preference shall then be given to goods and services produced in the Commonwealth pursuant to §2.2-4324 of the Code of Virginia. If no County or Commonwealth choice is available, the tie shall be decided by lot.

CONTRACT PROVISIONS

28. **APPLICABLE LAW AND COURTS:** Any contract resulting from this solicitation shall be governed in any respects by the laws of Virginia, and any litigation with respect thereto shall be brought in the Circuit Court of Fauquier County, Virginia. The Contractor shall comply with applicable federal, state and local laws and regulations.
29. **ANTI-TRUST:** By entering into a contract, the Contractor conveys, sells, assigns, and transfers to the Owner all rights, title and interest in and to all causes of the action it may now have or hereafter acquire under the antitrust law of the United States and Fauquier County, relating to the particular goods or services purchased or acquired by the Owner under said contract. Consistent and continued tie bidding could cause rejection of bids by the Purchasing Agent and/or investigation for Anti-Trust violations.
30. **PAYMENT TERMS:** Unless otherwise provided in the solicitation payment will be made forty-five (45) days after receipt of a proper invoice, or forty-five (45) days after receipt of all goods or acceptance of work, whichever is the latter.
1. Invoices for items/services ordered, delivered/performed and accepted shall be submitted by the Contractor directly to the payment address shown on the purchase order/contract. All invoices shall show the contract number, purchase order number, and any federal employer identification number.
 2. Any payment terms requiring payment in less than 45 days will be regarded as requiring payment 45 days after invoice or delivery, whichever occurs last. This shall not affect offers of discounts for payment in less than 45 days, however.
 3. The date of payment shall be deemed the date of postmark in all cases where payment is made by mail.
 4. The Owner's fiscal year is July 1 - June 30. Contractors are advised to submit invoices, especially for goods and/or services provided in the month of JUNE, for the entire month i.e. June 1 - June 30, so that expenses are recognized in the appropriate fiscal year.
 5. Any payment made by the Contractor to the Owner shall only be made in U.S. Dollars. If payment is received in foreign currency the Owner may, in its sole discretion, reject such payment and require immediate compensation in U.S. Dollars.
31. **PAYMENT TO SUBCONTRACTORS:** A contractor awarded a contract under this solicitation is hereby obligated:
1. To pay the subcontractor(s) within seven (7) days of the contractor's receipt of payment from the Owner for the proportionate share of the payment received for work performed by the subcontractor(s) under the contract; or
 2. To notify the Owner and the subcontractor(s), in writing, of the contractor's intention to withhold payment and the reason. The contractor is obligated to pay the subcontractor(s) interest at the rate of one percent per month (unless otherwise provided under the terms of the contract) on all amounts owed by the contractor that remain unpaid seven (7) days following receipt of payment from the Owner, except for amounts withheld as stated in 2 above. The date of mailing of any payment by U.S. Mail is deemed to be payment to the addressee. These provisions apply to each sub-tier contractor performing under the primary contract. A contractor's obligation to pay an interest charge to a subcontractor may not be construed to be an obligation of the Owner.

- 32. **ASSIGNMENT OF CONTRACT:** A contract shall not be assignable by the Contractor in whole or in part without the written consent of the Purchasing Agent.
- 33. **DEFAULT:** In case of failure to deliver goods or services in accordance with the contract terms and conditions, the Owner, after due oral or written notice, may procure them from other sources and hold the Contractor responsible for any resulting additional purchase and administrative costs. This remedy shall be in addition to another remedies which the Owner may have.
- 34. **ANTI-DISCRIMINATION:** By submitting their bids/proposals, Bidders/Offerors certify to the Owner that they will conform to the provisions of the Federal Civil Rights Act of 1964, as amended, as well as the Virginia Fair Employment Contracting Act of 1975, as amended, where applicable, the Virginians With Disabilities Act, the Americans With Disabilities Act and §2.2-4311 of the *Virginia Public Procurement Act*. If the award is made to a faith-based organization, the organization shall not discriminate against any recipient of goods, services, or disbursements made pursuant to the contract on the basis of the recipient's religion, religious belief, refusal to participate in a religious practice, or on the basis of race, age, color, gender or national origin and shall be subject to the same rules as other organizations that contract with public bodies to account for the use of the funds provided; however, if the faith-based organization segregates public funds into separate accounts, only the accounts and programs funded with public funds shall be subject to audit by the public body. (Code of Virginia, §2.2-4343.1(E)).

In every contract over \$10,000 the provisions in A and B below apply:

- A. During the performance of this contract, the Contractor agrees as follows:
 - 1. The Contractor will not discriminate against any employee or applicant for employment because of race, religion, color, sex, national origin, age, disability, or any other basis prohibited by state law relating to discrimination in employment, except where there is a bona fide occupational qualification reasonably necessary to the normal operation of the contractor. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.
 - 2. The Contractor, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, will state that such Contractor is an equal opportunity employer.
 - 3. Notices, advertisements and solicitations placed in accordance with federal law, rule or regulation shall be deemed sufficient for the purpose of meeting the requirements of this Section.
 - B. The Contractor will include the provisions of A. above in every subcontract or purchase order over \$10,000, so that the provisions will be binding upon each subcontractor or vendor.
- 35. **INVOICES:** Invoices for items ordered, delivered and accepted shall be submitted by the Contractor directly to the payment address shown on the purchase order/contract. All invoices shall show the IFB/RFP number and/or purchase order number.
 - 36. **CHANGES TO THE CONTRACT:** Changes can be made to the contract in any of the following ways:
 - A. The parties may agree to modify the scope of the contract. An increase or decrease in the price of the contract resulting from such modification shall be agreed to by the parties as a part of their written agreement to modify the scope of the contract.
 - B. The Owner may order changes within the general scope of the contract at any time by written notice to the Contractor. Changes within the scope of the contract include, but are not limited to, things such as services to be performed, the method of packing or shipment, and the place of delivery or installation. The Contractor shall comply with the notice upon receipt. The Contractor shall be compensated for any additional costs incurred as the result of such order and shall give the Owner a credit for any savings. Said compensation shall be determined by one of the following methods.
 - 1. By mutual agreement between the parties in writing; or
 - 2. by agreeing upon a unit price or using a unit price set forth in the contract, if the work to be done can be expressed in units, and the contractor accounts for the number of units of work performed, subject to the Owner's right to audit the Contractor's records and/or determine the correct number of units independently; or
 - 3. By ordering the Contractor to proceed with the work and keep a record of all costs incurred and savings realized. A markup for overhead and profit may be allowed if provided by the contract. The same markup shall be used for determining a decrease in price as the result of savings realized. The Contractor shall present the Owner with all vouchers and records of expenses incurred and savings realized. The Owner shall have the right to audit the records of the Contractor as it deems necessary to determine costs or savings. Any claim for an adjustment in price under this provision must be asserted by written notice to the Procurement Division within thirty (30) days from the date of receipt of the written order from the Procurement Division. If the parties fail to agree on an amount of adjustment, the questions of an increase or decrease in the contract price or time for performance shall be resolved in accordance with the procedures for relieving disputes provided by the Disputes Clause of this contract. Neither the existence of a claim nor a dispute resolution process, litigation or any other provision of this contract shall excuse the Contractor from promptly complying with the changes ordered by the Owner or with the performance of the contract generally.
 - C. No modification for a fixed price contract may be increased by more than 25% or \$50,000, whichever is greater without the advanced written approval of the Board of Supervisors or the School Board, as applicable.
 - 37. **INDEMNIFICATION:** Contractor shall indemnify, keep and save harmless the Owner, its agents, officials, employees and volunteers against claims of injuries, death, damage to property, patent claims, suits, liabilities, judgments, cost and expenses which may otherwise accrue against the Owner in consequence of the granting of a contract or which may otherwise result therefrom, if it shall be determined that the act was caused through negligence or error, or omission of the Contractor or his or

her employees, or that of the subcontractor or his or her employees, if any; and the Contractor shall, at his or her own expense, appear, defend and pay all charges of attorneys and all costs and other expenses arising therefrom or incurred in connection therewith; and if any judgment shall be rendered against the Owner in any such action, the Contractor shall, at his or her own expenses, satisfy and discharge the same. Contractor expressly understands and agrees that any performance bond or insurance protection required by this contract, or otherwise provided by the Contractor, shall in no way limit the responsibility to indemnify, keep and save harmless and defend the Owner as herein provided.

38. **DRUG-FREE WORKPLACE:** During the performance of this contract, the contractor agrees to (i) provide a drug-free workplace for the contractor's employees; (ii) post in conspicuous places, available to employees and applicants for employment, a statement notifying employees that the unlawful manufacture, sale, distribution, dispensation, possession, or use of a controlled substance or marijuana is prohibited in the contractor's workplace and specifying the actions that will be taken against employees for violations of such prohibition; (iii) state in all solicitations or advertisements for employees placed by or on behalf of the contractor that the contractor maintains a drug-free workplace; and (iv) include the provisions of the foregoing clauses in every subcontract or purchase order of over \$10,000, so that the provisions will be binding upon each subcontractor or vendor.

For the purposes of this section, "*drug-free workplace*" means a site for the performance of work done in connection with a specific contract awarded to a contractor in accordance with this chapter, the employees of whom are prohibited from engaging in the unlawful manufacture, sale, distribution, dispensation, possession or use of any controlled substance or marijuana during the performance of the contract.

39. **TERMINATION:** Subject to the provisions below, the contract may be terminated by the Owner upon thirty (30) days advance written notice to the other party. Any contract cancellation notice shall not relieve the contractor of the obligation to deliver and/or perform on all outstanding orders issued prior to the effective date of cancellation.
- A. **Termination for Convenience:** In the event that the contract is terminated upon request and for the convenience of the Owner, without the required thirty (30) days advance notice, then the Owner shall be responsible for payment of services up to the termination date.
- B. **Termination for Cause:** Termination by the Owner for cause, default or negligence on the part of the contractor shall be excluded from the foregoing provision; termination costs, if any shall not apply. However, pursuant to the Default provision of these General Conditions, the Owner may hold the contractor responsible for any resulting additional purchase and administrative costs. The thirty (30) days advance notice requirement is waived in the event of Termination for Cause.
- C. **Termination Due to Unavailability of Funds in Succeeding Fiscal Years:** When funds are not appropriated or otherwise made available to support continuation of performance in a subsequent fiscal year, the contract shall be canceled.

40. **USE OF CONTRACT BY OTHER PUBLIC BODIES:** Except as prohibited by the current Code of Virginia, all resultant contracts will be extended, with the authorization of the Contractor, to other Public Bodies of the Commonwealth of Virginia and all currently active members of the Metropolitan-Washington Council of Governments (MWCOG) or, Mid-Atlantic Purchasing Team, to permit their ordering of supplies and/or services at the prices and terms of the resulting contract. If any other public body decides to use the final contract, the Contractor must deal directly with that public body concerning the placement or orders, issuance of the purchase order, contractual disputes, invoicing and payment. Fauquier County acts only as the "Contracting Agent" for these public bodies. Any resulting contract with other public bodies shall be governed by the laws of that specific entity. It is the Contractor's responsibility to notify the public bodies of the availability of the contract. Fauquier County shall not be held liable for any costs or damage incurred by another public body as a result of any award extended to that public body by the Contractor.

41. **AUDIT:** The Contractor hereby agrees to retain all books, records and other documents relative to this contract for five years after final payment, or until audited by the Owner, whichever is sooner. The agency, its authorized agents, and/or Owner auditors shall have full access to and right to examine any of said materials during said period.

42. **SEX OFFENDER REGISTRY NOTIFICATION:** The Contractor shall not employ on school property any employee who is a registered sex offender and shall enforce the same restriction upon all sub-contractors and agents of Contractor. Prior to starting work and quarterly during performance of the work, the Contractor shall check the Virginia State Police Sex Offender Registry to verify sex offender status of all employees and agents of Contractor and Sub-Contractors who are employed on school property by the Contractor or Sub-Contractor. The Contractor shall furnish the Owner with evidence verifying compliance with the services.

Prior to starting work on-site, the Contractor shall submit a completed Fauquier County Public Schools "CERTIFICATION OF NO CRIMES AGAINST CHILDREN" form, a copy of which is included in this solicitation.

43. **COMPLIANCE WITH FEDERAL, STATE, AND LOCAL LAWS AND FEDERAL IMMIGRATION LAW:** During the term of any contract, the Contractor does not, and shall not during the performance of the contract for goods and services in the Commonwealth of Virginia, knowingly employ an unauthorized alien as defined in the federal Immigration Reform and Control Act of 1986.

44. **ASBESTOS NOTIFICATION:** As required by the Environmental Protection Agency Asbestos Hazard Emergency Response Act 40 CFR, subpart E, 763.93, information regarding asbestos inspections, response actions, and post response activities is on file in a full asbestos report located in the main office of each school. Contractors bear full responsibility to review this material prior to commencing any activity at a school site.

45. **VIRGINIA STATE CORPORATION COMMISSION:** If required by law, the Contractor shall maintain a valid certificate of authority or registration to transact business in Virginia with the Virginia State Corporation Commission as required by §13.1 or Title 50 of the Code of Virginia, during the term of the Contract or any Contract renewal. The Contractor shall not allow its existence to lapse or its certificate of authority or registration to transact business in the Commonwealth to be revoked or cancelled at any time during the terms of the contract. If the Contractor fails to remain in compliance with the provisions of this section, the contract may become void.
46. **ADA WEBSITE-RELATED ACCESSIBILITY:** Any Contractor who performs services, designs, develops content, maintains or otherwise bears responsibility for the content and format of Owner's website(s) or third-party programs accessed through Owner's website(s), acknowledges receipt of, and responsibility to implement the accessibility standards found in the U.S. Department of Justice publication entitled "Accessibility of State and Local Government Websites to People with Disabilities," available at www.ada.gov/websites2.htm or, as attached directly to the solicitation. Contractor services as noted, shall conform to §508 of Title III of the Americans with Disabilities Act (ADA) and the World Wide Web Consortium's (W3C) Web Content Accessibility Guidelines (WCAG 2.0 AA), most current versions, in addition to the Owner's web accessibility policy.

DELIVERY PROVISION

47. **SHIPPING INSTRUCTIONS-CONSIGNMENT:** Unless otherwise specified in the solicitation each case, crate, barrel, package, etc., delivered under the contract must be plainly stenciled or securely tagged, stating the Contractor's name, purchase order number, and delivery address as indicated in the order. Where shipping containers are to be used, each container must be marked with the purchase order number, name of the Contractor, the name of the item, the item number, and the quantity contained therein. Deliveries must be made within the hours of 8:00 a.m. – 2:30 p.m. Deliveries at any other time will not be accepted unless specific arrangements have been previously made with the designated individual at the delivery point. No deliveries will be accepted on Saturdays, Sundays and holidays unless previous arrangements have been made. It shall be the responsibility of the contractor to insure compliance with these instructions for items that are drop-shipped.
48. **RESPONSIBILITY FOR SUPPLIES TENDERED:** The Contractor shall be responsible for the materials or supplies covered by the contract until they are delivered at the designated point, but the Contractor shall bear all risk on rejected materials or supplies after notice of rejection. Rejected materials or supplies must be removed by and at the expense of the contractor promptly after notification of rejection, unless public health and safety require immediate destruction or other disposal of rejected delivery. If rejected materials are not removed by the Contractor within ten (10) days after date of notification, the Owner may return the rejected materials or supplies to the Contractor at his or her risk and expense or dispose of them as its own property.
49. **INSPECTIONS:** The Owner reserves the right to conduct any test/inspection it may deem advisable to assure supplies and services conform to the specification. Inspection and acceptance of materials or supplies will be made after delivery at destinations herein specified unless otherwise stated. If inspection is made after delivery at destination herein specified, the Owner will bear the expense of inspection except for the value of samples used in case of rejection. Final inspection shall be conclusive except in regard to latent defects, fraud or such gross mistakes as to amount to fraud. Final inspection and acceptance or rejection of the materials or supplies will be made as promptly as practicable, but failure to inspect and accept or reject materials or supplies shall not impose liability on the Owner for such materials or supplies as are not in accordance with the specifications.
50. **COMPLIANCE:** Delivery must be made as ordered and in accordance with the solicitation or as directed by the Procurement Division when not in conflict with the bid/contract. The decision as to reasonable compliance with delivery terms shall be final. Burden of proof of delay in receipt of goods by the purchaser shall rest with the Contractor. Any request for extension of time of delivery from that specified must be approved by the Procurement Division, such extension applying only to the particular item or shipment affected. Should the Contractor be delayed by the Owner, there shall be added to the time of completion a time equal to the period of such delay caused by the Owner. However, the contractor shall not be entitled to claim damages of extra compensation for such delay or suspension. These conditions may vary for construction contracts.
51. **POINT OF DESTINATION:** All materials shipped to the Owner must be shipped F.O.B. DESTINATION unless otherwise stated in the contract. The materials must be delivered to the "Ship To" address indicated on the purchase order.
52. **REPLACEMENT:** Materials or components that have been rejected by the Procurement Division, in accordance with the terms of the contract, shall be replaced by the Contractor at no cost to the Owner.
53. **PACKING SLIPS OR DELIVERY TICKETS:** All shipments shall be accompanied by Packing Slips or Delivery Tickets and shall contain the following information for each item delivered:
1. Purchase Order Number,
 2. Name of Article and Stock Number,
 3. Quantity Ordered,
 4. Quantity Shipped,
 5. Quantity Back Ordered,
 6. he Name of the Contractor.

Contractors are cautioned that failure to comply with these conditions shall be considered sufficient reason for refusal to accept the goods.

BIDDER/CONTRACTOR REMEDIES

54. **PROTEST OF AWARD OR DECISION TO AWARD:** Any Bidder/Offeror who desires to protest the award or decision to award a contract, by either Fauquier County or The School Board of Fauquier County, shall submit such protest in writing to the County Administrator (if the award or decision to award was made by Fauquier County) or the Superintendent of Schools (if the award or decision to award was made by the School Board of Fauquier County), no later than ten (10) days after public notice of the award or announcement of the decision to award, whichever comes first. No protest shall lie for a claim that the selected bidder/Offeror is not a responsible Bidder/Offeror. The written protest shall include the basis for the protest and the relief sought. The County Administrator or the Superintendent of Schools, as the case may be, shall issue a decision in writing within ten (10) days stating the reasons for the action taken. This decision shall be final unless the bidder/offeree appeals within ten (10) days of the written decision by instituting legal action as provided in §7.8 C of the Procurement Policy. Nothing in this paragraph shall be construed to permit an offeror to challenge the validity of the terms or conditions of the solicitation.
55. **DISPUTES:** Contractual claims, whether for money or other relief, shall be submitted in writing to the Superintendent of Schools (if the claim is against the School Board of Fauquier County) or the County Administrator (if the claim is against Fauquier County) no later than sixty (60) days after final payment; however, written notice of the Contractor's intention to file such claim shall have been given at the time of the occurrence or beginning of the Work upon which the claim is based. Nothing herein shall preclude a contract from requiring submission of an invoice for final payment within a certain time after completion and acceptance of the work or acceptance of the goods. Pendency of claims shall not delay payment of amount agreed due in the final payment. A written decision upon any such claims will be made by the School Board (if the claim is against the School Board of Fauquier County) or the County Board of Supervisors (if the claim is against Fauquier County) within sixty (60) days after submittal of the claim. The Contractor may not institute legal action prior to receipt of the School Board or Board of Supervisor's (whichever is applicable) decision on the claim unless the applicable party fails to render such decision within sixty (60) days. The decision of the School Board or Board of Supervisor's (as applicable) shall be final and conclusive unless the Contractor within six (6) months of the date of the final decision on a claim, initiates legal action as provided in §2.2-4364 of the Code of Virginia. Failure of the School Board or Board of Supervisors to render a decision within sixty (60) days shall not result in the Contractor being awarded the relief claimed nor shall it result in any other relief or penalty. Should the School Board or Board of Supervisors (as applicable) fail to render a decision within sixty (60) days after submittal of the claim, the Contractor may institute legal action within six (6) months after such 60-day period shall have expired, or the claim shall be deemed finally resolved. No administrative appeals procedure pursuant to §2.2-4365 of the Code of Virginia has been established for contractual claims under this contract.

**FAUQUIER COUNTY GOVERNMENT AND PUBLIC SCHOOLS
QUESTIONNAIRE/PROPOSAL SUBMISSION**

**RFP 30-21ks, COST ACCOUNTING SERVICES
THIS FORM MUST BE COMPLETED AND SUBMITTED WITH PROPOSAL**

FIRM Name: _____

Address: _____

Phone Number: _____

Contact Name: _____

Fax Number: _____

Title: _____

E-mail: _____

If additional space is required for response, please attach.

1 Firms Office and Location Proposed to perform the services:

2 Brief History of the firm, including number of years in business and size of firm:

3 List three (3) clients for whom your Firm has prepared cost allocation plans and indirect cost rate proposals within the past two (2) years. Include the name of the entity and name and telephone number of the individual to contact for a reference. (Clients listed shall not include Fauquier County Government and Public Schools).

NAME OF REFERENCE	CONTACT NAME	PHONE NUMBER

4 Offerors are required to have successfully negotiated the approval of their plans with a Federal Cognizant Agency. Attach a copy of such agreement to demonstrate the Offerors ability to negotiate a plan.

RETURN THIS FORM

QUESTIONNAIRE/PROPOSAL SUBMISSION

- 5 List the names and titles of staff members who will be assigned to perform the services required under this Request for Proposal. Resumes should be included staff member relevant experience. and attached.

Name	Title	Certification(s)

- 6 Provide/attach examples of the Firms ability and prior experience in defending audit disallowances under the provisions of 2 CFR Part 225 (OMB Circular A-87).
- 7 Attach an Audited Annual Financial Report for the most recent accounting period. Offeror shall have an acceptable credit rating.

RETURN THIS FORM

**DIVISION OF RISK MANAGEMENT
INSURANCE CHECKLIST**

Items marked "X" are required to be provided if award is made to your firm.

Limits

<u>Required</u>	<u>Coverage Required</u>	<u>(figures denotes minimum)</u>
<u>X</u>	1. Workers' Compensation and Employers' Liability; Admitted in Virginia Employers' Liability All States Endorsement USL & H Endorsement Voluntary Compensation Endorsement Best's Guide Rating-A-VIII or better or its equivalent	1. Statutory Limits of the Commonwealth of VA Yes \$100,000/\$500,000/\$100,000 Statutory Statutory
<u>X</u>	2. Commercial General Liability General Aggregate Products/Completed Operations Personal and Advertising Injury Fire Legal Liability Best's Guide Rating-A-VIII or better or its equivalent	2. \$1,000,000 (CSL) Each Occurrence \$2,000,000 \$2,000,000 \$1,000,000 \$50,000 Per Occurrence
<u>X</u>	3. Automobile Liability Owned, Hired, Borrowed & Non-owned Motor Carrier Act End. Best's Guide Rating-A-VIII or better, or its equivalent	3. \$1,000,000 combined Single Limit Bodily Injury and Property Damage Each Occurrence (note, symbol "1" on liability coverage)
<u>X</u>	4. Prof. Errors and Omissions Best's Guide Rating-A-VIII or better or its equivalent	4. \$1,000,000 (CSL) Each Claim
---	5. Garage Liability	5. \$1,000,000 CSL Each Occurrence
---	6. Garage Keeper's Legal Liability Best's Guide Rating-A-VIII or better, Or its equivalent	6. a) Maximum Value of One Vehicle b) Maximum Value of All Vehicles Held by Contractor
---	7. Umbrella Liability Best's Guide Rating-A-VIII or better, or its equivalent.	7. \$1,000,000
---	8. Other Insurance:	
<u>X</u>	9. Auto and General Liability Policies shall be endorsed to name Fauquier County and Fauquier County School Board as additional insured (This coverage is primary to all other coverage The County may possess and must be shown on the certificate)	
<u>X</u>	10. The Contractor shall provide 30 days written notice of any policy cancellation for policies specified on this Checklist to Fauquier County in accordance with the timelines and stipulations in Code of Virginia §38.2-231.	
<u>X</u>	11. The Certificate must state Bid/RFP No. and Bid/RFP Title.	
<u>X</u>	12. Contractor shall submit Certificate of Insurance within five (5) business days from notification of award, and shall provide updated Certificates for the duration of the contract.	

OFFEROR STATEMENT

We understand the Insurance Requirements of these specifications and will comply in full if awarded this contract.

