

**State Lottery Commission of Indiana  
1302 N. Meridian Street, Suite 100  
Indianapolis, IN 46202**

**Request for Proposal  
FOR  
Security Audit Services**

**October 15, 2024**

**BID DUE DATE – November 18, 2024 – 3:00 p.m. Eastern**

**BIDS MUST BE SUBMITTED BY DATE AND TIME SHOWN ABOVE**

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**SECTION I  
GENERAL CONDITIONS AND PROCEDURES**

**1.1 Purpose.** The purpose of this Request for Proposal (RFP) is to solicit and select a respondent that can satisfy the Lottery’s need for audit services. It is the intent of Hoosier Lottery to contract with a respondent that provides quality audit services for The Hoosier Lottery. The details of the services required are more fully set out in Section II. Nothing in this RFP is to be construed as a legal offer. The Lottery requests that all Respondents examine the specific requirements contained in this RFP and prepare their responses pursuant to the terms of this RFP.

In accordance with Indiana statute, including IC 4-30-6-7, The State Lottery Commission is required to have an independent Security Audit conducted every two (2) years. This is paramount in maintaining the integrity of the Lottery and in ensuring that the appropriate internal controls and security measures are in place. This was last completed in 2023, making it necessary to conduct an audit again in 2025.

**1.2 Definitions.** The following are definitions of terms that will be used throughout this Request for Proposal:

BID	All materials submitted by a Respondent in response to this RFP, including but not limited to questions submitted by all Vendors and answers provided by the Lottery.
CONTRACT	Agreement entered into by and between the Lottery and the Successful Vendor for the services described in this RFP, which shall include the terms of this RFP and any other terms mutually agreed upon by the parties.
CONTRACTOR	The Vendor whose bid is selected and who executes a Contract with the Lottery to deliver the goods and services.
EXECUTIVE DIRECTOR	The Executive Director of the Lottery.
RFP	Request for Proposal. Refers to this document and any written amendments or modifications hereto.
LOTTERY	The State Lottery Commission of Indiana, d/b/a The Hoosier Lottery.
LOTTERY ACT	IC 4-30-1-1, <i>et seq.</i> , as supplemented by 65 IAC 1-1-1 <i>et seq.</i>
RESPONDENT	An offeror that is one entity or individual who will ultimately be responsible for the performance of the contract.
SUCCESSFUL VENDOR	The Vendor selected by the Executive Director to provide the goods and services and with whom Contract negotiations are initiated.

**1.3 Point of Contact.** The Lottery is the sole point of contact with regard to this procurement and all contractual matters related to the services being solicited. All communications concerning this RFP,

including submission of the Bid, must be addressed in writing to the contact person identified in Section 1.5.

No contact will be allowed regarding this RFP between a Respondent and any member of the Lottery Commission or Lottery staff after issuance of this RFP with the exception of the Lottery contact person. Any such unauthorized contact may result in that Respondent being disqualified from further consideration. Should you desire additional information to assist in the bid process, please send communication to the contact person at the address listed. Please be as detailed as possible regarding the information requested. Please note that the Lottery's recent Annual Reports are located on the website: [hoosierlottery.com](http://hoosierlottery.com).

**1.4 Non-Collusion.** Respondents shall not offer any incentive to, or otherwise attempt to influence any employee of the Lottery or member of the Lottery Commission regarding this RFP. Any approaches to persons other than the contact person may, at the discretion of the Executive Director, result in the rejection of the Respondent's Bid.

**1.5 Timeline.**

- A. Questions from Respondents are due to the Lottery, in writing, no later than November 4, 2024.
- B. Responses to all questions received shall be made available to all potential Respondents no later than November 8, 2024.
- C. All Bid materials must be received by the Lottery no later than 3:00 pm Eastern, November 18, 2024, however there will be no formal Bid opening at this time. Bids received after the deadline will not be considered for evaluation. The Lottery will not accept faxed bids. Bids must be submitted in a sealed container or via secure email addressed to:

Julie Harrah, Information Security Officer  
Hoosier Lottery  
1302 N. Meridian St.  
Indianapolis, IN 46202  
e-mail: [jharrah@hoosierlottery.in.gov](mailto:jharrah@hoosierlottery.in.gov)

- D. The Lottery may request demonstrations from bidders – either in-person (at a cost to be incurred by the bidder) or via webinar. Invitations, if determined to be beneficial, will be sent by November 15, 2024.
- E. Selection of Successful Bidder will be determined by November 22, 2024.
- F. The security audit must commence as soon as possible after the Contract has been fully executed and conclude with the delivery of the final audit report to the Lottery no later than 4:00 P.M. EST, April 11, 2025.

**1.6 Bid Requirements.** In order to facilitate the timely evaluation of Bids, a standard format for Bids has been developed. Bids shall be submitted in accordance with the following requirements:

- A. Bids must include a transmittal letter, supported by appropriate documentation, which is signed by a representative of the Respondent authorized to commit the organization's resources.
- B. Bids must be organized to correspond to and specifically reference by number and letter the subsections in Section II and Section III of this RFP.
- C. Respondent must supply all information requested in a clear and concise manner.
- D. Only one (1) Bid may be submitted by each Respondent.
- E. Bids must remain valid for a period of one hundred twenty (120) days from the date of Bid opening.
- F. Bids may include a printed original document, but must include one (1) electronic copy (provided in portable document format (PDF.)) The electronic copy may either be transmitted electronically to the Lottery's point of contact or delivered with the hard copies on a CD-R or other device. If the

Respondent has supplied information in its proposal that it deems to be confidential, as defined in section 1.18, then the bidder should include a redacted copy of the Bid in electronic format (PDF), which may be publicly disclosed.

