REQUEST FOR PROPOSAL

ISSUE DATE: July 12, 2013  RFP No. 158:13-1220

TITLE: Performance Management Software

ISSUING AGENCY: Virginia Retirement System
Commonwealth of Virginia
Attn: Timothy Moore, Purchasing Department
P.O. Box 2500, Richmond, VA 23218-2500
1200 E. Main Street, Richmond, VA 23219

SEALED PROPOSALS will be received at the VRS Security Desk until 3:00 P.M., on August 14, 2013, for furnishing the services described herein. PROPOSALS RECEIVED AFTER THIS TIME SHALL NOT BE CONSIDERED, AND SHALL BE RETURNED, UNOPENED. The clock at the VRS Security Desk will serve as the official time clock.

All inquiries for information or questions should be directed to Timothy Moore, Procurement Manager, Virginia Retirement System, phone: (804) 771-7355, fax: (804) 786-1541, mark “ATTN: Timothy Moore,”, or by email to tmoore@varetire.org. Inquiries and questions must be received at least 7 business days prior to the due date.

If proposals are mailed, send directly to issuing agency shown above. If proposals are hand delivered, deliver to: Virginia Retirement System, Security Desk, ATTN: Timothy Moore, Procurement Manager, 1200 E. Main Street, Richmond, VA 23219. All packages must be labeled as indicated in Section VIII, Special Terms & Conditions, Paragraph T, “Identification of Proposal Envelope”.

Note: This RFP is posted on the Commonwealth of Virginia’s e-Procurement website known as eVA at eva.virginia.gov under the “Solicitations, Quick Quotes and Awards (VBO)” link.

In compliance with this Request for Proposals and with all conditions imposed therein, the undersigned Offeror agrees to furnish the services in accordance with the attached signed proposal or as mutually agreed upon by subsequent negotiation.

I certify that I have read and understand this Request for Proposals and am authorized to sign this proposal for the Offeror.

PLEASE RETURN THE ORIGINAL & 5 (Five) COMPLETE COPIES OF YOUR PROPOSAL

NAME AND ADDRESS OF FIRM: ____________________________
DATE: ____________________________

BY: ______________________________
(Signature in ink)
NAME: ____________________________
(Print or type)
TITLE: ____________________________

FEI/FIN__________________________ Telephone # (___) ____________________

E-Mail: ____________________________ Fax # (___) ____________________

Indicate if your firm is a minority firm: ( ) yes ( ) no

PRE-PROPOSAL CONFERENCE: A pre-proposal conference will be held at 10:30 A.M. on July 30, 2013, at the Virginia Retirement System, 1200 East Main Street, Richmond, Virginia 23219. See Section VI. (If special ADA accommodations are needed, please contact Timothy Moore at 804-771-7355.)
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I PURPOSE

The intent and purpose of this Request for Proposals (RFP) is to solicit sealed proposals from qualified firms and subsequently enter into a contract to provide off the shelf Performance Management Software.

II BACKGROUND

The Virginia Retirement System (VRS), located in Richmond, Virginia is an independent agency of the Commonwealth of Virginia that administers pension and related benefits for public sector employees at the state, public school and political subdivision levels. Benefits are determined by the General Assembly through legislative action and approximately 310 employees administer the programs that deliver these benefits. The following are the key benefits or product lines administered by VRS:

A. Defined benefit pension
B. Defined contribution pension benefits
C. Life insurance coverage
D. Short- and long-term disability management program
E. Health insurance enrollment, premium withholding and reimbursement administration
F. Employer-paid long-term care (LTC) benefits for active VSDP members

The product lines cover a diverse and rapidly growing customer base that includes 800 employers, approximately 342,000 active members, 118,000 inactive/dormant account members and 169,000 benefit recipients. Additional information about the VRS may be obtained at: http://www.varetire.org.

III STATEMENT OF WORK

The Successful Offeror shall provide all supervision, labor, material and equipment necessary to provide a Performance Management System. Listed below are the requirements of the VRS. Those that include the word “shall” are mandatory. The remaining requirements are desired. Offerors should address each one and state whether or not the proposed solution already includes the functionality or if it is a customization.

A. General Functional Requirements

1. A vendor hosted system is the preferred solution.

2. The Offeror should be capable of providing customization services on an hourly and/or fixed price basis. Please describe any customization services you offer and provide pricing for each one in your pricing response.

3. The system should provide mechanisms that ensure data quality and rapid data entry accomplished by use of menus, data lookup tables, etc.

4. The Offerors solution should provide an interface that enables all authorized personnel to access evaluation information 24 hours a day from any internet-enabled computer using Windows, Internet Explorer, Firefox, Safari, or Chrome.
5. The system should allow the System Administrator(s) to assign views and data access to relevant employee data and job information for specific roles and users.

6. It should allow for multiple authorized users to access the same data at the same time.

7. The Offerors solution should allow administrators to monitor timelines, access forms and guidelines, and monitor progress of the evaluations that have been delegated to all levels of evaluators.

8. The system should provide an audit trail of evaluation process activity.

9. The system should allow for the creation of employee evaluation timetables with notes fields.

10. The system should have the ability to export evaluation reports and additional data to document imaging system for storage in employee personnel files. Exported data out of the hosted solution should provide for a secure encrypted transport when downloading through the internet.

11. The Offerors proposed Performance Management System should:

   a. Have the ability to capture ratings.

   b. Have a multi-rater feature.

   c. Be able to store all the supporting documents and information for all employees and provide a means of storage to an imaging system.

   d. Have the automatic capability to alert evaluators to the evaluation timelines via email.

   e. Have the ability to support several different evaluation templates depending on job position and/or department.

   f. Have the ability to support several evaluation review cycles.

   g. Have the ability to create and track goals, development plans, performance plans and journal entries.

   h. Have the ability to allow users to securely attach electronic files and images of scanned documents in a variety of formats; photo, audio and video.

   i. Have no degradation in service or system enhancements during peak usage times.

   j. Have the capability of automatic save and logoff after a specified period of idle time (for example, 30 minutes).
k. Be 100% Paperless.

l. Support Smart Phones, Tablets, PC and Macs securely in keeping with COVA Security Standards. Explain method.

m. Allow for real-time E-Signatures and Approval work flows.

n. Support complete customization and flexibility.

o. The solution shall provide security such that employees can comment on their performance evaluation.

**B. General Requirements – Security**

1. VRS requires all data transmitted through the system be secure.

2. The Offeror’s solution should be able to set varying levels of user rights for different individual and groups of users. These rights should at a minimum control which administrators are permitted to view, complete, and delegate evaluations.

3. The Performance Management System web site is to be secured with SSL 3.0 or TLS.

4. The Offeror should provide an overview of system security and describe whether security is implemented by means of system software, application programs, or both.

5. The Offeror shall provide available options for authentication and whether or not it supports authentications against Active Directory.

6. The solution shall provide security such that employees and their supervisors can view only their data.

7. The Offeror shall respond to each question in the “VRS Security Control Response Requirements” in Attachment D.

**C. General Requirements - User Interface and Navigation**

1. The Offeror’s software application should be table-driven making extensive use of entries selected from drop down lists that validate entries, and are easily maintained by a designee within the Virginia Retirement System’s organization.

2. The Offeror’s solution should only present functions and options that are appropriate to a person’s individual role(s) when they log onto the system. The user interface of the solution should be able to be customized and configured to conform to the look and feel of VRS branding while allowing for software upgrades under the normal upgrade process.
3. The Offeror’s user interface should provide for accessibility options for persons with disabilities.

4. The Offeror’s solution should provide a method to interface with third party programs. The system should export/import information to/from the VRS’ Human Resource Information System (HRIS), which is Kronos.

5. The Offeror’s solution should include documented Application Programming Interfaces (API’s) and toolkits for creating custom connectors.

6. The system should support the ability to define workflows with approval and routing processes.

7. The Offeror’s solution should allow evaluators/administrators to select from evaluation templates (VRS defined) for employees.

8. The Offeror’s solution shall have the ability to send automatically, customizable timeline notifications to evaluators through emails.

9. The solution should have the capability to print out a hard copy of evaluation documents.

**D. Reporting and Analytics Requirements**

1. The Offeror’s solution system should include a reporting system that will provide standard delivered reports (evaluation schedules and timelines, progress reports, assigned evaluations by administrators, etc.) as well as allow HR to develop custom reports. Users should be able to select reports from a list of pre-defined reports. Please indicate whether customized reports will be included as part of the package for your solution, and if so, indicate the types of reports that will be included. Please provide samples of pre-defined reports.

2. The Offeror’s solution shall support web-based report generation both on demand and on a pre-defined schedule.

3. The Offeror’s solution should provide the ability to print reports, save reports as PDF, or export to other programs such as Microsoft Excel or Word.

4. The Offeror’s solution should be able to integrate with VRS’ .Net solutions.

**E. System Expectations**

1. Software should operate in a “real time” environment. On-line transactions should be visible immediately to all users per security parameters, without need to run batch (or daily/periodic upload) programs.