FIRM

SIGNATURE

Revised 4/4/13, Proc/HR

RETURN THIS PAGE

PROPRIETARY INFORMATION:

Ownership of all data, materials, and documentation originated and prepared for the Owner pursuant to the REQUEST FOR PROPOSAL shall belong exclusively to the Owner and be subject to public inspection in accordance with the Virginia Freedom of Information Act. Trade secrets or proprietary information submitted by an Offeror shall not be subject to public disclosure under the Virginia Freedom of Information Act, however, the Offeror must invoke the protections of §2.2-4342F of the Code of Virginia, in writing, either before or at the time the data or other material is submitted. The written notice must specifically identify the data or materials to be protected and state the reasons why protection is necessary. The proprietary or trade secret material submitted must be identified by some distinct method such as highlighting or underlining and must indicate only the specific words, figures, or paragraphs that constitute trade secret or proprietary information.

NOTICE OF PROPRIETARY INFORMATION

Section Title	Page Number	Reason(s) for Withholding from Disclosure

Confidentiality References Protection in Accordance with the Code of Virginia, §2.2-4342F

INSTRUCTIONS: Identify the data or other materials to be protected and state the reasons by using the codes listed below. Indicate die specific words, figures, or paragraphs that constitute trade secrets or proprietary materials.

A- This page contains information relating to "trade secrets", and "proprietary information" including processes. Operations, style of work, or apparatus, identify confidential statistical data, amount or source of any income... of any person (or) partnership. "See Virginia Public Procurement Act. §2.2-4342F. Unauthorized disclosure of such information would violate the Trade Secrets Act 18 U.S.C. 1905.

B- This page contains proprietary information including confidential, commercial or financial information which was provided to the Government on a voluntary basis and is of the type that would not customarily be released to the public. See Virginia Public Procurement Act, §2.2-4342F; 5 U.S.C. 552 (b)(4); 12 C.F.R. 309.5(c)(4).

C- This page contains proprietary information including confidential, commercial or financial information. This disclosure of such information would cause substantial harm to competitive position and impair the Government's ability to obtain necessary information from contractors in die future. 5 U.S.C. See Virginia Public Procurement Act. §2.2-4342F; 552 (b)(4); 12 C. F. R 309.5(c)(4).

RETURN THIS PAGE

EXCEPTIONS TO RFP 30-21ks, COST ACCOUNTING SERVICES

Name of Offeror: _____

Please list any deviations to RFP specifications below:

Section Title	Page Number	Explanation of exception and any proposed language

RETURN THIS PAGE

PROOF OF AUTHORITY TO TRANSACT BUSINESS IN VIRGINIA

THIS FORM MUST BE SUBMITTED WITH YOUR PROPOSAL/BID. FAILURE TO INCLUDE THIS FORM MAY RESULT
IN REJECTION OF YOUR PROPOSAL/BID

Pursuant to Virginia Code §2.2-4311.2, an Offeror/Bidder organized or authorized to transact business in the Commonwealth pursuant to Title 13.1 or Title 50 of the Code of Virginia shall include in its proposal/bid the identification number issued to it by the State Corporation Commission ("SCC"). Any Offeror/Bidder that is not required to be authorized to transact business in the Commonwealth as a foreign business entity under Title 13.1 or Title 50 of the Code of Virginia or as otherwise required by law shall include in its proposal/bid a statement describing why the Offeror/Bidder is not required to be so authorized. Any Offeror/Bidder described herein that fails to provide the required information shall not receive an award unless a waiver of this requirement and the administrative policies and procedures established to implement this section is granted by the County Administrator or School Superintendent, as applicable.

If this quote for goods or services is accepted by the County of Fauquier, Virginia, the undersigned agrees that the requirements of the Code of Virginia §2.2-4311.2 have been met.

Please complete the following by checking the appropriate line that applies and providing the requested information.

- A. _____ Offeror/Bidder is a Virginia business entity organized and authorized to transact business in Virginia by the SCC and such vendor's Identification Number issued to it by the SCC is _____.
- B. _____ Offeror/Bidder is an out-of-state (foreign) business entity that is authorized to transact business in Virginia by the SCC and such vendor's Identification Number issued to it by the SCC is _____.
- C. _____ Offeror/Bidder does not have an Identification Number issued to it by the SCC and such vendor is not required to be authorized to transact business in Virginia by the SCC for the following reason(s):

Please attach additional sheets if you need to explain why such Offeror/Bidder is not required to be authorized to transact business in Virginia.

Legal Name of Company (as listed on W-9)

Legal Name of Offeror/Bidder

Date

Authorized Signature

Print or Type Name and Title

RETURN THIS PAGE



Proposal to Provide

Cost Allocation Services

Prepared for
Fauquier County Finance Department

RFP 30-21ks
March 17, 2021
3:00 p.m.

MAXIMUS

FAUQUIER COUNTY GOVERNMENT AND PUBLIC SCHOOLS
REQUEST FOR PROPOSAL RFP 30-21ksc, Cost Accounting Services

ISSUE DATE: February 12, 2021

RFP: 30-21ks

TITLE: Cost Accounting Services

ISSUED BY: Fauquier County Government and Public Schools ("Owner")
Procurement Division
320 Hospital Drive, Suite 23
Warrenton, VA 20186

USING DEPARTMENT: Fauquier County Finance Department

Sealed Proposals Will Be Received Until March 17, 2021 at 3:00 p.m., For Furnishing the Services Described Herein.

All Inquiries For Information Should Be Directed To: Kathy H. Stanley, CPPB, Senior Buyer Phone: (540) 422-8354, E-mail: Kathy.stanley@fauquiercounty.gov, or Fax (540) 422-8355.

ALL QUESTIONS SHALL BE SUBMITTED NO LATER THAN 5 BUSINESS DAYS PRIOR TO THE PROPOSAL OPENING DATE

IF PROPOSALS ARE MAILED, SEND DIRECTLY TO ISSUING DEPARTMENT SHOWN ABOVE, IF PROPOSALS ARE HAND DELIVERED DELIVER TO: ALICE JANE CHILDS OFFICE BUILDING, 320 HOSPITAL DRIVE, 2ND FLOOR, SUITE 23, WARRENTON, VA, 20186. **DUE TO CONTINUED RESTRICTED PUBLIC ACCESS, THE AJC BUILDING IS OPEN BUT OFFERORS OR COURIERS MUST ANNOUNCE THEIR NAME/PURPOSE VIA BUZZER/SPEAKER AT THE 2ND FLOOR SECURE ENTRY DOOR FOR THEIR PROPOSAL TO BE ACCEPTED. ACCEPTANCE WILL OCCUR AT THAT SECURE DOOR AND MUST STILL OCCUR, PRIOR TO THE PROPOSAL DUE DATE AND TIME.**

In Compliance With This Request For Proposal And To All The Conditions Imposed Therein And Hereby Incorporated By Reference, The Undersigned Offers And Agrees To Furnish The Services In Accordance With The Attached Signed Proposal Or As Mutually Agreed Upon By Subsequent Negotiations.

Name and Address Of Firm:

Maximus US Services, Inc.

808 Moorefield Park Drive, Suite 205

Richmond, VA

Zip Code: 23236

FEI/FIN NO.: 26-0307682

E-Mail Address: jasonjennings@maximus.com

Date: 03.15.21

By: 

(Signature in Ink)

Name: Nelson H. Clugston

Title: Vice President, Financial Services

Telephone Number: (804) 823.8132

Fax Number: (804) 323.3536

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APPENDIX: FINANCIAL STATEMENT

March 15, 2021

Kathy H. Stanley, CPPB, Senior Buyer
Fauquier County Government and Public Schools
320 Hospital Drive, Suite 23
Warrenton, VA 20186

RE: Request For Proposal (RFP) 30-21ks – Cost Accounting Services

Dear Ms. Stanley:

Maximus US Services, Inc. (Maximus), a wholly owned subsidiary of Maximus, Inc., is pleased to submit our proposal to provide Cost Allocation Plan (CAP) services to Fauquier County Government and Public Schools (County). We are confident that you will find our proposal fully compliant with the requirements outlined in the RFP. More importantly, we believe the County will find we have submitted a proposal that presents the very best approach to meeting your cost allocation needs in a thorough and cost-effective manner.

The County Finance Department is seeking a contractor to provide cost allocation services to assist in both optimizing allowable recoveries based on the U.S. Office of Management and Budget (OMB) cost principles and developing a complete understanding of the County's indirect costs. These services will allow the County to receive reimbursements and make critical management decisions based on accurate and reliable cost data.

With over four decades of experience, Maximus is the largest and most experienced firm in the nation providing governmental cost allocation services and systems. We have successfully developed the County's CAP for over 30 years, and demonstrated across the country that our cost allocation services can optimize indirect cost reimbursements. Incorporated within our proposal are specific tasks that outline and explain our work plan. Taken together, they represent what we believe to be the technical approach and tasks most appropriate to assisting the County at this time.

Maximus submits its proposal based on certain assumptions. That is, Maximus assumes that the County will negotiate in good faith certain terms and conditions upon award of the contract. We respectfully request an opportunity to discuss and clarify contract terms and conditions as detailed in our contract exceptions included in the County-provided form "Exceptions to RFP 30-21ks," as well as the redline edits to the form "Division of Risk Management Insurance Checklist." Both of these forms are located in *Section 3: Required Forms* of this proposal.

As the Maximus official authorized to submit this proposal, I want to express how honored we are to have this opportunity to continue to serve the County. Should you have any questions regarding this proposal, please contact **Jason Jennings** at **804.823.8132** or via email at jasonjennings@maximus.com.

Sincerely,

A handwritten signature in black ink, appearing to read "Nelson Clugston". The signature is fluid and cursive, with the first name "Nelson" and last name "Clugston" clearly distinguishable.

Nelson Clugston
Vice President, Financial Services
Maximus US Services, Inc.

1. Project Plan

In today's economic environment, recovering reimbursement for appropriate indirect costs of supporting programs and grants is a critical component of Fauquier County Finance Department's (County's) financial process. Maximus US Services, Inc. (Maximus) understands the importance of having reliable cost data to make the management decisions necessary to administer your programs and we can readily guide you through the cost allocation process. We bring a unique combination of knowledgeable staff with direct experience supporting the Fauquier County, a structured and repeatable approach to preparing Cost Allocation Plans (CAPs) and Indirect Cost Rate Proposals (ICRPs), an understanding of U.S. Office of Management and Budget (OMB) reporting requirements, and a financially strong corporation standing behind our work.

Maximus' qualifications are unparalleled in the cost allocation services field. No other firm has the breadth of experience or personnel with the familiarity with your organization required to understand and apply the complexities within the cost allocation process.

In the following subsections, we explain our understanding of the County's project as well our approach to completing the work.



4.2.2.1 Our Understanding of the Project

This section should confirm the Offeror's understanding of this RFP and the tasks to be performed. In addition, it should clearly outline the scope and objectives of the proposed assistance as it relates to the scope and objectives of the tasks and the requested product deliverables

To ensure that all federal agencies use common procedures for determining the proper allocation of costs, the OMB developed cost principles issued in the Code of Federal Regulations Title 2: *Grants and Agreements Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (which superseded OMB Circular A-87) to provide a specific cost methodology that state and local governments must follow to determine the administrative costs of federal programs. OMB provides specific direction regarding processes and procedures for allocating administrative costs when seeking reimbursement of those costs from the federal government.

The County provides a full range of services to its population of over 65,000, and as such, administers multiple programs financed from multiple sources. The County is required to develop and maintain a cost plan for the purpose of charging all administrative costs (direct and indirect) to the Commonwealth of Virginia (Commonwealth) or federally-financed programs.

Indirect CAP

An Indirect CAP, also called an "OMB" CAP, which follows 2 CFR Part 200 guidelines, is used to identify and recover indirect costs for services provided within the guidelines set forth in OMB cost principles. The purpose of an OMB CAP is to provide a means for reimbursement of charges incurred by the County while providing support to state or federal programs. The

(4.2.2.1) County is required to develop an annual OMB CAP and submit the plan to the cognizant state and local agencies for approval.

Indirect Cost Rate Proposal

In addition to the CAP described above, the County can also optimize their cost recoveries by developing Indirect Cost Rates (ICRs) for specific departments. Departments can use these to claim recoveries for applicable indirect costs to federal programs and grants that allow for indirect cost recovery.

The County's Objective:

The County is seeking a vendor to prepare the Indirect CAP and ICRPs in accordance with OMB costing principles based on the actual financial information for Fiscal Year (FY) 2021. The County may extend services for four (4) additional one-year periods.

The vendor shall defend the Indirect CAP in the event of a review from relevant state, local, and federal cognizant agencies. The vendor shall also provide assessment of the County's current CAP and ICRPs and offer instruction on improving methodology and information gathering procedures.

4.2.2.2 Approach and Methodology to Include Compliance with 2 CFR Part 200 and 45 CFR Part 75

This section should describe the recommended approach and **workplan** regarding the assistance to be provided. Absence of this distinction will mean the Offeror is fully assuming responsibility for all tasks. The proposal must address in depth the Offeror's plans to meet the requirements of each of the tasks and activities outlined in the "Statement of Needs" of this RFP.

Maximus follows our proven and results-driven methodology, providing the County the advantage of our proprietary software, the consistency afforded by our project management practices, and the assurance that Maximus' deliverables will be of the highest quality. The following tasks describe in detail the tasks proposed to implement our methodology.

(4.2.2.2) Task 1: Initiate Maximus Project

The initiation period of a project sets the stage for the entire engagement. A haphazard approach to orientation may result in a chaotic project environment with incongruent goals and confused staff, while a methodical approach typically results in a cohesive team working toward the same common goals. Therefore, our objective during this task is to make sure that all of the required people, processes and tools are in place with a common understanding of project expectations so that we can mobilize the Maximus Project Team to begin work in an organized, structured fashion. To accomplish this task, we will conduct the following steps:

- **(4.2.2.2) Step 1: Conduct Kickoff Meeting.** We will conduct a kickoff meeting with the County to enable us to solidify a partnership around the project, verify any organizational changes that may have taken place since the last CAP and ICRPs were completed (if applicable), and gain input for the direction of our work. During the kickoff, we will discuss

(4.2.2.2) our overall plan for development of the CAP/ICRPs and present the County with a list of data requirements necessary to complete the work.

- **(4.2.2.2) Step 2: Finalize Project Schedule.** After the kickoff meeting, based on feedback from the County, we will document any agreements as well as the finalized project schedule.
- **(4.2.2.2) Step 3: Create Project Repository.** During this task, we will also create a centralized repository for all documentation related to the engagement facilitating an audit trail for work to be performed.

We will complete this step at the beginning of every contract year to ensure our understanding of the County's project goals.

(4.2.2.2) (3.3) Task 2: Conduct Research and Gather Materials

3.3 Review data collection worksheets, allocation bases, indirect cost pools, and methods of distributing costs for appropriateness and also to identify alternative methodologies which may favorably impact indirect cost recoveries.

We will work with the County to identify the required documents, their sources, and any personnel whom we will need to interview to obtain a complete picture of the County's financial structures and infrastructures. Maximus will provide guidance to the County in determining the data required for plan preparation and it is understood that we will rely upon the accuracy and completeness of the data provided by the County to perform the work. To accomplish this task, we will conduct the following steps:



- **(4.2.2.2) (3.3) Step 1: Determine Available Financial Information.** This step involves identifying the sources of financial information to be used. At a minimum, we will review the financial statements and other accounting reports pertaining to County departments, including data collection worksheets, allocation bases, indirect cost pools and methods of distributing costs, for the period under review and any relevant organization charts. We will also work with the County to identify additional financial reports and conduct interviews with relevant Finance staff to inform our knowledge base.
- **(4.2.2.2) (3.3) Step 2: Classify Departments.** We will analyze the organizational structure of the County to determine which departments or cost pools provide centralized services to other departments. These cost pools become the "central service departments" in the CAP. We intend to update the prior cost plan with the latest organization chart and properly classify each organizational unit as a central service or operating (receiver) department.
- **(4.2.2.2) (3.3) Step 3: Determine Administrative Departments.** During this step, our focus is on identifying those departments (normally administrative departments) with responsibility for providing services to other departments. These departments are typically performing such services as IT, financial accounting, purchasing, facilities management, and payroll and personnel administration.
- **(4.2.2.2) (3.3) Step 4: Determine Allocation Bases.** To ensure that administrative costs are allocated fairly and accurately, we will determine appropriate allocation bases. Federal

(4.2.2.2) (3.3) guidelines provide substantial leeway in selecting allocation bases, but they must be defensible during negotiations.

- **(4.2.2.2) (3.3) Step 5: Develop Allocation Data.** The services provided by each user department must be measurable in specific units of service. We will identify the most appropriate metrics for cost allocation, based upon the services provided by the department. For example, the payroll section provides payroll services to all other departments. As a result, we measure payroll services by the number of personnel in each department or by payroll transactions processed by department.
- **(4.2.2.2) (3.3) Step 6: Analyze Expenditures.** For each administrative department, we will prepare a worksheet showing the expenditures of the department during the period under review. We will eliminate any disallowed expenditures under OMB cost principle regulations and add building and equipment depreciation. The resulting amount is allowable costs to benefiting department.

(4.2.2.2) (3.1) Task 3: Develop the Indirect CAP

3.1 Develop and prepare a detailed indirect cost allocation plan in accordance with 2 CFR Part 2002 CFR Part 225 and 45 CFR Part 75(OMB Circular A-87).

Using the information gathered during *Task 2: Conduct Research and Gather Materials*, we will perform the necessary analysis and calculations to provide a complete Indirect CAP. An Indirect “OMB” CAP must exclude costs that are identified as unallowable under federal guidance. We will use MAXCAP®, our proprietary software tool, to assist during this task. To accomplish this task, we will conduct the following steps:

- **(4.2.2.2) (3.1) Step 1: Allocate Central Services Costs.** Using MAXCAP, our proprietary software, we will use cost data and allocation statistics to allocate the cost of overhead to the departments. MAXCAP’s double step-down allocation procedure allows us to distribute costs among central services and to departments that receive benefits. The double step-down procedure initially requires a sequential ordering of departments. We will then make department indirect cost allocations in the order selected to all benefiting departments, including cross allocations to other central service departments. To ensure that the cross-benefit of services among central service departments is fully recognized, we make a two-step-down allocation for each central service department.

- **(4.2.2.2) (3.1) (3.4) Step 2: Summarize Costs.**

3.4 Perform variation analysis of the plan with prior year plan to ensure reasonableness of the plan and provide explanation for major variances.

During this step, we summarize the costs in the CAP for each fund/department that receives services from a central service department. We document these in the draft CAP, including the cost allocation worksheets. We will perform a variance analysis comparing departmental indirect costs for the current year to the past year, and provide explanations of material variances.

- **(4.2.2.2) (3.1) Step 3: Formalize the CAP.** During this step, we will document the draft CAP for review by County upper management. Prior to delivery, we will conduct a thorough internal QA review cycle.

- **(4.2.2.2) (3.1) (3.8) Step 4: Review Draft CAP with County's Core Management.**

3.8 Meet with the County for a review of the draft cost allocation plan. Document the results in a format acceptable to the Owner.

We will review the formalized draft CAP with relevant County management personnel. Maximus will present the CAP and provide an opportunity for County management to raise any questions or concerns. We will document any changes in a format acceptable to the County.

- **(4.2.2.2) (3.1) Step 5: Prepare Final OMB CAP.** Following completion of the County's review of the draft CAP, we will incorporate any agreed upon changes and provide a final version of the CAP. Maximus will provide an electronic copy and at least two hard copies of the CAP, as well as all related schedules, to the County.

(4.2.2.2) (3.2) Task 4 – Develop the Indirect Cost Rate Proposals

3.2 Develop and prepare indirect cost proposals as requested by the various federal grantor agencies in accordance with 2 CFR Part 200 and 45 CFR Part 75.

The Indirect "OMB" CAP developed in *Task 3: Develop the Indirect CAP* forms the basis upon which the Indirect Cost Rate Proposals will be developed. The Maximus Project Team will develop ICRPs using the information gathered during *Task 2: Conduct Research and Gather Materials*. To accomplish this task, we will conduct the following steps:

- **(4.2.2.2) (3.2) Step 1: Analyze Cost Data.** We will compile the cost data for the appropriate cost centers to determine the Indirect Cost Rate (ICR) base, which are traditionally total salaries and wages. These are the costs identified and documented during *Task 2: Conduct Research and Gather Materials*. These costs will be included in the ICR calculation and presented in the appropriate schedule for the ICRPs.
- **(4.2.2.2) (3.2) Step 2: Calculate Indirect Costs.** We will compile all relevant indirect costs for the County. These are the indirect costs identified and documented during *Task 3: Develop the Indirect CAP*.
- **(4.2.2.2) (3.2) Step 3: Formalize ICRPs.** We will prepare the draft reports with narratives and relevant schedules utilized in the ICR calculations. Following a thorough internal QA review cycle, we will submit the ICRPs for review by the County management.
- **(4.2.2.2) (3.2) Step 4: Review ICRPs with Core County Personnel.** We will review the draft ICRPs with relevant County management personnel. Maximus will present the rates and provide an opportunity for County personnel to raise any questions or concerns regarding the rates.
- **(4.2.2.2) (3.2) Step 5: Prepare Final ICRPs.** Following completion of the County's review of the draft ICRPs, we will incorporate any agreed upon changes and finalize the ICRPs. Maximus will provide the County with electronic and physical copies of the ICRPs.

(4.2.2.2) (3.5) Task 5: Negotiate Final Indirect CAP and Secure Approval

3.5 Present, negotiate and secure approval of the plan with the Director of Finance and with appropriate Federal and State agencies. The Firm will act as the County's advocate to secure the fairest plan for all concerned, consistent with the principles 2 CFR Part 200 and 45 CFR Part 75. of Circular A-87. Make necessary adjustments as requested.

Pursuant to 2 CFR Part 200, only "major local governments" are required to formally submit an Indirect CAP for federal review and approval. Fauquier County does not meet the federal guidelines for a "major local government," and would only be required to submit its CAP only if specifically requested by a federal cognizant agency.

However, if the County is required to submit its CAP for review/approval to County Management and other local reviewing bodies, we will defend the CAP and shall make work papers and other records available to auditors, attend any negotiation hearing, and provide audit assistance to the County. We will also make any necessary changes to the work product as required as a result of an audit and resubmit the plan for approval.

Maximus continues to build off its negotiating experience and may tap our deep bench of national consultants who maintain historically strong relationships with U.S. Department of Health and Human Services (HHS) Cost Allocation Services (CAS) negotiators.

(4.2.2.2) Task 6 – Provide Training, Guidance, and Recommendations to County Finance Staff (Additional Material)

As your cost allocation partner, we strive to provide you with more than the required documentation; we aim to provide your staff with the skills, instruction, and guidance necessary to both expedite plan and rates preparation in future years and to utilize both to their maximum potential. We will provide relevant staff members with instruction and guidance commensurate with their job responsibilities and involvement with the CAP and ICRPs.

This process will involve providing instruction and guidance to your staff regarding OMB principles and guidelines and various cost allocation strategies and specifications. To that end, we provide the following services:

- **(4.2.2.2) (3.7) Review** current methodologies and recommend enhancements to the process.

3.7 Review, evaluate and recommend revenue enhancement strategies for Federal and State supported programs.

Subject to the County's concurrence, these enhancements will be incorporated into each plan prepared using Maximus costing methodologies.

- **(4.2.2.2) (3.7) Explain** data requirements, detailing expected format for the data, record retention and audit procedures, and data security procedures for private and confidential information.
- **(4.2.2.2) (3.7) Offer** opinion on our general observations and analysis during the course of the work that will serve to enhance and expedite the CAP preparation process during the course of the contract and in future periods. Our staff will be available to answer questions regarding the project guidance via telephone and email.
- **(4.2.2.2) (3.7) Provide** periodic progress reports upon request regarding the status of the project.

■ (4.2.2.2) (3.6) Monitor first year recoveries.

3.6 Monitor first year recoveries: During the initial year, the Firm shall monitor application of the approved indirect costs to ensure all allowable recoveries are realized. This is necessary to ensure that the most important objective of this project, i.e., recovery of indirect costs, actually occurs

Once the Virginia DSS reviews and approves the County’s OMB CAP, they perform calculations to determine the County’s fair share of federal dollars. Information is submitted to the Federal Government and the localities ultimately receive payments. To ensure that the most important objective of this project — recovery of indirect costs — actually occurs, it is necessary for the localities to monitor their recoveries. To accomplish this task, we will conduct the following steps:

- **Step 1: Submit a Freedom of Information Act (FOIA) Request.** We will submit a FOIA request to DSS to receive a list of payments made by the County to each Commonwealth of Virginia local government for indirect costs.
- **Step 2: Compare Requested Recoveries to Actual.** We will review the amount claimed by the County, compare it to the amount received, and evaluate whether the reimbursement amounts are accurate and reasonable.