Failure to follow the prescribed format or respond completely may result in rejection of the Bid. By submitting a Bid in response to this RFP, Respondent is deemed to accept the terms and conditions set forth herein.

**1.7 Modifications or Withdrawal of Bids.** Respondent may amend, modify or otherwise change its Bid provided such is done in writing and submitted to the Lottery contact person prior to the deadline for Bid submission. No modifications or withdrawals of Bids shall be allowed after the deadline set for receipt of the Bids.

**1.8 Bid Clarifications.** At its discretion, the Lottery may seek or accept clarification of a Bid after the deadline for Bid submission. Any written clarification submitted by a Respondent and accepted by the Lottery shall become a part of Respondent's Bid. The Lottery has no duty to ask a Respondent for clarification of its Bid if its response to this RFP is incomplete.

**1.9 Non-Material and Material Deviations.** The Lottery may reject all or part of any Bid if it is conditional, incomplete or not in compliance with the requirements and specifications contained in this RFP. At its discretion, the Lottery may consider Bids with non-material deviations from the requirements of this RFP.

**1.10 Acceptance/Rejection of Bids.** The issuance of this RFP in no way constitutes a commitment by the Lottery to award a contract. The Lottery reserves the right to reject any and all Bids or portions of Bids received in conjunction with this RFP or to cancel this RFP.

In the event that all Respondents fail to meet one (1) or more of the requirements of this RFP, the Lottery reserves the right to continue the evaluation of the Bids and to select the Bid which most closely meets the specifications of this RFP and the needs of the Lottery.

**1.11 Property of the Lottery.** All materials submitted as a part of the Bid become the property of the Lottery. Regardless of acceptance or rejection of a Bid, the Lottery has the right to use any and all ideas contained in the Bid.

**1.12 Evaluation Committee and Award.** All Bids received from Respondents will be reviewed and evaluated by a committee of Lottery personnel appointed by the Executive Director or the Executive Director's designee. The Evaluation Committee will evaluate each Bid and determine the Bid that best addresses the applicable provisions of the RFP, offers the best overall range of benefits and is considered most advantageous to the Lottery. The Evaluation Committee will report its recommendation to the Executive Director. The Executive Director will review the Committee's report and determine whether to seek clarification, request additional information, or proceed with an award of the Contract.

**1.13 Evaluation Criteria.** The criteria used to evaluate Bids shall be both objective and subjective. Any Contract award pursuant to this RFP shall be to the Respondent whose Bid best addresses the applicable provisions of the RFP, offers the best overall range of benefits and is considered most advantageous to the Lottery. The following criteria are deemed to be relatively important in the evaluation process but none of the criteria shall provide the sole basis for any Contract award:

**A. Pricing.** Bids will be evaluated on the total cost to the Lottery.

- B. Timetable for Completion and Delivery of the final report.** Respondent's bid will be evaluated on Respondent's schedule of work to be performed and estimated completion and delivery dates.
- C. Experience and Performance.** Bids will be evaluated on Respondent's demonstrated past experience and performance in providing goods and services similar to the requirements of this RFP.
- D. Compliance with the RFP.** Bid must be responsive and accurate with respect to all written specifications and requirements contained in the RFP. Bids that are deemed to be conditional, incomplete or otherwise do not conform to the requirements and specifications may be considered non-responsive and rejected by the Lottery.
- E. Thoroughness of Bid.** Bids must be thorough in describing the plan for providing the goods and services to the Lottery as requested in this RFP.
- F. Financial Stability.** Respondent must have sufficient resources, personnel and financial stability to provide the services required in this RFP.
- G. Other Factors.** Bids will be evaluated on any other factors that the Lottery, in its discretion, determines to be relevant to this evaluation, including factors that may benefit the Lottery.

- 1.14 Appeals.** IC 4-21.5 applies to the commission's decision making process, except that a formal written protest of any decision, intended decision, or other action subject to IC 4-21.5 must be filed within seventy-two (72) hours after receipt of the notice of the decision, intended decision, or other action.
- 1.15 Contract Negotiations.** Upon announcement of an award, the successful Vendor and Lottery will enter into negotiations which may, at the discretion of the Lottery, include executing a Contract for services. If, at any time during Contract negotiations the Lottery determines that negotiations are ineffective and further efforts would be futile, it may cease all activities with the successful Vendor and initiate Contract negotiations with the Respondent offering the next best Bid. This process may continue until either a completed Contract is executed or the Lottery determines that no acceptable alternate Bid exists.
- 1.16 News Releases.** Respondent, its agents or employees, shall not issue news releases of any kind, in writing or orally, pertaining to this RFP until after the execution of a Contract with the Lottery. Any such release prior to the award of a contract under this RFP may result in disqualification.
- 1.17 Disclosure and Confidentiality.** All Contracts, Bids and other documentation arising out of this RFP are public records, subject to disclosure pursuant to the Indiana Access to Public Records Act, I.C. 5-14-3-1, *et seq.* and Lottery Rules, 65 IAC 1-2-1, *et seq.* Any confidential information that may be exempt from public disclosure under IC 5-14-3-4 must be identified as such by plainly marking the same "Confidential Information." Only the confidential portion(s) should be so identified and marked. An entire page or paragraph in which such information appears should not be marked confidential unless the entire page or paragraph consists of such confidential information. The Lottery shall not disclose confidential information to third parties to the extent allowed under the Indiana Access to Public Records Act and other applicable law. Pricing may not be designated as confidential.
- 1.18 Liability of Lottery.** The Lottery is not, and shall not be, liable for any costs incurred by Respondents as a result of responding to this RFP. The total liability of the Lottery is limited to the terms and conditions of the RFP and any Contract that may result from said RFP.
- 1.19 Tax Exempt Status.** The Lottery is exempt from federal, state and local taxes. The Lottery is not, and shall not be, responsible for taxes levied on or due from the successful Vendor or any other person.

