

**PERSONAL SERVICE AGREEMENT
STATE OF CONNECTICUT**

CO-802A REV. 3/98 (Stock No. 6938-170-01)

Print or Type

**OFFICE OF THE STATE COMPTROLLER
CENTRAL ACCOUNTS PAYABLE DIVISION**

1. THE STATE AGENCY AND THE CONTRACTOR, AS LISTED BELOW HEREBY ENTER INTO AN AGREEMENT SUBJECT TO THE TERMS AND CONDITIONS STATED HEREIN AND/OR ATTACHED HERETO SUBJECT TO THE PROVISIONS OF SECTION 4-98 OF THE C.G.S., AS APPLICABLE.

(1) ORIGINAL <input type="checkbox"/> AMENDMENT <input checked="" type="checkbox"/>	(2) IDENTIFICATION NO. 999SMI-CSS-01/08DSS1701ZA
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CONTRACTOR	(3) CONTRACTOR NAME SYSTEMS AND METHODS, INC.	(4) ARE YOU PRESENTLY A STATE EMPLOYEE? YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>
	CONTRACTOR ADDRESS 106 Wedgewood Square, Carrollton, GA 30117	
STATE AGENCY	(5) AGENCY NAME AND ADDRESS Department of Social Services, 25 Sigourney Street, Hartford, CT 06106	(6) AGENCY NO. DSS6000

CONTRACT PERIOD	(7) DATE (FROM) 11/1/2008	THROUGH (TO) 10/31/2013	(8) INDICATE MASTER AGREEMENT <input type="checkbox"/> CONTRACT AWARD <input type="checkbox"/> NO <input type="checkbox"/> NEITHER <input checked="" type="checkbox"/>
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CANCELLATION CLAUSE	THIS AGREEMENT SHALL REMAIN IN FULL FORCE AND EFFECT FOR THE ENTIRE TERM OF THE CONTRACT PERIOD STATED ABOVE UNLESS CANCELLED BY THE STATE AGENCY, BY GIVING THE CONTRACTOR WRITTEN NOTICE OF SUCH INTENTION (REQUIRED DAYS NOTICE SPECIFIED AT RIGHT).	(9) REQUIRED NO. OF DAYS WRITTEN NOTICE. 30 days
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COMPLETE DESCRIPTION OF SERVICE

(10) CONTRACTOR AGREES TO: (Include special provisions – Attach additional blank sheets if necessary.)

The Contractor shall continue to operate a State Disbursement Unit (SDU) responsible for providing the Department of Social Services (hereinafter the Department) with collection, payment processing and disbursement of child support payments including depository-banking services in accordance with the terms and condition of the original contract as amended by Amendment One. In addition the Contractor shall, at the direction of the Department and in accordance with the terms of this amendment, shall work with designated staff from the Executive Office of Health and Human Services – Office of Child Support Services for the State of Rhode Island to establish, implement and operate a State Disbursement Unit and provide collection and payment processing of child support payments for the benefit of the State of Rhode Island in accordance with the terms and conditions set forth in this amendment. Unless specifically amended herein, all original contract terms and conditions as previously amended remain in full force and effect.

COST AND SCHEDULE OF PAYMENT

(11) PAYMENT TO BE MADE UNDER THE FOLLOWING SCHEDULE UPON RECEIPT OF PROPERLY EXECUTED AND APPROVED INVOICES.

The maximum contract value has been increased by \$1,236,188.72 for the development, implementation and operation of the State Disbursement Unit for the State of Rhode Island. Payment shall be disbursed in accordance with the Payment and Cost Provisions section of this amendment set forth in Section G on page 15.

(12) ACT CD	(13) DOC TYP	(14) COM TY P	(15) LSE, TYP.	(16) ORIG. AGCY DSS6000	(17) DOCUMENT NO.	(18) COMMIT AGCY DSS6000	(19) COMMIT. NO.	(20) VENDOR FEIN/SSN - SUFFIX 581115569
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(21) COMMITTED AMOUNT	(22) OBLIGATED AMOUNT	(23) CONTRACT PERIOD (FROM/TO) 11/01/08 - 10/31/13
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(24) Line No.	(25) Budget Reference	(26) Fund	(27) Department	(28)		(29) Account	(30) Project/Grant	(31) Chart 1	(32) Chart 2	(33) Amount
				Program	SID					
										19,033,193.72

An individual entering into a Personal Service Agreement with the State of Connecticut is contracting under a "work-for-hire" arrangement. As such, the individual is an independent contractor, and does not satisfy the characteristics of an employee under the common law rules for determining the employer/employee relationship of Internal Revenue Code section 3121(d). Individuals performing services as independent contractors are not employees of the State of Connecticut and are responsible themselves for payment of all State and local income taxes, federal income taxes and Federal Insurance Contribution Act (FICA) taxes.

ACCEPTANCE AND APPROVALS		(34) STATUTORY AUTHORITY §§ 4- 8, 17b-3
(35) CONTRACTOR (OWNER OR AUTHORIZED SIGNATURE)	TITLE Joe Stone, CEO	DATE 6/24/10
(36) AGENCY (AUTHORIZED OFFICIAL)	TITLE Michael P. Starkowski, Commissioner	DATE 6/28/10
(37) OFFICE OF POLICY & MGMT., DEPT. OF ADMIN. SERV.	TITLE	DATE
(38) ATTORNEY GENERAL (APPROVED AS TO FORM)	ASSOC. ATTY. GENERAL	DATE 9/7/10

DISTRIBUTION: PART 1 - CONTRACTOR PART 2 - COMPTROLLER PART 3 - OFM/DAS PART 4 - ATTORNEY GENERAL - PART 5 - AGENCY

WHEREAS, The State of Rhode Island Executive Office Of Health And Human Services—Office Of Child Support Services (hereafter Rhode Island or OCSS), as a State Child Support Agency, is required by law to establish and operate a State Disbursement Unit (SDU) for the collection and disbursement of payments under child support and medical support orders. (42 U.S.C. § 654 and R.I. Gen. Laws § 15-26-1 et. seq.); and

WHEREAS, The State of Connecticut Department Of Social Services—Bureau Of Child Support Enforcement (hereafter the Department) is also subject to the same aforementioned requirements concerning the collection and disbursement requirements of child support and medical support payments, and has entered into a contract with Systems & Methods, Inc. (hereafter Contractor) to perform all of the Department's responsibilities in regard to the collection, payment, processing, and disbursement of child support and medical support payments (hereinafter referred to as the CT SDU Contract), and

WHEREAS, the Department awarded the CT SDU Contract to the Contractor; and

WHEREAS, OCSS has certified to the Department that when awarding the CT SDU Contract to the Contractor, Connecticut followed substantially similar purchasing rules and regulations as provided for under Rhode Island law and therefore, if agreed to by the Department and the Contractor the OCSS could utilize the CT SDU Contract to develop, implement and operate an SDU for the State of Rhode Island; and

WHEREAS, OCSS, the Department and the Contractor entered into discussions pertaining to the Contractor's ability to develop, implement and operate an SDU for the State of Rhode Island while continuing to operate the CT SDU in accordance with the terms of the CT SDU Contract; and

WHEREAS, OCSS and the Department agreed that the sharing of Contractor resources for the operation of an SDU for both the State of Connecticut and Rhode Island would allow the Department to reduce its administrative expenditures, would establish the Department's SDU as a model for other SDU's and would allow OCSS to take advantage of the Contractor's specialized technology; and

WHEREAS, the Contractor desires to develop, implement and operate an SDU for Rhode Island while continuing to operate the CT SDU in accordance with the terms of the CT SDU contract; and

WHEREAS, the Department and OCSS entered into an agreement through which for good and valuable consideration the Department agreed to amend the CT SDU Contract with the Contractor to require that the Contractor develop, implement and operate an SDU for Rhode Island while continuing to operate the CT SDU.

NOW THEREFORE, the Department and the Contractor enter into this amendment to the CT SDU Contract to set forth the terms and conditions for the Contractor's operation of an SDU for Rhode Island.

I. OVERVIEW:

The United States Code 42 USC 654 requires the State IV-D agency to establish and operate a State Disbursement Unit for the collection and disbursement of payments under support orders in all IV-D cases and in all non-IV-D cases, which the support order was initially issued on or after January 1, 1994, and in which the income of the non-custodial parent is subject to withholding under 42 USC 466 (a) (8) (B). The State of Connecticut Department of Social Services is designated as the State IV-D agency for the State of Connecticut and The State of Rhode Island Executive Office Of Health And Human Services—Office Of Child Support Services (hereafter Rhode Island or OCSS), is the designated State IV-D for the State of Rhode Island.

Through the Department's contract with the Contractor, the Contractor established and continues to operate a State Disbursement Unit for the State of Connecticut and provides the Department with collection, payment processing and disbursement of child support payment services including depository banking services.

Through this amendment the Contractor shall develop and implement a SDU for the State of Rhode Island and shall operate the same in accordance with the terms and conditions of the contract with the Department as amended herein.

II. DESCRIPTION OF AMENDED SERVICES:

The Contractor shall, during the period April 1, 2010 through July 31, 2010 and as directed by the Department, develop a State Disbursement Unit (SDU) for the State of Rhode Island that when implemented shall allow the

Contractor to operate the SDU and provide the services set forth herein. Development, Testing and Implementation of the SDU shall be completed on or before July 31, 2010 and the Contractor shall operate the SDU in accordance with the terms herein beginning August 1, 2010.

A. Collection of Child Support Payments:

1. Mail Receipt : In addition to the requirements set forth in Section II A 1 "Mail Receipt" on pages 8 – 9 of the CT SDU Contract, the Contractor shall operate an SDU and receive, sort, image and retain all child support payments for child support and medical support orders issued by Rhode Island, received from sources including but not limited to, noncustodial parents, employers, State and Federal agencies, the Department of Human Services-Office of Child Support Services (OCSS) and its cooperative agencies, other states, attorneys, financial institutions, custodial parents, and returned disbursed checks. The Contractor shall perform the following services in accordance with the approved processes and procedures set forth in the SDU Procedures guide described in Section I F "SDU Procedures Guide" on page 6 of the CT SDU Contract.

- a. Perform child support mail receipt activities.** The Contractor shall:
- i. Establish and/or maintain a separate post office box with the U.S. Postal Service within a fifteen mile radius of Hartford, CT, for the receipt of child support and medical support payments for child support and medical support orders issued by Rhode Island.
 - ii. Implement and/or maintain processes to routinely pick up and process mail from the post office box.
 - iii. Collect all mail beginning no later than 5:30 a.m. Monday through Friday, and Saturday when applicable and mutually agreed to by the Contractor and the Department, and deliver to the SDU no later than 6:00 a.m.
 - iv. Provide an additional mail pick-up at 8:30 a.m. and delivery to the SDU Monday through Friday, and Saturday when applicable and mutually agreed to by the Contractor and the Department.
 - v. Retrieve special delivery mail, e.g., certified and registered, from the post office during both collections and deliver to the SDU.
- b. Conduct mail opening, documenting and scanning procedures to verify the inclusion of a child support payment instrument for a Rhode Island child support or medical support order in the mail received at the post office and delivered to the SDU.** The Contractor shall:
- i. On a daily basis, process all mail by 4:00 pm the business day after it is received by the Contractor at the SDU.
 - ii. On each business day, capture the item count of all mail received by the Contractor at the SDU on behalf of the OCSS.
 - iii. Scan and sort all payments, documents and envelopes received at the SDU.
 - iv. Date and Time Stamp all incoming envelopes immediately upon receipt at the SDU, prior to opening
 - v. Date Stamp envelope contents upon opening at the SDU
- c. Verify the negotiability of each child support payment instrument for a Rhode Island child support or medical support order in accordance with established procedures.** A negotiable child support payment instrument for a Rhode Island child support or medical support order is a payment instrument that is made payable to an acceptable payee, and signed. The Contractor shall return all non-negotiable Rhode Island child support payment instruments to the sender with a letter of explanation for the return. Acceptable payees shall be defined by Rhode Island in a separate document and supplied to the State of Connecticut and the Contractor.

2. Automated Clearing House (ACH) / Electronic Funds Transfer (EFT): In addition to the CT SDU Contract requirements for the provision of ACH/EFT services set forth in Section II A 2 on pages 9 – 10 of the CT SDU Contract the Contractor shall receive electronic child support payments for Rhode Island child support and medical support orders, from sources including, but not limited to, noncustodial parents, employers, State of Rhode Island and Federal agencies, OCSS and its cooperating agencies, other states, attorneys, and financial institutions.

The Contractor shall:

- a. Ensure that the SDU can support all functions necessary to process ACH debit payments and ACH credit payments for OCSS.
- b. Implement and/or maintain ACH / EFT collection and distribution processes and protocols that support all functions necessary to process ACH debit payments, and ACH credit payments for OCSS.
- c. Work with employers, out-of-state child support agencies, and individual child support payers to proactively implement means of making child support payments for Rhode Island child support and medical support orders via secure electronic and Internet media.
- d. Implement and/or maintain ACH/EFT collection and distribution processes and protocols for employers, out-of-state child support agencies, and individual child support payers that will protect against fraud and / or any kind of bad debt associated with the collection of child support payments for Rhode Island child support and medical support orders.
- e. Market the benefits of using electronic payment services to employers and other states and provide a process to begin remitting payments to the SDU using electronic payment methods. The Contractor's outreach coordinator shall be responsible for actively promoting ACH credit and ACH debit to employers for the processing of Rhode Island child support and medical support payments.
- f. Provide employers with a start-up packet to provide the initial information needed by the employer to establish EFT payments for Rhode Island child support payments. The Contractor shall work directly with the employer to further clarify the setup and initial testing requirements. The Contractor, through its SDU customer service staff, shall provide additional area of assistance as needed.
- g. Operate a Child Support Payment Resource Center Website for payments for Rhode Island child support and medical support orders (RI Child Support Website) to support individuals who choose to remit recurring and non-recurring child support payments via ACH debit. The RI Child Support Website must include specific information pertaining to e-commerce payment services and links to Rhode Island child support agencies, contact information for the SDU Customer Service staff for Rhode Island SDU services, downloadable remittance forms and EFT information for employers, and downloadable Direct Deposit forms for custodial parents. The RI Child Support Website shall also provide responses to FAQs (Frequently Asked Questions) pertaining to ACH debit and an email address for submitting questions to the SDU Customer Service staff for Rhode Island SDU services. The RI Child Support Website shall provide online demonstrations for non-custodial parents to assist them with their setup and processing of electronic payments.
- h. Comply with the Rhode Island ARRA provisions provided to the Contractor by the Department.

3. Deposits to State Accounts: In addition to the CT SDU Contract requirements for the Deposit to State Account services set forth in Section II A 3 on pages 10 – 12 of the CT SDU Contract, the Contractor shall, pertaining to the collection of payments for child support and medical support orders issued by the State of Rhode Island, deposit checks, money orders, cash, ACH, and other payment types received for Rhode Island child support and medical support orders into a separate designated State of Rhode Island SDU account at Citizens Bank within one business day of receipt pursuant to RIGL 35-4-et. seq. §.

The Contractor shall:

- a. Comply with all new and existing relevant Federal and State banking laws, rules, and guidelines during the contract period.
- b. Endorse each check/money order payment for a Rhode Island child support and/or medical support order and create each business day an Image Cash Letter (ICL) for Check 21 deposit.
- c. On a daily basis, reconcile the total deposit to the SDU for Rhode Island child support and/or medical support payments to ensure that all items processed are accounted for.
- d. Reconcile deposits to and accounts for Rhode Island child support and/or medical support payments in accordance with GAAP (Generally Accepted Accounting Principles) and federal guidelines, as well as in compliance with the State of Rhode Island General Laws §35-6 et. seq. The Contractor shall modify procedures in the event of new laws, rules, or guidelines, or changes to existing ones.
- e. Deposit daily receipts of Rhode Island child support and/or medical support payments to the Rhode Island SDU collection account. Prior to the occurrence of any deposit, payments shall be reconciled at multiple levels.
- f. Conduct a pre-release reconciliation of all deposits and the receipts file for Rhode Island child support and/or medical support payments. Once all deposits have been made and the receipts file has been released to the RI InRHODES system, the Contractor shall conduct an audit and reconciliation of Rhode Island child support and/or medical support payment deposits, the Rhode Island SDU automated system, and OCSS to ensure that the file was successfully received.
- g. Deposit funds in the designated account at Citizens Bank in order for OCSS to properly transfer funds to the State of Rhode Island Master Operating Account at Citizens Bank where funds for clearing disbursements are drawn.
- h. Implement its SMART@Deposit technology application to deposit funds to State accounts. The SMART@Deposit application shall convert paper checks to electronic images in an effort to speed the processing of financial instruments. The SMART@Deposit application shall comply with Check 21 requirements of processing checks through the banking system. The Contractor's SMART@Deposit technology application shall:
 1. Increase check security
 2. Reduce check clearing time
 3. Provide faster notification of returned unpaid items; and
 4. Reduce future bank cost

4. Source Document Retention and Retrieval: In addition to and separate from the CT SDU Contract requirements for the provision of Source Document Retention and Retrieval services set forth in Section II A 4 on pages 12 – 15 of the CT SDU contract the Contractor shall for payments received for child support and medical support orders issued by Rhode Island, store all paper and electronic source documents associated with the payment-processing operation including, but not limited to, incoming payments remittances, correspondence, envelopes, payment coupons, in accordance with the State of Rhode Island State Agencies' Retention / Disposition Schedule for fiscal records. The Contractor shall store all information separate from the information stored for the benefit of the Department, and in accordance with the approved processes and procedures as set forth in the SDU Procedures guide.

- a. **Document and Data Storage.** For all paper and electronic source documents associated with the payment-processing operation of child support and medical support orders issued by the State of Rhode Island, the Contractor shall:
 1. Retain all physical remittance documents, envelopes, and returned voided checks for a period of seven (7) days from the date of imaging.
 2. Image and maintain all electronic source documents associated with payment-processing including, but not limited to, incoming payments, returned disbursed checks, remittances, correspondence, envelopes, payment coupons, and direct deposit applications until audited, or for a period of three (3) years from the date of the transaction, whichever comes first.

3. Provide dedicated servers with enough space to accommodate current and future storage needs of electronic documentation including, but not limited to, all imaged documents and ACH/EFT payment records.
- b. **Digital Media Storage.** The Contractor shall implement and/or maintain general maintenance and preservation procedures for storage of digital media in accordance with the approved processes and procedures set forth in the SDU Procedures guide.
 - c. **Care and Handling of Digital Media.** The Contractor shall purchase and use high quality storage media and batch test new media to validate manufacturing quality. The Contractor shall read a statistical sample (3% minimum) of recorded media annually to identify and correct any loss of data.
 - d. **Document retrieval.** The Contractor shall:
 1. Recover and mail as directed by the Department any physical source documents requested within forty-eight hours of the request.
 2. Provide online access to electronically imaged source documents and all associated data by entering searchable criteria to view specific images and data in a real-time online basis.
 - e. **Data Security and Confidentiality.** The Contractor shall:
 1. Comply with RIGL Title 15 Chapter 22 regarding confidentiality and all applicable sections of Internal Revenue Code regarding the safeguarding and disclosure of Federal Tax information (FTI);
 2. Comply with all applicable Federal and State of Rhode Island laws and regulations regarding confidentiality and OCSS General Policy regarding Safeguarding of Information, including but not limited to, 45 CFR 303.21 and RIGL Title 15 Chapter 22;
 3. Take commercially reasonable steps to ensure the physical safety of data under its control by using devices and methods including, but not limited to, alarm systems, locked files, guards, cameras, or other devices reasonably expected to prevent loss or unauthorized removal of manually held data (FTI must be stored in a double locked environment);
 4. Take commercially reasonable steps to prevent unauthorized use of passwords, access logs, badges, or other methods designed to prevent loss of or unauthorized access to electronically or mechanically held data (methods used shall include, but not be limited to, restricted terminal access, restricted access to input and output documents, and other such restrictions designed to protect Rhode Island child support data.
 5. Ensure that no Rhode Island child support data shall reside independently on any mobile Devices (e.g., laptops, Blackberries, flash drives, or any other electronic storage devices);
 6. Inform each of its employees having any involvement with personal data, child support information, or other confidential information of the laws and regulations governing confidentiality.
 7. Provide mandatory annual training for all staff regarding safeguarding of FTI.
 8. Cooperate, as directed by the Department with the Department in taking all steps deemed advisable by the Department to enjoin misuse, regain possession, and/or otherwise protect Rhode Island's rights and the data subject's privacy.
 9. Allow access to any personal data held in its possession, solely to those employees of the Department who require such information in the performance of their occupational responsibilities solely as directed by the Department.
 10. Agree to implement any improvements or modifications resulting from periodic physical security reviews of the Rhode Island SDU.

11. Require each of its employees to sign a statement provided by the Department that the employee is aware of and will abide by the laws and regulations of the State of Rhode Island.
12. Notify the Department the same day and in writing by the next business day of the following:
 - i. Any misuse or unauthorized use of operator password which has resulted in unauthorized access of INRhodes;
 - ii. Any suspected or actual theft or damage of the Rhode Island SDU receipts; and/or
 - iii. Any subpoena, improper use, copy or removal of personal data in the Contractor's possession except as obtained by an authorized representative of the Department (such notification shall be immediate orally and during the same day in writing).

5. Document Imaging: In addition to the CT SDU requirements for the provision of Document Imaging services set forth in Section II A 5 on page 15 of the CT SDU contract the Contractor shall ensure that Rhode Island child support document information is accessible via a secure electronic connection for viewing by designated all state child support staff for the State of Rhode Island.

The Contractor shall:

- a. Image all Rhode Island child support and medical support documents into the SMART® system to enable convenient viewing of electronic copies of documents received at the Rhode Island SDU.
- b. Provide, as directed by the Department, secure real-time online access for designated Rhode Island staff, to source documents and other SDU maintained documents including checks, money orders, payment histories and associated source documents through its imaged based system.
- c. Provide, as directed by the Department, access to all imaged information and the equipment necessary to view images at the end of the contract period.

B. Payment Processing:

In addition to the CT SDU requirements for the Payment Processing services set forth in Section II B on pages 15 through 21 of the CT SDU contract the Contractor shall provide the following Payment Processing services for Rhode Island child support and medical support payments.

1. Incoming Paper Payments

The Contractor shall provide fully automated payment processing including verification that each payment includes the noncustodial parent's name, Social Security Number, case id number or InRhodes internal key number, amount, and the date of withholding for employer payments which shall be the date of receipt by the Contractor at the SDU. The Contractor shall perform this service in accordance with the approved processes and procedures as set forth in the SDU Procedures Guide.

The Contractor shall:

- a. Process incoming paper payments based on two categories that include Payments that can be Immediately Processed and Special handling Payments.
 1. Payments that can be Immediately Processed include, but are not limited to:
 - i. Payments from noncustodial parents with a case id or docket number
 - ii. Payments with court transmittal
 - iii. Income withholding transmittal and payment totaling amount due
 - iv. Payments from employer for single payer with Social Security Number or docket number
 - v. Payments from employer for multiple payers with Social Security Number, case id or docket number
 - vi. Electronic payments from employer with social security number, or docket number

- vii. Electronic Payments from out-of-state agency, paper or electronic, with case id or docket number, and payment type.

2. Special handling payments include, but are not limited to:

- i. Payments from noncustodial parent or out-of-state agency without case-id or docket number, but with any of the following identifiers: custodial parent name, noncustodial parent name, noncustodial parent Social Security Number, CSE ID internal key number, or custodial parent's Social Security Number.
 - ii. Payments from employers without Social Security Number, case-id or docket number, but with any of the following identifiers: custodial party name, noncustodial parent name, CSE ID internal key number, or custodial party's Social Security Number.
 - iii. Payments from out-of-state agency without payment type.
 - iv. Foreign currency.
 - v. Payments that are not legible or contain no identifying information.
 - vi. Special court payments received at OCSS.
 - vii. Payments received from OCSS identified as special handling.
 - viii. Cash.
 - ix. Checks received from employers as income withholding where the amount of the check is not equal to the amount of the transmittal, the check is received without a transmittal, or a transmittal is received without a check.
 - x. Payment from employer or court without identifying information.
 - xi. Payments received where the written and numeric amounts do not agree.
 - xii. Post-dated payments.
 - xiii. Checks that do not meet the minimum Department requirements of a valid payment instrument, e.g., legal line missing or no name and address on check.
 - xiv. Payments written to the incorrect payee.
 - xv. Stale-dated checks.
 - xvi. Payments identified as fees.
- b. Comply with 42 U.S. Code 657 which requires prompt payment processing. This includes the prompt collection and processing of payments by the Contractor in order to allow Rhode Island to comply with 42 U.S. Code 657 which requires that Rhode Island disburse all Rhode Island child support payments within two business days after receipt of the payment (Payments that can be Immediately Processed).
 - c. Research and resolve payment problems (Special Handling Payments) prior to entry into INRHODES.

2. ***Incoming Electronic Payments***

The Contractor shall process all incoming ACH/EFT payments based on Rhode Island ACH/EFT protocols and in accordance with the processes and procedures developed and approved by the Contractor in consultation with specified Rhode Island child support staff.

The Contractor shall:

- a. Process ACH/EFT collections within the framework of the SDU.
- b. Maintain ACH/EFT collection and receipt file process protocols to support all functions necessary to process ACH debit payments, and ACH credit payments.
- c. Promote and implement ACH/EFT protocols with employers, out-of-state child support agencies, and individual child support payers to proactively implement means of paying child support via secure electronic and Internet media.

3. ***Online Scheduled Bank Account Payments***

The Contractor shall implement and/or maintain and actively promote an Online Schedule Bank Account, ACH Debit for Direct Payers and employers, to enhance, expedite and simplify the collection of child support for direct payers and employers in the State. The Contractor shall perform this service in accordance with the approved processes and procedures set forth in the SDU procedures guide.

The Contractor shall:

- a. Protect the State of Rhode Island's interests against fraud and/or any kind of bad debt.
- b. Provide non-custodial parents and employers Child Support Website support and instruction on how to register for an account and establish a payment schedule
- c. Provide information and Child Support Website tutorials to non-custodial parents and employers to familiarize them with the registration and scheduling process prior to registering online.
- d. Provide employers with access to relevant income withholding information via the Child Support Website. The website also provides the employer with access to Employer Remittance Form, Employer Handbook, and EFT/ EDI information.
- e. Provide the employer the option to speak with the SDU staff member. The Contractor's staff members shall work with employers to ensure that questions regarding withholding procedures and submission of child support payments are thoroughly addressed.

4. Foreign Currency Processing

The Contractor shall process all foreign currency payments using appropriate currency exchange rates and procedures as established by the depository bank to protect the State's interest. The approved processes and procedures shall be set forth in the SDU Procedures Guide.