(4.2.2.2) (3.9) Task 7 – Provide Additional Miscellaneous Cost Accounting Services

3.9 Provide additional miscellaneous cost accounting services needed or that may be requested in order for the Firm.

Our Project Team is ready and qualified to assist the County with additional cost allocation services should the need arise. We may either amend an existing contract or perform services at an hourly rate to be named. Maximus has the deep pool of resources and available staff to take on new projects based on the needs of our clients.

4.2.2.2-1 Maximus Staff Involvement

4.2.2.2 The workplan must discuss the staffing level(s) required to complete each task, as well as the relative effort that each member of the proposed project team will devote to the task

The workplan also must include a schedule of the time required to complete the task.

The following table delineates which Project Team members will be involved in the tasks outlined above.

Project Task	Team Members Assigned and Hours Dedicated to Task	NC	JJ	RR	Project Task	Team Members Assigned and Hours Dedicated to Task	NC	JJ	RR	JG
Task 1 – Step 1	N. Clugston / J. Jennings / R. Roop	1	1	1	Task 3 – Step 3	N. Clugston / J. Jennings / R. Roop	1	1	1	
Task 1 – Step 2	J. Jennings / R. Roop		0.25	0.5	Task 3 – Step 4	N. Clugston / J. Jennings / R. Roop	1	1	1	
Task 1 – Step 3	J. Jennings / R. Roop		0.25	0.5	Task 3 – Step 5	N. Clugston / J. Jennings / R. Roop	0.2	0.25	1	
Task 2 – Step 1	J. Jennings / R. Roop /		0.5	1	Task 4 – Step 1	J. Jennings / R. Roop	0.1	0.2	0.5	
Task 2 – Step 2	N. Clugston / J. Jennings / R. Roop	0.1	0.25	0.5	Task 4 – Step 2	J. Jennings / R. Roop	0.1	0.2	0.5	
Task 2 – Step 3	N. Clugston / J. Jennings / R. Roop	0.1	0.5	0.5	Task 4 – Step 3	N. Clugston / J. Jennings / R. Roop	0.1	0.2	0.5	
Task 2 – Step 4	N. Clugston / J. Jennings / R. Roop	0.1	0.5	0.5	Task 4 – Step 4	N. Clugston / J. Jennings / R. Roop	0.1	0.2	0.5	
Task 2 – Step 5	J. Jennings / R. Roop		1	18	Task 4 – Step 5	N. Clugston / J. Jennings / R. Roop	0.1	0.2	0.5	
Task 2 – Step 6	J. Jennings / R. Roop		1	12	Task 5	N. Clugston / J. Jennings / R. Roop / J. Glennon	1	1	3	1
Task 3 – Step 1	J. Jennings / R. Roop		0.25	1	Task 6	N. Clugston / J. Glennon	1			1
Task 3 – Step 2	J. Jennings / R. Roop		0.25	1						
						TOTAL HOURS	6	10	45	2

4.2.2.2-2 The Role of County Staff

4.2.2.2 The Offeror should clearly distinguish tasks that the Offeror will undertake as distinguished from those that are the responsibility of the County.

While our Project Team will take on the complex duties of developing the CAP/ICRPs, our expectation is that County staff will make a good faith effort to procure and supply critical (4.2.2.2-2) financial information to our Project Team in a timely manner, and make themselves or their direct reports available for brief interviews and follow-up questions via email and phone. Our Team members are adept at interviewing and gathering information efficiently in order to minimize interruption time to County personnel.

At a minimum, we will require expenditure reports for the FY under review, employee count data by organizational department, transaction data, fixed asset detail, and square footage information. Once the CAP and ICRPs are complete, the County's Finance staff will need to set aside the time necessary for our presentation and be prepared to review and offer comments.

It is generally a best practice for our clients to assign a Project Liaison to the engagement, someone qualified to answer questions about financial data on the County's behalf and also able access the financial documents needed to develop the CAP and ICRPs. The most labor-intensive period of the engagement for County personnel is *Task 2 – Gather Financial Information*. Subsequent to this phase, County assistance will be limited to answering follow-up questions via phone and email, procuring additional financial data not previously collected, and attending our presentation of the plans.

4.2.2.2-3 Identification of Anticipated and/or Potential Problems

4.2.2.2 The proposal should also discuss documentation and/or authorizations that will be required from the Owner anticipated problem areas, proposed solutions to the problem areas, etc.

The cost allocation process is inherently complex in that it applies principles of government accounting to real world practices and changes posed by the Uniform Guidance. Further complicating the process are the dynamic of state regulations and the differing approaches used across local government entities to support financial analysis.

Maximus recognizes that issues may occur on any project and we have multiple levels of oversight in place to identify and resolve those issues before they jeopardize the success of our projects.

The Problem Escalation Procedure (PEP), an integral part of our overall project management approach, defines the acceptable timeframes for developing and implementing the corrective action plan. The PEP is built upon a strong foundation of sound project management. Our comprehensive PEP details the method of escalation for any contractual issue, whether it routine or emergency. Maximus will provide immediate notice to the County of any occurrence, that affects our ability to perform all or any part of our responsibilities for the project, along with an assessment of the time and effort necessary to recover.

(4.2.2.2) Jason Jennings, our proposed Project Manager, is responsible for daily managing and documenting the progress of the project, making and keeping County staff aware of problems and key issues, and developing recommendations regarding the resolutions of such conflicts and/or issues. In the unlikely event that problems arise and are not resolved to the satisfaction of the County within appropriate timeframes, our PEP formalizes the process we follow. *Exhibit 4.2.2.2-3: PEP Approach* shows an overview of our Problem Escalation Procedure.

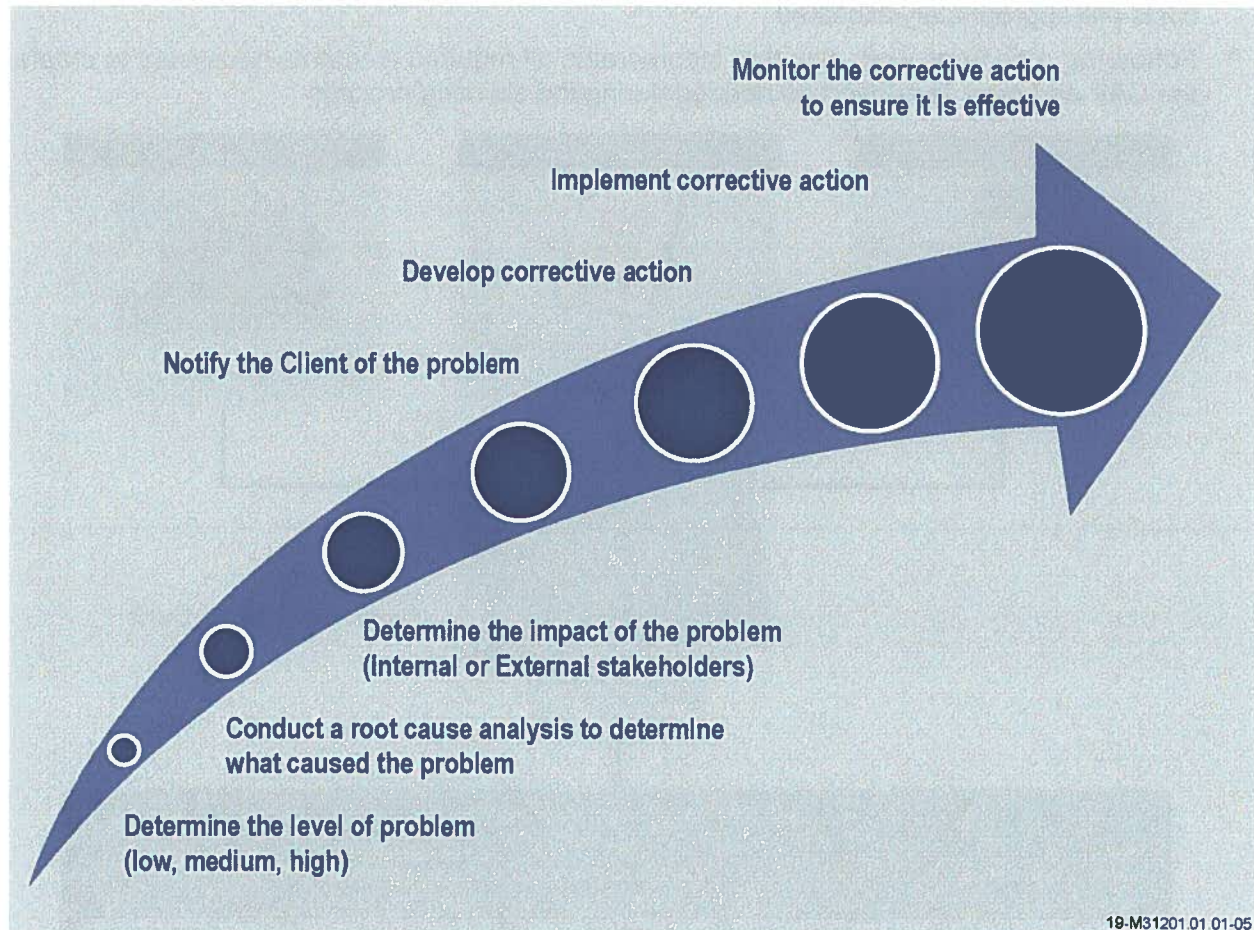


Exhibit 4.2.2.2-3: PEP Approach. We have used this process successfully in addressing problems in other cost allocation projects across the country, allowing us to provide a proven approach to the County to resolve problems as necessary.

4.2.2.2-4 Maximus Methodology

4.2.2.2 This section should describe the recommended approach and workplan regarding the assistance to be provided.

A cornerstone of our continued success in providing professional services to government clients is our commitment to finding innovative cost allocation techniques that can be used to optimize reimbursements. Maximus employs the latest cost accounting techniques to justify user fee charges and other chargeback systems.

The Maximus approach to cost allocation, as shown in *Exhibit 4.2.2.2-4: Maximus Cost Allocation Methodology*, is based on the best practices learned during the past 45 years of providing government cost accounting services, including preparing more than 300 Statewide

(4.2.2.2) Cost Allocation Plans (SWCAPs), as well as over 12,000 CAPs at all levels of government. Highlights of our best practices for preparing CAPs include:

- **Providing** a structured methodology to attain consistent, high-quality, auditable results
- **Utilizing** our proprietary software tool that has the capability to prepare CAPs flexibly and efficiently
- **Employing** a “Double Step-Down Allocation” of costs to make sure that all recoverable costs are appropriately allocated
- **Following** a rigorous work plan that incorporates all required elements necessary to create the CAP and provide support as needed during the claiming process

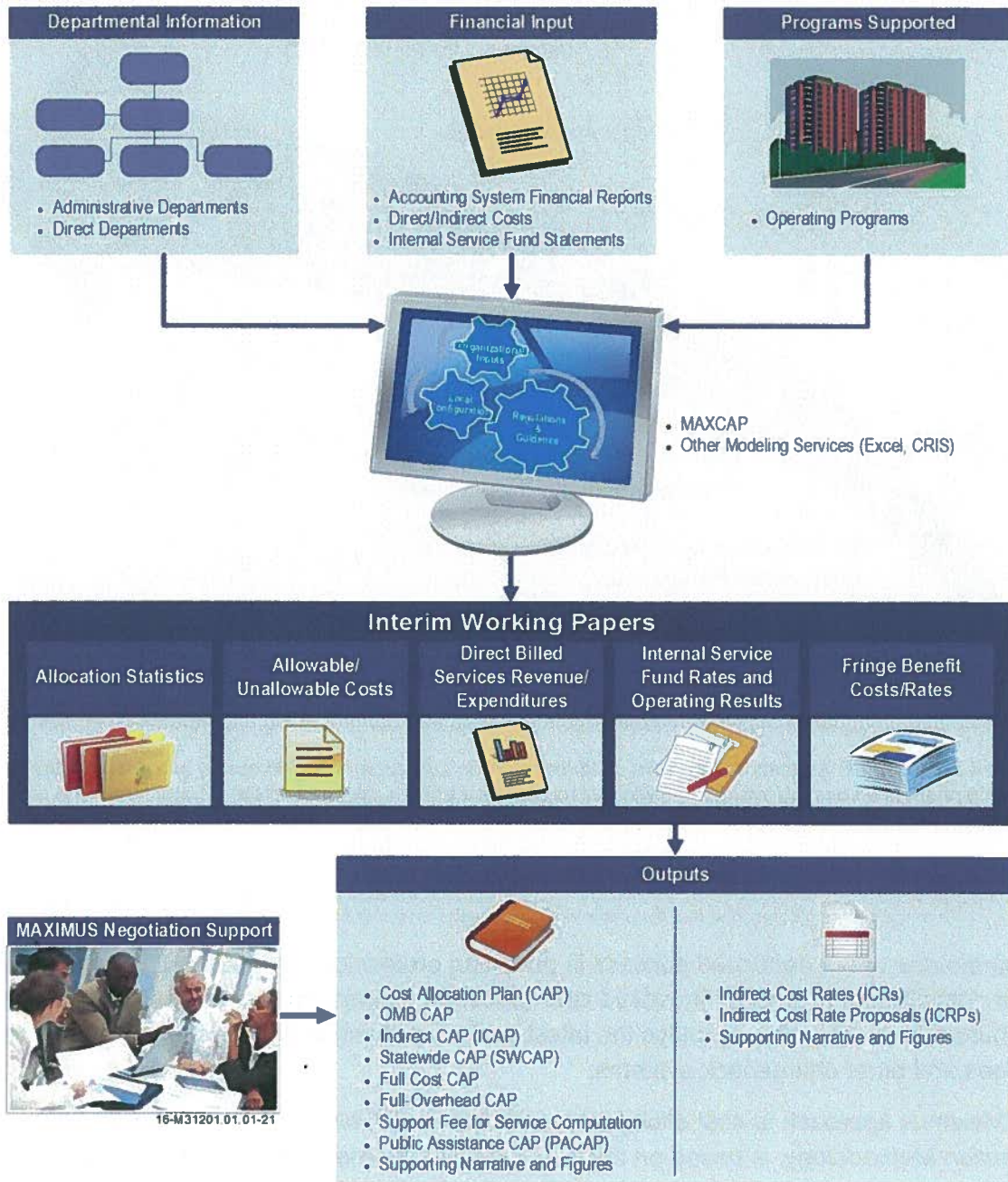


Exhibit 4.2.2.2-4: Maximus Cost Allocation Methodology..

4.2.2.2-5 MAXCAP® Our Proprietary Software Tool (Additional Material)

A reliable software application is a critical component of this engagement as accurate cost allocation is the cornerstone to the County's realization of expected revenue. For Maximus, it was necessary to design a software application in a way that eliminated the guesswork that often results when vendors use spreadsheets to perform cost allocation – our experiences have proven that a spreadsheet does not suffice when performing complex CAPs and ICRs. We also needed a tool that was powerful enough to quickly evaluate different scenarios with multiple variables and parameters in order to appropriately tailor CAPs to our clients' unique requirements and circumstances. Further, the application needed to be stable and documented so that we could easily transfer knowledge about the system, processes, and procedures to government staff.

We came up with **MAXCAP**, our proprietary cost allocation solution that simplifies and streamlines the process of developing CAPs. Unlike spreadsheet cost allocation models, our system was



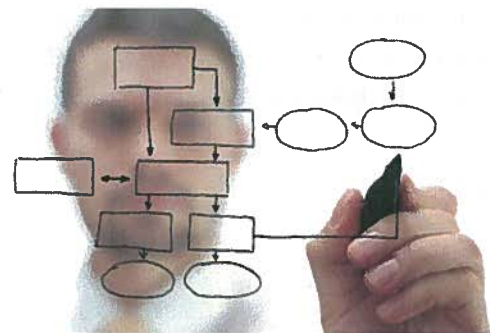
MAXCAP
Cost Allocation Plan Services

specifically designed for CAP preparation. MAXCAP allows us to evaluate alternative allocation bases and quickly assess the impact of changes during the negotiation process.

Maximus uses MAXCAP to simplify and streamline the cost allocation process and provides our clients with a CAP that is both optimized and defensible. MAXCAP is the result of more than 30 years of continuous development and refinement. We have successfully used MAXCAP and its predecessor products to develop tens of thousands of cost plans for more than 4,000 governmental clients throughout the United States. Further, all federal cognizant agencies in possession of our plans have reviewed and accepted the Maximus computerized double step-down cost allocation methodology.

Double Step-Down Cost Methodology

MAXCAP applies a *Double Step-Down* methodology in its cost allocation calculations. Because central service departments provide services to other central service departments, a double step-down procedure ensures the accurate allocation of costs. Simply stated, this allows all central service departments to allocate costs to all other central service departments. Since the central service departments cannot simultaneously allocate their costs, the process must be done sequentially, one department after another. The second step-down allows for the equitable allocation of the costs each central service department receives from another.



To demonstrate the potential inequity of a single step-down, consider the costs of the **Accounting** department and of the **Facilities** department as shown in *Exhibit 4.2.2.2-5 Double Step-Down Methodology*.

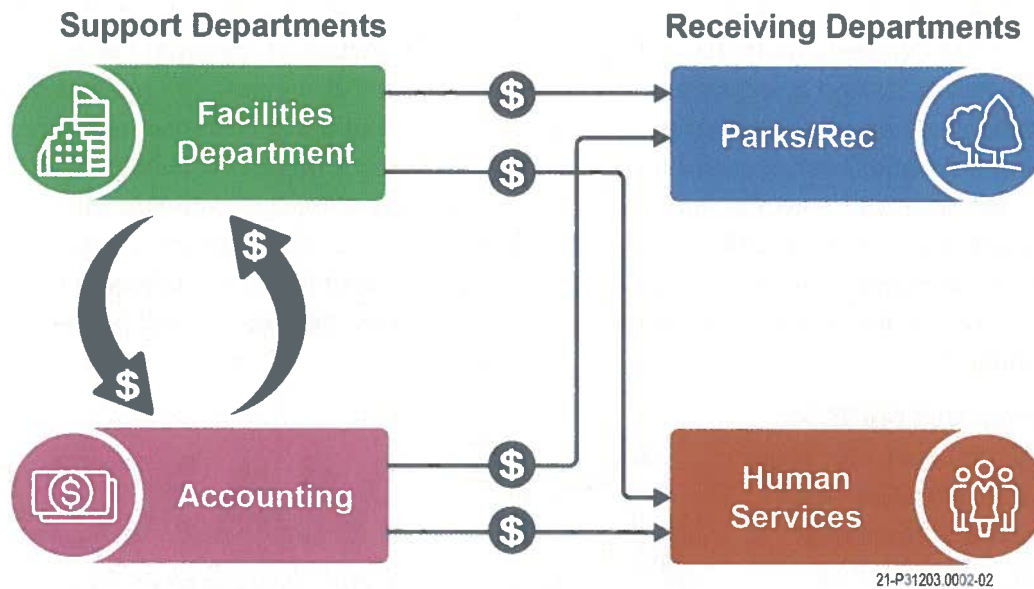




Exhibit 4.2.2.2-5 Double Step-Down Methodology

Accounting processes the purchase orders for the materials and supplies that **Facilities** uses to serve other departments. This cost is rightfully allocable to all the departments that **Facilities** serves. If **Accounting** allocates its costs after **Facilities** allocates its costs using a single step-down, then the costs that are attributable to the services provided to **Facilities** will be prorated to the other departments served by **Accounting**. This method can then send costs to departments disproportionate to the benefit received from those costs.

Similarly, **Facilities** provides services to **Accounting**. If **Accounting** allocates its costs after **Facilities** allocates its costs using single step-down, then the costs that are attributable to the services provided to **Accounting** will be prorated to the other departments served by **Facilities**.

Data Security (Additional Material)

Maximus takes our responsibility to secure and protect your data very seriously. In many of our engagements, we take custody of data that is confidential and must be secured. To protect your data, we take the following steps:

	<p>We have a full-time privacy officer who monitors our privacy and confidentiality processes and procedures</p>		<p>Our email and hard drives are encrypted</p>
	<p>If a laptop is lost or stolen and someone tries to access the data, the encryption software will make the computer unusable</p>		<p>The encryption software enables the hard drive to be wiped clean if someone attempts to access the internet</p>
	<p>We monitor all internet usage on all of our devices</p>		<p>Our data is backed up to the cloud and encrypted</p>

Unlike Maximus, a lower-cost vendor may not be able to afford this level of security and may not take these steps to protect your sensitive data. This could result in significant hidden costs. A very real value to contracting with a large sophisticated company like Maximus is that we have the infrastructure and capacity to make sure that we properly protect your valuable and sensitive data.

4.2.2.3 Management Plan; Identification of task milestones

4.2.2.3 In this section, the Offeror must present a plan that clearly explains how it will manage and control all proposed activities and the resulting timetable. The Firm must explain how the management and administrative processes will ensure that appropriate levels of attention are given so that work is properly performed and that milestones are met on a timely basis as proposed.

The success of our engagement for the County is dependent not only on our ability to identify and resolve issues and mitigate risks both during and subsequent to the development of the CAP and ICRPs, but also on our ability to successfully manage the project to ensure on-time, high-quality deliverables and results. This includes coordinating the work of a multi-disciplinary team; collaborating with the County’s relevant divisions/offices; leveraging Maximus corporate tools, technologies, and methodologies to support our activities; and managing our tasks to our proposed schedule and budget while at the same time, delivering products of superior quality. To that end, we incorporate into our projects the principles of project management and quality assurance that are proven success factors in leading a project to its successful conclusion.



We manage our projects in accordance with the standards established by the Project Management Institute (PMI) in the Project Management Body of Knowledge (PMBOK®) Guide. Building on PMI’s industry standard foundation and the lessons we have learned through our extensive experience managing both large and small engagements for a wide array of federal, state, and local government clients, Maximus has crafted a unique, successful project management approach, MAX~PM, which covers the entirety of a project, from project initiation to closeout; proactively

(4.2.2.3) working towards on-schedule, high-quality products. The approach incorporates the practices described in *Exhibit 4.2.2.3-1: Maximus Project Management Practices* and helps to ensure that activities related to the CAP and ICRPs occur as scheduled, risks are averted or managed to reduce their impact, and accountability at all levels is enforced.

Management Practice	Control Measure
Integration Management	<ul style="list-style-type: none"> Project Leadership provides oversight and monitoring of all project activities Regularly scheduled client meetings update project status and issues Regularly scheduled project team meetings review schedule and task status
Scope Management	<ul style="list-style-type: none"> CAP/ICRP project requirements clarified, documented, and tracked through project lifecycle Formal change control process provides a systematic methodology for modifications to the project plan, performance measures, or other similarly important operational parameters
Project Schedule / Cost Management	<ul style="list-style-type: none"> Master project milestone schedule and detailed task schedule track progress and provide early warning signs when the conditions leading to possible slippage are forming Internal cost systems provide detailed cost analysis preventing us from realizing cost overruns Regularly scheduled project team meetings review and manage high-priority objectives in accordance with the schedule
Quality Management	<ul style="list-style-type: none"> Established Maximus Corporate QA Team provides senior-level management oversight for all Maximus projects Quarterly project reviews conducted with Maximus senior management ensure accountability Internal project reviews performed by the Maximus Team on all project deliverables ensure consistency and completeness
Human Resource Management	<ul style="list-style-type: none"> Organization structure and communication channels maximize collaboration and unity of project management by the County and Maximus Periodic face-to-face meetings with individual staff provide guidance and feedback on performance and create a mentor relationship to support management
Communication Management	<ul style="list-style-type: none"> Communication Plan is developed, maintained, and followed to establish and maintain formal and informal lines and methods of communication between the County and Maximus Documentation procedures ensure agreement on meeting proceedings and follow-up action items
Risk Management	<ul style="list-style-type: none"> Risk Management Plan defines the process for addressing varying levels and types of risk items Risk mitigation is tracked to support management of identified project risks

Exhibit 4.2.2.3-1: Maximus Project Management Practices. *The Project Leadership Team monitors all management practice areas to ensure overall project quality and customer satisfaction with our delivery of cost allocation services.*

4.2.2.3-1 Project Timeline

4.2.2.3 The section should set forth beginning and ending dates, deliverables, and major milestones for a proposed timetable that coincides with the proposed workplan.

