



NOV 29 2017

**United States  
Department of  
Agriculture**

Food and  
Nutrition  
Service

Northeast Region

10 Causeway St.  
Room 501  
Boston, MA 02222

Courtney Hawkins, Director  
RI Department of Human Services  
Louis Pasteur Building  
57 Howard Avenue  
Cranston, RI 02920

Dear Director Hawkins:

The Food and Nutrition Service (FNS) has completed its review of Rhode Island Unified Health Infrastructure Project (UHIP) contract amendment #44 with Deloitte Consulting LLP. Amendment #44 was submitted for FNS review and approval on November 1, 2017. Responses to FNS clarification questions were received on November 17, 2017. This contract amendment is conditionally approved. A fully executed copy of the amendment must be submitted for the project file.

This no cost amendment provides modifications to the Deloitte Agreement as follows:

- Credit the State for the unanticipated expense incurred after go-live. This is a credit of \$37 million (M) and includes the same category of expenses addressed in CA 41 (the \$27M credit): personnel costs and contracted services through FY 18;
- Provide the State with "free" Maintenance & Operations through June 2018, amounting to \$21.6M. If a portion of the \$21.6M credit is not expended by Dec. 31, 2018, the State must negotiate to further extend the Agreement term or will receive payment from Deloitte for the remainder of the credit;
- Reimburse the State for all fines or penalties imposed by the federal government in connection with the SNAP program (Fines and penalties must be related to Deloitte's services or deficiencies in the HIX/IES system); and
- Extend the term of the contract through June 30, 2018.

The amendment's approval is contingent on the following conditions:

Condition 1 -

Rhode Island must provide FNS with an organizational chart identifying the individuals assigned to collect funding for unanticipated or additional unanticipated costs. It must also include the value of funds collected as an additional line item to all cost centers affected on future Implementation Advance Planning Document Updates. Line items should be broken out by cost center, fiscal year, quarter, and actuals vs. estimates, and indicate deductions in costs for the line items affected where appropriate.

Condition 2 -

The State must include any reimbursement for payments made by the State for fines and/or penalties imposed by FNS in its subsequent IAPDUs. If the payments received do not affect a specific budget line item under UHIP, the State should include those payments in a separate table that identifies the payment and its use. As with the requirement for condition 1, these payments must be broken out by quarter, fiscal year, and by actuals and estimates.

Condition 3 -

Rhode Island must show progress toward implementing updates to the Service Learning Agreement and including Key Performance Indicators to its Integrated Eligibility System contract with Deloitte. The amendments necessary to implement these enhancements, CA #45 and CA #46, must be submitted at least 60 days prior to their potential date of execution.

Beyond these conditions, FNS recommends that the State consider the following concerns prior to executing this amendment:

- In Amendment #44, the State waives any claim against Deloitte for the recovery of Unanticipated Costs or Additional Unanticipated Costs. If there are unanticipated costs not covered by this Amendment, the State may be responsible for the entirety of those additional costs.
- The State is responsible for paying penalties or fines, whether or not Deloitte reimburses the State for those fines or penalties under Amendment #44 section 5.
- The State's execution of this amendment may limit its leverage under CA #45 and #46, which sought to update the Service Learning Agreement under the Deloitte contract and to include Key Performance Indicators for implementation and the maintenance and operation project phases. FNS recommends the State consider this limitation prior to committing to execute this agreement.
- Section 6 of Amendment #44 indicates that the amendment and its details cannot be used as evidence in the court of law. Because the term "details" is not defined within the context of this amendment, FNS is concerned that the term could be interpreted differently, and could render the State unable to submit the Unanticipated Costs, Additional Unanticipated Costs, or reimbursement of SNAP fines and penalties as evidence. FNS recommends the State consider including definitions of these terms prior to the contract amendment's execution.

The State is reminded that ALL contract amendments must be submitted allowing for ample review time compliant with the requirement of up to 60 days for FNS review and approval (7 CFR § 277.18(c)(5)). Contract amendments that exceed 20% of the base contract cost (cumulative) must be submitted to FNS for review and approval prior to any work starting or costs incurred. We also request that all contract amendments be submitted for our records.

Please contact either Bonnie Brathwaite, Northeast Regional SNAP Director, at 617-565-6397, or Dawn Bartolomeo of the FNS State Systems Office at 415-744-3774 or [dawn.bartolomeo@fns.usda.gov](mailto:dawn.bartolomeo@fns.usda.gov) with questions or comments.

Sincerely,

A handwritten signature in blue ink that reads "Bonnie A. Brathwaite for". The signature is written in a cursive style.

Kurt Messner  
Regional Administrator  
Northeast Region

cc: Matt Stark  
Iwona Ramian  
Ben Shaffer