**1.20 Non-Exclusive Right.** Nothing in this RFP or the resulting Contract shall preclude the Lottery from purchasing goods or services similar to those described herein from other sources.



## SECTION II SPECIFIC REQUIREMENTS

- 2.1 General Information and Respondent Certification.** When providing the following information and disclosures, Respondent shall respond with as much detail as would be helpful to the Lottery in determining Respondent's ability to provide the necessary goods or services.

Corresponding with and specifically referencing this subsection, the Respondent must certify in its Bid that it is able to meet all of the specifications in Section II and Section III. If it cannot meet any specification, Respondent must specifically describe how it fails to meet the specification and describe any alternatives to the specifications that cannot be met.

### 2.1.1 General Information

- a. Provide the name and the address of its principal place of business.
- b. Provide the name of owners and officers as follows:
  1. If a corporation, the names of all corporate officers, directors, and stockholders having five percent (5%) or more in equity or securities of the corporation.
  2. If a company or other association, the names of all the members, officers, and directors.
  3. If a partnership or joint venture, the names of all of the general partners, limited partners, or joint venturers.
  4. If a sole proprietorship, the name of the owner.
- c. Provide an organizational chart highlighting the names and positions of those key individuals who will perform work in relation to this RFP.
- d. If subcontractors are to be used, disclose the same information required of the Respondent herein regarding the subcontractors.
- e. Disclose, to the best of Respondent's knowledge and belief, any Lottery employee or Commissioner or their respective family members who hold any interest, financial or otherwise, in Respondent, or if such a person is an officer or director of Respondent.

- 2.1.2 Experience. Provide a description of past and present experience, including, but not limited to: A brief history of the business, including the number of years it has been in business, major clients, organizational structure, trade affiliations and any parent/subsidiary affiliation with other entities. A description of any unique qualities it has which will enhance the services that will be supplied pursuant to this RFP. A description of the experience of personnel relevant to Respondent's Bid will also be provided. (List names, titles, qualification and certifications).

### 2.1.3 Past Contract Issues or Litigation

- a. Provide a description of any contracts which Respondent was awarded but was unable to honor.
- b. Provide a description of any pending and/or threatened litigation involving Respondent.
- c. List any existing contracts or agreements, or any past contracts or agreements with the Hoosier Lottery.

### 2.1.4 Financial Stability

- a. Provide a description of all bankruptcy, reorganization, insolvency or default on bond or loan obligations within the last ten (10) years.

- b. Provide a description of any pending or anticipated sale, merger or purchase of the Respondent.
- c. Provide either:
  - 1. Respondent's complete financial statements (income statement, balance sheet, and statement of cash flows) for each of the two (2) most recently completed fiscal years audited by a certified public accountant verifying that the audit was conducted; or
  - 2. In the event that the Respondent's income statement and balance sheets are not independently audited, the Respondent's income statement and balance sheet for each of the two (2) most recently completed fiscal years and copies of the Respondent's income tax returns for those same years.

2.1.5 References. List all lotteries to which it has provided services and the nature of those services. Provide three (3) business references that are currently using services similar to those being proposed in this RFP, including a contact name, phone number, and address. A detailed description of the type of goods or services provided to those clients should be included. The Lottery may contact any of the references listed and inquire about the quality of the services supplied by the Respondent.

2.1.6 Lottery Act. The respondent will represent and warrant to the Lottery in its proposal that the Respondent:

- a. Has read and is familiar with the Lottery Act.
- b. Complies specifically with the provisions of Indiana Code 4-30-3-19.
- c. Understands that the Lottery will request a security background check be completed for all selected respondents conducting audit work.

## 2.2 **Specific Requirements.**

2.2.1 General Requirements. The overall objective of this audit is to provide the Lottery with an assessment of the adequacy of security controls in place that support the security, integrity, confidentiality, and availability of Lottery products, operations, and gaming services. Suggestions for improving the controls shall be provided in the final audit report. It is expected that the successful bidder will spend some amount of time on site reviewing controls, interviewing employees, and performing other actions such as penetration testing of the Lottery network. The audit should address both physical controls as well as information security controls.

The security audit must, to the extent possible, be performed on Lottery premises in the Indianapolis area. This would primarily involve Lottery Headquarters but may likely also include locations such as the Fox59 television studio (northwest side of Indianapolis, site of drawings) as well as the Central Region and Distribution Center, which are located on the southwest side of Indianapolis. The Lottery reserves the right to deny removal of data and other information. The Lottery also has regional offices in Mishawaka and Evansville, although it is not a requirement that site visits be made to these locations.

The security audit must commence as soon as possible after the Contract has been fully executed and conclude with the delivery of the final audit report to the Lottery no later than 4:00 P.M. EST, April 11, 2025.