C Payment Processing Problem Resolution:

1. Misapplied Payments

In addition to the CT SDU requirements for processing of Misapplied Payments for the State of Connecticut child support and medical support orders and payments set forth in Section II D 1 on pages 22 and 23 of the CT SDU contract, the Contractor shall correct a misapplied Rhode Island child support or medical support payment in accordance with the following provisions. For purposes of this section, a misapplied payment is a payment that is applied to an incorrect child support account. The Contractor shall resolve misapplied payments in accordance with the approved processes and procedures set forth in the SDU Procedures Guide.

The Contractor shall:

- a. Ensure that a misapplied child support payment is issued to the correct custodial party by initiating referrals as directed by the Department when a payment has been misapplied to a nonpublic assistance account.
- b. Initiate referrals as directed by the Department when a payment has been misapplied to a foster care (IV-E/non-IV-E) account.
- c. Perform the appropriate void and reissue functions on InRhodes when a payment has been misapplied to a public assistance account.
- d. Accept responsibility for all research and recovery of misapplied payments in the case of misapplied payments resulting from the Contractor's error.
- e. Reimburse the Department for any erroneous disbursement resulting from the Contractor's error no later than one month from the date that the erroneous disbursement is identified.

2. *Insufficient Funds*

In addition to the CT SDU requirements for processing an Insufficient Funds Payment for the State of Connecticut child support and medical support orders and payments set forth in Section II D 2 on page 23 of the CT SDU contract, the Contractor shall process a Rhode Island child support or medical support insufficient funds payment in accordance with the following provisions. For purposes of this section an "insufficient funds payment" is a payment instrument issued from the payer's bank account where the funds equal to that payment are not available due to lack of funds or placement of a stop payment without prior notification. The Contractor shall recover and ensure the restitution of insufficient funds from noncustodial parents, employers, and out-of-state agencies in accordance with the approved processes and procedures set forth in the SDU Procedures Guide.

The Contractor shall:

- a. Provide written notification to payers immediately following verification of insufficient funds.
- b. Track all information related to insufficient funds payments.
- c. Require payers to submit guaranteed payment instruments such as a money order, cashier's check, or certified check for all subsequent payments until such time as the Contractor is directed by the Department to return to standard payment method.
- d. Require employers and out-of-state agencies to provide payers the opportunity to make standard payments before the guaranteed instrument provision is instituted if the placement of the stop payment order that resulted in the insufficient funds condition was unintentionally or erroneously placed.
- e. Prior to posting, ensure with the issuing bank that there are funds available to support "large payments". A "large payment" is a payment which exceeds a threshold determined by the OCSS and directed to the Contractor through the Department

D. *Account Reconciliation and Audit:*

1. *Account Reconciliation*

In addition to the CT SDU requirements for Account Reconciliation services for the State of Connecticut child support and medical support orders and payments set forth in Section II E 1 on page 25 of the CT SDU contract, the Contractor shall perform the following account reconciliation and Audit procedures consistent with the Generally Accepted Accounting Principles (GAAP) Federal Guidelines and in compliance with the State of Rhode Island General Laws accounting requirements and OCSS accounting protocols.

The Contractor shall:

- a. Balance all receipts and deposits to InRhodes daily (the plan should include the development of validation logic to serve as an audit trail for payments).
- b. Maintain monthly full account reconciliation services for depository accounts including, but not limited to, accounting for each day's work, system transactions and totals, deposits, and adjustments.
- c. Perform quality checks on all output as work is performed and as items are delivered and necessary backend controls, such as monthly account reconciliation and separate sampling performed by the Contractor's Quality Control Analyst.

2. *Management Reports*

In addition to the CT SDU requirements for the provision of Management Reports for the State of Connecticut child support and medical support orders and payments set forth in Section II E 2 on pages 25 and 26 of the CT

SDU contract, the Contractor shall supply daily reports as directed by the Department including, but not limited to, the following:

- a. The dollar amount deposited;
- b. The number of items deposited;
- c. The bank account number to which credit was applied; and
- d. All additional management information, as defined by the Department and the Contractor and contained in a Performance Tracking Report.

3. Audits and Inspections

In addition to the CT SDU requirements for Audits and Inspections of the State of Connecticut SDU as set forth in Section II E 3 on page 26 of the CT SDU contract, the Department and/or the OCSS may periodically audit the SDU unannounced. These unannounced audits will be in addition to any audit conducted by the State Auditors of Public Accounts and audits from the Federal Office of Child Support Enforcement. The Department reserves the right to determine the auditing periods for which the data will be made available, the timing of the requests for the data, and if the data presented is sufficient to meet the intent of the auditing provisions of this section.

The Contractor shall:

- a. Expand the scope of the annual SDU audit required through CT SDU contract to include the systems and controls relative to the Contractor's processing of all of the OCSS child support billings, receipts, and its service billing system to the Department in accordance with the terms and conditions of this contract.
- b. Maintain and store all SDU payment records until audited or for a period of seven years from the date of transaction, whichever comes first.
- c. Provide document shredding to be conducted onsite (destruction of records shall not commence until the Department has received the Contractor's written request and has responded favorably to such request)

4. Contractor Internal Controls

In addition to the CT SDU requirements for the maintenance of Internal Controls for the State of Connecticut child support and medical support orders and payments set forth in Section II E 4 on pages 26 and 27 of the CT SDU contract, the Contractor shall also maintain methods of administration designed to ensure that staff responsible for handling cash receipts of Rhode Island support payments do not participate in accounting or operating functions that would permit them to conceal in the accounting records the misuse of support receipts.

The Contractor shall:

- a. Integrate corporate fiscal procedures and accounting controls that adhere to Generally Accepted Accounting Principles (GAAP).
- b. Implement internal controls to ensure separation of duties
- c. Provide a complete audit trail for all receipts and documents received at the SDU.

E. Performance Sanctions and Payment and Performance Bond:

1. In addition to the Performance Sanctions associated with the Contractor's performance of services under the CT SDU contract for the processing of the State of Connecticut child support and medical support orders and payments set forth in Section II E 5 on pages 27 and 28 of the CT SDU contract, the Department may impose

sanctions on the Contractor if, throughout the term of this contract amendment, the OCSS has determined and has advised the Department that the Contractor has failed to perform or provide the service which it has agreed to perform and provide in accordance with this contract amendment. The Contractor shall have the right to oppose any sanction seeking specific performance and/or injunctive relief on the basis that the failure to perform arises out of causes beyond the control of the Contractor and for causes which the Contractor is not at fault for producing either intentionally or unintentionally.

- a. Failure to comply with the requirement that at least 95% of payments received each month with sufficient information for the Contractor to process immediately are promptly collected and processed so that OCSS may disburse all child support payments within two business days after receipt of payments shall result in the imposition of a performance sanction of \$50,000 for the first month and \$10,000 for any subsequent month.
 - i. The OCSS shall monitor the Contractor's performance monthly.
 - ii. In the event that the OCSS determines that the Contractor has failed to meet with the performance standard stated in E1a above for a given month, the OCSS shall notify the Department of Social Services and the Department of Social Services shall formally notify the Contractor within thirty (30) days of the close of that month that:
 - (1) OCSS has determined that the Contractor failed to meet the performance standard for the month in question,
 - (2) Failure to meet the performance standard in any month following the notice shall result in a performance sanction of \$50,000 for the first month and \$10,000 for any additional month that the standard is not met,
 - (3) The Department of Social Services shall notify the Contractor of any additional month where OCSS has notified the Department of Social Services that OCSS has determined that the Contractor has not met the 95% performance standard, and
 - (4) Notwithstanding anything to the contrary in the preceding, the Contractor shall have thirty (30) days from the receipt of any notice of performance sanction to refute the determination of non-compliance with the 95% performance sanction. In the event the OCSS and the Department of Social Services is satisfied with the Contractor's refutation, the notice of performance sanction shall be nullified.
- b. The Department of Social Services shall recover any performance sanction monetary amount by withholding the amount of the performance sanction from the Contractor's next month's invoice.
- c. The performance sanctions provided for above shall not in any way be construed as an adequate remedy for the Contractor's failure to perform and the implementation of this performance sanction provision or the failure to implement it, shall not be construed as anything other than as a means of further encouraging the Contractor to perform. It is not to be construed as the Department of Social Service's sole remedy nor as an alternative remedy to the specific performance and injunctive relief provisions set forth above.

2. Pursuant to the terms of Section II E 6 as amended by Amendment One to the CT SDU Contract, the Contractor has been required to obtain and maintain a Payment and Performance Bond in the amount of \$1,000,000.00. The expiration date of the current Payment and Performance Bond is August 31, 2010. Upon expiration of the current Payment and Performance Bond the requirement for the maintenance of a Payment and Performance Bond for the remaining term of the contract is deleted. If, however, throughout the remaining term if the contract the Contractor fails to satisfactorily perform in accordance with the terms of the CT SDU contract and this amendment, the Department may impose a requirement for a Payment and Performance Bond to protect the Department's interests throughout the remaining term of the contract.

F. Customer Service:

1. Customer Service

- a. Customer Service Unit: In addition to the CT SDU requirements for the operation of a Customer Service Unit set forth in Section II L on pages 6 through 8 of the CT SDU contract the Contractor shall operate the SDU customer service unit with multilingual capability, which is nationally accessible via by the state of Rhode Island, Monday through Friday 8:00 am to 5:00 pm per week. The approved processes and procedures shall be set forth in the SDU Procedures Guide.

The Contractor shall:

1. Operate a Rhode Island SDU child support customer service unit that includes but is not limited to, customer service staff training, customer service representative requirements, multilingual capability, and provisions for customer call transfer capability utilizing call center technology.
 2. Provide a seamless transition of a Rhode Island child support or medical support matter from the Rhode Island Interactive Voice Response Technology (IVR) to a Customer Service Representative (CSR)
 3. Provide direct customer service representatives via telephone between the hours of 8:00 am – 5:00 pm, Monday through Friday. Calls shall be referred from the Voice Response System to provide information and resolve payment and income withholding issues.
 4. Provide support by:
 - a. assisting employers with the payment remittance process including the ACH debit program,
 - b. assisting non-custodial payers in establishing an ACH debit account, and
 - c. processing incoming correspondence and returned mail.
 5. Subcontract with Fluent Language Solutions to provide interpreters in 180 languages via three-way call access between the Contractor's Customer Service Representative, the Rhode Island child support customer and Fluent Language Solutions.
- b. Call Center Reporting: Produce, through the IVR real time reports of statistical data pertaining to Rhode Island SDU matters including, but not limited to:
1. Answer, hold, and abandon time
 2. Call counts
 3. Talk times
 4. Agent performance
- c. Rhode Island Website: In addition to the CT SDU requirements for the development and maintenance of a Connecticut Child Support Website set forth in Section II L -4 on pages 36 through 37 of the CT SDU contract the Contractor shall develop and maintain a Rhode Island Child Support Website dedicated to Rhode Island child support payment-processing information and child support resources for custodial parties, noncustodial parents, employers, and out-of-state child support agencies. The Rhode Island Child Support Web Site shall provide access to required payment-processing forms for electronic payment disbursement, ACH/debit application capability for child support payers and employers, and employer-related information including contact information and frequently asked questions. The approved processes and procedures shall be set forth in the SDU Procedures Guide.

The contractor shall:

1. Develop and maintain a Rhode Island Child Support payment-processing Web site

2. Provide information and services for Rhode Island child support and medical support orders and payments to custodial parties, noncustodial parents, employers, and out-of-state child support agencies
 3. Develop and maintain an ACH/debit protocol for Rhode Island child support and medical support payments that offers noncustodial parents and employers the option of debiting their bank account for child support
- d. **Disaster Recovery Plan (DRP):** In addition to the CT SDU requirements for a Disaster Recovery Plan set forth in Section II M on page 37 of the CT SDU contract the Contractor shall develop and/or maintain a comprehensive DRP that complies with all existing State of Rhode Island disaster recovery protocols. The DRP shall be incorporated into the SDU Business Continuity Plan and provide instructions for continued operation of core business functions during any disruption of service. The approved processes and procedures shall be set forth in the SDU Procedures guide.
- e. **Staff Training:** In addition to the CT SDU requirements for the Staff Training set forth in Section II O on pages 37 and 38 of the CT SDU contract the Contractor shall utilize SDU supervisors and child support professionals to provide day-to-day training to new and existing staff and refresher training as needed. The Contractor's SDU Quality Assurance Supervisor shall monitor and provide feedback to the supervisors in regard to training needs of individual staff members as well as overall training needs.

The Contractor's SDU Customer Service Supervisor shall provide training to SDU Application Problem Resolution staff as well as CSRs and QA Auditors on aspects of INRHODES that are related to their job functions.

The Contractor's SDU Data Entry Supervisor shall provide INRHODES training for those operators who handle unidentified payments.

The Contractor shall:

1. Develop and implement a comprehensive INRHODES training program to be provided to SDU employees regularly throughout the contract period.
 2. The training program shall include, but not be limited to:
 - a. Customer service skills
 - b. Security and confidentiality
 - c. Caller identification
 - d. INRHODES functionality
 - e. DSS policies
 3. Provide a training database that enables hands on payment processing training
 4. Provide mandatory annual training for all staff regarding safeguarding of FTI
 5. Maintain all materials for all contractor-based training
 6. Provide copies of all training materials to the Department for review and approval
 7. Update training materials as business processes are developed or refined.
- f. **Regular Meetings:** The Contractor shall hold regular meetings with the Department and Rhode Island Child Support staff to discuss SDU issues and procedures.

G. *Payment and Cost Provisions:*

1. The maximum contract value has been increased by \$1,236,188.00 from \$17,797,005.00 to \$19,033,193.00. The additional funds shall be paid to the Contractor in accordance with the terms of this section for the satisfactory implementation of the Rhode Island SDU and for twelve months of operations of the Rhode Island SDU. Prior to July 1, 2011, the Department shall obtain the approval of the Office of Policy and Management to add funds to this contract to support the continued operation of the Rhode Island SDU through August 31, 2013. Such funds shall be added to the maximum value of this contract through a contract amendment.
2. In consideration of the satisfactory implementation of the Rhode Island SDU in accordance with the provisions of this contract amendment, the Contractor shall be eligible to receive a payment, not to exceed \$655,715.00.
3. Following the completion of the development and implementation of the RI SDU the Contractor shall present to the Department with a copy to OCSS, an invoice for the actual costs incurred for the completion of the implementation of the RI SDU which shall not exceed \$655,715.00. Implementation costs include, but are not limited to, the costs to develop, implement, and maintain the Rhode Island 'SMART' solution for payment processing and customer service including all personnel, software, and equipment costs and the any cost associated with the notification of redirection of payments to the PO Box in Connecticut.
4. Said payment for implementation costs shall be processed by the Department and paid to the Contractor, following the Department's receipt of a written notice from OCSS that OCSS has reviewed the invoice, that OCSS has determined that the Contractor has performed the implementation tasks in accordance with the terms of this contract amendment and, as required, the SDU Procedures Guide, that OCSS has transferred to and the Department has received the funds not to exceed \$655,715.00 to support this payment and authorization from OCSS to process the payment.
5. For the monthly operation of the RI SDU in accordance with the terms set forth herein, the Contractor shall present to the Department a monthly invoice of \$48,372.81. The invoice shall include a detailed description of the work completed and direct the invoice as required in Section IV 1 c on page 41 of the contract. The Department shall confer with OCSS and request validation of the services received and approval of the invoice. The Department shall process said invoice and remit payment to the Contractor following the Department's receipt of approval of the invoice from the State of Rhode Island. The Department shall remit payment to the Contractor within thirty (30) days after the Department's receipt of approval from the State of Rhode Island. The Department shall not be liable for any payment to the Contractor for the operation of the RI SDU unless and until the State of Rhode Island approves the invoice for payment.
6. For the monthly operation of the CT SDU the Contractor shall continue to present to the Department an itemized invoice with a detailed description of the work completed. In addition and in recognition of the sharing of administrative expenses among the State of Connecticut and the State of Rhode Island, the Contractor's monthly invoice for the operation of the CT SDU shall include an administrative credit of \$11,095.25 representing the State of Rhode Island's share of the administrative expenses. The monthly balance due to the Contractor for the operation of the CT SDU shall be equal to the CT SDU monthly expenses less the RI SDU administrative credit.
7. The provisions of Section IV subsection 1b, 1c and 1d on page 41 of the original contract remain in full force and effect.

H. *Length of Agreement:*

This contract amendment shall remain in effect through the 31st day of August 2013 with two one-year options to renew.

III. AMENDED MANDATORY TERMS AND CONDITIONS

Part II Mandatory Terms and Conditions set forth on pages 44 through 66 of the original contract are amended by the addition of the following provision:

Sovereign Immunity. The Contractor and Contractor Parties acknowledge and agree that nothing in the Contract, or the solicitation leading to the Contract, shall be construed as a modification, compromise or waiver by the State or any rights or defenses of any immunities provided by Federal law or the laws of the State of Connecticut to the State or any of its officers and employees, which they may have had, now have or will have with respect to all matters arising out of the Contract. To the extent that this Section conflicts with any other Section, this Section shall govern.

All other Mandatory Terms and Conditions not revised or amended herein; remain in full force and effect.

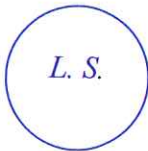
RESOLUTION

I, (*Name of Secretary or Clerk*), Lititia H. Stone, of **Systems and Methods, Inc.**, a Connecticut corporation (the "Contractor"), do hereby certify that the following is a true and correct copy of a resolution duly adopted at a meeting of the (*Name of Governing Body*) Smi Board of Directors of the Contractor duly held and convened on (*Date of Meeting*) October 20, 2003, at which meeting a duly constituted quorum of the (*Name of Governing Body*) Smi Board of Directors was present and acting throughout and that such resolution has not been modified, rescinded, or revoked, and is at present in full force and effect:

RESOLVED that the CEO, **Joe Stone**, is empowered to enter into and amend contractual instruments in the name and on behalf of this Contractor with the Department of Social Services of the State of Connecticut for a Child Support Services program, and to affix the corporate seal.

IN WITNESS WHEREOF, the undersigned has affixed his/her signature and the corporate seal of the Contractor this 21 day of June, 2010.

Lititia H. Stone
(*Signature of Secretary or Clerk*)



10/20/03 11:51:20
LITITIA H. STONE
SECRETARY

PARTNERSHIP AGREEMENT

Between:

**The State of Rhode Island
(Acting By And Through The Executive Office of Health and Human Services –
Office of Child Support Services)**

And:

**The State of Connecticut
(Acting By And Through The Department of Social Services –
Bureau of Child Support Enforcement)**

SECTION 1: INTRODUCTION

Preface/Overview

The State of Rhode Island Executive Office Of Health And Human Services—Office Of Child Support Services (hereafter Rhode Island or OCSS), as a State Child Support Agency, is required by law to establish and operate a State Disbursement Unit (SDU) for the collection and disbursement of payments under child support and medical support orders. (42 U.S.C. § 654 and R.I. Gen. Laws § 15-26-1 et. seq.). The OCSS is required to perform these responsibilities in regard to all child support cases in which the order of support was initially issued in Rhode Island after January 1, 1994. (42 U.S.C. § 666 and R.I. Gen. Laws § 15-16-1 et. seq.).

The State of Connecticut Department Of Social Services—Bureau Of Child Support Enforcement (hereafter Connecticut or BCSE), which is also subject to the same aforementioned requirements concerning the collection and disbursement requirements surrounding child support and medical support payments, has contracted with Systems & Methods, Inc. (hereafter SMI), a private contractor, to perform all of that state's responsibilities in regard to the collection, payment, processing, and disbursement of child support and medical support payments, including depository-banking services. In awarding this contract to SMI, Connecticut followed substantially similar purchasing rules and regulations as provided for under Rhode Island law. (R.I. Gen. Laws 37-2-1 et. seq.; See especially, 37-2-2(3) providing that one of the 'underlying purposes and policies' of the chapter regarding State Purchases is to '[m]ake as consistent as possible the purchasing laws among the various states[.]').

Rhode Island, in accordance with R.I. Gen. Law § 37-2-21(c), has sought to enter into this agreement with Connecticut in order to have Connecticut arrange for SMI to provide substantially similar services to RI through Connecticut's contract with SMI. OCSS believes that entering into this agreement will allow it to take advantage of the most contemporary specialized technology. Child support and medical support payments made by check, draft, or other payment instruments will be scanned, posted and deposited electronically; state expenses relating to checks drawn on accounts with insufficient funds after the first incident will be reduced or eliminated; mispostings of child support payments to the wrong case will be reduced or eliminated; unidentified payments will be reduced or eliminated; posting and distributing payments will be completed more efficiently; scanned images of all checks and payment instruments will be retained on file indefinitely, customer satisfaction will be increased; and a long standing state audit issue surrounding reconciliation of child support accounts shall be ameliorated.

For good and valuable consideration described herein, the OCSS and the State of Connecticut are willing to enter into this partnership agreement and to comply with the provisions described herein.

SECTION II. DESCRIPTION OF SERVICES

The State of Connecticut Department of Social Services – Bureau of Child Support shall amend its contract with SMI and through that amendment shall require SMI to perform the following services for the benefit of the State of Rhode Island Executive Office Of Health And Human Services—Office Of Child Support Services (hereafter Rhode Island or OCSS or Department). Throughout this Agreement the term Contractor refers to Systems and Methods, Inc. (SMI).

A. Collection of Child Support Payments:

The Contractor shall receive, sort, image and retain all child support payments received from sources including but not limited to, noncustodial parents, employers, State and Federal agencies, the Department of Human Services-Office of Child Support Services (OCSS) and its cooperative agencies, other states, attorneys, financial institutions, custodial parents, and returned disbursed checks. The Contractor shall perform these services in accordance with the approved processes and procedures set forth in the SDU Procedures guide.

1. Mail Receipt

- a. Perform child support mail receipt activities. The Contractor shall:
 - i. Establish and/or maintain a separate post office box with the U.S. Postal Service for receipt of child support and medical support payments for the State of Rhode Island within a fifteen mile radius of Hartford, CT.
 - ii. Implement and/or maintain processes to routinely pick up and process mail from the post office box.
 - iii. Collect all mail beginning no later than 5:30 a.m. Monday through Friday, and Saturday when applicable and mutually agreed to by the Contractor and the Department, and deliver to the SDU no later than 6:00 a.m.
 - iv. Provide an additional mail pick-up at 8:30 a.m. and delivery to the SDU Monday through Friday, and Saturday when applicable and mutually agreed to by the Contractor and the Department.
 - v. Retrieve special delivery mail, e.g., certified and registered, from the post office during both collections and deliver to the SDU.
- b. Conduct mail opening, documenting and scanning procedures to verify the inclusion of a child support payment instrument in the mail received at the post office and delivered to the SDU. The Contractor shall:
 - i. On a daily basis, process all mail by 4:00 pm the business day after it is received by the Contractor at the SDU.
 - ii. On each business day, capture the item count of all mail received by the Contractor at the SDU on behalf of the OCSS.
 - iii. Scan and sort all payments, documents and envelopes received at the SDU.
 - iv. Date and Time Stamp all incoming envelopes immediately upon receipt at the SDU, prior to opening
 - v. Date Stamp envelope contents upon opening at the SDU

- c. Verify the negotiability of each child support payment instrument in accordance with established procedures. A negotiable child support payment instrument is a payment instrument that is made payable to an acceptable payee, and signed. The Contractor shall return all non-negotiable child support payment instruments to the sender with a letter of explanation for the return. Acceptable payees shall be defined by Rhode Island in a separate document and supplied to the State of Connecticut and the Contractor.

2. Automated Clearing House (ACH) / Electronic Funds Transfer (EFT)

The Contractor shall receive electronic child support payments from sources including, but not limited to, noncustodial parents, employers, State and Federal agencies; OCSS and its cooperating agencies, other states, attorneys, and financial institutions. The Contractor shall perform these services in accordance with the approved processes and procedures set forth in the SDU Procedures guide.

The Contractor shall:

- a. Ensure that the SDU can support all functions necessary to process ACH debit payments and ACH credit payments for OCSS.
- b. Implement and/or maintain ACH / EFT collection and distribution processes and protocols that support all functions necessary to process ACH debit payments, and ACH credit payments for OCSS.
- c. Work with employers, out-of-state child support agencies, and individual child support payers to proactively implement means of paying child support via secure electronic and Internet media.
- d. Implement and/or maintain ACH/EFT collection and distribution processes and protocols for employers, out-of-state child support agencies, and individual child support payers that will protect the Department against fraud and / or any kind of bad debt associated with the collection of child support payments.
- e. Market the benefits of using electronic payment services to employers and other states and provide a process to begin remitting payments to the SDU using electronic payment methods. The Contractor's outreach coordinator shall be responsible for actively promoting ACH credit and ACH debit to employers.
- f. Provide employers with a start-up packet to provide the initial information needed by the employer to establish EFT payments. The Contractor shall work directly with the employer to further clarify the setup and initial testing requirements. The Contractor, through its SDU customer service staff, shall provide additional area of assistance as needed.
- g. Operate a Child Support Payment Resource Center Website (Child Support Website) to support individuals who choose to remit recurring and non-recurring child support payments via ACH debit. The Child Support Website must include specific information pertaining to e-commerce payment services and links to State child support agencies, contact information for the SDU Customer Service staff, downloadable remittance forms and EFT information for employers, and downloadable Direct Deposit forms for custodial parents. The Child Support Website shall also provide responses to FAQs (Frequently Asked Questions) pertaining to ACH debit and an email address for submitting questions to the SDU Customer Service staff. The Child Support Website shall provide online demonstrations for non-custodial parents to assist them with their setup and processing of electronic payments.
- h. Comply with the Rhode Island ARRA provisions contained in the Addendum attached hereto and incorporated herewith.

3. Deposits to State Accounts

The Contractor shall deposit checks, money orders, cash, ACH, and other payment types into designated state SDU account at Citizens Bank within one business day of receipt pursuant to RIGL 35-4-et. seq.§. The Contractor shall perform these services in accordance with the approved processes and procedures set forth in the SDU Procedures guide.