2. System should operate on a world-class, globally supported, enterprise level, system.
3. For basic system operation, the system should be easily administered, without need for lengthy, specialized technical staff training beyond that which will be provided on-site by the Successful Offeror.

4. The system should support a full range of additional industry-standard data and application interfaces to support data exchange and interoperability with other software applications, including: .Net and web services.

5. VRS prefers vendor-hosted Software as a Service solution.

As a vendor-hosted solution, provide an overview of the hosting service offered, specifically addressing the following:

a. Details of your service levels including guarantees for system availability 24x7; penalties for failing to reach service levels, etc.

b. Details regarding your data center: location(s), backup, system performance monitoring, network and physical access controls, and whether it is internally or externally managed.

c. Disaster preparedness/backup plan that allows VRS to continue business in case of interruption of hosting services at your primary data center.

d. Please describe what administration and remote management functions would be able to be performed by VRS administrators in the hosted environment.

e. The solution should provide for 99.99% availability. Describe how downtime for regularly scheduled maintenance and upgrades is scheduled and performed.

f. Transition plan that includes the return of data process for VRS to switch to another service provider at the end of the contract term.

F. Data Conversion Requirements

Implementation services should include electronic data conversion for data that is reasonably transferable to new system data files. Data to be converted include employee demographic data, work location/department, and reporting hierarchy.

The Successful Offeror will convert all current and prior selected fiscal and calendar year’s data as requested. Data conversion shall be done in a timeframe that allows VRS staff ample time to validate the accuracy of the conversion prior to live use of the new software. All historical data from the current performance management system, Halogen will need to be brought into the solution. The return of data from Halogen must be retrievable via an Oracle Dump File, SQL or PDF format.

The Offeror shall factor in time and effort required to help with data validation including generating reports and ad hoc queries from the software. The Successful
Offeror will be expected to have converted a “first pass” on data for inspection prior to the training segment so that training can be accomplished using scrambled or fictitious data to the users and for the training process to provide another means for VRS’ users to validate the accuracy of the data conversion process.

Historical performance management data from the current Contractor, Halogen will be represented in the data conversion that includes any demographic and/or profile information, evaluation data, journal entries, goals, and development and performance plan information. In addition, the data conversion should include demographic and/or profile information updates for new and existing employees from our HRIS, Kronos.

The Offeror needs to provide detailed information on the integration strategy they have for receiving and sending data from/to external systems regardless of platform. One of the main systems the Successful Offeror will be receiving and sending from/to is VRS’ HRIS, Kronos, a .Net product.

G. Testing

1. The Successful Offeror shall demonstrate through a mutually agreed upon acceptance process, and stress test that the solution performs as specified.

2. The final acceptance test shall use VRS approved data.

3. The Successful Offeror shall successfully test backup/recover capabilities.

4. The Successful Offeror shall abide by VRS’ Security Conformance Agreement.

H. Project Control

1. Project Plan – The Successful Offeror shall prepare a mutually acceptable detailed project plan, in keeping with VRS’ timetable, that will identify the major tasks and responsible parties associated with the successful installation and implementation of all products required for this project.

2. Project Manager – The Successful Offeror shall provide a designated project manager who will be responsible for the overall coordination of the Successful Offeror’s resources necessary to fulfill its responsibilities for this project. The Successful Offeror’s project manager will work closely with the VRS’ designated project manager to set specific action dates and responsible persons for both parties and communicate detailed information as needed so that the VRS’ project manager can direct the activities of the VRS staff members and users involved with the project. In cooperation with the VRS’ project manager, the Successful Offeror’s project manager will also be responsible for tracking the progress of the project and reporting of actual task completion dates, as well as any ongoing revisions to the project plan that may be mutually determined.

3. The Successful Offeror shall provide the level of staff necessary to successfully implement the Performance Management System.
I. Training

1. The Successful Offeror shall provide all necessary training, including technical and application system administration and an initial series of training courses, manuals and documents equal to the number of individuals being trained deemed sufficient to leave VRS staff prepared to make best use of the new system. The approximate number of individuals to be trained is five. The initial personnel trained would then train other VRS personnel as required.

2. The Successful Offeror should have the ability to train with online video/audio training.

3. The Successful Offeror shall be capable of offering training services on an hourly or fixed price basis. Please describe the training services you are offering as a part of your proposal, and provide pricing for any additional training VRS may need.

J. Additional Requirements

Overall compliance with Commonwealth of Virginia Security Standards must be met. Please complete the following documents which are included:

a. VRS Security Conformance Agreement, found in Section VIII, Paragraph S, with a signature required on page 27.
b. VRS Interoperability Agreement, found in Attachment C.
c. VRS Security Control Response Requirements, found in Attachment D.

IV. PROPOSAL PREPARATION AND SUBMISSION REQUIREMENTS

A. GENERAL REQUIREMENTS:

1. RFP Response: In order to be considered for selection, Offerors must submit a complete response to this RFP. One (1) original and five (5) copies of each proposal must be submitted to VRS. No other distribution of the proposal shall be made by the Offeror.

2. Proposal Preparation:

   a. Proposals shall be signed by an authorized representative of the Offeror. All information requested should be submitted. Failure to submit all information requested may result in VRS requiring prompt submission of missing information and/or giving a lowered evaluation of the proposal. Proposals that are substantially incomplete or lack key information may be rejected by VRS. Mandatory requirements are those required by law or are such that they cannot be waived and are not subject to negotiation.

   b. Proposals should be prepared simply and economically, providing a straightforward, concise description of capabilities to satisfy the requirements of the RFP. Emphasis should be placed on completeness and clarity of content.
c. Proposals should be organized in the order in which the requirements are presented in the RFP. All pages of the proposal should be numbered. Each paragraph in the proposal should reference the paragraph number of the corresponding section of the RFP. It is also helpful to cite the paragraph number, sub-letter, and repeat the text of the requirement as it appears in the RFP. If a response covers more than one page, the paragraph number and sub-letter should be repeated at the top of the next page. The proposal should contain a table of contents, which cross-references the RFP requirements. Information that the Offeror desires to present that does not fall within any of the requirements of the RFP should be inserted at an appropriate place or be attached at the end of the proposal and designated as additional material. Proposals that are not organized in this manner risk elimination from consideration if the evaluators are unable to find where the RFP requirements are specifically addressed.

d. Each copy of the proposal should be bound or contained in a single volume where practical. All documentation submitted with the proposal should be contained in that single volume.

e. Ownership of all data, materials and documentation originated and prepared for the State pursuant to the RFP shall belong exclusively to the State and be subject to public inspection in accordance with the Virginia Freedom of Information Act. Trade secrets or proprietary information submitted by an Offeror shall not be subject to public disclosure under the Virginia Freedom of Information Act; however, the Offeror must invoke the protection of Section 2.2-4342F of the Code of Virginia in writing, either before or at the time the data or other material is submitted. The written notice must specifically identify the data or materials to be protected and state the reasons why protection is necessary. The proprietary or trade secret material submitted must be identified by some distinct method such as underlining or highlighting and must indicate only the specific words, figures, or paragraphs that constitute trade secret or proprietary information. The classification of an entire proposal document as proprietary or trade secret is not acceptable and may result in rejection of the proposal.

3. Oral Presentation: Offerors who submit a proposal in response to this RFP may be required to give an oral presentation of their proposal to VRS. This provides an opportunity for the Offeror to clarify or elaborate on the proposal. This is a fact finding and explanation session only and does not include negotiation. VRS will schedule the time and location of these presentations. Oral presentations are an option of VRS and may or may not be conducted.

B. SPECIFIC PROPOSAL REQUIREMENTS: Proposals should be as thorough and detailed as possible so VRS may properly evaluate your capabilities to provide the required services. Offerors are required to submit the following items as a complete proposal:

1. The return of the RFP cover sheet and all addenda acknowledgments, if any, signed and filled out as required.

2. Provide a written narrative statement to include:
a. Experience in providing the services described herein.

b. Name, qualifications and experience of personnel to be assigned to the project. Resumes of staff to be assigned to the project.

c. A work plan on a time-line basis identifying the tasks that need to be taken to complete the work, the personnel resources to be committed to this project and the amount of their time required. Also, indicate the number of VRS personnel and their time who may be needed, if any, to lend support, counsel or assistance.

3. A detailed description of the services to be provided which addresses each of the topics listed in the Scope of Work. Clearly state your ability to meet or exceed the requested services.

4. Provide examples of the following:

   a. Sample Evaluation Forms

   b. Dashboard and drill down screenshots from an employee, an evaluator and an administrator’s perspective.

5. Business Health Summary – Please provide responses to the following specific questions:

   a. Years in business
   b. Years in business under your present name
   c. Five-year history of same product sales
   d. Total installed base:
      1. By number of customers
      2. By seat license count if applicable
   e. Most recent audited financial statements to include a balance sheet and income statement.