## 2.2.2 Adherence to ISO 27001:2022 security framework and the requirements of the World Lottery Association Security Control Standard Level 2 (WLA-SCS)

- Compliance with ISO/IEC 27001:2022 certification and the WLA-SCS Level 2 certification
- The identification of specific current and potential security risks, and related control improvements.
- The development of plans for improving the Lottery's overall security

## 2.2.3 Security Department Management, Duties and Procedures

The successful Respondent shall assess Security Department management that shall include, but is not limited to, an inquiry into the controls and administrative practices that are both internal and external to the reporting structure of the Security Department. Areas reviewed as a part of the Security Department shall include, but are not limited to, the following:

- a. Background investigation process for employees and vendors;
- b. Internal security issues;
- c. Physical access control systems management;
- d. Security and security-related responsibilities assigned to the Security Department and to other Lottery departments;
- e. Risk assessment methodology for all types of security risks;
- f. Investigative practices and the documentation of investigative findings;
- g. Emergency procedures; and
- h. The overall integrity of the security department

## 2.2.4 Physical Security

The successful Respondent shall assess the physical security controls of the Lottery by examining the security systems currently in place to protect the various Lottery facilities. Access to all facilities, including Lottery Backup Computer Site, is controlled through a security system located at Lottery headquarters. The audit shall address the following aspects of access control, video surveillance, and environmental systems:

- a. System design, installation, implementation and maintenance;
- b. System management and reporting;
- c. Access permissions implemented through electronic access control and key locks for facilities and sensitive areas within facilities;
- d. Security system operator training and responsibilities;
- e. Storage of sensitive materials; and
- f. Environmental system implementation in information systems facilities.

## 2.2.5 Information Systems Security

For the following areas, the successful Respondent shall audit the adequacy of the design of security controls and test to determine, when feasible, that such controls are functioning.

1. The Internal Control System (ICS), provided by Elsym Consulting, is used before each midday and evening draw. ICS independently recalculates total sales and prizes from raw retailer transaction files that IGT provides to the Lottery. Lottery Draw Specialists then balance sales totals from ICS to those from IGT before draws occur and prize totals after draws occur.

2. The firewalls securing the Lottery's network and the Intrusion Detection / Intrusion Prevention solution, which consists of Cisco FirePOWER Appliances.
3. Review of the security of camera and badging servers. Security of data moving across external networks (for example, EFT), including the Internet and mobile devices. A Virtual Private Network (VPN) for remote access is also included;
4. Firewall configuration, implementation, control and maintenance; Review of Network Architecture including analysis of Network Diagrams, firewalls, switches, wifi, routers, VPN, vlans, network segmentation, etc.
5. Segregation of the test and production environments for the:
  - Internal Control System
  - Dynamics GP Financial System
6. Security controls and access policies and procedures related to the Microsoft Dynamics GP environment;
7. Information Systems Security policies and procedures; and
8. The Lottery's two Secure File Transfer Protocol (SFTP) workstations used for the purpose of the Multi-State Lottery Association's (MUSL) Lockdown Alternative Solution.

#### 2.2.6 Security Surrounding Draw Game Drawings

Contractor shall review and assess the following operations controls:

- a. Draw game drawing and game procedures, equipment integrity, certification and maintenance, including computerized drawing equipment and software;
- b. Instant Ticket and draw winner validation and processing procedures employed at the Lottery Headquarters facility, regional offices, retailers, and via US mail;
- c. Separation of responsibilities among Lottery personnel.

#### 2.2.7 Business Continuity Planning.

Business Continuity is an important component of a sound organizational infrastructure. Many organizations see the need to extend disaster recovery procedures to each department. The Hoosier Lottery is no different. The Executive staff of the Hoosier Lottery has identified the need for such procedures to be developed into a useful plan that changes and adapts along with the Lottery itself. The successful Respondent will review the Lottery's Business Continuity Plan and implementation thereof.

#### 2.2.8 Best-practices assessment of Lottery practices investigating potential fraud

The successful Respondent will review the general measures in places to prevent and detect fraud related to all aspects of the operation of the business. This includes player and retailer theft or fraud. This should also address any vulnerability that could allow for the potential of fraud related to internal employees or employees of the business provider (IGT) or any other vendors. The Lottery has a unique statute that disallows the purchase of lottery tickets from the location where an individual is employed. This restriction is also extended to family members living in the same household as said employee. The audit review should also take this into consideration.

#### 2.2.9 Penetration testing of the Lottery network

The successful Respondent will conduct a penetration test of the Lottery network including ICS systems, WiFi, Firewall and SFTP workstations to identify any security weakness in our network with the goal of eliminating or reducing the weaknesses before hostile parties discover them.

This is only for the Lottery network and does not include any IOT/IGT maintained systems or workstations

#### 2.2.10 Vulnerability scanning of Lottery network devices

The successful Respondent will conduct vulnerability scanning of the Lottery Network devices including firewalls, switches, SFTP workstations with the goal of eliminating or reducing the weaknesses before hostile parties discover them. This is only for the Lottery network and does not include any IOT/IGT maintained systems or workstations.

2.2.11 Deliverables. The successful Respondent shall be required to prepare and submit the following deliverables. The security audit must commence as soon as possible after the Contract has been fully executed and conclude with the delivery of the final audit report to the Lottery no later than 4:00 P.M. EST, April 11, 2025.