The Contractor shall:

- a. Comply with all new and existing relevant Federal and State banking laws, rules, and guidelines during the contract period.
- b. Endorse each check/money order and create each business day an Image Cash Letter (ICL) for Check 21 deposit.
- c. Reconcile the total deposit to the SDU on a daily basis to ensure that all items processed are accounted for.
- d. Reconcile deposits and accounts in accordance with GAAP (Generally Accepted Accounting Principles) and federal guidelines, as well as in compliance with the State of Rhode Island General Laws §35-6 et. seq. The Contractor shall modify procedures in the event of new laws, rules, or guidelines, or changes to existing ones.
- e. Deposit daily receipts to the state SDU collection account. Prior to the occurrence of any deposit, payments shall be reconciled at multiple levels.
- f. Conduct a pre-release reconciliation of all deposits and the receipts file. Once all deposits have been made and the receipts file has been released to the RI InRHODES system, the Contractor shall conduct an audit and reconciliation of deposits; the SDU automated system, and OCSS to ensure that the file was successfully received.
- g. Deposit funds in the designated account at Citizens Bank in order for OCSS to properly transfer funds to the State of Rhode Island Master Operating Account at Citizens Bank where funds for clearing disbursements are drawn.
- h. Implement its SMART@Deposit technology application to deposit funds to State accounts. The SMART@Deposit application shall convert paper checks to electronic images in an effort to speed the processing of financial instruments. The SMART@Deposit application shall comply with Check 21 requirements of processing checks through the banking system. The Contractor's SMART@Deposit technology application shall:
 1. Increase check security
 2. Reduce check clearing time
 3. Provide faster notification of returned unpaid items; and
 4. Reduce future bank cost

4. Source Document Retention and Retrieval

The Contractor shall store all paper and electronic source documents associated with the payment-processing operation including, but not limited to, incoming payments remittances, correspondence, envelopes, payment coupons, in accordance with the State of Rhode Island State Agencies' Retention / Disposition Schedule for fiscal records. The Contractor shall store all information in Connecticut and in accordance with the approved processes and procedures as set forth in the SDU Procedures guide.

a. Document and Data Storage. The Contractor shall:

1. Retain all physical remittance documents, envelopes, and returned voided checks for a period of seven (7) days from the date of imaging.

2. Image and maintain all electronic source documents associated with payment-processing including, but not limited to, incoming payments, returned disbursed checks, remittances, correspondence, envelopes, payment coupons, and direct deposit applications until audited, or for a period of three (3) years from the date of the transaction, whichever comes first.
3. Provide dedicated servers with enough space to accommodate current and future storage needs of electronic documentation including, but not limited to, all imaged documents and ACH/EFT payment records.
- b. Digital Media Storage. The Contractor shall implement and/or maintain general maintenance and preservation procedures for storage of digital media in accordance with the approved processes and procedures set forth in the SDU Procedures guide.
- c. Care and Handling of Digital Media. The Contractor shall purchase and use high quality storage media and batch test new media to validate manufacturing quality. The Contractor shall read a statistical sample (3% minimum) of recorded media annually to identify and correct any loss of data.
- d. Document retrieval. The Contractor shall:
 1. Recover and mail to the Department and /or its cooperative agencies any physical source documents requested within forty-eight hours of the request.
 2. Provide online access to electronically imaged source documents and all associated data by entering searchable criteria to view specific images and data in a real-time online basis.
- e. Data Security and Confidentiality. The Contractor shall:
 1. Comply with RIGL Title 15 Chapter 22 regarding confidentiality and all applicable sections of Internal Revenue Code regarding the safeguarding and disclosure of Federal Tax information (FTI);
 2. Comply with all applicable Federal and State of Rhode Island laws and regulations regarding confidentiality and OCSS General Policy regarding Safeguarding of Information, including but not limited to, 45 CFR 303.21 and RIGL Title 15 Chapter 22;
 3. Take commercially reasonable steps to ensure the physical safety of data under its control by using devices and methods including, but not limited to, alarm systems, locked files, guards, cameras, or other devices reasonably expected to prevent loss or unauthorized removal of manually held data (FTI must be stored in a double locked environment);
 4. Take commercially reasonable steps to prevent unauthorized use of passwords, access logs, badges, or other methods designed to prevent loss of or unauthorized access to electronically or mechanically held data (methods used shall include, but not be limited to, restricted terminal access, restricted access to input and output documents, and other such restrictions designed to protect Connecticut child support data.
 5. Ensure that no Rhode Island child support data shall reside independently on any mobile Devices (e.g., laptops, Blackberries, flash drives, or any other electronic storage devices);
 6. Inform each of its employees having any involvement with personal data, child support information, or other confidential information of the laws and regulations governing confidentiality.
 7. Provide mandatory annual training for all staff regarding safeguarding of FTI.
 8. Cooperate with the Department in taking all steps deemed advisable by the Department to enjoin misuse, regain possession, and/or otherwise protect the State's rights and the data subject's privacy.
 9. Allow access to any personal data held in its possession, solely to those employees of the Department who require such information in the performance of their occupational responsibilities.
 10. Agree to implement any improvements or modifications resulting from periodic SDU physical security reviews.

11. Require each of its employees to sign a Department provided statement that he or she is aware of and will abide by said laws and regulations.
12. Notify the Department the same day and in writing by the next business day of the following:
 - i. Any misuse or unauthorized use of operator password which has resulted in unauthorized access of INRhodes;
 - ii. Any suspected or actual theft or damage of SDU receipts; and/or
 - iii. Any subpoena, improper use, copy or removal of personal data in the Contractor's possession except as obtained by an authorized representative of the Department (such notification shall be immediate orally and during the same day in writing)

5. Document Imaging

The Contractor shall ensure that child support document information is accessible via a secure electronic connection for viewing by all state child support staff in accordance with the approved processes and procedures set forth in the SDU Procedures Guide.

The Contractor shall:

- a. Image all documents into the SMART® system to enable convenient viewing of electronic copies of documents received at the SDU.
- b. Provide the Department and /or its cooperative agencies secure real-time online access to source documents and other SDU maintained documents including checks, money orders, payment histories and associated source documents through its imaged based system.
- c. Provide the Department with all imaged information and equipment necessary to view images at the end of the contract period. In the event that Rhode Island must terminate the contract with Connecticut for budgetary issues, or any other reason, OCSS will provide written notification to Connecticut within 60 days prior thereto and Connecticut shall provide OCSS with the ability to view, transfer and otherwise retain images if necessary.

6 Customer Service

- a. Customer Service Unit: The Contractor shall operate the SDU customer service unit with multilingual capability, which is nationally accessible via by the state of Rhode Island, Monday through Friday 8:00 am to 5:00 pm per week. The approved processes and procedures shall be set forth in the SDU Procedures Guide.

The Contractor shall:

1. Operate a child support customer service unit, that includes but is not limited to, customer service staff training, customer service representative requirements, multilingual capability, and provisions for customer call transfer capability utilizing call center technology.
2. Provide a seamless transition from the Rhode Island IVR to a SMI Customer Service Representative (CSR)
3. Provide direct customer service representatives via telephone between the hours of 8:00 am – 5:00 pm, Monday through Friday. Calls shall be referred from the Rhode Island Voice Response System to provide information and resolve payment and income withholding issues.
4. Provide support by:
 - a. assisting employers to remit payments including the ACH debit program,

- b. assisting non-custodial payers in establishing an ACH debit account, and
 - c. processing incoming correspondence and returned mail.
5. Subcontract with Fluent Language Solutions to provide interpreters in 180 languages via three-way call access between the Customer Service Representative, the child support customer and the subcontractor.
- b. Call Center Reporting: The IVR shall provide real time reports of statistical data including, but not limited to:
- 1. Answer, hold, and abandon time
 - 2. Call counts
 - 3. Talk times
 - 4. Agent performance
- c. Rhode Island Website: The Contractor shall develop and maintain a Child Support Website dedicated to child support payment-processing information and child support resources for custodial parties, noncustodial parents, employers, and out-of-state child support agencies. The Child Support Web Site shall provide access to required payment-processing forms for electronic payment disbursement, ACH/debit application capability for child support payers and employers, and employer-related information including contact information and frequently asked questions. The approved processes and procedures shall be set forth in the SDU Procedures Guide.

The contractor shall:

- 1. Develop and maintain a Rhode Island Child Support payment-processing Web site
 - 2. Provide information and services to custodial parties, noncustodial parents, employers, and out-of-state child support agencies
 - 3. Develop and maintain an ACH/debit protocol that offers noncustodial parents and employers the option of debiting their bank account for child support
- d. Disaster Recovery Plan (DRP): The Contractor shall develop and/or maintain a comprehensive DRP that complies with all existing State disaster recovery protocols. The DRP shall be incorporated into the SDU Business Continuity Plan and provide instructions for continued operation of core business functions during any disruption of service. The approved processes and procedures shall be set forth in the SDU Procedures guide.
- e Staff Training: The Contractor shall utilize SDU supervisors and child support professionals to provide day-to-day training to new and existing staff and refresher training as needed. The Contractor's SDU Quality Assurance Supervisor shall monitor and provide feedback to the supervisors in regard to training needs of individual staff members as well as overall training needs.

The Contractor's SDU Customer Service Supervisor shall provide training to SDU Application Problem Resolution staff as well as CSRs and QA Auditors on aspects of INRHODES that are related to their job functions.

The Contractor's SDU Data Entry Supervisor shall provide INRHODES training for those operators who handle unidentified payments.

The Contractor shall:

- 1. Develop and implement a comprehensive INRHODES training program to be provided to SDU employees regularly throughout the contract period.
- 2. The training program shall include, but not be limited to:

- a. Customer service skills
- b. Security and confidentiality
- c. Caller identification
- d. INRHODES functionality
- e. DSS policies

3. Provide a training database that enables hands on payment processing training
4. Provide mandatory annual training for all staff regarding safeguarding of FTI
5. Maintain all materials for all contractor-based training
6. Provide copies of all training materials to the Department for review and approval
7. Update training materials as business processes are developed or refined.

f Regular Meetings: The Contractor shall hold regular meetings with the Child Support staff to discuss SDU issues and procedures.

g. Rhode Island Responsibilities. The Department shall:

1. Provide input to Connecticut on the Contractor's performance.
2. Respond to written request for policy interpretations
3. Provide technical assistance to the Contractor as necessary to accomplish the requirements of this contract
4. Allow access to automated databases as available and permitted
5. Allow access to management and system-generated reports and case files as appropriate
6. Provide a project leader to act as the liaison to Connecticut
7. Provide a process and facilitate open discussion with Connecticut and SDU staff for project improvement
8. Allow Contractor to send electronic payments to INRHODES on a separate file from paper checks
9. Manage misapplied funds recovery after a period of 30 days from the date reported to the Contractor for reimbursement to the Department.
10. Provide access to the maintenance of INRHODES
11. Review all notices designed by the Contractor and approve as appropriate

B. Payment Processing:

1. Incoming Paper Payments

The Contractor shall provide fully automated payment processing including verification that each payment includes the noncustodial parent's name, Social Security Number, case id number or InRhodes Internal key number, amount, and the date of withholding for employer payments which shall be the date of receipt by the Contractor at the SDU. The Contractor shall perform this service in accordance with the approved processes and procedures as set forth in the

SDU Procedures Guide.

The Contractor shall:

- a. Process incoming paper payments based on two categories that include Immediately Processible Payments and Special handling Payments.
 1. Immediately processible payments include, but are not limited to:
 - i. Payments from noncustodial parents with a case id or docket number
 - ii. Payments with court transmittal
 - iii. Income withholding transmittal and payment totaling amount due
 - iv. Payments from employer for single payer with Social Security Number or docket number
 - v. Payments from employer for multiple payers with Social Security Number, case id or docket number
 - vi. Electronic payments from employer with social security number, or docket number
 - vii. Electronic Payments from out-of-state agency, paper or electronic, with case id or docket number, and payment type.
 2. Special handling payments include, but are not limited to:
 - i. Payments from noncustodial parent or out-of-state agency without case-id or docket number, but with any of the following identifiers: custodial parent name, noncustodial parent name, noncustodial parent Social Security Number, CSE ID internal key number, or custodial parent's Social Security Number.
 - ii. Payments from employers without Social Security Number, case-id or docket number, but with any of the following identifiers: custodial party name, noncustodial parent name, CSE ID internal key number, or custodial party's Social Security Number.
 - iii. Payments from out-of-state agency without payment type.
 - iv. Foreign currency.
 - v. Payments that are not legible or contain no identifying information.
 - vi. Special court payments received at OCSS.
 - vii. Payments received from OCSS identified as special handling.
 - viii. Cash.
 - ix. Checks received from employers as income withholding where the amount of the check is not equal to the amount of the transmittal, the check is received without a transmittal, or a transmittal is received without a check.
 - x. Payment from employer or court without identifying information.
 - xi. Payments received where the written and numeric amounts do not agree.
 - xii. Post-dated payments.
 - xiii. Checks that do not meet the minimum Department requirements of a valid payment instrument, e.g., legal line missing or no name and address on check.
 - xiv. Payments written to the incorrect payee.
 - xv. Stale-dated checks.
 - xvi. Payments identified as fees.
- b. Comply with 42 U.S. Code 657 which requires prompt payment processing. This includes the prompt collection and processing of payments by the Contractor in order to allow the Department the ability to comply with 42 U.S. Code 657 which requires the Department to disburse all child support payments within two business days after receipt of the payment (Immediately Processible Payments).
- c. Research and resolve payment problems (Special Handling Payments) prior to entry into INRHODES.

2. Incoming Electronic Payments

The Contractor shall process all incoming ACH/EFT payments based on Rhode Island ACH/EFT protocols and in accordance with the processes and procedures developed and approved by the Department during the development phase.

The Contractor shall:

- a. Process ACH/EFT collections within the framework of the SDU.
- b. Maintain state ACH/EFT collection and receipt file process protocols to support all functions necessary to process ACH debit payments; and ACH credit payments.
- c. Promote and implement ACH/EFT protocols with employers, out-of-state child support agencies, and individual child support payers to proactively implement means of paying child support via secure electronic and Internet media.

3. Online Scheduled Bank Account Payments

The Contractor shall implement and/or maintain and actively promote an Online Schedule Bank Account, ACH Debit for Direct Payers and employers, to enhance, expedite and simplify the collection of child support for direct payers and employers in the State. The Contractor shall perform this service in accordance with the approved processes and procedures set forth in the SDU procedures guide.

The Contractor shall:

- a. Protect the Department's interests against fraud and/or any kind of bad debt.
- b. Provide non-custodial parents and employers Child Support Website support and instruction on how to register for an account and establish a payment schedule
- c. Provide information and Child Support Website tutorials to non-custodial parents and employers to familiarize them with the registration and scheduling process prior to registering online.
- d. Provide employers with access to relevant income withholding information via the Child Support Website. The website also provides the employer with access to Employer Remittance Form, Employer Handbook, and EFT/ EDI information.
- e. Provide the employer the option to speak with the SDU staff member. The Contractor's staff members shall work with employers to ensure that questions regarding withholding procedures and submission of child support payments are thoroughly addressed.

4. Foreign Currency Processing

The Contractor shall process all foreign currency payments using appropriate currency exchange rates and procedures as established by the depository bank to protect the State's interest. The approved processes and procedures shall be set forth in the SDU Procedures Guide.

C Payment Processing Problem Resolution:

1. Misapplied Payments

For purposes of this section, a misapplied payment is a payment that is applied to an incorrect child support account. The Contractor shall resolve misapplied payments in accordance with the approved processes and procedures set forth in the SDU Procedures Guide.

The Contractor shall:

- a. Ensure that a misapplied child support payment is issued to the correct custodial party by initiating referrals to the Department when a payment has been misapplied to a nonpublic assistance account.
- b. Initiate referrals to the Department when a payment has been misapplied to a foster care (IV-E/non-IV-E) account.
- c. Perform the appropriate void and reissue functions on InRhodes when a payment has been misapplied to a public assistance account.
- d. Accept responsibility for all research and recovery of misapplied payments in the case of misapplied payments resulting from the Contractor's error.
- e. Reimburse the Department for any erroneous disbursement resulting from the Contractor's error no later than one month from the date that the erroneous disbursement is identified.

2. Insufficient Funds

For purposes of this section an "insufficient funds payment" is a payment instrument issued from the payer's bank account where the funds equal to that payment are not available due to lack of funds or placement of a stop payment without prior notification. The Contractor shall recover and ensure the restitution of insufficient funds from noncustodial parents, employers, and out-of-state agencies in accordance with the approved processes and procedures set forth in the SDU Procedures Guide.

The Contractor shall:

- a. Provide written notification to payers immediately following verification of insufficient funds.
- b. Track all information related to insufficient funds payments.
- c. Require payers to submit guaranteed payment instruments such as a money order, cashier's check, or certified check for all subsequent payments until such time as the Department authorizes return to standard payment method.
- d. Require employers and out-of-state agencies to provide payers the opportunity to make standard payments before the guaranteed instrument provision is instituted if the placement of the stop payment order that resulted in the insufficient funds condition was unintentionally or erroneously placed.
- e. Prior to posting, ensure with the issuing bank that there are funds available to support large payments which exceed a threshold determined by the Department

D. Account Reconciliation and Audit:

1. Account Reconciliation

The Contractor shall perform the following account reconciliation and Audit procedures consistent with the Generally Accepted Accounting Principles (GAAP) Federal Guidelines and in compliance with the State of Rhode Island General Laws accounting requirements and OCSS accounting protocols.

The Contractor shall:

- a. Balance all receipts and deposits to InRhodes daily (the plan should include the development of validation logic to serve as an audit trail for payments).
- b. Maintain monthly full account reconciliation services for depository accounts including, but not limited to, accounting for each day's work, system transactions and totals, deposits, and adjustments.
- c. Perform quality checks on all output as work is performed and as items are delivered and necessary backend controls, such as monthly account reconciliation and separate sampling performed by the Contractor's Quality Control Analyst.

2. Management Reports

The Contractor shall supply daily reports to the Department including, but not limited to, the following:

- a. The dollar amount deposited;
- b. The number of items deposited;
- c. The bank account number to which credit was applied; and
- d. All additional management information, as defined by the Department and the Contractor and contained in a Performance Tracking Report.

3. Audits and Inspections

The Department of Human Services-Office of Child Support Services may periodically and unannounced, audit the SDU. These unannounced audits will be in addition to any audit conducted by the State Auditors of Public Accounts and audits from the Federal Office of Child Support Enforcement. The Department reserves the right to determine the auditing periods for which the data will be made available, the timing of the requests for the data, and if the data presented is sufficient to meet the intent of the auditing provisions of this section.

The Contractor shall:

- a. Expand the scope of the annual SDU audit required through its contract with the State of Connecticut to include the systems and controls relative to the Contractor's processing of all of the OCSS child support billings, receipts, and its service billing system to the Department in accordance with the terms and conditions of this contract.
- b. Maintain and store all SDU payment records until audited or for a period of seven years from the date of transaction, whichever comes first.
- c. Provide document shredding to be conducted onsite (destruction of records shall not commence until the Department has received the Contractor's written request and has responded favorably to such request)

The State of Connecticut shall provide the State of Rhode Island with a written copy of the audits.

4. Contractor Internal Controls

The Contractor shall maintain methods of administration designed to ensure that staff responsible for handling cash receipts of support payments do not participate in accounting or operating functions that would permit them to conceal in the accounting records the misuse of support receipts.

The Contractor shall:

- a. Integrate corporate fiscal procedures and accounting controls that adhere to Generally Accepted Accounting Principles (GAAP).
- b. Implement internal controls to ensure separation of duties
- c. Provide a complete audit trail for all receipts and documents received at the SDU.

E. Performance Sanctions:

1. The Department of Social Services shall, at the direction of OCSS, impose sanctions on the Contractor if, throughout the term of this Contract, the OCSS determines that the Contractor has failed to perform or provide the service which it has agreed to perform and provide in accordance with the contract, as amended. The Contractor shall have the right to oppose any sanction seeking specific performance and/or injunctive relief on the basis that the failure to perform arises out of causes beyond the control of the Contractor and for causes which the Contractor is not at fault for producing either intentionally or unintentionally.
 - a. Failure to comply with the requirement that at least 95% of payments received each month with sufficient information for the Contractor to process immediately are promptly collected and processed so that the Department may disburse all child support payments within two business days after receipt of payments shall result in the imposition of a performance sanction of \$50,000 for the first month and \$10,000 for any subsequent month.
 - i. The OCSS shall monitor the Contractor's performance monthly.
 - ii. In the event that the OCSS determines that the Contractor has failed to meet with the performance standard stated in 5a above for a given month, the OCSS shall notify the Department of Social Services and the Department of Social Services shall formally notify the Contractor within thirty (30) days of the close of that month that:
 - (1) OCSS has determined that the Contractor failed to meet the performance standard for the month in question,
 - (2) Failure to meet the performance standard in any month following the notice shall result in a performance sanction of \$50,000 for the first month and \$10,000 for any additional month that the standard is not met,
 - (3) The Department of Social Services shall notify the Contractor of any additional month where OCSS has notified the Department of Social Services that OCSS has determined that the Contractor has not met the 95% performance standard, and

(4) Notwithstanding anything to the contrary in the preceding, the Contractor shall have thirty (30) days from the receipt of any notice of performance sanction to refute the determination of non-compliance with the 95% performance sanction. In the event the OCSS and the Department of Social Services is satisfied with the Contractor's refutation, the notice of performance sanction shall be nullified.

- b. The Department of Social Services shall recover any performance sanction monetary amount by withholding the amount of the performance sanction from the Contractor's next month's invoice.
- c. The performance sanctions provided for above shall not in any way be construed as an adequate remedy for the Contractor's failure to perform and the implementation of this performance sanction provision or the failure to implement it, shall not be construed as anything other than as a means of further encouraging the Contractor to perform. It is not to be construed as the Department of Social Service's sole remedy nor as an alternative remedy to the specific performance and injunctive relief provisions set forth above.

F. Charges and Billing:

1. **Implementation.** Implementation of the project shall begin upon the Department's issuance of a Purchase Order to the State of Connecticut on or about April 1, 2010 and shall be completed on or about August 1, 2010. The State of Rhode Island shall pay to Connecticut, on or about August 25, 2010, the sum of \$655,715.00 in full satisfaction of the implementation costs. Implementation costs include, but are not limited to, the costs to develop, implement, and maintain the Rhode Island 'SMART' solution for payment processing and customer service including all personnel, software, and equipment costs. This payment also includes any cost associated with the notification of redirection of payments to the PO Box in Connecticut. It is anticipated that implementation shall be complete on or about August 1, 2010. Said payment for implementation shall be made to Connecticut, upon presentation by Connecticut to RI, of an invoice for actual implementation costs which shall not exceed \$655,715.00. Connecticut is responsible for payments to SMI. SMI will be responsible to pay any other vendor it has contracted with to perform the SDU responsibilities outlined herein.
2. **Monthly Payments for Operations.** The parties further agree that monthly payments for the Contractor's performance of the tasks herein shall, for the first year of operation, total \$580,473.67 and shall be paid by the Department to the State of Connecticut in twelve (12) equal installments of \$48,372.81 per month. Monthly payments shall be due and payable to the State of Connecticut on the 25th of each month. The first payment for operations shall be due to the State of Connecticut on August 25th 2010 and the last payment for operations shall be due to the State of Connecticut on July 25th, 2011. In the event, the state chooses to exercise the option to renew for the second and/or third year of operations, and notifies the State of Connecticut thirty (30) days prior thereto, Rhode Island shall continue to pay to the State of Connecticut the annual sum of \$580,473.67 in twelve equal installments of \$48,372.81 by the 25th day of each month. The parties agree that if the annual amount is reduced, in accordance with the provisions of the Agreement, monthly installment payments shall be mutually determined and adjusted accordingly. The State of Connecticut shall submit to the Department a monthly invoice for each month's installment payment prior to the month that the payment is due. This sum represents Rhode Island's prorata share, along with Connecticut, for Connecticut's Child Support Processing Center, for such expenses as office rent, management staff, equipment, maintenance and other expenses that will be shared between the two states. Connecticut shall remain responsible for the maintenance and provision of such resources.
 - A. In the event that during the time of this contract Connecticut contracts with any other jurisdiction for similar type purposes associated with the operations of its SDU, Rhode Island's prorata cost for the items referenced in Paragraph 2 of this Section shall be accordingly and equally adjusted so as to reflect the savings from any such economy of scales. Connecticut shall refund, or otherwise credit any such savings within thirty-days of payment from any new jurisdiction.

G. Length of Agreement:

This Agreement is between the State of Rhode Island OCSS and the State of Connecticut BCSE for services relating to Rhode Island's SDU child support responsibilities for three (3) years, five months, beginning the 1st day of April, 2010, through the 31st day of August 2013 with two one-year options to renew. The period from April through August 2010 is the period anticipated for implementation per the above "Charges and Billing" section. The length of the agreement is conditioned upon the exercise of the option in years two (2) and three (3) upon mutual agreement of the parties.

H. Termination:

1. If for any reason either party to this Agreement intends to terminate this Agreement, it shall first provide advance written notice by certified mail, return receipt requested to the other party ninety- (90) days prior to the actual termination of the Agreement. Rhode Island shall receive any such notice directed to the Associate Director, at 77 Dorrance St., Providence, R.I. 02903. Connecticut shall receive any such notice directed to State of Connecticut, Department of Social Services, 25 Sigourney Street, Hartford, CT 06106 Attention: Manager, Bureau of Child Support Enforcement.
2. Rhode Island may terminate the contract in whole or in part if it determines that the termination is in the best interest of its child support program, or otherwise, in the best interest of the State of Rhode Island.
3. Any Termination Notice shall specify the nature of the termination and the date upon which such termination shall become effective. The responsibilities provided herein shall cease on the specified date, provided it is in accord with the ninety-day notice provided in subsection 1. To the extent that any responsibility of the parties is not terminated, the parties will be expected to continue the performance of such part of the work as shall not have been terminated by the Notice of Termination.
4. The State of Connecticut shall be entitled to be paid, in accordance with this Agreement, for services rendered until the date of termination.
5. If for any reason this Agreement is terminated by the State of Connecticut, it shall be responsible to assist Rhode Island in the orderly transfer of its SDU responsibilities as described herein. If for any reason the State of Connecticut is to negotiate an agreement with its private vendor(s) in order for the latter to assist in the costs necessary for a transition of services after termination, it shall also be responsible to seek the same assistance on behalf of the State of Rhode Island.
6. The cancellation or termination of any individual facet or responsibility under this contract will not, in and of itself, automatically affect the status of any other program, service, or responsibility as provided under this Agreement.
7. This Agreement shall not be transferable or assignable in whole or in part, without the written Agreement of the other party.

I. Miscellaneous:

1. If at any time any provision of this Agreement is deemed to be in violation of State or Federal law, the provision may be deemed stricken from the agreement without it necessarily affecting or negating the validity of the remaining provisions of this Agreement.
2. This Agreement may be amended or otherwise modified during its existence by mutual written assent of the parties.

3. Rhode Island shall have the right to publish, duplicate, use and disclose all data pertaining to the Contractor's performance of services for the OCSS in any manner, and may authorize others to do so. Connecticut does not assume any responsibility for the use, publication or disclosure solely by Rhode Island of any such data.

