# State of California Department of Technology

Independent Verification and Validation

Statement of Work

**Statewide Information Management Manual -Section 45 A**

**Revised August 2017**

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**STATEMENT OF WORK**

**INDEPENDENT VERIFICATION AND VALIDATION SERVICES**

This Statement of Work (SOW) reflects the services to be provided by the proposed vendor hereinafter referred to as the “Vendor,” for the <project name> <project acronym> Project and hereinafter referred to as the “Project.” This SOW is governed by and incorporates by reference the terms and conditions of this <procurement vehicle> and the resulting approved Contract.

# OVERVIEW

This Agreement is for the Vendor to provide the Project with Independent Verification and Validation (IV&V) Services for the <list appropriate SDLC phases> phases of the Project.

“Independent” Verification and Validation (IV&V) is the set of verification and validation activities performed by an agency not under the control of the organization developing the software. IV&V services must be provided and managed by an organization technically and managerially independent of the software development project. This independence takes two mandatory forms:

* Technical independence requires the IV&V service provider not be organizationally involved in the software development or implementation effort, or have participated in the Project’s initial planning and/or subsequent design.
* Managerial independence requires the IV&V service provider to ensure the IV&V effort is vested in an organization departmentally and hierarchically separate from the software development and program management organizations.

**Federally Funded Contracts**

IV&V is not considered to be an integral process within the larger development project. Rather, it is considered to be an adjunct activity that does not fall within the managerial oversight or control of the day-to-day operation of the Project’s management structure.

To ensure the independence of the IV&V effort, all work products will be submitted concurrently to the <appropriate Federal office> when a copy is transmitted to the Contract Manager. This includes all Deliverable Expectation Documents (DEDs), status reports, and invoices.

# PROJECT DESCRIPTION

<Brief description of the project> <size, scope, complexity>

# TERM/PERIOD OF PERFORMANCE

The period of performance for the Contract shall be <months spelled out (x) months> from the <Date>, or the date the Contract is executed, whichever is later (Effective Date). The State reserves the option to extend the term of the Contract at its sole discretion for one (1) additional twelve (12) month term at the original rates evaluated and considered. The Vendor shall not be authorized to deliver goods or commence performance of services described in this SOW prior

to the Effective Date. Any delivery of goods or performance of services by the Vendor that is commenced prior to the Effective Date shall be considered gratuitous on the part of the Vendor.

Consistent with the terms and conditions of the original solicitation for IV&V services, and upon mutual consent, the State and the Vendor may execute written amendments for changes to this Contract that were evaluated and considered.

# WORK LOCATION

The Vendor shall perform all services under this Contract onsite at <project address>. The Vendor shall provide the services during regular State business hours, and at all other times as required to successfully provide the services described in this SOW. However, some tasks not requiring interaction with State personnel may be performed offsite if preapproved by the State. The Vendor may be required to travel to other site locations at no cost to the Project for meetings or to perform tasks.

# VENDOR STAFF

For the duration of the Agreement term, the Vendor staff shall meet all Mandatory Qualifications (MQs) as described herein.

1. **Mandatory Qualifications**

The Project is seeking qualified Vendor resources demonstrating a minimum of five (5) years recent and relevant experience as follows:

1. Key personnel must have a minimum of five (5) years experience providing IV&V services to state entities including the following tasks:
	1. Developing IV&V monthly activity reports;
	2. Conducting risk and issue list reviews;
	3. Performing traceability matrix analysis;
	4. Performing system requirements evaluation;
	5. Conducting system test assessment and verification;
	6. Developing IV&V task reports.
2. Key personnel must have a minimum of two (2) years experience working in a technical capacity on IT projects similar in size and scope to the <project name>
3. Working knowledge of the Institute of Electrical and Electronic Engineers (IEEE) Std. 1012 (System and Software Verification and Validation).
4. Possession of a bachelor’s degree or equivalent university degree.

The goal is for the Vendor to provide staff that has the appropriate mix of skills and experience to perform the reviews of the items identified in Section 7, TASKS AND DELIVERABLES, for the Contract term, including any optional extensions.

1. **Staff Rates**

The staff shall perform the tasks described in this SOW, at the rates indicated in the Agreement.

1. Given the size, scope, and complexity of this work, it is of utmost importance that the Vendor shall be responsible for monitoring the monthly hours billed to ensure the staff effectively meet the needs of the State.
2. Changes in cost estimates that do not alter the total cost of this SOW will be conveyed to the State in writing. The rationale for the change shall be included. The State shall approve any change to the cost estimates in writing. The identified staff will perform the tasks described and at the rates indicated in this Agreement. The Vendor shall identify its staffs by name and hourly rate.
3. The assigned staff will perform the tasks described in this SOW, at the rates indicated in Exhibit B-1, Cost Worksheet. The Vendor shall identify each staff by name, labor category, and hourly rate.
4. **Reassignment of Staff**
	* + 1. The Vendor shall not add and/or substitute staff without the prior written consent of the State, which consent shall not be unreasonably withheld. The Vendor shall make every reasonable effort to provide suitable substitute staff. The additional and/or substitute staff shall meet all the requirements and shall be approved in writing by the State prior to substitute staff beginning work.
			2. The Vendor will notify the State, in writing, within five (5) calendar days of any changes in the personnel assigned to the Project tasks/deliverables by completing a Personnel Change Order Request form, Exhibit A-3 with attached resume and staff experience worksheet. If a Vendor employee is unable to perform due to illness, resignation, or other factors beyond the Vendor’s control, the Vendor will make every reasonable effort to provide suitable substitute personnel within <specify number of days> days. The substitute personnel must be equal or better qualifications than the replaced personnel, meet all requirements and be approved in advance of any performance under the Contract by the State Contract Administrator via an approved Personnel Change Order Request form. The rates for the substituted personnel must be less than or equal to the rates of the personnel that they are replacing.
			3. The State reserves the right to have the Vendor to replace personnel at any time, such right will not be exercised unreasonably. The State will notify the Vendor in writing when exercising that right, and will provide the Vendor with the reason for requiring the replacement. In this event, the Vendor must provide a proposed replacement in accordance with the process and deadline specified herein.
			4. Additional and/or substitute staff shall not automatically receive the hourly rate of the staff or positions being replaced. The State and the Vendor shall negotiate the hourly rate of any additional and/or substitute staff to the Agreement. The hourly rate negotiated shall be dependent, in part, upon the experience and individual skills of the proposed additional and/or substitute staff. The negotiated hourly rate shall not exceed the hourly rate for that position as set forth in the Agreement.
			5. If adding or substituting staff is acceptable by the State and permissible by this Agreement.
			6. The Vendor shall submit the Personnel Change Order Request Form attached hereto as Exhibit A-3. The form and requested documents shall be provided to the State Contract Administrator for review and approval. The State will provide written approval or denial of the request within ten (10) business days after receipt of these documents. However, addition of staff may require an amendment to this Agreement.
			7. If the addition or substitution of staff may require a Contract amendment, unless the staff change does not increase the total cost of the Contract.

# IV&V ACTIVITY DESCRIPTION

The Vendor will focus on Verification & Validation tasks included in Table 1, List of Tasks and Deliverables indicated in Section 7, TASKS AND DELIVERABLES. The State requires all tasks be completed and delivered simultaneously to the State Contract Administrator[[1]](#footnote-1) and the Department of Technology’s Project Oversight Manager for each IV&V Deliverable in accordance with the template provided in Exhibit A-1, Deliverable Expectation Document (DED) by the due date.

Each report will include an assessment of the Project deliverables as well as the processes used by the Project to produce the deliverables. When evaluating these Project deliverables, areas to evaluate may include:

1. Content – In the opinion of IV&V, is the documentation associated with the Project deliverables comprehensive? Do they contain the content they should contain based on IV&V’s experience and industry knowledge?
2. Standards and Best Practices – Does the plan incorporate industry standards and best practices where appropriate?
3. Quality – Evaluation of the quality of the deliverable – is it well organized, is it well written, formatted appropriately?
4. Quality – Identification of any deficiencies that put the Project at risk and recommendations on how to resolve the deficiency. Justification for each recommendation by evaluating the potential risk to the Project within the context of benefits to be gained vs. effort needed to implement the recommendation (costs, resources, etc.).
5. Quality - Deficiencies where good practices and processes are not being followed and there is risk to the Project if the deficiency is not resolved. IV&V should also assess whether the team makes measurable progress in resolving deficiencies from prior evaluations.
6. Identification and recommendation for process improvements, if needed. That is, the Project team may be adhering to defined processes documented in the plan, but, IV&V may identify improvements or changes that may work better after evaluating the processes in production. IV&V should justify the recommendation by evaluating the potential risk to the Project within the context of benefits to be gained vs. effort needed (costs, resources, etc.) of implementing the process improvement.
7. Other considerations proposed by IV&V - The reports should also contain detailed recommendations specifying what should be done to rectify deficiencies and improve deliverables and processes. Any methodologies or resources recommended should reflect industry standards and be appropriate for the unique circumstances and constraints of the Project. The recommendations should also specify a method of measuring the State’s progress against the recommendations. Follow-up and final reports should quantify information on the progress made against the recommendations from the previous review. These should also include any additional and/or modified recommendations. All report findings and recommendations should be historically traceable, with a clear and consistent method of identification/numbers, from the time they are first reported until closure.
8. It shall be the State’s sole determination as to whether an IV&V deliverable has been successfully completed and acceptable to the state. Deliverable acceptance will follow the process outlined in Section 8. ACCEPTANCE OF IV&V TASKS/DELIVERABLES.

# TASKS AND DELIVERABLES

The following table identifies the tasks and deliverables required under the terms of this Contract to be completed and delivered to the State. State reserves the right to request additional analyses and assessments, as needed. The Vendor may suggest development of additional deliverables in specific areas. State must authorize the need for any additional deliverables PRIOR to their development.

Table 1: List of Tasks and Deliverables

| **ID No.** | **Tasks & Deliverables**  |
| --- | --- |
| **IV&V Project Management (Task 1.0)** |
| 1.1 | **IV&V Management Plan**Develop an IV&V Management Plan that describes the activities, personnel, standards, and methodology for conducting the IV&V services. The IV&V Management Plan must be provided within 30 days of Contract execution.Review the IV&V Management Plan quarterly and provide updates to remain in alignment with Project activities and processes. |
| 1.2 | **IV&V Work Plan**Develop a work plan compatible with MS Project that schedules and tracks the IV&V activities, including anticipated delivery dates for all IV&V deliverables. The IV&V work plan must be developed in accordance with the Project’s schedule management plan. The IV&V Work Plan must be provided within 30 days of Contract execution.Provide updates to the work plan monthly to report status and remain in alignment with the Project’s master schedule. |
| 1.3 | **IV&V Monthly Activity Reports**Provide reports that summarize the results of IV&V tasks performed for the reporting month. These reports may include updates to prior activity reports. Each monthly activity report shall contain:1. Activities Completed within the Reporting Period: a description of the IV&V tasks performed and the status of the associated deliverables.
2. Work in Progress: activities and deliverables currently underway.
3. Scheduled Status: compares completed tasks and deliverables against those scheduled to date, and includes explanations of schedule variances, and recommendations for mitigating the variances.
4. Work to Be Completed: IV&V activities and deliverables expected to be completed within the next reporting period.
5. Issues, Problems, and Resolutions: includes a summary of anomalies and the resolutions; identification of technical project risks; assessment of software quality processes; and IV&V recommendations.
 |
| 1.4 | **Management and Technical Reviews**Provide IV&V results at Project defined management and technical reviews. Evaluate review materials, attend events, and provide comments, risks and issues found in the course of the evaluation. It is anticipated these reviews will occur at a rate of two (2) per month. |
| **Project Approval Lifecycle (PAL) IV&V (Task 2.0)** |
| 2.1 | **Business Processes and Systems Documentation**Evaluate the current business processes documentation for correctness, consistency, completeness, accuracy and readability. (S2AA)Evaluate the to-be business processes for correctness, consistency, completeness, accuracy and readability. Verify the Project has plans in place to transition from the current business processes to the to-be business processes. (S3SD) |
| 2.2 | **Requirements Evaluation**Evaluate the mid-level solution requirements for correctness, consistency, completeness, accuracy, readability and the appropriate level of detail. Verify the requirements satisfy user needs and are consistent with the business processes and Project objectives. (S2AA)Evaluate the solution requirements for correctness, consistency, completeness, accuracy, readability. Verify the requirements satisfy the user and acquisition needs, are consistent with and traceable to the mid-level solution requirements. (S3SD)Evaluate the requirements baseline for correctness, consistency, completeness, accuracy, readability and testability. Verify the requirements are consistent with and traceable to the solution requirements. (S4PRA) |
| 2.3 | **Solution Alternatives Evaluation (S2AA)**Verify the recommended solution can satisfy user needs and the mid-level requirements associated with the solution, and supports Project objectives. Verify that viable alternatives were identified and documented within the PAL documentation.  |
| 2.4 | **Solicitation Document Review (S3SD)**Review and make recommendations on the solicitation documents relative to their ability to adequately inform potential vendors about Project objectives, requirements, risks, etc. Verify the evaluation criteria are consistent with Project objectives, metrics based, and clearly articulated in the solicitation documents. This task may be iterative as the pre-solicitation process and addendums may significantly alter the content of the solicitation documents. |
| 2.5 | **Vendor Contract Review (S4PRA)**Review the vendor Contract to verify:1. Procedures are documented for managing requirements changes and for identifying the management hierarchy to address problems.
2. Procedures are documented for interface and cooperation among parties.
3. States that the Vendor will participate in the IV&V process and be cooperative for coordination and communication of information.
 |
| 2.6 | **PAL IV&V Reports**Provide a report for each Stage of the PAL process (S2AA, S3SD, S4PRA) to include the results of all tasks performed for that Stage, the status of identified anomalies, and any risks/issues to be addressed in the next Stage. |
| **Support Process IV&V (Task 3.0)** |
| 3.1 | **Interface with Supporting Processes**Coordinate the IV&V effort with the Project’s supporting processes such as risk management, issue management, change control, etc. Identify the data to be exchanged with these processes and document within the IV&V Management Plan. |
| 3.2 | **Change Management Assessment**Review and make recommendations on the change management plans and procedures. Verify alignment with Contract terms. Evaluate proposed changes for effects on the system and previously completed activities. Validate the change is consistent with requirements and does not adversely affect requirements directly or indirectly. |
| 3.3 | **Configuration Management Assessment**Review and make recommendations on the configuration management (CM) plans and procedures associated with the development process. Verify all critical development artifacts are maintained under appropriate controls, source and object libraries are maintained for each version, and mechanisms are in place to prevent unauthorized changes. |
| 3.4 | **Quality Management Assessment**Review and make recommendations on the Project’s Quality Assurance (QA) plans, procedures and organization. Monitor the performance of the QA organization to ensure procedures are followed and quality metrics reported accurately.Verify that the quality of all products produced by the Project is monitored by formal reviews and sign-offs. |
| 3.5 | **Risk Analysis**Identify any technical and management risks discovered in the course of any IV&V task and provide recommendations to eliminate, reduce, or mitigate the risk. Identified risks and updates to the risk analysis are to be included in the IV&V Monthly Activity Reports. |
| 3.6 | **Support Process IV&V Task Reports**Provide task reports for tasks 3.2 through 3.5. Task reports shall include a brief description of the task, the methodology for performing the task, task results, anomalies detected, and any risks or issues identified while executing the task. Task reports for multiple Support Process IV&V tasks may be combined into a single document. |
| **Requirements IV&V (Task 4.0)** |
| 4.1 | **Requirements Management Plan Assessment**Review and make recommendations on the Project’s plans, processes, procedures and tools for managing requirements. |
| 4.2 | **Requirements Evaluation**Evaluate the requirements for correctness, consistency, completeness, accuracy, readability and testability.Evaluate the allocation of system requirements to hardware and software requirements. |
| 4.3 | **Interface Analysis**Verify the requirements for interfaces with other systems are correct, complete, accurate, and testable.Verify appropriate relationships are in place with all organizations supporting the interfaces. |
| 4.4 | **Traceability Analysis**Verify requirements can be traced through design, code and test artifacts to verify that the system performs as intended and contains no unnecessary elements. Evaluate identified relationships for correctness, consistency, completeness, and accuracy. This task is iterative and anticipated to be repeated as the artifacts from each development phase are incorporated. |
| 4.5 | **Security Analysis**Evaluate the requirements from a security perspective and assure that potential security risks with respect to confidentiality, integrity, availability, and accountability have been identified. Consider security risks introduced by the system itself as well as those associated with the environment.Verify the system security requirements will mitigate the identified security risks to an acceptable level. |
| 4.6 | **Requirements IV&V Task Reports**Provide task reports for tasks 4.1 through 4.5. Task reports shall include a brief description of the task, the methodology for performing the task, task results, anomalies detected, and any risks or issues identified while executing the task. Task reports for multiple Requirements IV&V tasks may be combined into a single document. |
| **Design IV&V (Task 5.0)** |
| 5.1 | **System Architecture Design Evaluation**Evaluate the system architectural design for correctness, consistency, completeness, and testability. |
| 5.2 | **Software Design Evaluation**Evaluate the software design elements for correctness, consistency, completeness, accuracy, readability, and testability. |
| 5.3 | **Interface Design Evaluation**Evaluate the interface designs between system elements and with other systems for correctness, consistency, completeness, accuracy, and testability. |
| 5.4 | **Database Design Evaluation**Evaluate database designs to determine if they meet system requirements for maintainability, scalability, refreshability, concurrence, normalization, performance and data integrity, and make recommendations to improve data integrity and system performance.Review and make recommendations to plans and processes for administering the database, including backup, recovery and performance analysis. |
| 5.5 | **Security Analysis**Evaluate the system and software designs from a security perspective. Verify identified security requirements are adequately addressed in the system and software designs. Consider security risks introduced by the system itself as well as those associated with the environment.Verify the identified security threats and vulnerabilities are prevented, controlled or mitigated within the system’s design. |
| 5.6 | **Design IV&V Task Reports**Provide task reports for tasks 5.1 through 5.5. Task reports shall include a brief description of the task, the methodology for performing the task, task results, anomalies detected, and any risks or issues identified while executing the task. Task reports for multiple Design IV&V tasks may be combined into a single document. |
| **Build IV&V (Task 6.0)** |
| 6.1 | **Development Process and Product Standards Assessment**Review and make recommendations on all defined process and product standards associated with the system development. Verify all process definitions and standards are complete, clear, consistent, compatible, up-to-date and readily accessible to project personnel. |
| 6.2 | **Development Environment and Tools Assessment**Evaluate the development environment to determine if its capabilities are adequate to meet system development requirements, is maintainable and upgradeable, and demonstrates a degree of integration compatible with good development. |
| 6.3 | **System Element Implementation Analysis**Evaluate the system element artifacts to derive an evolving assessment of each system element’s performance and to recommend corrective actions to mitigate any projected performance shortfalls.Verify hardware components are compatible with the existing processing environment, maintainable, and easily upgradeable. |
| 6.4 | **Source Code and Source Code Documentation Evaluation**Evaluate the source code components and associated documentation for correctness, consistency, completeness, accuracy, readability, and testability. |
| 6.5 | **Security Analysis**Verify the implementation is completed in accordance with the system architecture and design in that it addresses the identified security risks and the implementation does not introduce new security risks.Verify the identified security threats and vulnerabilities are prevented, controlled, or mitigated. |
| 6.6 | **Build IV&V Task Reports**Provide task reports for tasks 6.1 through 6.5. Task reports shall include a brief description of the task, the methodology for performing the task, task results, anomalies detected, and any risks or issues identified while executing the task. Task reports for multiple Build IV&V tasks may be combined into a single document. |
| **Test IV&V (Task 7.0)** |
| 7.1 | **Software Component (Unit) Testing**Verify the software component test plans, designs, cases, and procedures conform to the Project-defined test document purpose, format and content.Validate the software component test plan is traceable to the software requirements and design, is consistent, and provides test coverage of all units.Validate the software component test designs, cases, and procedures are complete, traceable to requirements, and consistent with the test plan.Use the software component test results to verify the system satisfies the test acceptance criteria. |
| 7.2 | **Software Integration Testing**Verify the software integration test plans, designs, cases, and procedures conform to the Project-defined test document purpose, format and content.Validate the software integration test plan is traceable to the software requirements and design, is consistent, provides test coverage of software requirements, contains appropriate test standards and methods and provides conformance to expected results.Validate the software integration test designs, cases, and procedures are complete, traceable to requirements, and consistent with the test plan.Use the software integration test results to verify the system satisfies the test acceptance criteria. |
| 7.3 | **Software Acceptance Testing**Verify the software acceptance test plans, designs, cases, and procedures conform to the Project-defined test document purpose, format and content.Verify the software acceptance test plan addresses test coverage of acceptance requirements, expected results, and the feasibility of operation and maintenance.Validate the software acceptance test designs, cases, and procedures are complete, traceable to requirements, and consistent with the test plan.Use the software acceptance test results to verify the system satisfies the test acceptance criteria. |
| 7.4 | **System Integration Testing**Verify the system integration test plans, designs, cases, and procedures conform to the Project-defined test document purpose, format and content.Validate the system integration test plan is traceable to the system requirements, is consistent, provides test coverage of system requirements, contains appropriate test standards and methods and provides conformance to expected results.Validate the system integration test designs, cases, and procedures are complete, traceable to requirements, provides complete coverage, and is consistent with the test plan.Use the system integration test results to verify the system satisfies the test acceptance criteria. |
| 7.5 | **System Acceptance Testing**Verify the system acceptance test plans, designs, cases, and procedures conform to the Project-defined test document purpose, format and content.Verify the system acceptance test plan addresses test coverage of acceptance requirements, expected results, and the feasibility of operation and maintenance.Validate the system acceptance test designs, cases, and procedures are complete, traceable to the system requirements, and consistent with the test plan.Use the system acceptance test results to verify the system satisfies the test acceptance criteria. |
| 7.6 | **Security Analysis**Verify the implemented system does not increase the security risk.Verify the identified security threats and vulnerabilities are prevented, controlled, or mitigated. |
| 7.7 | **Test IV&V Task Reports**Provide task reports for tasks 7.1 through 7.6. Task reports shall include a brief description of the task, the methodology for performing the task, task results, anomalies detected, and any risks or issues identified while executing the task. It may be necessary to iterate the Test IV&V tasks as first plans, then designs, cases, and finally procedures are developed. An additional iteration is expected once the tests have been conducted and results made available. Task reports for multiple Test IV&V tasks may be combined into a single document. |
| **Deployment IV&V (Task 8.0)** |
| 8.1 | **Organizational Change Management (OCM) Assessment**Review and make recommendations on the OCM plans and procedures. Verify the plan has the strategy, management backing, resources, skills and incentives necessary for effective change.Verify resistance to change is anticipated and prepared for at each step and has the appropriate leadership. |
| 8.2 | **Transition Strategy Evaluation**Verify the transition strategy has a defined approach to establishing the system in the operational environment that is consistent with requirements. Verify the transition strategy is comprehensive and includes the following:1. All the system parts and the system whole are included.
2. Transition schedule and sequence.
3. Identification of transition tools, equipment and instructions.
4. Archiving system artifacts, such as documentation and code.
5. Impact to interfacing systems in terms of transition timing and transition impacts.
6. Continuity of capabilities when replacing or upgrading a legacy system.
7. Site preparation for installation and legacy system retirement, storage, and/or incorporation.
8. Provisions for documentation of the process results.
9. A fallback or back-out plan in case of unsuccessful transition and other risk mitigation considerations.
 |
| 8.3 | **Data Conversion Assessment**Review and make recommendations on the data conversion plans, procedures and tools relative to making the conversion process more efficient and on maintaining the integrity of the data during conversion. Verify procedures are being followed to review the converted data for accuracy and completeness, and data clean-up activities are performed.  |
| 8.4 | **User Training Assessment**Review and make recommendations on the training provided to system users. Verify the training provided is directly related to the business process and required job skills, and materials are user-friendly. Verify the training’s effectiveness is evaluated and monitored.  |
| 8.5 | **Installation Configuration Audit**Validate all software products required to correctly install and operate the software are present in the installation package.Verify supplied values for all site-dependent parameters or conditions are correct. |
| 8.6 | **Operational Readiness Assessment**Evaluate operational readiness by analyzing installation and checkout data, test results and documented anomalies, risks, and issues. Verify the complete installation of required installation items. Verify the system components initialize, execute, and terminate as specified. |
| 8.7 | **Security Analysis**Verify that the installed system does not introduce new or increased vulnerabilities or security risks.Verify the identified security threats and vulnerabilities are prevented, controlled, or mitigated. |
| 8.8 | **Deployment IV&V Task Reports**Provide task reports for tasks 8.1 through 8.6. Task reports shall include a brief description of the task, the methodology for performing the task, task results, anomalies detected, and any risks or issues identified while executing the task. Task reports for multiple Deployment IV&V tasks may be combined into a single document. |
| **Post-Deployment IV&V (Task 9.0)** |
| 9.1 | **Operations and Maintenance Procedures Assessment**Evaluate the operational procedures to verify conformance to the operational requirements and consistency with the user documentation. |
| 9.2 | **Post-Deployment IV&V Task Reports**Provide task report for task 9.1. Task report shall include a brief description of the task, the methodology for performing the task, task results, anomalies detected, and any risks or issues identified while executing the task. Task reports for multiple Deployment IV&V tasks may be combined into a single document. |
| **Project Closure (Task 10.0)** |
| 10.1 | **System Acceptance Report**Prepare recommendations concerning system acceptance, including an assessment of the software quality and the conformance to the system requirements. |
| 10.2 | **Final IV&V Report**Develop a Final IV&V Report that summarizes the IV&V activities, tasks, results, anomalies and dispositions, and provides an evaluation of the overall system quality. The report will also include an assessment of the system robustness and potential weak points within the architecture, make recommendations where the system, hardware, software, interfaces, and documentation could be improved, and specify technical lessons learned for inclusion in the Post Implementation Evaluation Report (PIER). |
| **Ad hoc Assessments (Task 11.0)** |
| 11.1 | **Ad hoc Assessments**It is anticipated that the IV&V resource(s) will spend up to 40 hours per month to perform as-needed tasks (such as contract-related ad hoc issue reports, briefing, presentation, technical assessments, cost estimate validation) to evaluate project components and artifacts outside the scope of other tasks defined in this SOW. Ad hoc Assessment may be requested by the State or recommended by the vendor. All ad hoc assessments are subject to the Work Authorization process described in Section 11. |
| 11.2 | **Ad hoc Assessment Task Reports**Provide task report for each ad hoc assessment. Task report shall include a brief description of the task, the methodology for performing the task, task results, anomalies detected, and any risks or issues identified while executing the task.  |

# ACCEPTANCE OF IV&V TASKS/DELIVERABLES

It shall be in the State’s sole determination as to whether a project task/deliverable identified in this Contract or in a supplemental Work Authorization (WA), Exhibit A-2 has been successfully completed and acceptable to the State. Acceptance criteria shall consist of the following:

1. The approval process outlined in Section 12, PERFORMANCE.
2. A signed Deliverable Acceptance Document (DAD) - Exhibit A-4 is required for each project task/deliverable identified in a WA.
3. The Vendor shall meet all time-lines, as agreed to in the Contract or in WA.
4. For each Ad hoc Assessment (Task 11.0) as described in Table 1, List of Tasks and Deliverables under Section 7, TASKS AND DELIVERABLES, a Work Authorization will be prepared in accordance with the sample attached as Work Authorization (WA), Exhibit A-2.

# VENDOR RESPONSIBILITIES

1. The Vendor will provide its own equipment necessary to perform the required duties that is not specified Section 10.b.
2. The Vendor shall designate a primary contact person to whom all Project communications may be addressed and who has the authority to act on all aspects of the services.
3. The Vendor will adhere to the State policies and procedures, guidelines and templates including access and security requirements.
4. Provide a Deliverable Expectation Document (DED) for each IV&V deliverable. A template for the Deliverable Expectation Document is provided in Exhibit A-1, Deliverable Expectation Document (DED).
5. Supply all equipment, tools, supplies, offices, support services, and proof of insurance required.
6. All the Vendor-owned or managed laptops, Ultra books, net books, tablets, Smart phones and similar devices, if allowed by the State Contract Administrator, shall be encrypted using commercial third-party encryption software. The encryption software shall meet the level standards of National Institute of Standards and Technology (NIST), Federal Information Processing Standards (FIPS) Publication 140-2, Security Requirements for Cryptographic Modules. Additionally, anti-virus and anti-malware software shall be used and kept up to date along with software patches and supported versions. The <Department> Information Security Office shall have the right to audit the Vendor-owned devices connected to State networks.
7. If the Vendor use of removable media storage devices (i.e. Universal Serial Bus [USB] thumb drives, disk tapes, micro SD, SD cards, CD/DVD, etc.) is allowed by the State Contract Administrator, all electronic files stored on the removable media storage device used to store State information shall be encrypted using a commercial third-party encryption software. The encryption software shall meet the standards set forth in NIST FIPS 140-2. Information stored on approved removable storage devices shall not be copied to any unencrypted computer (i.e., desktop or laptop) not connected to State network. Any personally identifiable information, personal health information, or other confidential information shall be encrypted when stored on State network file shares or document repositories.
8. Work with the Project Leadership, and will coordinate and work closely with all Project staff as necessary, to provide timely and relevant IV&V services.
9. Retain independence and avoid undue influence by any internal or external entity while advising the Project staff.
10. Return all Project property, including but not limited to security badges, prior to the Contract term end date.
11. Provide draft results of work products and incorporate, as appropriate, clarifications that ensure accuracy of findings comments provided by the Contract Manager.
12. Conduct in-person walkthroughs to discuss preliminary and draft results including collaboration on deliverables as defined within the approved IV&V Plan.
13. Coordinate with the Contract Manager to identify and address IV&V findings and recommendations.

#  STATE RESPONSIBILITIES

1. Designate a person to whom all Vendor communication may be addressed, and who has the authority to act on all aspects of the services. This person will review the SOW and associated documents with the Vendor to ensure understanding of the responsibilities of both parties.
2. Provide Vendor personnel with standard Department imaged desktop(s), phone equipment, and standard cubicle and/or office working facilities at any sites and/or other locations, as necessary, with limited network connectivity to access team working documents.
3. Provide access to department staff and management, offices and operation areas, as required, to complete the tasks and activities defined under this Contract.
4. Provide at least a minimum of ten (10) State business days for the timely review and approval of information and documentation provided by the Vendor to perform its obligations.
5. Provide information regarding the business structure of the Project team, and schedule the availability of the Project personnel for interviews, as required by the Vendor to perform its responsibilities.

#  WORK AUTHORIZATIONS

1. Each WA shall consist of a detailed statement of the purpose, objective, or goals to be undertaken by the Vendor and all information requested to be provided per Work Authorization (WA) form, Exhibit A-2.
2. All WA’s must be in writing prior to beginning work and signed by the Vendor and the State Contract Administrator.
3. The State has the right to require the Vendor to stop or suspend work on any WA.
4. Personnel resources will not be expended (at a cost to the State) on task/deliverable accomplishment in excess of estimated work hours required unless the procedure below is followed:
	* 1. If, in performance of the work, the Vendor determines that a WA to be performed under this Contract cannot be accomplished within the estimated work hours, the Vendor will immediately notify the State in writing of the Vendor’s estimate of the work hours which will be required to complete the WA in full. Upon receipt of such notification, the State may: Authorize the Vendor to expend the estimated additional work hours or service in excess of the original estimate necessary to accomplish the WA;
		2. Terminate the WA; or
		3. Alter the scope of the WA in order to define tasks that can be accomplished within the remaining estimated work hours.
		4. The State will notify the Vendor in writing of its decision within seven (7) calendar days after receipt of the notification. If notice of the decision is given to proceed via an amended WA signed by the Vendor and State, the Vendor may expend the estimated additional work hours for agreed upon services. The State agrees to reimburse the Vendor for such additional work hours.

# PERFORMANCE

The State will be the sole judge of the acceptability of all work performed and all work products produced by the Vendor as a result of this SOW. Should the work performed or the products produced by the Vendor fail to meet the State conditions, requirements, specifications, Deliverable Acceptance Criteria, guidelines, or other applicable standards, the following resolution process will be employed, except as superseded by other binding processes:

1. The State will notify the Vendor in writing within five (5) State business days after completion of each phase of service of any acceptance problems by identifying the specific inadequacies and/or failures in the services performed and/or the products produced by the Vendor. The costs related to rework of unacceptable work products **shall not** be billed to the State.
2. The Vendor will, within five (5) State business days after initial problem notification, respond to the State by submitting a detailed explanation describing precisely how the identified services and/or products actually adhere to and satisfy all applicable requirements, and/or a proposed corrective action plan to address the specific inadequacies and/or failures in the identified services and/or products. Failure by the Vendor to respond to the State’s initial problem notification within the required time limits may result in immediate termination of the Contract.
3. In the event of such termination, the State shall pay all amounts due the Vendor for all work accepted prior to termination.
4. The State will, within five (5) State business days after receipt of the Vendor’s detailed explanation and/or proposed corrective action plan, notify the Vendor in writing whether it accepts or rejects the explanation and/or plan. If the State rejects the explanation and/or plan, the Vendor will submit a revised corrective action plan within three (3) State business days of notification of rejection. Failure by the Vendor to respond to the State’s notification of rejection by submitting a revised corrective action plan within the required time limits may result in immediate termination of the Contract. In the event of such termination, the State shall pay all amounts due the Vendor for all work accepted prior to termination.
5. The State will, within three (3) State business days of receipt of the revised corrective action plan, notify the Vendor in writing whether it accepts or rejects the revised corrective action plan proposed by the Vendor. Rejection of the revised corrective action plan may result in immediate termination of the Contract. In the event of such termination, the State shall pay all amounts due the Vendor for all work accepted prior to termination.

# PROBLEM ESCALATION

The parties acknowledge and agree that certain technical and project related problems or issues may arise, and that such matters shall be brought to the State’s attention. Problems or issues shall normally be reported in regular status reports. There may be instances, however, where the severity of the problems justifies escalated reporting. To this extent, the Vendor will determine the level of severity and notify the appropriate State personnel. The State personnel notified, and the time period taken to report the problem or issue, shall be at a level commensurate with the severity of the problem or issue. The State personnel include, but are not limited to, the following:

First level: <identify individual>

Second level: <identify individual>

Third level: <identify individual>

# CANCELLATION

The State may exercise its option to terminate the Contract at any time with 30 calendar days’ prior written notice. In the event of such termination, the State shall pay all amounts due the Vendor for all tasks/deliverables accepted prior to termination.

# OTHER CONTRACT CONSIDERATIONS

1. The Vendor will act as prime Vendor under this Contract. In addition to identifying all personnel proposed to work under this Contract, the Vendor shall also identify its subVendor affiliation, as applicable.
2. The State reserves the right to approve all subVendors prior to the performance of any work by the subVendor.
3. Nothing contained in this Contract shall create any conceptual relationship between the State and any subVendors, and no subcontract shall relieve the Vendor of its responsibilities and obligations hereunder. The Vendor is fully responsible to the State for the acts and omissions of its subVendors and of persons either directly or indirectly employed by any of them.
4. If a subVendor is a California Certified Small Business (SB) and/or Disabled Veteran Business Enterprise (DVBE), then those amounts paid to certified subVendors shall be identified on the Vendor’s invoice(s).
5. The Vendor’s obligation to pay its subVendors is an independent obligation from the State’s obligation to make payments to the Vendor. As a result, the State shall have no obligation to pay or to enforce the payment of any monies to any subVendor.
6. Military and Veteran Code (MVC) 999.5(d), Government Code (GC) 14841, and California Code of Regulations (CCR) 1896.78(e) requires all Prime Vendor’s that had a DVBE firm preform any element of work for a Contract to report DVBE information.

Prime Vendors are required to maintain records supporting the information that all payments to DVBE subVendor(s) were made. The Prime DVBE Subcontracting form can be found at the following link: [DVBE Subcontract](http://www.documents.dgs.ca.gov/pd/smallbus/Prime%20DVBE%20Sub%20Report.xls) and the instructions can be found at the following link: I[http://www.documents.dgs.ca.gov/pd/smallbus/Prime%20DVBE%20Sub%20Report%](http://www.documents.dgs.ca.gov/pd/smallbus/Prime%20DVBE%20Sub%20Report%20Instruction.doc) [20Instruction.doc](http://www.documents.dgs.ca.gov/pd/smallbus/Prime%20DVBE%20Sub%20Report%20Instruction.doc).

Completed forms are to be e-mailed to: primeDVBE@state.ca.gov.

# FEDERAL TAX ADMINISTRATION REQUIREMENTS

Subject to the Internal Revenue Service (IRS), federal tax information (FTI) requirements, if an unfavorable response is received by the IRS, this Contract will be terminated immediately, per General Provisions – Information Technology (GSDP-401), Paragraph 23, Termination for Default.

# SECURITY AND DATA PROTECTION REQUIREMENTS

The State must ensure agreements with state and non-state entities include provisions which protect and minimize risk to the state when engaging in the development, use, or maintenance of information systems, products, solutions, or services. In order to comply with the State Administrative Manual (SAM) Section 5305.8, Vendor must comply with Exhibit E, Security and Data Protection.

# CONTRACT REPRESENTATIVES

All notices required by, or relating to, this Contract shall be in writing and shall be sent to the parties of the Contract at the address set below unless changed from time to time, in which event each party shall so notify the other in writing, and all such notices shall be deemed duly given if deposited, postage prepaid, in the United States mail or e-mailed and directed to the addresses then prevailing.

The Contract administrators during the term of this Contract will be:

|  |  |  |  |
| --- | --- | --- | --- |
| State: | California Department of Technology | Vendor: | TBD |
| Name: |  | Name: |  |
| Phone: |  | Phone: |  |
| e-mail: |  | e-mail: |  |

Direct all Contract inquiries to:

|  |  |  |  |
| --- | --- | --- | --- |
| State: | California Department of  | Vendor: | TBD |
| Unit: | Acquisition & IT Program Management Branch | Name: |  |
| Name: |  | Address: |  |
| Address: |  |  |  |
| Phone: |  | Phone: |  |
| e-mail: |  | e-mail: |  |

# EXHIBIT A-1: DELIVERABLE EXPECTATION DOCUMENT (DED)

**For [Deliverable Title]**

[This template describes the required contents of a deliverable expectation document. Refer to the Invitation for Bid and/or Contract for more information on submitting the DED. This template may be modified at the direction of the State.

Work plans that support the activity summary can be attached, and may be referenced to support the methodology and schedule summary.]

**Introduction**

[Provide a brief overview defining the purpose of the deliverable and how it fits within the overall completion of the Project. Indicate if there are pre-requisite tasks and subsequent tasks.]

**Deliverable Description**

[Describe the deliverable’s objectives and scope. Discuss the level of detail to be provided.

Discuss the intended audience. If the document assumes a specific knowledge level, list the key concepts that must be understood. Do not use vague terms such as “basic knowledge of system administration.”]

Applicable Standards

[List the specific industry and/or government standards which must be observed. Do not simply list “industry standards” or “IEEE.”

Table of Contents

[List the table of contents or outline of the document. Briefly discuss the content of each major section.]

Deliverable Requirements

[List the specific requirements for this deliverable from the Contract. List the specific source of the requirement, including document name, document date/version, paragraph or page number.]

**Table 1. Deliverable Requirements**

|  |  |  |  |
| --- | --- | --- | --- |
| **Req #** | **Requirement Description** | **Source of the Reqmt** | **Comment** |
|  |  |  |  |

Deliverable Format

[List any required templates, diagrams, tables or specific content required for this deliverable. Indicate the format of the document and any associated diagrams, spreadsheets (e.g., MS Word, MS Visio, MS Project, etc.). Estimate the length/size of the document.]

**Deliverable Acceptance Criteria**

[List the specific acceptance criteria for the deliverable. The first criteria should always be “were the requirements met”. The criteria should be specific to the deliverable and indicate key needs of the Project.

Other general review criteria (which are primarily the same for all deliverables) may be referenced or attached.]

The following are the minimum acceptance criteria for the (name of the deliverable) deliverable:

Were the requirements met?

Did the deliverable comply with the applicable standards from Section 0 (above)?

Were all requirements from Section 0 (above) met?

Did the deliverable comply with the stated format requirements from Section 0 (above)?

Is the deliverable consistent with other deliverables already approved?

Did the deliverable meet the general review criteria (e.g., pages numbered, free of formatting and spelling errors, clearly written, no incomplete sections, etc.)?

**Deliverable Schedule**

Key Deliverable Dates

[List the key activities and due dates in the preparation and review of this deliverable. If appropriate, list key meetings, walkthroughs, inspections, and reviews. These tasks should be consistent with the activities and dates in the workplan and Contractual timeframes regarding deliverable delivery, review, and approval/rejection.

Include time for state review of the deliverable and Vendor incorporation of comments. Indicate if any activities/dates are on the critical path or have significant dependencies. The following is a sample. The actual dates are located in your Vendor Handbook, or the latest approved Task Accomplishment Plan.]

**Table 2. Key Deliverable Dates**

|  |  |  |
| --- | --- | --- |
| **Key Activity** | **Due Date** | **Comment** |
| DED Approval  | xx/xx/20xx\* |  |
| Internal Walkthrough with Project |  |  |
| Draft Deliverable Submitted |  |  |
| State Review of Draft |  |  |
| Deadline for Comments on Draft |  |  |
| Vendor Incorporation of Comments |  |  |
| Final Deliverable Submitted |  |  |
| State Review of Final |  |  |
| Deliverable Approval |  |  |
| Vendor Incorporation of Final Comments (if necessary) |  |  |

\*Critical Date

**Resources Required**

[List the specific resources involved in the deliverable preparation and review. Estimate the amount of time required from each key resource, particularly for any sponsor, user, or stakeholder staff involved. If appropriate, list the specific skill or knowledge required, such as knowledge of departmental policy. It is not necessary to list all Vendor staff involved in the preparation, only the key staff or required skills.

This list is not intended to replace the work plan resources, but to identify specific individuals/skills needed to ensure successful completion of the deliverable. ]

**Table 3. Required Resources**

|  |  |  |  |
| --- | --- | --- | --- |
| **Role** | **Name(s)** | **Responsibilities** | **Estimated Need** |
| Deliverable Lead |  |  |  |
| Deliverable Approver |  |  | 5 days |
| Deliverable Reviewers |  |  | 5 days |
| Subject Matter Experts |  |  | 5 days |
| IV&V |  |  | 5 days |

|  |
| --- |
|  |
| **This DED was completed according to Contract requirements of <project name> # <Contract #>** |
|  |  |  |  |  |
| Submitted by (Vendor signature) |  | Position title |  | Date |
|  |  |  |  |  |
| Approved by (<project>signature) |  | Position title |  | Date |
|  |  |  |  |  |
|  |  |  |  |  |
| **The deliverable subject to this DED is completed and hereby approved for payment:** |
|  |  |  |  |  |
| Submitted by (Vendor signature) |  | Position title |  | Date |
|  |  |  |  |  |
| Approved by (<project>signature) |  | Position title |  | Date |

# EXHIBIT A-2: WORK AUTHORIZATION FORM

**WORK AUTHORIZATION NUMBER**

**PAGE(S)**

**of**

TITLE

TASK SUMMARY *(Brief description of tasks to be performed under work authorization)*

|  |  |
| --- | --- |
| START DATE | COMPLETION DATE |
| TOTAL ESTIMATED LABOR HOURS | TOTAL ESTIMATED COST |

|  |
| --- |
| This task will be performed in accordance with the Work Authorization and the |
| provisions of Contract Number |

**APPROVALS**

|  |  |  |
| --- | --- | --- |
| VENDOR CONTRACT ADMINISTRATOR NAME |  | TITLE |

|  |  |  |
| --- | --- | --- |
| SIGNATURE |  | DATE |

|  |  |  |
| --- | --- | --- |
| STATE CONTRACT ADMINISTRATOR NAME |  | TITLE |

|  |  |  |
| --- | --- | --- |
| SIGNATURE |  | DATE |

# EXHIBIT A-3: PERSONNEL CHANGE ORDER REQUEST FORM

|  |
| --- |
| **CHANGE ORDER NO**. **CO-<NUN>**Vendor Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Contract Number: \_\_\_\_\_\_\_\_\_\_ |
| Proposed Start Date:  or upon approval by the Contract Administrator, whichever occurs later. |
| Reason for Change: |
| Description of Change:To Swap out the following Personnel.Current Personnel: (Name, classification and hourly rate)Proposed Personnel: (Name including phone number and email address) |
| Proposed Personnel Classification:(must be equal or better than current classification) | Proposed Hourly Rate:(must be less than or equal to current rate) |
| Resume Attached?Experience Worksheet included? |
| **Approval:** |
| **Changes identified above are in accordance with the terms and condition of the Contract. By signing below, the Vendor Official has confirmed that the proposed staff meets the personnel classification requirements and any requirements listed in the Statement of Work (SOW). The Contract Administrator’s signature below indicates that he/she has confirmed that the proposed personnel staff meets the requirements listed in the SOW.** |
| Vendor Official (Print name & Sign) / Date | State Contract Administrator (Print name & Sign) / Date |
|  |  |

# EXHIBIT A-4: DELIVERABLE ACCEPTANCE DOCUMENT

VENDOR NAME:

STATE CONTRACT NUMBER:

DELIVERABLE ACCEPTANCE DOCUMENT NUMBER:

DELIVERABLE TITLE:

DELIVERABLE COMPLETION DATE:

TOTAL COST OF DELIVERABLE: $

|  |
| --- |
| DELIVERABLE DESCRIPTION: |
|  |
|  |
|  |
|  |

|  |
| --- |
| STATE ACCEPTANCE OR REJECTION: |
|  |
|  |
|  |
|  |

AUTHORIZED AND APPROVED:

 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

VENDOR OFFICIAL SIGNATURE / DATE STATE CONTRACT ADMINISTRATOR SIGNATURE / DATE

**Note: Once the Vendor and the State have approved the Deliverable Acceptance Document as stipulated in the Contract, the Vendor may submit an invoice to the State. Refer to payment terms in Exhibit B. BUDGET DETAIL AND PAYMENT PROVISIONS**

# EXHIBIT B: BUDGET DETAIL AND PAYMENT PROVISIONS

Payment for services performed under this Contract shall be Hourly by Work Authorization. It shall be the State’s sole determination as to whether a deliverable has been successfully completed and is acceptable. A signed Deliverable Acceptance Document, Exhibit A-4 is required from the State Contract Administrator before processing an invoice for payment.

Upon successful completion and acceptance of each IV&V deliverable, the Vendor will submit an invoice for payment associated with the individual payment amounts. Payment shall be based on the cost worksheet and acceptance by the State.

Invoices shall be submitted in triplicate, and shall identify labor and costs charged for each deliverable. Invoices shall be submitted monthly, in arrears, identifying Vendor personnel by name and classification, hourly rate of pay and hours expended by deliverable; however, invoices shall be due and payable, and payment shall be made, only after the State acceptance of hours worked or completion of each deliverable under this Contract.

The Vendor costs related to items such as travel and per diem are costs of the Vendor, shall be inclusive of the hourly rate bid, and **will not be paid separately** as part of this Contract.

Submit your invoice using ONE of the following options referencing the Contract Number or Agency Order Number:

Send via U.S. Mail in **TRIPLICATE** to:

<Department>

Accounting Office

<Address>

OR

Send electronically to: <email address>

It is mutually agreed that if the Budget Act of the current year and/or any subsequent years covered under this Contract does not appropriate sufficient funds for the program, this Contract shall be of no further force and effect. In this event, the State shall have no liability to pay any funds whatsoever to the Vendor or to furnish any other considerations under this Contract and Vendor shall not be obligated to perform any provisions of this Contract.

If funding for any fiscal year is reduced or deleted by the Budget Act for purposes of this program, the State shall have the option to either cancel this Contract with no liability occurring to the State, or offer a Contract amendment to the Vendor to reflect the reduced amount.

Payment will be made in accordance with, and within the time specified in, Government Code Chapter 4.5, commencing with Section 927. Payment to small/micro businesses shall be made in accordance with and within the time specified in Chapter 4.5, Government Code 927 et seq.

#  EXHIBIT B-1: COST WORKSHEET

The Vendor shall provide all labor, materials, and equipment necessary to provide the consulting services for Independent Verification & Validation services in accordance with the specifications described in the SOW at the rates specified below. **Payment for services performed under this Contract shall be hourly by WA**. Submission of this information is required.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Staff Name** | **Classification** | **Tasks** | **Rate Per Hour** | **Hours** | **Extend Total** |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| Total Costs | $ |

# EXHIBIT C: GENERAL PROVISIONS – INFORMATION TECHNOLOGY (GSPD-401IT) rev. 9/15/14

The following provisions may be downloaded at the indicated web page:

General Provisions – Information Technology (GSPD-401IT), Revision 9/15/14

[GSPD](http://www.documents.dgs.ca.gov/pd/poliproc/GSPD401IT14_0905.pdf)

**EXHIBIT D: SPECIAL TERMS AND CONDITIONS TO SAFEGUARD**

**FEDERAL TAX INFORMATION**

Federal statute, regulations and guidelines require that all Contracts for services relating to the processing, storage, transmission, or reproduction of federal tax returns or return information, the programming, maintenance, repair, or testing of equipment or other property, or the providing of other services, for tax administration purposes include the provisions contained in this exhibit. (See 26 U.S.C. §6103(n); 26 C.F.R.

§301.6103(n)-1(a)(2) and (d); Internal Revenue Service (IRS) Publication 1075, Tax Information Security Guidelines for

Federal, State and Local Agencies (Rev. 8-2010), Section 5.5 and Exhibit 7.)

The Vendor agrees to comply with 26 U.S.C. §6103(n); 26

C.F.R. §301.6103(n)-1; IRS Publication 1075 (Rev. 8-2010); and all applicable conditions and restrictions as may be prescribed by the IRS by regulation, published rules or procedures, or written communication to the Vendor. (See 26 C.F.R. §301.6103(n) - 1(d); IRS Publication 1075 (Rev. 8-2010).)

1. **PERFORMANCE**

In performance of this Contract, the Vendor agrees to comply with and assume responsibility for compliance by his or her employees with the following requirements:

1. All work will be done under the supervision of the Vendor or the Vendor's employees.
2. Any return or return information made available in any format shall be used only for the purpose of carrying out the provisions of this Contract. Information contained in such material will be treated as confidential and will not be divulged or made known in any manner to any person except as may be necessary in the performance of this Contract. Disclosure to anyone other than an officer or employee of the Vendor will be prohibited.
3. All returns and return information will be accounted for upon receipt and properly stored before, during, and after processing. In addition, all related output will be given the same level of protection as required for the source material.
4. The Vendor certifies that the data processed during the performance of this Contract will be completely purged from all data storage components of his or her computer facility, and no output will be retained by the Vendor at the time the work is completed. If immediate purging of all data storage components is not possible, the Vendor certifies that any IRS data remaining in any storage component will be safeguarded to prevent unauthorized disclosures.
5. Any spoilage or any intermediate hard copy printout that may result during the processing of IRS data will be given to the agency or his or her designee. When this is not possible, the Vendor will be responsible for the destruction of the spoilage or any intermediate hard copy printouts, and will provide the agency or his or her designee with a statement containing the date of destruction, description of material destroyed, and the method used.
6. All computer systems receiving, processing, storing, or transmitting Federal tax information must meet the requirements defined in IRS Publication 1075. To meet functional and assurance requirements, the security features of the environment must provide for the managerial, operational, and technical controls. All security features must be available and activated to protect against unauthorized use of and access to Federal tax information.
7. No work involving Federal tax information furnished under this Contract will be subcontracted without prior written approval of the IRS.
8. The Vendor will maintain a list of employees authorized access. Such list will be provided to the agency and, upon request, to the IRS reviewing office.
9. The agency will have the right to void the Contract if the Vendor fails to provide the safeguards described above.
10. **CRIMINAL/CIVIL SANCTIONS**
11. Each officer or employee of any person to whom returns or return information is or may be disclosed will be notified in writing by such person that returns or return information disclosed to such officer or employee can be used only for a purpose and to the extent authorized herein, and that further disclosure of any such returns or return information for a purpose or to an extent unauthorized herein constitutes a felony punishable upon conviction by a fine of as much as $5,000 or imprisonment for as long as 5 years, or both, together with the costs of prosecution. Such person shall also notify each such officer and employee that any such unauthorized further disclosure of returns or return information may also result in an award of civil damages against the officer or employee in an amount not less than $1,000 with respect to each instance of unauthorized disclosure. These penalties are prescribed by IRC sections 7213 and 7431 and set forth at 26 CFR 301.6103(n)-1.
12. Each officer or employee of any person to whom returns or return information is or may be disclosed shall be notified in writing by such person that any return or return information made available in any format shall be used only for the purpose of carrying out the provisions of this Contract. Information contained in such material shall be treated as confidential and shall not be divulged or made known in any manner to any person except as may be necessary in the performance of the Contract. Inspection by or disclosure to anyone without an official need to know constitutes a criminal misdemeanor punishable upon conviction by a fine of as much as $1,000 or imprisonment for as long as 1 year, or both, together with the costs of prosecution.

Such person shall also notify each such officer and employee that any such unauthorized inspection or disclosure of returns or return information may also result in an award of civil damages against the officer or employee [United States for Federal employees] in an amount equal to the sum of the greater of

$1,000 for each act of unauthorized inspection or disclosure with respect to which such defendant is found liable or the sum of the actual damages sustained by the plaintiff as a result of such unauthorized inspection or disclosure plus in the case of a willful inspection or disclosure which is the result of gross negligence, punitive damages, plus the costs of the action. These penalties are prescribed by IRC section 7213A and 7431.

1. Additionally, it is incumbent upon the Vendor to inform its officers and employees of the penalties for improper disclosure imposed by the Privacy Act of 1974, 5 U.S.C. 552a. Specifically, 5 U.S.C. 552a(i)(1), which is made applicable to Vendors by 5

U.S.C. 552a(m)(1), provides that any officer or employee of a Vendor, who by virtue of his/her employment or official position, has possession of or access to agency records which contain individually identifiable information, the disclosure of which is prohibited by the Privacy Act or regulations established thereunder, and who knowing that disclosure of the specific material is prohibited, willfully discloses the material in any manner to any person or agency not entitled to receive it, shall be guilty of a misdemeanor and fined not more than $5,000.

1. Granting a Vendor access to FTI must be preceded by certifying that each individual understands the agency’s security policy and procedures for safeguarding IRS information. Vendors must maintain their authorization to access FTI through annual recertification. The initial certification and recertification must be documented and placed in the agency's files for review. As part of the certification and at least annually afterwards, Vendors should be advised of the provisions of IRC Sections 7431, 7213, and 7213A (see Exhibit 6, *IRC Sec. 7431 Civil Damages for Unauthorized Disclosure of Returns and Return Information and* Exhibit 5, *IRC Sec. 7213 Unauthorized Disclosure of Information*). The training provided before the initial certification and annually thereafter must also cover the incident response policy and procedure for reporting unauthorized disclosures and data breaches. (See Section 10) For both the initial certification and the annual certification, the Vendor should sign, either with ink or electronic signature, a

confidentiality statement certifying their understanding of the security requirements.1

1. **INSPECTION**

The IRS and the Agency shall have the right to send its officers and employees into the offices and plants of the Vendor for inspection of the facilities and operations provided for the performance of any work under this Contract. On the basis of such inspection, specific measures may be required in cases where the Vendor is found to be noncompliant with Contract safeguards.

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**REFERENCES**

**26 U.S.C. §6103(n)**

Pursuant to regulations prescribed by the Secretary, returns and return information may be disclosed to any person, including any person described in section [7513](http://www.law.cornell.edu/uscode/html/uscode26/usc_sec_26_00007513----000-.html) [(a),](http://www.law.cornell.edu/uscode/html/uscode26/usc_sec_26_00007513----000-.html#a) to the extent necessary in connection with the processing, storage, transmission, and reproduction of such returns and return information, the programming, maintenance, repair, testing, and procurement of equipment, and the providing of other services, for purposes of tax administration.

**26 C.F.R. §301.6103(n)-1 Disclosure of returns and return information in connection with procurement of property and services for tax administration purposes.**

1. *General rule.* Pursuant to the provisions of section 6103(n) of the Internal Revenue Code and subject to the requirements of paragraphs (b), (c), and (d) of this section, officers or employees of the Treasury Department, a State tax agency, the Social Security Administration, or the Department of Justice, are authorized to disclose returns and return information (as defined in section 6103(b)) to any person (including, in the case of the Treasury Department, any person described in section 7513(a)), or to an officer or employee of such person, to the extent necessary in connection with Contractual procurement of:
	1. Equipment or other property, or
	2. Services relating to the processing, storage, transmission, or reproduction of such returns or return information, the programming, maintenance, repair, or testing of equipment or other property, or the providing of other services, for purposes of tax administration (as defined in section 6103(b)(4)).

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1 A 30 minute disclosure awareness training video produced by the IRS can be found at [IRS Videos](http://www.irsvideos.gov/Governments/Safeguards/DisclosureAw%20arenessTrainingPub4711)

No person, or officer or employee of such person, to whom a return or return information is disclosed by an officer or employee of the Treasury Department, the State tax agency, the Social Security Administration, or the Department of Justice, under the authority of this paragraph shall in turn disclose such return or return information for any purpose other than as described in this paragraph, and no such further disclosure for any such described purpose shall be made by such person, officer, or employee to anyone, other than another officer or employee of such person whose duties or responsibilities require such disclosure for a purpose described in this paragraph, without written approval by the Internal Revenue Service.

1. *Limitations.* For purposes of paragraph (a) of this section, disclosure of returns or return information in connection with Contractual procurement of property or services described in such paragraph will be treated as necessary only if such procurement or the performance of such services cannot otherwise be reasonably, properly, or economically carried out or performed without such disclosure.

Thus, for example, disclosures of returns or return information to employees of a Vendor for purposes of programming, maintaining, repairing, or testing computer equipment used by the Internal Revenue Service or a State tax agency should be made only if such services cannot be reasonably, properly, or economically performed by use of information or other data in a form which does not identify a particular taxpayer. If, however, disclosure of returns or return information is in fact necessary in order for such employees to reasonably, properly, or economically perform the computer related services, such disclosures should be restricted to returns or return information selected or appearing at random. Further, for purposes of paragraph (a), disclosure of returns or return information in connection with the Contractual procurement of property or services described in such paragraph should be made only to the extent necessary to reasonably, properly, or economically conduct such procurement activity. Thus, for example, if an activity described in paragraph (a) can be reasonably, properly, and economically conducted by disclosure of only parts or portions of a return or if deletion of taxpayer identity information (as defined in section 6103(b)(6) of the Code) reflected on a return would not seriously impair the ability of the Vendor or his officers or employees to conduct the activity, then only such parts or portions of the return, or only the return with taxpayer identity information deleted, should be disclosed.

1. *Notification requirements.* Persons to whom returns or return information is or may be disclosed as authorized by paragraph
2. of this section shall provide written notice to their officers or employees—
	1. That returns or return information disclosed to such officer or employee can be used only for a purpose and to the extent authorized by paragraph (a) of this section;
	2. That further inspection of any returns or return information for a purpose or to an extent unauthorized by paragraph (a) of this section constitutes a misdemeanor, punishable upon conviction by a fine of as much as $1,000, or imprisonment for as long as 1 year, or both, together with costs of prosecution;
	3. That further disclosure of any returns or return information for a purpose or to an extent unauthorized by paragraph (a) of this section constitutes a felony, punishable upon conviction by a fine of as much as $5,000, or imprisonment for as long as 5 years, or both, together with the costs of prosecution;
	4. That any such unauthorized further inspection or disclosure of returns or return information may also result in an award of civil damages against any person who is not an officer or employee of the United States in an amount not less than $1,000

for each act of unauthorized inspection or disclosure or the sum of actual damages sustained by the plaintiff as a result of such unauthorized disclosure or inspection as well as an award of costs and reasonable attorney’s fees; and

* 1. If such person is an officer or employee of the United States, a conviction for an offense referenced in paragraph (c)(2) or (c)(3) of this section shall result in dismissal from office or discharge from employment.
1. *Safeguards.* Any person to whom a return or return information is disclosed as authorized by paragraph (a) of this section shall comply with all applicable conditions and requirements which may be prescribed by the Internal Revenue Service for the purposes of protecting the confidentiality of returns and return information and preventing disclosures of returns or return information in a manner unauthorized by paragraph (a). The terms of any Contract between the Treasury Department, a State tax agency, the Social Security Administration, or the Department of Justice, and a person pursuant to which a return or return information is or may be disclosed for a purpose described in paragraph (a) shall provide, or shall be amended to provide, that such person, and officers and employees of the person, shall comply with all such applicable conditions and restrictions as may be prescribed by the Service by regulation, published rules or procedures, or written communication to such person. If the Service determines that any person, or an officer or employee of any such person, to whom returns or return information has been disclosed as provided in paragraph (a) has failed to, or does not, satisfy such prescribed conditions or requirements, the Service may take such actions as are deemed necessary to ensure that such conditions or requirements are or will be satisfied, including—
	1. Suspension or termination of any duty or obligation arising under a Contract with the Treasury Department referred to in this paragraph or suspension of disclosures by the Treasury Department otherwise authorized by paragraph (a) of this section, or
	2. Suspension of further disclosures of returns or return information by the Service to the State tax agency, or to the Department of Justice, until the Service determines that such conditions and requirements have been or will be satisfied.
2. *Definitions.* For purposes of this section—
	1. The term *Treasury Department* includes the Internal Revenue Service and the Office of the Chief Counsel for the Internal Revenue Service;
	2. The term *State tax agency* means an agency, body, or commission described in section 6103(d) of the Code; and
	3. The term *Department of Justice* includes offices of the United States Attorneys.

**IRS Publication 1075 (Rev. 8-2010) Section *5.5 Control over Processing***

Processing of FTI, in an electronic media format, including removable media, microfilms, photo impressions, or other formats (including tape reformatting or reproduction or conversion to punch cards, digital images or hard copy printout) will be performed pursuant to one of the following procedures:

* + 1. ***Agency Owned and Operated Facility***

Processing under this method will take place in a manner that will protect the confidentiality of the information on the electronic media. All safeguards outlined in this publication also must be followed and will be subject to IRS safeguard reviews.

* + 1. ***Vendor or Agency Shared Facility – Consolidated Data Centers***

Recipients of FTI are allowed to use a shared facility but only in a manner that does not allow access to FTI by employees, agents, representatives or Vendors of other agencies using the shared facility.

**Note:** For purposes of applying sections 6103(l), (m) and (n), the term “agent” includes Vendors. Access restrictions pursuant to the IRC authority by which the FTI is received continue to apply. For example, since human services agencies administering benefit eligibility programs may not allow Vendor access to any FTI received, their data within the consolidated data center may not be accessed by any Vendor of the data center.

The requirements in Exhibit 7, Contract Language for General Services, must be included in the Contract in accordance with IRC Section 6103(n).

The Vendor or agency-shared computer facility is also subject to IRS safeguard reviews.

**Note:** The above rules also apply to releasing electronic media to a private Vendor or other agency office even if the purpose is merely to erase the old media for reuse.

Agencies utilizing consolidated data centers must implement appropriate controls to ensure the protection of FTI, including a service level agreement (SLA) between the agency authorized to receive FTI and the consolidated data center. The SLA should cover the following:

The consolidated data center is considered to be a “Vendor” of the agency receiving FTI. The agency receiving FTI – whether it is a state revenue, workforce, child support enforcement or human services agency – is responsible for ensuring the protection of all FTI received. However, as the “Vendor” for the agency receiving FTI, the consolidated data center shares responsibility for safeguarding FTI as well.

Provide written notification to the consolidated data center management that they are bound by the provisions of Publication 1075, relative to protecting all federal tax information within their possession or control. The SLA should also include details concerning the consolidated data center’s responsibilities during a safeguard review and support required to resolve identified findings.

The agency will conduct an internal inspection of the consolidated data center every eighteen months (see section 6.3). Multiple agencies sharing a consolidated data center may partner together to conduct a single, comprehensive internal inspection. However, care should be taken to ensure agency representatives do not gain unauthorized access to other agency’s FTI during the internal inspection.

The employees from the consolidated data center with access to FTI, including system administrators and programmers, must receive disclosure awareness training prior to access to FTI and annually thereafter and sign a confidentiality statement. This provision also extends to any Vendors hired by the consolidated data center that has access to FTI.

The specific data breach incident reporting procedures for all consolidated data center employees and Vendors. The required disclosure awareness training must include a review of these procedures.

The Exhibit 7 language must be included in the Contract between the recipient agency and the consolidated data center, including all Contracts involving Vendors hired by the consolidated data center.

Identify responsibilities for coordination of the 45-day notification of the use of Vendors or sub-Vendors with access to FTI.

***Note***: Generally, consolidated data centers are either operated by a separate state agency (example: Department of Information Services) or by a private Vendor. If an agency is considering transitioning to either a state owned or private vendor consolidated data center, the Office of Safeguards strongly suggests the agency submit a request for discussions with Safeguards as early as possible in the decision-making or implementation planning process. The purpose of these discussions is to ensure the agency remains in compliance with safeguarding requirements during the transition to the consolidated data center.

**26 U.S.C. §7213. Unauthorized disclosure of information**

1. Returns and return information
	1. Federal employees and other persons

It shall be unlawful for any officer or employee of the United States or any person described in section [6103(n)](http://www.fourmilab.ch/ustax/www/t26-F-61-B-6103.html#_n_) (or an officer or employee of any such person), or any former officer or employee, willfully to disclose to any person, except as authorized in this title, any return or return information (as defined in section [6103(b))](http://www.fourmilab.ch/ustax/www/t26-F-61-B-6103.html#_b_). Any violation of this paragraph shall be a felony punishable upon conviction by a fine in any amount not exceeding $5,000, or imprisonment of not more than 5 years, or both, together with the costs of prosecution, and if such offense is committed by any officer or employee of the United States, he shall, in addition to any other punishment, be dismissed from office or discharged from employment upon conviction for such offense.

* 1. State and other employees

It shall be unlawful for any person (not described in paragraph (1)) willfully to disclose to any person, except as authorized in this title, any return or return information (as defined in section [6103(b))](http://www.fourmilab.ch/ustax/www/t26-F-61-B-6103.html#_b_) acquired by him or another person under subsection (d), (i)(3)(B)(i) or (7)(A)(ii), (l)(6), (7), (8), (9), (10), (12), (15),

(16), (19), or (20) or (m)(2), (4), (5), (6), or (7) of section [6103.](http://www.fourmilab.ch/ustax/www/t26-F-61-B-6103.html)

Any violation of this paragraph shall be a felony punishable by a fine in any amount not exceeding $5,000, or imprisonment of not more than 5 years, or both, together with the costs of prosecution.

* 1. Other persons

It shall be unlawful for any person to whom any return or return information (as defined in section [6103(b))](http://www.fourmilab.ch/ustax/www/t26-F-61-B-6103.html#_b_) is disclosed in a manner unauthorized by this title thereafter willfully to print or publish in any manner not provided by law any such return or return information. Any violation of this paragraph shall be a felony punishable by a fine in any amount not exceeding $5,000, or imprisonment of not more than 5 years, or both, together with the costs of prosecution.

* 1. Solicitation

It shall be unlawful for any person willfully to offer any item of material value in exchange for any return or return information (as defined in section [6103(b))](http://www.fourmilab.ch/ustax/www/t26-F-61-B-6103.html#_b_) and to receive as a result of such solicitation any such return or return information. Any violation of this paragraph shall be a felony punishable by a fine in any amount not exceeding $5,000, or imprisonment of not more than 5 years, or both, together with the costs of prosecution.

* 1. Shareholders

It shall be unlawful for any person to whom a return or return information (as defined in section [6103(b))](http://www.fourmilab.ch/ustax/www/t26-F-61-B-6103.html#_b_) is disclosed pursuant to the provisions of section [6103(e)(1)(D)(iii)](http://www.fourmilab.ch/ustax/www/t26-F-61-B-6103.html#_e__1__D__iii_) willfully to disclose such return or return information in any manner not provided by law. Any violation of this paragraph shall be a felony punishable by a fine in any amount not to exceed $5,000, or imprisonment of not more than 5 years, or both, together with the costs of prosecution.

1. Disclosure of operations of manufacturer or producer

Any officer or employee of the United States who divulges or makes known in any manner whatever not provided by law to any person the operations, style of work, or apparatus of any manufacturer or producer visited by him in the discharge of his official duties shall be guilty of a misdemeanor and, upon conviction thereof, shall be fined not more than $1,000, or imprisoned not more than 1 year, or both, together with the costs of prosecution; and the offender shall be dismissed from office or discharged from employment.

1. Disclosures by certain delegates of Secretary

All provisions of law relating to the disclosure of information, and all provisions of law relating to penalties for unauthorized disclosure of information, which are applicable in respect of any function under this title when performed by an officer or employee of the Treasury Department are likewise applicable in respect of such function when performed by any person who is a "delegate" within the meaning of section [7701(a)(12)(B).](http://www.fourmilab.ch/ustax/www/t26-F-79-7701.html#_a__12__B_)

1. Disclosure of software

Any person who willfully divulges or makes known software (as defined in section [7612(d)(1))](http://www.fourmilab.ch/ustax/www/t26-F-78-A-7612.html#_d__1_) to any person in violation of section [7612](http://www.fourmilab.ch/ustax/www/t26-F-78-A-7612.html) shall be guilty of a felony and, upon conviction thereof, shall be fined not more than $5,000, or imprisoned not more than 5 years, or both, together with the costs of prosecution.

1. Cross references
	1. Penalties for disclosure of information by preparers of returns for penalty for disclosure or use of information by preparers of returns, see section [7216.](http://www.fourmilab.ch/ustax/www/t26-F-75-A-I-7216.html)
	2. Penalties for disclosure of confidential information

For penalties for disclosure of confidential information by any officer or employee of the United States or any department or agency thereof, see 18 U.S.C. 1905.

**26 U.S.C. §7213A. Unauthorized inspection of returns or return information**

1. Prohibitions
	1. Federal employees and other persons It shall be unlawful for—
		1. any officer or employee of the United States, or
		2. any person described in subsection (l)(18) or (n) of section [6103](http://www.law.cornell.edu/uscode/html/uscode26/usc_sec_26_00006103----000-.html) or an officer or employee of any such person, willfully to inspect, except as authorized in this title, any return or return information.
	2. State and other employees

It shall be unlawful for any person (not described in paragraph (1)) willfully to inspect, except as authorized in this title, any return or return information acquired by such person or another person under a provision of section [6103](http://www.law.cornell.edu/uscode/html/uscode26/usc_sec_26_00006103----000-.html) referred to in section [7213](http://www.law.cornell.edu/uscode/html/uscode26/usc_sec_26_00007213----000-.html) [(a)(2)](http://www.law.cornell.edu/uscode/html/uscode26/usc_sec_26_00007213----000-.html#a_2) or under section [6104](http://www.law.cornell.edu/uscode/html/uscode26/usc_sec_26_00006104----000-.html) [(c).](http://www.law.cornell.edu/uscode/html/uscode26/usc_sec_26_00006104----000-.html#c)

1. Penalty
	1. In general

Any violation of subsection (a) shall be punishable upon conviction by a fine in any amount not exceeding $1,000, or imprisonment of not more than 1 year, or both, together with the costs of prosecution.

* 1. Federal officers or employees

An officer or employee of the United States who is convicted of any violation of subsection (a) shall, in addition to any other punishment, be dismissed from office or discharged from employment.

1. Definitions

For purposes of this section, the terms “inspect”, “return”, and “return information” have the respective meanings given such terms by section [6103](http://www.law.cornell.edu/uscode/html/uscode26/usc_sec_26_00006103----000-.html) [(b).](http://www.law.cornell.edu/uscode/html/uscode26/usc_sec_26_00006103----000-.html#b)

**26 U.S.C. §7431. Civil damages for unauthorized inspection or disclosure of returns and return information**

1. In general
	1. Inspection or disclosure by employee of United States

If any officer or employee of the United States knowingly, or by reason of negligence, inspects or discloses any return or return information with respect to a taxpayer in violation of any provision of section [6103,](http://www.fourmilab.ch/ustax/www/t26-F-61-B-6103.html) such taxpayer may bring a civil action for damages against the United States in a district court of the United States.

* 1. Inspection or disclosure by a person who is not an employee of United States

If any person who is not an officer or employee of the United States knowingly, or by reason of negligence, inspects or discloses any return or return information with respect to a taxpayer in violation of any provision of section [6103,](http://www.fourmilab.ch/ustax/www/t26-F-61-B-6103.html) such taxpayer may bring a civil action for damages against such person in a district court of the United States.

1. Exceptions

No liability shall arise under this section with respect to any inspection or disclosure -

* 1. which results from a good faith, but erroneous, interpretation of section [6103,](http://www.fourmilab.ch/ustax/www/t26-F-61-B-6103.html) or
	2. which is requested by the taxpayer.
1. Damages

In any action brought under subsection (a), upon a finding of liability on the part of the defendant, the defendant shall be liable to the plaintiff in an amount equal to the sum of -

* 1. the greater of -
		1. $1,000 for each act of unauthorized inspection or disclosure of a return or return information with respect to which such defendant is found liable, or
		2. the sum of -
			1. the actual damages sustained by the plaintiff as a result of such unauthorized inspection or disclosure, plus
			2. in the case of a willful inspection or disclosure or an inspection or disclosure which is the result of gross negligence, punitive damages, plus
	2. the costs of the action, plus
	3. in the case of a plaintiff which is described in section [7430(c)(4)(A)(ii),](http://www.fourmilab.ch/ustax/www/t26-F-76-B-7430.html#_c__4__A__ii_) reasonable attorney’s fees, except that if the defendant is the United States, reasonable attorney’s fees may be awarded only if the plaintiff is the prevailing party (as determined under section [7430(c)(4)](http://www.fourmilab.ch/ustax/www/t26-F-76-B-7430.html#_c__4_)).
1. Period for bringing action

Notwithstanding any other provision of law, an action to enforce any liability created under this section may be brought, without regard to the amount in controversy, at any time within 2 years after the date of discovery by the plaintiff of the unauthorized inspection or disclosure.

1. Notification of unlawful inspection and disclosure

If any person is criminally charged by indictment or information with inspection or disclosure of a taxpayer's return or return information in violation of -

* 1. paragraph (1) or (2) of section [7213(a),](http://www.fourmilab.ch/ustax/www/t26-F-75-A-I-7213.html#_a_)
	2. section [7213A(a),](http://www.fourmilab.ch/ustax/www/t26-F-75-A-I-7213A.html#_a_) or
	3. subparagraph (B) of section 1030(a)(2) of title 18, United States Code, the Secretary shall notify such taxpayer as soon as practicable of such inspection or disclosure.
1. Definitions

For purposes of this section, the terms "inspect", "inspection", "return", and "return information" have the respective meanings given such terms by section [6103(b).](http://www.fourmilab.ch/ustax/www/t26-F-61-B-6103.html#_b_)

1. Extension to information obtained under section [3406](http://www.fourmilab.ch/ustax/www/t26-C-24-3406.html) For purposes of this section -
	1. any information obtained under section [3406](http://www.fourmilab.ch/ustax/www/t26-C-24-3406.html) (including information with respect to any payee certification failure under subsection (d) thereof) shall be treated as return information, and
	2. any inspection or use of such information other than for purposes of meeting any requirement under section [3406](http://www.fourmilab.ch/ustax/www/t26-C-24-3406.html) or

(subject to the safeguards set forth in section [6103)](http://www.fourmilab.ch/ustax/www/t26-F-61-B-6103.html) for purposes permitted under section [6103](http://www.fourmilab.ch/ustax/www/t26-F-61-B-6103.html) shall be treated as a violation of section [6103.](http://www.fourmilab.ch/ustax/www/t26-F-61-B-6103.html) For purposes of subsection (b), the reference to section [6103](http://www.fourmilab.ch/ustax/www/t26-F-61-B-6103.html) shall be treated as including a reference to section [3406.](http://www.fourmilab.ch/ustax/www/t26-C-24-3406.html)

1. Special rule for information obtained under section [6103(k)(9)](http://www.fourmilab.ch/ustax/www/t26-F-61-B-6103.html#_k__9_) For purposes of this section, any reference to section [6103](http://www.fourmilab.ch/ustax/www/t26-F-61-B-6103.html) shall be treated as including a reference to section [6311(e).](http://www.fourmilab.ch/ustax/www/t26-F-64-B-6311.html#_e_)

# EXHIBIT E: SECURITY AND DATA PROTECTION

Vendor shall certify to the State compliance with applicable industry standards and guidelines, including but not limited to relevant security provisions of the California State Administrative Manual (SAM), California Statewide Information Management Manual (SIMM), The National Institute of Standards and Technology (NIST) 800-53 v4 and Federal Information Processing Standard (FIPS) Publication 199 which protect and minimize risk to the State. At a minimum, provision shall cover the following:

1. The Vendor assumes responsibility of the confidentiality, integrity and availability of the data under its control. The Vendor shall implement and maintain all appropriate administrative, physical, technical, and procedural safeguards at all times during the term of the Agreement to secure such data from data breach or loss, protect the data and information assets from breaches, introduction of viruses, disabling of devices, malware and other forms of malicious or inadvertent acts that can disrupt the State’s access to its data or affects the integrity of that data.
2. Confidential, sensitive or personal information shall be encrypted in accordance with SAM

5350.1 and SIMM 5305-A.

1. The Vendor shall comply with statewide policies and laws regarding the use and protection of information assets and data. Unauthorized use of data by Vendor or third parties is prohibited.
2. Signed Security and Confidentiality Statement for all personnel assigned during the term of the Agreement.
3. Apply security patches and upgrades, and keep virus protection software up-to-date on all information asset on which data may be stored, processed, or transmitted.
4. The Vendor shall notify the State data owner immediately if a security incident involving the information asset occurs.
5. The State data owner shall have the right to participate in the investigation of a security incident involving its data or conduct its own independent investigation. The Vendor shall allow the State reasonable access to security logs, latency statistics, and other related security data that affects this Agreement and the State’s data, at no cost to the State.
6. The Vendor shall be responsible for all costs incurred by the State due to security incident resulting from the Vendor’s failure to perform or negligent acts of its personnel, and resulting in an unauthorized disclosure, release, access, review, destruction; loss, theft or misuse of an information asset. If the Vendor experiences a loss or breach of data, the Vendor shall immediately report the loss or breach to the State. If the State data owner determines that notice to the individuals whose data has been lost or breached is appropriate, the Vendor will bear any and all costs associated with the notice or any mitigation selected by the data owner. These costs include, but are not limited to, staff time, material costs, postage, media announcements, and other identifiable costs associated with the breach or loss of data.
7. The Vendor shall immediately notify and work cooperatively with the State data owner to respond timely and correctly to public records act requests.
8. The Vendor will dispose of records of State data as instructed by the State during the term of this agreement. No data shall be copied, modified, destroyed or deleted by the Vendor other than for normal operation or maintenance during the Agreement period without prior written notice to and written approval by the State.
9. Remote access to data from outside the territorial United States, including remote access to data by authorized support staff in identified support centers, is prohibited unless approved in advance by the State.
10. The physical location of Vendor’s data center where the Data is stored shall be within the territorial United States.

# ATTACHMENT 1: BEST VALUE EVALUATION CRITERIA

All offers will be reviewed for responsiveness to the requirements of the RFO. If a response is missing required information, it may be deemed non-responsive. In addition to the response content identified in Section 7 RFO Response Content of this RFO, the Selection Team will compare responsive offers based on the “best value” criteria in order of importance as described below. Further review is subject to STATE’s discretion.

1. Staff Experience Worksheet (Attachment 3) and Consultant resumes;
2. Company approach and methodologies to be used during engagement;
3. Completed Cost Worksheet Requirements (Exhibit B-1); and
4. References (Attachment 4)

Customers identified in Attachment 4 – References, may be contacted. The reference will be interviewed in areas such as: compliance with provisions of Contract, timeliness of project completion, and success factors. Each reference will be posed a specific set of questions and their responses documented. Negative responses from references may be cause for rejection of the response/offering.

1. For contracts receiving Federal Funding, all work products will be submitted concurrently to the <appropriate Federal office> when a copy is transmitted to the State Contract Administrator. [↑](#footnote-ref-1)