- 1 A documented, detailed audit plan and project schedule must be included as part of the Proposal. For each audit area, this plan shall include the audit objectives, the audit procedures, staff members assigned, and hours proposed.
- 2 A final report that is practical and informed by Lottery data and advised by best-practices, containing the following sections:
  - An overall opinion of Lottery operations in terms of each aspect of security described herein;
  - A full description of the operating environment, with a detailed description of existing security controls described within Specifications (this could be in the form of flowcharts, detailed narratives, and/or checklists);
  - Sequentially numbered descriptions of all the risks identified and the recommended improvements. Recommended security controls must be realistically and cost effectively matched to business risks. To facilitate distribution of the report findings to appropriate staff, the findings must be grouped by each functional area. Each risk should also be identified by risk level (High, Medium, or Low).
- 3 A protected copy of the final report as well as an editable electronic version shall be delivered.
- 4 Written Weekly Progress Reports must be prepared and discussed with the Chief of Staff and their designees during the audit. The reports shall include audit concerns identified and a schedule of actual hours expended versus budgeted hours for each audit area and for each vendor employee assigned to the project.
- 5 After completing the audit work and preparing the draft report, the successful Respondent will brief the Executive Director and/or their designated staff on the results of the work performed, including a discussion of each proposed, written recommendation.

2.3 **Pricing.** In aggregate, the Lottery spends approximately \$50,000 to \$80,000 on one-time Security Audit Services when this is performed. This typically occurs every other year when an audit is performed. Since this number is based on past usage and may fluctuate up or down, the Lottery is not able to guarantee that future spending will be at these levels. Nevertheless, this amount is provided as an aid to suppliers in responding to this RFP. Proposals shall include a plan for conducting the audit with specific attention to each of the areas listed in Section 2.2. Respondent's plan shall also include applicable audit

plans, including control objectives and the audit procedures that will be used to conclude upon those objectives. The plan shall also include hours budgeted to complete the review of each area described in the Specifications.

Each Respondent must submit pricing for all components of the System as specified in the RFP. Any costs not specifically identified in the Bid by name and amount will not be honored in any subsequent Contract. Respondent agrees that it will be solely and wholly responsible for any costs that may arise in the performance of the services delineated herein and that are not specifically identified in the Bid. Accordingly, Respondent will hold the Lottery harmless for any additional costs the Respondent fails to anticipate.

**SECTION III**  
**TERMS AND MISCELLANEOUS CONDITIONS**

- 3.1 Contract Terms.** The Lottery’s contract terms will provide the base terms for any negotiations upon an award to a Successful Vendor. Respondent must identify any terms or conditions that it proposes to modify and include any terms and conditions it seeks to have added. Excessive requests for modifications and additions may be considered non-responsive and may disqualify Respondent’s Bid. The Lottery is not obligated to accept any of the proposed modifications or additions.
- 3.2 Term.** This Contract shall be for an initial term of four (4) years with, at the sole option of the Lottery, two (2) additional two (2) year terms.
- 3.3 Minority- and Women-Owned Business Participation.** The Lottery is committed to ensuring there is equitable participation of minority- and women-owned business enterprises (MBE/WBE) in all phases of Lottery operations. Each Respondent must submit with its Bid a brief description of how its Bid will help the Lottery meet its commitment. If the Respondent is a MBE/ WBE, the Respondent shall include reasonable evidence of its MBE/WBE certification. If subcontractors are anticipated, Respondent must describe whether it will subcontract with certified minority- and women-owned or controlled businesses in the performance of the services hereunder, including the name and location of the subcontractor and evidence of MBE/WBE certification. The successful Vendor agrees to submit a copy of the agreement entered into between the successful Vendor and each certified MBE/WBE subcontractor upon request.
- 3.4 Secretary of State Approval.** Corporations, limited partnerships, limited liability partnerships and limited liability companies doing business with the Lottery must be approved by the Secretary of State to do business in the State of Indiana. If Respondent is not so approved, Respondent should contact:
- Secretary of State  
Corporation Division, Room E018  
Indiana Government Center South  
302 West Washington Street  
Indianapolis, IN 46204  
(317) 232-6531  
<https://inbiz.in.gov/BOS/Home/Index>
- Attach a copy of Respondent’s certificate of existence or advise the Lottery of the status of Respondent’s request for said certificate.
- 3.5 Tax Clearance.** Provide the Lottery with a tax clearance statement from the Indiana Department of Revenue certifying that the Respondent is not on the most recent tax warrant list.
- 3.6 Lottery Act Requirements.** Respondent must warrant to the Lottery in its proposal that the Respondent is familiar with the Lottery Act, Indiana Code 4-30 et seq., and it understands that it will be bound by all provisions of the Lottery Act including the provisions prohibiting ticket purchases by officers or employees of Lottery vendors.
- 3.7 Bond or Letter of Credit.** As required by IC 4-30-8-5, Respondent must, at the time of executing the contract with the commission, post an appropriate bond or a letter of credit with the commission in an amount equal to the full amount estimated to be paid annually to the vendor under contract.