6. Provide at least three recent references of similar size and complexity for which you have provided the software described in this RFP, to include the three most recent (within the past three (3) years) engagements. Other government entities are preferred. Include dates services performed, client name, contact person, and telephone number. VRS reserves the right to contact these clients for references. The VRS reserves the right to visit sites where the software has been installed. Such trips will be paid for by the VRS and will be coordinated with the offeror. In lieu of a trip, the VRS may arrange with the offeror a webcast that would allow the VRS to view the full functionality of the software as installed at one or more of the three references.

7. Proposed pricing should be as stated in the Pricing Schedule, Section X of the RFP.

V. EVALUATION CRITERIA AND AWARD:

A. EVALUATION CRITERIA: Proposals shall be evaluated by the Virginia Retirement System using the following criteria:

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<th>EVALUATION CRITERIA</th>
<th>WEIGHT</th>
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<td>1. Functional Requirements</td>
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<td>• Extent to which the proposed solution meets the RFP’s functional requirements</td>
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<td>• Compliance with the RFP’s technical requirements</td>
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<td>• Extent of modifications required to meet requirements</td>
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<td>• Ease of Use</td>
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<td>2. Implementation of Services/Project Management</td>
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<td>• Project Approach</td>
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<td>• Project Plan and Schedule</td>
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<td>• Project Management</td>
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<td>• Project Team</td>
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<td>• Current Workload and ability to perform required work within VRS schedules.</td>
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<td>• System training</td>
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<td>3. Experience and Qualifications</td>
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<td>• Installations (number and size) preferably with other government entities</td>
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<td>• Financial Stability of Firm</td>
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<td>• Ongoing support</td>
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<td>• References</td>
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<td>4. Price</td>
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<td>5. Quality of proposal submission</td>
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<td>TOTAL</td>
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B. AWARD CRITERIA: Selection shall be made of two or more offerors deemed to be fully qualified and best suited among those submitting proposals on the basis of the evaluation factors included in the RFP, including price, if so stated in the RFP. Negotiations shall be conducted with the offerors so selected. Price shall be considered, but need not be the sole determining factor. After negotiations have been conducted with each offeror so selected, the agency shall select the offeror which, in its opinion, has made the best proposal, and shall award the contract to that offeror. VRS may cancel this RFP or reject proposals at any time prior to an award, and is not required to furnish a statement of the reasons why a particular proposal was not deemed to be the most advantageous (Code of Virginia, § 2.2-4359D). Should VRS determine in writing and in its sole discretion that only one offeror is fully qualified, or that one offeror is clearly more highly qualified than the others under consideration, a contract may be negotiated and awarded to that offeror. The award document will be a contract incorporating by reference all the
requirements, terms and conditions of the solicitation and the contractor’s proposal as negotiated.

VI. PRE-PROPOSAL CONFERENCE

A pre-proposal conference will be at 10:30 A.M., on July 30, 2013, at VRS, 1200 E. Main Street, Richmond, VA 23219. The purpose of this conference is to allow potential Offerors an opportunity to present questions and obtain clarification relative to any facet of this solicitation.

While attendance at this conference will not be a prerequisite to submitting a proposal, offerors who intend to submit a proposal are encouraged to attend. Bring a copy of the solicitation with you. Any changes resulting from this conference will be issued in a written addendum to the solicitation.

VII. GENERAL TERMS AND CONDITIONS

A. VPPA: This solicitation is subject to the provisions of the Virginia Public Procurement Act.

B. APPLICABLE LAWS AND COURTS: This solicitation and any resulting contract shall be governed in all respects by the laws of the Commonwealth of Virginia and any litigation with respect thereto shall be brought in the courts of the Commonwealth. The agency and the contractor are encouraged to resolve any issues in controversy arising from the award of the contract or any contractual dispute using Alternative Dispute Resolution (ADR) procedures (Code of Virginia, § 2.2-4366). ADR procedures are described in Chapter 9 of the Vendors Manual. The contractor shall comply with all applicable federal, state and local laws, rules and regulations.

C. ANTI-DISCRIMINATION: By submitting their proposals, offerors certify to the Commonwealth that they will conform to the provisions of the Federal Civil Rights Act of 1964, as amended, as well as the Virginia Fair Employment Contracting Act of 1975, as amended, where applicable, the Virginians With Disabilities Act, the Americans With Disabilities Act and § 2.2-4311 of the Virginia Public Procurement Act (VPPA). If the award is made B-3 to a faith-based organization, the organization shall not discriminate against any recipient of goods, services, or disbursements made pursuant to the contract on the basis of the recipient's religion, religious belief, refusal to participate in a religious practice, or on the basis of race, age, color, gender or national origin and shall be subject to the same rules as other organizations that contract with public bodies to account for the use of the funds provided; however, if the faith-based organization segregates public funds into separate accounts, only the accounts and programs funded with public funds shall be subject to audit by the public body. (Code of Virginia, § 2.2-4343.1E).

In every contract over $10,000 the provisions in 1. and 2. below apply:

1. During the performance of this contract, the contractor agrees as follows:
a. The contractor will not discriminate against any employee or applicant for employment because of race, religion, color, sex, national origin, age, disability, or any other basis prohibited by state law relating to discrimination in employment, except where there is a bona fide occupational qualification reasonably necessary to the normal operation of the contractor. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.

b. The contractor, in all solicitations or advertisements for employees placed by or on behalf of the contractor, will state that such contractor is an equal opportunity employer.

c. Notices, advertisements and solicitations placed in accordance with federal law, rule or regulation shall be deemed sufficient for the purpose of meeting these requirements.

2. The contractor will include the provisions of 1. above in every subcontract or purchase order over $10,000, so that the provisions will be binding upon each subcontractor or vendor.

D. ETHICS IN PUBLIC CONTRACTING: By submitting their proposals, offerors certify that their proposals are made without collusion or fraud and that they have not offered or received any kickbacks or inducements from any other offeror, supplier, manufacturer or subcontractor in connection with their proposal, and that they have not conferred on any public employee having official responsibility for this procurement transaction any payment, loan, subscription, advance, deposit of money, services or anything of more than nominal value, present or promised, unless consideration of substantially equal or greater value was exchanged.

E. IMMIGRATION REFORM AND CONTROL ACT OF 1986: By entering into a written contract with the Commonwealth of Virginia, the Contractor certifies that the Contractor does not, and shall not during the performance of the contract for goods and services in the Commonwealth, knowingly employ an unauthorized alien as defined in the federal Immigration Reform and Control Act of 1986.

F. DEBARMENT STATUS: By submitting their proposals, offerors certify that they are not currently debarred by the Commonwealth of Virginia from submitting bids or proposals on contracts for the type of goods and/or services covered by this solicitation, nor are they an agent of any person or entity that is currently so debarred.

G. ANTITRUST: By entering into a contract, the contractor conveys, sells, assigns, and transfers to the Commonwealth of Virginia all rights, title and interest in and to all causes of action it may now have or hereafter acquire under the antitrust laws of the United States and the Commonwealth of Virginia, relating to the particular goods or services purchased or acquired by the Commonwealth of Virginia under said contract.
H. **MANDATORY USE OF STATE FORM AND TERMS AND CONDITIONS:** Failure to submit a proposal on the official state form provided for that purpose may be a cause for rejection of the proposal. Modification of or additions to the General Terms and Conditions of the solicitation may be cause for rejection of the proposal; however, the Commonwealth reserves the right to decide, on a case by case basis, in its sole discretion, whether to reject such a proposal.

I. **CLARIFICATION OF TERMS:** If any prospective offeror has questions about the specifications or other solicitation documents, the prospective offeror should contact the buyer whose name appears on the face of the solicitation no later than five working days before the due date. Any revisions to the solicitation will be made only by addendum issued by the buyer.

J. **PAYMENT:**

1. To Prime Contractor:

   a. Invoices for items ordered, delivered and accepted shall be submitted by the contractor directly to the payment address shown on the purchase order/contract. All invoices shall show the state contract number and/or purchase order number; social security number (for individual contractors) or the federal employer identification number (for proprietorships, partnerships, and corporations).

   b. Any payment terms requiring payment in less than 30 days will be regarded as requiring payment 30 days after invoice or delivery, whichever occurs last. This shall not affect offers of discounts for payment in less than 30 days, however.

   c. All goods or services provided under this contract or purchase order, that are to be paid for with public funds, shall be billed by the contractor at the contract price, regardless of which public agency is being billed.

   d. The following shall be deemed to be the date of payment: the date of postmark in all cases where payment is made by mail, or the date of offset when offset proceedings have been instituted as authorized under the Virginia Debt Collection Act.

   e. **Unreasonable Charges.** Under certain emergency procurements and for most time and material purchases, final job costs cannot be accurately determined at the time orders are placed. In such cases, contractors should be put on notice that final payment in full is contingent on a determination of reasonableness with respect to all invoiced charges. Charges which appear to be unreasonable will be researched and challenged, and that portion of the invoice held in abeyance until a settlement can be reached. Upon determining that invoiced charges are not reasonable, the Commonwealth shall promptly notify the contractor, in writing, as to those charges which it considers unreasonable and the basis for the determination. A contractor may not institute legal action unless a...
settlement cannot be reached within thirty (30) days of notification. The provisions of this section do not relieve an agency of its prompt payment obligations with respect to those charges which are not in dispute (Code of Virginia, § 2.2-4363).