We are available to begin our fieldwork for this engagement within two (2) weeks of your authorization to proceed and after mutually successful contract negotiations. All services, with the exception of those relating to the negotiation and defending the CAP/ICRP, should be completed within **ten (10) weeks** of beginning our fieldwork. We base this timeline on our experience preparing thousands of similar CAPs/ICRPs. This schedule is, of course, dependent upon the availability of data and the cooperation of County personnel.

(4.2.2.3) Exhibit 4.2.2.3-1: Maximus Work Plan presents a preliminary Project Gantt Chart including a detailed project Work Breakdown Structure (WBS) and schedule (in Microsoft Project format) for the CAP and ICRPs during the contract period. The schedule includes all tasks, subtasks, deliverables, milestones, durations, and anticipated start and finish dates for all activities. This schedule can be revised and updated as necessary over the life of the engagement to align with the County's requirements.

Please note that the schedule for *(4.2.2.2) (3.5) Task 5: Negotiate Final Indirect CAP and Secure Approval* is dependent upon the State and federal review cycle, if applicable, and is not depicted in the preliminary timeline with assigned dates. Also, *(4.2.2.2) (3.9) Task 7 – Provide Additional Miscellaneous Cost Accounting Services* would be determined during the life of the engagement and is not scheduled.

(4.2.2.3)

Task Name	Duration	Start	Finish	March					
				2/13	2/20	2/27	3/6	3/13	3/20
1 Initiate MAXIMUS Project	2 days	Tue 2/15/22	Wed 2/16/22						
1.1 Conduct Kickoff Meeting	1 day	Tue 2/15/22	Tue 2/15/22						
1.2 Finalize Project Schedule	1 day	Wed 2/16/22	Wed 2/16/22						
1.3 Create Project Repository	1 day	Wed 2/16/22	Wed 2/16/22						
2 Conduct Research and Gather Materials	22 days	Thu 2/17/22	Fri 3/18/22						
2.1 Determine Available Financial Information	5 days	Thu 2/17/22	Wed 2/23/22						
2.2 Classify Departments	3 days	Thu 2/24/22	Mon 2/28/22						
2.3 Determine Administrative Departments	5 days	Tue 3/1/22	Mon 3/7/22						
2.4 Determine Allocation Bases	3 days	Tue 3/8/22	Thu 3/10/22						
2.5 Develop Allocation Data	3 days	Fri 3/11/22	Tue 3/15/22						
2.6 Analyze Expenditures	3 days	Wed 3/16/22	Fri 3/18/22						
3 Develop OMB CAP	20 days	Mon 3/21/22	Fri 4/15/22						
3.1 Allocate Central Services Costs	3 days	Mon 3/21/22	Wed 3/23/22						
3.2 Summarize Costs	2 days	Thu 3/24/22	Fri 3/25/22						
3.3 Formalize OMB CAP	3 days	Mon 3/28/22	Wed 3/30/22						
3.4 Review Deliverables with County	1 day	Fri 4/1/22	Fri 4/1/22						
3.5 Prepare Final OMB CAP	10 days	Mon 4/4/22	Fri 4/15/22						
4 Develop Indirect Cost Rate Proposals	15 days	Mon 3/28/22	Fri 4/15/22						
4.1 Analyze Cost Data	1 day	Mon 3/28/22	Mon 3/28/22						
4.2 Calculate ICRs	2 days	Mon 3/28/22	Tue 3/29/22						
4.3 Formalize ICRs	2 days	Wed 3/30/22	Thu 3/31/22						
4.4 Review ICRs with Core County Personnel	1 day	Fri 4/1/22	Fri 4/1/22						
4.5 Prepare Final ICRs and Review with County	10 days	Mon 4/4/22	Fri 4/15/22						
5 Provide Instruction, Guidance, and Recs	44 days	Tue 2/15/22	Fri 4/15/22						

Exhibit 4.2.2.3-1: Maximus Work Plan. Maximus has a detailed delivery plan to meet the County's requirements for completing the your deadlines.

Project Plan

P31203 0002

2. Maximus Overview and Qualifications

For over four decades, cost accounting of government services has been a principal line of business for Maximus US Services, Inc. (Maximus)¹. We offer the Fauquier County Finance Department (County) both a national perspective and in-depth knowledge of Virginia local government. In addition, our proposed project team has a thorough understanding of the U.S. Office of Management and Budget (OMB) cost principles. Our extensive overall cost allocation experience, financially stable company, deep bench of resources, and successful history working with dozens of Virginia (Commonwealth) local government entities, as well as thousands of local governments throughout the country, makes Maximus the best choice for this engagement.

Maximus is pleased to present this proposal to provide cost allocation services to the County. We know how important it is for you to have reliable cost information in order to recover costs and make critical management decisions for administering your programs. We bring you a strong team with extensive experience working through the cost allocation process not only in the Commonwealth, but in many other states across the country.

Maximus possesses all of the attributes important to the County in its consulting contractor, including:

- A successful history and experience record of providing these services to Fauquier County, as well as services of comparable scope and complexity to other local governments;
- Local project references who will attest to the quality of our services and skills of our staff;
- A proven methodology for performing this work that will be tailored to the needs of the County,
- A highly qualified project team with state-of-the-art tools, and the ability to provide additional government accounting experts should the need arise;
- Financial stability that ensures the County has a fiscally sound partner in this effort and in the years to come.

AT A GLANCE

- Maximus has reliably prepared Fauquier County's Cost Allocation Plan (CAP) for over thirty years
- Maximus is a local Virginia-based company that has helped dozens of Virginia governments with their cost allocation projects for over four decades, including the counties of King George, Prince William, Westmoreland, Hanover, and more.
- Maximus has developed CAPs and Indirect Cost Rate Proposals (ICRPs) for thousands of governments across 46 states
- More than 90 percent of our CAP service clients renew with us year after year.
- We are a multinational, financially stable institution with the capital and resources to fulfill our long-term contracts

¹ Maximus US Services, Inc., formerly known as Maximus Health Services, Inc., was established as a wholly owned subsidiary of Maximus, Inc. in 2007. Previously Maximus Consulting Services, Inc. provided all financial services operations, but as of October 1, 2020 all financial services operations were transferred to Maximus US Services, Inc. The County benefits from the years of experience of both organizations. Throughout this proposal, references to Maximus as it relates to financial services experience refers both to Maximus US Services, Inc. and Maximus Consulting Services, Inc.

2.1 Company Profile

Maximus is a public sector consulting firm incorporated in the Commonwealth of Virginia. With over 45 years of experience, we are the premier provider of cost allocation services in the country. We have worked across 46 states, including the District of Columbia, conducting a variety of successful engagements in all facets of cost accounting/allocation services. Maximus currently serves over 1,000 government cost allocation clients annually and can bring to this engagement a uniquely qualified staff of professionals with extensive experience in preparing CAPs and ICRPs for local governments.



Maximus, Inc., our parent company, provides services to federal, state, and local government agencies across all 50 states, Canada, the United Kingdom, and Australia with a variety of administrative support and case management services for Child Support Enforcement (CSE), welfare-to-work programs, Children's Health Insurance Program (CHIP), Medicaid, Integrated Eligibility, as well as other integral program support.

Our Firm's corporate structure allows the County the advantages that come with our vast array of experience across our core health and human services business lines. Every aspect of our corporate organization — including substantial corporate personnel, financial, quality and risk management, human capital, and administrative resources — supports the projects we operate. This allows us to focus on quality and best practices for the type of opportunities we seek. Our ability to draw on company-wide expertise and knowledge results in better project outcomes and reduced risk for our clients.

Our vast resources are available to the County

Simply put, Maximus brings the resources of a large company to bear on all its projects. The single greatest benefit of a larger company is its ability to identify, absorb, and mitigate risk. When human and financial resources are limited or interrupted, as is sometimes the case with smaller regional vendors, the impact on an engagement can be disastrous. With a workforce of over 30,000 employees company-wide to draw from if needed, Maximus maintains a solid cadre of over 40 professionals focused solely on cost accounting consulting projects. This gives us the resources to successfully complete this and future engagements. Add to that our history of dedication and commitment to Fauquier County and you have what sets Maximus apart from our competitors.

This project will be performed by our Financial Services Division, which specializes in assisting state and local governments in matters related to grants management and cost accounting, or more specifically CAPs and cost of service, or user fee, analyses. The Division has several offices within the continental United States; this project will be performed by our project staff based in our Richmond, Virginia office.

Financial Stability

Government agencies and departments partner with quality vendors who have solid credit ratings and a strong indication of financial solvency. The importance of financial strength and strategic liquidity in today's market cannot be overstated. Maximus, Inc. has revenues over \$3.462 billion (as of September 30, 2020), representing approximately 3,500 contracts. During our 45-year history, we have experienced steady growth and workforce expansion as demonstrated in *Exhibit 2.1-1: Maximus Revenue FY2011—FY2020*.

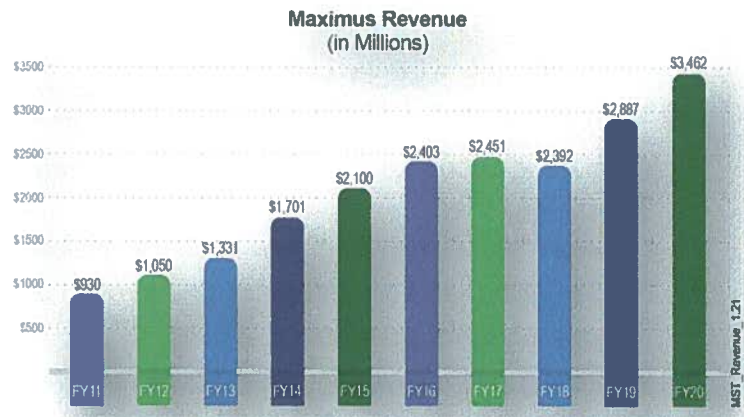


Exhibit 2.1-1: Maximus Revenue FY2011–FY2020. Maximus, Inc. has been profitable for more than 45 years and enjoys a very strong balance sheet

2.2 Cost Allocation Experience

We are the nation's leader in cost allocation services to state and local governments. Our approach to supporting our clients throughout the entire cost allocation process has been continuously refined over the past 45 years as we worked with state and local government agencies across 46 states preparing, negotiating, and ultimately receiving formal cognizant approval of CAPs, SWCAPs, PACAPs, ICRs, Fringe Benefit Rates, and user fee studies. Every year we perform cost studies for over a thousand government clients across the Country. The scope of our practice is further illustrated in *Exhibit 2.2-1: Maximus Cost Allocation Projects*.

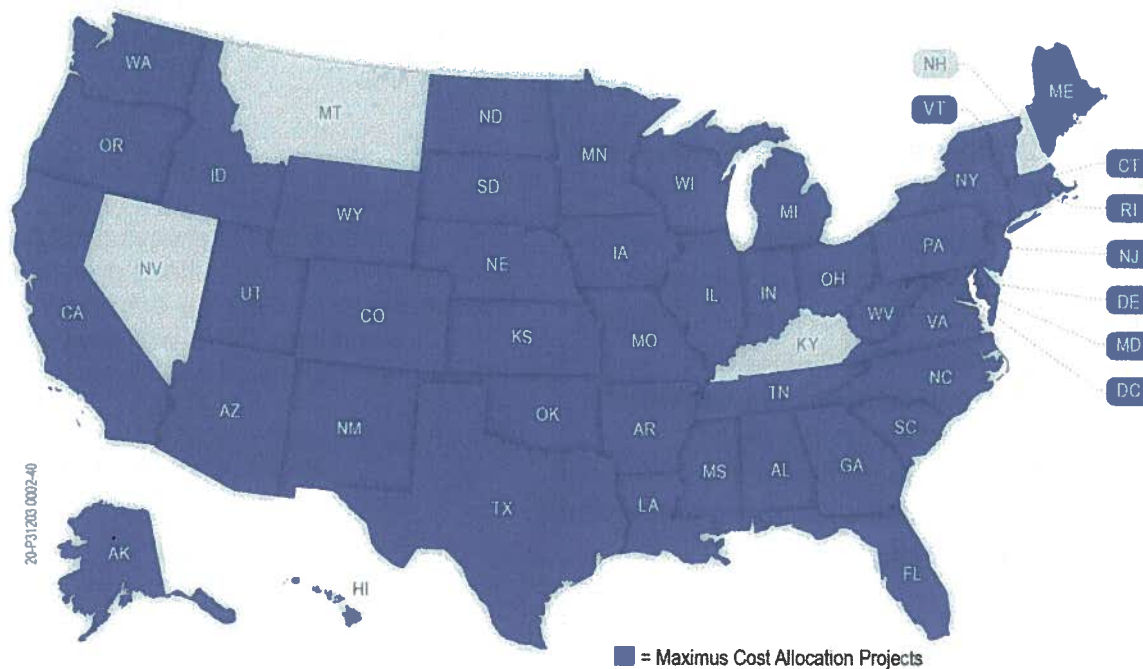


Exhibit 2.2-1: Maximus Cost Allocation Projects. We are the leading provider of cost accounting services.

SPOTLIGHT

EVERY YEAR WE ASSIST NEARLY 1,000 CLIENTS TO DEVELOP AND NEGOTIATE COST ALLOCATION AND COST REIMBURSEMENT CLAIMS. THEY ARE USED FOR:

- Supporting overhead allocations to departments that administer federal grants and contracts
- Documenting allocations that are used in developing agency ICRPs
- Setting billing rates for enterprise and Internal Service Funds (ISFs)
- Negotiating grant audit disallowances
- Identifying and recovering indirect costs incurred by an entity's departments for internal purposes, e.g., setting the annual budget

Industry Leader

Maximus developed most of the processes in use by other government cost accounting industry consultants today and we created the first computerized cost allocation tools and methodologies that many firms still try to copy. We continue to maintain our leading position by staying abreast of the latest developments at the federal level, where cost allocation policies related to grants are set, and by continuously investing in our systems and procedures.



We continually strive to perfect our methodology to deliver the best results to our clients. While each engagement is unique, there are several similarities across projects, and we have honed and refined our methodology based on these attributes. We have woven corporate-wide project management and quality assurance (QA) practices throughout our methodology, adding little or no overhead while safeguarding the integrity of our results and meeting your

expectations for high-quality products. This allows us to deploy a proven methodology as well as an experienced project team ready to hit the ground running.

Maximus Understands the U.S. Financial Landscape

Our extensive experience conducting a variety of successful engagements in all facets of cost allocation and cost reimbursement — including development, preparation, negotiation, implementation, and subsequent maintenance — has resulted in Maximus preparing approximately 90 to 95 percent of the consultant-prepared plans submitted to HHS/CAS, according to federal negotiators.

“ The consultant is the ultimate professional who is extremely knowledgeable and is always available to answer any of our questions or concerns. The reports generated are extremely helpful in assisting the Court with receiving reimbursement for allowable expenses.”

Accounting Manager, Philadelphia County Court System, City of Philadelphia, PA

2.2.1 Regional CAP Clients **PROPRIETARY**

There is no better testament to reliable service than repeat clients. Many of our CAP/ICRP clients have been with us for over 20 years. Due to the volume of CAP/ICRP clients we service annually, we have limited the list in *Exhibit 2.2.1-1: Established Experience Record*, to regional local governments serviced by our Richmond office in the past three years.

Virginia Cities & Towns			
■ Alexandria	■ Danville	■ Hopewell	■ Virginia Beach
■ Blacksburg (Town)	■ Fredericksburg	■ Lynchburg	■ Williamsburg
■ Bristol	■ Harrisonburg	■ Norton	
■ Chesapeake	■ Herndon	■ Roanoke	
Virginia Counties			
■ Accomack	■ Fauquier	■ Northampton	■ Roanoke
■ Amherst	■ Hanover	■ Orange	■ Southampton
■ Bedford	■ Henrico	■ Page	■ Spotsylvania
■ Caroline	■ Isle of Wight	■ Pittsylvania	■ Warren
■ Chesterfield	■ King George	■ Prince William	■ Westmoreland
■ Dinwiddie	■ New Kent	■ Pulaski	■ Wise
Regional Agencies			
■ Metropolitan Washington Airports Authority		■ Washington Metropolitan Area Transit Authority	
North Carolina Counties			
■ Alamance	■ Cumberland	■ Jackson	■ Polk
■ Alexander	■ Dare	■ Johnston	■ Sampson
■ Anson	■ Davidson	■ Jones	■ Scotland
■ Ashe	■ Duplin	■ Lenoir	■ Stanly
■ Avery	■ Durham	■ Macon	■ Surry
■ Beaufort	■ Edgecombe	■ Madison	■ Swain
■ Bertie	■ Forsyth	■ Mecklenburg	■ Transylvania
■ Bladen	■ Franklin	■ Mitchell	■ Tyrrell
■ Brunswick	■ Gaston	■ Montgomery	■ Union
■ Burke	■ Gates	■ Moore	■ Vance
■ Caldwell	■ Graham	■ New Hanover	■ Wake
■ Carteret	■ Grand Traverse	■ Northampton	■ Warren
■ Caswell	■ Granville	■ Onslow	■ Washington
■ Chatham	■ Greene	■ Orange	■ Watauga
■ Cherokee	■ Halifax	■ Pamlico	■ Wilkes
■ Chowan	■ Harnett	■ Pasquotank	■ Wilson
■ Clay	■ Haywood	■ Pender	■ Yadkin
■ Cleveland	■ Henderson	■ Perquimans	■ Yancey
■ Columbus	■ Hyde	■ Person	
North Carolina Cities & Towns			
■ Asheville	■ Gastonia	■ Lexington	■ Wilmington
■ Burlington	■ Greensboro	■ Monroe	■ Winston Salem
■ Fayetteville	■ Kinston	■ Raleigh	

North Carolina State Agencies			
<ul style="list-style-type: none"> Department of Administration 	<ul style="list-style-type: none"> Friends of the NC Museum of Natural Sciences 	<ul style="list-style-type: none"> Motor Pool Reconciliation 	<ul style="list-style-type: none"> Temporary Solutions Reconciliation
<ul style="list-style-type: none"> Department of Agriculture & Consumer Services 	<ul style="list-style-type: none"> GoTriangle Transit Authority 	<ul style="list-style-type: none"> Department of Public Instruction 	<ul style="list-style-type: none"> Department of Transportation
<ul style="list-style-type: none"> DIT Reconciliation 	<ul style="list-style-type: none"> Department of Justice 	<ul style="list-style-type: none"> State Controller 	<ul style="list-style-type: none"> Workers Compensation Reconciliation
<ul style="list-style-type: none"> Fire Insurance Reconciliation 			

Exhibit 2.2.1-1: Established Experience Record. Within the last three years alone, Maximus has provided cost allocation services to numerous state agencies, cities, and counties in the region. **Proprietary Information**

2.3 Project Team Staff

There is nothing more critical to a project's success than the right project team. Maximus' team members were carefully evaluated and selected for their proposed roles and offer the qualifications and experience essential to the success of this engagement. With the selection of Maximus, you can be confident that you are getting a team of the industry's leading experts who provide quality results by maintaining rigorous schedules, meeting costs, and ensuring client satisfaction.



Exhibit 2.3-1: Maximus Project Team depicts our project team organizational structure and lines of authority.

We have developed our project organization to provide the County with specialized expertise as well as project team members who will be responsible for day-to-day efforts, as shown in *Exhibit 2.3-1: Project Team Staff*.

The utilization of senior-level staff with extensive subject matter expertise will ensure a comprehensive and effective cost recovery engagement.

These individuals have committed their careers to working with state and local governments to ensure compliance with federal cost regulations and are some of the Firm's most senior experts in cost accounting principles of the OMB. Combined, they have successfully assisted hundreds of government agencies at the state and local level in the development, preparation, and negotiation of CAPs, ICRPs, Information Technology (IT) rate and methodology services, fringe benefit rates, and Internal Service Fund (ISF) billing rates.

Project Director – Nelson H. Clugston, CPA

Nelson Clugston, a Certified Public Accountant, has considerable cost allocation experience, including the development, implementation, review, and negotiation of Statewide Cost Allocation Plans (SWCAPs), Public Assistance Cost Allocation Plans (PACAPs), and OMB and Full-Cost

CAPs. He has worked with Virginia's city and county CAPs for more than 32 years. As the firm's National OMB Coordinator, he meets frequently with the OMB and the federal Health and Human Services (HHS) and Cost Allocation Services (CAS) negotiators. He is thoroughly familiar with the requirements of government cost plans and department indirect rate calculations, as well as the volume of financial and statistical data, analyses, and interviews that are involved in the plan preparation process.

Mr. Clugston is directly responsible for the SWCAPs for Connecticut, Delaware, Maine, Maryland, Massachusetts, Michigan, New York, North Carolina, Pennsylvania, Rhode Island, and West Virginia.

As Project Director, Mr. Clugston has ultimate responsibility for the project. He ensures that necessary resources are available to the project team and provides input and guidance to help ensure project success and customer satisfaction is achieved. He participates in all major project activities and verifies that the Maximus Project Team fulfills all duties and responsibilities under the contract.

In addition, Mr. Clugston reviews all project deliverables and, when necessary, escalates critical issues. Mr. Clugston also reviews the CAP/ICRP preparation work to help ensure accuracy and consistency in the application of federal cost principles with other entities that we serve.

Project Manager – Jason Jennings, PMP

Jason Jennings brings more than 15 years of cost allocation experience to the project. Mr. Jennings joined Maximus in 2005 and has prepared CAPs for a multitude of large local government clients in Virginia, North Carolina, Michigan, South Carolina, and Tennessee. He has prepared CAPs and ICRPs for state agencies in Virginia, North Carolina, Maryland, Delaware, Pennsylvania, Rhode Island, and South Carolina. Mr. Jennings is a Project Management Institute (PMI)-certified Project Management Professional (PMP), which recognizes his demonstrated knowledge and skill in leading and directing project teams to a successful conclusion.

As Project Manager, Mr. Jennings directly manages all project management and CAP/ICRP activities, actively monitoring all phases of the project according to the specified timelines. He participates in all major project activities and verifies that the Maximus Project Team fulfills all duties and responsibilities under the contract. In addition, Mr. Jennings reviews all project deliverables and, when necessary, escalates critical issues.

Mr. Jennings will implement all key recommendations of the project, conduct interviews, and help ensure that project initiatives occur on schedule and in accordance with federal and Commonwealth requirements. He will coordinate the creation and delivery of deliverables with the County's project liaison throughout the contract period. He will also review and submit all deliverables and negotiate the plan with Commonwealth agencies as required.

Quality Assurance – John Glennon

John Glennon has more than 30 years of government finance and accounting experience. This includes reviewing and negotiating numerous PACAPs, SWCAPs, and departmental indirect

cost rate calculations. He also provides technical assistance to states on OMB issues. Mr. Glennon has developed cost allocation methodologies for centralized IT services in Massachusetts, and developed the CAP and billing rates for centralized accounting functions in Pennsylvania. Additionally, he has developed billing methods to charge American Recovery and Reinvestment Act (ARRA) central administrative costs to ARRA grants for Connecticut and North Carolina. In his last seven years as a negotiator for the central region of HHS Division of Cost Allocation (more currently known as CAS), he reviewed statewide plans and billed services rates for Texas, Ohio, Oklahoma, Louisiana, and Wisconsin.

As the Quality Assurance advisor, Mr. Glennon is responsible for reviewing technical information as needed, ensuring sound costing principles are used, providing technical advice, identifying new cost allocation strategies, and quickly addressing any technical challenges.

Project Consultant – Ryan Roop

Mr. Roop has assisted during our engagements with the Metro Washington Airport Authority and the Virginia counties of Spotsylvania and Pittsylvania. He is also a contributing member of our Commonwealth of Massachusetts engagement’s project team with responsibility for preparing departmental ICRPs for 28 of the Commonwealth’s departments. He holds a B.S. in Business Administration from Liberty University in Lynchburg, Virginia.

As a Project Consultant, Mr. Roop gathers and reviews source documentation, inputs financial and statistical data using our proprietary software, and assists the Project Director and Project Manager in other general project analyses.

