

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

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

Contractor: The Hackett Group, Inc.
Address: 1001 Brickell Bay Drive, Suite 3000
City, state, zip: Miami, Florida 33131
Phone: 305-375-8005
E-mail Address: fzomefeld@answerthink.com

Federal ID No.: 65-0750100

PURPOSE

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

CONTRACTING; END USER AGREEMENTS

This objective will be accomplished through benchmarks on functional areas performed by CONTRACTOR which will be supported in that effort by Accenture, LLP. Each contracting state will enter into a contract with NASACT substantially similar to this agreement and a statement of work substantially similar to Exhibit A attached hereto. It is understood by the parties that the contract and statement of work entered into by each participating state may contain changes from this agreement and Exhibit A. CONTRACTOR will have the right to veto changes from this agreement and the statement of work requested by each state, and NASACT will not enter into any agreement with a participating state unless such agreement is approved by CONTRACTOR in writing, with an email confirmation representing a satisfactory writing. The parties understand that Exhibit A represents a sample with typical schedule, data collection, and resource commitments. These components will vary by state and will be finalized during Phase 1- Planning and Kickoff of the process.

NASACT and CONTRACTOR will enter into an addendum (an “Addendum”) to this agreement each time that a contract and statement of work (the “End User Agreement”) are entered into between NASACT and a participating state. Each addendum will have as attachments the End User Agreements for the participating state which will specify the work to be performed by CONTRACTOR on behalf of the NASACT for the participating state. Contractor agrees to perform the services described in the End User Agreements and abide by the terms and conditions contained in the End User Agreements as if it were a party to the End User Agreements. In the event of a conflict between the terms of this agreement or Exhibit A and the End User Agreements, the provision in the End User Agreements shall prevail.

Results of the measurement and analyses will be presented to each contracting state with a prioritized list of recommendations as specified in the particular End User Agreements to improve the state’s human resource and financial business processes and information systems. Similar results and recommendations will also be provided to participating agencies in each state. NASACT will also receive a copy of these results.

The End User Agreements may also allow for follow-up measurements and benchmark comparisons of human resource and/or financial business processes, as determined by the contracting state.

SCOPE OF WORK

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

Exhibit A contains the General Terms and Conditions governing work to be performed under this contract, the nature of the working relationship between NASACT and the CONTRACTOR, and specific obligations of both parties.

PERIOD OF PERFORMANCE

Subject to other contract provisions, the period of performance under this contract will be from the date of execution through the latter of the first anniversary of this contract or the date on which the services yet to be completed under any End User Agreements as of such anniversary date are completed, unless sooner terminated or extended as provided herein.

COMPENSATION AND PAYMENT

NASACT will pay CONTRACTOR within 45 days of receipt of invoices for work performed under the End User Agreements. NASACT will deliver invoices to participating states within three (3) business days of the receipt of such invoices. The invoices shall describe and document to NASACT's and the contracting state's satisfaction a description of the work performed, the progress of the project, and fees.

As compensation for the Services hereunder, NASACT agrees to pay CONTRACTOR pursuant to the fee schedule set forth in each End User Agreement. CONTRACTOR'S compensation for services rendered shall be the fixed price agreed upon in the applicable End User Agreements.

BILLING PROCEDURES

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

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

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

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

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

CONTRACT MANAGEMENT

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

Contract Manager for CONTRACTOR:	Contract Manager for NASACT
Jeffrey S. Rosengard The Hackett Group, Inc. 406 Diana Court. Highland Heights, OH 44143 Phone: 440-646-0620 jrosengard@thehackettgroup.com	Patricia A. O'Connor NASACT 2401 Regency Road, Suite 302 Lexington, KY 40503-2914 Phone: 859-276-1147 Fax: 859-278-0507 poconnor@nasact.org

The CONTRACTOR shall provide insurance coverage as set out in Request for Proposals No. 05-01. The intent of the required insurance is to protect NASACT should there be any claims, suits, actions, costs, damages or expenses arising from any negligent or intentional act or omission of the CONTRACTOR or subcontractor, or agents of either, while performing under the terms of this contract.