2. To Subcontractors:

a. A contractor awarded a contract under this solicitation is hereby obligated:

(1) To pay the subcontractor(s) within seven (7) days of the contractor’s receipt of payment from the Commonwealth for the proportionate share of the payment received for work performed by the subcontractor(s) under the contract; or

(2) To notify the agency and the subcontractor(s), in writing, of the contractor’s intention to withhold payment and the reason.

b. The contractor is obligated to pay the subcontractor(s) interest at the rate of one percent per month (unless otherwise provided under the terms of the contract) on all amounts owed by the contractor that remain unpaid seven (7) days following receipt of payment from the Commonwealth, except for amounts withheld as stated in (2) above. The date of mailing of any payment by U. S. Mail is deemed to be payment to the addressee. These provisions apply to each sub-tier contractor performing under the primary contract. A contractor’s obligation to pay an interest charge to a subcontractor may not be construed to be an obligation of the Commonwealth.

3. Each prime contractor who wins an award in which provision of a SWAM procurement plan is a condition to the award, shall deliver to the contracting agency or institution, on or before request for final payment, evidence and certification of compliance (subject only to insubstantial shortfalls and to shortfalls arising from subcontractor default) with the SWAM procurement plan. Final payment under the contract in question may be withheld until such certification is delivered and, if necessary, confirmed by the agency or institution, or other appropriate penalties may be assessed in lieu of withholding such payment.

4. The Commonwealth of Virginia encourages contractors and subcontractors to accept electronic and credit card payments.

K. PRECEDENCE OF TERMS: The following General Terms and Conditions, APPLICABLE LAWS AND COURTS, ANTI-DISCRIMINATION, ETHICS IN PUBLIC CONTRACTING, IMMIGRATION REFORM AND CONTROL ACT OF 1986, DEBARMENT STATUS, ANTITRUST, MANDATORY USE OF STATE FORM AND TERMS AND CONDITIONS, CLARIFICATION OF TERMS, PAYMENT shall apply in all instances. In the event there is a conflict between any of the other General Terms and Conditions and any Special Terms and Conditions in this solicitation, the Special Terms and Conditions shall apply.
L. **QUALIFICATIONS OF OFFERORS:** The Commonwealth may make such reasonable investigations as deemed proper and necessary to determine the ability of the offeror to perform the services/furnish the goods and the offeror shall furnish to the Commonwealth all such information and data for this purpose as may be requested. The Commonwealth reserves the right to inspect offeror’s physical facilities prior to award to satisfy questions regarding the offeror’s capabilities. The Commonwealth further reserves the right to reject any proposal if the evidence submitted by, or investigations of, such offeror fails to satisfy the Commonwealth that such offeror is properly qualified to carry out the obligations of the contract and to provide the services and/or furnish the goods contemplated therein.

M. **TESTING AND INSPECTION:** The Commonwealth reserves the right to conduct any test/inspection it may deem advisable to assure goods and services conform to the specifications.

N. **ASSIGNMENT OF CONTRACT:** A contract shall not be assignable by the contractor in whole or in part without the written consent of the Commonwealth.

O. **CHANGES TO THE CONTRACT:** Changes can be made to the contract in any of the following ways:

1. The parties may agree in writing to modify the scope of the contract. An increase or decrease in the price of the contract resulting from such modification shall be agreed to by the parties as a part of their written agreement to modify the scope of the contract.

2. The Purchasing Agency may order changes within the general scope of the contract at any time by written notice to the contractor. Changes within the scope of the contract include, but are not limited to, things such as services to be performed, the method of packing or shipment, and the place of delivery or installation. The contractor shall comply with the notice upon receipt. The contractor shall be compensated for any additional costs incurred as the result of such order and shall give the Purchasing Agency a credit for any savings. Said compensation shall be determined by one of the following methods:

   a. By mutual agreement between the parties in writing; or

   b. By agreeing upon a unit price or using a unit price set forth in the contract, if the work to be done can be expressed in units, and the contractor accounts for the number of units of work performed, subject to the Purchasing Agency’s right to audit the contractor’s records and/or to determine the correct number of units independently; or

   c. By ordering the contractor to proceed with the work and keep a record of all costs incurred and savings realized. A markup for overhead and profit may be allowed if provided by the contract. The same markup shall be used for determining a decrease in price as the result of savings realized. The contractor shall present the Purchasing Agency with all vouchers and records of expenses incurred and savings realized. The Purchasing Agency
shall have the right to audit the records of the contractor as it deems necessary to determine costs or savings. Any claim for an adjustment in price under this provision must be asserted by written notice to the Purchasing Agency within thirty (30) days from the date of receipt of the written order from the Purchasing Agency. If the parties fail to agree on an amount of adjustment, the question of an increase or decrease in the contract price or time for performance shall be resolved in accordance with the procedures for resolving disputes provided by the Disputes Clause of this contract or, if there is none, in accordance with the disputes provisions of the Commonwealth of Virginia Vendors Manual. Neither the existence of a claim nor a dispute resolution process, litigation or any other provision of this contract shall excuse the contractor from promptly complying with the changes ordered by the Purchasing Agency or with the performance of the contract generally.

P. **DEFAULT:** In case of failure to deliver goods or services in accordance with the contract terms and conditions, the Commonwealth, after due oral or written notice, may procure them from other sources and hold the contractor responsible for any resulting additional purchase and administrative costs. This remedy shall be in addition to any other remedies which the Commonwealth may have.

Q. **INSURANCE:** By signing and submitting a bid or proposal under this solicitation, the bidder or offeror certifies that if awarded the contract, it will have the following insurance coverage at the time the contract is awarded. For construction contracts, if any subcontractors are involved, the subcontractor will have workers’ compensation insurance in accordance with §§ 2.2-4332 and 65.2-800 et seq. of the *Code of Virginia*. The bidder or offeror further certifies that the contractor and any subcontractors will maintain these insurance coverages during the entire term of the contract and that all insurance coverage will be provided by insurance companies authorized to sell insurance in Virginia by the Virginia State Corporation Commission.

**MINIMUM INSURANCE COVERAGES AND LIMITS REQUIRED FOR MOST CONTRACTS:**

1. **Workers’ Compensation - Statutory requirements and benefits.** Coverage is compulsory for employers of three or more employees, to include the employer. Contractors who fail to notify the Commonwealth of increases in the number of employees that change their workers’ compensation requirements under the *Code of Virginia* during the course of the contract shall be in noncompliance with the contract.

2. **Employer’s Liability - $100,000.**

3. **Commercial General Liability - $1,000,000 per occurrence.** Commercial General Liability is to include bodily injury and property damage, personal injury and advertising injury, products and completed operations coverage. The Commonwealth of Virginia must be named as an additional insured and so endorsed on the policy.
4. Automobile Liability - $1,000,000 per occurrence.

R. ANNOUNCEMENT OF AWARD: Upon the award or the announcement of the decision to award a contract as a result of this solicitation, the purchasing agency will publicly post such notice on the Virginia Retirement System Procurement Opportunities webpage at: http://www.varetire.org/procure/index.asp

S. DRUG-FREE WORKPLACE: During the performance of this contract, the contractor agrees to (i) provide a drugfree workplace for the contractor's employees; (ii) post in conspicuous places, available to employees and applicants for employment, a statement notifying employees that the unlawful manufacture, sale, distribution, dispensation, possession, or use of a controlled substance or marijuana is prohibited in the contractor's workplace and specifying the actions that will be taken against employees for violations of such prohibition; (iii) state in all solicitations or advertisements for employees placed by or on behalf of the contractor that the contractor maintains a drug-free workplace; and (iv) include the provisions of the foregoing clauses in every subcontract or purchase order of over $10,000, so that the provisions will be binding upon each subcontractor or vendor.

For the purposes of this section, “drug-free workplace” means a site for the performance of work done in connection with a specific contract awarded to a contractor, the employees of whom are prohibited from engaging in the unlawful manufacture, sale, distribution, dispensation, possession or use of any controlled substance or marijuana during the performance of the contract.

T. NONDISCRIMINATION OF CONTRACTORS: A bidder, offeror, or contractor shall not be discriminated against in the solicitation or award of this contract because of race, religion, color, sex, national origin, age, disability, faith-based organizational status, any other basis prohibited by state law relating to discrimination in employment or because the bidder or offeror employs ex-offenders unless the state agency, department or institution has made a written determination that employing ex-offenders on the specific contract is not in its best interest. If the award of this contract is made to a faith-based organization and an individual, who applies for or receives goods, services, or disbursements provided pursuant to this contract objects to the religious character of the faith-based organization from which the individual receives or would receive the goods, services, or disbursements, the public body shall offer the individual, within a reasonable period of time after the date of his objection, access to equivalent goods, services, or disbursements from an alternative provider.

U. AVAILABILITY OF FUNDS: It is understood and agreed between the parties herein that the agency shall be bound hereunder only to the extent of the funds available or which may hereafter become available for the purpose of this agreement.