4. Confidentiality:

- a. Both parties agree that they shall comply with all laws relating to confidentiality, including, but not limited to, R.I. Gen. Laws §§ 15-22-4; 15-22-5, 42 U.S.C. § 651; 42 U.S.C. § 653 et. seq; and 42 U.S.C. 654 et. seq.; and 26 U.S.C. § 6103 and any and all provisions of the Health Insurance Portability and Accountability Act of 1996 (as amended).
- b. All provisions relating to confidentiality and safe keeping of data and information as outlined in Section A (4) (e) of the Agreement between Connecticut and SMI is included in this Agreement by reference thereto.
- c. Any liability arising from the State of Connecticut or Contractor's unauthorized release of data or information related to the OCSS or the Contractor's performance of services described herein that is in violation of any state or federal law shall be the sole responsibility of the Contractor and/or State of Connecticut.

Execution of Agreement

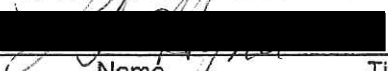
The parties, by signing this Agreement below, hereby declare that they fully understand and accept the responsibilities, conditions, and benefits provided herein, and by affixing their respective signatures hereby certify that they are authorized to enter into and bind their respective party to the terms of this Agreement.

FOR: State of Rhode Island
Department of Human Services-Office of Child Support Services
77 Dorrance street
Providence, Rhode Island 02906



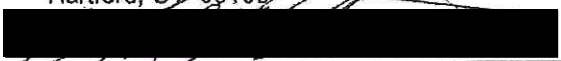
By: _____ Name _____ Title _____ Date _____

FOR: State of Rhode Island
Department of Administration
1 Capitol Hill
Providence, Rhode Island 02904



By: _____ Name Lorraine A. Hynes Title Asst. Director Date 3/26/10

FOR: State of Connecticut
Department of Social Services
25 Sigourney Street
Hartford, CT 06106



3/18/10

By: _____ Name Michael P. Starkowski, Commissioner Title _____ Date _____

AMENDMENT NUMBER ONE

To

Partnership Agreement

Between

The State of Rhode Island

(Acting By and Through the Executive Office of Health and Human Services –
Office of Child Support Services)

And:

The State of Connecticut (Acting By and Through the Department of Social Services –
Bureau of Child Support Enforcement)

Originally executed by both parties on 3/26/2010

WHEREAS, Section G of the original Partnership Agreement between the State of Rhode Island and the State of Connecticut, dated March 26, 2010 (the "Agreement") contains the option for the parties to renew the Agreement for two, one-year periods; and

WHEREAS, the parties to the Agreement wish to exercise the first of the two above-described options to renew the Agreement;

NOW, THEREFORE, the parties agree to amend the Agreement as follows:

1. The Agreement shall be extended for one year, amending the end date of the Agreement from August 31, 2013 to August 31, 2014.
2. All other provisions of the Agreement, except for the end date, shall remain in full force and effect.

The parties, by signing below, hereby declare that they fully understand and accept the responsibilities, conditions, and benefits provided in the Agreement, as amended herein, and by affixing their respective signatures hereby certify that they are authorized to enter into and bind their respective state agencies to the terms of this amendment to the Agreement.



Sandra M. Powell, DHS Director

For: State of Rhode Island
Department of Human Services
Office of Child Support Services
77 Dorrance Street
Providence, RI 02906



Roderick L. Bremby, Commissioner

For: State of Connecticut
Department of Social Services
25 Sigourney Street
Hartford, CT 06106

**PERSONAL SERVICE AGREEMENT
STATE OF CONNECTICUT**

CO-802A REV. 3/98 (Stock No. 6938-170-01)

Print or Type

**OFFICE OF THE STATE COMPTROLLER
CENTRAL ACCOUNTS PAYABLE DIVISION**

1. THE STATE AGENCY AND THE CONTRACTOR, AS LISTED BELOW HEREBY ENTER INTO AN AGREEMENT SUBJECT TO THE TERMS AND CONDITIONS STATED HEREIN AND/OR ATTACHED HERETO SUBJECT TO THE PROVISIONS OF SECTION 4-98 OF THE C.G.S., AS APPLICABLE.

(1) ORIGINAL <input type="checkbox"/> AMENDMENT <input checked="" type="checkbox"/> 1	(2) IDENTIFICATION NO. 999SMI-CSS-01/08DSS1701ZA
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CONTRACTOR	(3) CONTRACTOR NAME SYSTEMS AND METHODS, INC.	(4) ARE YOU PRESENTLY A STATE EMPLOYEE? YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>
	CONTRACTOR ADDRESS 106 Wedgewood Square, Carrollton, GA 30117	CONTRACTOR FEIN/SSN 581115569

STATE AGENCY	(5) AGENCY NAME AND ADDRESS Department of Social Services, 25 Sigourney Street, Hartford, CT 06106	(6) AGENCY NO. DSS6000
---------------------	---	---------------------------

CONTRACT PERIOD	(7) DATE (FROM) 11/1/2008	THROUGH (TO) 10/31/2013	(8) INDICATE MASTER AGREEMENT <input type="checkbox"/> CONTRACT AWARD <input type="checkbox"/> NO <input type="checkbox"/> NEITHER <input checked="" type="checkbox"/>
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CANCELLATION CLAUSE	THIS AGREEMENT SHALL REMAIN IN FULL FORCE AND EFFECT FOR THE ENTIRE TERM OF THE CONTRACT PERIOD STATED ABOVE UNLESS CANCELLED BY THE STATE AGENCY, BY GIVING THE CONTRACTOR WRITTEN NOTICE OF SUCH INTENTION (REQUIRED DAYS NOTICE SPECIFIED AT RIGHT).	(9) REQUIRED NO. OF DAYS WRITTEN NOTICE. 30 days
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COMPLETE DESCRIPTION OF SERVICE	(10) CONTRACTOR AGREES TO: (Include special provisions - Attach additional blank sheets if necessary.) Contract number 999SMI-CSS-01 / 08DSS1701ZA is hereby amended to include provisions regarding the Contractor's submission of a Letter of Credit. The Contractor shall continue to provide services in accordance with the terms of the original contract and the provisions of this amendment as set forth on page 2 herein. All terms and conditions of the original contract not specifically amended herein shall remain in full force and effect.
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COST AND SCHEDULE OF PAYMENT	(11) PAYMENT TO BE MADE UNDER THE FOLLOWING SCHEDULE UPON RECEIPT OF PROPERLY EXECUTED AND APPROVED INVOICES. The maximum amount of this contract shall remain at \$17,797,005.00.
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(12) ACT CD	(13) DOC TYP	(14) COM TY P	(15) LSE. TYP.	(16) ORIG. AGCY	(17) DOCUMENT NO.	(18) COMMIT AGCY DSS6000	(19) COMMIT. NO.	(20) VENDOR FEIN/SSN - SUFFIX 581115569
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(21) COMMITTED AMOUNT	(22) OBLIGATED AMOUNT	(23) CONTRACT PERIOD (FROM/TO) 11/01/08 - 10/31/13
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(24) Line No.	(25) Budget Reference	(26) Fund	(27) Department	(28)		(29) Account	(30) Project/Grant	(31) Chart 1	(32) Chart 2	(33) Amount
				Program	SID					
										\$17,797,005.00

An individual entering into a Personal Service Agreement with the State of Connecticut is contracting under a "work-for-hire" arrangement. As such, the individual is an independent contractor, and does not satisfy the characteristics of an employee under the common law rules for determining the employer/employee relationship of Internal Revenue Code section 3121(d). Individuals performing services as independent contractors are not employees of the State of Connecticut and are responsible themselves for payment of all State and local income taxes, federal income taxes and Federal Insurance Contribution Act (FICA) taxes.

ACCEPTANCE AND APPROVALS		STATUTORY AUTHORITY §§ 4-8, 17b-3	
(35) CONTRACTOR (OWNER OR AUTHORIZED SIGNATURE) 	TITLE Joe Stone, CEO	DATE 5-1-09	
(36) AGENCY AUTHORIZED OFFICIAL 	TITLE Deputy Commissioner	DATE 5/11/09	
(37) OFFICE OF POLICY & MGMT./DEPT. OF ADMIN. SERV. 	TITLE ASSOC. STATE COMPTROLLER	DATE 5/20/09	
(38) ATTORNEY GENERAL (APPROVED AS TO FORM) 			

DISTRIBUTION: PART 1 - CONTRACTOR PART 2 - COMPTROLLER PART 3 - OPMDAS PART 4 - ATTORNEY GENERAL - PART 5 - AGENCY

Part One: Overview, Scope of Services, Payment Provisions on pages 4 through 43 of the original contract is amended as follows:

1. Section II, subsection E. 6. Payment and Performance Bond is deleted in its entirety and replaced with the following:

Letter of Credit / Payment and Performance Bond

Letter of Credit

The Contractor shall, bearing all costs and expenses, obtain and maintain in full force and effect through October 31, 2009, an irrevocable stand-by letter of credit with a sound, reputable and FDIC-insured financial institution to ensure the Contractor's full and faithful performance of the contract.

The letter of credit shall be in an amount of 10% of the total contract value; it shall name as beneficiary the State of Connecticut Department of Social Services, to be invoked for the benefit of the State of Connecticut Department of Social Services, upon delivery of a sworn statement by the Department of Social Services to the issuing financial institution that the Contractor has failed to satisfactorily perform in accordance with the terms and conditions of this contract with the State of Connecticut Department of Social Services; and,

The letter of credit shall state that in the event the Department of Social Services issues a notice of the Contractor's failure to perform under the terms of this contract for the performance of services, the Contractor shall forfeit 3% of the total amount of the letter of credit for each day it fails to perform until 15 working days have lapsed, at which time the total amount of the letter of credit shall be forfeited.

Payment and Performance Bond

The Contractor shall, by November 1, 2009, submit to the Department a Payment and Performance Bond. The Bond shall be in the amount of **\$1,000,000**. and be provided by an insurer, which has been previously approved by the Department. The Bond shall include a "Dual Obligee Rider" approved by the Department as to form and substance naming the State of Connecticut as Dual Obligee along with the Contractor. The bond shall remain in effect for one year through October 31, 2010. Renewal of the performance bond during the remaining term of the Contract may be required by the Department at the Contractor's expense.

If, throughout the term of this contract, the Contractor fails to complete all of the SDU requirements as set forth in Part 1 of this Contract, then the Department may invoke sanctions on the Contractor which may result in the Department's calling for the execution of the Payment and Performance Bond.

ATLANTIC CAPITAL BANK

Date: August 31, 2009

BENEFICIARY:

State of Connecticut
Department of Social Services
25 Sigourney Street
Hartford, Connecticut 06106-5033

APPLICANT:

Systems & Methods, Inc.
106 Wedgewood Drive
Carrollton, Georgia 30117

RE: Irrevocable Standby Letter of Credit Number 011-08-2009

We hereby establish this Irrevocable Standby Letter of Credit in favor of the aforesaid addressee ("Beneficiary") for drawings up to United States \$1,779,701.00 effective immediately and expiring at our office at 3280 Peachtree Road NE 16th Floor, Ste. 1600 Atlanta, GA 30305 with our close of business on 31st of August, 2010.

The term "Beneficiary" shall include any successor by operation of law of the name Beneficiary, including, without limitation, any receiver, rehabilitator, conservator or liquidator of such Beneficiary.

We hereby undertake to promptly honor your sight draft(s) drawn on us indicating our Credit Number 011-08-2009, for all or any part of this Credit if presented at our office at 3280 Peachtree Road NE 16th Floor, Ste. 1600 Atlanta, GA 30305 on or before the expiry date or any automatically extended expiry date.

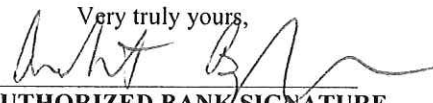
Except as expressly stated herein, this undertaking is not subject to any condition or qualification. The obligation of Atlantic Capital Bank under this Letter of Credit shall be the individual obligation of the Atlantic Capital Bank in no way contingent upon reimbursement with respect thereto.

It is a condition of this Letter of Credit that it shall be deemed automatically extended without amendment for periods of one year from the expiry date hereof, or any future expiry date, unless 60 days prior to expiration we shall notify you by registered mail that we elect not to consider this Letter of Credit renewed for any such additional period.

Should you have occasion to communicate with us regarding this Credit, kindly direct your communication to the attention of our Letter of Credit Department, making specific reference to our Letter of Credit No. 011-08-2009.

In the event that the Department of Social Services issues a notice that Systems & Methods, Inc. has failed to perform under the terms of the contract for the performance of services, Systems & Methods, Inc. shall forfeit 3% of the total amount of the letter of credit for each day it fails to perform until 15 working days have lapsed, at which time the total amount of the letter of credit shall be forfeited.

This Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits, International Chamber of Commerce Publication No. 600, and any subsequent revisions thereof approved by congress of the International Chamber of Commerce and adhered to by us. If this Credit expires during an interruption of business as described in Article 36 of said Publication 600, the Bank hereby specifically agrees to effect payment if this credit is drawn against within thirty (30) days after resumption of our business.

Very truly yours,
By: 
AUTHORIZED BANK SIGNATURE
Robert Bugbee, SVP

RESOLUTION

I, Lititia Stone of **Systems and Methods, Inc.**, a Connecticut corporation (the "Contractor"), do hereby certify that the following is a true and correct copy of a resolution duly adopted at a meeting of the SMI Board of Directors of the Contractor duly held and convened on *October 20, 2003*, at which meeting a duly constituted quorum of the *Board of Directors* was present and acting throughout and that such resolution has not been modified, rescinded, or revoked, and is at present in full force and effect:

RESOLVED that the CEO, **Joe Stone**, is empowered to enter into and amend contractual instruments in the name and on behalf of this Contractor with the Department of Social Services of the State of Connecticut for a Child Support Services program, and to affix the corporate seal.

RESOLVED that **Systems and Methods, Inc.** hereby adopts as its policy to support the nondiscrimination agreements and warranties required under Connecticut General Statutes § 4a-60(a)(1) and § 4a-60a(a)(1), as amended in State of Connecticut Public Act 07-245 and sections 9(a)(1) and 10(a)(1) of Public Act 07-142.

IN WITNESS WHEREOF, the undersigned has affixed his/her signature and the corporate seal of the Contractor this 4th day of May, 2009.


Lititia Stone

L. S.

**PERSONAL SERVICE AGREEMENT
STATE OF CONNECTICUT**

CO-802A REV. 3/98 (Stock No. 6938-170-01)

Print or Type

**OFFICE OF THE STATE COMPTROLLER
CENTRAL ACCOUNTS PAYABLE DIVISION**

Copy

1. THE STATE AGENCY AND THE CONTRACTOR, AS LISTED BELOW HEREBY ENTER INTO AN AGREEMENT SUBJECT TO THE TERMS AND CONDITIONS STATED HEREIN AND/OR ATTACHED HERETO SUBJECT TO THE PROVISIONS OF SECTION 4-98 OF THE C.G.S., AS APPLICABLE.

		(1) ORIGINAL <input checked="" type="checkbox"/> AMENDMENT <input type="checkbox"/>		(2) IDENTIFICATION NO. 999SMI-CSS-01/08DSS1701ZA	
CONTRACTOR	(3) CONTRACTOR NAME SYSTEMS AND METHODS, INC.			(4) ARE YOU PRESENTLY A STATE EMPLOYEE? YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>	
	CONTRACTOR ADDRESS 106 Wedgewood Square, Carrollton, GA 30117			CONTRACTOR FEIN/SSN 581115569	
STATE AGENCY	(5) AGENCY NAME AND ADDRESS Department of Social Services, 25 Sigourney Street, Hartford, CT 06106				(6) AGENCY NO. DSS6000
CONTRACT PERIOD	(7) DATE (FROM)	(8) THROUGH (TO)	(9) INDICATE		
	11/1/2008	10/31/2013	MASTER AGREEMENT <input type="checkbox"/> CONTRACT AWARD <input checked="" type="checkbox"/> NO <input type="checkbox"/> NEITHER <input checked="" type="checkbox"/>		
CANCELLATION CLAUSE	(10) CONTRACTOR AGREES TO: (Include special provisions -- Attach additional blank sheets if necessary.)				(11) REQUIRED NO. OF DAYS WRITTEN NOTICE.
	THIS AGREEMENT SHALL REMAIN IN FULL FORCE AND EFFECT FOR THE ENTIRE TERM OF THE CONTRACT PERIOD STATED ABOVE UNLESS CANCELLED BY THE STATE AGENCY, BY GIVING THE CONTRACTOR WRITTEN NOTICE OF SUCH INTENTION (REQUIRED DAYS NOTICE SPECIFIED AT RIGHT).				30 days

COMPLETE DESCRIPTION OF SERVICE

Systems & Methods, Inc (hereinafter Contractor) shall operate a State Disbursement Unit (SDU) responsible for providing the Department of Social Services (hereinafter the Department) with collection, payment processing, and disbursement of child support payments including depository-banking services. The Contractor shall provide such services as specified herein and in accordance with the terms of this contact as it continues on pages 2 through 68.

COST AND SCHEDULE OF PAYMENT

(11) PAYMENT TO BE MADE UNDER THE FOLLOWING SCHEDULE UPON RECEIPT OF PROPERLY EXECUTED AND APPROVED INVOICES.
The maximum amount of this contract shall not exceed \$17,797,005.00. Upon execution of this contract by the Commissioner of the Department and approval of the same by the Office of the Attorney General, and upon the Department's receipt and approval of an invoice(s) for services rendered, the Department shall make payments as set forth on page 41 of this contract.

(12) ACT CD	(13) DOC TYP	(14) COM TY P	(15) LSE. TYP.	(16) ORIG. AGENCY	(17) DOCUMENT NO.	(18) COMMIT AGENCY	(19) COMMIT. NO.	(20) VENDOR FEIN/SSN - SUFFIX		
						DSS6000		581115569		
(21) COMMITTED AMOUNT			(22) OBLIGATED AMOUNT			(23) CONTRACT PERIOD (FROM/TO)				
						11/01/08 - 10/31/13				
(24) Line No.	(25) Budget Reference	(26) Fund	(27) Department	(28) Program	(28) SID	(29) Account	(30) Project/Grant	(31) Chart 1	(32) Chart 2	(33) Amount
										\$17,797,005.00

An individual entering into a Personal Service Agreement with the State of Connecticut is contracting under a "work-for-hire" arrangement. As such, the individual is an independent contractor, and does not satisfy the characteristics of an employee under the common law rules for determining the employer/employee relationship of Internal Revenue Code section 3121(d). Individuals performing services as independent contractors are not employees of the State of Connecticut and are responsible themselves for payment of all State and local income taxes, federal income taxes and Federal Insurance Contribution Act (FICA) taxes.

ACCEPTANCE AND APPROVALS		(34) STATUTORY AUTHORITY §§ 4-8, 17b-3	
(35) CONTRACTOR (OWNER OR AUTHORIZED SIGNATURE)	TITLE	DATE	
	Joe Stone, CEO	10-30-08	
(36) AGENCY (AUTHORIZED OFFICIAL)	TITLE	DATE	
	Michael P. Starkowski, Commissioner	10/31/07	
(37) OFFICE OF POLICY & MGMT./DEPT. OF ADMIN. SERV.	TITLE	DATE	
(38) ATTORNEY GENERAL (APPROVED AS TO FORM)	ASSOC. ATTY. GENERAL	DATE	
		11/10/08	

DISTRIBUTION: PART 1 - CONTRACTOR PART 2 - COMPTROLLER PART 3 - OP/MIDAS PART 4 - ATTORNEY GENERAL PART 5 - AGENCY

Acronyms, Abbreviations, and Definitions

The following definitions apply to this Contract:

1. Acceptable payees - Appropriate and most commonly used payees received on incoming payments
2. Automated Clearing House (ACH) - An electronic network for financial transactions in the U.S. that processes large volumes of both credit and debit transactions that are originated in batches
3. Bureau of Child Support Enforcement (BCSE) - The bureau established within the State of Connecticut Department of Social Services by General Statutes of Connecticut (C.G.S.) §17b-179(j) as the Title IV-D agency for the State of Connecticut
4. Check Clearing for the 21st Century Act (Check 21 Act) - A U.S. Federal law (Public Law 108-100) enacted into law October 28, 2003 by the 108th Congress that allows the recipient of a paper check to create a digital version, thereby eliminating the need for further handling of the physical document
5. Child support - The ongoing obligation for a periodic payment made directly or indirectly by a noncustodial parent to a custodial party, caregiver or guardian, or the government, for the care and support of a child of a relationship or marriage that has been terminated (in family law, child support is often arranged as part of a divorce, marital separation, dissolution, annulment, determination of parentage, or dissolution of a civil union and may supplement alimony [spousal support] arrangements)
6. Child Support Enforcement (CSE) Program - A Federal/state/local partnership to help families by promoting family self-sufficiency and child well-being
7. Connecticut Child Support Enforcement System (CCSES) - The automated system used by the Bureau of Child Support Enforcement (BCSE) and its cooperating agencies to collect and distribute child support and maintain related records (the CCSES User and Operational Manuals are available in the Procurement Reference Library)
8. Custodial party - The recipient of the child support payments
9. Depository bank - A bank or company that holds funds or securities deposited by others and where exchanges of those securities take place

10. Electronic Funds Transfer (EFT) - Computer-based systems used to perform financial transactions electronically
11. Federal Tax information (FTI) - Any taxpayer information received from the Internal Revenue Service that is maintained in the child support record
12. Interactive Voice Response (IVR) Technology - Telephone technology in which someone uses a touch-tone telephone to interact with a database to acquire information from or enter data into the database (information on IVR technology is available in the Procurement Reference Library)
13. Noncustodial parent - The parent who makes the child support payment
14. Obligor - Person who is obligated to pay child support (also referred to as the noncustodial parent)
15. Office of Child Support Enforcement (OCSE) - The Federal office that collaborates with State Child Support Enforcement offices
16. Optical Character Recognition (OCR) - The mechanical or electronic translation of images of handwritten, typewritten, or printed text (usually captured by a scanner) into machine-editable text
17. State Disbursement Unit - The resultant contractor responsible for comprehensive collection, payment processing, and disbursement of child support payments including depository-banking services under C.G.S. §17b-179(j)
18. Temporary Family Assistance (TFA) Program - The temporary family assistance program established under C.G.S. §17b-112
19. Title IV-D - Title IV Part D of the Social Security Act, the Federal authorizing statute for the child support program
20. Title IV-D agency - The state agency designated to be responsible for the administration of the Title IV-D Child Support Enforcement (CSE) Program
21. Title IV-E - A subpart of Title IV of the Federal Social Security Act that provides Federal reimbursement to states for the costs of children placed in foster homes or other types of out-of-home care under a court order or voluntary placement agreement (Title IV-E benefits are an individual entitlement for qualified children who have been removed from their homes)
22. U.S. Code - A compilation and codification of the general and permanent Federal law of the U.S.

Part One: Overview, Scope of Services, Payment Provisions

SECTION 1. OVERVIEW

A. Contract Objectives

The United State Code 42 USC 654 requires the State IV-D agency to establish and operate a State Disbursement Unit for the collection and disbursement of payments under support orders in all IV-D cases and in all non-IV-D cases in which the support order was initially issued in the State on or after January 1, 1994, and in which the income of the non-custodial parent is subject to withholding under Section 466 (a) (8) (B). The Department of Social Services is designated as the State IV-D agency.

Pursuant to the terms of this contract Systems & Methods, Inc. (hereinafter the Contractor) shall establish and operate a State Disbursement Unit (SDU) within a fifteen mile radius of the City of Hartford, and shall be responsible for providing the Department of Social Services (hereinafter the Department) with collection, payment processing, and disbursement of child support payment services including depository-banking services.

B. TERM

The term of this contract shall be from November 1, 2008 through October 31, 2013.

C. Legal Requirement

A federal mandate requires that all states have a centralized collection site to receive, process, and distribute court-ordered child support payments from child support obligors and employers and out-of-state child support agencies acting on behalf of obligors.

1. State Disbursement Unit Authority -
 - a) General Statutes of Connecticut (C.G.S.) - C.G.S. §17b-179(j) authorizes the distribution of collected child support and the operation of an automated centralized collection and disbursement unit.
 - b) United States Code (U.S. Code) - The U.S. Code (42 U.S. Code 654) further requires the State IV-D agency to establish and operate a State Disbursement Unit for the collection and disbursement of payments under support orders in all IV-D cases and in all non-IV-D cases in which the support order was initially issued in the State on or after January 1, 1994 and in which the income of the noncustodial parent is subject to withholding under §466(a)(8)(B).

D. CONTRACT LIAISON:

Both parties agree to have specifically named liaisons at all times. These representatives of the parties will be the first contacts regarding any questions and problems that arise during implementation and operation of this contract.

E. NOTICES

Wherever under this contract one party is required to give notice to the other, such notice shall be deemed given upon delivery, if delivered by hand (in which case assigned receipt will be obtained), or 3 days after posting if sent by registered or certified mail, return receipt requested. Notices shall be addressed as follows:

In case of notice(s) to the Contractor:

Joe Stone
Chief Executive Officer
Systems & Methods, Inc.
106 Wedgewood Drive
Carrollton, Georgia 30117
(770) 834-0831

In case of notice(s) to the Department regarding this contract:

Dorothy DiLernia
Contract Administration Unit
Department of Social Services
25 Sigourney Street
Hartford, CT 06106
(860) 424-5056

In case of notice(s) to the Department regarding the scope of services:

John Dillon
Bureau of Child Support Enforcement
Department of Social Services
25 Sigourney Street
Hartford, CT 06106
(860) 424-5271

Said notices shall become effective on the date of receipt as specified above or the date specified in the notice, whichever comes later. Either party may change its address for notification purposes by mailing a notice stating the change and setting forth the new address, which shall be effective on the tenth day following receipt.

F. SDU Procedures Guide

The SDU Procedures Guide was initially developed and maintained during the Contract previous to this successor contract with the Department.

The Contractor shall maintain the SDU Procedures Guide, approved by the Department, that outlines each of the individual processes and procedures that the Department and the Contractor shall implement and or maintain to operate the SDU. The SDU Procedures Guide shall be maintained throughout the term of this contract and may be revised from time-to-time by the Contractor and / or the Department, however such revisions shall not become effective until approved by the Department.

The Department and the Contractor acknowledge that they must jointly discuss and agree, in writing, upon the specific means by which the Contractor shall satisfy the requirements of Part One of this contract. At a minimum, the written means to accomplish these tasks shall be included in the SDU Procedures Guide. The Contractor shall be permitted to begin work it deems necessary to satisfy the requirements of Part One of this contract prior to reaching final agreement with the Department as to the precise manner in which each requirement of Part One of this contract shall be satisfied; provided, however, the Contractor acknowledges and agrees that the final means by which each requirement shall be satisfied must be approved by the Department.

G. SDU Required Functions

Throughout the term of this contract the Contractor shall operate a SDU for the purpose of performing various child support payment processing and related activities in accordance with approved processes and procedures set forth in the SDU Procedures Guide, including:

1. Collection of child support payments
2. Payment processing
3. Disbursement
4. Disbursement problem resolution
5. Account reconciliation and audit
6. System requirements, data protection, and security
7. Record retention

8. Security and confidentiality
9. Notice production
10. Address change functions
11. Marketing and public relations
12. Customer service
13. Disaster recovery plan (DRP)
14. Training
15. Office Space
16. Regular meetings
17. Research, analysis, and adjustment of income withholding payments

SECTION II. DESCRIPTION OF SERVICES

A. Collection of Child Support Payments:

The Contractor shall receive, sort, image and retain all child support payments received from sources including but not limited to, noncustodial parents, employers, State and Federal agencies, the Department's Bureau of Child Support Enforcement (BCSE) and its cooperative agencies, other states, attorneys, financial institutions, custodial parents, and returned disbursed checks. The Contractor shall perform these services in accordance with the approved processes and procedures set forth in the SDU Procedures guide.

1. Mail Receipt

- a. Perform child support mail receipt activities. The Contractor shall:
 - i. Establish and/or maintain post office boxes with the U.S. Postal Service within a fifteen mile radius of Hartford, CT.
 - ii. Implement and/or maintain processes to routinely pick up and process mail from the post office boxes.
 - iii. Collect all mail beginning no later than 5:30 a.m. Monday through Friday, and Saturday when applicable and mutually agreed to by the Contractor and the Department, and deliver to the SDU no later than 6:00 a.m.
 - iv. Provide an additional mail pick-up at 8:30 a.m. Monday through Friday, and Saturday when applicable and mutually agreed to by the Contractor and the Department.
 - v. Retrieve Special delivery mail, e.g., certified and registered, from the post office during both mail collections.
- b. Conduct mail opening, documenting and scanning procedures to verify the inclusion of a child support payment instrument in the mail received at the post office boxes. The Contractor shall:
 - i. Process all mail the day it is collected.
 - ii. Capture on a daily basis the item count of all mail received by the Contractor on behalf of the Department.
 - iii. Scan and sort all payments, documents and envelopes received.

- iv. Date and Time Stamp all incoming envelopes immediately upon receipt prior to opening
 - v. Date Stamp envelope contents upon opening
- c. Verify the negotiability of each child support payment instrument in accordance with established procedures. A negotiable child support payment instrument is a payment instrument that is made payable to an acceptable payee, and signed. The Contractor shall return all non-negotiable child support payment instruments to the sender with a letter of explanation for the return.

2. Automated Clearing House (ACH) / Electronic Funds Transfer (EFT)

The Contractor shall receive electronic child support payments from sources including, but not limited to, noncustodial parents, employers, State and Federal agencies, BCSE and its cooperating agencies, other states, attorneys, and financial institutions. The Contractor shall perform these services in accordance with the approved processes and procedures set forth in the SDU Procedures guide.

The Contractor shall:

- a. Ensure that the SDU can support all functions necessary to process ACH debit payments and ACH credit payments.
- b. Implement and/or maintain ACH / EFT collection and distribution processes and protocols that support all functions necessary to process ACH debit payments, and ACH credit payments.
- c. Work with employers, out-of-state child support agencies, and individual child support payers to proactively implement means of paying child support via secure electronic and Internet media.
- d. Implement and/or maintain ACH/EFT collection and distribution processes and protocols for employers, out-of-state child support agencies, and individual child support payers that will protect the Department against fraud and / or any kind of bad debt associated with the collection of child support payments.
- e. Market the benefits of using electronic payment services to employers and other states and provide a process to begin remitting payments to the SDU using electronic payment methods. The Contractor's outreach coordinator shall be responsible for actively promoting ACH credit and ACH debit to employers.
- f. Provide employers with a start-up packet to provide the initial information needed by the employer to establish EFT payments. The Contractor shall work directly

with the employer to further clarify the setup and initial testing requirements. The Contractor, through its SDU customer service staff, shall provide additional area of assistance as needed.

- g. Operate a Child Support Payment Resource Center Website (Child Support Website) to support individuals who choose to remit recurring and non-recurring child support payments via ACH debit. The Child Support Website must include specific information pertaining to e-commerce payment services and links to State child support agencies, contact information for the SDU Customer Service staff, downloadable remittance forms and EFT information for employers, and downloadable Direct Deposit forms for custodial parents. The Child Support Website shall also provide responses to FAQs (Frequently Asked Questions) pertaining to ACH debit and an email address for submitting questions to the SDU Customer Service staff. The Child Support Website shall provide online demonstrations for non-custodial parents to assist them with their setup and processing of electronic payments.

3. Deposits to State Accounts

The Contractor shall subcontract with a fiduciary agent Wachovia Bank to provide cash management, depository, disbursement and account reconciliation services. The Contractor shall deposit checks, money orders, cash, ACH, and other payment types into designated state SDU account(s) within twenty-four (24) hours of receipt pursuant to C.G.S. §4-32. The Contractor shall perform these services in accordance with the approved processes and procedures set forth in the SDU Procedures guide.

The Contractor shall:

- a. Comply with all new and existing relevant Federal and State banking laws, rules, and guidelines during the contract period.
- b. Endorse each check/money order and create each business day an Image Cash Letter (IDL) for Check 21 deposit.
- c. Reconcile the total deposit to the SDU on a daily basis to ensure that all items processed are accounted for.
- d. Manage funds, reconcile deposits and accounts in accordance with GAAP (Generally Accepted Accounting Principles) and federal guidelines, as well as in compliance with the State of Connecticut General Statutes §4-32. The Contractor shall modify procedures in the event of new laws, rules, or guidelines, or changes to existing ones.
- e. Identify and clarify all adjustments made to the account each day including at a minimum: Debits to the account, Credits to the account, and Discrepancies in deposits vs. processing.

- f. Use the Contractor's bonded courier to transport deposits to state SDU accounts
- g. Deposit daily receipts to the state SDU collection account. Prior to the occurrence of any deposit, payments shall be reconciled at multiple levels.
- h. Conduct a pre-release reconciliation of all deposits and the receipts file. Once all deposits have been made and the receipts file has been released to the Connecticut Child Support Enforcement System (CCSES), the Contractor shall conduct an audit and reconciliation of deposits, the SDU automated system, and CCSES to ensure that the file was successfully received.
- i. Manage six State bank accounts utilized by the SDU including:

- i. Depository Accounts

Depository accounts shall be established and / or maintained to receive all of the paper and electronic payments made on behalf of a non-custodial parent. The funds shall then be moved to the State Master Operating Account. Depository Accounts include:

- Employer EFT Deposit Account. This account shall receive electronic payments referred to as EFT transactions or ACH credit transactions transmitted from an employer's bank.
- Judicial Branch Support Enforcement Services (SES) Deposit (Cash) Account. This account shall receive cash deposits from the SES offices.
- ACHD Deposit Account. This account shall receive the electronic payments, referred to as ACH debit transactions, generated by the SDU based on accounts set up by the direct child support payer through the Child Support Website.
- SDU Deposits. This account shall receive the paper payments processed through the SDU. Money from the employer EFT, and ACHD accounts are transferred to the SDU Deposit account. Once all transfers are complete, the final SDU Deposit account balance is transferred to the State Master Operating Account.

- ii. Disbursement Accounts

All child support payments (paper and electronic) are issued from the Disbursement accounts to child support recipients, which shall include but is not limited to, the custodial party, non-custodial parent, and out-of-state agencies.

Disbursement Accounts include:

- Check Disbursements. Recipients shall receive checks from funds accumulated in the State Master Operating Account.
 - Direct Deposit and Debit Card Disbursements (ACH). Custodial parties shall receive electronic funds disbursed from the State Master Operating Account.
- j. Ensure that all depository funds are properly transferred to the State Master Operating Account where funds for clearing disbursements are drawn.
- k. Implement its *SMART[®]Deposit* technology application to deposit funds to State accounts. The *SMART[®]Deposit* application shall convert paper checks to electronic images in an effort to speed the processing of financial instruments. The *SMART[®]Deposit* application shall comply with Check 21 requirements of processing checks through the banking system. The Contractor's *SMART[®]Deposit* technology application shall:
- i. Increase check security
 - ii. Reduce check clearing time
 - iii. Provide faster notification of returned unpaid items
 - iv. Reduce future bank cost

4. Source Document Retention and Retrieval

The Contractor shall store all paper and electronic source documents associated with the payment-processing operation including, but not limited to, incoming payments, returned disbursed checks, remittances, correspondence, envelopes, payment coupons, and direct deposit applications in accordance with the State of Connecticut's State Agencies' Retention / Disposition Schedule for fiscal records. The Contractor shall store all information in Connecticut and in accordance with the approved processes and procedures as set forth in the SDU Procedures guide.

a. Document and Data Storage

The Contractor shall:

- i. Retain all physical remittance documents, envelopes, and returned voided checks for a period of 90 days.
- ii. Image and maintain all electronic source documents associated with payment-processing including, but not limited to, incoming payments, returned disbursed checks, remittances, correspondence, envelopes, payment coupons, and direct deposit applications until audited, or for a

period of three (3) years from the date of the transaction, whichever comes first.

- iii. Provide dedicated servers with enough space to accommodate current and future storage needs of electronic documentation including, but not limited to, all imaged documents and ACH/EFT payment records.

b. Digital Media Storage

The Contractor shall implement and/or maintain general maintenance and preservation procedures for storage of digital media in accordance with the approved processes and procedures set forth in the SDU Procedures guide.

c. Care and Handling of Digital Media

The Contractor shall purchase and use high quality storage media and batch test new media to validate manufacturing quality. The Contractor shall read a statistical sample (3% minimum) of recorded media annually to identify and correct any loss of data.

d. Document retrieval

The Contractor shall:

- i. Recover and deliver to the Department and /or its cooperative agencies any physical source documents requested within forty-eight hours of the request.
- ii. Provide online access to electronically imaged source documents and all associated data by entering searchable criteria to view specific images and data in a real-time online basis.

e. Data Security and Confidentiality

The Contractor shall:

- i. Comply with C.G.S. §53a-250 through 53a-261 regarding computer-related offenses and all applicable sections of Internal Revenue Code regarding the safeguarding and disclosure of Federal Tax information (FTI)
- ii. Comply with all applicable Federal and State of Connecticut laws and regulations regarding confidentiality and BCSE General Policy regarding Safeguarding of Information (no disclosure of any information about an applicant or recipient of IV-D services or a noncustodial parent which is obtained from any source or in any manner in the course of a child support

investigation will be made, except in connection with the administration of the IV-D program - reference 45 CFR 303.21 and C.G.S. §17-589)

- iii. Take commercially reasonable steps to ensure the physical safety of data under its control by using devices and methods including, but not limited to, alarm systems, locked files, guards, cameras, or other devices reasonably expected to prevent loss or unauthorized removal of manually held data (FTI must be stored in a double locked environment)
- iv. Take reasonable steps to prevent unauthorized use of passwords, access logs, badges, or other methods designed to prevent loss of or unauthorized access to electronically or mechanically held data (methods used shall include, but not be limited to, restricted terminal access, restricted access to input and output documents, and other such restrictions designed to protect Connecticut child support data.
- v. Ensure that no Connecticut child support data shall reside independently on any mobile devices (e.g., laptops, Blackberries, flash drives, or any other electronic storage devices)
- vi. Inform each of its employees having any involvement with personal data, child support information, or other confidential information of the laws and regulations governing confidentiality.
- vii. Provide mandatory annual training for all staff regarding safeguarding of FTI.
- viii. Cooperate with the Department in taking all steps deemed advisable by the Department to enjoin misuse, regain possession, and/or otherwise protect the State's rights and the data subject's privacy.
- ix. Allow access to any personal data held in its possession, solely to those employees of the Department who require such information in the performance of their occupational responsibilities.
- x. Agree to implement any improvements or modifications resulting from periodic SDU physical security reviews.
- xi. Require each of its employees to sign a Department provided statement that he or she is aware of and will abide by said laws and regulations.
- xii. Notify the Department the same day and in writing by the next business day of the following:
 - Any misuse or unauthorized use of operator password which has resulted in unauthorized access of CCSES

- Any suspected or actual theft of SDU receipts
- Any damage or actual theft of SDU receipts
- Any failure to mail checks which are ready for distribution that day
- Any subpoena, improper use, copy or removal of personal data in the Contractor's possession except as obtained by an authorized representative of the Department (such notification shall be immediate orally and during the same day in writing)

5. Document Imaging

The Contractor shall ensure that child support document information is accessible via a secure electronic connection for viewing by all state child support staff in accordance with the approved processes and procedures set forth in the SDU Procedures Guide.

The Contractor shall:

- a. Image all documents into the **SMART**[®] system to enable convenient viewing of electronic copies of documents received at the SDU.
- b. Provide the Department and /or its cooperative agencies secure real-time online access to source documents and other SDU maintained documents including checks, money orders, payment histories and associated source documents through its imaged based system.
- c. Provide the Department with all imaged information and equipment necessary to view images at the end of the contract period.

B. Payment Processing:

1. Incoming Paper Payments

The Contractor shall provide fully automated payment processing including verification that each payment includes the noncustodial parent's name, Social Security Number, file number or CCSES internal key number, amount, and the date of withholding for employer payments. The Contractor shall perform this service in accordance with the approved processes and procedures as set forth in the SDU Procedures Guide.

The Contractor shall:

- a. Process incoming paper payments based on two categories that include Immediately Processible Payments and Special handling Payments.

- i. Immediately processible payments include, but are not limited to:
- Payments from noncustodial parents with payment coupon
 - Payments with court transmittal
 - Income withholding transmittal and payment totaling amount due
 - Payments from employer for single payer with Social Security Number or file number
 - Payments from employer for multiple payers with Social Security Number or file number
 - Electronic payments with Social Security Number or file number
 - Payments from out-of-state court with Social Security Number, file number, and payment type
- ii. Special handling payments include, but are not limited to:
- Payments without Social Security Number, file number, or payment stub/coupon, but with any of the following identifiers: custodial party name, noncustodial parent name, CCSES internal key number, or public assistance number
 - Foreign currency
 - Payments that are not legible or contain no identifying information
 - Special court payments received at SES
 - Payments received from the Department and SES offices identified as special handling
 - Cash
 - Checks received from employers as income withholding where the amount of the check is not equal to the amount of the transmittal, the check is received without a transmittal, or a transmittal is received without a check
 - Payment from employer or court without identifying information
 - Payments received where the written and numeric amounts do not agree
 - Post-dated payments
 - Checks that do not meet the minimum Department requirements of a valid payment instrument, e.g., legal line missing or no name and address on check
 - Payments written to the incorrect payee
 - Stale-dated checks
- b. Maintain a list of acceptable payees which includes appropriate and most commonly used payees received on incoming payments (items on the list shall not be added, modified or deleted without the consent of the Department).

- c. Comply with 42 U.S. Code 657 which requires prompt payment processing including the collection, payment processing, and disbursement of all child support payments within two business days after receipt of the payment (Immediately Processible Payments).
- d. Research and resolve application problems before processing those items.
- e. Research and resolve payment problems (Special Handling Payments) prior to entry into CCSES.
- f. Manually apply a payment in limited circumstances. The Department will provide the Contractor with specific instruction prior to manual application.

2. *Incoming Electronic Payments*

The Contractor shall process all incoming ACH/EFT payments based on Connecticut ACH/EFT protocols and in accordance with the approved processes and procedures set forth in the SDU Procedures Guide.

The Contractor shall:

- a. Process ACH/EFT collections within the framework of the SDU.
- b. Maintain state ACH/EFT collection and distribution process protocols to support all functions necessary to process ACH debit payments, and ACH credit payments.
- c. Promote and implement ACH/EFT protocols with employers, out-of-state child support agencies, and individual child support payers to proactively implement means of paying child support via secure electronic and Internet media.

3. *Online Scheduled Bank Account Payments*

The Contractor shall implement and/or maintain and actively promote an Online Schedule Bank Account, ACH Debit for Direct Payers and employers, to enhance, expedite and simplify the collection of child support for direct payers and employers in the State. The Contractor shall perform this service in accordance with the approved processes and procedures set forth in the SDU procedures guide.

The Contractor shall:

- a. Protect the Department's interests against fraud and/or any kind of bad debt.
- b. Distribute mailers with child support obligor bills and coupons to non-custodial parents to inform them of e-commerce benefits and provide them the ability to remit payments to the SDU using electronic payment methods.

- c. Provide non-custodial parents and employers Child Support Website support and instruction on how to register for an account and establish a payment schedule
- d. Provide information and Child Support Website tutorials to non-custodial parents and employers to familiarize them with the registration and scheduling process prior to registering online.

4. *Telephony Payments for Direct Payers and Employers*

The Contractor shall provide customer service to direct payers and employers for ACH debit payments made via telephone in accordance with the approved processes and procedures set forth in the SDU procedures guide.

5. *Application Problem Resolution*

The Contractor shall research and resolve application problems utilizing daily application reports generated by the Department. An application problem occurs when a payment can not apply to an account in CCSES. The Contractor shall work from these reports, independently and with the Department and its cooperative agencies to identify and resolve application problems within forty-eight hours from the date of the receipt posted to CCSES. The approved processes and procedures shall be set forth in the SDU Procedures Guide.

The Contractor shall:

- a. Resolve not less than 99% of all application problems within forty-eight hours from the date the receipt posted to CCSES. Application problems include, but are not limited to:
 - Invalid payment type
 - First three characters of payer's last name do not match last name in CCSES noncustodial record
 - Pay order does not exist
 - File number entered with detail receipt not found in cross-reference
 - Payment type not identified
 - Future payment date identified
- b. Pay the Department a fee of \$1000.00 per instance of non compliance with the 99% resolution threshold noted above.

- c. Establish a specialized APR application with staff dedicated to working these items. The Contractor shall provide staff with in-debt training in the resolution of payment application problems as well as in the use of CCSES. The APR staff shall work independently, as well as with the Department and their associated agencies, to identify and resolve payment application problems.

The Contractor's staff shall:

- Resolve out of balance issues the same day the file is received
- Reduce the number of unidentified transactions entered into CCSES
- Perform employer compliance monitoring on ACH Credit employers.
- Reduce paper check receipts and associated processing costs.
- Reduce check fraud and insufficient funds checks

7. Employer Compliance

The Contractor shall ensure employers subject to wage withholding are in compliance with wage withholding provisions of C.G.S. §52-362, wage withholding guidelines set forth by the Department and its cooperative agencies, and provisions of the Beasley v. Ginsberg Federal court consent decree regarding wage withholding employer compliance. The approved processes and procedures shall be set forth in the SDU Procedures guide.

The Contractor shall:

- a. Monitor employers for compliance, working with noncompliant employers to promote future compliance, and referring cases of habitually noncompliant employers to the Office of the Connecticut Attorney General requires a strict program of data monitoring, data capture, and reporting. Employers subject to wage withholding for child support must:
- Pay withheld child support to the SDU within seven business days of the date of withholding
 - Specify the dates on which each withholding occurred and the amount for each obligor on each such date

- b. Obtain the appropriate case payment documentation, capture and appropriately document all necessary employer data, and any other information available to the SDU deemed necessary by the Department to review, promote or enforce compliance by employers subject to income withholding for child support
- c. Allocate staff to perform processes required to comply with State statute and provisions of the Beasley v. Ginsberg federal consent decree. Staff shall monitor and promote employer compliance and adjust income-withholding payments on TFA cases as appropriate utilizing approved processes and procedures set forth in the SDU procedures Guide.
- d. Refer employers that fail to correct an out of compliance condition within sixty days from the date of the non-compliant transaction to the Office of the Attorney General. Referrals of such employers shall be made monthly.
- e. Provide employers with access to relevant income withholding information via the Child Support Website or the IVR system. The website also provides the employer with access to Employer Remittance Form, Employer Handbook, and EFT/ EDI information.
- f. Provide the employer the option to speak with the SDU and/ or an Employer Compliance staff member. The Contractor's staff members shall work with employers to assure that questions regarding withholding procedures and submission of child support payments are thoroughly addressed.

7. Foreign Currency Processing

The Contractor shall process all foreign currency payments using appropriate currency exchange rates and procedures as established by the depository bank to protect the State's interest. The approved processes and procedures shall be set forth in the SDU Procedures Guide.

8. Forged/Fraudulent Checks

The Contractor shall assist the Department in identifying and recovering forged and other fraudulently negotiated child support checks. The approved processes and procedures shall be set forth in the SDU Procedures Guide

The Contractor shall:

- a. Train staff to assist in verifying the validity of the payment instrument, including altered checks utilizing the *Smart*® system MICR parsing feature to ensure the routing number extracted meets the acceptable standard format. Routing numbers identified as invalid must be corrected before they can pass through applications. If the pay instrument fails to meet the acceptable standard the Contractor shall return the pay instrument to the sender.

- b. Place an individual child support payer on hold by using the social security number or file number of the payer. From the time the account is placed on hold, any transaction attempted to be applied to that payer account will receive special handling prior to being accepted.

C. Disbursement:

1. Checks:

The Contractor shall provide a secure method of producing high quality checks in a timely manner and in accordance with the approved processes and procedures set forth in the SDU Procedures Guide. The Contractor shall:

- a. Print and mail approximately five hundred seventy five checks daily (approximately one hundred eighty thousand checks annually).
- b. Meet existing CCSES check file requirements.
- c. Design and produce checks with a detachable stub that meet all Department requirements.
- d. Print checks on generic check stock with state-defined information added during the printing process.
- e. Duplicate an electronically generated signature of the Department's Commissioner on each check.
- f. Supply postage that will be reimbursed by the Department on a pass-through basis.
- g. Cancel and reissue Check Disbursements through CCSES on return of the original check including, but not limited to, checks returned by the payee because of stale date, incorrect amount, or wrong payee.
- h. Resolve 95% of all returned disbursement checks within 24 hours of receipt at the SDU.

2. Direct Deposit:

The Contractor shall:

- a. Implement and/or maintain processes and procedures to manage a direct deposit program including application processing, research, problem solving, and maintenance

- b. Implement and /or maintain marketing strategies to inform payees of direct deposit services.

3. Debit Card Payment:

The Contractor shall maintain a debit card program that provides the custodial party with access to child support payments via a VISA debit card at numerous locations throughout Connecticut and the U.S. The Contractor shall perform this service in accordance with the approved processes and procedures set forth in the SDU procedures Guide. The Contractor shall:

- a. Subcontract with JPMorgan Chase as the SDU fiduciary partner to:
 - i. customize a debit card account enrollment packet and other informational notices for the child support community.
 - ii. implement procedures to handle account initiation, authorization form verification and debit card disbursement process.

D. Disbursement Problem Resolution:

1. Misapplied Payments

For purposes of this section, a misapplied payment is a payment that is applied to an incorrect child support account. The Contractor shall resolve misapplied payments in accordance with the approved processes and procedures set forth in the SDU Procedures Guide.

The Contractor shall:

- a. Ensure that a misapplied child support payment is issued to the correct custodial party by initiating referrals to the Department when a payment has been misapplied to a nonpublic assistance account.
- b. Initiate referrals to the Department when a payment has been misapplied to a foster care (IV-E/non-IV-E) account.
- c. Perform the appropriate void and reissue functions on CCSES when a payment has been misapplied to a public assistance account.
- d. Accept responsibility for all research and recovery of misapplied payments in the case of misapplied payments resulting from the Contractor's error.

- e. Reimburse the Department for any erroneous disbursement resulting from the Contractor's error.
- f. Ensure that reimbursement shall occur no later than one month from the date that the erroneous disbursement is identified.

2. *Insufficient Funds*

For purposes of this section: An insufficient funds payment is a payment instrument issued from the payer's bank account where the funds equal to that payment are not available due to lack of funds or placement of a stop payment without prior notification. The Contractor shall recover and ensure restitution of insufficient funds from noncustodial parents, employers, and out-of-state agencies in accordance with the approved processes and procedures set forth in the SDU Procedures Guide.

The Contractor shall:

- a. Provide written notification to payers immediately following verification of insufficient funds.
- b. Track all information related to insufficient funds payments.
- c. Require payers to submit guaranteed payment instruments such as a money order, cashier's check, or certified check for all subsequent payments until such time as the Department authorizes return to standard payment method.
- d. Require employers and out-of-state agencies to provide an additional opportunity to make standard payments before the guaranteed instrument provision is instituted if the unintentional placement of a stop payment resulted in the insufficient funds condition (any subsequent insufficient funds payment will require the immediate implementation of the guaranteed instrument provision)
- e. Ensure that large payments which exceed a threshold determined by the Department are verified with the issuing bank prior to processing

3. *Rejected Electronically Disbursed Payments*

The Contractor shall research, resolve, and provide customer service for all rejected electronically disbursed payments in accordance with the approved processes and procedures set forth in the SDU Procedures Guide.

- a. Upon Notification of incorrect payee account and routing information, the Contractor's customer service staff shall:
 - i. Update CCSES end dates on direct deposit record to generate a notice of Child Support Direct Deposit (Cancellation)
 - ii. Add the new direct deposit information to CCSES to generate a notice of Child Support Direct Deposit (Initiation)

- b. Upon notification of a Closed Payee account and payment rejected, The Contractor's customer service staff shall:
 - i. Update CCSES end dates on the direct deposit record, to generate the direct deposit cancellation notice.
 - ii. Void the disbursement.
 - iii. Issue a check or arrange with the payee to sign up for a debit card.

4. *Returned Paper Disbursement Checks*

The Contractor's Customer Service staff shall research and resolve a minimum of 95% of all returned disbursement checks within 24 hours of receipt at the SDU. All returned disbursement checks (100%) containing a forwarding address shall be remailed within 24 hours. The approved processes and procedures shall be set forth in the SDU Procedures Guide.

5. *Lost and Stolen Disbursement Checks*

The Contractor shall investigate all reports of lost, stolen and forged disbursement checks and implement procedures to obtain possible reimbursement in accordance with the approved processes and procedures set for in the SDU procedures Guide.

6. *Un-Cashed Checks*

The Contractor shall research and resolve issues associated with un-cashed disbursed checks in accordance with the approved processes and procedures set forth in the SDU Procedures Guide.

E. Account Reconciliation and Audit:

1. Account Reconciliation

The Contractor shall perform the following account reconciliation and Audit procedures consistent with the generally Accepted Accounting Principles (GAAP) Federal Guidelines and in compliance with the State of Connecticut General Statutes § 4-32 DSS accounting requirements and CCSES accounting protocols.

The Contractor shall:

- a. Maintain separate and distinct depository and disbursement accounts.
- b. Balance all receipts and deposits to CCSES daily (the plan should include the development of validation logic to serve as an audit trail for payments).
- c. Maintain monthly full account reconciliation services for depository accounts including, but not limited to, accounting for each day's work, system transactions and totals, deposits, and adjustments.
- d. Maintain statements of depository accounts that shall contain the number of payments deposited for the statement period.
- e. Perform quality checks on all output as work is performed and as items are delivered and necessary backend controls, such as monthly account reconciliation and separate sampling performed by the Contractor's Quality Control Analyst.
- f. Provide monthly full account reconciliation services for the disbursement account including, but not limited to:
 - i. Listing sequentially paid checks by serial number including amount paid
 - ii. Providing the Department of Social Services all paid check information for each month in an electronic file format designated by the Department
 - iii. Listing outstanding checks
 - iv. Listing voided and cancelled checks
 - v. Listing miscellaneous credits and debits
 - vi. Comparing checks presented for payment with issue records and reviewing exception items prior to payment

2. Management Reports

The Contractor shall supply daily reports to the Department of Social Services including, but not limited to, the following:

- i. The dollar amount deposited
- ii. The number of items deposited
- iii. The bank account number to which credit was applied
- iv. All additional management information, as defined by the Department and the Contractor and contained in a Performance Tracking Report

3. Audits and Inspections

The Department of Social Services may periodically audit the depository system unannounced. These unannounced audits will be in addition to any audit conducted by the State Auditors of Public Accounts and audits from the Federal Office of Child Support Enforcement. The Department reserves the right to determine the auditing periods for which the data will be made available, the timing of the requests for the data, and if the data presented is sufficient to meet the intent of the auditing provisions of this section.

The Contractor shall:

- a. Conduct annual SDU audits at its own expense, an independent audit of its system of internal accounting control relative to its processing of all child support billings, receipts, and disbursements and its service billing system to the Department in accordance with the terms and conditions of this contract.
- b. Issue an initial report within one hundred fifty days from the contract start date and issue annually subsequent audit reports from the date of the original report.
- c. Maintain and store all SDU payment records until audited or for a period of seven years from the date of transaction, whichever comes first.
- d. Provide document shredding to be conducted onsite (destruction of records shall not commence until the Department has received the Contractor's written request and has responded favorably to such request)

4. Contractor Internal Controls

The Contractor shall maintain methods of administration designed to assure that staff responsible for handling cash receipts of support do not participate in accounting or

operating functions that would permit them to conceal in the accounting records the misuse of support receipts.

The Contractor shall:

- a. Integrate corporate fiscal procedures and accounting controls that adhere to Generally Accepted Accounting Principles (GAAP).
- b. Implement internal controls to ensure separation of duties
- c. Provide a complete audit trail for all receipts and documents received at the SDU.

5. Performance Sanctions

The Department may impose sanctions on the Contractor if, throughout the term of this Contract, the Contractor fails to perform or provide the service which it has agreed to perform and provide in accordance with the contract. The Contractor shall have the right to oppose any sanction seeking specific performance and/or injunctive relief on the basis that the failure to perform arises out of clauses beyond the control of the Contractor and for causes which the Contractor is not at fault for producing either intentionally or unintentionally.

a. Failure by the Contractor to resolve at least 99% of the daily application problems within forty eight (48) hours from the date the receipt posted to CCSES shall result in a performance sanction of \$1,000 for each nonperformance finding that exceeds the maximum cap. Application problems shall be listed and agreed to by the Department and the Contractor in the SDU Procedures Guide

b. Failure to comply with the requirement of at least 95% of prompt collection, payment processing and disbursement of all child support payments within two business days after receipt of payments that have sufficient information to process immediately shall result in a performance sanction of \$50,000 for the first month and \$10,000 for any additional month.

- i. The Department shall monitor the Contractor's performance monthly.
- ii. In the event that the Department determines that the Contractor failed to comply with standard stated in 5b. above for a given month, the Department shall formally notify the Contractor within thirty (30) days of the close of that month that:

(1) The Department determined that the Contractor failed to meet the performance standard for the month in question,

(2) Failure to meet the performance standard in any month following the notice shall result in a performance sanction of \$50,000 for the first month and \$10,000 for any additional month,

(3) The Department shall notify the Contractor of any additional month where the Department determines the Contractor has not met the 95% performance standard, and

(4) Notwithstanding anything to the contrary in the preceding, the Contractor shall have thirty (30) days from the receipt of any notice of performance sanction to refute the Department's determination on non-compliance with the 95% performance sanction. In the event the Department is satisfied with the Contractor's refutation, the Department's notice of performance sanction shall be nullified.

- c. The Department shall recover any performance sanction monetary amount by withholding the amount of the performance sanction from the Contractor's next month's invoice.
- d. The performance sanctions provided for above shall not in any way be construed as an adequate remedy for the failure to perform and implementation of this performance sanction provision or the failure to implement it, shall not be construed as anything other than as a means of further encouraging the Contractor to perform. It is not to be construed as the Department's sole remedy nor as an alternative remedy to the specific performance and injunctive relief provisions set forth above.

6. *Payment and Performance Bond*

The Contractor shall, within thirty (30) days following the execution of the Contract provide the Department with a Payment and Performance Bond. The Bond shall be in the amount of **\$2,000,000**. and be provided by an insurer, which has been previously approved by the Department. The Bond shall include a "Dual Obligee Rider" approved by the Department as to form and substance naming the State of Connecticut as Dual Obligee along with the Contractor. The bond shall remain in effect for the first two years of the contract. Renewal of the performance bond during the remaining term of the Contract may be required by the Department at the Contractor's expense.

If, throughout the term of this contract, the Contractor fails to complete all of the SDU requirements as set forth in Part 1 of this Contract, then the Department may invoke sanctions on the Contractor which may result in the Department's calling for the execution of the Payment and Performance Bond.

F. System Requirements, Data Protection, and Security:

1. System Specifications

The Contractor shall perform file and system maintenance functions in CCSES including maintenance of the employer table and data entries such as address changes. The approved processes and procedures shall be set forth in the SDU Procedures Guide.

2. Equipment and Technical Support

The Contractor shall provide and maintain all data processing equipment and support including hardware, software, security and staff expertise.

The Contractor shall:

- a. Supply all computer hardware (and software, as appropriate) necessary to provide CCSES access to Contractor staff such that all payment-processing functions outlined above are satisfied (Contractor-supplied computer hardware and software shall meet Department approval)
- b. Modify its operations to adapt to any new programmatic changes in CCSES
- c. Maintain acceptable levels of data processing expertise, data processing equipment, programmers, and operators
- d. Work with the Department and its software enhancement and maintenance contractor to develop and test all software necessary in this process
- e. Create a back-up file for all electronic transmissions and in the event of an electronic transmission failure deliver the back-up file to the Department to ensure nightly processing completion. (the method/media of back-up file shall be mutually agreed upon between the Department and the Contractor)
- f. Ensure quality control of electronic transmissions and back-up file
- g. Pilot, test, and monitor all SDU functions and requirements to ensure quality and support system improvement initiatives. The Contractor shall implement industry standard testing processes to ensure the following objectives:
 - i. System functionality satisfies federal and State specific requirements
 - ii. System meets the specified performance requirements under peak transaction volumes
 - iii. System errors are identified and resolved.
 - iv. System interfaces work as intended

H. Security and Confidentiality

The Contractor shall comply with C.G.S. §53a-250 through 53a-261 regarding computer-related offenses and all applicable sections of Internal Revenue Code regarding the safeguarding and disclosure of Federal Tax Information (FTI). The approved processes and procedures shall be set forth in the SDU Procedures Guide.

The Contactor shall:

- a. Comply with all applicable Federal and State of Connecticut laws and regulations regarding confidentiality and BCSE General Policy regarding Safeguarding of Information (no disclosure of any information about an applicant or recipient of IV-D services or a noncustodial parent which is obtained from any source or in any manner in the course of a child support investigation will be made, except in connection with the administration of the IV-D program - reference 45 CFR 303.21 and C.G.S. §17-589)
- b. Take reasonable steps to ensure the physical safety of data under its control by using devices and methods including, but not limited to, alarm systems, locked files, guards, cameras, or other devices reasonably expected to prevent loss or unauthorized removal of manually held data (FTI must be stored in a double locked environment)
- c. Take reasonable steps to prevent unauthorized use of passwords, access logs, badges, or other methods designed to prevent loss of or unauthorized access to electronically or mechanically held data (methods used shall include, but not be limited to, restricted terminal access, restricted access to input and output documents, and other such restrictions designed to protect CCSES data)
- d. Ensure that no Connecticut child support data shall reside independently on any mobile devices (e.g., laptops, Blackberries, flash drives, or any other electronic storage devices)
- e. Inform each of its employees having any involvement with personal data, child support information, or other confidential information of the laws and regulations governing confidentiality
- f. Provide mandatory annual training for all staff regarding safeguarding of FTI
- g. Cooperate with the Department in taking all steps deemed advisable by the Department to enjoin misuse, regain possession, and/or otherwise protect the State's rights and the data subject's privacy

- h. Allow access to any personal data held in its possession, solely to those employees of the Department who require such information in the performance of their occupational responsibilities
- i. Agree to implement any improvements or modifications resulting from periodic SDU physical security reviews
- j. Require each employee to sign a Department-provided statement that he or she is aware of and will abide by said laws and regulations
- k. Notify the Department the same day and in writing by the next business day of the following:
 - Any misuse or unauthorized use of operator password which has resulted in unauthorized access of CCSES
 - Any suspected or actual theft of SDU receipts
 - Any damage or actual theft of SDU receipts
 - Any failure to mail checks which are ready for distribution that day
 - Any subpoena, improper use, copy or removal of personal data in the Contractor's possession except as obtained by an authorized representative of the Department (such notification shall be immediate orally and during the same day in writing)

I. Notice Production:

1. Notice Production Requirements

The Contractor shall produce and disseminate notices in both English and Spanish to obligors and payees. The approved processes and procedures shall be set forth in the SDU Procedures Guide.

The Contractor shall:

- a. Read, edit, and reproduce ZIP+6 (eleven digits) code as included on electronic data transfer
- b. Prepare mail according to USPS specifications for ZIP+6 presort
- c. Correct ZIP codes on the file before printing
- d. Use optical character recognition (OCR) national presort capabilities

- e. Use automatic sorting equipment capable of reading and applying five- and eleven-digit postnet bar codes
- f. Print output files on electronic data transfer in ZIP+6 order
- g. Produce notices in English and Spanish
- h. Process and mail multi-page notices
- i. Supply postage and any required shipping charges including any special mailings required and authorized by the Department (postage and any required shipping charges shall be paid by the Department on a pass-through basis)

2. *Billing Notice with Coupons*

The Contractor shall provide approximately forty-eight thousand multi-page billing notices to child support obligors per month using coupons that include bar coding for optical scanning. The Contractor shall provide such notices in accordance with the approved processes and procedures set forth in the SDU Procedures Guide.

- a. The Contractor shall produce, fold, insert, and mail paper notices.
- b. The Contractor shall develop and maintain a web based version of billing notices with coupons. The child support obligor shall have the option to apply for and receive electronic billing notices online via the Child Support Website.

3. *Additional Notices*

The Contractor shall maintain the capability to produce, fold, insert, and mail additional notices including, but not limited to:

- Informational inserts to be included with the Contractor-generated notices as required by the Department
- Any additional notices deemed necessary to the project and in accordance with specifications provided by the Department

J. *Address Change Functions*

The Contractor shall update address changes in CCSES as appropriate to ensure all child support information is correct. The Contractor shall perform such updates in

accordance with the approved processes and procedures set forth in the SDU Procedures Guide. The Contractor shall:

- a. Supply change of address coupons to child support payers with their monthly billing statements
- b. Update CCSES with new child support noncustodial parent address information obtained via change of address coupons, postal address verification inquiries, or any other mail items returned from the Post Office
- c. Update CCSES with new custodial party address information based on postal address verification inquiries, change of address requests from custodial parties when such requests are received in writing and signed by the custodial party, or any other mail items returned from the Post Office
- d. Access CCSES and complete data entry necessary to suppress future mailings when mail items returned from the Post Office denote an invalid address for a custodial party or a noncustodial parent

K. *Marketing and Public Relations:*

1. *Customer/Employer Education and Outreach*

The Contractor shall conduct a Child Support SDU marketing and public relations campaign to reach a diverse population of individuals, businesses, and organizations state-wide and nationally. The Contractor shall conduct marketing and public relations activities in accordance with the approved processes and procedures set forth in the SDU Procedures Guide.

The Contractor shall:

- a. Develop and implement a public relations campaign to notify child support customers and the general public of SDU functions
- b. Develop and implement marketing tools to promote and implement ACH/EFT protocols with employers, out-of-state child support agencies, and individual child support payers
- c. Advertise the Child Support Website as the mechanism to access general information regarding child support payments as well as specific information pertaining to e-commerce payment services for direct payers and employers.
- d. Require the SDU Outreach Coordinator administer employer outreach activities. The Outreach coordinator shall:

- i. Assist employers who continually submit incomplete, incorrect, or difficult to process remittances; or inaccurate ACH credit files.
- ii. Contact employers who have a check returned for insufficient funds, account closure, or other reasons; for the purpose of collecting on negative remittances.
- iii. Work closely with the appropriate SDU staff to ensure issues are resolved quickly and efficiently.

L. Customer Service

1. Customer Service Unit

The Contractor shall operate a SDU customer service unit with multilingual capability, which is nationally accessible via a toll-free number twenty-four hours per day, seven days per week. The approved processes and procedures shall be set forth in the SDU Procedures Guide.

The Contractor shall:

- a. Operate a child support customer service unit, that includes but is not limited to, customer service staff training, customer service representative requirements, multilingual capability, and provisions for customer call transfer capability utilizing Interactive Voice Response (IVR) technology.
- b. Provide and maintain a nationally accessible toll-free telephone number for customer service and information to custodial parties, child support payers, and employers twenty-four hours per day, seven days per week
- c. Provide a seamless transition from the IVR to a Customer Service Representative (CSR)
- d. Provide direct customer service representatives via telephone between the hours of 8:00 am – 5:00 pm, Monday through Friday.
- e. Provide callers with payment and income withholding information and resolve problems
- f. Provide support by:
 - i. assisting clients in signing up for direct deposit or a debit card,

- ii. assisting employers to remit payments including the ACH debit program,
 - iii. assisting non-custodial payers in establishing an ACH debit account, and
 - iv. processing incoming correspondence and returned mail.
- g. Subcontract with Fluent Language Solutions to provide interpreters in 180 languages via three-way call access between the Customer Service Representative, the child support customer and the subcontractor.

2. ***Interactive Voice Response Technology (IVR)***

The Contractor shall operate an IVR software and hardware solution based on a Cisco platform using IP Contact Center Express (IPCC) for the IVR functionality. Calls shall be received, routed to the IVR, and transferred to CSRs through Cisco's Call Manager system. The IVR solution shall interface with the Department's telecommunications system. The approved processes and procedures shall be set forth in the SDU Procedures Guide.

The Contractor shall:

- a. Provide the ability for the relay service operator to transfer directly to a CSR early in the IVR menu structure.
- b. Provide information to callers in both English and Spanish.
- c. Provide a voice mail box where messages can be left for CSRs.
- d. Provide the caller with access to pre-recorded information via their telephone key pad and the ability to opt out of the IVR to speak with a CSR.
- e. Provide a selection of menu options through use of the telephone key pad, including but not limited to: specific payment information and general information about enforcement of child support orders.
 - Ability to communicate with CCSES and any other application/database specified by the Department using technologies specified by the Department such as, but not limited to, SOAP/Web Services, Open Database Connectivity (ODBC), Object Linking and Embedding Database (OLE DB), and Java Database Connectivity (JDBC)
 - Email/Web Server
 - Text to speech and speech to text
 - Conferencing

- Internet telephony
- TDD line for the hearing-impaired
- Ability to leave a message in a voice box, access prerecorded information, or opt out to a customer service representative
- Permit access to specific payment information using a unique identifier such as a Social Security Number or Federal Employer Identification Number
- Overflow capability
- Call-back capability
- Data playback capability

3. *IVR Reporting*

The IVR shall provide real time reports of statistical data including, but not limited to:

- i. Answer, hold, and abandon time
- ii. Call counts
- iii. Talk times
- iv. Agent performance

4. *Connecticut Child Support Website*

The Contractor shall develop and maintain a Child Support Website dedicated to child support payment-processing information and child support resources for custodial parties, noncustodial parents, employers, and out-of-state child support agencies. The Child Support Web Site shall provide access to required payment-processing forms for electronic payment disbursement, ACH/debit application capability for child support payers and employers, and employer-related information including contact information and frequently asked questions. The approved processes and procedures shall be set forth in the SDU Procedures Guide.

The contractor shall:

- a. Develop and maintain a Connecticut Child Support payment-processing Web site
- b. Provide information and services to custodial parties, noncustodial parents, employers, and out-of-state child support agencies

- c. Develop and maintain an ACH/debit protocol that offers noncustodial parents and employers the option of debiting their bank account for child support

M. Disaster Recovery Plan (DRP)

The Contractor shall develop and/or maintain a comprehensive DRP that complies with all existing State disaster recovery protocols. The DRP shall be incorporated into the SDU Business Continuity Plan and provide instructions for continued operation of core business functions during any disruption of service. The approved processes and procedures shall be set forth in the SDU Procedures guide.

O. Staff Training

The Contractor shall utilize SDU supervisors and child support professionals to provide day-to-day training to new and existing staff and refresher training as needed. The Contractor's SDU Quality Assurance Supervisor shall monitor and provide feedback to the supervisors in regard to training needs of individual staff members as well as overall training needs.

The Contractor's SDU Customer Service Supervisor shall provide training to SDU Application Problem Resolution staff as well as CSRs and QA Auditors on aspects of CCSES that are related to their job functions.

The Contractor's SDU Data Entry Supervisor shall provide CCSES training for those operators who handle unidentified payments.

The Contractor shall:

- a. Develop and implement a comprehensive CCSES training program to be provided to SDU employees regularly throughout the contract period.
- b. The training program shall include, but not be limited to:
 - i. Customer service skills
 - ii. Security and confidentiality
 - iii. Caller identification
 - iv. CCSES functionality
 - v. DSS policies
- c. Provide a training database that enables hands on payment processing training
- d. Provide mandatory annual training for all staff regarding safeguarding of FTI
- e. Maintain all materials for all contractor-based training

- f. Provide copies of all training materials to the Department for review and approval
- g. Update training materials as business processes are developed or refined.

P. Office Space

The Contractor shall make office space available for Department use at the Contractor's processing site located at 80 Lambertson Road, Windsor, CT. The office shall be used by the individual designated by the Department.

Q. Regular Meetings

The Contractor shall hold regular meetings with the Department Child Support staff to discuss SDU issues and procedures.

R. Research, Analysis, and Adjustment of Income Withholding Payments

The Contractor shall monitor and promote employer compliance as well as adjust income withholding payments on Temporary Family Assistance (TFA) cases when appropriate in accordance with the approved processes and procedures set forth in the SDU Procedures Guide.

The Contractor shall:

- a. Obtain and review out-of-compliance income withholding payments associated with TFA cases to determine the extent of the compliance problem for payments where new or contradictory information has been received
- b. Determine if an adjustment to the child support account is required and refer the request for adjustment to the Department on the appropriate Department - approved form
- c. Contact employers to resolve any outstanding compliance problems and to promote compliance
- d. Comply with the provisions of the Beasley v. Ginsberg federal consent decree.

SECTION III. SDU PROJECT TEAM

1. Key Personnel

The following list includes key positions and the percentage of time the Key positions will be assigned to the contract to perform development processes, implementation and on going service provisions.

SDU PROJECT TEAM

Description	Time Allocation	Role
<i>Alicia Rodriguez</i> Project Manager	100%	Direct all SDU operations, administration, systems and administrative staff. Direct liaison with the Department's Project Director
<i>Grant Cordeiro</i> Operations Manager	100%	Oversee SDU production accordance with the contract obligations. Manage and ensure operational job functions are performed in accordance with the SDU Operating Procedures.
<i>John Chalifoux</i> IT / Network Administrator	100%	Oversee network systems and equipment. Coordinate activities with Project Manager, Director of IT and IS, Network Administrator(s). Monitor day-to-day operations, including computer hardware, software and operating systems.
<i>Bruce Dennis</i> IS/Programmer	50%	Maintain and implement software enhancements and modifications to support SDU. Research production issues, recommend solutions related to software enhancements and new applications, refine system requirements for SDU projects, and provide database reports.
<i>Tracey Liu</i> Financial Supervisor	100%	Manage accounting principles and procedures in compliance contractual requirements, GAAS and GAAP. Manage the reconciliation of child support payments to SDU system, bank and State child support system.
<i>Carol Campbell</i> Support Service Customer Service	100%	Supervise and train customer service personnel. Evaluate and monitor personnel performance.
<i>Valerie Coulom</i> Outreach Coordinator	100%	Coordinate marketing and outreach. Assist employers with issues related to electronic payment alternatives. Conduct promotional and educational sessions for stakeholders on electronic payment alternatives, as needed. Maintain effective relationships with local child support staff, clerk of court staff, state office staff and employers.

The Contractor shall receive written approval from the Department when any changes are made to Key Personnel, key positions or the percentage of time each position is assigned.

The Contractor shall submit to the Department for its approval, the name and credentials of any person who is proposed to replace existing or previously proposed SDU management staff, or other key personnel identified above. Changes to key personnel shall not negatively impact the Department or adversely affect the ability of the Contractor to meet any requirements of the requirements set forth in this contract.

3. Department Responsibilities

The Department shall:

- a. Monitor the Contractor's Performance and request updates as appropriate
- b. Respond to written request for policy interpretations
- c. Provide technical assistance to the Contractor as necessary to accomplish the requirements of this contract
- d. Allow access to automated databases as available and permitted
- e. Allow access to management and system-generated reports and case files as appropriate
- f. Provide a project leader responsible for overall management of the SDU Program
- g. Schedule and hold regular SDU project meetings
- h. Provide a process and facilitate open discussion with Department and SDU staff for project improvement
- i. Reimburse the Contractor (on a pass through basis) for all printing and mailing costs related to the SDU project
- j. Allow Contractor to send electronic payments to CCSES on a separate file from paper checks
- k. Manage misapplied funds recovery after a period of 30 days from the date reported to the Contractor for reimbursement to the Department
- l. Provide access to the maintenance of CCSES
- m. Periodically and unannounced, audit the depository system. Unannounced audits will be in addition to any audit conducted by the State Auditors of Public Accounts and auditors from the Federal Office of Child Support Enforcement.
- n. Review all notices designed by the Contractor and approve as appropriate

SECTION IV. PAYMENT AND COST PROVISIONS

1. Budget and Payment Provisions

- a. For the performance of the services and tasks described herein, based upon review and approval by the Department, the Contractor shall receive a maximum dollar amount not to exceed **\$17,797,005.00** over the five year contract period and in accordance to the rate schedule below.
- b. All payments to the Contractor will be contingent upon the Department's receipt and approval of an itemized invoice with a detailed description of the work completed.
- c. The Contractor shall submit invoices to the Director of the BCSE (or designee) for service on a monthly basis. The Contractor shall include documentation to support such services. The Department shall pay the Contractor upon an approved invoice submitted monthly to the Department.
- d. The Department shall remit all payments within thirty (30) days after receipt and approval of the Contractor's invoice.

Function	Product	Year 1			Year 2			Year 3			Year 4			Year 5			
		Estimat ed Volume	Rate	Year 1 Total	Estimat ed Volume	Rate	Year 2 Total	Estimat ed Volume	Rate	Year 3 Total	Estimat ed Volume	Rate	Year 4 Total	Estimat ed Volume	Rate	Year 5 Total	5-Year Total
Payment Processing	Paper Transactions Processed	1,260,000	\$1.390	\$1,751,400	1,221,075	\$1.390	\$1,697,294	1,181,729	\$1.390	\$1,642,604	1,187,698	\$1.390	\$1,650,817	1,193,576	\$1.390	\$1,659,071	
Payment Processing	ACH Credit Transactions	990,000	\$0.750	\$742,500	1,040,175	\$0.750	\$780,131	1,090,827	\$0.750	\$818,120	1,086,281	\$0.750	\$822,211	1,101,763	\$0.750	\$826,322	
	Subtotal Payment Processing:	2,250,000		\$2,493,900	2,261,250		\$2,477,426	2,272,556		\$2,460,724	2,283,919		\$2,473,028	2,295,339		\$2,485,393	\$12,390,470
Disbursement Services	Checks Printed	122850	0.300	\$36,855	115,428	0.300	\$34,628	114,012	0.300	\$34,204	112,452	0.300	\$33,736	110,743	0.300	\$33,223	
Disbursement Services	ACH Debit Transactions	1924650	0.150	\$288,698	1,983,260	0.150	\$297,489	2,037,143	0.150	\$305,571	2,092,482	0.150	\$313,872	2,149,314	0.150	\$322,397	
	Subtotal Disbursement Services:	2,047,500		\$525,553	2,098,688		\$332,117	2,151,155		\$339,775	2,204,934		\$347,608	2,260,057		\$355,620	\$1,700,673
Printing Services	Check Printing			\$0			\$0			\$0			\$0			\$0	
Printing Services	Notice Printing			\$400,000			\$400,000			\$400,000			\$400,000			\$400,000	
Printing Services	Other Printing specify:																
	Subtotal Printing Services:			\$400,000			\$400,000			\$400,000			\$400,000			\$400,000	\$2,000,000
Postage (Pass-through)	Check Postage			\$39,794			\$37,399			\$36,940			\$36,434			\$35,881	
Postage (Pass-through)	Notice Postage			\$169,712			\$169,712			\$169,712			\$169,712			\$169,712	
Postage (Pass-through)	Other Postage - specify:			\$18,000			\$18,000			\$18,000			\$18,000			\$18,000	
	Subtotal Postage Pass-through:			\$227,506	0		\$225,111	0		\$224,652	0		\$224,146	0		\$223,593	\$1,125,008
Customer Service	Calls Answered (From Schedule E)	64,900	\$1.790	\$116,171	64,900	\$1.790	\$116,171	64,900	\$1.790	\$116,171	64,900	\$1.790	\$116,171	64,900	\$1.790	\$116,171	\$580,855
Start-up Costs				\$0			\$0			\$0			\$0			\$0	\$0
	Total:			\$3,563,130			\$3,550,825			\$3,541,322			\$3,560,952			\$3,560,777	\$17,797,005

Postage Rate

Includes pricing for all forms of basic postage including 3-digit zip, 5-digit zip code, and foreign postage rate information.

POSTAGE	RATE
Basic Postage	\$0.420
3-Digit Postage	\$0.346
5-Digit Postage	\$0.324
Foreign Postage	\$0.610
AADC	\$0.351
Mixed AADC	\$0.369

PART TWO: MANDATORY TERMS AND CONDITIONS

The Contractor agrees to comply with the following mandatory terms and conditions.

A. CLIENT-RELATED SAFEGUARDS

- 1. Inspection of Work Performed.** The Department or its authorized representative shall at all times have the right to enter into the Contractor's premises, or such other places where duties under the contract are being performed, to inspect, to monitor or to evaluate the work being performed. The Contractor and all subcontractors must provide all reasonable facilities and assistance for Department representatives. All inspections and evaluations shall be performed in such a manner as will not unduly delay work. The Contractor shall disclose information on clients, applicants and their families as requested unless otherwise prohibited by federal or state law. Written evaluations pursuant to this section shall be made available to the Contractor.
- 2. Safeguarding Client Information.** The Department and the Contractor agree to safeguard the use, publication and disclosure of information on all applicants for and all clients who receive service under this contract with all applicable federal and state law concerning confidentiality.
- 3. Reporting of Client Abuse or Neglect.** The Contractor shall comply with all reporting requirements relative to client abuse and neglect, including but not limited to requirements as specified in Conn. Gen. Stat. §§ 17a-101 through 103, 19a-216, 46b-120 (related to children); Conn. Gen. Stat. § 46a-11b (relative to persons with mental retardation); and Conn. Gen. Stat. § 17b-407 (relative to elderly persons).

B. CONTRACTOR OBLIGATIONS

1. Credits and Rights in Data.

- (a) Unless expressly waived in writing by the Department, all documents, reports, and other publications for public distribution during or resulting from the performances of this Contract shall include a statement acknowledging the financial support of the state and the Department and, where applicable, the federal government. All such publications shall be released in conformance with applicable federal and state law and all regulations regarding confidentiality. Any liability arising from such a release by the Contractor shall be the sole responsibility of the Contractor and the Contractor shall indemnify the Department, unless the Department or its agents co-authored said publication and said release is done with the prior written approval of the Commissioner of the Department. Any publication shall contain the following statement: "This publication does not express the views of the Department or the State of Connecticut. The views and opinions expressed are those of the authors." The Contractor or any of its agents shall not copyright data and information obtained under the terms and conditions of this contract, unless expressly authorized in writing by the Department. The Department shall have the

right to publish, duplicate, use and disclose all such data in any manner, and may authorize others to do so. The Department may copyright any data without prior notice to the Contractor. The Contractor does not assume any responsibility for the use, publication or disclosure solely by the Department of such data.

- (b) "Data" shall mean all results, technical information and materials developed and/or obtained in the performance of the services hereunder, including but not limited to all reports, surveys, plans, charts, recordings (video and/or sound), pictures, curricula, public awareness or prevention campaign materials, drawings, analyses, graphic representations, computer programs and printouts, notes and memoranda, and documents, whether finished or unfinished, which result from or are prepared in connection with the services performed hereunder.

- NA JS 2. **Organizational Information, Conflict of Interest, IRS Form 990.** Annually during the term of the contract, the Contractor shall submit to the Department the following:
- (a) a copy of its most recent IRS Form 990 submitted to the federal Internal Revenue Service, and
- (b) its most recent Annual Report as filed with the Office of the Secretary of the State or such other information that the Department deems appropriate with respect to the organization and affiliation of the Contractor and related entities.
3. **Federal Funds.** The Contractor shall comply with requirements relating to the receipt or use of federal funds. The Department shall specify all such requirements in Part I of this contract.
4. **Audit Requirements.** The Contractor shall provide for an annual financial audit acceptable to the Department for any expenditure of state-awarded funds made by the Contractor. Such audit shall include management letters and audit recommendations. The State Auditors of Public Accounts shall have access to all records and accounts for the fiscal year(s) in which the award was made. The Contractor will comply with federal and state single audit standards as applicable.
5. **Prohibited Interest.** The Contractor warrants that no state appropriated funds have been paid or will be paid by or on behalf of the Contractor to contract with or retain any company or person, other than bona fide employees working solely for the Contractor, to influence or attempt to influence an officer or employee of any state agency in connection with the awarding, extension, continuation, renewal, amendment, or modification of this agreement, or to pay or agree to pay any company or person, other than bona fide employees working solely for the Contractor, any fee, commission, percentage, brokerage fee, gift or any other consideration contingent upon or resulting from the award or making of this Agreement.
6. **Offer of Gratuities.** By its agreement to the terms of this contract, the Contractor certifies that no elected or appointed official or employee of the State of Connecticut has or will benefit financially or materially from this contract. The Department may terminate this contract if it is determined that gratuities of any kind were either offered or received by any of the aforementioned officials or employees from the Contractor or its agents or employees.

7. Related Party Transactions. The Contractor shall report all related party transactions, as defined in this clause, to the Department on an annual basis in the appropriate fiscal report as specified in Part I of this contract. "Related party" means a person or organization related through marriage, ability to control, ownership, family or business association. Past exercise of influence or control need not be shown, only the potential or ability to directly or indirectly exercise influence or control. "Related party transactions" between a Contractor, its employees, Board members or members of the Contractor's governing body, and a related party include, but are not limited to:

- (a) real estate sales or leases;
- (b) leases for equipment, vehicles or household furnishings;
- (c) mortgages, loans and working capital loans; and
- (d) contracts for management, consultant and professional services as well as for materials, supplies and other services purchased by the Contractor.

8. Lobbying. The Contractor agrees to abide by state and federal lobbying laws, and further specifically agrees not to include in any claim for reimbursement any expenditures associated with activities to influence, directly or indirectly, legislation pending before Congress, or the Connecticut General Assembly or any administrative or regulatory body unless otherwise required by this contract.

9. Suspension or Debarment.

(a) Signature on Contract certifies the Contractor or any person (including subcontractors) involved in the administration of Federal or State funds:

- (1) are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any governmental department or agency (Federal, State or local);
- (2) within a three year period preceding this Contract, has not been convicted or had a civil judgment rendered against him/her for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain or performing a public (Federal, State or local) transaction or Contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements or receiving stolen property;
- (3) is not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the above offenses;
- (4) has not within a three year period preceding this agreement had one or more public transactions terminated for cause or fault.

(b) Any change in the above status shall be immediately reported to the Department.

- 10. Liaison.** Each party shall designate a liaison to facilitate a cooperative working relationship between the Contractor and the Department in the performance and administration of this contract.
- 11. Subcontracts.** For purposes of this clause subcontractors shall be defined as providers of direct human services. Vendors of support services, not otherwise known as human service providers or educators, shall not be considered subcontractors, e.g. lawn care, unless such activity is considered part of a training, vocational or educational program. The subcontractor's identity, services to be rendered and costs shall be detailed in Part I of this contract. Notwithstanding the execution of this contract prior to a specific subcontractor being identified or specific costs being set, no subcontractor may be used or expense under this contract incurred prior to identification of the subcontractor or inclusion of a detailed budget statement as to subcontractor expense, unless expressly provided in Part I of this contract. No subcontractor shall acquire any direct right of payment from the Department by virtue of the provisions of this clause or any other clause of this contract. The use of subcontractors, as defined in this clause, shall not relieve the Contractor of any responsibility or liability under this contract. The Contractor shall make available copies of all subcontracts to the Department upon request.
- 12. Independent Capacity of Contractor.** The Contractor, its officers, employees, subcontractors, or any other agent of the Contractor in the performance of this contract will act in an independent capacity and not as officers or employees of the State of Connecticut or of the Department.
- 13. Indemnification.**
- (a) The Contractor shall indemnify, defend and hold harmless the State of Connecticut and its officers, representatives, agents, servants, employees, successors and assigns from and against any and all:
- (1) claims arising directly or indirectly, in connection with the contract, including the acts of commission or omission (collectively the "Acts") of the Contractor or Contractor Parties; and
 - (2) liabilities, damages, losses, costs and expenses, including but not limited to attorneys' and other professionals' fees, arising, directly or indirectly, in connection with Claims, Acts or the contract. The Contractor shall use counsel reasonably acceptable to the State in carrying out its obligations under this contract. The contractor's obligations under this section to indemnify, defend and hold harmless against claims includes claims concerning confidentiality of any part of or all of the bid or any records, and intellectual property rights, other propriety rights of any person or entity, copyrighted or uncopied compositions, secret processes, patented or unpatented inventions, articles or appliances furnished or used in the performance of the contract.
- (b) The Contractor shall reimburse the State for any and all damages to the real or personal property of the State caused by the Acts of the Contractor or any

Contractor Parties. The State shall give the Contractor reasonable notice of any such claims.

- (c) The Contractor's duties under this section shall remain fully in effect and binding in accordance with the terms and conditions of the contract, without being lessened or compromised in any way, even where the Contractor is alleged or is found to have merely contributed in part to the Acts giving rise to the Claims and/or where the State is alleged or is found to have contributed to the Acts giving rise to the Claims.
- (d) The Contractor shall carry and maintain at all times during the term of the contract, and during the time that any provisions survive the term of the contract, sufficient general liability insurance to satisfy its obligations under this contract. The Contractor shall name the State as an additional insured on the policy and shall provide a copy of the policy to the Agency prior to the effective date of the contract. The Contractor shall not begin performance until the delivery of the policy to the Agency.
- (e) The rights provided in this section for the benefit of the State shall encompass the recovery of attorneys' and other professionals' fees expended in pursuing a Claim against a third party.
- (f) This section shall survive the termination, cancellation or expiration of the Contract, and shall not be limited by reason of any insurance coverage.

14. Choice of Law and Choice of Forum, Settlement of Disputes, Office of the Claims Commission.

- (a) The Contractor agrees to be bound by the laws of the State of Connecticut and the federal government where applicable, and agrees that this contract shall be construed and interpreted in accordance with Connecticut law and Federal law where applicable.
- (b) Any dispute concerning the interpretation or application of this contract shall be decided by the Commissioner of the Department or his/her designee whose decision shall be final subject to any rights the Contractor may have pursuant to state law. In appealing a dispute to the commissioner pursuant to this provision, the Contractor shall be afforded an opportunity to be heard and to offer evidence in support of its appeal. Pending final resolution of a dispute, the Contractor and the Department shall proceed diligently with the performance of the contract.
- (c) The Contractor agrees that the sole and exclusive means for the presentation of any claim against the State arising from this Contract shall be in accordance with Chapter 53 of the Connecticut General Statutes (Claims Against the State) and the Contractor further agrees not to initiate legal proceedings except as authorized by that Chapter in any State or Federal Court in addition to or in lieu of said Chapter 53 proceedings.

15. Compliance with Law and Policy. Contractor shall comply with all pertinent provisions of local, state and federal laws and regulations as well as Departmental

policies and procedures applicable to Contractor's programs as specified in this contract. The Department shall notify the Contractor of any applicable new or revised laws, regulations, policies or procedures which the Department has responsibility to promulgate or enforce.

- 16. Facility Standards and Licensing Compliance.** The Contractor will comply with all applicable local, state and federal licensing, zoning, building, health, fire and safety regulations or ordinances, as well as standards and criteria of pertinent state and federal authorities. Unless otherwise provided by law, the Contractor is not relieved of compliance while formally contesting the authority to require such standards, regulations, statutes, ordinance or criteria.
- 17. Reports.** The Contractor shall provide the Department with such statistical, financial and programmatic information necessary to monitor and evaluate compliance with the contract. All requests for such information shall comply with all applicable state and federal confidentiality laws. The Contractor agrees to provide the Department with such reports as the Department requests.
- 18. Delinquent Reports.** The Contractor will submit required reports by the designated due dates as identified in this agreement. After notice to the Contractor and an opportunity for a meeting with a Department representative, the Department reserves the right to withhold payments for services performed under this Contract if the Department has not received acceptable progress reports, expenditure reports, refunds, and/or audits as required by this agreement or previous agreements for similar or equivalent services the Contractor has entered into with the Department.
- 19. Record Keeping and Access.** The Contractor shall maintain books, records, documents, program and individual service records and other evidence of its accounting and billing procedures and practices which sufficiently and properly reflect all direct and indirect costs of any nature incurred in the performance of this contract. These records shall be subject at all reasonable times to monitoring, inspection, review or audit by authorized employees or agents of the state or, where applicable, federal agencies. The Contractor shall retain all such records concerning this contract for a period of three (3) years after the completion and submission to the state of the Contractor's annual financial audit.
- 20. Workforce Analysis.** The Contractor shall provide a workforce analysis affirmative action report related to employment practices and procedures.
- 21. Litigation.**

 - (a) The Contractor shall provide written notice to the Department of any litigation that relates to the services directly or indirectly financed under this contract or that has the potential to impair the ability of the Contractor to fulfill the terms and conditions of this contract, including but not limited to financial, legal or any other situation which may prevent the Contractor from meeting its obligations under the contract.
 - (b) The Contractor shall provide written notice to the Department of any final decision by any tribunal or state or federal agency or court which is adverse to the Contractor or which results in a settlement, compromise or claim or agreement of

any kind for any action or proceeding brought against the Contractor or its employee or agent under the Americans with Disabilities Act of 1990, Executive Orders Nos. 3 & 17 of Governor Thomas J. Meskill and any other provisions of federal or state law concerning equal employment opportunities or nondiscriminatory practices.

C. ALTERATIONS, CANCELLATION AND TERMINATION

1. Contract Revisions and Amendments.

- (a) The Contractor shall submit to the Department in writing any proposed revision to the contract and the Department shall notify the Contractor of receipt of the proposed revision.
- (b) Contract amendments must be in writing and shall not be effective until executed by both parties to the contract, and, where applicable, approved by the Attorney General.
- (c) No amendments may be made to a lapsed contract.

2. Contract Reduction.

- (a) The Department reserves the right to reduce the Contracted amount of compensation at any time in the event that:
 - (1) the Governor or the Connecticut General Assembly rescinds, reallocates, or in any way reduces the total amount budgeted for the operation of the Department during the fiscal year for which such funds are withheld; or
 - (2) federal funding reductions result in reallocation of funds within the Department.
- (b) The Contractor and the Department agree to negotiate on the implementation of the reduction within thirty (30) days of receipt of formal notification of intent to reduce the contracted amount of compensation from the Department. If agreement on the implementation of the reduction is not reached within 30 calendar days of such formal notification and a contract amendment has not been executed, the Department may terminate the contract sixty (60) days from receipt of such formal notification. The Department will formally notify the Contractor of the termination date.

3. Default by the Contractor.

- (a) If the Contractor defaults as to, or otherwise fails to comply with, any of the conditions of this contract the Department may:
 - (1) withhold payments until the default is resolved to the satisfaction of the Department;
 - (2) temporarily or permanently discontinue services under the contract;

- (3) require that unexpended funds be returned to the Department;
- (4) assign appropriate state personnel to execute the contract until such time as the contractual defaults have been corrected to the satisfaction of the Department;
- (5) require that contract funding be used to enter into a subcontract arrangement with a person or persons designated by the Department in order to bring the program into contractual compliance;
- (6) terminate this contract;
- (7) take such other actions of any nature whatsoever as may be deemed appropriate for the best interests of the state or the program(s) provided under this contract or both;
- (8) any combination of the above actions.

- (b) In addition to the rights and remedies granted to the Department by this contract, the Department shall have all other rights and remedies granted to it by law in the event of breach of or default by the Contractor under the terms of this contract.
- (c) Prior to invoking any of the remedies for default specified in this paragraph except when the Department deems the health or welfare of service recipients is endangered as specified in of this contract or has not met requirements as specified in this contract, the Department shall notify the Contractor in writing of the specific facts and circumstances constituting default or failure to comply with the conditions of this contract and proposed remedies. Within five (5) business days of receipt of this notice, the Contractor shall correct any contractual defaults specified in the notice and submit written documentation of correction to the satisfaction of the Department or request in writing a meeting with the commissioner of the Department or his/her designee. Any such meeting shall be held within five (5) business days of the written request. At the meeting, the Contractor shall be given an opportunity to respond to the Department's notice of default and to present a plan of correction with applicable time frames. Within five (5) business days of such meeting, the commissioner of the Department shall notify the Contractor in writing of his/her response to the information provided including acceptance of the plan of correction and, if the commissioner finds continued contractual default for which a satisfactory plan of corrective action has not been presented, the specific remedy for default the Department intends to invoke. This action of the Commissioner shall be considered final.
- (d) If at any step in this process the Contractor fails to comply with the procedure and, as applicable, the agreed upon plan of correction, the Department may proceed with default remedies.

4. Non-enforcement Not to Constitute Waiver. The failure of either party to insist upon strict performance of any terms or conditions of this agreement shall not be deemed a waiver of the term or condition or any remedy that each party has with respect to that

term or condition nor shall it preclude a subsequent default by reason of the failure to perform.

5. Cancellation and Recoupment.

- (a) This agreement shall remain in full force and effect for the entire term of the contract period, above, unless either party provides written notice thirty (30) days or more from the date of termination, except that no cancellation by the Contractor may be effective for failure to provide services for the agreed price or rate and cancellation by the Department shall not be effective against services already rendered, so long as the services were rendered in compliance with the contract during the term of the contract.
- (b) In the event the health or welfare of the service recipients is endangered, the Department may cancel the contract and take any immediate action without notice it deems appropriate to protect the health and welfare of service recipients. The Department shall notify the Contractor of the specific reasons for taking such action in writing within five (5) business days of cancellation. Within five (5) business days of receipt of this notice, the Contractor may request in writing a meeting with the commissioner of the Department or his/her designee. Any such meeting shall be held within five (5) business days of the written request. At the meeting, the Contractor shall be given an opportunity to present information on why the Department's actions should be reversed or modified. Within five (5) business days of such meeting, the Commissioner of the Department shall notify the Contractor in writing of his/her decision upholding, reversing or modifying the action of the Department. This action of the Commissioner shall be considered final.
- (c) The Department reserves the right to cancel the contract without prior notice when the funding for the contract is no longer available.
- (d) The Department reserves the right to recoup any deposits, prior payment, advance payment or down payment made if the contract is terminated by either party. Allowable costs incurred to date of termination for operation or transition of program(s) under this contract shall not be subject to recoupment. The Contractor agrees to return to the Department any funds not expended in accordance with the terms and conditions of the contract and, if the Contractor fails to do so upon demand, the Department may recoup said funds from any future payments owing under this contract or any other contract between the State and the Contractor.

6. **Equipment.** In the event this Contract is terminated or not renewed, the Department reserves the right to recoup any equipment, deposits or down payments made or purchased with start-up funds or other funds specifically designated for such purpose under this Contract. For purposes of this provision, equipment means tangible personal property with a normal useful life of at least one year and a value of at least \$5,000. Equipment shall be considered purchased from Contractor funds and not from Department funds if the equipment is purchased for a program that has other sources of income equal to or greater than the equipment purchase price.

7. Termination. All notices of termination as defined in the subsections below shall be signed by the Contract Administrator and/or designee, shall specify a date of termination and shall be delivered to the Contractor no less than 90 days prior to the specified date of termination.

a. Termination for Convenience:

- i. The Department may terminate performance of work under the Contract in whole or in part whenever for any reason the Department shall determine that such termination is in the best interest of the Department and/or the State of Connecticut.
- ii. In the event that the Department elects to terminate the Contract pursuant to this provision, the Contract Administrator and/or designee shall notify the Contractor by certified mail, return receipt requested. Termination shall be effective as of the close of business on the date specified in the notice.

b. Termination for Financial Instability:

- i. In the event that the Contractor becomes financially unstable to the point of threatening the ability of the Department to obtain the services provided for under this contract, ceases to conduct business in the normal course, makes a general assignment for the benefit of creditors, suffers or permits the appointment of a receiver for its business or its assets, the Department may, at its option, immediately terminate this contract.
- ii. In the event the Department elects to terminate this contract under this provision, it shall do so by the Contract Administrator and/or designee sending notice of termination to the Contractor by certified mail, return receipt requested, specifying the date of termination.
- iii. In the event of the filing of a petition in bankruptcy by or against a principal subcontractor, the Contractor shall immediately so advise the Department. The Contractor shall ensure that all tasks related to the subcontract are performed in accordance with the terms of the contract and agrees that the filing of a petition in bankruptcy by or against a subcontractor shall, in no way, relieve Contractor of its duties under this contract.

c. Procedure for Termination:

In addition to the requirements set forth above, upon delivery by certified mail to the Contractor of a Notice of Termination specifying the nature of the termination and the date upon which such termination becomes effective, the Contractor shall:

- i. Stop work under the contract on the date and to the extent specified in the Notice of Termination.

- ii. If the Department so directs in writing, terminate all subcontracts to the extent that they relate to the performance of work terminated by the Notice of Termination or assign to the Department in the manner and to the extent directed by the Contract Administrator all of the right, title, and interest of the Contractor under the subcontracts not so terminated, in which case the Department shall have the right, in its discretion, to settle or pay any and all claims arising out of the termination of such subcontracts.
- iii. Complete the performance of such part of the work as shall not have been terminated by the Notice of Termination.
- iv. Be entitled to payment for services rendered through the effective date of termination.

8. Transition after Termination or Expiration of Contract. In the event that this contract is terminated for any reason except where the health and welfare of service recipients is endangered or if the Department does not offer the Contractor a new contract for the same or similar service at the contract's expiration, the Contractor will assist in the orderly transfer of clients served under this contract as required by the Department and will assist in the orderly cessation of operations under this contract. Prior to incurring expenses related to the orderly transfer or continuation of services to service recipients beyond the terms of the contract, the Department and the Contractor agree to negotiate a termination amendment to the existing agreement to address current program components and expenses, anticipated expenses necessary for the orderly transfer of service recipients and changes to the current program to address service recipient needs. The Contractual agreement may be amended as necessary to assure transition requirements are met during the term of this contract. If the transition cannot be concluded during this term, the Department and the Contractor may negotiate an amendment to extend the term of the current contract until the transition may be concluded.

9. Program Cancellation. Where applicable, the cancellation or termination of any individual program or services under this Contract will not, in and of itself, in any way affect the status of any other program or service in effect under this Contract.

10. Mergers and Acquisitions.

- (a) Contracts in whole or in part are not transferable or assignable without the prior written agreement of the Department.
- (b) At least ninety (90) days prior to the effective date of any fundamental changes in corporate status, including merger, acquisition, transfer of assets, and any change in fiduciary responsibility, the Contractor shall provide the Department with written notice of such changes.
- (c) The Contractor shall comply with requests for documentation deemed necessary by the Department to determine whether the Department will provide prior written agreement. The Department shall notify the Contractor of such determination not later than forty-five (45) business days from the date the Department receives such requested documentation.

D. STATUTORY AND REGULATORY COMPLIANCE

1. Health Insurance Portability Act of 1996 ("HIPAA").

- (a) If the Contractor is a Business Associate under the requirements of the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), the Contractor must comply with all terms and conditions of this Section of the Contract. If the Contractor is not a Business Associate under HIPAA, this Section of the Contract does not apply to the Contractor for this Contract.
- (b) The Contractor is required to safeguard the use, publication and disclosure of information on all applicants for, and all clients who receive, services under the Contract in accordance "with all applicable federal and state law regarding confidentiality, which includes but is not limited to ("HIPAA"), more specifically with the Privacy and Security Rules at 45 C.F.R. Part 160 and Part 164, subparts A, C, and E; *and*
- (c) The State of Connecticut Department named on page 1 of this Contract (hereinafter "Department") is a "covered entity" as that term is defined in 45 C.F.R. § 160.103; *and*
- (d) The Contractor, on behalf of the Department, performs functions that involve the use or disclosure of "individually identifiable health information," as that term is defined in 45 C.F.R. § 160.103; *and*
- (e) The Contractor is a "business associate" of the Department, as that term is defined in 45 C.F.R. § 160.103; *and*
- (f) The Contractor and the Department agree to the following in order to secure compliance with the HIPAA, more specifically with the Privacy and Security Rules at 45 C.F.R. Part 160 and Part 164, subparts A, C, and E.
- (g) Definitions
 - (1) "Business Associate" shall mean the Contractor.
 - (2) "Covered Entity" shall mean the Department of the State of Connecticut named on page 1 of this Contract.
 - (3) "Designated Record Set" shall have the same meaning as the term "designated record set" in 45 C.F.R. § 164.501.
 - (4) "Individual" shall have the same meaning as the term "individual" in 45 C.F.R. § 160.103 and shall include a person who qualifies as a personal representative as defined in 45 C.F.R. § 164.502(g).

- (5) "Privacy Rule" shall mean the Standards for Privacy of Individually Identifiable Health Information at 45 C.F.R. part 160 and parts 164, subparts A and E.
 - (6) "Protected Health Information" or "PHI" shall have the same meaning as the term "protected health information" in 45 C.F.R. § 160.103, limited to information created or received by the Business Associate from or on behalf of the Covered Entity.
 - (7) "Required by Law" shall have the same meaning as the term "required by law" in 45 C.F.R. § 164.103.
 - (8) "Secretary" shall mean the Secretary of the Department of Health and Human Services or his designee.
 - (9) "More stringent" shall have the same meaning as the term "more stringent" in 45 C.F.R. § 160.202.
 - (10) "This Section of the Contract" refers to the HIPAA Provisions stated herein, in their entirety.
 - (11) "Security Incident" shall have the same meaning as the term "security incident" in 45 C.F.R. § 164.304.
 - (12) "Security Rule" shall mean the Security Standards for the Protection of Electronic Protected Health Information at 45 C.F.R. part 160 and parts 164, subpart A and C.
- (h) Obligations and Activities of Business Associates.
- (1) Business Associate agrees not to use or disclose PHI other than as permitted or required by this Section of the Contract or as Required by Law.
 - (2) Business Associate agrees to use appropriate safeguards to prevent use or disclosure of PHI other than as provided for in this Section of the Contract.
 - (3) Business Associate agrees to use administrative, physical and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of electronic protected health information that it creates, receives, maintains, or transmits on behalf of the Covered Entity.
 - (4) Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to the Business Associate of a use or disclosure of PHI by Business Associate in violation of this Section of the Contract.
 - (5) Business Associate agrees to report to Covered Entity any use or disclosure of PHI not provided for by this Section of the Contract or any security incident of which it becomes aware.

- (6) Business Associate agrees to insure that any agent, including a subcontractor, to whom it provides PHI received from, or created or received by Business Associate, on behalf of the Covered Entity, agrees to the same restrictions and conditions that apply through this Section of the Contract to Business Associate with respect to such information.
 - (7) Business Associate agrees to provide access, at the request of the Covered Entity, and in the time and manner agreed to by the parties, to PHI in a Designated Record Set, to Covered Entity or, as directed by Covered Entity, to an Individual in order to meet the requirements under 45 C.F.R. § 164.524.
 - (8) Business Associate agrees to make any amendments to PHI in a Designated Record Set that the Covered Entity directs or agrees to pursuant to 45 C.F.R. § 164.526 at the request of the Covered Entity, and in the time and manner agreed to by the parties.
 - (9) Business Associate agrees to make internal practices, books, and records, including policies and procedures and PHI, relating to the use and disclosure of PHI received from, or created or received by, Business Associate on behalf of Covered Entity, available to Covered Entity or to the Secretary in a time and manner agreed to by the parties or designated by the Secretary, for purposes of the Secretary determining Covered Entity's compliance with the Privacy Rule.
 - (10) Business Associate agrees to document such disclosures of PHI and information related to such disclosures as would be required for Covered Entity to respond to a request by an Individual for an accounting of disclosures of PHI in accordance with 45 C.F.R. § 164.528.
 - (11) Business Associate agrees to provide to Covered Entity, in a time and manner agreed to by the parties, information collected in accordance with paragraph I of this Section of the Contract, to permit Covered Entity to respond to a request by an Individual for an accounting of disclosures of PHI in accordance with 45 C.F.R. § 164.528.
 - (12) Business Associate agrees to comply with any state law that is more stringent than the Privacy Rule.
- (i) Permitted Uses and Disclosure by Business Associate.
- (1) General Use and Disclosure Provisions Except as otherwise limited in this Section of the Contract, Business Associate may use or disclose PHI to perform functions, activities, or services for, or on behalf of, Covered Entity as specified in this Contract, provided that such use or disclosure would not violate the Privacy Rule if done by Covered Entity or the minimum necessary policies and procedures of the Covered Entity.
 - (2) Specific Use and Disclosure Provisions
 - (A) Except as otherwise limited in this Section of the Contract, Business Associate may use PHI for the proper management and administration of

Business Associate or to carry out the legal responsibilities of Business Associate.

- (B) Except as otherwise limited in this Section of the Contract, Business Associate may disclose PHI for the proper management and administration of Business Associate, provided that disclosures are Required by Law, or Business Associate obtains reasonable assurances from the person to whom the information is disclosed that it will remain confidential and used or further disclosed only as Required by Law or for the purpose for which it was disclosed to the person, and the person notifies Business Associate of any instances of which it is aware in which the confidentiality of the information has been breached.
- (C) Except as otherwise limited in this Section of the Contract, Business Associate may use PHI to provide Data Aggregation services to Covered Entity as permitted by 45 C.F.R. § 164.504(e)(2)(i)(B).
- (j) Obligations of Covered Entity.
- (1) Covered Entity shall notify Business Associate of any limitations in its notice of privacy practices of Covered Entity, in accordance with 45 C.F.R. § 164.520, or to the extent that such limitation may affect Business Associate's use or disclosure of PHI.
 - (2) Covered Entity shall notify Business Associate of any changes in, or revocation of, permission by Individual to use or disclose PHI, to the extent that such changes may affect Business Associate's use or disclosure of PHI.
 - (3) Covered Entity shall notify Business Associate of any restriction to the use or disclosure of PHI that Covered Entity has agreed to in accordance with 45 C.F.R. § 164.522, to the extent that such restriction may affect Business Associate's use or disclosure of PHI.
- (k) Permissible Requests by Covered Entity. Covered Entity shall not request Business Associate to use or disclose PHI in any manner that would not be permissible under the Privacy Rule if done by the Covered Entity, except that Business Associate may use and disclose PHI for data aggregation, and management and administrative activities of Business Associate, as permitted under this Section of the Contract.
- (l) Term and Termination.
- (1) Term. The Term of this Section of the Contract shall be effective as of the date the Contract is effective and shall terminate when all of the PHI provided by Covered Entity to Business Associate, or created or received by Business Associate on behalf of Covered Entity, is destroyed or returned to Covered Entity, or, if it is infeasible to return or destroy PHI, protections are extended to such information, in accordance with the termination provisions in this Section.
 - (2) Termination for Cause Upon Covered Entity's knowledge of a material breach by

Business Associate, Covered Entity shall either:

- (A) Provide an opportunity for Business Associate to cure the breach or end the violation and terminate the Contract if Business Associate does not cure the breach or end the violation within the time specified by the Covered Entity; or
- (B) Immediately terminate the Contract if Business Associate has breached a material term of this Section of the Contract and cure is not possible; or
- (C) If neither termination nor cure is feasible, Covered Entity shall report the violation to the Secretary.

(3) Effect of Termination

- (A) Except as provided in (1)(2) above, upon termination of this Contract, for any reason, Business Associate shall return or destroy all PHI received from Covered Entity, or created or received by Business Associate on behalf of Covered Entity. This provision shall apply to PHI that is in the possession of subcontractors or agents of Business Associate. Business Associate shall retain no copies of the PHI.
- (B) In the event that Business Associate determines that returning or destroying the PHI is infeasible, Business Associate shall provide to Covered Entity notification of the conditions that make return or destruction infeasible. Upon documentation by Business Associate that return or destruction of PHI is infeasible, Business Associate shall extend the protections of this Section of the Contract to such PHI and limit further uses and disclosures of PHI to those purposes that make return or destruction infeasible, for as long as Business Associate maintains such PHI. Infeasibility of the return or destruction of PHI includes, but is not limited to, requirements under state or federal law that the Business Associate maintains or preserves the PHI or copies thereof.

(m) Miscellaneous Provisions.

- (1) Regulatory References. A reference in this Section of the Contract to a section in the Privacy Rule means the section as in effect or as amended.
- (2) Amendment. The Parties agree to take such action as is necessary to amend this Section of the Contract from time to time as is necessary for Covered Entity to comply with requirements of the Privacy Rule and the Health Insurance Portability and Accountability Act of 1996, Pub. L. No. 104-191.
- (3) Survival. The respective rights and obligations of Business Associate shall survive the termination of this Contract.
- (4) Effect on Contract. Except as specifically required to implement the purposes of this Section of the Contract, all other terms of the Contract shall remain in force and effect.

- (5) Construction. This Section of the Contract shall be construed as broadly as necessary to implement and comply with the Privacy Standard. Any ambiguity in this Section of the Contract shall be resolved in favor of a meaning that complies, and is consistent with, the Privacy Standard.
- (6) Disclaimer. Covered Entity makes no warranty or representation that compliance with this Section of the Contract will be adequate or satisfactory for Business Associate's own purposes. Covered Entity shall not be liable to Business Associate for any claim, loss or damage related to or arising from the unauthorized use or disclosure of PHI by Business Associate or any of its officers, directors, employees, Contractors or agents, or any third party to whom Business Associate has disclosed PHI pursuant to this Contract. Business Associate is solely responsible for all decisions made, and actions taken, by Business Associate regarding the safeguarding, use and disclosure of PHI within its possession, custody or control.
- (7) Indemnification. The Business Associate shall indemnify and hold the Covered Entity harmless from and against all claims, liabilities, judgments, fines, assessments, penalties, awards, or other expenses, of any kind or nature whatsoever, including, without limitation, attorney's fees, expert witness fees, and costs of investigation, litigation or dispute resolution, relating to or arising out of any violation by the Business Associate and its agents, including subcontractors, of any obligation of Business Associate and its agents, including subcontractors, under this Section of the Contract.

- 2. Americans with Disabilities Act of 1990.** This clause applies to those Contractors which are or will come to be responsible for compliance with the terms of the Americans with Disabilities Act of 1990 (42 U.S.C. §§ 12101-12189 and §§ 12201-12213) (Supp. 1993); 47 USCS §§ 225, 611 (Supp. 1993). During the term of the Contract, the Contractor represents that it is familiar with the terms of this Act and that it is in compliance with the law. The Contractor warrants that it will hold the state harmless from any liability which may be imposed upon the state as a result of any failure of the Contractor to be in compliance with this Act. As applicable, the Contractor agrees to abide by provisions of § 504 of the Federal Rehabilitation Act of 1973, as amended, 29 U.S.C. § 794 (Supp. 1993), regarding access to programs and facilities by people with disabilities.
- 3. Utilization of Minority Business Enterprises.** It is the policy of the state that minority business enterprises should have the maximum opportunity to participate in the performance of government Contracts. The Contractor agrees to use best efforts consistent with 45 C.F.R. §§ 74.160 et seq. (1992) and paragraph 9 of Appendix G thereto for the administration of programs or activities using HHS funds; and §§ 13a-95a, 4a-60 to 4a-62, 4b-95(b), and 4a-60q of the Connecticut General Statutes to carry out this policy in the award of any subcontracts.
- 4. Priority Hiring.** Subject to the Contractor's exclusive right to determine the qualifications for all employment positions, the Contractor shall use its best efforts to ensure that it gives priority to hiring welfare recipients who are subject to time limited welfare and must find employment. The Contractor and the Department will work cooperatively to determine the number and types of positions to which this paragraph shall apply. The

Department of Social Services regional office staff or staff of Department of Social Service Contractors will undertake to counsel and screen an adequate number of appropriate candidates for positions targeted by the Contractor as suitable for individuals in the time limited welfare program. The success of the Contractor's efforts will be considered when awarding and evaluating Contracts.

5. Non-discrimination Regarding Sexual Orientation. Unless otherwise provided by Conn. Gen. Stat. § 46a-81p, the Contractor agrees to the following provisions required pursuant to § 4a-60a of the Connecticut General Statutes:

(a) (1) The Contractor agrees and warrants that in the performance of the Contract such Contractor will not discriminate or permit discrimination against any person or group of persons on the grounds of sexual orientation, in any manner prohibited by the laws of the United States or of the State of Connecticut, and that employees are treated when employed without regard to their sexual orientation;

(2) the Contractor agrees to provide each labor union or representatives of workers with which such Contractor has a collective bargaining agreement or other Contract or understanding and each vendor with which such Contractor has a Contract or understanding a notice to be provided by the commission on human rights and opportunities advising the labor union or workers' representative of the Contractor's commitments under this section, and to post copies of the notice in conspicuous places available to employees and applicants for employment;

(3) the Contractor agrees to comply with each provision of this section and with each regulation or relevant order issued by said commission pursuant to § 46a-56 of the Connecticut General Statutes;

(4) the Contractor agrees to provide the commission on human rights and opportunities with such information requested by the commission, and permit access to pertinent books, records and accounts concerning the employment practices and procedures of the Contractor which relate to provisions of this section and § 46a-56 of the Connecticut General Statutes.

(b) The Contractor shall include the provisions of subsection (a) of this section in every subcontract or purchase order entered into in order to fulfill any obligation of a Contract with the state and such provisions shall be binding on a subcontractor, vendor or manufacturer unless exempted by regulations or orders of the commission. The Contractor shall take such action with respect to any such subcontract or purchase order as the commission may direct as a means of enforcing such provisions including sanctions for noncompliance in accordance with § 46a-56 of the Connecticut General Statutes provided, if such Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the commission, the Contractor may request the State of Connecticut to enter into any such litigation or negotiation prior thereto to protect the interests of the state and the state may so enter.

6. Nondiscrimination and Affirmative Action Provisions in Contracts of the State and Political Subdivisions Other Than Municipalities. The Contractor agrees to comply with provisions of § 4a-60 of the Connecticut General Statutes:

- (a) Every Contract to which the state or any political subdivision of the state other than a municipality is a party shall contain the following provisions:
- (1) The Contractor agrees and warrants that in the performance of the Contract such Contractor will not discriminate or permit discrimination against any person or group of persons on the grounds of race, color, religious creed, age, marital status, national origin, ancestry, sex, mental retardation or physical disability, including, but not limited to, blindness, unless it is shown by such Contractor that such disability prevents performance of the work involved, in any manner prohibited by the laws of the United States or of the state of Connecticut. The Contractor further agrees to take affirmative action to insure that applicants with job-related qualifications are employed and that employees are treated when employed without regard to their race, color, religious creed, age, marital status, national origin, ancestry, sex, mental retardation, or physical disability, including, but not limited to, blindness, unless it is shown by such Contractor that such disability prevents performance of the work involved;
 - (2) the Contractor agrees, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, to state that is an "affirmative action-equal opportunity employer" in accordance with regulations adopted by the commission;
 - (3) the Contractor agrees to provide each labor union or representative of workers with which such Contractor has a collective bargaining agreement or other Contract or understanding and each vendor with which such Contractor has a Contract or understanding, a notice to be provided by the commission advising the labor union or workers' representative of the Contractor's commitments under this section, and to post copies of the notice in conspicuous places available to employees and applicants for employment;
 - (4) the Contractor agrees to comply with each provision of this section and Conn. Gen. Stat. §§ 46a-68e and 46a-68f and with each regulation or relevant order issued by said commission pursuant to Conn. Gen. Stat. §§ 46a-56, 46a-68e and 46a-68f;
 - (5) the Contractor agrees to provide the commission of human rights and opportunities with such information requested by the commission, and permit access to pertinent books, records and accounts, concerning the employment practices and procedures of the Contractor as relate to the provisions of this section and Conn. Gen. Stat. § 46a-56. If the Contract is a public works Contract, the Contractor agrees and warrants that he will make good faith efforts to employ minority business enterprises as subcontractors and suppliers of materials on such public works project.

- (b) For the purposes of this section, "minority business enterprise" means any small Contractor or supplier of materials fifty-one per cent or more of capital stock, if any, or assets of which is owned by a person or persons:
- (1) who are active in the daily affairs of the enterprise;
 - (2) who have the power to direct the management and policies of the enterprise; and
 - (3) who are members of a minority, as such term is defined in subsection (a) of Conn. Gen. Stat. § 49-60g.
- (c) For the purposes of this section, "good faith" means that degree of diligence which a reasonable person would exercise in the performance of legal duties and obligations. "Good faith efforts" shall include, but not be limited to, those reasonable initial efforts necessary to comply with statutory or regulatory requirements and additional or substituted efforts when it is determined that such initial efforts will not be sufficient to comply with such requirements. Determinations of the Contractor's good faith efforts shall include but shall not be limited to the following factors: The Contractor's employment and subcontracting policies, patterns and practices; affirmative action advertising; recruitment and training; technical assistance activities and such other reasonable activities or efforts as the commission may prescribe that are designed to ensure the participation of minority business enterprises in public works projects.
- (d) The Contractor shall develop and maintain adequate documentation, in a manner prescribed by the commission, of its good faith efforts.
- (e) Contractor shall include the provisions of subsection (a) of this section in every subcontract or purchase order entered into in order to fulfill any obligation of a Contract with the state and such provision shall be binding on a subcontractor, vendor or manufacturer unless exempted by regulations or orders of the commission. The Contractor shall take such action with respect to any such subcontract or purchase order as the commission may direct as a means of enforcing such provisions including sanctions for noncompliance in accordance with Conn. Gen. Stat. § 46a-56; provided, if such Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the commission, the Contractor may request the state of Connecticut to enter into such litigation or negotiation prior thereto to protect the interests of the state and the state may so enter.

7. Government Function; Freedom of Information. If the amount of this Contract exceeds two million five hundred thousand dollars (\$2,500,000), and the Contract is for the performance of a governmental function, as that term is defined in Conn. Gen. Stat. § 1-200(11), the Department is entitled to receive a copy of the records and files related to the Contractor's performance of the governmental function, and may be disclosed by the Department pursuant to the Freedom of Information Act.

8. Whistleblowing. This Agreement is subject to the provisions of § 4-61dd of the Connecticut General Statutes. In accordance with this statute, if an officer, employee or appointing authority of the Contractor takes or threatens to take any personnel action

against any employee of the Contractor in retaliation for such employee's disclosure of information to any employee of the Contracting state or quasi-public agency or the Auditors of Public Accounts or the Attorney General under the provisions of subsection (a) of such statute, the Contractor shall be liable for a civil penalty of not more than five thousand dollars for each offense, up to a maximum of twenty per cent of the value of this Agreement. Each violation shall be a separate and distinct offense and in the case of a continuing violation, each calendar day's continuance of the violation shall be deemed to be a separate and distinct offense. The State may request that the Attorney General bring a civil action in the Superior Court for the Judicial District of Hartford to seek imposition and recovery of such civil penalty. In accordance with subsection (f) of such statute, each large state Contractor, as defined in the statute, shall post a notice of the provisions of the statute relating to large state Contractors in a conspicuous place which is readily available for viewing by the employees of the Contractor.

- 9. Campaign Contribution Restrictions.** On February 8, 2007, Governor Rell signed into law Public Act 07-1, An Act Concerning the State Contractor Contribution Ban and Gifts to State and Quasi-Public Agencies.

For all State contracts as defined in P.A. 07-1 having a value in a calendar year of \$50,000 or more or a combination or series of such agreements or contracts having a value of \$100,000 or more, the authorized signatory to this Agreement expressly acknowledges receipt of the State Elections Enforcement Commission's notice advising state contractors of state campaign contribution and solicitation prohibitions, and will inform its principals of the contents of the notice. See SEEC Form 11.

- 10. Non-smoking.** If the Contractor is an employer subject to the provisions of § 31-40q of the Connecticut General Statutes, the Contractor agrees to provide upon request the Department with a copy of its written rules concerning smoking. Evidence of compliance with the provisions of § 31-40q of the Connecticut General Statutes must be received prior to Contract approval by the Department.

11. Executive Orders.

- (a) Executive Order No. 3: Nondiscrimination. This Contract is subject to the provisions of Executive Order No. Three of Governor Thomas J. Meskill promulgated June 16, 1971, and, as such, this Contract may be canceled, terminated or suspended by the State Labor Commissioner for violation of or noncompliance with said Executive Order No. 3 or any state or federal law concerning nondiscrimination, notwithstanding that the Labor Commissioner is not a party to this Contract. The parties to this Contract, as part of the consideration hereof, agree that said Executive Order No. 3 is incorporated herein by reference and made a part hereof. The parties agree to abide by said Executive Order and agree that the State Labor Commissioner shall have continuing jurisdiction in respect to Contract performance in regard to nondiscrimination, until the Contract is completed or terminated prior to completion. The Contractor agrees, as part consideration hereof, that this Contract is subject to the Guidelines and Rules issued by the State Labor Commissioner to implement Executive Order No. 3 and that the Contractor will not discriminate in employment practices or policies, will file all reports as required, and will fully cooperate with the State of Connecticut and the State Labor Commissioner.

(b) Executive Order No. 16: Violence in the Workplace Prevention Policy. This Contract is subject to provisions of Executive Order No. 16 of Governor John J. Rowland promulgated August 4, 1999, and, as such, this Contract may be cancelled, terminated or suspended by the Contracting agency or the State for violation of or noncompliance with said Executive Order No. 16. The parties to this Contract, as part of the consideration hereof, agree that:

- (1) Contractor shall prohibit employees from bringing into the state work site, except as may be required as a condition of employment, any weapon/dangerous instrument defined in Section 2 to follow;
- (2) weapon means any firearm, including a BB gun, whether loaded or unloaded, any knife (excluding a small pen or pocket knife), including a switchblade or other knife having an automatic spring release device, a stiletto, any police baton or nightstick or any martial arts weapon or electronic defense weapon. Dangerous instrument means any instrument, article or substance that, under the circumstances, is capable of causing death or serious physical injury;
- (3) Contractor shall prohibit employees from attempting to use, or threaten to use, any such weapon or dangerous instrument in the state work site and employees shall be prohibited from causing, or threatening to cause, physical injury or death to any individual in the state work site;
- (4) Contractor shall adopt the above prohibitions as work rules, violation of which shall subject the employee to disciplinary action up to and including discharge. The Contractor shall require that all employees are aware of such work rules;
- (5) Contractor agrees that any subcontract it enters into in the furtherance of the work to be performed hereunder shall contain the provisions 1 through 4, above.

(c) Executive Order No. 17: Connecticut State Employment Service Listings. This Contract is subject to provisions of Executive Order No. 17 of Governor Thomas J. Meskill promulgated February 15, 1973, and, as such, this Contract may be canceled, terminated or suspended by the Contracting agency or the State Labor Commissioner for violation of or noncompliance with said Executive Order Number 17, notwithstanding that the Labor Commissioner may not be a party to this Contract. The parties to this Contract, as part of the consideration hereof, agree that Executive Order No. 17 is incorporated herein by reference and made a part hereof. The parties agree to abide by said Executive Order and agree that the Contracting agency and the State Labor Commissioner shall have joint and several continuing jurisdiction in respect to Contract performance in regard to listing all employment openings with the Connecticut State Employment Service.

(d) Executive Order No. 7C: Contracting Standards Board. This Contract is subject to provisions of Executive Order No. 7C of Governor M. Jodi Rell, promulgated on July 13, 2006. The Parties to this Contract, as part of the consideration hereof, agree that:

- (1) The State Contracting Standards Board ("Board") may review this Contract and recommend to the state Contracting agency termination of this Contract for

cause. The State Contracting agency shall consider the recommendations and act as required or permitted in accordance with the Contract and applicable law. The Board shall provide the results of its review, together with its recommendations, to the state Contracting agency and any other affected party in accordance with the notice provisions in the Contract not later than fifteen (15) days after the Board finalizes its recommendation. For the purposes of this Section, "for cause" means: (A) a violation of the State Ethics Code (Chap. 10 of the general statutes) or section 4a-100 of the general statutes or (B) wanton or reckless disregard of any state Contracting and procurement process by any person substantially involved in such Contract or state Contracting agency.

- (2) For purposes of this Section, "Contract" shall not include real property transactions involving less than a fee simple interest or financial assistance comprised of state or federal funds, the form of which may include but is not limited to grants, loans, loan guarantees, and participation interests in loans, equity investments and tax credit programs. Notwithstanding the foregoing, the Board shall not have any authority to recommend the termination of a Contract for the sale or purchase of a fee simple interest in real property following transfer of title.
 - (3) Notwithstanding the Contract value listed in sections 4-250 and 4-252 of the Conn. Gen. Stat. and section 8 of Executive Order Number 1, all State Contracts between state agencies and private entities with a value of \$50,000 (fifty thousand dollars) or more in a calendar or fiscal year shall comply with the gift and campaign contribution certification requirements of section 4-252 of the Conn. Gen. Stat. and section 8 of Executive Order Number 1. For purposes of this section, the term "certification" shall include the campaign contribution and annual gift affidavits required by section 8 of Executive Order Number 1.
- (e) Executive Order No. 14: Procurement of cleaning products and services. This Agreement is subject to the provisions of Executive Order No. 14 of Governor M. Jodi Rell promulgated April 17, 2006. Pursuant to this Executive Order, the contractor shall use cleaning and/or sanitizing products having properties that minimize potential impacts on human health and the environment, consistent with maintaining clean and sanitary facilities.

SEEC FORM 11**NOTICE TO EXECUTIVE BRANCH STATE CONTRACTORS AND PROSPECTIVE STATE CONTRACTORS OF CAMPAIGN CONTRIBUTION AND SOLICITATION BAN**

This notice is provided under the authority of Connecticut General Statutes 9-612(g)(2), as amended by P.A. 07-1, and is for the purpose of informing state contractors and prospective state contractors of the following law (italicized words are defined below):

Campaign Contribution and Solicitation Ban

No state contractor, prospective state contractor, principal of a state contractor or principal of a prospective state contractor, with regard to a state contract or state contract solicitation with or from a state agency in the executive branch or a quasi-public agency or a holder, or principal of a holder of a valid prequalification certificate, shall make a contribution to, or solicit contributions on behalf of (i) an exploratory committee or candidate committee established by a candidate for nomination or election to the office of Governor, Lieutenant Governor, Attorney General, State Comptroller, Secretary of the State or State Treasurer, (ii) a political committee authorized to make contributions or expenditures to or for the benefit of such candidates, or (iii) a party committee;

In addition, no holder or principal of a holder of a valid prequalification certificate, shall make a contribution to, or solicit contributions on behalf of (i) an exploratory committee or candidate committee established by a candidate for nomination or election to the office of State senator or State representative, (ii) a political committee authorized to make contributions or expenditures to or for the benefit of such candidates, or (iii) a party committee.

Duty to Inform

State contractors and prospective state contractors are required to inform their principals of the above prohibitions, as applicable, and the possible penalties and other consequences of any violation thereof.

Penalties for Violations

Contributions or solicitations of contributions made in violation of the above prohibitions may result in the following civil and criminal penalties:

Civil penalties—\$2000 or twice the amount of the prohibited contribution, whichever is greater, against a principal or a contractor. Any state contractor or prospective state contractor which fails to make reasonable efforts to comply with the provisions requiring notice to its principals of these prohibitions and the possible consequences of their violations may also be subject to civil penalties of \$2000 or twice the amount of the prohibited contributions made by their principals.

Criminal penalties—Any knowing and willful violation of the prohibition is a Class D felony, which may subject the violator to imprisonment of not more than 5 years, or \$5000 in fines, or both.

Contract Consequences

Contributions made or solicited in violation of the above prohibitions may result, in the case of a state contractor, in the contract being voided.

Contributions made or solicited in violation of the above prohibitions, in the case of a prospective state contractor, shall result in the contract described in the state contract solicitation not being

awarded to the prospective state contractor, unless the State Elections Enforcement Commission determines that mitigating circumstances exist concerning such violation.

The State will not award any other state contract to anyone found in violation of the above prohibitions for a period of one year after the election for which such contribution is made or solicited, unless the State Elections Enforcement Commission determines that mitigating circumstances exist concerning such violation.

Additional information and the entire text of P.A. 07-1 may be found on the website of the State Elections Enforcement Commission, www.ct.gov/seec. Click on the link to "State Contractor Contribution Ban."

RESOLUTION

I, *Lititia Stone*, of **Systems and Methods, Inc.**, a Connecticut corporation (the "Contractor"), do hereby certify that the following is a true and correct copy of a resolution duly adopted at a meeting of the *SMI Board of Directors* of the Contractor duly held and convened on October 20, 2003, at which meeting a duly constituted quorum of the *Board of Directors* was present and acting throughout and that such resolution has not been modified, rescinded, or revoked, and is at present in full force and effect:

RESOLVED that the CEO, **Joe Stone**, is empowered to enter into and amend contractual instruments in the name and on behalf of this Contractor with the Department of Social Services of the State of Connecticut for a Child Support Services program, and to affix the corporate seal.

RESOLVED that **Systems and Methods, Inc.** hereby adopts as its policy to support the nondiscrimination agreements and warranties required under Connecticut General Statutes § 4a-60(a)(1) and § 4a-60a(a)(1), as amended in State of Connecticut Public Act 07-245 and sections 9(a)(1) and 10(a)(1) of Public Act 07-142.

IN WITNESS WHEREOF, the undersigned has affixed his/her signature and the corporate seal of the Contractor this 30th day of October, 2008.

Lititia H. Stone
Secretary