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

ASSURANCES

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

ORDER OF PRECEDENCE

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

- Applicable federal and contracting statutes and regulations.
- End User Agreement
- Special Terms and Conditions as contained in this basic contract instrument.
- Exhibit A – General Terms and Conditions.
- Exhibit B – CONTRACTOR's Proposal dated June 1, 2005.
- Request for Proposals No. 05-01 including provisions, terms or material incorporated herein by reference or otherwise incorporated.
- Any other provision, term or material incorporated herein by reference or otherwise incorporated.

EXCLUSIVE REMEDY; ASSIGNMENT OF RIGHTS; THIRD PARTY BENEFICIARY

The parties hereto agree that, absent bad faith, negligence, fraud, failure to remit funds paid by a participating state, breach of the confidentiality or intellectual property provisions of this agreement or injuries to persons or property caused by NASACT, CONTRACTOR shall not be entitled to bring a claim against NASACT hereunder. In the event of a breach of an End User Agreement by a participating state, NASACT shall assign its rights to proceed against such state to CONTRACTOR and shall cooperate in the pursuit of an action against such state at CONTRACTOR's expense. In the event that such assignment of rights is not effective, NASACT agrees to bring a lawsuit in its name against such participating state and pursue any and all remedies requested by CONTRACTOR at CONTRACTOR's

expense. In such event, NASACT agrees to use a law firm chosen by CONTRACTOR to pursue the claim.

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

ENTIRE AGREEMENT

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

CONFORMANCE

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

AMENDMENTS

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

THIS CONTRACT, consisting of nineteen pages and two attachments, is executed by the persons signing below who warrant that they have the authority to execute the contract.

The Hackett Group, Inc.

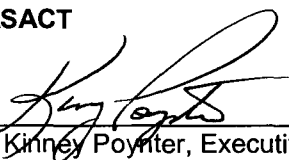


Jeffrey S. Rosengard, Senior Vice President

Date

8/5/05

NASACT



R. Kinney Poynter, Executive Director

Date

8/4/05

GENERAL TERMS AND CONDITIONS

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

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

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

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

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

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

CONFIDENTIALITY / SAFEGUARDING OF INFORMATION - Subject to each state's open record laws and as specifically provided in any End User Agreement, neither party shall use or disclose any information concerning the other, including any contracting state, or information which may be classified as confidential, for any purpose not directly connected with the administration of this contract, except with

prior written consent of the disclosing party, or as may be required by law or administrative process. Notwithstanding the foregoing, Hackett shall be permitted to use and publish certain information gathered in connection with its work under and End User Agreements in its Hackett Programs as now or in the future conducted, which may include the aggregated results of the data analysis and research, and the reports generated in connection with the Hackett Programs for its own business, provided Hackett shall not publish such information in the Hackett Programs or related publications in a way that identifies NASACT or any participating state.

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

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

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

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

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

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

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

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

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

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

GOVERNING LAW - This contract shall be construed and interpreted in accordance with the laws of the Commonwealth of Kentucky, and the venue of any action brought hereunder shall be in the Superior Court for Fayette County. End User Agreements shall be construed and interpreted in accordance with the laws of the State of Florida or that of the participating state and the venue of any action brought hereunder shall be in the state or federal courts of Miami-Dade County Florida or the state or federal courts of the participating state.

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

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

If Contractor or any of its affiliates, or any of their respective officers, directors, employees, agents, subcontractors or shareholders, is ever liable to NASACT for one or more breaches, disputes, controversies or claims arising under or in connection with Services provided hereunder (whether any such breach, dispute, controversy or claim is based upon contract, tort, statute, equity or any other legal theory), except for claims for personal injury arising out of Contractor's willful misconduct or negligence and/or Contractor's infringement of a third party intellectual property rights, then, (i) the cumulative amount of all damages and

penalties, if any, recoverable by NASACT for all such breaches, disputes, controversies and claims will not exceed, in the aggregate, an amount equal to two times the total amount of the fees (excluding unamortized prepaid fees, if any) paid by NASACT under the applicable End User Agreements from which the breach, dispute, controversy or claim arose, (ii) recovery of such amount as limited hereby will be NASACT's or the participating state's sole and exclusive remedy, and (iii) NASACT releases Contractor and its affiliates, and their respective officers, directors, employees, agents, subcontractors and shareholders, from any liability in excess of such amount.