V. PRICE CURRENCY: Unless stated otherwise in the solicitation, bidders/offerors shall state bid/offer prices in US dollars.

W. AUTHORIZATION TO CONDUCT BUSINESS IN THE COMMONWEALTH: A contractor organized as a stock or nonstock
corporation, limited liability company, business trust, or limited partnership or registered as a registered limited liability partnership shall be authorized to transact business in the Commonwealth as a domestic or foreign business entity if so required by Title 13.1 or Title 50 of the Code of Virginia or as otherwise required by law. Any business entity described above that enters into a contract with a public body pursuant to the Virginia Public Procurement Act shall not allow its existence to lapse or its certificate of authority or registration to transact business in the Commonwealth, if so required under Title 13.1 or Title 50, to be revoked or cancelled at any time during the term of the contract. A public body may void any contract with a business entity if the business entity fails to remain in compliance with the provisions of this section.

VIII. SPECIAL TERMS AND CONDITIONS

A. ADVERTISING: In the event a contract is awarded for supplies, equipment, or services resulting from this proposal, no indication of such sales or services to VRS will be used in product literature or advertising. The contractor shall not state in any of its advertising or product literature that the VRS has purchased or uses its products or services.

B. AUDIT: The contractor shall retain all books, records, and other documents relative to this contract for five (5) years after final payment, or until audited by the VRS, whichever is sooner. The VRS, its authorized agents, and/or state auditors shall have full access to and the right to examine any of said materials during said period.

C. CONFIDENTIALITY (Commonwealth): The Commonwealth agrees that neither it nor its employees, representatives, or agents shall knowingly divulge any proprietary information with respect to the operation of the software, the technology embodied therein, or any other trade secret or proprietary information related thereto, except as specifically authorized by the contractor in writing or as required by the Freedom of Information Act or similar law. It shall be the contractor’s responsibility to fully comply with § 2.2-4342F of the Code of Virginia. All trade secrets or proprietary information must be identified in writing or other tangible form and conspicuously labeled as “proprietary” either prior to or at the time of submission to the Commonwealth.

D. CONFIDENTIALITY (Contractor): The contractor assures that information and data obtained as to personal facts and circumstances related to patients or clients will be collected and held confidential, during and following the term of this agreement, and will not be divulged without the individual’s and the agency’s written consent. Any information to be disclosed, except to the agency, must be in summary, statistical, or other form which does not identify particular individuals. Contractors and their employees working on this project will be required to sign the Confidentiality statement in this solicitation.

E. CONTRACT PERIOD

1. The contract period shall be from date of award through December 31, 2016. Contract prices shall remain firm for the contract period.
2. The contract may be renewed for 2 additional one-year periods upon the sole discretion of the VRS at the prices agreed to in the pricing schedule.

3. The VRS reserves the right to extend the contract for an additional 6 months beyond the end of any term.

F. **DEFINITION - SOFTWARE:** As used herein, the terms software, product, or software products shall include all related materials and documentation whether in machine readable or printed form.

G. **DEMONSTRATIONS:** By submitting a bid or proposal, the bidder or offeror certifies that the specified equipment is in productive use and capable of demonstration in the proposed configuration. The Commonwealth reserves the right to require bidders or offerors to demonstrate the functionality of proposed equipment to its satisfaction prior to making an award decision. Such demonstration is intended to show that a vendor’s products will perform in a completely satisfactory manner and that they will meet or exceed the performance specifications contained in the solicitation. Failure by a vendor to promptly comply with a request for demonstration could result in their bid being rejected. Failure to reject shall not relieve the vendor of its obligation to fully comply with all requirements of the contract.

H. **EXCESSIVE DOWNTIME:** Equipment or software furnished under the contract shall be capable of continuous operation. Should the equipment or software become inoperable for a period of more than 24 hours, the contractor agrees to pro-rate maintenance charges to account for each full day of inoperability. The period of in operability shall commence upon initial notification. In the event the equipment or software remains inoperable for more than ___ consecutive calendar days, the contractor shall promptly replace the equipment or software at no charge upon request of the procuring agency. Such replacement shall be with new, unused product(s) of comparable quality, and must be installed and operational within ___ days following the request for replacement.

I. **LATEST SOFTWARE VERSION:** Any software product(s) provided under the contract shall be the latest version available to the general public as of the due date of this solicitation.

J. **LIMITATION OF USE:** The Commonwealth’s right to use computer software developed entirely at private expense may be limited by the contractor as stipulated in this contract. Notwithstanding any provision to the contrary however, the Commonwealth shall have at a minimum: unlimited use of the software on the equipment for which it is purchased; use of the software on a secondary system for backup purposes should the primary system become unavailable, malfunction, or is otherwise rendered inoperable; use of the software at another Commonwealth site should the system be entirely transferred to that location; the right to make a backup copy for safekeeping; the right to modify or combine the software with other programs or materials at the Commonwealth’s risk; and the right to reproduce any and all documentation provided such reproduction is for
the sole use of the Commonwealth. These rights are perpetual and irrevocable; in
the event of any actual or alleged breach by the Commonwealth, the contractor’s
sole remedy shall be to pursue a monetary claim in accordance with § 2.2-4363 of
the Code of Virginia.

K. NONVISUAL ACCESS TO TECHNOLOGY: All information technology
which, pursuant to this agreement, is purchased or upgraded by or for the use of
any State agency or institution or political subdivision of the Commonwealth (the
“Technology”) shall comply with the following nonvisual access standards from
the date of purchase or upgrade until the expiration of this agreement:

(i) effective, interactive control and use of the Technology shall be readily
achievable by nonvisual means;

(ii) the Technology equipped for nonvisual access shall be compatible with
information technology used by other individuals with whom any blind or
visually impaired user of the technology interacts;

(iii) Nonvisual Access Technology shall be integrated into any networks used to
share communications among employees, program participants or the public;
and

(iv) the Technology for nonvisual access shall have the capability of providing
equivalent access by nonvisual means to telecommunications or other
interconnected network services used by persons who are not blind or visually
impaired.

Compliance with the foregoing nonvisual access standards shall not be required if
the head of the using agency, institution or political subdivision determines that
(i) the Technology is not available with nonvisual access because the essential
elements of the Technology are visual and (ii) nonvisual equivalence is not
available.

Installation of hardware, software or peripheral devices used for nonvisual access
is not required when the Technology is being used exclusively by individuals who
are not blind or visually impaired, but applications programs and underlying
operating systems (including the format of the data) used for the manipulation and
presentation of information shall permit the installation and effective use of
nonvisual access software and peripheral devices.

If requested, the Contractor must provide a detailed explanation of how
compliance with the foregoing nonvisual access standards is achieved and a
validation of concept demonstration.

The requirements of this Paragraph shall be construed to achieve full compliance
with the Information Technology Access Act, §§ 2.2-3500 through 2.2-3504 of
the Code of Virginia.

L. SOFTWARE UPGRADES: The Commonwealth shall be entitled to any and all
upgraded versions of the software covered in the contract that becomes available
from the contractor. The maximum charge for upgrade shall not exceed the total
difference between the cost of the Commonwealth’s current version and the price
the contractor sells or licenses the upgraded software under similar circumstances.

M. SOFTWARE DISPOSITION: Unless otherwise instructed by the contractor, the
Commonwealth shall render unusable all copies of software acquired under the
contract within thirty (30) days of termination of its license, except that the
Commonwealth does reserve the right to retain one copy of the software for
archival purposes when appropriate.

N. SOURCE CODE: In the event the contractor ceases to maintain experienced
staff and the resources needed to provide required software maintenance, the
Commonwealth shall be entitled to have, use, and duplicate for its own use, a
copy of the source code and associated documentation for the software products
covered by the contract. Until such time as a complete copy of such material is
provided, the Commonwealth shall have exclusive right to possess all physical
embodiments of such contractor owned materials. The rights of the
Commonwealth in this respect shall survive for a period of twenty (20) years after
the expiration or termination of the contract. All lease and royalty fees necessary
to support this right are included in the initial license fee as contained in the
pricing schedule.

O. THIRD PARTY ACQUISITION OF SOFTWARE: The contractor shall notify
the procuring agency in writing should the intellectual property, associated
business, or all of its assets be acquired by a third party. The contractor further
agrees that the contract’s terms and conditions, including any and all license
rights and related services, shall not be affected by the acquisition. Prior to
completion of the acquisition, the contractor shall obtain, for the
Commonwealth’s benefit and deliver thereto, the assignee’s agreement to fully
honor the terms of the contract.

P. TITLE TO SOFTWARE: By submitting a bid or proposal, the bidder or offeror
represents and warrants that it is the sole owner of the software or, if not the
owner, that it has received all legally required authorizations from the owner to
license the software, has the full power to grant the rights required by this
solicitation, and that neither the software nor its use in accordance with the
contract will violate or infringe upon any patent, copyright, trade secret, or any
other property rights of another person or organization.