Deep Bench of Available Staff

Although we believe we have sufficiently staffed this project to fulfill the requested scope of work, additional resources may be required from time to time. Maximus has more than 40 staff with government accounting expertise, several with Virginia-specific cost allocation experience. This deep bench of available staff differentiates Maximus from the smaller, local accounting firms. Maximus will not use any subcontractors during this project.

2.3.1 Project Staff Resumes PROPRIETARY

Name/Title	Page
Nelson Clugston <i>Vice President Project Director</i>	2-9
Jason Jennings <i>Director Project Manager</i>	2-10
John Glennon <i>Senior Consultant Quality Assurance</i>	2-11
Ryan Roop <i>Consultant Project Consultant</i>	2-12

Nelson H. Clugston, CPA

Vice President | Project Director

SUMMARY

Mr. Clugston brings over 32 years of experience providing cost allocation and cost reimbursement services to federal, state, and local governments. He has considerable cost allocation experience including the development, implementation, review, and negotiation of SWCAPs, PACAPs, and CAPs for a number of state agencies across the country. He is thoroughly familiar with the requirements of government cost plans and department indirect rate calculations; as well as the volume of financial and statistical data, analyses, and interviews that are involved in the plan preparation process.

EXPERIENCE

Maximus US Services, Inc., Vice President, 2008-Present

Mr. Clugston oversees the preparation of department CAPs and ICRs across the U.S. with extensive experience in Texas, Connecticut, Delaware, Maine, Massachusetts, Michigan, North Carolina, Rhode Island, Utah, and Virginia. Further, he negotiates these plans and cost rates with federal funding agencies. As the firm's national OMB coordinator, he meets frequently with OMB and the federal HHS/CAS negotiators. Mr. Clugston assists numerous cities and counties with their Central Service Cost Allocation Plans and Indirect Cost Rate Proposals. Current projects include:

- Developing and negotiating SWCAPs for the States of Connecticut, Delaware, Maine, Maryland, Massachusetts, New York, North Carolina, Pennsylvania, Michigan, and West Virginia.
- Developing CAPs for more than 40 local governments in Virginia and 70 in North Carolina.
- Preparing Billed Services reports for Delaware, New York, Maryland, and North Carolina for Human Resources, Facilities, Accounting and Budgeting, and Auditing.
- Supervising the preparation of natural resources CAPs and indirect cost rates in Texas, Delaware, Maine, Massachusetts, and Michigan.

Other projects include:

- Developing a cost accounting system that the City of Norfolk, Virginia Utility Department uses to calculate the cost of water production that Virginia Beach will share with Norfolk under an agreement where Virginia Beach purchases water from the City.
- Developed overhead rates for the City of Lynchburg. The City uses these rates to charge overhead costs to their street maintenance program that is funded by the Virginia Department of Transportation.
- Prepared CAPs and indirect cost rates for the Virginia Department of Mines, Minerals, and Energy and the Virginia Department of Environmental Quality.
- Assisting on a project for five United Nations (UN) specialized agencies to develop a cost methodology for allocating support costs to UN-funded development projects in undeveloped countries. The result of this study was the implementation of a uniform method for allocating and charging technical assistance and administrative costs to UN development projects. This methodology was accepted by the UN system.

PRESENTATIONS / PUBLIC SPEAKING ENGAGEMENTS

- Government Finance Officers Association (GFOA) Annual Meeting, Recovering Overhead Costs from Grants, May, 2014
- Twice Featured Speaker at the Virginia Government Finance Officers' Association (VGFOA) conference
- Each year speaks about cost allocation and indirect costs at the National Association of State Comptroller's Conference.

EDUCATION

B.S. in Accounting and Public Service, Pennsylvania State University
 CPA in Virginia since 1989

Jason M. Jennings, PMP

Director | Project Manager

SUMMARY

Mr. Jennings has more than 15 years of experience providing management consulting services to government states, counties, cities, and other government agencies, primarily in Virginia and North Carolina. In addition to client work, Mr. Jennings manages the Richmond, VA office staff with oversight of the local government CAP engagements in Virginia, North Carolina, South Carolina, and Tennessee.

EXPERIENCE

MAXIMUS Consulting Services, Inc., Director, 2006-Present

Since joining MAXIMUS, Mr. Jennings has worked on more than 50 different entities cost allocation plan or rate studies; developed overhead rates and methodologies for public works and utility departments, and addressed impacts of new Uniform Guidance to localities relating to indirect costs. Current Projects include:

- **Commonwealth of Virginia:** Manages the preparation of CAPs for more than 35 local governments, including the cities of Williamsburg, Chesapeake, and Lynchburg, as well as the counties of Chesterfield, Henrico, and Prince William. Additionally, he has developed overhead rates for several cities for public works and utility departments for usage of Virginia Department of Transportation (VDOT) funding.
- **State of North Carolina:** Along with completing the SWCAP for the past decade, Mr. Jennings prepares CAPs and indirect cost rate for the Departments of Administration, Justice, Agriculture and Consumer Services. He has also worked with the Department of Information Technology on OMB reporting issues. Further, Mr. Jennings manages the preparation of CAPs for more than 75 local governments, including the cities of Raleigh, Asheville, counties of Forsyth, Mecklenburg, Orange, and Wake, and the GoTriangle transit authority. He has also provided cost plans and rates for several state agencies and a Council of Government.
- **Washington Metropolitan Area Transit Authority:** Mr. Jennings is the project manager for the annual preparation of the WMATA CAP and indirect cost rate calculations.
- **State of South Carolina:** Provided cost allocation plans to both Florence and Horry County, allowing them to determine the full cost of their operations in order to charge costs as appropriate.
- **State of Tennessee:** Developed a cost allocation plan and rates for all user departments in Shelby County, along with a departmental plan and rates for the Health Department so the county could charge departments their necessary costs as well as enhance its federal grant monies. He has also developed a full cost allocation plan for the City of Memphis for management purposes of benchmarking and determining the drivers of cost.

Other Work

Mr. Jennings has worked on SWCAPs and departmental plans for the states of Delaware, Maryland, Pennsylvania, and Rhode Island, further enhancing his experience and knowledge with a variety of clients.

EDUCATION

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

PROFESSIONAL AFFILIATIONS

- PMP certified since 2012, National and Central Virginia Chapter Member
- Virginia Government Finance Officers Association

John Glennon

Senior Consultant | Quality Assurance

EXPERIENCE

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

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

RELEVANT EXPERIENCE

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

- Developed new Public Assistance Cost Allocation Plans (PACAP) for the Delaware Department of Health and Social Services, Division of Services for Aging and Adults with Disabilities, New Mexico Children Youth and Families Department, and the Tennessee Department of Children's Services. These new PACAPs were developed to reflect the agencies current organizational structure and bring the agencies into compliance with CFR-200. Our review of each agency assured that the PACAP maximized the recovery from all allowable federal funding sources.
- Provided advice on the preparation of statewide cost allocation plans for the State of Maryland, Georgia, and New York. My advice draws on my experience as a cost negotiator with the U.S. Department of Health and Human Services, Division of Cost Allocation.
- Oversight of the preparation of state agency indirect rate proposals for the Texas Department of State Health Services and the Texas Department of Public Safety. Negotiates these plans with the federal funding agencies.

Additionally, Mr. Glennon gained the following professional experience:

Cost Negotiator – U. S. Department of Health and Human Services (HHS) Division of Cost Allocation (DCA). Negotiate indirect cost rates with State agencies and Non – Profit grantees. HHS is the cognizant agency for Federal indirect cost rate negotiation. Interpret and apply OMB Circulars CFR-200 (Cost Principles for State, Local and Indian Tribal Governments) and A-122 (Cost Principles for Non-Profit Organizations) as part of the state and local branch review of Statewide Cost Allocation Plans, Public Assistance Cost Allocation Plans and Non-Profit agencies.

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

PROFESSIONAL HISTORY

- Maximus US Services, Inc., Grapevine, Texas, 2008 – Present
- U. S. Department of Health and Human Services, 1974

EDUCATION

B.S., Accounting, Biscayne College

Ryan Roop

Consultant | Project Consultant

EXPERIENCE

Ryan Roop is responsible for preparing cost allocation plans for city, county, and state governments and has contributed to preparing indirect cost rate proposals. Here are a list of projects Mr. Roop has contributed to:

Commonwealth of Virginia:

- Metro Washington Airport Authority
- Spotsylvania County
- Pittsylvania County
- Prince William County
- Fauquier County
- Amherst County
- Henrico County
- City of Lynchburg

Commonwealth of Pennsylvania

- Statewide Cost Allocation Plan

State of West Virginia

- Statewide Cost Allocation Plan

State of Connecticut

- Statewide Cost Allocation Plan

State of North Carolina:

- Granville County
- Pamlico County
- Montgomery County
- Washington County
- Lenoir County
- Pasquotank County

Commonwealth of Massachusetts:

- **Statewide Cost Allocation Plan**
- Indirect Cost Rate Proposals for the following departments:
 - Developmental Disabilities Council
 - Agricultural Resources
 - Bristol District Attorney
 - Committee For Public Counsel
 - Fire Services
 - Department of Mental Health
 - Department of Corrections
 - Department of Youth Services
 - Executive Office of Environmental Affairs
 - Labor
 - Executive Office of Public Safety
 - Fish and Game
 - Massachusetts Historical Commission
 - Mass. Rehabilitation Commission
 - Middle District Attorney

Qualifications

- Proficient in many Windows-Based applications including the Microsoft Office Suite and Maximus proprietary cost accounting software (MAXCAP)

EDUCATION

B.S., Business Administration, Liberty University, Lynchburg, Virginia

**FAUQUIER COUNTY GOVERNMENT AND PUBLIC SCHOOLS
QUESTIONNAIRE/PROPOSAL SUBMISSION**

**RFP 30-21ks, COST ACCOUNTING SERVICES
THIS FORM MUST BE COMPLETED AND SUBMITTED WITH PROPOSAL**

FIRM Name: Maximus US Services, Inc.
 Address: 808 Moorefield Park Drive, Suite 205
Richmond, VA 23236 Phone Number: 804.823.8132
 Contact Name: Jason Jennings Fax Number: 804.323.3536
 Title: Director, Financial Services E-mail: jasonjennings@maximus.com

If additional space is required for response, please attach.

1 Firms Office and Location Proposed to perform the services:
808 Moorefield Park Drive, Suite 205

Richmond, VA 23236

2 Brief History of the firm, including number of years in business and size of firm:
Please see proposal section 2: Maximus Overview and Qualifications

3 List three (3) clients for whom your Firm has prepared cost allocation plans and indirect cost rate proposals within the past two (2) years. Include the name of the entity and name and telephone number of the individual to contact for a reference. (Clients listed shall not include Fauquier County Government and Public Schools).

PROPRIETARY INFORMATION

NAME OF REFERENCE	CONTACT NAME	PHONE NUMBER
Prince William County, Virginia	Esther Caesar, Account Manager	703-792-6896
Chesterfield County, Virginia	Donna Arrington, Accounting Director	804.748.1673
City of Alexandria, Virginia	Erik Braun, Financial Reporting Accountant	703.746.4311

PROPRIETARY INFORMATION

4 Offerors are required to have successfully negotiated the approval of their plans with a Federal Cognizant Agency. Attach a copy of such agreement to demonstrate the Offerors ability to negotiate a plan.

RETURN THIS FORM

QUESTIONNAIRE/PROPOSAL SUBMISSION

5 List the names and titles of staff members who will be assigned to perform the services required under this Request for Proposal. Resumes should be included staff member relevant experience. and attached.

Name	Title	Certification(s)
Nelson H. Clugston	Vice President, Project Director	Certified Public Accountant (CPA)
Jason Jennings	Director, Financial Services	Project Management Institute (PMI)-certified Project Management Professional (PMP)
Ryan Roop	Associate Consultant	

6 Provide/attach examples of the Firms ability and prior experience in defending audit disallowances under the provisions of 2 CFR Part 225 (OMB Circular A-87). Please see section 2: Maximus Overview and Experience

7 Attach an Audited Annual Financial Report for the most recent accounting period. Offeror shall have an acceptable credit rating.

Please see Maximus' Form 10-K for the quarterly period ended December 31, 2020, which is located in the Appendix of the proposal

RETURN THIS FORM

**DIVISION OF RISK MANAGEMENT
INSURANCE CHECKLIST**

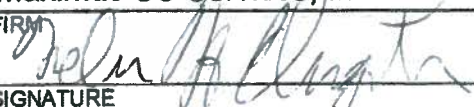
Items marked "X" are required to be provided if award is made to your firm.

<u>Required</u>	<u>Coverage Required</u>	<u>Limits</u> <u>(figures denotes minimum)</u>
<u>X</u>	1. Workers' Compensation and Employers' Liability; Admitted in Virginia Employers' Liability All States Endorsement USL & H Endorsement Voluntary Compensation Endorsement Best's Guide Rating-A-VIII or better or its equivalent	1. Statutory Limits of the Commonwealth of VA Yes \$100,000/\$500,000/\$100,000 Statutory Statutory
<u>X</u>	2. Commercial General Liability General Aggregate Products/Completed Operations Personal and Advertising Injury Fire Legal Liability Damage to Premises Rented to You Best's Guide Rating-A-VIII or better or its equivalent	2. \$1,000,000 (CSL) Each Occurrence \$2,000,000 \$2,000,000 \$1,000,000 \$50,000 Per Occurrence
<u>X</u>	3. Automobile Liability Owned, Hired, Borrowed & Non-owned Motor Carrier Act End. Best's Guide Rating-A-VIII or better, or its equivalent	3. \$1,000,000 combined Single Limit Bodily Injury and Property Damage Each Occurrence (note, symbol "1" on liability coverage)
<u>X</u>	4. Prof. Errors and Omissions Best's Guide Rating-A-VIII or better or its equivalent	4. \$1,000,000 (CSL) Each Claim
---	5. Garage Liability	5. \$1,000,000 CSL Each Occurrence
---	6. Garage Keeper's Legal Liability Best's Guide Rating-A-VIII or better, Or its equivalent	6. a) Maximum Value of One Vehicle b) Maximum Value of All Vehicles Hold by Contractor
---	7. Umbrella Liability VIII or better, or its equivalent. Other Insurance:	7. \$1,000,000 Best's Guide Rating-A-
---	8.	
<u>X</u>	9. Auto and General Liability Policies shall be endorsed to name Fauquier County and Fauquier County School Board as additional insured (This coverage is primary to all other coverage The County may possess and must be shown on the certificate)	
<u>X</u>	10. The Contractor's <u>insurers</u> shall <u>according to each insurance policy's provisions</u> , provide 30 days <u>prior</u> written notice of any policy cancellation <u>or non-renewal</u> for policies specified on this Checklist to Fauquier County in accordance with the timelines and stipulations in Code of Virginia §38.2-231.	
<u>X</u>	11. The Certificate must state Bid/RFP No. and Bid/RFP Title.	
<u>X</u>	12. Contractor shall submit Certificate of Insurance within five (5) business days from notification of award, and shall provide updated Certificates for the duration of the contract.	

OFFEROR STATEMENT

We understand the Insurance Requirements of these specifications and will comply in full if awarded this contract. [HBA note: we can comply with my changes above, and the changes above are based on what is actually written in our insurance policies]

Maximus US Services, Inc.

FIRM

SIGNATURE

Revised 4/4/13, Proc/HR

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PROPRIETARY INFORMATION:

Ownership of all data, materials, and documentation originated and prepared for the Owner pursuant to the REQUEST FOR PROPOSAL shall belong exclusively to the Owner and be subject to public inspection in accordance with the Virginia Freedom of Information Act. Trade secrets or proprietary information submitted by an Offeror shall not be subject to public disclosure under the Virginia Freedom of Information Act, however, the Offeror must invoke the protections of §2.2-4342F of the Code of Virginia, in writing, either before or at the time the data or other material is submitted. The written notice must specifically identify the data or materials to be protected and state the reasons why protection is necessary. The proprietary or trade secret material submitted must be identified by some distinct method such as highlighting or underlining and must indicate only the specific words, figures, or paragraphs that constitute trade secret or proprietary information.

NOTICE OF PROPRIETARY INFORMATION

Section Title	Page Number	Reason(s) for Withholding from Disclosure
2.2.1 Regional CAP Clients	2-5, 2-6	C - §2.2-4342F; 552 (b)(4); 12 C. F. R 309.5(c)(4).
2.3.1 Project Staff Resumes	2-9, 2-10, 2-11, 2-12	C - §2.2-4342F; 552 (b)(4); 12 C. F. R 309.5(c)(4).
Questionnaire/Proposal Submission Form, Section #3, references	3-1	C - §2.2-4342F; 552 (b)(4); 12 C. F. R 309.5(c)(4).

Confidentiality References Protection in Accordance with the Code of Virginia, §2.2-4342F

INSTRUCTIONS: Identify the data or other materials to be protected and state the reasons by using the codes listed below. Indicate the specific words, figures, or paragraphs that constitute trade secrets or proprietary materials.

A- This page contains information relating to "trade secrets", and "proprietary information" including processes. Operations, style of work, or apparatus, identify confidential statistical data, amount or source of any income... of any person (or) partnership. "See Virginia Public Procurement Act. §2.2-4342F. Unauthorized disclosure of such information would violate the Trade Secrets Act 18 U.S.C. 1905.

B- This page contains proprietary information including confidential, commercial or financial information which was provided to the Government on a voluntary basis and is of the type that would not customarily be released to the public. See Virginia Public Procurement Act, §2.2-4342F; 5 U.S.C. 552 (b)(4); 12 C.F.R. 309.5(c)(4).

C- This page contains proprietary information including confidential, commercial or financial information. This disclosure of such information would cause substantial harm to competitive position and impair the Government's ability to obtain necessary information from contractors in the future. 5 U.S.C. See Virginia Public Procurement Act. §2.2-4342F; 552 (b)(4); 12 C. F. R 309.5(c)(4).

RETURN THIS PAGE

EXCEPTIONS TO RFP 30-21ks, COST ACCOUNTING SERVICES

Name of Offeror: Maximus US Services, Inc.

Please list any deviations to RFP specifications below:

Section Title	Page Number	Explanation of exception and any proposed language
9.0 Ownership of Documents	8	<p><i>Maximus takes exception to the lack of protection for our existing proprietary software. To ensure that Maximus' proprietary software, which is not being licensed for this project, but which may be used in preparing cost allocation plans and the like, is fully and appropriately protected. Maximus therefore proposes to include the following language in any resulting contract:</i></p> <p><i>"To the extent that the Services provided by Contractor are generated by Contractor's proprietary software, nothing contained herein is intended nor shall it be construed to require Contractor to provide such software to County. County agrees that it has no claims of ownership, including copyright, patents or other intellectual property rights to Contractor's software. Nothing in this Contract shall be construed to grant County any rights to Contractor's materials created prior to the execution of this Contract. All of the deliverables under this Contract are specifically set out herein."</i></p>
30. PAYMENT TERMS	12	<p><i>Maximus policy states that all payment terms must be Net 30. Maximus proposes to revise the second paragraph of this section as follows:</i></p> <p><i>Unless otherwise provided in the solicitation payment will be made thirty (30) days after receipt of a proper invoice, or thirty (30) days after receipt of all goods or acceptance of work, whichever is the latter.</i></p> <p><i>1. Invoices for items/services ordered, delivered/performed and accepted shall be submitted by the Contractor directly to the payment address shown on the purchase order/contract. All invoices shall show the contract number, purchase order number, and any federal employer identification number.</i></p> <p><i>2. Any payment terms requiring payment in less than 45 days will be regarded as requiring payment 45 days after invoice or delivery, whichever occurs last. This shall not affect offers of discounts for payment in less than 45 days, however.</i></p>
33. DEFAULT	13	<p><i>Maximus proposes to revise this section as follows</i></p> <p><i>In case of failure to deliver goods or services in accordance with the contract terms and conditions, the Owner, after due oral or written notice, may procure them from other sources. This remedy shall be in addition to another remedies which the Owner may have.</i></p>
37. INDEMNIFICATION	13	<p><i>In the event a client or vendor requests that Maximus provide indemnification against damages, Maximus should, at a minimum, limit its obligations third-party claims and proven direct damages arising out of our negligence or willful misconduct. Therefore, Maximus proposes to revise the following section in any resulting contract:</i></p>

		<p>Contractor shall indemnify, keep and save harmless the Owner, its agents, officials, employees and volunteers against third-party claims of injuries, death, damage to property, patent claims, suits, liabilities, judgments, cost and expenses which may otherwise accrue against the Owner in consequence of the granting of a contract or which may otherwise result therefrom, if it shall be determined that the act was directly caused through negligence or error, or omission of the Contractor or his or her employees, or that of the subcontractor or his or her employees, if any; and the Contractor shall, at his or her own expense, appear, defend and pay all charges of attorneys and all costs and other expenses arising therefrom or incurred in connection therewith; and if any judgment shall be rendered against the Owner in any such action, the Contractor shall, at his or her own expenses, satisfy and discharge the same.</p>
39. TERMINATION	14	<p><i>Maximus should have the opportunity to cure or develop a plan to resolve any performance issues prior to termination for default. Having the opportunity to cure will save the City time, resources and money in avoiding a re-procurement. Maximus proposes to replace this provision with the following language:</i></p> <p>a. Termination for Cause. Upon material breach of the terms of this Agreement, the non-breaching party shall provide written notice to the breaching party specifying the nature of the default. The breaching party shall have a minimum of 30 days from the date of receipt to cure any such default prior to the effective date of termination.</p> <p>b. Termination for Convenience. Either party may terminate this Agreement without cause upon 60 days' prior written notice to the other.</p> <p>c. Rights Upon Termination. Upon termination for whatever reason and regardless of the nature of the default (if any), Client agrees to pay Consultant in full for all Services provided to Client under this Agreement, or any amendment thereto, as of the effective date of termination of the Agreement.</p>
Litigation Reimbursement - RFP is silent		<p><i>Maximus has been previously requested by the clients to assist in various stages of litigation without any guarantee of payment for those services. This provision is designed to ensure Maximus receives payment from the City in the event that Maximus provides assistance in unrelated third party litigation brought against the City. Maximus therefore proposes to include the following language in any resulting contract:</i></p> <p>"If Contractor is requested by City to produce Contractor deliverables, documents, records, working papers, or personnel for testimony or interviews with respect to this Contract or any services provided hereunder for any third party matter, litigation or otherwise, then City and Contractor shall execute a change order or new services contract for the sole purpose of setting forth any payment and the terms associated with Contractor's response and related to the reasonable fees of Contractor in responding. The foregoing does not: (1) diminish or negate Contractor's obligation to negotiate and defend all cost allocation plans and State mandated cost claims as specifically provided for under this Contract; or (2) apply in the event Contractor is compelled by subpoena from a third party to provide Contractor deliverables, documents, records, working</p>

		papers, or personnel for testimony or interviews.”
Data Accuracy - RFP is silent		<p><i>Maximus does not have an obligation to audit the City’s data and shall be entitled to assume that data provided by the City is accurate. As such, Maximus proposes to include the following language in any resulting contract:</i></p> <p>“Contractor shall provide guidance to the City in determining the data required. The City represents that all financial and statistical information provided to Contractor by the City, its employees and/or agents is accurate and complete to the best of the City’s knowledge. The City further acknowledges and agrees that Contractor shall be entitled to rely upon the accuracy and completeness of the data to perform the services. The City shall provide all such data in a timely manner sufficient to allow Contractor to provide the services. The Contractor shall have no liability to the City whatsoever if the City provides incomplete or inaccurate data or provides data in an untimely manner.”</p>
Audit Disallowances - RFP is silent		<p><i>Maximus has not been engaged to obtain a specific level of recoveries from the cost allocation plan. Rather, we have been hired to develop a plan that meets state and federal requirements and to defend that plan in any negotiation or audit. Similar to a tax attorney, Maximus cannot be responsible for an audit disallowance because MAXIMUS has not promised a particular level of claims. Even if, for example, Maximus has performed its duties in accordance with the contract by developing a plan that is fully compliant with federal requirements, the federal negotiator may take a contrary position. That would not mean that Maximus position was in error or that Maximus made an omission; rather, the negotiator simply had a different view. Additionally, the City may be unjustly enriched if Maximus is liable for audit disallowances. For example, if Maximus mistakenly enters a \$10,000 cost that is allocated to a program as \$100,000 and there is an audit resulting in a disallowance of \$90,000, the City would not be harmed by such error. The City was only entitled to \$10,000, so it would not seem sensible for Maximus to pay the \$90,000 simply because of the error. Maximus defends its work at no additional cost to the City and will make the necessary changes to correct any errors we make that are uncovered during an audit at no cost. Therefore, it is important that the contract reflect that Maximus is not responsible for missed or lost revenue or audit disallowances. We therefore propose to include the following language in any resulting contract:</i></p> <p>“Contractor shall, upon notice of audit, make work papers and other records available to the auditors. Contractor’s sole responsibility under an audit shall be to provide reasonable assistance to the City through the audit and to make those changes to the work product required as a result of the audit. Contractor shall not be liable for any audit disallowances or any missed or lost revenue associated with, or related to, the Services, regardless of cause.”</p>
Limitation of Liability – RFP is silent		<p><i>Placing a reasonable cap on our liability is a prudent business practice that we work with all of our clients to achieve in our contracts. It does not speak to our ability to, or confidence in, completing the services successfully. Limiting liability proportionally to the contract value does not create unreasonable risk for the City given Maximus’ extensive experience and success in providing similar</i></p>

		<p><i>services and its solid financial standing. Therefore, Maximus proposes to include the following language in any resulting contract:</i></p> <p><i>"To the extent permissible by law, City agrees that Contractor's total liability to the State, or any third party, for any and all damages whatsoever arising out of, or in any way related to, this Contract from any cause, including but not limited to negligence, errors, omissions, strict liability, breach of contract or breach of warranty shall not, in the aggregate, exceed the base contract value.</i></p> <p><i>In no event shall Contractor be liable for indirect, special, incidental, economic, consequential or punitive damages, including but not limited to lost revenue, lost profits, replacement goods, loss of technology rights or services, loss of data, or interruption or loss of use of software or any portion thereof regardless of the legal theory under which such damages are sought even if Contractor has been advised of the likelihood of such damages, and notwithstanding any failure of essential purpose of any limited remedy.</i></p> <p><i>Any claim by City against Contractor relating to this Contract must be made in writing and presented to Contractor within one (1) year after the date on which Contractor completes performance of the services specified in this Contract."</i></p>

RETURN THIS PAGE

MAXIMUS US Services, Inc. ("Maximus" or "Consultant") is pleased to submit its proposal to the County of Fauquier, Virginia (the "County" or "Client"). Our submission in response to this solicitation shall not constitute a binding offer; and no contract shall form between MAXIMUS and the County as the result of the County's selection of MAXIMUS unless such contract contains mutually acceptable language, including, but not limited to a reasonable limit on our liability, termination, insurance, and indemnification obligations.

PROOF OF AUTHORITY TO TRANSACT BUSINESS IN VIRGINIA

THIS FORM MUST BE SUBMITTED WITH YOUR PROPOSAL/BID. FAILURE TO INCLUDE THIS FORM MAY RESULT IN REJECTION OF YOUR PROPOSAL/BID

Pursuant to Virginia Code §2.2-4311.2, an Offeror/Bidder organized or authorized to transact business in the Commonwealth pursuant to Title 13.1 or Title 50 of the Code of Virginia shall include in its proposal/bid the identification number issued to it by the State Corporation Commission ("SCC"). Any Offeror/Bidder that is not required to be authorized to transact business in the Commonwealth as a foreign business entity under Title 13.1 or Title 50 of the Code of Virginia or as otherwise required by law shall include in its proposal/bid a statement describing why the Offeror/Bidder is not required to be so authorized. Any Offeror/Bidder described herein that fails to provide the required information shall not receive an award unless a waiver of this requirement and the administrative policies and procedures established to implement this section is granted by the County Administrator or School Superintendent, as applicable.

If this quote for goods or services is accepted by the County of Fauquier, Virginia, the undersigned agrees that the requirements of the Code of Virginia §2.2-4311.2 have been met.

Please complete the following by checking the appropriate line that applies and providing the requested information.

A. Offeror/Bidder is a Virginia business entity organized and authorized to transact business in Virginia by the SCC and such vendor's Identification Number issued to it by the SCC is F1754631.

B. Offeror/Bidder is an out-of-state (foreign) business entity that is authorized to transact business in Virginia by the SCC and such vendor's Identification Number issued to it by the SCC is _____.

C. Offeror/Bidder does not have an Identification Number issued to it by the SCC and such vendor is not required to be authorized to transact business in Virginia by the SCC for the following reason(s):

Please attach additional sheets if you need to explain why such Offeror/Bidder is not required to be authorized to transact business in Virginia.

Maximus US Services, Inc.
Legal Name of Company (as listed on W-9)

Maximus US Services, Inc.
Legal Name of Offeror/Bidder

03.15.21
Date


Authorized Signature

Nelson H. Clugston, Vice President
Print or Type Name and Title

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APPENDIX: FINANCIAL STATEMENT

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended December 31, 2020

OR

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from _____ to _____

Commission File Number: 1-12997

Maximus, Inc.

(Exact name of registrant as specified in its charter)

Virginia

(State or other jurisdiction of
incorporation or organization)

54-1000588

(I.R.S. Employer
Identification No.)

1891 Metro Center Drive, Reston, Virginia

(Address of principal executive offices)

20190

(Zip Code)

(703) 251-8500

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, no par value	MMS	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of February 1, 2021, there were 61,452,520 shares of the registrant's common stock (no par value) outstanding.

Maximus, Inc.
Quarterly Report on Form 10-Q
For the Quarter Ended December 31, 2020

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Throughout this Quarterly Report on Form 10-Q, the terms "Company," "we," "us," "our" and "Maximus" refer to Maximus, Inc. and its subsidiaries, unless the context requires otherwise.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Included in this Quarterly Report on Form 10-Q are forward-looking statements within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as: "anticipate," "intend," "plan," "goal," "seek," "opportunity," "could," "potential," "believe," "project," "estimate," "expect," "strategy," "future," "likely," "may," "should," "will," and similar references to future periods.

Forward-looking statements that are not historical facts, including statements about our confidence, strategies and initiatives, and our expectations about revenues, results of operations, profitability, liquidity, market demand, or the impact of the Coronavirus (COVID) global pandemic are forward-looking statements that involve risks and uncertainties. These risks could cause our actual results to differ materially from those indicated by such forward-looking statements. Therefore, you should not rely on any of these forward-looking statements. Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements include, among others, the following:

- the extent and impact of the continuation of the global pandemic and the actions taken or to be taken by us, our customers, and the governments or jurisdictions in which we operate in response to COVID;
- the impact of the Biden Administration on federal procurement, federal funding to states' safety-net programs, and the overall decision-making process related to our industry, including our business and customers;
- the demand for our services and products, including the impacts of any economic downturns;
- a failure to meet performance requirements in our contracts, which might lead to contract termination and actual or liquidated damages;
- the effects of future legislative or government budgetary and spending changes;
- our failure to successfully bid for and accurately price contracts to generate our desired profit;
- our ability to maintain technology systems and otherwise protect confidential or protected information;
- our ability to attract and retain executive officers, senior managers and other qualified personnel to execute our business;
- our ability to manage capital investments and startup costs incurred before receiving related contract payments;
- our ability to manage our growth, including acquired businesses;
- the ability of government customers to terminate contracts on short notice, with or without cause;
- our ability to maintain relationships with key government entities from whom a substantial portion of our revenue is derived;
- the outcome of reviews or audits, which might result in financial penalties and impair our ability to respond to invitations for new work;
- a failure to comply with laws governing our business, which might result in the Company being subject to fines, penalties, suspension, debarment, and other sanctions;
- the costs and outcome of litigation;
- difficulties in integrating or achieving projected revenues, earnings, and other benefits associated with acquired businesses;
- the effects of changes in laws and regulations governing our business, including tax laws, and applicable interpretations and guidance thereunder, or changes in accounting policies, rules, methodologies, and practices, and our ability to estimate the impact of such changes;
- matters related to business we disposed of or divested; and
- other factors set forth in Item 1A, "Risk Factors" in our Annual Report on Form 10-K for the year ended September 30, 2020, which was filed with the Securities and Exchange Commission on November 19, 2020.

Any forward-looking statement made by us in this report is based only on information currently available to us and speaks only as of the date on which it is made. We undertake no obligation to publicly update any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments, or otherwise.

PART I. FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements.

Maximus, Inc.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Amounts in thousands, except per share data)
(Unaudited)

	Three Months Ended December 31,	
	2020	2019
Revenue	\$ 945,554	\$ 818,229
Cost of revenue	739,499	642,779
Gross profit	206,055	175,450
Selling, general, and administrative expenses	111,967	87,227
Amortization of intangible assets	6,516	9,088
Operating income	87,572	79,135
Interest expense	206	484
Other (expense)/income, net	(775)	719
Income before income taxes	86,591	79,370
Provision for income taxes	22,514	20,636
Net income	\$ 64,077	\$ 58,734
Basic earnings per share	\$ 1.03	\$ 0.91
Diluted earnings per share	\$ 1.03	\$ 0.91
Dividends paid per share	\$ 0.28	\$ 0.28
Weighted average shares outstanding:		
Basic	62,038	64,597
Diluted	62,135	64,758

See notes to unaudited consolidated financial statements.

Maximus, Inc.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Amounts In thousands)
(Unaudited)

	Three Months Ended December 31,	
	2020	2019
Net income	\$ 64,077	\$ 58,734
Foreign currency translation adjustments	6,923	6,893
Comprehensive income	\$ 71,000	\$ 65,627

See notes to unaudited consolidated financial statements.

Maximus, Inc.
CONSOLIDATED BALANCE SHEETS
(Amounts in thousands)

	December 31, 2020 (unaudited)	September 30, 2020
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 132,597	\$ 71,737
Accounts receivable — billed and billable, net of allowance of \$6,579 and \$6,051	662,059	622,871
Accounts receivable — unbilled	120,764	163,332
Income taxes receivable	2,472	2,075
Prepaid expenses and other current assets	68,935	72,543
Total current assets	986,827	932,558
Property and equipment, net	62,548	66,721
Capitalized software, net	40,434	38,033
Operating lease right-of-use assets	165,448	177,159
Goodwill	595,927	593,129
Intangible assets, net	140,484	145,893
Deferred contract costs, net	21,294	20,891
Deferred compensation plan assets	42,350	36,819
Deferred income taxes	222	1,915
Other assets	10,699	11,584
Total assets	\$ 2,066,233	\$ 2,024,702
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 266,038	\$ 253,338
Accrued compensation and benefits	93,443	137,101
Deferred revenue	58,307	51,655
Income taxes payable	22,685	5,377
Current portion of long-term debt and other borrowings	14,159	10,878
Operating lease liabilities	72,482	80,748
Other current liabilities	20,286	22,071
Total current liabilities	547,400	561,168
Deferred revenue, less current portion	27,428	27,311
Deferred income taxes	24,417	24,737
Long-term debt, less current portion	18,481	18,017
Deferred compensation plan liabilities, less current portion	45,304	38,654
Operating lease liabilities, less current portion	95,678	104,011
Other liabilities	9,214	8,985
Total liabilities	767,922	782,883
Shareholders' equity:		
Common stock, no par value; 100,000 shares authorized; 61,452 and 61,504 shares issued and outstanding at December 31, 2020, and September 30, 2020, respectively	520,357	513,959
Accumulated other comprehensive loss	(35,715)	(42,638)
Retained earnings	813,669	770,498
Total shareholders' equity	1,298,311	1,241,819
Total liabilities and shareholders' equity	\$ 2,066,233	\$ 2,024,702

See notes to unaudited consolidated financial statements.

Maximus, Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in thousands)
(Unaudited)

	Three Months Ended December 31,	
	2020	2019
Cash flows from operations:		
Net income	\$ 64,077	\$ 58,734
Adjustments to reconcile net income to cash flows from operations:		
Depreciation and amortization of property and equipment and capitalized software	11,817	15,318
Amortization of intangible assets	6,516	9,088
Deferred income taxes	1,298	422
Stock compensation expense	6,062	5,397
Change in assets and liabilities, net of effects of business combinations		
Accounts receivable — billed and billable	(35,729)	(31,016)
Accounts receivable — unbilled	43,538	2,013
Prepaid expenses and other current assets	4,893	4,063
Deferred contract costs	(205)	848
Accounts payable and accrued liabilities	11,199	2,403
Accrued compensation and benefits	(35,682)	6,842
Deferred revenue	5,757	(1,345)
Income taxes	16,947	13,984
Operating lease right-of-use assets and liabilities	(4,927)	(1,622)
Other assets and liabilities	2,554	2,138
Cash flows from operations	<u>98,115</u>	<u>87,267</u>
Cash flows from investing activities:		
Purchases of property and equipment and capitalized software costs	(9,094)	(10,487)
Other	(159)	25
Cash used in investing activities	<u>(9,253)</u>	<u>(10,462)</u>
Cash flows from financing activities:		
Cash dividends paid to Maximus shareholders	(17,207)	(17,913)
Purchases of Maximus common stock	(3,363)	(1,898)
Tax withholding related to RSU vesting	(9,818)	(10,614)
Borrowings of debt	147,852	83,419
Repayment of debt	(146,188)	(86,301)
Other	(2,763)	(493)
Cash used in financing activities	<u>(31,487)</u>	<u>(33,800)</u>
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	3,882	1,452
Net increase in cash, cash equivalents, and restricted cash	61,257	44,457
Cash, cash equivalents, and restricted cash, beginning of period	88,561	116,492
Cash, cash equivalents, and restricted cash, end of period	<u>\$ 149,818</u>	<u>\$ 160,949</u>

See notes to unaudited consolidated financial statements.

Maximus, Inc.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Amounts in thousands)
(Unaudited)

	Common Shares Outstanding	Common Stock	Accumulated Other Comprehensive Loss	Retained Earnings	Noncontrolling Interest	Total
Balance at September 30, 2020	61,504	\$ 513,959	\$ (42,638)	\$ 770,498	\$ —	\$ 1,241,819
Net income	—	—	—	64,077	—	64,077
Foreign currency translation	—	—	6,923	—	—	6,923
Cash dividends	—	—	—	(17,207)	—	(17,207)
Dividends on RSUs	—	336	—	(336)	—	—
Purchases of Maximus common stock	(52)	—	—	(3,363)	—	(3,363)
Stock compensation expense	—	6,062	—	—	—	6,062
Balance at December 31, 2020	61,452	\$ 520,357	\$ (35,715)	\$ 813,669	\$ —	\$ 1,298,311

	Common Shares Outstanding	Common Stock	Accumulated Other Comprehensive Loss	Retained Earnings	Noncontrolling Interest	Total
Balance at September 30, 2019	63,979	\$ 498,433	\$ (45,380)	\$ 794,739	\$ 409	\$ 1,248,201
Net income	—	—	—	58,734	—	58,734
Foreign currency translation	—	—	6,893	—	—	6,893
Cash dividends	—	—	—	(17,913)	(409)	(18,322)
Dividends on RSUs	—	354	—	(354)	—	—
Purchases of Maximus common stock	(26)	—	—	(1,898)	—	(1,898)
Stock compensation expense	—	5,397	—	—	—	5,397
Balance at December 31, 2019	63,953	\$ 504,184	\$ (38,487)	\$ 833,308	\$ —	\$ 1,299,005

See notes to unaudited consolidated financial statements.

Maximus, Inc.
Notes to Unaudited Consolidated Financial Statements
For the Three Months Ended December 31, 2020 and 2019

1. Organization and Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X. As permitted by these instructions, they do not include all of the information and notes required by generally accepted accounting principles (GAAP) for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation are included. All intercompany balances and transactions have been eliminated in consolidation. The results of operations for the three months ended December 31, 2020, are not necessarily indicative of the results that may be expected for the full fiscal year. The balance sheet at September 30, 2020, has been derived from the audited financial statements at that date, but does not include all of the information and notes required by GAAP for complete financial statements.

These financial statements should be read in conjunction with the consolidated audited financial statements and the notes thereto at September 30, 2020 and 2019, and for each of the three years in the period ended September 30, 2020, included in our Annual Report on Form 10-K which was filed with the Securities and Exchange Commission on November 19, 2020.

Estimates

The preparation of these financial statements, in conformity with GAAP in the United States, requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities and the reported amounts of revenue and expenses. At each reporting period end, we make estimates including those related to revenue recognition and cost estimation on certain contracts, the realizability of goodwill and amounts related to income taxes, certain accrued liabilities, and contingencies and litigation.

We base our estimates on historical experience and expectations of the future that we believe to be reasonable. The economic and political effects of the Coronavirus (COVID) global pandemic increase uncertainty, which has reduced our ability to use past results to estimate future performance. Accordingly, our estimates may be subject to greater volatility than has been the case in the past.

- Our balance sheet includes goodwill valued at \$595.9 million. This balance is allocated between reporting units, which are consistent with our three operating segments. Goodwill is not amortized but is tested for impairment when necessary and no less than once per year. We performed our last annual goodwill impairment test as of July 1, 2020, using a qualitative assessment. There has been no indication of impairment of any reporting unit at this time or since.
- Our balance sheet includes a number of long-lived assets, including property and equipment, capitalized software, operating lease right-of-use assets, deferred contract costs and intangible assets. These assets are depreciated or amortized over their estimated useful economic lives but are subject to impairment if events indicate that the carrying amount may not be recoverable. At this time, there are no balances which we believe are not recoverable.
- Our balance sheet includes \$782.8 million of billed, billable and unbilled accounts receivable, net of allowance for credit losses. Beginning October 1, 2020, we have evaluated credit risk under ASC Topic 326; as further described below. Credit risk has not historically been significant to our business due to the nature of our customers. During the three months ended December 31, 2020, we recorded changes to our estimated credit losses of \$0.6 million.
- As disclosed in "Note 3. Revenue Recognition," revenue for some of our employment services contracts in the Outside the U.S. Segment is based upon achievement of future outcomes as defined in each contract. Specifically, we are paid as individuals attain employment goals, which may take many months to achieve. Revenue is recognized on these contracts over the period of performance. Employment markets worldwide suffered a significant shock during fiscal year 2020 and remain disrupted.
- Many of our contracts in the United States are cost-plus contracts, where we are reimbursed for costs that are allowable, allocable and reasonable. Due to the global pandemic, we are incurring incremental and

unusual costs, including additional sick pay and idle labor for employees who are unable to perform services due to their health issues, child care issues, or physical restrictions imposed on their workplace. Although the U.S. Federal Government, which provides the majority of our cost-plus contracts, has provided regular guidance, there is some uncertainty within other contracts as to recoverable costs.

Changes in financial reporting

In August 2018, the Financial Accounting Standards Board (FASB) issued ASU No. 2018-15, *Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40) - Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*. This accounting guidance requires customers in cloud-computing arrangements to identify and defer certain implementation costs in a manner broadly consistent with that of existing guidance on the costs to develop or obtain internal-use software. Costs capitalized under this guidance will be expensed over the term of the cloud computing arrangement. We adopted this guidance on October 1, 2020, using a prospective approach.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. This update introduces a new model for recognizing credit losses on financial instruments, including losses on accounts receivable. This update replaces the existing incurred loss impairment model with an expected loss model. We adopted this guidance on October 1, 2020, with no material impact to our financial statements.

In January 2017, the FASB issued ASU No. 2017-04, *Simplifying the Test for Goodwill Impairment*. This standard will not change the manner in which we would identify a goodwill impairment but would change any subsequent calculation of an impairment charge. We adopted this standard on October 1, 2020. The effect of this new standard will depend upon the outcome of future goodwill impairment tests.

We are subject to agreements that reference the London Interbank Offering Rate (LIBOR). Between now and December 2022, we anticipate that agreements with LIBOR will be updated to reflect the transition from this rate to alternative reference rates. In March 2020, FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. This standard is intended to provide temporary optional expedients and exceptions on contract modifications and hedge accounting to ease the financial reporting burdens related to this expected market transition. This standard is effective for all entities upon issuance through December 31, 2022. We are assessing the impact of the market transition and this standard.

2. Segment Information

We conduct our operations through three business segments: U.S. Services, U.S. Federal Services, and Outside the U.S.

- Our U.S. Services Segment provides a variety of business process services such as program administration, appeals and assessments work and related consulting work for U.S. state and local government programs. These services support a variety of programs, including the Affordable Care Act (ACA), Medicaid, the Children's Health Insurance Program (CHIP), Temporary Assistance to Needy Families (TANF), and child support programs. The segment continues to execute on its clinical evolution strategy by expanding its clinical offerings in public health with new work in contact tracing, disease investigation, and vaccine distribution support services as part of the government's COVID-response efforts. We also successfully expanded into the unemployment insurance market, supporting more than 15 states in their unemployment insurance programs.
- Our U.S. Federal Services Segment provides program administration, appeals and assessments services and technology solutions, including system and software development and maintenance services, for various U.S. federal civilian programs. The segment also contains certain state-based assessments and appeals work that is part of the segment's heritage within the Medicare Appeals portfolio and continues to be managed within this segment. The segment recently expanded its clinical offerings in public health with new work supporting the Federal Government's COVID-response efforts. This included expanded work with the Centers for Disease Control and Prevention (CDC) for their helpline, an outbound customer support center for the Office of the Assistant Secretary for Health to notify individuals throughout the U.S. of their COVID test result, and increased support for the IRS Wage and Investment Division's response efforts to

general inquiries regarding the Coronavirus Aid Relief & Economic Security (CARES) Act and Economic Impact Payment Service Plan.

- Our Outside the U.S. Segment provides business process services (BPS) solutions for international governments and commercial clients. These services include health and disability assessments, program administration for employment services and other job seeker-related services. We support programs and deliver services in the United Kingdom (U.K.), including the Health Assessment Advisory Service (HAAS), the Work & Health Programme and Fair Start; Australia, including jobactive and the Disability Employment Service; Canada, including Health Insurance British Columbia and the Employment Program of British Columbia; in addition to Italy, Saudi Arabia, Singapore, South Korea, and Sweden, where we predominantly provide employment support and job seeker services.

Expenses that are not specifically included in the segments are included in other categories, including amortization of intangible assets and the direct costs of acquisitions. These costs are excluded from measuring each segment's operating performance.

<i>(in thousands)</i>	Three Months Ended December 31,			
	2020	% (1)	2019	% (1)
Revenue:				
U.S. Services	\$ 384,934		\$ 312,281	
U.S. Federal Services	405,245		366,571	
Outside the U.S.	155,375		139,377	
Total	<u>\$ 945,554</u>		<u>\$ 818,229</u>	
Gross profit:				
U.S. Services	\$ 99,002	25.7%	\$ 89,590	28.7%
U.S. Federal Services	82,496	20.4%	70,821	19.3%
Outside the U.S.	24,557	15.8%	15,039	10.8%
Total	<u>\$ 206,055</u>	<u>21.8%</u>	<u>\$ 175,450</u>	<u>21.4%</u>
Selling, general & administrative expense:				
U.S. Services	\$ 37,456	9.7%	\$ 31,398	10.1%
U.S. Federal Services	52,252	12.9%	39,239	10.7%
Outside the U.S.	20,032	12.9%	16,053	11.5%
Other (2)	2,227	NM	537	NM
Total	<u>\$ 111,967</u>	<u>11.8%</u>	<u>\$ 87,227</u>	<u>10.7%</u>
Operating income:				
U.S. Services	\$ 61,546	16.0%	\$ 58,192	18.6%
U.S. Federal Services	30,244	7.5%	31,582	8.6%
Outside the U.S.	4,525	2.9%	(1,014)	(0.7)%
Amortization of intangible assets	(6,516)	NM	(9,088)	NM
Acquisition-related expenses	(1,873)	NM	—	NM
Other (2)	(354)	NM	(537)	NM
Total	<u>\$ 87,572</u>	<u>9.3%</u>	<u>\$ 79,135</u>	<u>9.7%</u>

(1) Percentage of respective segment revenue. Percentages not considered meaningful are marked "NM."

(2) Other selling, general, and administrative expenses includes credits and costs that are not allocated to a particular segment.

Identifiable assets for the segments are shown below:

<i>(in thousands)</i>	December 31, 2020		September 30, 2020	
U.S. Services	\$	729,573	\$	702,728
U.S. Federal Services		889,220		937,477
Outside the U.S.		228,779		224,532
Corporate		218,661		159,965
Total	\$	2,066,233	\$	2,024,702

3. Revenue Recognition

We recognize revenue as, or when, we satisfy performance obligations under a contract. The majority of our contracts have performance obligations which are satisfied over time. In most cases, we view our performance obligations as promises to transfer a series of distinct services to our customer that are substantially the same and which have the same pattern of service. We recognize revenue over the performance period as a customer receives the benefits of our services.

Disaggregation of revenue

In addition to our segment reporting, we disaggregate our revenues by service, contract type, customer type, and geography. Our operating segments represent the manner in which our Chief Executive Officer reviews our financial results which is further discussed in "Note 2. Segment Information."

By operating segment and service

<i>(in thousands)</i>	Three Months Ended December 31,			
	2020		2019	
Program administration	\$	293,844	\$	236,907
Assessments and appeals		32,615		33,831
Workforce and children services		47,821		29,386
Other		10,654		12,157
Total U.S. Services	\$	384,934	\$	312,281
Program administration	\$	327,790	\$	281,688
Technology solutions		34,664		43,606
Assessments and appeals		42,791		41,277
Total U.S. Federal Services	\$	405,245	\$	366,571
Workforce and children services	\$	77,462	\$	57,239
Assessments and appeals		53,123		62,643
Program administration		23,056		17,094
Other		1,734		2,401
Total Outside the U.S.	\$	155,375	\$	139,377
Total revenue	\$	945,554	\$	818,229

By contract type

<i>(in thousands)</i>	Three Months Ended December 31,	
	2020	2019
Performance-based	\$ 293,960	\$ 292,758
Cost-plus	384,483	362,811
Fixed price	120,777	119,216
Time and materials	146,334	43,444
Total revenue	\$ 945,554	\$ 818,229

By customer type

<i>(in thousands)</i>	Three Months Ended December 31,	
	2020	2019
New York State government agencies	\$ 75,356	\$ 97,223
Other U.S. state government agencies	312,758	209,886
Total U.S. state government agencies	388,114	307,109
United States Federal Government agencies	385,573	351,833
International government agencies	147,342	130,816
Other, including local municipalities and commercial customers	24,525	28,471
Total revenue	\$ 945,554	\$ 818,229

By geography

<i>(in thousands)</i>	Three Months Ended December 31,	
	2020	2019
United States	\$ 790,179	\$ 678,852
United Kingdom	64,786	73,002
Australia	55,932	37,435
Rest of world	34,657	28,940
Total revenue	\$ 945,554	\$ 818,229

Contract balances

Differences in timing between revenue recognition and cash collection result in contract assets and contract liabilities. We classify these assets as accounts receivable — billed and billable and unbilled receivables; the liabilities are classified as deferred revenue.

In many contracts, we bill our customers on a monthly basis shortly after the month end for work performed in that month. Funds are considered collectible and are included within accounts receivable — billed and billable.

Exceptions to this pattern will arise for various reasons, including those listed below.

- Under cost-plus contracts, we are typically required to estimate a contract's share of our general and administrative expenses. This share is based upon estimates of total costs which may vary over time. We typically invoice our customers at an agreed provisional billing rate which may differ from actual rates incurred. If our actual rates are higher than the provisional billing rates, an asset is recorded for this variance; if the provisional billing rates are higher than our actual rates, we record a liability.
- Certain contracts include retainage balances, whereby revenue is earned but some portion of cash payments are held back by the customer for a period of time, typically to allow the customer to confirm the

objective criteria laid out by the contract have been met. This balance is classified as accounts receivable - unbilled until restrictions on billing are lifted.

- In certain contracts, we may receive funds from our customers prior to performing operations. These funds are typically referred to as "set-up costs" and reflect the need for us to make investments in infrastructure prior to providing a service. This investment in infrastructure is not a performance obligation which is distinct from the service that is subsequently provided and, as a result, revenue is not recognized based upon the establishment of this infrastructure, but rather over the course of the contractual relationship. The funds are initially recorded as deferred revenue and recognized over the term of the contract. Other contracts may not include set-up fees but will provide higher fees in earlier periods of the contract. The premium on these fees is deferred.
- Some of our contracts, notably our employment services contracts in the Outside the U.S. Segment, include payments for desired outcomes, such as job placement and job retention and these outcome payments occur over several months. We are required to estimate these outcome fees ahead of their realization and recognize this estimated fee over the period of delivery.

Of our revenue for the three months ended December 31, 2020, approximately \$14.0 million was from cash payments made to us prior to October 1, 2020. For the three months ended December 31, 2019, we recognized revenue of \$18.0 million from payments made prior to October 1, 2019.

Contract estimates

We are required to use estimates in recognizing revenue from some of our contracts. As discussed in "Note 1. Organization and Basis of Presentation," the calculation of these estimates has been complicated by the COVID pandemic, which has reduced our ability to use past results to estimate future performance.

Some of our performance-based contract revenue is recognized based upon future outcomes defined in each contract. This is the case in many of our employment services contracts in the Outside the U.S. Segment, where we are paid as individuals attain employment goals, which may take many months to achieve. We recognize revenue on these contracts over the period of performance. Our estimates vary from contract to contract but may include estimates of the number of participants, the length of the contract, and the participants reaching employment milestones. We are required to estimate these outcome fees ahead of their realization and recognize this estimated fee over the period of delivery. In almost all of the jurisdictions in which we operate, the employment markets have experienced significant changes due to the COVID pandemic. For our existing program participants, many employment opportunities have been terminated or are no longer available. Our volume of new program participants is beginning to increase as governments shift their focus to tackling the residual impacts of the pandemic such as the economy and unemployment, particularly in those countries where the pandemic has stabilized and economies are beginning to reopen. However, it is unclear as to when employers will begin filling roles in industries that remain curtailed. In some cases, we anticipate that we may be unable to place individuals in employment in the short-term.

Other performance-based contracts with future outcomes include those where we recognize an average effective rate per participant based upon the total volume of expected participants. In this instance, we are required to estimate the amount of discount applied to determine the average rate of revenue per participant. Our revised estimates of participant numbers are based upon our updated evaluation of probable future volumes.

Where we make changes to our estimates, these are recognized on a cumulative catch-up basis. In the three months ended December 31, 2020, we reported a benefit to revenue of \$10.2 million and a benefit to diluted earnings per share of \$0.12 from changes in estimates. The corresponding change in fiscal year 2020 was a decline of \$1.4 million.

Deferred contract costs

For many contracts, we incur significant incremental costs at the beginning of an arrangement. Typically, these costs relate to the establishment of infrastructure which we utilize to satisfy our performance obligations with the contract. We report these costs as deferred contract costs and amortize them on a straight-line basis over the shorter of the useful economic life of the asset or the anticipated term of the contract.

<i>(in thousands)</i>	Three Months Ended December 31,	
	2020	2019
Deferred contract cost capitalization	\$ 2,491	\$ 1,300
Deferred contract cost amortization	2,287	2,200

This amortization was recorded within our "cost of revenue" on our consolidated statements of operations.

Remaining performance obligations

At December 31, 2020, we had approximately \$400 million of remaining performance obligations. We anticipate that we will recognize revenue on approximately 55% of this balance within the next 12 months. This balance excludes contracts with an original duration of twelve months or less, including contracts with a penalty-free termination for convenience clause, and any variable consideration which is allocated entirely to future performance obligations including variable transaction fees or fees tied directly to costs incurred.

4. Earnings Per Share

The weighted average number of shares outstanding used to compute earnings per share was as follows:

<i>(shares in thousands)</i>	Three Months Ended December 31,	
	2020	2019
Basic weighted average shares outstanding	62,038	64,597
Dilutive effect of unvested RSUs	97	161
Denominator for diluted earnings per share	62,135	64,758

Our dilutive earnings per share for the three months ended December 31, 2020 and 2019, excludes any effect from approximately 0.6 million and 0.3 million unvested restricted stock units, respectively, as adding them to our calculation would be antidilutive.

5. Business combinations

InjuryNet Australia Pty Limited

On February 28, 2020, we acquired 100% of the share capital of InjuryNet Australia Pty Limited (InjuryNet) for an estimated purchase price of \$4.4 million (\$6.7 million Australian Dollars), which included acquisition-related contingent consideration estimated at \$2.1 million (\$3.1 million Australian Dollars) based upon future earnings. The purchase price was subject to adjustment for a working capital true-up and acquisition-related contingent consideration. InjuryNet provides workplace medical services in Australia. The business was integrated into our Outside the U.S. Segment. We have completed our assessment of all acquired assets and liabilities assumed, with the exception of matters related to taxation. We recorded estimated goodwill and intangible assets of \$2.6 million and \$0.9 million, respectively, related to the acquisition.

Index Root Korea Co. Ltd.

On August 21, 2020, we acquired 100% of the share capital of Index Root Korea Co. Ltd (Index Root) for an estimated purchase price of \$5.4 million (6.3 billion South Korean Won), which includes acquisition-related contingent consideration estimated at \$0.9 million (1.1 billion South Korean Won) based upon future earnings. We acquired Index Root to expand our geographic presence to South Korea. The business was integrated into our Outside the U.S. Segment. We are still in the process of finalizing the allocation of assets acquired and liabilities assumed. We recorded estimated goodwill and intangible assets of \$4.6 million and \$1.4 million, respectively, related to the acquisition.

6. Leases

Lease expense is recorded within our consolidated statements of operations based upon the nature of the assets. Where assets are used to directly serve our customers, such as facilities dedicated to customer contracts,

lease costs are recorded in "cost of revenue." Facilities and equipment which serve management and support functions are expensed through "selling, general and administrative expenses." Costs recorded in the three months ended December 31, 2020 and 2019, are summarized below.

<i>(in thousands)</i>	Three Months Ended December 31,	
	2020	2019
Operating lease cost	\$ 27,734	\$ 25,250
Short-term lease cost	1,889	2,110
Variable lease cost	3,015	3,334
Total operating lease costs	\$ 32,638	\$ 30,694

Future minimum lease payments for noncancelable operating leases as of December 31, 2020, are shown below.

<i>(in thousands)</i>	Office space	Equipment	Total
For the years ended September 30			
Remainder of 2021	\$ 52,375	\$ 6,661	\$ 59,036
2022	56,388	3,701	60,089
2023	31,731	537	32,268
2024	14,715	54	14,769
2025	9,788	9	9,797
Thereafter	2,219	—	2,219
Total minimum lease payments	\$ 167,216	\$ 10,962	\$ 178,178
Less: imputed interest	(9,748)	(270)	(10,018)
Total lease liabilities	\$ 157,468	\$ 10,692	\$ 168,160

Other information related to leases was as follows:

	December 31, 2020
Weighted average remaining lease term (in years)	2.8
Weighted average incremental borrowing rate	3.81 %

Supplemental cash flow information related to leases was as follows:

<i>(in thousands)</i>	Three Months Ended December 31,	
	2020	2019
Cash payments included in the measurement of lease liabilities	\$ 28,513	\$ 28,100
Operating lease liabilities arising from new or remeasured right-of-use assets	9,004	17,300

7. Supplemental Disclosures

Under a resolution adopted in March 2020, the Board of Directors authorized the purchase, at management's discretion, of up to \$200 million of our common stock. This supplemented a similar resolution adopted in June 2018. During the three months ended December 31, 2020, we purchased approximately 52,000 of our common shares at a cost of \$3.4 million. During the three months ended December 31, 2019, we purchased approximately 26,000 common shares at a cost of \$1.9 million. At December 31, 2020, \$146.7 million remained available for future stock repurchases.

During the three months ended December 31, 2020, we granted approximately 257,000 restricted stock units (RSUs) to our employees. Most of these awards will vest ratably over four years, as opposed to five years in

previous years. In addition, we awarded approximately 85,000 performance stock units in the three months ended December 31, 2020, to certain executives that will vest at the end of a three-year performance period with the actual number of vested units dependent upon the Company's achievement of certain performance targets.

Our deferred compensation plan uses both mutual fund and life insurance investments to fund its obligations. The mutual funds are recorded at fair value, based upon quoted prices in active markets (Level 1), and the life insurance investments at cash surrender value; changes in value are reported in our consolidated statements of operations. At December 31, 2020, the deferred compensation plan held \$26.1 million of the mutual fund investments.

The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and other amounts included within current assets and liabilities that meet the definition of a financial instrument are shown at values equivalent to fair value due to the short-term nature of these items. Our debt balances are principally from credit facilities which can be utilized and repaid as required and whose rates are based upon prevailing market conditions; accordingly, we believe the balance disclosed approximates the fair value. Our accounts receivable billed and billable balance includes both amounts invoiced and amounts that are ready to be invoiced where the funds are collectible within standard invoice terms. Our accounts receivable unbilled balance includes balances where revenue has been earned but no invoice was issued on or before December 31, 2020. Restricted cash represents funds which are held in our bank accounts but which we are precluded from using for general business needs through contractual requirements; these requirements include serving as collateral for lease, credit card, or letter of credit arrangements, or where we hold funds on behalf of clients. Restricted cash is included within "prepaid expenses and other current assets" on our consolidated balance sheets and is included within "cash, cash equivalents, and restricted cash" in our consolidated statements of cash flows. A reconciliation of these balances is shown below.

<i>(in thousands)</i>	Balance as of		
	December 31, 2020	September 30, 2020	December 31, 2019
Cash and cash equivalents	\$ 132,597	\$ 71,737	\$ 149,515
Restricted cash (recorded within "prepaid expenses and other current assets")	17,221	16,824	11,434
Cash, cash equivalents, and restricted cash	<u>\$ 149,818</u>	<u>\$ 88,561</u>	<u>\$ 160,949</u>

During each of the three months ended December 31, 2020 and 2019, we made interest payments of \$0.2 million.

During the three months ended December 31, 2020 and 2019, we made income tax payments of \$4.1 million and \$6.3 million, respectively.

8. Litigation

We are subject to audits, investigations and reviews relating to compliance with the laws and regulations that govern our role as a contractor to agencies and departments of the United States Federal Government, state, local, and foreign governments, and otherwise in connection with performing services in countries outside of the U.S. Adverse findings could lead to criminal, civil, or administrative proceedings, and we could be faced with penalties, fines, suspension, or debarment. Adverse findings could also have a material adverse effect on us because of our reliance on government contracts. We are subject to periodic audits by federal, state, local, and foreign governments for taxes. We are also involved in various claims, arbitrations, and lawsuits arising in the normal conduct of our business. These include but are not limited to bid protests, employment matters, contractual disputes, and charges before administrative agencies. Although we can give no assurance, based upon our evaluation and taking into account the advice of legal counsel, we do not believe that the outcome of any existing matter would likely have a material adverse effect on our consolidated financial position, results of operations, or cash flows.

Medicaid claims

The Centers for Medicare and Medicaid Services (CMS) has asserted two disallowances against a state Medicaid agency totaling approximately \$31 million. From 2004 through 2009, we had a contract with the state

agency in support of its school-based Medicaid claims. We entered into separate agreements with the school districts under which we assisted the districts with preparing and submitting claims to the state Medicaid agency which, in turn, submitted claims for reimbursement to CMS. The state has asserted that its agreement with us requires us to reimburse the state for the amounts owed to CMS. However, our agreements with the school districts require them to reimburse us for such amounts, and therefore we believe the school districts are responsible for any amounts that ultimately must be refunded to CMS. Although it is reasonably possible that a court could conclude we are responsible for the full balance of the disallowances, we believe our exposure in this matter is limited to our fees associated with this work and that the school districts will be responsible for the remainder. We have reserved our estimated fees earned from this engagement relating to the disallowances. We exited the federal healthcare-claiming business in 2009 and no longer provide the services at issue in this matter. The state contested the first disallowance of approximately \$12 million in U.S. District Court. In February 2020, the District Court upheld that disallowance, and the state has appealed the case to the U.S. Circuit Court of Appeals. The second disallowance of approximately \$19 million is still pending at the U.S. Health and Human Services Departmental Appeals Board. No legal action has been initiated against us with respect to either disallowance.

9. Subsequent Events

On January 8, 2021, our Board of Directors declared a quarterly cash dividend of \$0.28 for each share of our common stock outstanding. The dividend is payable on February 26, 2021, to shareholders of record on February 12, 2021. Based upon the number of shares outstanding, we anticipate a cash payment of approximately \$17 million.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis of financial condition and results of operations is provided to enhance the understanding of, and should be read in conjunction with, our Consolidated Financial Statements and related Notes included both herein and in our Annual Report on Form 10-K for the year ended September 30, 2020, which was filed with the Securities and Exchange Commission on November 19, 2020.

Business Overview

We are a U.S.-based global company with approximately 34,000 employees dedicated to helping governments on four continents administer their health and human services programs. We help people connect to and interact with vital government programs so that they receive the necessary support they are eligible to receive. The demand for the provision of these services is driven by numerous factors including aging populations with complex health care needs; rising living standards in emerging markets creating new demands for our services; growing complexity of programs, such as evolving eligibility requirements; the creation of new programs and initiatives such as long-term services and support, and the urgent need to support a surge in demand to help governments respond to the public health emergency. The pandemic has required governments to implement new operational models to ensure public safety and this has led to an increased appetite for public-private partnerships due to availability of increased flexibility, scalability, and accountability, particularly in a time when government customers are looking for ways to dramatically increase services to meet the surging demand and subsequent strain on their agencies.

Maximus operates in a sector with relatively few environmental and social-issue risks but many opportunities, particularly ones that enable us to improve the lives of individuals and families, and provide meaningful opportunities to our employees. We run programs that connect people with disabilities and long-term health conditions to sustainable, long-term employment and we help people, including many of society's most vulnerable populations, access, connect to, and use government benefit programs, such as Medicaid and Medicare.

2020 was an unprecedented year for the world as a result of the Coronavirus (COVID) global pandemic, and Maximus experienced both favorable and unfavorable impacts as a result. Underscoring the importance of the services we provide, many of our U.S. contracts were designated as "essential" by government agencies in the midst of COVID. Continued operations of these programs ensure vulnerable individuals and families can access vital healthcare and safety-net services during these uncertain times.

Our primary objective amidst this pandemic is to protect our employees while ensuring global business continuity of our essential services to help vulnerable individuals and taking responsible action to stop the virus from spreading further. The safety and well-being of our employees are paramount, and we made several sweeping changes to better serve our employees.

Some of the programs we support experienced temporary changes at the direction of our customers which reduced volume, revenue and profit on certain large programs due to the pandemic. However, we have also been successful in winning new contracts tied to the urgent need to support public health initiatives such as contact tracing, disease investigation, unemployment insurance programs, and supporting efforts around vaccine administration, scheduling, and registration to help governments slow the spread of the COVID pandemic. The individuals and families served under these programs are those considered some of the most vulnerable to COVID, and we believe our operations support programs that are essential for their safety and well-being.

Acquisitions

To supplement our core business, we have an active program to identify potential strategic acquisitions. Our acquisitions have successfully enabled us to increase future organic growth, as well as expand our business processes, knowledge and client relationships into adjacent markets and new geographies. In November 2018, we acquired the citizen engagement centers business previously operated by General Dynamics Information Technology. This acquisition, coupled with our 2015 acquisition of Acentia, LLC, has provided scale, customer base and competitive advantages in our business with the United States Federal Government. In fiscal year 2020, we acquired InjuryNet in Australia and Index Root in South Korea, which we integrated into our Outside the U.S. Segment. These acquisitions supplement our existing businesses in this segment.

Financial Overview

Our results for the first quarter of fiscal year 2021 were affected by the following factors:

- We experienced organic revenue growth across all segments. Much of this work is principally driven from new services we performed to assist governments in the U.S. in their COVID-response efforts and increased seasonal volumes in employment services and job seeker support in Australia. The COVID-response work in the U.S. contributed approximately \$160 million of revenue. We anticipate that COVID-response related revenue will be between \$425 million and \$475 million for the full fiscal year 2021.
- The COVID pandemic continued to have an unfavorable impact on some of our core U.S.-based programs where our customers instituted temporary changes to ensure that individuals and families retained access to vital services. This resulted in reduced volumes, leading to declines in revenue and profits within our core business.
- Our Outside the U.S. Segment experienced growth in the first quarter due to an increased seasonal need and pent-up demand for our role to support more people into employment opportunities, primarily in Australia.
- As the pandemic subsides and restrictions are lifted, we anticipate that many of our programs which have suffered reduced volumes will return to their historical levels while our short-term COVID-response work will decline. The timing of both the upside and downside of this remains uncertain. Our assumptions are subject to changes as we understand more about the duration of the pandemic and related regulations, the recovery pattern of our core programs, the effects of budget challenges, and other changes in policies or legislation.

Results of Operations

Consolidated

The following table sets forth, for the periods indicated, selected statements of operations data:

<i>(dollars in thousands, except per share data)</i>	Three Months Ended December 31,	
	2020	2019
Revenue	\$ 945,554	\$ 818,229
Cost of revenue	739,499	642,779
Gross profit	206,055	175,450
Gross profit percentage	21.8 %	21.4 %
Selling, general and administrative expenses	111,967	87,227
Selling, general and administrative expense as a percentage of revenue	11.8 %	10.7 %
Amortization of intangible assets	6,516	9,088
Operating income	87,572	79,135
Operating income percentage	9.3 %	9.7 %
Interest expense	206	484
Other (expense)/income, net	(775)	719
Income before income taxes	86,591	79,370
Provision for income taxes	22,514	20,636
Effective income tax rate	26.0 %	26.0 %
Net income	\$ 64,077	\$ 58,734
Basic earnings per share	\$ 1.03	\$ 0.91
Diluted earnings per share	\$ 1.03	\$ 0.91

Our business segments have different factors driving revenue fluctuations and profitability. The sections that follow cover these segments in greater detail.

Changes in revenue, cost of revenue and gross profit for the three months ended December 31, 2020, are summarized below.

	Revenue		Cost of Revenue		Gross Profit	
	Dollars in thousands	Percentage change	Dollars in thousands	Percentage change	Dollars in thousands	Percentage change
Three months ended December 31, 2019	\$ 818,229		\$ 642,779		\$ 175,450	
Effect of Census Questionnaire Assistance 2020 (CQA) contract	(9,633)	(1.2) %	(12,736)	(2.0) %	3,103	1.8 %
Organic effect	128,754	15.7 %	102,633	16.0 %	26,121	14.9 %
Net acquired growth/(decline)	2,352	0.3 %	2,439	0.4 %	(87)	— %
Currency effect compared to the prior period	5,852	0.7 %	4,384	0.7 %	1,468	0.8 %
Three months ended December 31, 2020	\$ 945,554	15.6 %	\$ 739,499	15.0 %	\$ 206,055	17.4 %

Our cost of revenue includes direct costs related to labor, subcontractor labor, outside vendors, rent, and other direct costs.

Selling, general and administrative expense (SG&A) consists of indirect costs related to general management, marketing, and administration. It is primarily composed of labor costs. These costs may be incurred at a segment level, for dedicated resources that are not client-facing, or at a corporate level. Corporate costs are allocated to segments on a consistent and rational basis. Fluctuations in our SG&A are primarily driven by changes in our administrative cost base, which is not directly driven by changes in our revenue. As part of our work for the United States Federal Government and many states, we allocate these costs using a methodology driven by the Federal Cost Accounting Standards.

Our SG&A expense has increased year-over-year due primarily to:

- approximately \$5.4 million of severance expenses in the United States, which is expected to provide a benefit for the remainder of the fiscal year;
- information technology initiatives, including migration of data to the cloud;
- additional costs to address the COVID pandemic;
- increases in business development activity to both bolster our technical skills and plan for increased bidding activity; and
- increases in our scope of operations, which increases our administrative base.

Other expense/income, net included expenses incurred from foreign currency fluctuations on intercompany loans.

Our effective income tax rate for the three months ended December 31, 2020 and 2019, was 26.0% for both periods. Our expectations for the effective income tax rate for the full fiscal year 2021 is between 25.75% and 26.5%.

U.S. Services Segment

Our U.S. Services Segment provides a variety of business process services such as program administration, appeals and assessments work and related consulting work for U.S. state and local government programs. These services support a variety of programs, including the Affordable Care Act (ACA), Medicaid, the Children's Health Insurance Program (CHIP), Temporary Assistance to Needy Families (TANF), and child support programs. The segment continues to execute on its clinical evolution strategy by expanding its clinical offerings in public health with new work in contact tracing, disease investigation, and vaccine distribution support services as part of the government's COVID-response efforts. We also successfully expanded into the unemployment insurance market as Maximus supported more than 15 states in their unemployment insurance programs.

<i>(dollars in thousands)</i>	Three Months Ended December 31,	
	2020	2019
Revenue	\$ 384,934	\$ 312,281
Cost of revenue	285,932	222,691
Gross profit	99,002	89,590
Operating income	61,546	58,192
Gross profit percentage	25.7 %	28.7 %
Operating income percentage	16.0 %	18.6 %

Our revenue and cost of revenue for the three month period ended December 31, 2020, increased 23% and 28%, respectively, compared to the same period in fiscal year 2020. All growth was organic.

A number of positive and negative factors impacted this segment during the three months ended December 31, 2020.

- We received approximately \$114 million of short term revenue from assisting our customers with COVID related administration.
- We continue to be impacted by temporary program changes that were implemented at the direction of our customers which has resulted in lower volumes on some of our core, performance-based programs, which results in lower revenues and profit. In particular, many states have paused Medicaid redeterminations as a condition for receiving enhanced U.S. Federal matching funds which ensures continued access to vital healthcare services. In many cases, redeterminations provide a significant part of our activity within volume-based contracts.

We anticipate operating income margins for the full fiscal year 2021 will be between 16.5% and 17.5%. Our customers in this segment are typically U.S. state governments, who have seen increases in the demand for the vital social services that we administer while also experiencing a significant reduction in their tax revenues. Although this may provide additional opportunities for us, we face the risk that many of our customers may face cash shortfalls from reduced income tax receipts, resulting in potential budgetary pressures and delayed payments.

U.S. Federal Services Segment

Our U.S. Federal Services Segment provides program administration, appeals and assessments services and technology solutions, including system and software development and maintenance services, for various U.S. federal civilian programs. The segment also contains certain state-based assessments and appeals work that is part of the segment's heritage within the Medicare Appeals portfolio and continues to be managed within this segment. Recently, the segment expanded its clinical offerings in public health with new work supporting the Federal Government's COVID-response efforts. This included expanded work with the Centers for Disease Control and Prevention (CDC) for their helpline, an outbound customer support center for the Office of the Assistant Secretary for Health to notify individuals throughout the U.S. of their COVID test result and increased support for the IRS Wage and Investment Division's response efforts to general inquiries regarding the Coronavirus Aid Relief & Economic Security (CARES) Act and Economic Impact Payment Service Plan.

<i>(dollars in thousands)</i>	Three Months Ended December 31,	
	2020	2019
Revenue	\$ 405,245	\$ 366,571
Cost of revenue	322,749	295,750
Gross profit	82,496	70,821
Operating income	30,244	31,582
Gross profit percentage	20.4 %	19.3 %
Operating income percentage	7.5 %	8.6 %

Changes in revenue, cost of revenue, and gross profit for the three months ended December 31, 2020, are summarized below.

	Revenue		Cost of Revenue		Gross Profit	
	Dollars in thousands	Percentage change	Dollars in thousands	Percentage change	Dollars in thousands	Percentage change
Three months ended December 31, 2019	\$ 366,571		\$ 295,750		\$ 70,821	
Effect of CQA contract	(9,633)	(2.6) %	(12,736)	(4.3) %	3,103	4.4 %
Organic growth from other contracts	49,415	13.5 %	40,560	13.7 %	8,855	12.5 %
Disposal of business	(1,108)	(0.3) %	(825)	(0.3) %	(283)	(0.4) %
Three months ended December 31, 2020	\$ 405,245	10.6 %	\$ 322,749	9.1 %	\$ 82,496	16.5 %

Our revenue and cost of revenue for the three month period ended December 31, 2020, increased 11% and 9.1%, respectively, compared to the same period in fiscal year 2020.

- The CQA contract provided approximately \$60 million of revenue during the first quarter of fiscal year 2021. The contract was ramping up operations in the first quarter of fiscal year 2020; operations are winding down in the first quarter of fiscal year 2021.
- We estimated that our incremental revenue from assisting the U.S. Federal Government with its COVID-response was \$46 million.
- Our business realized higher revenues from short-term work but also experienced lower margins due to reduced volumes on performance-based contracts, such as independent medial reviews for worker's compensation programs that declined sharply since the onset of the pandemic.
- Operating margin also declined due to increased spending on business development and selling activities.
- In fiscal year 2020, we disposed of a small business to eliminate a perceived conflict of interest.

We anticipate operating income margins for the full fiscal year 2021 will be between 6% and 7% as the CQA contract ramps down.

Outside the United States Segment

Our Outside the U.S. Segment provides business process services (BPS) solutions for international governments and commercial clients. These services include health and disability assessments, program administration for employment services and other job seeker-related services. We support programs and deliver services in the United Kingdom (U.K.), including the Health Assessment Advisory Service (HAAS), the Work & Health Programme and Fair Start; Australia, including jobactive and the Disability Employment Service; Canada, including Health Insurance British Columbia and the Employment Program of British Columbia; in addition to Italy, Saudi Arabia, Singapore, South Korea, and Sweden, where we predominantly provide employment support and job seeker services.

<i>(dollars in thousands)</i>	Three Months Ended December 31,	
	2020	2019
Revenue	\$ 155,375	\$ 139,377
Cost of revenue	130,818	124,338
Gross profit	24,557	15,039
Operating income/(loss)	4,525	(1,014)
Gross profit percentage	15.8 %	10.8 %
Operating income/(loss) percentage	2.9 %	(0.7)%

Changes in revenue, cost of revenue, and gross profit for the three months ended December 31, 2020, are summarized below.

	Revenue		Cost of Revenue		Gross Profit	
	Dollars in thousands	Percentage change	Dollars in thousands	Percentage change	Dollars in thousands	Percentage change
Three months ended December 31, 2019	\$ 139,377		\$ 124,338		\$ 15,039	
Organic growth/(decline)	6,686	4.8 %	(1,168)	(0.9) %	7,854	52.2 %
Acquired growth	3,460	2.5 %	3,264	2.6 %	196	1.3 %
Currency effect compared to the prior period	5,852	4.2 %	4,384	3.5 %	1,468	9.8 %
Three months ended December 31, 2020	\$ 155,375	11.5 %	130,818	5.2 %	24,557	63.3 %

This segment has seen organic growth in revenue and profit, as well as acquired growth and currency benefits during fiscal year 2021.

Much of our revenue growth stems from our employment services contracts, where we earn revenue based upon our ability to place individuals in long-term sustained employment. Revenue is recognized based on our estimate of the number of individuals whom we anticipate reaching these milestones. As a result, changes in our estimates of our ability to place people in work and the time that this will take can have significant effects on our revenue. As the effects of the COVID pandemic became clear during the second quarter of fiscal year 2020, our revenue was significantly tempered as unemployment rose and available employment opportunities declined. As the pandemic and related restrictions decline, we would anticipate seeing strong demand for our employment services.

In the first quarter of fiscal year 2021, we experienced an increase in revenue and profit in Australia driven by a temporary, spike in demand for qualified job seekers in retail and travel related industries during the holiday season. The prior-year period was tempered by the bush fires in Australia.

Our estimates of the number of outcomes we anticipate to achieve and the time we expect to achieve those outcomes impact the revenue recognized in the current period. These estimates are based upon our current expectations as to how the effects of the pandemic, including regulations adopted by governments and employment practices adopted by employers, will progress. We have typically based our estimates on historical performance. The effects of COVID have limited the extent to which we can rely upon historical performance and, accordingly, our revenue may be more volatile than we have previously experienced.

Our acquired growth is from the acquisition of InjuryNet in Australia in February 2020 and Index Root in South Korea in August 2020.

The weakening of the United States Dollar against the currencies in which we do business outside the U.S. has resulted in year-over-year growth in our revenue and costs.

As pandemic restrictions ease and economies emerge from the pandemic-related lockdowns, we anticipate robust markets for our employment services and a return to pre-pandemic levels for our health assessments services. We have also identified new work opportunities which, as is typical in this business, are likely to generate up-front losses as the programs ramp up. We anticipate operating margins for this segment to be in a loss position in the second quarter of fiscal year 2021, with steady improvements through the remainder of the fiscal year. We expect that the segment will be approximately breakeven for the full fiscal year 2021.

Liquidity and Capital Resources

Our principal source of liquidity remains our cash flows from operations. We continue to experience some delays in payments from our customers in addition to the operational challenges we are facing on our contracts. We continue to generate cash flows to fund operations, capital expenditures, and our dividend program. At December 31, 2020, we had approximately \$132.6 million in unrestricted cash and \$400 million of liquidity available on our corporate credit facility and capacity on smaller credit facilities worldwide.

We have no requirement to remit funds from our foreign locations to the United States. The Tax Cuts and Jobs Act in the United States enabled us and continues to enable us to transfer cash from our foreign locations on a tax-free basis. We will continue to explore opportunities to remit additional funds, taking into consideration the working capital requirements and relevant tax rules in each jurisdiction. When we are unable to remit funds back without incurring a penalty, we will consider these funds indefinitely reinvested until such time as these restrictions are changed. As a result, we do not record U.S. deferred income taxes on any funds held in foreign jurisdictions. We have not attempted to calculate our potential liability from any transfer of these funds as any such transaction might include tax planning strategies that we have not fully explored. Accordingly, it is not possible to estimate the potential tax obligations if we were to remit all of our funds from foreign locations to the United States.

Cash Flows

The following table provides a summary of our cash flow information for the three months ended December 31, 2020 and 2019.

<i>(in thousands)</i>	Three Months Ended December 31,	
	2020	2019
Net cash from/(used in):		
Operations	\$ 98,115	\$ 87,267
Investing activities	(9,253)	(10,462)
Financing activities	(31,487)	(33,800)
Effect of exchange rate changes on cash and cash equivalents	3,882	1,452
Net increase in cash, cash equivalents, and restricted cash	\$ 61,257	\$ 44,457

Our cash flows from operations increased compared to fiscal year 2020 due to the increase in our operating income and the timing of our cash collections. As we anticipated, our DSO improved from September 30, 2020, but is still being impacted, as compared to December 31, 2019, due to U.S. state governments delaying payments to assist their cash flows.

<i>(in days)</i>	Days Sales Outstanding
September 30, 2019	72
December 31, 2019	71
September 30, 2020	77
December 31, 2020	75
Target Range	65 - 80

Cash used in investing activities for the three months ended December 31, 2020, was \$9.3 million, principally for capital expenditures to support operations.

Cash used in financing activities in the three months ended December 31, 2020, was \$31.5 million, compared to \$33.8 million of cash used in the comparative period. Financing activities in both periods remained consistent consisting primarily of our cash dividends and tax withholdings on restricted stock units vesting.

To supplement our statements of cash flows presented on a GAAP basis, we use the measure of free cash flow to analyze the funds generated from operations.

<i>(in thousands)</i>	Three Months Ended December 31,	
	2020	2019
Cash flows from operations	\$ 98,115	\$ 87,267
Purchases of property and equipment and capitalized software costs	(9,094)	(10,487)
Free cash flow - non-GAAP	\$ 89,021	\$ 76,780

Critical Accounting Policies and Estimates

As of December 31, 2020, there have been no changes to our critical accounting policies and estimates from those disclosed in our Annual Report on Form 10-K for the fiscal year ended September 30, 2020.

Our discussion and analysis of our financial condition and results of operations are based on our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities, and the reported amounts of revenue and expenses. On an ongoing basis we evaluate our estimates, including those related to revenue recognition and cost estimation on certain contracts, the realizability of goodwill and other long-lived assets, and amounts related to contingencies and income tax liabilities. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Actual results could differ from those estimates.

Non-GAAP Measures

We utilize non-GAAP measures where we believe it will assist the user of our financial statements in understanding our business. The presentation of these measures is meant to complement, but not replace, other financial measures in this document. The presentation of non-GAAP numbers is not meant to be considered in isolation, nor as an alternative to revenue growth, cash flows from operations, or net income as measures of performance. These non-GAAP measures, as determined and presented by us, may not be comparable to related or similarly titled measures presented by other companies.

In fiscal year 2020, 14% of our revenue was generated outside the U.S. We believe that users of our financial statements wish to understand the performance of our foreign operations using a methodology which excludes the effect of year-over-year exchange rate fluctuations. To calculate year-over-year currency movement, we determine the current fiscal year's results for all foreign businesses using the exchange rates in the prior fiscal year. We refer to this adjusted revenue on a "constant currency basis."

In recent years, we have made a number of acquisitions. We believe users of our financial statements wish to evaluate the performance of our operations, excluding changes that have arisen due to businesses acquired or disposed of. We will identify acquired revenue and cost of revenue by showing these results for periods for which no comparative results exist within our financial statements. We will identify revenue and cost of revenue that has been disposed of in a similar manner. This information is supplemented by our calculations of organic growth. To calculate organic growth, we compare current fiscal year results excluding transactions from acquisitions or disposals to our prior fiscal year results.

Our results in fiscal year 2020 included a significant benefit from the CQA contract as the U.S. Federal Government completed its census. As the pattern of revenue from this contract is significant and non-recurring, we have identified the revenue and related costs and excluded them from the organic growth calculation above. We believe that it is helpful to our investors to understand the effect of this contract on our results.

In order to sustain our cash flows from operations, we require regular refreshing of our fixed assets and technology. We believe that users of our financial statements wish to understand the cash flows that directly correspond with our operations and the investments we must make in those operations using a methodology which combines operating cash flows and capital expenditures. We provide free cash flow to complement our statement of cash flows. Free cash flow shows the effects of the Company's operations and replacement capital expenditures and excludes the cash flow effects of acquisitions, purchases of our own common stock, dividend payments, and other financing transactions. We have provided a reconciliation of cash flows from operations to free cash flow.

To sustain our operations, our principal source of financing comes from receiving payments from our customers. We believe that users of our financial statements wish to evaluate our efficiency in converting revenue into cash receipts. Accordingly, we provide DSO, which we calculate by dividing billed and unbilled receivable balances at the end of each quarter by revenue per day for the period. Revenue per day for a quarter is determined by dividing total revenue by 91 days.

As noted above, we have a \$400 million corporate credit facility. Our credit agreement includes the defined term Consolidated EBITDA and our calculation of Adjusted EBITDA conforms to the credit agreement definition. We believe our investors appreciate the opportunity to understand the possible restrictions which arise from our credit agreement. Adjusted EBITDA is also a useful measure of performance which focuses on the cash generating capacity of the business as it excludes the non-cash expenses of depreciation and amortization, and makes for easier comparisons between the operating performance of companies with different capital structures by excluding interest expense and therefore the impacts of financing costs. The measure of Adjusted EBITA is a step in calculating Adjusted EBITDA and facilitates comparisons to similar businesses as it isolates the amortization effect of business combinations. We have provided a reconciliation from net income to Adjusted EBITA and Adjusted EBITDA as follows:

<i>(in thousands)</i>	Three Months Ended December 31,		Trailing Twelve Months Ended December 31,	
	2020	2019	2020	2019
Net income	\$ 64,077	\$ 58,734	\$ 219,852	\$ 243,645
Interest expense/(income), net	162	(118)	1,580	650
Provision of income taxes	22,514	20,636	74,431	77,628
Amortization of intangible assets	6,516	9,088	33,062	36,684
Stock compensation expense	6,062	5,397	24,373	21,200
Acquisition-related expenses	1,873	—	6,494	1
Gain on sale of a business	—	—	(1,718)	—
Adjusted EBITA - non-GAAP	\$ 101,204	\$ 93,737	\$ 358,074	\$ 379,808
Depreciation and amortization of property, plant, equipment and capitalized software	11,817	15,318	61,026	56,491
Adjusted EBITDA - non-GAAP	\$ 113,021	\$ 109,055	\$ 419,100	\$ 436,299

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

Our exposure to market risks generally relates to changes in foreign currency exchange rates.

At December 31, 2020, and September 30, 2020, we held net assets denominated in currencies other than the U.S. Dollar of \$162.3 million and \$164.6 million, respectively. Of these balances, cash and cash equivalents comprised \$78.2 million and \$45.0 million, respectively. Included within our net assets held in international currency are assets that we consider to be monetary assets; those which hold a fair value close to their book value and which represent a recent cash outflow or which will become a cash inflow or outflow within a short period of time. These assets and liabilities are typically cash, billed, billable and unbilled accounts receivable, current prepaid expenses, operating lease right-of-use assets, accounts payable, accrued compensation, deferred revenue, lease liabilities, and debt. At December 31, 2020, the net value of these assets and liabilities was \$54.0 million.

In the event of a 10% unfavorable exchange rate movement across currencies, we would have reported the following incremental effects on our comprehensive income and our cash flow statement.

<i>(in thousands)</i>	December 31, 2020	September 30, 2020
Comprehensive income attributable to Maximus	\$ (16,230)	\$ (16,460)
Net decrease in cash and cash equivalents	(7,823)	(4,500)

Where possible, we identify surplus funds in foreign locations and place them in entities with the U.S. Dollar as their functional currency, reducing our exposure to foreign currencies. We mitigate much of our foreign currency exchange risks by incurring costs and cash outflows in the same currency as our revenue.

We are exposed to interest rate risk through our revolving corporate credit facility and other borrowings. Our interest rate for the revolving corporate credit facility is based upon the one-month London Interbank Offering Rate (LIBOR) or equivalent plus a premium based upon our leverage; this premium is currently 1%. The one-month LIBOR at December 31, 2020, was 0.14%. We had no borrowings under the corporate credit facility at December 31, 2020. The outstanding debt at December 31, 2020, of \$32.6 million, was comprised of borrowings in foreign locations. The terms and rates under which we borrow in these jurisdictions varies from location to location. As these borrowings are relatively small and for brief periods, we do not anticipate significant interest rate exposure.

Item 4. Controls and Procedures.

(a) Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on this evaluation, our principal executive officer and principal financial officer concluded that these disclosure controls and procedures were effective and designed to ensure that the information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

(b) Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) identified in connection with the evaluation of our internal control that occurred during our last fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

Refer to our disclosures included in "[Note 8. Litigation](#)" included in Part 1, Item 1 of this Quarterly Report on Form 10-Q.

Item 1A. Risk Factors.

In connection with information set forth in this Form 10-Q, the factors discussed under "Risk Factors" in our Form 10-K for fiscal year ended September 30, 2020, should be considered. The risks included in those filings could materially and adversely affect our business, financial condition, and results of operations.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

(c) The following table sets forth the information required regarding purchases of common stock that we made during the three months ended December 31, 2020.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans ⁽¹⁾	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plan (in thousands)
October 1, 2020 — October 31, 2020	51,735	\$ 64.98	51,735	\$ 146,665
November 1, 2020 — November 30, 2020	—	—	—	146,665
December 1, 2020 — December 31, 2020	—	—	—	146,665
Total	<u>51,735</u>		<u>51,735</u>	

(1) Under a resolution adopted in March 2020, the Board of Directors authorized the purchase, at management's discretion, of up to an aggregate of \$200 million of our common stock. The resolution also authorized the use of option exercise proceeds for the purchase of our common stock.

Item 6. Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
31.1	♦ <u>Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
31.2	♦ <u>Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
32.1	❖ <u>Section 906 Principal Executive Officer Certification.</u>
32.2	❖ <u>Section 906 Principal Financial Officer Certification.</u>
101	The following materials from the Maximus, Inc. Quarterly Report on Form 10-Q for the quarter ended December 31, 2020 formatted in eXtensible Business Reporting Language (XBRL): (i) Consolidated Statements of Operations, (ii) Consolidated Statements of Comprehensive Income, (iii) Consolidated Balance Sheets, (iv) Consolidated Statements of Cash Flows, (v) Consolidated Statements of Changes in Shareholders' Equity and (vi) Notes to Unaudited Consolidated Financial Statements. Filed electronically herewith.
104	Cover Page Interactive Data File (formatted as Inline XBRL tags and contained in Exhibit 101)

♦ Filed herewith.

❖ Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Maximus, Inc.

Date: February 4, 2021

By: /s/ Richard J. Nadeau
Richard J. Nadeau
Chief Financial Officer
(On behalf of the registrant and as Principal Financial and
Accounting Officer)

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Bruce L. Caswell, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of MAXIMUS, Inc. for the period ended December 31, 2020;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 4, 2021

/s/ Bruce L. Caswell

Bruce L. Caswell
Chief Executive Officer

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Richard J. Nadeau, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of MAXIMUS, Inc. for the period ended December 31, 2020;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 4, 2021

/s/ Richard J. Nadeau
Richard J. Nadeau
Chief Financial Officer

Section 906 CEO Certification

I, Bruce L. Caswell, Chief Executive Officer of MAXIMUS, Inc. ("the Company"), do hereby certify, under the standards set forth in and solely for the purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Quarterly Report on Form 10-Q of the Company for the period ended December 31, 2020 (the "Quarterly Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. Section 78m or 78o(d)) and
2. The information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 4, 2021

/s/ Bruce L. Caswell

Bruce L. Caswell
Chief Executive Officer

Section 906 CFO Certification

I, Richard J. Nadeau, Chief Financial Officer of MAXIMUS, Inc. ("the Company"), do hereby certify, under the standards set forth in and solely for the purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Quarterly Report on Form 10-Q of the Company for the period ended December 31, 2020 (the "Quarterly Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. Section 78m or 78o(d)) and
2. The information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 4, 2021

/s/ Richard J. Nadeau

Richard J. Nadeau

Chief Financial Officer

FAUQUIER COUNTY GOVERNMENT AND PUBLIC SCHOOLS

FINANCE DEPARTMENT, PROCUREMENT DIVISION

320 Hospital Drive Ste. 23

Warrenton, Virginia 20186

Phone: (540) 422-8354

Fax: (540) 422-8355

NOTICE OF CONTRACT RENEWAL

1. DATE: February 23, 2023
2. COMMODITY NAME: Cost Accounting Services
3. CONTRACT NUMBER: 30-21ksc (supersedes/replaces 54-15jwc)
4. CONTRACT PERIOD: December 9, 2021 through December 8, 2022
1st Renewal December 9, 2022 through December 8, 2023
5. RENEWAL OPTIONS: Four (4) one-year renewals upon mutual agreement
6. FIRM: MAXIMUS Consulting Services, Inc.
(V/N 648238) 808 Moorefield Park Dr. Suite 205
Richmond, VA 23236
PH (804) 323-3535 FX (804) 323-3536
7. TERMS: Net 30
8. FOR FURTHER INFORMATION CONTACT: Kathy Stanley, CPPB, Senior Buyer
PH (540) 422-8354

NOTICE TO ALL FAUQUIER COUNTY GOVERNMENT AND PUBLIC SCHOOL USING DEPARTMENTS: This contract is the result of a competitive bid program and its use must follow the FCG&PS Procurement Policy/Procedures for the purchase of the commodity listed herein. Please see below for further instructions regarding this contract.

INSTRUCTIONS

1. Orders: All Using Departments must order services listed by issuing a Purchase Orders per the Procurement Procedures Manual, after following the instructions below. An extra copy of the Procedures Manual can be obtained by calling Procurement at (540) 422-8351 or 8352.
2. The applicable contract number, vendor number, dollar amount, contact person with phone number, and billing/delivery address must be shown on each purchase order for Finance & Contractor use.
3. Inspection on delivery and approval of contractor's invoice is the responsibility of the receiving using department.
4. Any complaint as to quality of services, or violation of contract provisions by contractor shall be reported to FCG&PS Procurement for handling with the Contractor. All complaints must be submitted in writing and can be forwarded to Procurement via fax or courier.
5. Pricing: See below

Via Electronic Mail

June 28, 2021

Ms. Kathy H. Stanley, CPPB, Senior Buyer
 Fauquier County Government and Public Schools
 320 Hospital Drive, Suite 23
 Warrenton, VA 20186

RE: Request For Proposal (RFP) 30-21ks – Cost Accounting Services

Dear Ms. Stanley:

Maximus US Services, Inc. (Maximus), a wholly owned subsidiary of Maximus, Inc., is pleased to submit our fixed price to provide Cost Allocation Plan (CAP) and Indirect Cost Proposal (ICRP) services to Fauquier County Government and Public Schools (County).

The efficiencies of our cost allocation processes honed over the last four decades allow us to competitively price projects and provide our services in an economical manner. We believe – and our clients will affirm – that we provide significant value to our clients in relation to our fees. Please find the completed Fixed Price Cost Allocation table below:

Fixed Price Cost Allocation

Fiscal Year	Performance Year	Total Firm Fixed Price
2021	2022	\$5,800
2022	2023	\$6,000
2023	2024	\$6,000
2024	2025	\$6,000
2025	2026	\$6,000

Labor Category

Labor Category Position	2022	2023	2024	2025	2026
Project Director	\$165	\$165	\$165	\$170	\$170
Project Manager	\$125	\$125	\$125	\$130	\$130
Quality Control/Tech Adv.	\$110	\$110	\$110	\$110	\$110
Project Consultant	\$75	\$75	\$75	\$80	\$80