IN NO EVENT WILL CONTRACTOR OR ANY OF ITS AFFILIATES, OR ANY OF THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, SHAREHOLDERS OR SUBCONTRACTORS, BE LIABLE TO NASACT OR ANY OTHER PERSON FOR (I) ANY SPECIAL, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES, EVEN IF CONTRACTOR OR SUCH OTHER PERSON HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, (II) PUNITIVE DAMAGES, LOSS OF ANTICIPATED PROFITS, SAVINGS OR BUSINESS, LOSS OF COMMERCIAL REPUTATION OR OTHER ECONOMIC LOSS, OR (III) DAMAGES THAT COULD HAVE BEEN AVOIDED, USING REASONABLE DILIGENCE, BY NASACT OR SUCH OTHER PERSON.

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

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

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

LIMITATION OF AUTHORITY - Only the Agent or Agent's delegate by writing (delegation to be made prior to action) shall have the express, implied, or apparent authority to alter, amend, modify, or waive any clause or condition of this contract. Furthermore, any alteration, amendment, modification, or waiver or any clause or condition of this contract is not effective or binding unless made in writing and signed by the Agent.

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

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

PRIVACY PROTECTION CLAUSE - Personal information collected, used or acquired in connection with this contract shall be used solely for the purposes of this contract. Contractor and its subcontractors agree not to release, divulge, publish, transfer, sell or otherwise make known to unauthorized persons personal information without the express written consent of NASACT and the contracting state or as provided by law. Contractor agrees to implement physical, electronic and managerial safeguards to

prevent unauthorized access to personal information. Any breach of this provision may result in termination of the contract and the demand for return of all personal information. The Contractor agrees to indemnify and hold harmless NASACT for any damages related to the Contractor's unauthorized use of personal information.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5. Transfer title to NASACT and deliver in the manner, at the times, and to the extent directed by NASACT any property which, if the contract had been completed, would have been required to be furnished to NASACT;
6. Complete performance of such part of the work as shall not have been terminated by NASACT; and
7. Take such action as may be necessary, or as NASACT may direct, for the protection and preservation of the property related to this contract which is in the possession of the Contractor and in which NASACT have or may acquire an interest.

TREATMENT OF ASSETS -

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

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

NASACT Benchmarking Program



State Benchmarking Project - Statement of Work

Prepared by Hackett-Accenture

August 3, 2005

This Statement of Work (SOW) defines the scope of benchmarking services to be performed by Hackett-Accenture for State Governments, as outlined in our 6/1/05 RFP response. Outlined in this SOW are general product offerings, deliverables, estimated project schedule and professional fees and expenses. This SOW corresponds to the master services agreement governing the NASACT program. This general statement of work can be amended to meet additional requirements of any state that contracts with NASACT for the services rendered under this general statement of work.

1. BACKGROUND

NASACT is contracting with states to provide for the benchmark product offering described in this document. States are able to select products and services from this general statement of work that best match their needs, objectives and timing. Hackett-Accenture will work directly with the states on delivery of these services, with NASACT providing administrative services coordination and overall program management. Definitions here correspond to definitions contained in the contract dated _____, 2005 between NASACT and _____.

2. SCOPE, PROCESS AND TIMING

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

The Finance benchmark focuses on 8 discretely defined process groups:

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

The Human Resources benchmark focuses on 9 discretely defined process groups:

Transactional	Employee Life Cycle	Planning & Strategy	Management & Administration
<ul style="list-style-type: none"> ◆ Total Rewards Administration <ul style="list-style-type: none"> ◆ Health and Welfare Administration ◆ Pension and Savings Administration ◆ Compensation Administration ◆ Payroll Services <ul style="list-style-type: none"> ◆ Time and Attendance ◆ Payroll Administration ◆ Data Management, Reporting and Compliance <ul style="list-style-type: none"> ◆ Compliance Management ◆ EE Data Management ◆ HR Reporting 	<ul style="list-style-type: none"> ◆ Staffing Services <ul style="list-style-type: none"> ◆ Recruiting and Staffing ◆ Exit Process ◆ Workforce Development Services <ul style="list-style-type: none"> ◆ Learning and Development ◆ Career Planning ◆ Performance Management ◆ Organizational Effectiveness <ul style="list-style-type: none"> ◆ Labor Relations Administration ◆ Organization Design and Measurement ◆ Employee Relations 	<ul style="list-style-type: none"> ◆ Total Rewards Planning <ul style="list-style-type: none"> ◆ Benefits Planning ◆ Compensation Planning ◆ Strategic Workforce Planning <ul style="list-style-type: none"> ◆ Workforce Gap Assessment ◆ Leadership Gap Assessment 	<ul style="list-style-type: none"> ◆ Function Management <ul style="list-style-type: none"> ◆ Function Oversight ◆ Personnel Management ◆ Policy and Procedures Oversight

Procurement benchmark addresses 10 Discretely Defined Process Groups:

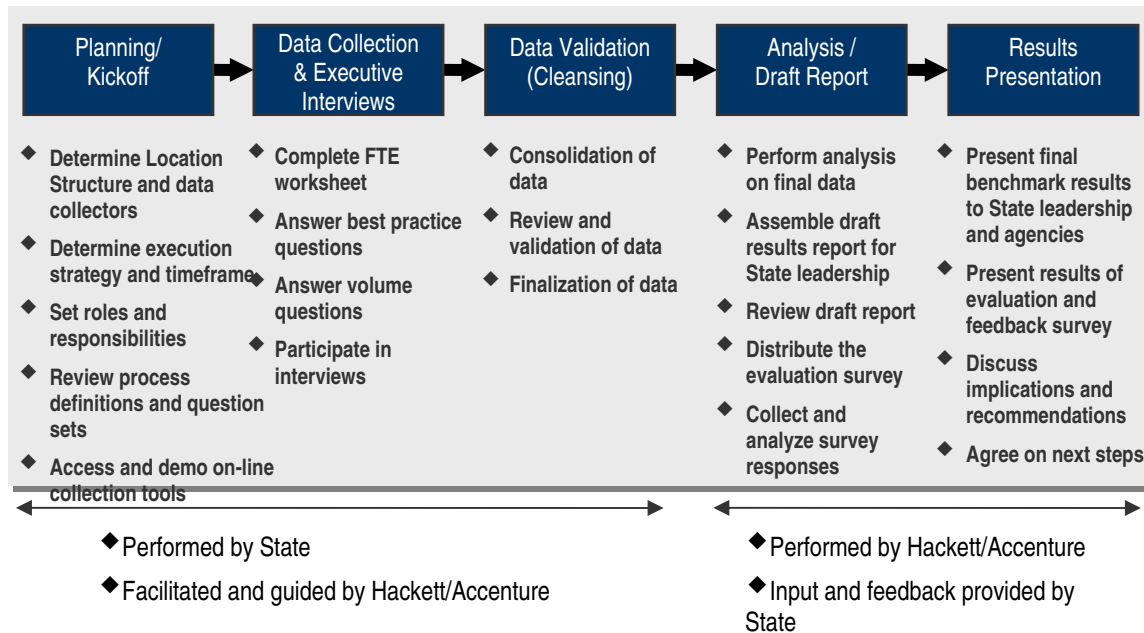
Operations & Compliance	Sourcing & Supplier Management	Planning & Strategy
<ul style="list-style-type: none"> ◆ Supply Data Management <ul style="list-style-type: none"> ◆ Supplier master management ◆ Item master/content management ◆ Catalog management ◆ Contract master management ◆ Requisition and PO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

Information Technology Benchmark addresses 11 Discretely Defined Process Groups:

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

Benchmarking Process and Timing

Individual states may authorize a Statement of Work (SOW) for a benchmark or multiple benchmarks. Hackett will utilize our proven methodology and tools with the states. That process and scope will typically follow these five steps over a period of 8-12 weeks:



3. BENCHMARK PRICING

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

Additionally, there may be some large agencies within a state that would like to have there own separate report and individual interviews and presentations. In those cases we will offer optional services that can acquired.