Q. PROPOSAL ACCEPTANCE PERIOD: Any offer in response to this
solicitation shall be valid for 90 days. At the end of the 90 days the proposal may
be withdrawn at the written request of the offeror. If the proposal is not
withdrawn at that time it remains in effect until an award is made or the
solicitation is canceled.

R. REPORTING AND DELIVERY REQUIREMENTS: The contractor shall
provide the following documentation and an example of the following
documentation requirements unless otherwise agreed upon:
1. High level work-plan identifying major milestones and an accompanying narrative will be presented to VRS no later than 14 days following award of the contract.

2. Weekly written status reports published each Monday reflecting activity through the prior week, including, but not limited to a detailed work-plan and issues log.

S. SECURITY REQUIREMENTS

VRS emphasizes high security for all systems. Any proposal and resulting contract must ensure a highly secure environment, and demonstrate the critical nature of protecting VRS data and assets. The contractor will be required to sign the Security Conformance Acknowledgement below.

1. Confidentiality

The Contractor agrees to hold in confidence any sensitive information obtained by its agents, employees, representatives, and independent contractors relating to the VRS and to keep all such information strictly confidential. The Contractor agrees that it will not directly or indirectly disclose, communicate, divulge, furnish to, or use for the benefit of itself, or any other person, firm or corporation, any of sensitive information obtained during the execution of this contract. All Contractor personnel, including agents and subcontractors, shall be required to sign a VRS confidentiality statement and/or non-disclosure agreement prior to performing services pursuant to this contract. The Contractor is responsible for ensuring compliance of any Contractor personnel, including subcontractors, to act in accordance with the confidentiality statement.

2. Proprietary Information, Duplication, And Disclosure

Contractor agrees that in the event this contract requires VRS software or data to be installed and used on Contractor’s assets, that software may contain information proprietary to VRS or other third party software vendors and that disclosure of such information could cause irreparable damage to VRS. Therefore, the Contractor agrees to hold all information and/or software disclosed through this contract in the strictest confidence, as required by this section, and to use such information only in the performance of this contract. No information or software used by a VRS contractor shall be duplicated or furnished to others without the prior written consent of VRS. Contractor shall not be required to treat as confidential any information which:

- Contractor can demonstrate was in its possession prior to execution of this contract; or

- Has become generally available in the public domain without breach of this contract.

The Contractor shall not use the confidential information of VRS for its own benefit or for the benefit of any third party. The provisions of this section shall survive any termination of this contract in perpetuity.

3. Security Compliance
Contractor agrees to comply with all provisions of the then-current Commonwealth of Virginia Security Policy (SEC500-02) and Standards (SEC501-01), published by the Virginia Information Technologies Agency (VITA) and which may be found at (http://www.vita.virginia.gov/library/default.aspx?id=537#securityPSGs) or a successor URL(s), as are pertinent to Contractor's operation.

4. **VRS Security Review**

All technical elements of the solution, including all hardware and software, will be subject to a VRS security review. The VRS Technology Services Security (TSS) reviews all aspects of infrastructure hardware and software for security thoroughness and adherence to the VRS and the Commonwealth of Virginia Security Policies or Standards to ensure industry best practices are being observed.

All hardware and software will be scanned for security vulnerabilities in our test environment prior to implementation in production. For software, pre- and post-scans are required. Each scan is required to have three days. This time frame must be built into project/solution timeline and identified as "Security Review".

If contractor provides a web site to transmit and/or receive VRS data, it shall be a secure web site with a SSL encrypted logon page. No VRS sensitive data will be accepted unless it comes through a secure channel.

VRS may perform a security review of any perspective company with which we will be trading sensitive information. This review includes, but is not limited to, any or all of the following:

- Internal processing procedures and security measures
- Review of public web sites
- Use of secure websites
- Any security policies
- DNS
- Any publicly published vulnerability
- Search for any other publicly published security information
- Additional internal policies provided
- by the vendor

Where applicable, VRS will have the right to do periodic on-site inspections to ensure all proper security measures are in place and are being followed.

5. **Security Conformance Acknowledgement To The Virginia Retirement System**

VRS uses strict security controls to maintain a safe and secure computing environment. To that end we also expect our external service providers (Contractor) to enforce that philosophy and follow the following controls.
The contractor shall:

1) Agree to comply with the provisions of the Commonwealth of Virginia IT Security Policy (SEC500-02) and Standard (SEC501-01) within their organization, and agree to insure compliance by any subcontractors assigned work under this contract.

2) Share VRS data with subcontractors and/or third parties only to extent necessary to satisfy the provisions of the contract, and only when approved by VRS. The Contractor must ensure that all subcontractors and/or third parties that have access to VRS sensitive data adhere to the relevant provisions of the security policy, such as encryption, data breach, and the prohibitions against disclosure of sensitive data.

3) Use security industry accepted best practices, such as SSL with high encryption, to ensure a secure transfer of all Internet traffic transmitting sensitive information (if the Internet is used for data communications or reporting).

4) Implement encryption on any portable storage devices used to transfer or temporarily store VRS sensitive information (e.g. USB Drives).

5) Obtain VRS approval for remote access to VRS systems when necessary to complete the requirements of the contract. If remote access is approved, the contractor certifies that all Vendor representatives will adhere to the VRS security policies and procedures. Vendor must provide list of individuals requiring remote access, along with their contact information. All access is assigned on an individual basis, shared account are not permitted.

6) Identify in writing a single point of contact for all security related issues.

7) Breaches in security will be reported immediately to the VRS Chief Technology and Security Officer, followed by a timely written notification of the breach. Such notifications shall include a description of the nature and timing of the breach and identification of each participant whose information was potentially compromised. VRS will be allowed to participate in the investigation of incidents and exercise control over decisions regarding external reporting. A follow-up notification will advise VRS on the measures taken to isolate the breach and prevent future occurrence.

8) Upon breach or unauthorized disclosure of an individual’s sensitive information, the contractor agrees to provide one year free of identity-theft protection and prevention services for affected individuals.

9) Upon termination of the contract the contractor shall return to VRS, or at VRS’s request, destroy all reports, documents, electronic data and other matter that comes into the contractor's possession or control, which contains or relates to sensitive VRS Information. All destructions must follow the most recently published COV Data Removal Standard.

10) The undersigned acknowledges that Code of Virginia Section 18.2-152.5 makes it a crime for anyone to use a computer or a computer network and intentionally examine without authority any employment, salary, credit or any other financial or personal information relating to any other person after the time at which the offender knows or should known that he is without authority to view the information displayed.

11) The undersigned also acknowledges that under Virginia’s Government Data Collection and Dissemination Practices Act, the information and records of the VRS are sensitive and that VRS does not authorize the Contractor to collect,
store, share, or disseminate the information in any form, including the Contractor’s own database(s) or other databases.

(Signature)

(Printed Name)

(Title)

(Date)

6. Definition Of Sensitive Data

Sensitive Data is any VRS Data where any release of such information in whole or in part through loss, unauthorized access, unauthorized modification, misuse, or improper release could adversely affect the agency, its programs and its stakeholders.

VRS Data is, but not limited to, any information or compilation of information in any form (paper, electronic, digital, etc.), including Personal Information that is in use at the agency.

Stakeholders include staff, employers, members, annuitants, the State, its citizens and other affiliated individuals or organizations.

Personal Information is defined as any record that contains a personal identifier that would identify an individual.

Example of personal identifiers:
- Name
- SSN
- Driver’s License Number
- Home address and telephone number
- Medical Information (i.e. VSDP information)
- Retirement account balances or other retirement information
- Mother’s maiden name
- Complete Birth Date
- Financial information (i.e. bank routing code)
- Unique Biometric data (such as finger print, voice print, retina image, etc)
- “Personal Information” as defined by the Code of Virginia § 2.2-3801
T. **IDENTIFICATION OF PROPOSAL ENVELOPE:** The signed proposal should be returned in a separate envelope or package, sealed and identified as follows:

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<tr>
<th>From:</th>
<th>Name of Offeror</th>
<th>Due Date</th>
<th>Time</th>
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Name of Purchase Manager: _____________________

The envelope should be addressed as directed on page 1 of the solicitation.

Proposals may be hand delivered to the designated location in the office issuing the solicitation. No other correspondence or other proposals should be placed in the envelope.

U. **MINORITY/WOMEN OWNED BUSINESSES SUBCONTRACTING AND REPORTING:** Where it is practicable for any portion of the awarded contract to be subcontracted to other suppliers, the contractor is encouraged to offer such business to minority and/or women-owned businesses. Names of firms may be available from the purchasing manager. When such business has been subcontracted to these firms and upon completion of the contract, the contractor agrees to furnish the purchasing office the following information: name of firm, phone number, total dollar amount subcontracted and type of product/service provided.

V. **SUBCONTRACTS:** No portion of any resulting contract shall be subcontracted without prior written consent of VRS. In the event that the contractor desires to subcontract some part of the work specified herein, the contractor shall furnish VRS the names, qualifications and experience of their proposed subcontractors. The contractor shall, however, remain fully liable and responsible for the work to be done by its subcontractor(s) and shall assure compliance with all requirements of the contract.

W. **CANCELLATION OF CONTRACT:** The purchasing agency reserves the right to cancel and terminate any resulting contract, in part or in whole, without penalty, upon 60 days written notice to the contractor. In the event the initial contract period is for more than 12 months, the resulting contract may be terminated by either party, without penalty, after the initial 12 months of the contract period upon 60 days written notice to the other party. Any contract cancellation notice shall not relieve the contractor of the obligation to deliver and/or perform on all outstanding orders issued prior to the effective date of cancellation.
X. **DISPUTES/CLAIMS:** Written notice of the contractor's intention to file a claim whether for money or other relief, must be given at the time of the occurrence or beginning of the work upon which the claim is based. Contractual claims whether for money or other relief shall be submitted in writing no later than sixty days after final payment. Nothing herein shall preclude a contract from requiring submission of an invoice for final payment within a certain time after completion and acceptance of the work or acceptance of the goods. Pendency of claims shall not delay payment of amounts agreed due in the final payment. A contractor may not institute legal action prior to receipt of the purchasing office's decision on the claim unless that office fails to render such decision within thirty (30) days. The decision of the purchasing office shall be final and conclusive unless the contractor, within six months of the date of the final decision on the claim, institutes legal action as provided in the *Code of Virginia, § 2.2-4364.*

IX. **METHOD OF PAYMENT**

The final invoice for all work accomplished under any resultant contract should be submitted to the VRS accounts payable office at the following address:

Virginia Retirement System  
Attn: Accounts Payable  
P.O. Box 2500  
Richmond, VA 23218-2500
## Pricing Schedule

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<th>Quantity</th>
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<tr>
<td>Year 5</td>
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<tr>
<td><strong>Sub-Total</strong></td>
<td></td>
<td></td>
<td></td>
<td>$</td>
</tr>
<tr>
<td><strong>Maintenance and Support (If Necessary)</strong></td>
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<tr>
<td>Year 1</td>
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<td>Year 2</td>
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<td>Year 3</td>
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<tr>
<td>Year 4</td>
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<tr>
<td>Year 5</td>
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<tr>
<td><strong>Sub-Total</strong></td>
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<td></td>
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<tr>
<td><strong>Data Conversion</strong></td>
<td></td>
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<tr>
<td><strong>Sub-Total</strong></td>
<td></td>
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<td>$</td>
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<tr>
<td><strong>Professional Services</strong></td>
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</tr>
<tr>
<td><strong>Sub-Total</strong></td>
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<td></td>
<td></td>
<td>$</td>
</tr>
<tr>
<td><strong>Training Services</strong></td>
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<tr>
<td><strong>Sub-Total</strong></td>
<td></td>
<td></td>
<td></td>
<td>$</td>
</tr>
<tr>
<td><strong>Proposal Total</strong></td>
<td></td>
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</tr>
</tbody>
</table>
Attachment A

COMPLETE THIS FORM AND RETURN WITH YOUR PROPOSAL

State Corporation Commission Form
AUTHORIZATION TO CONDUCT BUSINESS IN THE COMMONWEALTH

Virginia State Corporation Commission (“SCC”) registration information: The undersigned Offeror:

☐ is a corporation or other business entity with the following SCC identification number: ___________-OR-

☐ is not a corporation, limited liability company, limited partnership, registered limited liability partnership, or business trust -OR-

☐ is an out-of-state business entity that does not regularly and continuously maintain as part of its ordinary and customary business any employees, agents, offices, facilities, or inventories in Virginia (not counting any employees or agents in Virginia who merely solicit orders that require acceptance outside Virginia before they become contracts, and not counting any incidental presence of the offeror in Virginia that is needed in order to assemble, maintain, and repair goods in accordance with the contracts by which such goods were sold and shipped into Virginia from offeror’s out-of-state location) -OR-

☐ is an out-of-state business entity that is including with this proposal an opinion of legal counsel which accurately and completely discloses the undersigned offeror’s current contacts with Virginia and describes why those contacts do not constitute the transaction of business in Virginia within the meaning of § 13.1-757 or other similar provisions in Titles 13.1 or 50 of the Code of Virginia.

**NOTE** >> Check the following box if you have not completed any of the foregoing options but currently have pending before the SCC an application for authority to transact business in the Commonwealth of Virginia and wish to be considered for a waiver to allow you to submit the SCC identification number after the due date for proposals (the Commonwealth reserves the right to determine in its sole discretion whether to allow such waiver): ☐

Signature: ________________________________ Date: __________________

Name: ________________________________

Print

Title: ________________________________

Name of Firm: __________________________
Attachment B

Confidentiality Agreement

The undersigned acknowledges that Code of Virginia Section 18.2-152.5 makes it a crime for anyone to use a computer or a computer network and intentionally examine without authority any employment, salary, credit or any other financial or personal information relating to any other person after the time at which the offender knows or should know that he is without authority to view the information displayed.

The undersigned also acknowledges that under Virginia’s Government Data Collection and Dissemination Practices Act, the information and records of the VRS are confidential and that VRS does not authorize the Contractor to collect, store, share, or disseminate the information in any form, including the Contractor’s own database(s) or other databases.

IN WITNESS WHEREOF the parties have caused this agreement to be duly executed intending to be bound thereby.

________________________________________  _____________________________
Signature                                          Signature

________________________________________
(Printed Name)                                    (Printed Name)

________________________________________
(Title)                                            (Title)

________________________________________
(Date)                                             (Date)
Attachment C

Interoperability Security Agreement Template

Memorandum of Understanding

Date: __________

This Memorandum of Understanding comprises an Interoperability Security Agreement (ISA) between ___VRS_______________ and ______________________ (Contractor/Agency). This ISA is required by the Commonwealth of Virginia Security Policy, to be completed by the System Owners of VRS the Contractor/Agency (with assistance from any Data Owners as necessary). The ISA provides details about the data being shared between VRS and any Contractor/Agency.

<table>
<thead>
<tr>
<th>Type of Data – Data Set Name</th>
<th>Data Flow Direction</th>
<th>How &amp; Where is Data Stored at Remote Location</th>
<th>How &amp; Where is Data Stored at VRS</th>
<th>Sensitive Information within Data Set (Include example of most sensitive data)</th>
<th>Who has access to Data at Remote Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>example: DatasetNameAB</td>
<td>example: From Company to VRS or from VRS to Company</td>
<td>example: Data unencrypted at company’s computer room on database server, myDBServer</td>
<td>example: Data unencrypted at VRS’s datacenter on sql server, ABCSERVER</td>
<td>example: No Data set includes VRS ID.</td>
<td>example: 5 employees with the Member Demographic Administrator role</td>
</tr>
</tbody>
</table>

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33
Additional Information on data transfer or handling:

Example: Data is sent through VRS (or other companies) Secure SFTP server or Data is encrypted with pgp and sent to VRS via ftp server or data is encrypted and sent through mail... etc

Provide remote locations data retention policy:

Provide any Additional Information on Services:

Provide a single point of contact for all security related issues (usually the Agency Security Officer):

Name: 
Phone Number(s): 
Position: 

The System Owners of the two IT systems agree to the following:

- The System Owner agrees to abide by the VRS Security Conformance Agreement.

This ISA shall remain in force until terminated by VRS unless jointly re-accomplished by the ISOs or System Owners.

<table>
<thead>
<tr>
<th>Contact Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name</td>
</tr>
<tr>
<td>Michael McDaniel</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Signature by respective System Owners</th>
</tr>
</thead>
<tbody>
<tr>
<td>Printed Name</td>
</tr>
<tr>
<td>VRS</td>
</tr>
<tr>
<td>Other Agency</td>
</tr>
</tbody>
</table>
### Attachment D

#### VRS Security Control Response Requirements

<table>
<thead>
<tr>
<th>Item</th>
<th>Requirements</th>
<th>Does the security of your site or process to meet these requirements? (As necessary to further explain your systems, describe any controls or procedures.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Describe how your company employs the concept of Least privilege to the proposed system for internal employees or administrators and external users.</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>The solution shall have a secure mechanism to create initial account credentials. Forced password change would also occur on first login attempt. Describe the process of creating and deleting individual access accounts on the proposed web site.</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Describe the process of how password resets are performed.</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Describe the process of how forgotten user IDs are recovered.</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>The solution shall provide individual unique IDs. Prohibit the use of guest and shared accounts.</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>The solution shall not use clear-text passwords as part of the application design (e.g. batch files, login scripts, macros, program code, etc.). Encrypts passwords in storage and in transmission.</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>The solution shall enable authorized users (e.g. system administrators) to reset user passwords to a temporary value, with a forced password change by the user upon next successful login.</td>
<td></td>
</tr>
</tbody>
</table>
| 8    | Passwords  
- Utilize at least three of the following four characteristics:  
  1. Special characters,  
  2. Alphabetical characters,  
  3. Numerical characters,  
  4. Combination of upper case and lower case letters  
- Must be at least 8 characters in length  
- Cannot be reused for 24 generations  
- Enforces password minimum and maximum lifetime restrictions of 24 hours minimum and 90 days maximum  
- User must be able to change password at will. (Note that consecutive changes shall have a minimum of a 24 hour period before allowing another change.) | |  
| 9    | One time Registration Codes (e.g. a code sent to a person that is signing up for the first time, or used during a password reset)  
- Utilize at least three of the following four characteristics:  
  1. Special characters,  
  2. Alphabetical characters,  
  3. Numerical characters,  
  4. Combination of upper case and lower case letters | |  

---

35
<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>Accounts must be locked if not used within 1 year</td>
</tr>
<tr>
<td>11</td>
<td>Procedures must be in place for lost or compromised passwords and/or pins.</td>
</tr>
<tr>
<td>12</td>
<td>Logoff is forced after a pre-determined time period of inactivity (30 minutes max).</td>
</tr>
<tr>
<td>13</td>
<td>Set an account lockout threshold of not greater than 3 invalid attempts and the lockout duration for at least 15 minutes.</td>
</tr>
<tr>
<td>14</td>
<td>Applications must clear-cache data and temporary files upon user exit or logoff.</td>
</tr>
<tr>
<td>15</td>
<td>Prohibit the storage of sensitive data on any non-network storage device, except for backup media.</td>
</tr>
<tr>
<td>16</td>
<td>Restrict access to digital and non-digital media containing VRS data to only authorized individuals.</td>
</tr>
<tr>
<td>17</td>
<td>Procedures must be implemented and documented to safeguard handling of all backup media containing VRS data.</td>
</tr>
<tr>
<td>18</td>
<td>Describe your data retention policy.</td>
</tr>
<tr>
<td>19</td>
<td>Must require security training for employees and subcontractors.</td>
</tr>
<tr>
<td>20</td>
<td>Do you have any 2 factor authentication capabilities for the proposed site?</td>
</tr>
<tr>
<td>21</td>
<td>The solution shall encrypt all file transfers between solution elements between the VRS internal network and all entities outside the VRS internal network. (Must use SSL 3.0/TLS for web or SFTP transfers (most current version of SSL.).)</td>
</tr>
</tbody>
</table>
| 22 | Describe at a high level the data flow of:  
1) Data from VRS to contractor  
2) Data from contractor to VRS  
Include: if transfers are secured and how it is transferred, provide diagram if possible. (Detailed information will be documented on the Interoperability Agreement.) |
<p>| 23 | The solution shall protect confidentiality via encryption for any sensitive data at rest. |
| 24 | All servers and workstations used in the solution or that supports it must have current AV/Malware software. |
| 25 | At a high level, describe your security controls around your data center and any other supporting site. |
| 26 | Describe security controls around your mobile app (if applicable) |
| 27 | The solution shall log all viewing of all records. |
| 28 | The login access by users must be logged. |
| 29 | The solution shall log all changes made to customer data, all events, and all transactions. |
| 30 | The solution shall monitor and log all data access attempts (such as Intrusion Prevention/Detection Systems). |
| 31 | Describe all system logging capabilities, specifying which options are available, enabled, and disabled. |
| 32 | The solution shall restrict all access to all audit logs to authorized users. |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>33</td>
<td>The solution shall never display social security numbers in their entirety or use them as an identifier in any correspondence.</td>
</tr>
<tr>
<td>34</td>
<td>Encryption schemes and methods must be approved by VRS prior to use. (Any non-SSL/TLS encryption schemes must use AES.)</td>
</tr>
<tr>
<td>35</td>
<td>Any test environments or test data, shall use scrambled or test data and not use real data.</td>
</tr>
<tr>
<td>36</td>
<td>The solution shall display an approved system use notification message or banner that provides privacy and security notices before granting access to the system.</td>
</tr>
<tr>
<td>37</td>
<td>The proposal or response should include a recommended secure deployment approach.</td>
</tr>
<tr>
<td>38</td>
<td>The offeror shall certify that the solution passes an industry-accepted security penetration or vulnerability test performed at least once every 90-days. Provide date of last test.</td>
</tr>
<tr>
<td>39</td>
<td>Provide VRS with a recent SSAE 16 report.</td>
</tr>
</tbody>
</table>

**Security Conformance requirements**

| SC-1 | Agree to comply with the provisions of the Commonwealth of Virginia IT Security Policy (SEC519-00) and Standard (SEC501-06) within its organization to the extent necessary to perform the services required of Contractor by VRS, and agree to ensure compliance by any subcontractors assigned work under this contract, as are pertinent to Contractor's operation. |
| SC-2 | Share VRS data with subcontractors and/or third parties only to extent necessary to satisfy the provisions of the contract, and only when approved by VRS. The Contractor must ensure that all subcontractors and/or third parties that have access to VRS sensitive data adhere to the relevant provisions of all security policies, such as encryption, data breach, and the prohibitions against disclosure of sensitive data. |
| SC-3 | Use security industry accepted best practices, such as SSL with high encryption, to ensure a secure transfer of all Internet traffic transmitting sensitive information. |
| SC-4 | Shall not copy any sensitive data to any media, including any portable storage device, which is not part of a business process approved by VRS. |
| SC-5 | Implement encryption on any portable storage devices used to transfer or store VRS sensitive information (e.g., USB or Laptop drives). |
| SC-6 | Obtain VRS approval for remote access to VRS systems when necessary to complete the requirements of the contract. If remote access is approved, the Contractor certifies that all its representatives will adhere to the VRS security... |
| SC-7 | Identify in writing a single point of contact for all security related issues. |
| SC-8 | Breaches in security will be reported immediately to the VRS Chief Technology and Security Officer, followed by a timely written notification of the breach. Such notifications shall include a description of the nature and timing of the breach and identification of each participant whose information was potentially compromised. If applicable, VRS will be allowed to participate in the investigation of incidents. VRS, in cooperation with the Contractor, shall exercise control over decisions regarding external reporting (to include breach notification before it is sent to impacted individuals). A follow-up notification will advise VRS on the measures taken to isolate the breach and prevent future occurrence. |
| SC-9 | VRS must report breaches that meet the requirements of Code of Va. § 18.2-186.6, to the Office of the Attorney General of Virginia. The Contractor shall provide VRS with any information necessary for this reporting. (http://lis.virginia.gov/cgi-bin/legp604.exe?000+cod+18.2-186.6) |
| SC-10 | In the event of a breach requiring notice in accordance with the applicable state breach notification laws, the Contractor agrees to provide, at no charge to affected individuals, one year of identity-theft credit monitoring services, such as the Equifax service called “Credit Watch with 3-in-1 Monitoring,” or a comparable service. |
| SC-11 | Inform VRS prior to establishing any additional interconnections of VRS data with other systems. |
| SC-12 | Abide with any applicable legal requirements regarding handling, protection and disclosure of the share data. |
| SC-13 | IT System owners will work with VRS in the creation and signing of a System Interoperability Agreement per provisions of the COV Security Standard. |
| SC-14 | Inform VRS of any material changes to the risk profile of their IT systems. This includes any major configuration changes. |
| SC-15 | Upon termination of the contract the Contractor shall return to VRS, or at VRS’s request, destroy all reports, documents, electronic data and other matter that comes into the Contractor's possession |
or control, which contains or relates to sensitive VRS Information. All destructions must follow the most recently published COV Data Removal Standard (SEC514-03). Backup media exceptions are acceptable if VRS data is on archived backup media and the Contractor has no way to expunge the VRS data. VRS shall be informed of the maximum period of archival, include description of the data and the archive rotation scheme. If the Contractor is required to keep data due to legal or other regulations, provide below the information on that regulatory requirement.

<table>
<thead>
<tr>
<th>SC-16</th>
<th>All backups or archived data which contain PII data must be backed up in an encrypted format.</th>
</tr>
</thead>
</table>

**SC-17**

Acknowledge that Code of Va. § 18.2-152.5 makes it a crime for anyone to use a computer or a computer network and intentionally examine without authority any employment, salary, credit or any other financial or personal information relating to any other person after the time at which the offender knows or should know that he is without authority to view the information displayed. ([http://198.246.135.1/cgi-bin/legp504.exe?000+cod+18.2-152.5](http://198.246.135.1/cgi-bin/legp504.exe?000+cod+18.2-152.5))

**SC-18**

The undersigned also acknowledges that under Virginia’s Government Data Collection and Dissemination Practices Act, the information and records of the VRS are sensitive and that VRS does not authorize the Contractor to collect, store, share, or disseminate the information in any form, including the Contractor’s own database(s) or other databases, except as necessary to perform the services required of the Contractor by VRS and identified on the Interoperability Agreement.

### IVR Security (if applicable)

**IVR-1**

- **PINs**
  - Any use of a PIN (for telephony systems) must be a minimum of 6 digits.
  - Cannot be reused for 24 generations
  - Enforce PIN changes after a period of 90 Days
  - User must be able to change pin at will. (Note that consecutive changes shall have a minimum of a 24 hour period before allowing another change.)

**IVR-2**

- Any telephony (IVR) system (if used) must have a separate User ID/Password then the Web Interface.

**IVR-3**

Describe other IVR Security controls you have in place.