- 3.8 Liquidated Damages.** As required by IC 4-30-8-6, Each contract entered into by the commission for a major procurement must contain a provision for payment of liquidated damages to the commission for a breach of the major procurement contract by the vendor.
- 3.9 Assignment and Subcontracting.** The Successful Vendor binds its successors and assignees to all the terms and conditions of the Contract. The Successful Vendor shall not assign or subcontract the whole or any part of its Contract duties without prior written consent of the Lottery. The Lottery reserves the right to require the Successful Vendor to replace subcontractors found to be unacceptable. The Successful Vendor is totally responsible for adherence by the subcontractor to all provisions of the Contract including providing proof of insurance and background checks. Any change in subcontractors as part of the Contract shall be approved by the Lottery, in writing, prior to such change.
- 3.10 Payment Terms.** Successful Vendor shall submit detailed billing statements to the Lottery and the Lottery shall pay such statements, subject to satisfactory completion of the billed work and resolution of any disputes, within thirty (30) days of its receipt thereof.
- 3.11 Condition of Payment.** All services provided by the Successful Vendor must be performed to the Lottery's reasonable satisfaction, as determined in section 3.8 at the discretion of the Executive Director, and in accordance with all applicable federal, state, local laws, rules, and regulations. The Lottery shall not be required to pay for work found to be unsatisfactory, inconsistent with the terms and conditions of the RFP or Contract, or performed in violation of federal, state, or local statute, rule, or regulation.
- 3.12 Governing Laws.** This Contract shall be construed in accordance with and governed by the laws of the State of Indiana and all claims or suits arising under this Contract shall be brought and maintained in Marion County, Indiana.
- 3.13 Nondiscrimination.** Pursuant to the Indiana Civil Rights Law, specifically including IC 22-9-1- 10, the Successful Vendor covenants that it shall not discriminate against any employee or applicant for employment relating to this RFP or the Contract with respect to the hire, tenure, terms, conditions, or privileges of employment or any matter directly or indirectly related to employment because of the employee or applicant's: race, color, national origin, religion, sex, age, disability, ancestry, status as a veteran, or any other characteristic protected by federal, state, or local law.
- 3.14 Audits.** Contractor acknowledges that it may be required to submit to an audit of funds paid through this Contract. Any such audit shall be conducted in accordance with IC 5-11-1, et. seq. and audit guidelines specified by the Lottery.
- 3.15 Disputes.** The Contractor and the Lottery agree to act immediately to resolve any and all disputes that may arise with respect to this Contract. Time is of the essence in the resolution of disputes. The Contractor agrees that, the existence of a dispute notwithstanding, it will continue without delay to carry out all its responsibilities under this Contract that are not affected by the dispute. The Lottery may withhold payments on work that is in good faith dispute, pending resolution of the dispute, but shall in no event withhold timely payment of all undisputed work. The nonpayment by the Lottery to the Contractor of one or more disputed work items in accordance with the terms of this Contract shall not be deemed an act of default and will not be cause for Contractor to terminate the Contract.
- 3.16 Termination.** Notwithstanding any other provision of this Contract to the contrary, this Contract may be terminated in whole or in part upon the following conditions:



1. **Insolvency.** The Lottery may immediately terminate this Contract without liability of the Lottery and without prejudice to any rights and causes of action the Lottery may have against the Contractor, if:
  - a. contractor files a voluntary petition or is the subject of an involuntary petition in bankruptcy or is adjudged bankrupt;
  - b. contractor makes a general assignment for the benefit of creditors; or
  - c. a receiver is appointed due to the Contractor's insolvency and the appointment is not dismissed within thirty (30) days.
2. **Default.** When the Lottery determines that the Contractor has failed to perform any provision of this Contract and that the Contractor has failed to cure such failure to perform within thirty (30) days after written notice by the Lottery, the Lottery may immediately terminate this Contract without liability to the Lottery and without prejudice to any right or cause of action the Lottery may have against the Contractor. In addition, if the Lottery terminates this Contract, it may acquire, under the terms and in the manner the Lottery considers appropriate, supplies or services similar to those terminated, and the Contractor will be liable to the Lottery for any excess costs for those supplies or services. The rights and remedies provided herein shall not be exclusive and are in addition to any other available rights and remedies provided at law or in equity or under this Contract.
3. **Convenience.** The Lottery may terminate this Contract, in whole or in part, when it is in the best interest of the Lottery or the State of Indiana as determined by the Lottery. Termination of services shall be effected by delivery to the Contractor of a Termination Notice at least thirty (30) days prior to the termination effective date. If this Contract is so terminated, the Lottery shall be liable only for payment in accordance with the terms of this Contract for services rendered prior to the effective date of termination.
4. **State Action.** The Lottery may immediately terminate this Contract without prejudice to any right or cause of action the Lottery may have against Contractor if the State of Indiana enacts a statute or the Governor of the State of Indiana issues a mandate that removes the authority or ability of the Lottery to continue its operations. In the event of such action, the Lottery shall send written notice of the action to the Contractor. The Lottery shall have no other liability or obligation to Contractor in connection with any termination under this Section, including, but not limited to any obligations for claims of lost profits or other consequential damages.

**3.17 Force Majeure.** In the event that either party is unable to perform any of its obligations under this Contract or to enjoy any of its benefits because of natural disaster or decrees of governmental bodies not the fault of the affected party (hereinafter referred to as a "Force Majeure Event"), the party who has been so affected shall immediately give notice to the other party and shall do everything possible to resume performance. Upon receipt of such notice, all obligations under this Contract shall be immediately suspended. If the period of nonperformance exceeds thirty (30) days from the receipt of notice of the Force Majeure Event, the party whose ability to perform has not been so affected may, by giving written notice, terminate this Contract.

**3.18 Infringement of Patents, Trademarks, and Copyrights.** Contractor warrants that the products and services to be provided by Contractor under the Contract shall not infringe upon any patents, trademarks, or copyrights of any other person. Contractor shall obtain, at its expense, any and all licenses or consents of others required to avoid infringement in connection with its performance under this Contract. Contractor shall defend the Lottery against any claim that services and/or materials supplied hereunder infringe upon any U.S. patent, copyright, or trademark. Contractor shall pay any and all judgments, costs, and expenses of any kind, including without limitation attorney's fees, against or incurred by the Lottery in connection with any such claims.

- 3.19 Confidentiality of Contractor Information.** Contractor acknowledges that the Lottery is subject to the Access to Public Records Act of Indiana such that any writing, paper, report, study, map, photograph, book, card, tape recording, or other material that is created, received, retained, maintained, or filed by or with the Lottery, regardless of form or characteristics, may be considered a public record and any person may have a right to inspect and copy the same. To the extent that the Contractor discloses to the Lottery certain information that is considered confidential and proprietary under the Access to Public Records Act, including without limitation trade secrets and confidential financial information, Contractor agrees to identify such confidential or proprietary information by plainly marking the same as “Confidential Information.” The Lottery agrees to maintain the confidentiality of the Contractor’s marked information to the extent allowed under the Indiana Access to Public Records Act and other applicable law.
- 3.20 Confidentiality of Lottery Information.** The Contractor understands and agrees that data, materials, and information disclosed to Contractor by the Lottery may contain confidential and protected information. The Contractor covenants that data, material, and information gathered, based upon, or disclosed to the Contractor for the purpose of this Contract, will not be disclosed to or discussed with third parties without the prior written consent of the Lottery. The data, materials and information subject to this agreement does not include any information which: (i) was known to Contractor notwithstanding disclosure by the Lottery; (ii) is available or becomes generally available to the public other than through a breach of this Agreement by Contractor; (iii) is acquired or received rightfully and without confidential limitation by Contractor from a third party; (iv) is independently developed by Contractor without breach of this Agreement; or (v) is required by applicable law or court order.
- 3.21 Data Transmission.** The Contractor shall not transmit confidential, personal, or sensitive data via e-mail or other internet transport protocol unless the data is encrypted by a solution that has been validated by the National Institute of Standards and Technology (NIST) as conforming to 800-131A encryption requirements. The Contractor will not store any Hoosier Lottery data on any mobile computing device, such as a laptop computer, USB drive or portable data device, except where there is a business necessity and then only if the mobile computing device is protected by industry-standard encryption software. The Contractor must adopt procedures for terminating access to Hoosier Lottery’s data by employees when employment ends.
- 3.22 Protection of Lottery Data and Personally Identifiable Information.** Contractor shall ensure that all Lottery data including PII is housed in the continental United States, inclusive of backup data and will not be transferred to any other hosting entity or location without the prior written consent of the Lottery. All Lottery data must not be commingled with other customer data. All Confidential Lottery Data must be encrypted both in transit and at rest. For web applications, Contractor shall ensure that Lottery's TLS standards are met to protect Web requests that contain user credentials, sensitive information, any forms of user authentication, personal information (as defined in Ind. Code § 4-1-11-3 and § 24-4.9-10, highly restricted personal information in a driving record (as defined in Ind. Code § 9-14-16), and protected health information (as defined in the Health Information Technology for Economic and Clinical Health Act). For data access purposes, Contractor shall document the access method being used and any special authentication requirements that must be satisfied by the individual customers to qualify for access. Upon request, Contractor must provide a report of who has access to the Lottery data.
- 3.23 User Accounts.** Contractor shall design a solution that adheres to NIST standards and best practices governing management of user accounts. Examples include time-driven auto disablement, account deletion, locking of accounts, maintenance of user profile data following deletion. Contractor's

solution must require User accounts to follow or exceed Lottery password complexity requirements. Accounts with privileged access which are authenticated by the Contractor are required to have at least NIST 800-63 AAL-2 authentication. Contractor shall provide the capability for password encryption before the password is recorded in any data repository. Passwords shall not be stored directly; rather, a cryptographic hash of the password shall be stored. Password hashing must adhere to NIST 800-63B Section 5.1.1.2. Where applicable, Contractor shall review user accounts for inactivity at a quarterly rate at minimum, and appropriate action will be taken for inactive user accounts such as auto disablement, account deletion, and/or locking. Contractor, upon request, shall provide user account information to the Lottery for review.

- 3.24 Changes to Supplier Services.** Any changes to the provision of services by suppliers, including maintaining and improving existing information security policies, procedures and controls must be reported to the Hoosier Lottery. This also includes any modifications, improvements or change in use of technology or infrastructure. Contractor is responsible to show evidence to the Lottery that any changes meet the required security standards.
- 3.25 Access to Records.** The Contractor and its subcontractors, if any, shall maintain all books, documents, papers, accounting records, and other evidence pertaining to all costs incurred under this Contract. They shall make such materials available at their respective offices at all reasonable times during this Contract term, and for three (3) years from the date of final payment under this Contract, for inspection by the Lottery or its authorized designees. Copies shall be furnished at no cost to the Lottery if requested.
- 3.26 Compliance with Laws.** The Contractor shall comply with all applicable federal, state and local laws, rules, regulations and ordinances, and all provisions required thereby to be included herein are hereby incorporated by reference. Contractor agrees to indemnify and hold harmless the Lottery from any loss, damage or liability, resulting from a violation on the part of Contractor of such applicable laws, rules, regulations, ordinances or orders. Contractor acknowledges that the Contractor is specifically subject to Indiana Code §4-30 et seq. and the provisions of Title 65 of the Indiana Administrative Code.
- 3.27 Nondiscrimination.** Pursuant to IC 22-9-1-10, the Contractor and its subcontractors shall not discriminate against any employee or applicant for employment to be employed in the performance of this Contract with respect to the hire, tenure, terms, conditions or privileges of employment or any matter directly or indirectly related to employment, because of race, color, religion, sex, disability, national origin, ancestry or any other characteristic protected by law. Breach of this covenant may be regarded as a material breach of this Contract.
- 3.28 Ethical Requirements.** The Contractor and its agents shall abide by all ethical requirements that apply to persons who have a business relationship with the State of Indiana, as set forth in Indiana Code § 4-2-6 et seq., the regulations promulgated there under, and Executive Order 04-08, dated April 27, 2004. If the contractor is not familiar with these ethical requirements, the contractor should refer any questions to the State Ethics Commission, or visit the State Ethics Commission website at <http://www.in.gov/ethics/>. If the Contractor or its agents violate any applicable ethical standards, the Lottery may, in its sole discretion, terminate this Contract immediately upon notice to the contractor. In addition, the Contractor may be subject to penalties under Indiana Code § 4-2-6-12.
- 3.29 Drug-Free Workplace Certification.** The Contractor hereby covenants and agrees to make a good faith effort to provide and maintain a drug-free workplace. The Contractor will give written notice to the Lottery within ten (10) days after receiving actual notice that the Contractor or an employee of the Contractor in the State of Indiana has been convicted of a criminal drug violation occurring in the

Contractor's workplace. The Contractor acknowledges that it may be subject to the provisions of Executive Order 90-5 for the Promotion of a Drug Free Indiana. A determination by the Lottery that the Contractor failed to meet the drug-free workplace requirements constitutes a breach of this contract.

- 3.30 Licensing Standards.** The Contractor and its employees and subcontractors shall comply with all applicable licensing standards, certification standards, accrediting standards and any other laws, rules or regulations governing services to be provided by the Contractor pursuant to this Contract. The Lottery shall not be required to pay the Contractor for any services performed when the Contractor or its employees or subcontractors are not in compliance with such applicable standards, laws, rules or regulations. If licensure, certification or accreditation expires or is revoked, or if disciplinary action is taken against the applicable licensure, certification, or accreditation, the Contractor shall notify Lottery immediately and the Lottery, at its option, may immediately terminate this Contract.

The Contractor warrants that the Contractor and its subcontractors, if any, shall obtain and maintain all required permits, licenses, and approvals, as well as comply with all health, safety, and environmental statutes, rules, or regulations in the performance of work activities for the Lottery. Failure to do so may be deemed a material breach of this Contract and grounds for immediate termination and denial of further work with the Lottery.

- 3.31 Investigation of Contractor.** All persons who will provide direct services to the Lottery under a contract with the Lottery, including key management and those working inside Lottery offices, must submit to local, state, and, at the discretion of the Lottery, national criminal background clearance. The Lottery will undertake a background investigation on behalf of the Contractor and its employees and may impose a fee of twenty-five dollars (\$25.00) per person. The Contractor shall provide any information, fingerprints, or release forms needed by the Lottery's Division of Security to carry out any investigation that may be required under Indiana Code 4-30-6-4. Other background investigations may be performed after a Contract has been executed. The Contractor has a continuing duty to submit release forms and other information for all new employees or employees of subcontractors working on the Contract prior to any new employees being involved in any work related to the contract.

- 3.32 State Liabilities and Debt Set-off.** Contractor shall file appropriate tax returns as provided by Indiana law. Contractor certifies that neither it nor its principal(s) is presently in arrears in payment of its taxes, permit fees or other statutory, regulatory or judicially required payments to the State of Indiana. The Contractor agrees that any payments currently due to the State by it or its principal(s) may be withheld and set off from payments due to the Contractor under this Contract. Any payments that the Lottery may delay, withhold, deny, or apply under this section shall not be subject to penalty or interest.

- 3.33 Incorporated by Reference.** The RFP, the Answers to Respondent's Questions, the Bid, and all Exhibits and Attachments to this Contract, if any, are hereby incorporated by reference into this Contract and any reference to this Contract herein shall be deemed also to refer to such incorporated documents unless otherwise indicated.

- 3.34 Order of Precedence.** Any inconsistency or ambiguity in this Contract shall be resolved by giving precedence in the following order: (1) This Contract, (2) attachments or exhibits to this Contract, (3) the Contractor's Bid, (4) the RFP, and (5) attachments or exhibits to the RFP.

- 3.35 Non-Exclusive Contract.** The parties acknowledge and agree that this Contract is non-exclusive and that the Lottery is free to contract for goods and services of any type, including those covered by this Contract, with any party at any time.
- 3.36 Severability.** The invalidity of any section, subsection, clause or provision of this Contract shall not affect the validity of the remaining sections, subsections, clauses or provisions of this Contract.
- 3.37 Waiver of Rights.** No right conferred on either party under this Contract shall be deemed waived, and no breach of this Contract excused, unless such waiver is in writing and signed by the party claimed to have waived such right.
- 3.38 Merger & Modification.** This Contract constitutes the entire agreement between the parties. No understandings, agreements, or representations, oral or written, not specified within this Contract will be valid provisions of this Contract. This Contract may not be modified, supplemented, or amended, in any manner, except by written agreement signed by all necessary parties.
- 3.39 Authority to Bind Contractor.** The signatory for the Contractor represents that he/she has been duly authorized to execute this Contract on behalf of the Contractor and has obtained all necessary or applicable approvals to make this Contract fully binding upon the Contractor when his/her signature is affixed, and certifies that this Contract is not subject to further acceptance by Contractor when accepted by the Lottery.