Functional benchmark **\$80,000**

Includes:

- Unlimited agency participation
- Single report to the state, with agency comparisons on selected high level metrics (i.e. finance cost as a percent of spend)
- Access to online data collection tools and final results data
- Onsite executive interviews
- Draft review and final presentation (1/2 day sessions each)

Finance, HR/Payroll, Procurement, IT	Total SOW agreement fees	Percent discount realized	Realized price per benchmark
1 benchmark	\$80,000		\$80,000
2 benchmarks	\$144,000	10%	\$72,000
3 benchmarks	\$210,000	12.5%	\$70,000
4 benchmarks	\$272,000	15%	\$68,000

Optional Agency participation items per benchmark function

- Separate Benchmark Report **\$2,500**
 - o Analysis and comparisons on up to 20 performance metrics
- Onsite Briefing on Results (1/2 day) **\$7,500**
 - o Includes preparation, executive phone interview

Benchmark Fixed Travel and Expenses Option **\$10,000**

Includes four onsite meetings per functional benchmark:

- Kick-off planning meeting
- Executive interviews
- Draft review
- Final presentation
- Note: Same items as included in functional benchmark described above

Agency Onsite briefing fixed travel and expenses option
- Includes Onsite presentation

\$2,000

3. Payment Terms and Expenses

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

Milestone

- Planning/Kick-off meeting 30% payment
- Draft report 50% payment
- Final report 20% payment

Deliverables defined in these milestones are described in graphic on the bottom of page 3.

Payment terms are net 45 days upon invoice. Client will reimburse Hackett for all travel related expenses unless the fixed travel option is chosen.

Client

The Hackett Group, Inc.

Accepted And Agreed To:

	THE HACKETT GROUP, INC.
BY:	BY:
NAME:	NAME:
TITLE:	TITLE:
DATE:	DATE:

Exhibit B
Sample Addendum

Addendum to
CONTRACT FOR SERVICES
BETWEEN
THE NATIONAL ASSOCIATION OF STATE AUDITORS, COMPTROLLERS AND TREASURERS
AND
THE HACKETT GROUP, INC.

This Addendum (the "Addendum") to CONTRACT (the "Contract") FOR SERVICES BETWEEN THE NATIONAL ASSOCIATION OF STATE AUDITORS, COMPTROLLERS AND TREASURERS ("NASACT") AND THE HACKETT GROUP, INC. ("Contractor" or "Hackett") is entered into this ____ day of _____ 2005.

Whereas the parties hereto have entered into the Contract effective August 4, 2005; and

Whereas, pursuant to the Contract NASACT contracted with Contractor to provide certain services to its member states pursuant to End User Agreements; and

Whereas [INSERT NAME OF PARTICIPATING STATE OR STATE AGENCY] entered into End User Agreement for services covered under the Contract to be performed by Contractor; and

Whereas, the Contract contemplates that the parties thereto would enter into an Addendum to the Contract to which specific End User Agreement will be attached to reflect the scope of the services to be performed by the Contractor for the participating state and the terms and conditions under which the services would be provided.

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

1. **Defined Terms.** Capitalized terms not otherwise defined herein have the meanings set forth in the Contract.
2. **Recitals.** The parties agree that the recitals set forth above are true and correct and incorporated herein by reference.
3. **Performance of Services Covered by the End User Agreements.** The parties hereto acknowledge that Contractor has been engaged to perform the services described in the attached End User agreements. As stated in the Contract, in the event of a conflict between the terms of the Contract and the End User Agreements, the End User Agreements shall govern.
4. **Counterparts.** This Addendum may be executed in two or more counterparts each of which shall be deemed an original, and together shall be considered one instrument with the same effect as if the signatures thereto and hereto were upon the same instrument together and shall constitute one and the same instrument.

IN WITNESS WHEREOF, this Addendum has been duly executed and delivered by the duly authorized officer of each of the Parties with effect as of the date first above written.

THE NATIONAL ASSOCIATION OF STATE AUDITORS, COMPTROLLERS AND TREASURERS

Authorized Signature:

Name:

Title:

THE HACKETT GROUP, INC.

Authorized Signature:

Name:

Title: