MALIA M. COHEN
CALIFORNIA STATE CONTROLLER

July 31, 2026

REQUEST FOR PROPOSAL (RFP) (Primary) NUMBER EDIS90126
Electronic Payment Services

Notice to Prospective Proposers

You are invited to review and respond to this Request for Proposal (RFP) Number EDIS90126. In submitting your proposal, you must comply with these instructions.

Read the attached document carefully. Please submit all required forms and documents with your proposal response as indicated in this RFP. Any response received after the date and time indicated in this RFP will not be considered for review.

Proposers are advised to check the Cal eProcure website for addendums, modifications, and updates to the Proposal documents. The State Controller's Office (SCO) is not responsible for failure of the prospective proposer to check for any proposal document updates, changes, or answers to questions posted on Cal eProcure. Failure to periodically check the website will be at the Proposer's sole risk.

If a discrepancy occurs between the information in the advertisement appearing on the Department of General Services, California State Contracts Register (CSCR) on the Cal eProcure website: https://www.caleprocure.ca.gov and the information in the herein RFP, the information in the attached RFP shall take precedence.

Note that all IT agreements entered into with the State of California will include by reference Information Technology General Provisions Non-Cloud Goods & Services DGS PD 403-ITGP Non-Cloud (Rev. 02/2025) that may be viewed and downloaded at internet site https://www.dgs.ca.gov/-/media/Divisions/PD/Acquisitions/Solicitation-Document-Attachments/IT-General-Provisions-NonCloud-DGS-PD-403ITGP-Revised-02202025.pdf If you do not have internet access, a hard copy can be provided.

In the opinion of SCO, this RFP is complete and without need of explanation. However, if you have questions, or should you need any clarifying information, please email SCOBids@sco.ca.gov.

Please note that no *verbal* information given will be binding upon the State unless such information is issued in writing as an official addendum.

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These documents are not required with the Proposal package but are required upon award of the Agreement.
*Submit only if applicable.
**Incorporated by reference only.

A. Purpose and Description of Services

The State Controller's Office (SCO) Disbursements Bureau is seeking a Contractor to provide Electronic Payment Services.

<u>Background</u>

SCO is constitutionally responsible for the prompt and accurate payment of the State's bills and for payments to state employees and retirees. To meet this obligation, SCO prepares and issues all payments from the State Treasury on behalf of issuing agencies. SCO presently offers most state agency payment programs the ability to make payments electronically, commonly known as direct deposit or Electronic Funds Transfer (EFT).

SCO cannot move funds outside of the State Treasury without a warrant (under Article XVI, Section 7 of the California Constitution), therefore SCO must contract with a depository financial institution bank ("Contractor"). A depository financial institution is an 'eligible bank' or Originating Depository Financial Institution (ODFI) as defined by California Government Code (GC) Section 16500, a service that is not available within civil service (under GC 19130).

As used in this chapter, "eligible bank" means a state or national bank located in California, selected by the Treasurer for the safekeeping of money belonging to or in the custody of the state, that has received an overall rating of not less than "satisfactory" in its most recent evaluation by the appropriate federal financial supervisory agency of the bank's record of meeting the credit needs of the state's communities, including low- and moderate-income neighborhoods, pursuant to Section 2906 of Title 12 of the United States Code.

For applicable payments, SCO creates Automated Clearing House (ACH) transactions and transmits files to the Contractor, which the Contractor will send through the ACH network, operated pursuant to the National Automated Clearing House Association (NACHA) Operating Rules and Guidelines. The Contractor will have established business processes with the State Treasurer's Office (STO) for funding and shall act as the SCO's ODFI to distribute state payments by planning, implementing, and offering the following services, in this priority order:

1. Direct Deposit/EFT Payments – traditional bank to bank ACH payments.
2. Global (International) Digital Payments – the electronic transfer of funds to payees outside of the United States.
3. Customer Portal – a secure, network-based portal for SCO and agencies to view payment reports, and for customers to select their preferred digital payment method, view payment status, and access statements.
4. Physical Pay Cards – physical prepaid debit card issued to recipients as an alternative to paper checks or traditional bank direct deposits.
5. Digital Disbursement Platforms – the electronic transfer of funds directly to a specialized application, such as PayPal, Venmo, or CashApp.
6. Digital Check – electronic versions of traditional paper checks processed electronically via the ACH network.
7. Push-to-Card Payments – digital disbursement method that allows agencies to send funds directly to a recipient's debit or credit card in real-time using card networks.

All services will include the planning and implementation methods, and approaches used for modern payment services to meet the diverse needs of California state departments, agencies, and the broader California constituents.

A Zero Balance Account (ZBA) is required for each state agency participating in the SCO EFT program. For purposes of this agreement, ZBAs are used as a pass-through account in which the returned/rejected/reversed monies from deposits will be moved by STO, to the originating state agency. ZBAs are **NOT** used to fund files. Funding will be released to the STO by 1:00 p.m. Pacific Time (PT) the day before settlement.

See the Standard Agreement, Exhibit A, Scope of Work, for a complete description of services.

Agreement Term

The term of this Agreement shall be for six years, with the options to execute up to two, two-year optional extensions and add funds to the Agreement at the originally agreed upon rates specified in Attachment 20, Cost Worksheet as deemed necessary by SCO and adjust projected payment volumes. The rates in Attachment 20, Cost Worksheet will not increase as a result of any amendment to this agreement. This agreement may be terminated by SCO with a 30-day written notice to the Contractor.

Contractors are cautioned that no work will begin until the Agreement has been fully executed. If work is performed prior to agreement approval, and the Agreement for any reason is not approved, all previous work performed by the Contractor is considered donated to SCO and no payment shall be made for that work.

Agreement Amount

This Agreement will not exceed eight million dollars ($8,000,000.00) during the initial term of the Agreement. The Contractor and the SCO Contract Manager are responsible for monitoring the Agreement cost to ensure it does not exceed the maximum amount of the Agreement without an executed amendment.

B. Proposer Minimum Qualifications

Proposers must meet all Minimum Qualifications (MQ) and submit the required attachments and any documents (i.e., organizational charts, resumes, licenses, and degrees, etc.) that clearly explain and substantiate how the Minimum Qualification is met to be considered responsive. A responsive proposal is one that meets or exceeds all the requirements stated in this RFP. Any proposal that does not meet the MQs and does not submit the required documents may be considered non-responsive and may be disqualified.

The Proposing Firm (Proposer) is expected to have a proven record of success providing Electronic Payment Services and be responsible for all aspects of the service, including any subcontractors.

The Proposer must complete Attachment 18, Firm Qualifications Workbook, Firm Minimum Qualifications (FMQ) tab, and provide documentation, if applicable, to confirm that the Proposer experience meets all the qualifications indicated below.

1. Experience and Compliance

    a. The Proposer has been in business at least five years, performing the type of services as those outlined in this RFP for private, state, or California governmental agencies.

    b. The Proposer has provided large volume, defined as more than five million annually, pre-paid card services for a governmental agency, municipality, or entity within the last five years.

For the below Minimum Compliance Qualifications, the Proposer shall check the box on Attachment 18, Firm Qualifications certifying that they are currently in compliance with the following:

c. All rules and regulations set by National Automated Clearing House Association (NACHA) and the Federal Reserve.

d. California Information Practices Act Civil Code Sections 1798 et seq.; the moderate security impact level privacy and security control guidelines specified in the National Institute of Standards and Technology (NIST) Special Publication (SP) 800-53 (Rev. 5); and privacy provisions of the Federal Privacy Act of 1974.

e. Any other Federal and/or State of California laws governing these services.

2. Financial

The Proposer must:

a. Be an OFDI with a minimum of five years' experience performing ODFI processes in all services listed in Exhibit A, Scope of Work.

b. Have at least five years of experience, originating at least five million direct deposit transactions monthly.

c. Provide proof via system generated logs that they maintained a 98 percent turnaround rate in providing their customers with returned items within 24 hours of receiving transactions from the ACH from January 2025 through December 2025.

For the below Minimum Compliance Qualifications, the Proposer shall check the box on Attachment 18, Firm Qualifications certifying that they are currently in compliance with the following:

d. Have an established bank account with the California State Treasurer as a Demand Bank or is eligible to become a Demand Bank by the execution date of this agreement.

e. Maintain a 99 percent accuracy level in disbursing payment transactions through the ACH in time for the intended "effective entry date" from January 2025 through December 2025.

f. Maintain a rolling three-day minimum dollar threshold of $15 billion, with a possible 20 percent increase during peak payment times that may occur up to four times per year.

g. Accept direct deposit payment transactions currently in process without a prenote.

h. Ensure that the direct deposit process is enacted on a timely schedule based on industry standards.

3. Data Transmission

The Proposer:

a. Must be capable of receiving files from SCO via File Transfer Protocol Secure (FTPS) with Transport Layer Security (TLS) 1.2 encryption.

b. Must have a backup process using the internet with Secure File Transfer Protocol (SFTP) in the event the primary data transmission process (i.e. connection) fails or is unavailable.

C. Proposal Requirements and Information

1. Key Action Dates

ACTION	DATE
RFP Available to Prospective Proposers	July 31, 2026
Attachment 13, Mandatory Intent to Bid and Attachment 17, Confidentiality and Non-Disclosure Acknowledgement (ISO - 004b) Submittal Deadline	**August 7, 2026 by 2:00 p.m. PT***
Security Assessment Questionnaire Available to Prospective Proposers	August 10, 2026
Mandatory Proposer's Conference	**August 18, 2026**
Written Questions Submittal Deadline	**August 24, 2026 by 2:00 p.m. PT***
Written Questions & Answers Released	August 28, 2026
Security Assessment Questionnaire Submittal Deadline	September 3, 2026 by 2:00 p.m. PT*
Final Date for Proposal Submission	**September 9, 2026 by 2:00 p.m. PT***
Evaluation of Proposals**	September 16, 2026 – September 23, 2026
Interview and PowerPoint Presentations	September 28, 2026- October 2, 2026
Notice of Intent to Award	October 6, 2026
Proposed Award Date	October 14, 2026
Agreement Begins	November 1, 2026

*Pacific Time (PT)

**Dates after Proposal Submission are estimates only and may be subject to change. SCO will adhere to the listed dates as strictly as possible, but will not be held accountable for changes due to unforeseen circumstances.

2. Mandatory Intent to Bid

   a. Proposers must complete, sign, and submit Attachment 13, Mandatory Intent to Bid and Attachment 17, Confidentiality and Non-Disclosure Acknowledgement (ISO-004b) to SCObids@sco.ca.gov prior to the submittal deadline listed in Section C. Proposal Requirement and Information, Item 1. Key Action Dates.

   b. Proposers must list their authorized representative or corporate officer identified on Attachment 13, Mandatory Intent to Bid who will act as the primary point of contact (POC) and any Secondary users to be invited to the Proposers' Conference.

   c. Proposers must identify, on Attachment 13, Mandatory Intent to Bid, line one, an authorized representative or corporate officer who will serve as the primary point of contact (POC) for the Security Assessment Questionnaire (SAQ) and attend the Mandatory Proposers' Conference.

   d. Proposers may identify, on Attachment 13, Mandatory Intent to Bid, lines two through five, additional secondary users to assist responding to SAQ questions and/or attend the Mandatory Proposers' Conference.

3. Mandatory Proposers' Conference

   a. Firms intending to submit a proposal are required to attend a one-hour Mandatory Proposers' Conference to be held on the date specified in Section C. Proposal Requirement and Information, Item 1. Key Action Dates. SCO will send the invitation the next business day after Attachment 13, Mandatory Intent to Bid is received. During the conference, proposers will have the opportunity to virtually meet with SCO personnel who will explain the contents of this RFP and the solicitation process.

   b. Oral questions will not be accepted or answered during the conference. All questions must be submitted to SCObids@sco.ca.gov after the Mandatory Proposers' Conference and prior to the Written Questions Submittal Deadline listed in Section C. Proposal Requirements and Information, Item 1. Key Action Dates.

   c. If translation services are needed, an email request describing what services are being requested need to be sent to SCObids@sco.ca.gov when submitting Attachment 13, Mandatory Intent to Bid.

4. Written Questions & Answers

   a. Proposers must submit questions for clarification of the content of this RFP to SCObids@sco.ca.gov. Questions must be submitted after the Mandatory Proposers' Conference and prior to the Written Questions Submittal Deadline date listed in Section C, Proposal Requirements and Information, 1. Key Action Dates.

   b. Any questions or proposed changes to the RFP or Standard Agreement must be submitted prior to the Written Questions Submittal Deadline date listed in Section C, Proposal Requirements and Information, 1. Key Action Dates. <u>A proposal submitted with alternate agreement language, that was not accepted through an addendum to the RFP, will be considered a counter offer and will not be considered. The State's General Provisions are not negotiable.</u>

   c. The subject line of the email should read*, RFP EDIS90126 Questions – Company Name*.

   d. The Proposer must reference the section and page number about which they are inquiring.

   e. Written Questions and Answers will be provided without identifying the submitter. SCO may paraphrase questions, at its sole discretion, for clarity.

   f. Questions and Answers will be posted to Cal eProcure on or before the Written Questions & Answers Released date listed in Section C, Proposal Requirements and Information, 1. Key Action Dates.

5. Security Assessment Questionnaire

   The security requirements for this business process are based on the Moderate Security Controls baseline defined by the National Institute of Standards and Technology (NIST), Special Publication (SP) 800-53 (Rev. 5) Control Catalog. To help SCO evaluate the Proposer's security posture and cybersecurity risk, proposers are required to complete a Security Assessment Questionnaire (SAQ). Although Federal Risk and Authorization Management Program (FedRAMP) and StateRAMP Moderate are based on a subset of the NIST SP 800- 53 (Rev. 4) controls, the SAQ will be used to assess alignment with the newer NIST SP 800-53 (Rev. 5) Moderate control baseline. The SAQ is a self-reporting tool to help identify whether adequate security controls are in place, reducing the risk of security incidents, data breaches, and compliance violations.

a. **To obtain access to the SAQ, proposers must sign and submit Attachment 13, Mandatory Intent to Bid and Attachment 17, Confidentiality and Non-Disclosure Acknowledgement (ISO-004b) to SCObids@sco.ca.gov prior to the date listed in Section C. Proposal Requirements and Information, Item 1. Key Action Dates and attend the Mandatory Pre-Bid Conference.**

b. The Proposer's primary POC is responsible for completing and submitting the SAQ prior to the submittal deadline listed in Section C. Proposal Requirement and Information, Item 1. Key Action Dates.

   1) Email Requirements

      a) Proposers must ensure that emails do not exceed a file size of 20 megabytes.

      b) Proposers must ensure that emails do not contain scripts, executable files, password protections, or macros, which may make their emails undeliverable.

      c) Do not imbed links within the PDF—all documents must be contained within the PDF and/or Excel workbook. SCO cannot access links to external sources. Proposals containing links to external sources will be rejected.

      d) If the email should exceed acceptable file size, the Proposer shall split the email into multiple emails to ensure delivery.

      e) Proposal submissions that are sent from unrecognized email servers may be blocked by SCO security filters and be flagged as spam, thereby rendering them not submitted.

      f) An automatic reply from SCOBids@sco.ca.gov confirms receipt of proposers' emails. *Automatic replies only confirm receipt of emails and do not assess proposers' responsiveness to the RFP requirements in the email content or in any attachments therein.*

      g) LATE SUBMISSIONS RECEIVED AFTER THE SUBMITTAL DEADLINE DATE AND TIME IN THE KEY ACTION DATES WILL NOT BE ACCEPTED—NO EXCEPTIONS.

c. The SAQ and supporting security documentation submitted in response to the security requirements will be treated as confidential and are intended to be exempt from public disclosure to the extent permitted by applicable law. Proposers must clearly label these materials as "CONFIDENTIAL" when submitting them.

d. The SAQ will be comprised of three steps:

   1) Initiation:

      a) SCO will email the SAQ Excel workbook to the Proposer's single primary point of contact by the date listed in Section C. Proposal Requirements and Information, Item 1. Key Action Dates.

      b) The SAQ Excel workbook will include an instructions tab.

   2) Response:

      Proposers shall provide a detailed explanation of the proposing firm's control status.

      a) The SAQ allows "Yes," "No," or "Not Applicable (N/A)" responses only.

i. **Yes** – The control is implemented and operating within your organization. You should be prepared to provide supporting documentation or evidence if requested.

ii. **No** – The control is not implemented, is only partially implemented, or cannot be demonstrated. A "No" response may increase the assessed security risk and could require additional explanation, remediation plans, or compensating controls.

iii. **Not Applicable (N/A)** – The control does not apply to the services, systems, data, or business process being assessed. You should be able to justify why the control is not applicable.

b) For a NIST SP 800-53 Moderate assessment, evaluators generally expect:

i. **Yes** only when the control is fully in place.

ii. **N/A** only when there is a clear, defensible reason the control does not apply.

iii. **No** when the control applies but is not fully implemented.

c) When completing the questionnaire, avoid selecting **N/A** simply because the control is difficult to implement or has not yet been implemented. If the control applies to your environment, the appropriate response is usually **No** until the control is fully implemented.

d) Proposer’s shall attach supporting evidence documentation to demonstrate that the control is in place. Evidence documentation may include but not be limited to screenshots, policies, procedures, reports, configurations, audit results, or other evidence supporting the control.

i. If a common document will be utilized to provide evidence for multiple questions, it is not necessary to upload the document multiple times. Attach the document to the first related question and reference the document name in the comment section for the subsequent questions.

ii. Proposer’s must provide adequate evidence. SCO will not assume that a security control is implemented based solely on the Proposer’s assertion. If adequate evidence is not provided, the control will be assessed as not demonstrated.

iii. If the Proposer claims the control exists, but the evidence is incomplete or unclear, SCO may, at its sole discretion, request clarification or additional documentation during the evaluation.

3) Validation of Proposer Responses:

Proposers may be required to participate in up to four validation sessions, each lasting up to eight hours, with representatives from the SCO Information Security Office (ISO). These sessions are intended to review and verify the accuracy and completeness of the information provided in the SAQ and any supporting documentation.

6. Technical Proposal

Proposals must describe the Proposer's qualifications and expertise in the format outlined in this RFP. A Proposal will not be considered complete unless it contains all the items described below. A Technical Proposal must include all the following items:

a. Security Assessment Questionnaire

b. Attachment 1, Required Attachment Checklist

The Proposer shall submit all applicable attachments identified on Attachment 1, Required Attachment Checklist. Proposers are not to alter or modify the forms other than by providing the required information. Please note, adding your firm's logo or letterhead to the form is not considered a modification or alteration of the form.

c. Firm Desirable Qualifications (100 points)

The Proposer must complete Attachment 18, Firm Minimum and Desirable Qualifications, FDQs tab to qualify for additional points.

1) Proposer has more than five years' experience, within the last 20 years, providing ACH Services with the State of California.

2) Proposer has provided pay card services for state agencies in the State of California.

d. Narrative Response

Proposers shall provide narrative responses only for the items identified in Attachment 19, Narrative Response. Responses must be single spaced, use Arial 12-point font, and not exceed 100 pages. Any content beyond the 100-page limit, will not be reviewed, evaluated, or scored.

Proposers shall not input narrative responses within the RFP document, nor should narrative responses be included for items not identified in Attachment 19, Narrative Response.

e. Firm's Organizational and Operational Background

1) Organizational Structure

Provide an Organization Chart and List the classification of staff members that will be assigned to each of the tasks and deliverables identified in Standard Agreement, Exhibit A, Scope of Work.

2) Operational Structure

i. Describe the usual process for **interface with the client** and the **communication plan** for completing the tasks and deliverables under this agreement including:

- The firm's chain of command
- Who is the individual with the overall responsibility for the firm's operations?

ii. Identify subcontractors (if applicable). Include qualifications, reporting responsibility of each firm and/or person assigned to each task and method of monitoring performance.

iii. List the number of years the firm has provided the services listed in the RFP.

f. Work Plan / Methodology

Proposers shall provide a detailed work plan including a summary of the work to be completed as understood, the goals and objectives to complete the requisite tasks, the resources necessary to achieve these outputs, the actions to be taken or strategy to be utilized to achieve these outcomes, and a timeline or schedule to complete the Agreement requirements as identified in this RFP. The Work Plan/Methodology must be single spaced, Arial font 12, and be no more than 70 pages. If a response is longer than 70 pages, only the first 70 pages will be reviewed, evaluated, and scored.

The Work Plan/ Methodology will be scored based on the comprehensiveness and detail provided. The detailed plan and schedule of when and how digital payments services will be provided shall be listed in priority order and include:

1) Direct Deposit/EFT Payments
2) Global (International) Digital Payments
3) Customer Portal
4) Physical Pay Cards that use Europay, MasterCard, and Visa (EMV) chip
5) Digital Disbursement Platforms
6) Digital Check
7) Push-to-Card Payments

Proposers not achieving a minimum of 680 points on items c. through f. above will not be considered for further evaluation.

g. PowerPoint Presentation and Interview

Proposers achieving a minimum of 680 will be invited to a ***120-minute*** in-person interview at 300 Capitol Mall, 6th Floor, Suite 635 with the SCO evaluation team. Proposers may bring no more than four total attendees with at least two being key personnel for this Agreement. The purpose of the in-person Interview and Presentation is to provide proposers with the opportunity to address interview questions in detail, provide a detailed presentation, and share examples of their solution relating to the services described in this RFP on the following:

1. Payee Portal Experience

Present the payee's customer experience accessing the portal including the following:

a) Account creation and account management life cycle

b) Receipt of funds

c) Customer service if funds are not received

d) Visual walkthrough of accessing and using customer portal for functionality for the services listed in this RFP.

e) Accessing or updating customer profile

f) Adding new and updating payment method

g) Troubleshooting customer issues

h) Various customer service communication options and response times

i) How the payment recipients view payments, status information and access statements.

2. Global Digital Payments

a) Explain in detail and present the proposed solutions for Global Digital Payments Services.

b) Account Verification, Validation, and Fraud Prevention

c) Currency conversion for payments and returned payment issues.

d) What currency and countries are supported

e) Challenges, issues, and solutions for Global Digital Payment Services

3. Onboarding Experience

a) Examples from other states, public, or private entities utilizing similar services including monthly volume.

b) Including the implementation phases and activation timeline for services listed in this RFP.

c) Results achieved by the contracting entity, including key wins, challenges, resolutions, and efficiencies.

4. Fraud Prevention

a) The Proposer's fraud prevention and account verification capabilities.

b) Monitor and address suspicious activity

c) Success rate of capturing fraudulent activity and recouping fraudulent payments

5. Pre-paid card features

a) Card Registration Process.

b) Funding of pre-paid Card.

c) Reporting Issues.

d) Inventory Management.

e) Customer Services and Support options.

f) Disclosures and Fee Schedule.

D. Submission of Proposal

1. Proposals must be submitted as set forth below.

   a. Proposers must submit their proposal (Technical Proposal and Cost) in portable document format (PDF), and Minimum Qualifications in an Excel workbook attached to an email to SCOBids@sco.ca.gov prior to the date and time specified in Section C, Proposal Requirements and Information, Item 1. Key Action Dates.

   b. Subject line must include the *RFP EDIS90126 – Digital Payment Services.*

   c. Email Requirements:

      1) Proposers must ensure that emails do not exceed a file size of 20 megabytes.

      2) Proposers must ensure that emails do not contain scripts, executable files, password protections, or macros, which may make their emails undeliverable.

      3) Do not imbed links within the PDF—all documents must be contained within the PDF and/or Excel workbook. SCO cannot access links to external sources. Proposals containing links to external sources will be rejected.

      4) If the email should exceed acceptable file size, the Proposer shall split the email into multiple emails to ensure delivery.

      5) Proposal submissions that are sent from unrecognized email servers may be blocked by SCO security filters and be flagged as spam, thereby rendering them not submitted.

      6) An automatic reply from SCOBids@sco.ca.gov confirms receipt of proposers' emails. A*utomatic replies only confirm receipt of emails and do not assess proposers' responsiveness to the RFP requirements in the email content or in any attachments therein.*

      7) LATE PROPOSAL SUBMISSIONS RECEIVED AFTER THE SUBMITTAL DEADLINE DATE AND TIME IN THE KEY ACTION DATES WILL NOT BE ACCEPTED—NO EXCEPTIONS.

   c. Proposals not marked as indicated may be rejected.

   d. If the Proposal is made under a fictitious name or business title, the actual legal name of the Proposer must be provided.

   e. All proposals shall include the documents identified in Attachment 1, Required Attachment Checklist. Proposals not including the proper "required attachments" may be deemed non-responsive. A non-responsive proposal is one that does not meet the basic proposal requirements.

   f. All documents requiring a signature must bear a signature of a person authorized to bind the proposing firm.

   g. Proposals must be submitted for the performance of all the services described herein. Any deviation from the work specifications will not be considered and will cause a proposal to be rejected.

   h. SCO may reject any or all proposals. A proposal may be rejected if it is conditional or incomplete, or if it contains any alterations of form or other irregularities of any kind.

i. SCO may waive an immaterial deviation in a proposal. SCO waiver of an immaterial deviation shall in no way modify the RFP document or excuse the Proposer from full compliance with all requirements if awarded the Agreement.

j. Costs incurred for developing proposals and in anticipation of award of the Agreement are entirely the responsibility of the Proposer and shall not be charged to the State of California.

k. An individual who is authorized to bind the Proposer contractually shall sign Attachment 2, Proposal/Proposer Certification Sheet. The signature should indicate the title or position that the individual holds in the firm. An unsigned proposal shall be rejected.

l. A proposer may modify a proposal after its submission by withdrawing its original proposal and resubmitting a new proposal prior to the Final Date for Proposal Submissions. A proposer's modification offered in any other manner, oral or written, will not be considered.

m. A proposer may withdraw its proposal by submitting a written withdrawal request to SCO, signed by the Proposer or an authorized agent. A proposer may thereafter submit a new proposal prior to the Final Date for Proposal Submission. Proposals may not be withdrawn without cause subsequent to the Final Date for Proposal Submission.

n. SCO may modify the RFP prior to the Final Date for Proposal Submission by issuing an addendum that shall be posted to Cal eProcure.

o. SCO reserves the right to reject all proposals. SCO is not required to award an agreement.

p. **Any questions or proposed changes to the RFP or Standard Agreement must be received prior to the Written Questions Submittal Deadline as stated in Section C. Proposal Requirements and Information, 1. Key Action Dates. A proposal submitted with alternate agreement language, that was not accepted through an addendum to the RFP, will be considered a counter offer and will not be considered.**

q. SCO does not accept alternate agreement language from a prospective contractor. A proposal with such language will be considered a counterproposal and will be rejected. The State's Information Technology General Provisions Non-Cloud Goods & Services DGS PD 403-ITGP Non-Cloud (Rev. 02/20/2025) are not negotiable.

r. No oral understanding or agreement shall be binding on either party.

E. Evaluation Process

1. If the State determines that offers from all Respondents contain material deviations, the State may declare the offers to be draft offers. If offers are declared drafts, the State will issue an addendum to the solicitation document and confidential discussions may be held with the Respondents who wish to continue in the response process. Notifying the Respondent of defects is intended to minimize the risk that the final offers will be deemed non-compliant; however, the State will not provide any warranty that all defects in the draft offers have been detected. Notification of defects in the draft offer will not preclude rejection of the final offer, if undiscovered defects contained in the declared draft offer are later found in the final offer. Oral statements made by either party during confidential discussions shall not be binding.

2. The evaluation process complies with the requirements for competitive bidding in California Public Contract Code (PCC) Section 10344. Each proposal will be evaluated to determine responsiveness to the requirements and standards described in this RFP. SCO cannot assume nor infer qualifications, skill, experience, or competence not specifically and expressly addressed in the Proposal. During the

evaluation and selection process, SCO may wish to interview a proposer for clarification only. SCO also reserves the right, at its sole discretion, to forgo the interview process. If SCO elects not to conduct interviews, all responsive and responsible proposals that advance to the technical evaluation stage shall receive the maximum points allocated for the interview component.

3. Proposals cannot be changed after the time and date designated for receipt.

4. Proposals that contain false or misleading statements, or which provide references, which do not support an attribute or condition claimed by the Proposer, may be rejected.

5. A responsive proposal is one which meets or exceeds the requirements stated in this RFP. At the time of proposal opening, each proposal will be checked for the presence or absence of required information in conformance with the submission requirements of this RFP, proposals that meet the minimum qualifications will be evaluated and scored according to the criteria indicated in the following process:

   a. Preliminary Review

      1) Proposals shall be date/time stamped upon receipt.

      2) Proposals will be reviewed to verify that submission is in PDF, PowerPoint, and Excel workbook, properly identified, and received prior to the final submittal date and time specified in Section C. Proposal Requirements and Information, 1. Key Action Dates.

      3) Proposals shall remain sealed until after the Final Date for Proposal Submission.

      4) Proposals will be reviewed to determine completeness of required documentation and compliance as identified in this RFP. SCO staff will use the Attachment 1, Required Attachments Checklist, submitted by the Proposer to confirm receipt of all required documents.

      5) Proposal requirements will be evaluated on a "pass/fail" basis for all criteria and information.

      6) SCO may reject any or all Proposals that fail to meet these requirements.

   b. Minimum Qualification Evaluation

      Upon satisfactory Preliminary Review, the Technical Proposal will be reviewed to determine the Proposer's satisfaction of the Minimum Qualifications requirements. For Proposals that satisfy the Minimum Qualifications, the Technical Proposal will be evaluated by a team of SCO Staff (Evaluation Team).

   c. Technical Proposal Evaluation and Scoring

      1) The Evaluation Team will independently evaluate each Proposer's Technical Proposal using the Proposal evaluation criteria as stated in Section F, Evaluation Worksheet.

      2) Each proposal shall be awarded up to the maximum points available in each category for a **maximum of 920 points available** with an emphasis on the experience and qualifications of the Proposer. The Technical Proposal should provide the detail, clarity, completeness, relevance, and appropriateness of the experience as it relates to the needs of SCO as stated in this RFP.

      3) The Technical Proposal should provide the detail, clarity, completeness, relevance, and appropriateness of the experience as it relates to the needs of SCO as stated in this RFP.

4) Once individual scoring has been completed, team members will determine a single score for each Proposers Technical Proposal upon consensus of the Evaluation Team.

5) For Proposals that score a minimum of **680 points**, the Proposer will be invited to the In-person Interview and PowerPoint Presentation.

d. Interview and Presentation

1) If there is only one proposal that is considered responsive and responsible and has advanced to the Interview Stage phase, SCO reserves the right, at its sole discretion, to forgo the interview and presentation process. If SCO elects not to conduct interviews and presentations, all responsive and responsible proposals that advance to the Interview and presentation stage will receive the maximum points allocated for the interview component.

2) Interviews and presentations will be conducted with the Proposers that pass all Pass/Fail evaluation and meet the minimum technical evaluation score.

3) All proposed staff will be required to appear and participate in an In-Person team interview and presentation with SCO. Proposers will be notified in advance and provided the date, time, and requirements for the interview and presentation.

4) Each Proposer's Interview Score will be calculated by multiplying the assigned rating value percentage for each interview questions by the maximum possible score for each interview question, then adding the resulting score of all interview questions together to obtain a Total Interview Score.

Table 1 – PowerPoint Presentation Score Example:

A	B	C	D
Services	Assigned Rating Value	Maximum Possible Score	Score (B X C = D)*
1	75%	60	75% x 60 = 45
2	100%	60	100% x 60 = 60
3	100%	60	100% x 60 = 60
4	50%	60	50% x 60 = 30
5	100%	60	100% x 60 = 60
Total Presentation Score (Sum of Points Scored)			255

Table 2 - Interview Score Example:

A	B	C	D
Q#	Assigned Rating Value	Maximum Possible Score	Score (B X C = D)*
1	50%	50	50% x 50 = 25
2	0%	50	0% x 50 = 0
3	75%	50	75% x 50 = 37.5
4	100%	50	100% x 50 = 40
5	100%	50	100% x 50 = 50
Total Interview Score (Sum of Points Scores)			152.50

*Standard rounding rules apply.

Table 2 - Interview and PowerPoint Presentation Rating Values and Criteria:

Rating Values	Rating Criteria
100%	Excellent: All components are addressed with the highest degree of confidence.
75%	Good: The response addressed almost all of the components with an above average degree of confidence.
50%	Fair: The response addressed most of the components with an average degree of confidence.
25%	Poor: The response minimally addressed the components with a below average degree of confidence.
0	No Value: The response failed to address the topic with no degree of confidence.

5. Cost Opening

Only Proposers that obtain a total points score of 1130 will have their Cost Worksheet Opened.

6. Selection

Award will be made to the responsive, responsible proposal with the lowest cost.

7. Evaluation Worksheet

The Evaluation Worksheet details the evaluation and scoring criteria. The Evaluation Worksheet will be found on the following pages for your reference.

EVALUATION WORKSHEET

Name of Proposer: ____

Evaluator: _________________________________ Date: ________________

A. Administrative Evaluation

Description	Pass/Fail
Mandatory Intent to Bid	
Security Assessment completed	
Proposal received by the date and time specified in the RFP.	
All applicable attachments identified on Attachment 1, Required Attachment Checklist were completed and submitted.	
Narrative Response included in proposal package as specified in RFP.	
Firm's Organizational and Operational Structure included in the proposal package as specified in the RFP.	
Firm's Work Plan / Methodology included in the proposal package as specified in the RFP.	

B. Proposer Minimum Qualifications Evaluation

Proposer Experience and Compliance	
Description	**Pass/Fail**
The Proposer has been in business for at least the last five years performing the type of services as those outlined in this RFP for other private, state, or governmental agencies.	
The Proposer has provided large volume, defined as more than five million annually, pre-paid card services for a governmental agency, municipality, or entity within the last five years.	
The Proposer is compliant with all rules and regulations set by National Automated Clearing House Association (NACHA) and the Federal Reserve	
The Proposer is compliant with California Information Practices Act Civil Code Sections 1798 et seq.; the moderate security impact level privacy and security control guidelines specified in the National Institute of Standards and Technology (NIST) Special Publication (SP) 800-53 (Rev. 5); and privacy provisions of the Federal Privacy Act of 1974.	
The Proposer is compliant with any other Federal and/or State of California laws governing these services.	
Financial	
The Proposer is an OFDI with a minimum of five years' experience performing ODFI processes in all services listed in Exhibit A, Scope of Work.	
The Proposer has at least five years of experience originating at least five million direct deposit transactions monthly.	
Provide proof via system generated logs that they maintained a 98 percent turnaround rate in providing their customers with returned items within 24 hours of receiving transactions from the ACH from January 2025 through December 2025.	

The Proposer has an established bank account with the California State Treasurer as a Demand Bank or is eligible to become a Demand Bank by the execution date of this agreement.	
Maintaining a 99 percent accuracy level in disbursing payment transactions through the ACH in time for the intended "effective entry date" from January 2025 through December 2025.	
Maintains a rolling three-day minimum dollar threshold of $15 billion, with a possible 20 percent increase during peak payment times that may occur up to four times per year.	
Accept direct deposit payment transactions currently in process without a prenote	
Ensure that the direct deposit process is enacted on a timely schedule based on industry standards.	

Data Transmission	
Description	**Pass/Fail**
The Proposer must be capable of receiving files from SCO via File Transfer Protocol Secure (FTPS) with Transport Layer Security (TLS) 1.2 encryption.	
The Proposer must have a backup process using the internet with Secure File Protocol (SFTP) in the event the primary data transmission process (i.e. connection) fails or is unavailable.	

Proposers must receive a "Pass" for the Minimum Qualifications to have the remaining Technical Proposal evaluated. If the Proposer did not receive a "Pass" for the Minimum Qualifications the Proposal is considered non-responsive and is therefore disqualified.

F. Technical Proposal Evaluation and Scoring

1. Security Assessment

   Scoring will be based on the determination of the Security Assessment Determination

Information Proposer Provided Indicates	**Maximum Points**	**Points Scored**
Red Flagged Security Issues - Disqualified	Disqualified	
Yellow Flagged Security Issues	100	
Green Flagged Security Issues	200	
Total Points	**200**	

2. Firm Desirable Qualifications

   Firm Desirable Qualifications (FDQs) is optional and if submitted, will be assessed and scored up to a maximum score of 100 points (FDQs will be assessed and scored only for proposals that pass the Pass/Fail components). Each FDQ met will be awarded a maximum of 50 points for qualifying experience. Awarded scores will be summed to become the FDQ Score. FDQs are not required to be met to continue in the assessment process.

   Firm Desirable Qualifications Scoring Example:

Description	Maximum Points	Points Scored
The Proposer has more than five years' experience, within the last 20 years, providing ACH Services with the State of California.	50	
The Proposer has provided pay card services for agencies within the State of California	50	
Total Points	100	

3. Narrative Response

Questions	Maximum Points Per Question	22 Questions	Points Scored
Insufficient Information Provided	0		
Sufficient Information but no examples or Detailed Information Provided	10		
Detailed Comprehensive Information Provided	25		
Total Points	**25**	**550**	

4. Firm's Organizational and Operational Background

Information Proposer Provided Indicates	Maximum Points	Points Scored
Insufficient Information Provided	0	
Sufficient Information Provided	10	
Detailed Comprehensive Information Provided	20	
Total Points	**20**	

5. Work Plan / Methodology

Information Proposer Provided Indicates	Maximum Points	Points Scored
Insufficient Information Provided	0	
Sufficient Information Provided	25	
Detailed Information for all 7 items Provided	50	
Total Points	**50**	

6. Total Score

Description	Maximum Possible Points	Points Scored
1. Security Assessment	200	
2. Firm Desirable Qualifications	100	
3. Narrative Response	550	
4. Firm's Organizational and Operational Background	20	
5. Work Plan / Methodology	50	
Technical Proposal Score (Minimum Points to proceed to the Interview and Presentation Phase 680)	**920**	
Interview and Presentation Score	**550**	
Total Technical Proposal Score (Minimum Points needed for Cost Opening 1130)	**1470**	
Incentives and Preferences, as applicable	**TBD**	
Lowest Evaluated Cost	**TBD**	**N/A**

COMMENTS:

► End of Evaluation Worksheet ◄

G. Protest

1. Any bidder's issues regarding solicitation requirements must be resolved (or attempts to resolve them must have been made) before a protest may be submitted according to the procedure below. These issues will first be resolved by the contact for the solicitation or if they result in a protest, the protest will be submitted to DGS Procurement Division Deputy Director to hear and resolve issues and whose decision will be final.

2. If a bidder has submitted a bid which it believes to be responsive to the requirements of the RFP and to be the bid that should have been selected according to the evaluation procedures in the solicitation and the bidder believes the State has incorrectly selected another bidder for award, the bidder may submit a protest of the selection as described below. Protests regarding selection of the "successful bidder" will be heard and resolved by the Victim Compensation and Government Claims Board whose decision will be final.

3. All protests of award must be made in writing, signed by an individual authorized to bind the bidder contractually and financially, and contain a statement of the reason(s) for protest; citing the law, rule, regulation or procedure on which the protest is based. The protester must provide facts and evidence to support the claim. Protests must be mailed or delivered to:

Street and Mailing Address:

Deputy Director
Procurement Division
707 Third Street, Second Floor South
West Sacramento, CA 95605
Facsimile No.: (916) 375-4611

4. All protests to the RFP or protests concerning the evaluation, recommendation, or other aspects of the selection process must be received by DGS Procurement Division Deputy Director as promptly as possible, but not later than the date indicated in the Notification of Intent to Award. Certified or registered mail must be used unless delivered in person, in which case the protester should obtain a receipt of delivery.

H. Disposition of Proposals

1. Upon proposal opening, all documents submitted in response to this RFP will become the property of the State of California and will be regarded as public records under the California Public Records Act (GC Section 6250 et seq.) and subject to review by the public.

I. Agreement Execution and Performance

1. The Agreement will be executed only upon SCO acceptance of all documents required by this RFP. The Agreement is attached and by virtue of submitting a proposal, the Proposer agrees to the terms and conditions stated herein.

2. Services shall start no sooner than the Agreement start date specified in Section C, Proposal Requirements and Information, 1. Key Action Dates, or on the express date set by SCO and the Contractor, after all approvals have been obtained and the Agreement is fully executed. Should the Contractor fail to commence work at the agreed upon time, SCO, upon five days written notice to the Contractor, reserves the right to terminate the Agreement. Commencement of work prior to final approval of the Agreement is at the risk of the Contractor. The Contractor may not receive any payment for work performed prior to final approval of the Agreement.

3. All performance under the Agreement shall be completed on or before the termination date of the Agreement.

J. Participation Programs

The Participation Programs listed below may be combined but will not exceed a combined total of 15 percent of the proposal amount or $100,000 per proposal, whichever is less. No proposal amount will be reduced by more than $100,000, all preference and incentive cost adjustments are for proposal evaluation only and do not alter the actual cost offered by the Proposer.

A Small Business (SB)/Microbusiness (MB) and/or a Disabled Veteran Business Enterprise (DVBE) must have current and valid certification through DGS, Office of Small Business and Disabled Veteran Business Enterprise Certification Services (OSDS). Completed certification applications and required support documents must be submitted to OSDS no later than 5:00 p.m. PT on the Final Date for Proposal Submission and OSDS must be able to approve the application as submitted.
For certification and preference approval process information, contact OSDS by telephone at (916) 375-4940 or access OSDS Internet website at https://www.dgs.ca.gov/PD/About/Page-Content/PD-Branch-Intro-Accordion-List/OSDS/OSDS

1. Small Business Preference Program

a. Current law encourages state departments to first consider a California certified SB/MB Enterprise for contracting opportunities. SCO is committed to supporting SB/MB participation in state contracting and seeks to use certified SBs/MBs whenever possible.

b. California GC Section 14835, et seq. requires that a five percent preference be given to proposers who certify as a SB/MB. The rules and regulations of this law are contained in Title 2, California Code of Regulations, Section 1896, et seq. A copy of the regulation is available upon request.

c. The SB preference provides certified SBs and MBs a calculation preference in the amount of five percent of the highest scored, responsible, and responsive proposal submitted by a proposing firm who is not a certified SB. The SB preference is used as a calculation for determining the highest score and does not affect the actual price proposed.

2. Non-Small Business Preference Request

a. A five percent bid preference is available to a non-small business claiming 25 percent California certified SB subcontractor participation. If claiming the non-small business subcontractor preference, the Bid response must include a list of the SB(s) with which you commit to subcontract in an amount of at least 25 percent of the net bid price with one or more California certified SBs. Each listed certified SB must perform a *Commercially Useful Function* in the performance of the Contract as defined in GC Section 14837(d)(4).

b. The required list of California certified SB subcontractors must be provided on Attachment 5, Bidder Declaration (Written) (GSPD-05-105) and must include the following: 1) subcontractor name, 2) address, 3) phone number, 4) a description of the work to be performed and/or products supplied, 5) and the dollar amount or percentage of the net bid price (as specified in the solicitation) per subcontractor.

c. In granting the Non-Small Business Preference, no bid price will be reduced by more than $50,000. This preference cost adjustment is for bid evaluation purposes only and does not alter the actual cost offered by the Bidder. A non-small business is defined as a responsive/responsible bidder that is not certified by the DGS OSDS as a SB/MB enterprise.

d. A non-small business is defined as a responsive/responsible bidder that is not certified by the DGS OSDS as a SB/MB enterprise.

e. When the awarded contractor has a certified SB perform an element of work for the Agreement, the awarded contractor shall complete and submit to SCO a biannual Prime Contractor's Certification – Small Business Subcontractor Report.

3. Disabled Veteran Business Enterprise (DVBE) Program Participation

a. The DVBE Participation Program requirements for this solicitation have been waived. However, SCO is committed to achieving legislatively established goals for the participation of DVBEs and seeks to use certified DVBE business whenever possible. Therefore, SCO requests your voluntary participation in reporting any certified DVBEs, including yourself, that will be used in the performance of this Agreement.

b. DVBE must have current and valid certification through DGS OSDS. Completed certification applications and required support documents must be submitted to OSDS no later than 5:00 p.m. PT on the Final Date for Proposal Submission and OSDS must be able to approve the application as submitted.

c. For certification and preference approval process information, contact OSDS by telephone at (916) 375-4940 or access OSDS Internet website at https://www.dgs.ca.gov/PD/About/Page-Content/PD-Branch-Intro-Accordion-List/OSDS/OSDS

4. DVBE Incentive

Firms voluntarily utilizing DVBE subcontractors can have an incentive applied based on their level of DVBE participation identified in the proposal response, not to exceed five percent of the available points. Proposals with DVBE participation of more than five percent will be calculated with a five percent incentive. A DVBE must perform a *Commercially Useful Function* in the performance of the Agreement as defined in Military and Veterans Code (MVC) 999 (B).

The incentive shall be applied as follows:

DVBE Participation Level	Incentive Applied
1.0 - 1.99%	1%
2.0 – 2.99%	2%
3.0 – 3.99%	3%
4.0 – 4.99%	4%
5.0% OR MORE	5%

a. The incentive is subject to a minimum of one percent and a maximum of five percent. Proposals with DVBE participation of more than five percent will be calculated with a five percent incentive.

b. A signed Disabled Veteran Business Enterprise Declarations DGS PD 843 must be submitted with the Proposal response. The fill and print form is available at this link: https://www.documents.dgs.ca.gov/dgs/fmc/gs/pd/pd_843.pdf. The form must be completed if a proposer is a DVBE or subcontracts to a DVBE.

c. The DVBE Incentive is computed from the proposal amount.

d. Application of the DVBE incentive CANNOT displace a California Certified Small Business.

e. Contractor understands and agrees that should award of this contract be based in part on their commitment to use the Disabled Veteran Business Enterprise (DVBE) subcontractor(s) identified in their proposal, per Military and Veterans Code 999.5 (e), a DVBE subcontractor may only be replaced by another DVBE subcontractor and must be approved by the Department of General Services (DGS). Changes to the scope of work that impact the DVBE subcontractor(s) identified in the Proposal and approved DVBE substitutions will be documented by agreement amendment.

f. Failure of the Contractor to seek substitution and adhere to the DVBE participation level identified in the Proposal may be cause for agreement termination, recovery of damages under rights under rights and remedies due to the State, and penalties as outlined in M&VC § 999.9, PCC § 10115.10, or PCC § 4110 (applies to public works only).

g. If the awarded Contractor has a certified DVBE perform an element of work for the Agreement, within 60 days of expiration of the Agreement, the awarded Contractor shall complete and submit to SCO a Prime Contractors Certification - DVBE Subcontractors Report (STD 817).

5. Ties between Certified SB/MB and DVBE Businesses

Per GC 14838(g), in the event of a precise tie between the bid of a SB/MB and the bid of a DVBE that is also a SB/MB, the award shall go to the DVBE that is also a SB/MB.

6. Target Area Contract Preference Act

Preference will be granted to California-based contractors in accordance with GC Section 4530 whenever contract for goods and services are in excess of $100,000 and the Contractor meets certain requirements as defined in the California Code (Title 2, Section 1896.30) regarding labor needed to produce the goods or provide the services being procured.

a. Proposers wishing to take advantage of this preference will need to review the following website and submit the appropriate response with the proposal: https://www.dgs.ca.gov/PD/Services/Page-Content/Procurement-Division-Services-List-Folder/Request-Target-Area-Contract-Preference?search=TACPA

b. Respondents desiring to claim TACPA preferences must submit a fully executed copy of the Standard Form 830, Bidder's Summary form, and Manufacturer's Summary form (if supplying goods) with their response. These forms can be found at the following links:

http://www.documents.dgs.ca.gov/dgs/fmc/pdf/Std830.pdf (STD 830)
http://www.documents.dgs.ca.gov/dgs/fmc/gs/pd/gspd0526.pdf (Bidder's Summary)

c. The State reserves the right to verify, validate, and clarify all information contained in the TACPA application (STD 830). This includes, but is not limited to, information from Respondents, manufacturers, subcontractors, and any other sources available at time of response evaluation. Respondent's refusal to agree or comply with these terms, or failure to provide additional supporting information at the State's request may result in denial of the requested preference.
d. Respondents are advised that TACPA workforce preferences between five and nine percent are based on the Respondent agreeing to hire certain identified persons **equal to a percentage of its workforce** during the agreement performance period. *The application form, STD 830, incorrectly lists workforce preference as percentage of total contract labor hours*.

e. If responding by group, Respondent may need to complete and submit separate forms for each group for which the preference is being requested.

f. The DGS-PD, Dispute Resolution Unit (DRU) will process all TACPA site evaluations utilizing an integrated map located at the following link: http://tacpa.dgs.ca.gov

g. Any questions regarding the TACPA preference should be directed to TACPA@dgs.ca.gov.

NOTE: Proposers are not required to apply for the TACPA preference. Denial of TACPA preference requests is not a basis for rejection of the Proposal. Agreements awarded with applied preferences will be monitored throughout the life of the Contract for compliance to statutory, regulatory, and contractual requirements. SCO will take appropriate corrective action to apply sanctions as necessary to enforce performance programs.

K. Required Attachments

Refer to Attachment 1, Required Attachment Checklist for additional required attachments that are a part of this solicitation. Exclusion of any required attachments may result in proposer's disqualification.

Attachment 1
Required Attachment Checklist

Proposer's Name: ____

Please print clearly or type.

A complete proposal or proposal package will consist of the items identified below. Complete this checklist to confirm the items in your proposal. Place a check mark or "X" next to each item that you are submitting to the SCO. For your proposal to be responsive, all required attachments must be returned, unless indicated otherwise. Return this Checklist with your proposal package.

Item/Requirement	Submitted to SCO
Attachment 2, Proposal/Proposer Certification Sheet	
Attachment 3, Contractor Point of Contact	
Attachment 4, Payee Data Record (STD 204) and Supplement (STD 205)*	
Attachment 5, Bidder Declaration (Written) (GSPD-05-105)	
Attachment 6, California Civil Rights Laws Certification (DGS OLS 04)	
Attachment 7, Iran Contracting Act Verification Form (DGD PD 3)	
Attachment 8, California Disabled Veteran Business Enterprise (DVBE) Declarations (STD 843) *	
Attachment 9, Secretary of State Certification Status*	
Attachment 10, Target Area Contract Preference Act (TACPA Preference Request for Goods and Services (STD 830)*	
Attachment 11, Bidder's Summary of Contract Activities and Labor Hours (DGS/PD 526)*	
Attachment 12, Generative Artificial Intelligence (GenAI) Disclosure	
Attachment 13, Mandatory Intent to Bid	
Attachment 14, Acknowledgement of Agreement Exhibits and Policies	
Attachment 15, Proposal Incentives and Preferences	
Attachment 16, Contractor/Consultant Organization Information Security Agreement (ISO-004c)	
Attachment 17, Contractor/Consultant Confidentiality and Non-Disclosure Acknowledgement (ISO-004b)	
Attachment 18, Firm Qualifications	
Attachment 19, Narrative Response	
Attachment 20, Cost Worksheet	
Copy of valid California city or county business license (if applicable); or an affidavit that the business is in good standing with the state, province, or country in which business is headquartered	
Copy of California Certified SB/MB Certification*	
Copy of California Certified DVBE Certification*	
Firm's Organizational Structure and Operational Background	
Work Plan / Methodology	
Provide proof via system generated logs that they maintained a 98 percent turnaround rate in providing their customers with returned items within 24 hours of receiving transactions from the ACH from January 2025 through December 2025	

*Only submit if applicable

Attachment 2
Proposal / Proposer Certification Sheet

This Proposal/Proposer Certification Sheet must be completed, signed, and returned with the Proposal package. An individual who is authorized to bind the Proposing firm contractually shall sign Attachment 2, Proposal/Proposer Certification Sheet. The signature must indicate the title or position that the individual holds in the firm. An unsigned proposal may be rejected.

1. Our all-inclusive proposal is submitted as detailed in Attachment 20, Cost Worksheet.
2. We certify that we meet all of the Minimum Qualifications listed in B. Proposer Minimum Qualifications**. Items a. Experience and Compliance, b. Financial, c. Data Transmission, and d. Security** where proof cannot be submitted.
3. All required attachments are included in our proposal submission.
4. The signature affixed hereon and dated certifies compliance with all the requirements of this proposal document. The signature below authorizes the verification of this certification.

An Unsigned Proposal/Proposer Certification Sheet May Be Cause for Rejection

1. Company Name	2. Telephone Number ( )	2a. Fax Number ( )
2b. E-mail Address:		
3. Address		
Indicate your organization type: 4. ☐ Sole Proprietorship	5. ☐ Partnership	6. ☐ Corporation
Indicate the applicable employee and/or corporation number: 7. Federal Employee ID No. (FEIN)	8. California Corporation No.	
9. Indicate applicable license and/or certification information:		
10. Proposer's Name (Print)	11. Title	
12. **Signature**	13. Date	

14. Are you certified with the Department of General Services, Office of Small Business and Disabled Veteran Business Enterprise Services (OSDS) as:

a. California Small Business Enterprise
Yes ☐ No ☐
If yes, enter certification number:
____

b. Disabled Veteran Business Enterprise
Yes ☐ No ☐
If yes, enter your certification number below:
____

NOTE: A copy of your Certification is required to be included if either of the above items is checked **"Yes"**.

Date application was submitted to OSDS, if an application is pending:

Completion Instructions for Proposal/Proposer Certification Sheet

Complete the numbered items on the Proposal/Proposer Certification Sheet by following the instructions below.

Item Numbers	Instructions
1, 2, 2a, 2b, 3	Must be completed. These items are self-explanatory.
4	Check if your firm is a sole proprietorship. A sole proprietorship is a form of business in which one person owns all the assets of the business in contrast to a partnership and corporation. The sole proprietor is solely liable for all the debts of the business.
5	Check if your firm is a partnership. A partnership is a voluntary agreement between two or more competent persons to place their money, effects, labor, and skill, or some or all of them in lawful commerce or business, with the understanding that there shall be a proportional sharing of the profits and losses between them. An association of two or more persons to carry on, as co-owners, a business for profit.
6	Check if your firm is a corporation. A corporation is an artificial person or legal entity created by or under the authority of the laws of a state or nation, composed, in some rare instances, of a single person and his successors, being the incumbents of a particular office, but ordinarily consisting of an association of numerous individuals.
7	Enter your federal employee tax identification number.
8	Enter your corporation number assigned by the California Secretary of State's Office. This information is used for checking if a corporation is in good standing and qualified to conduct business in California.
9	Complete, if applicable, by indicating the type of license and/or certification that your firm possesses and that is required for the type of services being procured.
10, 11, 12, 13,	Must be completed. These items are self-explanatory.
14	If certified as a California Small Business, place a check in the "yes" box, and enter your certification number on the line. If certified as a Disabled Veterans Business Enterprise, place a check in the "Yes" box and enter your certification number on the line. If you are not certified to one or both, place a check in the "No" box. If your certification is pending, enter the date your application was submitted to OSDS.

Attachment 3
Contractor Point of Contact

Proposer's Name: ____
(Please print clearly or type)

The contact person regarding this RFP is:			
Name & Title:			
Address:			
Phone Number:		Email:	
If awarded an agreement, the Project Coordinator for services will be:			
Name & Title:			
Address:			
Phone Number:		Email:	
If awarded an agreement, direct all agreement inquiries to:			
Name & Title:			
Address:			
Phone Number:		Email:	
If awarded an agreement, the name of the company officer authorized to sign the Agreement is:			
Name & Title:			
Address:			
Phone Number:		Email:	

Attachment 4
Payee Data Record (STD 204) and Supplement (STD 205)*

http://www.documents.dgs.ca.gov/dgs/fmc/pdf/std204.pdf
.
Only use Payee Data Record Supplement (STD 205) to provide a remittance address if different from the mailing address for information returns, or to make subsequent changes to the remittance address

https://www.documents.dgs.ca.gov/dgs/fmc/pdf/std205.pdf

Attachment 5
Bidder Declaration (Written) (GSPD-05-105)

http://www.documents.dgs.ca.gov/dgs/fmc/gs/pd/gspd05-105.pdf

All proposers must complete the Bidder Declaration (Written) GSPD-05-105 and include it with the Proposal submission. When completing the declaration, proposers must identify all subcontractors proposed for participation in the Agreement. Proposers awarded an agreement are obligated contractually to use the subcontractors for the corresponding work identified unless SCO agrees to a substitution, and it is incorporated by amendment to the Agreement.

Attachment 6
California Civil Rights Laws Certification (DGS OLS 04)

https://www.documents.dgs.ca.gov/dgs/fmc/dgs/ols004.pdf

Attachment 7
Iran Contracting Act Verification Form (DGS PD 3)

https://www.dgs.ca.gov/-/media/A7EE965578CA4CC1A63087423C7BED0C.ashx

Attachment 8
California Disabled Veteran Business Enterprise (DVBE) Declarations (STD 843)*

https://www.documents.dgs.ca.gov/dgs/fmc/gs/pd/pd_843.pdf

Attachment 9
Secretary of State Certification Status*

https://bizfileonline.sos.ca.gov/

Secretary of State Certification of Status is required ***if*** your company is a corporation, limited liability company (LLC), or limited partnership (LP).

Attachment 10
Target Area Contract Preference Act (TACPA) (STD 830)*

If you are claiming the Target Area Contract Preference Act (TACPA) bidding preference, please follow and fill out the attached forms (STD 830):

https://www.documents.dgs.ca.gov/dgs/fmc/pdf/std830.pdf

Attachment 11
Bidder's Summary of Contract Activities and Labor Hours (DGS PD 526) *

If you are claiming the Target Area Contract Preference Act (TACPA) bidding preference, please follow and fill out the attached form

https://www.documents.dgs.ca.gov/dgs/fmc/gs/pd/gspd0526.pdf

NOTE: The fill and print forms are available at the links provided above. Please email SCOBids@sco.ca.gov if you are unable to access the provided links. ***Attachments 4 – 7 must be submitted with the Proposal.***

*Submit only if applicable.

Attachment 12
Generative Artificial Intelligence (GenAI) Disclosure

"The State of California seeks to realize the potential benefits of GenAI, through the development and deployment of GenAI, while balancing the risks of these technologies.

Proposer must notify the State in writing if it: (1) intends to provide GenAI as a deliverable to the State; or (2), intends to utilize GenAI, including GenAI from third parties, to complete all or a portion of any deliverable that materially impacts: (i) functionality of a State system, (ii) risk to the State, or (iii) Contract performance. For avoidance of doubt, the term "materially impacts" shall have the meaning set forth in State Administrative Manual (SAM) 4986.2.

Failure to report GenAI to the State may result in disqualification. The State reserves its right to seek any and all relief it may be entitled to as a result of such non-disclosure.

Upon notification by a Proposer of GenAI as required, the state reserves the right to incorporate GenAI Special Provisions into the final contract or reject bids/offers that present an unacceptable level of risk to the state.

Government Code 11549.64 defines "Generative Artificial Intelligence (GenAI)" as an artificial intelligence system that can generate derived synthetic content, including text, images, video, and audio that emulates the structure and characteristics of the system's training data."

Proposer must check the appropriate box from the choices below.

☐ Generative Artificial Intelligence (GenAI) ***will*** be used while providing services during the term of this agreement and may materially impact (check all that apply):
  - ☐ Functionality of the system
  - ☐ Risk to the State
  - ☐ Contract performance

☐ Generative Artificial Intelligence (GenAI) ***will not*** be used while providing services during the term of this agreement.

Name of Proposer: ______________________________

Signature and Date: ______________________________

Attachment 13
Mandatory Intent to Bid

Proposer’s Name:	

(Please print clearly or type)

Our firm tends to submit a proposal for the Electronic Payment Services agreement. The following individuals will require access to all the information regarding this solicitation.
If Translation services are needed for the Mandatory Proposers Conference, please check this box: ☐

Name #1: (Primary Point of Contact for Security Assessment Questionnaire)	
Address:	
City, State, and Zip Code:	
Telephone:	
Email:	
Name #2	
Address:	
City, State, and Zip Code:	
Telephone:	
Email:	
Name #3	
Address:	
City, State, and Zip Code:	
Telephone:	
Email:	
Name #4	
Address:	
City, State, and Zip Code:	
Telephone:	
Email:	
Name #5	
Address:	
City, State, and Zip Code:	
Telephone:	
Email:	

SIGNATURE AND POINT OF CONTACT (POC) FOR THIS SOLICITATION		
Name:	Title	Signature: *(Physical or Digital)*
Company:	Telephone:	Email:

Attachment 14
Acknowledgement of Agreement Exhibits and Policies

Proposer’s Name: ____
(Please print clearly or type)

Complete and return a signed copy of this attachment with the RFP response.

Exhibit Name
Exhibit A, Scope of Work
Exhibit A, Attachment 1 – Annual Payment Volumes
Exhibit A, Attachment 2 – Deliverable Expectations Document
Exhibit A, Attachment 3 – Deliverable Acceptance Document
Exhibit A, Attachment 4 – Work Authorization Plan
Exhibit A, Attachment 5 - Small Business Subcontractor Report
Exhibit B, Budget Detail and Payment Provisions
Exhibit B, Attachment 1, Cost Worksheet
Exhibit C, Information Technology General Provisions Non-Cloud Goods & Services DGS PD-403-ITGP Non-Cloud
Exhibit D, Special Terms and Conditions
Exhibit E, Information Technology Terms and Conditions

Proposers certify that they have received, reviewed, and accept all requirements in this RFP and Exhibits and can meet the background check requirements.

Proposers acknowledge their ability to meet the insurance requirements identified in the Standard Agreement, Exhibit D, Special Terms and Conditions and certify that certificate(s) of coverage will be provided within 10 business days of receipt of notice of award.

_______________________________________ ________________________
Authorized Signature Date

____
Name of Proposer Firm

____
Name and Title (Please Print)

Attachment 15
Proposal Requirements and Incentives

Proposer must check the appropriate box from the choices below.

1. SMALL BUSINESS (SB) INCENTIVE:

☐ I am a Department of General Services (DGS) certified SB and claim the SB Incentive. My DGS SB certification number is: ___________________________

☐ I am not a DGS certified SB, but at least 25 percent of the revenue from the award will go to a DGS certified SB subcontractor performing a Commercially Useful Function; and therefore, I am claiming the SB Requirement.

Proposer must submit a complete Attachment 5, Bidder Declaration (Written) (GSPD 05-105), indicating the percentage of the revenue that will be received by each DGS certified SB subcontractor.

☐ I am not claiming the SB Incentive.

2. DISABLED VETERAN BUSINESS ENTERPRISE (DVBE) INCENTIVE:

☐ I am a DGS certified DVBE. A copy of my California Disabled Veteran Business Enterprise (DVBE) Declarations (STD 843) form is attached.

☐ I am not a DGS certified DVBE, but a percentage of the revenue will be going to DGS certified DVBE subcontractors performing a *commercially useful function*, and therefore, I am claiming the DVBE incentive.

Proposer must submit a complete Attachment 5, Bidder Declaration (Written) (GSPD 05-105), indicating the percentage of the revenue that will be received by each DGS certified DVBE subcontractor. Proposer must also submit Attachment 8, California Disabled Veteran Business Enterprise (DVBE) Declarations (STD 843), for each DVBE subcontractor, signed by the DVBE owner/manager.

☐ I am not claiming the DVBE incentive.

3. TARGET AREA CONTRACT PREFERENCE ACT (TACPA):

☐ I am not claiming the TACPA bidding preference.

☐ I am claiming the TACPA bidding preference.

Bidder must submit Attachment 10, Target Area Contract Preference Act (TACPA) STD 830 and Attachment 11, Bidder's Summary of Contract Activities and Labor Hours (DGS PD 526).

Name of Proposer: ____

Signature and Date: ____

Attachment 16

State of California—Controller's Office

Contractor/Consultant Organization Information Security Agreement

ISO-004c (Rev. 2/15)

INFORMATION SECURITY OFFICE
300 Capitol Mall, Suite 603
Sacramento, CA 95814
Form Contact Info. Ph: (916) 445-1720
Email: infosec@sco.ca.gov

Section 1 — Contractor / Consultant Organization Contact Information

Contractor / Consultant Organization Name			
Street Address	City	State	Zip Code
Organization Contact Name	Title	Work Phone	Work Email

Section 2 — SCO Contract / Agreement Administrator Information

SCO Division	SCO Contract / Agreement Administrator Name	
Title	Work Phone	Work Email Address

Section 3 — SCO Information Security Terms And Conditions

Contractors and consultants authorized to use SCO information assets shall comply with all applicable SCO administrative policy and information security standards, and the terms, conditions, and requirements stated on this agreement. The intent of this agreement is to comply with California State Administration Manual (SAM) requirements *(Ref. SAM § 5305.8 (2) e (1) et.al)* and statute.

General Terms and Conditions:

1. SCO *information assets* shall only be accessed or utilized for SCO authorized business purposes; SCO information assets are any data, document, software, hardware, and/or services including: data and information, software, hardware, services, documentation, intellectual property, and human knowledge.
2. All SCO authorized organization employees or agents shall sign an SCO provided "Confidentiality and Non-Disclosure Acknowledgement" prior to being granted access to, or use of, SCO information assets;

Contractor / Consultant Organization Responsibilities

The Contractor / Consultant organization ("Organization") listed in Section I of this agreement agrees to comply with, implement, enforce, and monitor compliance with the following requirements:

3. The organization shall ensure that only SCO authorized organization employees or agents utilize SCO *information assets.* The organization is solely responsible for ensuring that authorized employees or agents are not security risks, and upon the SCO's request, the organization will provide the SCO with any information reasonably necessary for SCO to evaluate security issues relating to any authorized employee or agent;
4. The organization shall ensure that all authorized organization employees or agents understand and adhere to SCO administrative policy and information security standards;
5. The organization shall notify the SCO of any changes or withdrawals of their employees or agents authorized by the SCO to access or utilize SCO *information assets* within 24 hours;
6. The organization shall ensure that SCO authorized organization employees or agents take all industry and government approved safeguards to protect the confidentiality, integrity, and availability of nonpublic SCO *information* classified as confidential or sensitive, provided by or on behalf of SCO to the Organization for the provision of Services ("SCO Information" or "SCO Data") or as requiring protection by state or federal statute;
7. The organization shall ensure that SCO authorized organization employees or agents take all industry and government approved safeguards to protect the confidentiality, integrity and availability of SCO *data processing resources,* specifically;
   a. The organization and its employees or agents shall only access the SCO's Information, network, and network resources through SCO managed data processing resources and network connections;
   b. The organization and its employees or agents shall not change, modify, delete, or circumvent the configuration of any provided SCO owned or leased data processing equipment without written approval of SCO Information Systems Division management and the SCO Chief Information Security Officer (CISO) or CISO designee;
   c. The organization and its employees or agents shall not change, modify, delete, or circumvent any SCO required authentication and authorization process without the approval of authorized SCO personnel. All authentication credentials are classified as confidential and must be protected as such;
   d. The organization and its employees or agents shall not change, modify, remove, or circumvent any SCO required network security controls or protocols without written approval of SCO Information Systems Division management and the SCO Chief Information Security Officer (CISO) or CISO designee;
   e. The organization and its employees or agents shall only utilize and access SCO managed electronic mail and Internet access services while utilizing SCO provided data processing resources or networks. No organization employee or agent shall connect to, or access, any non-SCO managed resource or service from within the SCO network or via any SCO data processing resource without the approval of SCO Information Systems Division management and the SCO Chief Information Security Officer (CISO) or CISO designee; and,
   f. All organization data processing resources (e.g., PCs, notebooks, laptops, servers, USB and flash drives, etc.) and other equipment (e.g., cellular phones, personal digital assistants [PDAs], audio or image recorders, etc.) connected to SCO networks or network resources by the organization and its employees or agents must be approved by SCO Information Systems Division management and/or the SCO Chief Information Security Officer (CISO) or CISO designee. No organization data processing resources shall be connected to any SCO network or network resource.
8. The organization and its employees or agents shall, without undue delay, notify the SCO Information Security Office, SCO Information Systems Division, and the designated SCO Contract /Agreement Administrator of any violation of SCO administrative policy or information security standards as well as any breaches of terms, conditions, or requirements of this agreement, including any actual or suspected information security incident. Information security incidents include, but are not limited to, the following:
   a. Theft, loss, damage, unauthorized destruction, unauthorized modification, or unintentional or unauthorized use or release of any SCO Information classified as confidential or sensitive retained in electronic, paper, or any other medium;
   b. Acquisition of notice-triggering personal information by unauthorized persons, as required in California Civil Code 1798.29;
   c. Deliberate or accidental unauthorized distribution or release of personal information that processed by the organization on behalf of SCO under this agreement by the organization, its employee(s), or its agent(s) in a manner not in accordance with state and federal statutes applicable to the organization in its processing of such personal information.
   d. Breach of security leading to unauthorized use or unauthorized access by the organization, its employee(s), or its agent(s). This includes actions of the organization, its employee(s), or its agent(s) that involve tampering, interference, damage, or unauthorized access to SCO information assets.

e. Theft, damage, destruction, or loss of SCO-owned data processing resources, including information technology (IT) equipment such as laptops, tablets, integrated phones, personal digital assistants (PDA), or any electronic devices containing or storing confidential, sensitive, or personal data in the Organization’s possession and control to the extent such theft, damage, destruction, or loss adversely impacts SCO information; and,

f. The use of any SCO information asset in the commission of a crime as described in the Comprehensive Computer Data Access and Fraud Act (Ref. California Penal Code § 502).

Section 4 — Payment of Costs

9. Each party will be responsible for all costs incurred by that party under this Agreement, including, without limitation, costs for security controls, phone and connection charges, telecommunications equipment and personnel for maintaining any network connection.
10. Each party will be responsible for all costs incurred by that party as a result of any security incident that adversely affects the confidentiality and/or integrity of SCO information assets under this agreement, including, without limitation, all costs for incident management and costs for compliance with State and Federal Privacy laws and standards.

Section 5 — Disclaimer or Warranties

11. Neither party makes any warranties, expressed or implied, concerning any subject matter of this agreement, including, but not limited to, any implied warranties or merchantability and fitness for a particular purpose.

Section 6 — Limitation of Liability

12. The parties acknowledge that by reason of their relationship to each other hereunder, each will have access to certain information and materials (“Confidential Information”) concerning the others’ technology and products that is confidential and of substantial value to that party, which value would be impaired if such information were disclosed to third parties. Should such Confidential Information be orally or visually disclosed, the disclosing party shall summarize the information in writing as confidential within thirty (30) days of disclosure. Each party agrees that it will not use in any way for its own account, except as provided herein, nor disclose to any third party, any such Confidential Information revealed to it by the other party. Each party will take every reasonable precaution to protect the confidentiality of such Confidential Information. Upon request by the receiving party, the disclosing party shall advise whether or not it considers any particular information or materials to be Confidential Information. The receiving party acknowledges that unauthorized use or disclosure thereof could cause the disclosing party irreparable harm that could not be compensated by monetary damages. Accordingly each party agrees that the other will be entitled to seek injunctive and preliminary relief to remedy any actual or threatened unauthorized use or disclosure of such other party’s Confidential Information. The receiving party’s obligation of confidentiality shall not apply to information that: (a) is already known to the receiving party or is publicly available at the time of disclosure; (b) is disclosed to the receiving party by a third party who is not in breach of an obligation of confidentiality to the party to this agreement, which is claiming a proprietary right in such information; or (c) becomes publicly available after disclosure through no fault of the receiving party.

Section 7 — Term, Termination and Survival

13. This Agreement will remain in effect until terminated by either party. Either party may terminate this agreement for convenience by providing not less than thirty (30) days prior written notice, which notice will specify the effective date of termination. Either party may also terminate this Agreement immediately upon the other party’s breach of this Agreement. Sections 9, 10, 11, 12, 13, 15, and 16 shall survive any termination of this Agreement.

Section 8 — Term, Termination and Survival

14. Severability. If for any reason a court of competent jurisdiction finds any provision or portion of this Agreement to be unenforceable, that provision of the Agreement will be enforced to the maximum extent permissible so as to affect the intent of the parties, and the remainder of this Agreement will continue in full force and effect.
15. Waiver. The failure of any party to enforce any of the provisions of this Agreement will not be construed to be a waiver of the right of such party thereafter to enforce such provisions.
16. Assignment. Neither party may assign this Agreement, in whole or in part, without the other party’s prior written consent. Any attempt to assign this Agreement, without such consent, will be null and of no effect. Subject to the foregoing, this Agreement is for the benefit of and will be binding upon the parties' respective successors and permitted assigns.
17. Force Majeure. Neither party will be liable for any failure to perform its obligations in connection with any Transaction nor do any document if such failure results from any act of God or other cause beyond such party's reasonable control (including, without limitation, any mechanical, electronic or communications failure) which prevents such party from transmitting or receiving any Documents.

Section 9 — Organization Acknowledgement

On behalf of the organization referenced in Section I of this document, I have read, understand, and will comply with the responsibilities stated above. I acknowledge and agree to use SCO information assets in accordance with the terms outlined in this agreement. I understand that failure to comply with these responsibilities may result in immediate cancellation of authorization to use SCO data processing resources and information or disciplinary action in accordance with applicable laws and regulations or civil and criminal prosecution per the applicable statutes.

By signing this form, I am authorized to acknowledge the responsibilities of the organization referenced in Section I of this document to understand and agree to its contents and realize the penalties for non-compliance with its terms.

Approval Signatures

Legal Signature	Date

Return completed agreement with original signature to the SCO Information Security Office:

Attn: Daniel Pere
Chief Information Security Officer
300 Capitol Mall, Suite 604
Sacramento, CA 95814

One copy of this agreement should be retained by the responsible SCO Business Division Manager.

One copy of this agreement should be submitted to SCO Contracts and Procurement:

Attn: Sandra Phillimeano
300 Capitol Mall, Suite 1500
Sacramento, CA 95814

State of California—Controller's Office

CONTRACTOR / CONSULTANT CONFIDENTIALITY AND NON-DISCLOSURE ACKNOWLEDGEMENT

ISO-004b (Rev. 02/15)

INFORMATION SECURITY OFFICE
300 Capitol Mall, Suite 603
Sacramento, CA 95814
Form Contact Info. Ph: (916) 445-1720
Email: infosec@sco.ca.gov

Section 1 — Contractor Information

Contractor / Consultant Organization Name	Date of Request
Contractor / Consultant Name (First M.I. Last)	Work Phone
Title	Work Email Address

Section 2 — Agreement

As a contractor or consultant of the California State Controller's Office (SCO) you may have access to financial, statistical, personal, or technical information classified as confidential or sensitive by the SCO. In addition, you may be authorized access to data processing resources that are created, maintained, or used within the SCO and must be protected. This confidentiality and non-disclosure agreement between you and the SCO is to protect the information assets that may be disclosed to you by the SCO. This Agreement shall be construed under the laws of the State of California.

By signing below, I acknowledge that:

1. I will access or use SCO information assets only when relevant and necessary in the ordinary course of performing my authorized official duties conducted on behalf of the organization referenced in this document. I further understand that unauthorized access, attempted access or illegal use of any computer systems, information assets, and/or information of the State of California may be a public offense punishable under Section 502 of the California Penal Code.

2. I will not disclose SCO information classified as confidential or sensitive unless authorized to do so by the SCO.

3. I will report any actual or suspected information security incidents to my organization to support compliance with the incident notification requirements outlined in the Organization Information Security Agreement with the State Controller's Office (SCO).I will not disclose, change, modify, delete, or circumvent any SCO required authentication and authorization process without the approval of authorized SCO personnel.

4. I will not change, modify, remove, or circumvent any SCO required security controls or protocols without written approval of SCO Information Systems Division management and the SCO Chief Information Security Officer (CISO) or CISO designee.

5. I will ensure that all data processing resources (i.e., PCs, notebooks, laptops, servers, USB and flash drives, etc.) and other equipment (i.e., cellular phones, personal digital assistants (PDAs), audio or image recorders, etc.) I connect to SCO owned or leased networks or network resources are approved by the SCO.

6. I shall only utilize and access SCO managed electronic mail and Internet access services while utilizing SCO provided data processing resources or networks. I will not connect to, or access, any non-SCO managed resource or service from within the SCO network or via any SCO data process resource without the approval of SCO Information Systems Division management and the SCO Chief Information Security Officer (CISO) or CISO designee; and,

7. I will comply with all applicable SCO administrative, technical, and information security policies and standards, so long as our doing so would be consistent with applicable law, regulations and/or industry standards.

I have read and understand the responsibilities stated above and will comply with the SCO administrative and information security requirements and standards listed on this form so as long as doing so is applicable with law, regulations and/or industry standards. I acknowledge and agree to use SCO information assets in accordance with the terms outlined in this form. I understand that failure to comply with these responsibilities may result in immediate cancellation of authorization to use SCO information assets or disciplinary action in accordance with applicable laws and regulations or civil and criminal prosecution in accordance with applicable statutes.

By signing this form, I acknowledge that I have read, understand and agree to its contents and realize the penalties for non-compliance with its terms.

Section 3 — Approval Signature

Legal Signature	Date

Return completed acknowledgement to the
SCO Information Security Office, 300 Capitol Mall, Suite 603, Sacramento, CA 95814

Attachment 18
Firm Qualifications

See Excel Workbook: Attachment 18, Firm Qualifications

Attachment 19
Narrative Responses

Instructions: Submit all answers to the following questions on a separate document. Proposers must include the question for each response and start every response on a new page. Proposers are allowed to provide supporting documentation **to the Narrative Responses** (brochures, PowerPoint, etc.) but may not substitute these documents in lieu of a written narrative response. Any supporting documents must be titled "*Narrative Response Question [#] – Supporting*." Responses must be single spaced, use Arial 12-point font, and not exceed 100 pages. Any content beyond the 100-page limit, will not be reviewed, evaluated, or scored.

Category	Question
Implementation Timeline	1. Describe the implementation phases for each service and typical tasks that must be completed in each phase. Include the timeframe to complete each task or phase and the roles and responsibilities of key personnel by title and expertise involved in the completion of each task or phase.
Fraud and Security	2. Describe how the company's solutions meet or exceed the minimum fraud and security requirements for data exchange agreements as identified in the agreement. 3. Describe the information security processes utilized for each service from when the payment file is received to the point it is received by the ACH.
Data Transmission Requirements	4. Describe the File Transfer Protocols (FTP), line speeds, and encryption methods currently supported. 5. Describe the backup processes available. Include all time frames involved from when the file(s) are received to the point when the transactions are complete.
Business Processes	6. Describe the methodologies and procedures for correcting erroneous transactions and the timeline to complete the corrections. 7. Describe the methodology and process to identify duplicate files and detailed information on how the files are edited. 8. For each service, describe the normal process from when the payment files are received until the delivery or transmission of the ACH and how it complies with industry standards. Identify all critical cutoff times within the process. 9. Describe the company's standard phase out services as mentioned in Attachment A – Scope of Work, Section Q, Continuity of Service. 10. Providing account validation services and processes for payment recovery depending on method of payment.
Company Experience	11. Describe how the company meets or exceeds three years' experience functioning as a depository financial institution with experience in electronic funds transfer and performing ODFI processes. 12. Describe the company's experience providing services similar to the size and scope of the services described in this RFP. 13. Describe the business processes or controls used to ensure the company maintained a 99 percent accuracy level for the past three years in disbursing payment transactions through the ACH in time for the intended "effective entry date." 14. Describe the business processes or controls used to ensure the company maintained a 98 percent turnaround rate in providing their customers with returned items within 24 hours of receiving transactions from ACH. 15. Provide a system generated log or exception reports with core processor time stamps of any items that fell outside of the 24-hour window, along with root cause explanation.
System Integration	16. Describe in detail. the company's integration schedule with design, development, and system test deliverables.

Category	Question
	17. Describe any development and/or enhancement plans that may occur during the term of this agreement related to the services. Include current and future Electronic Commerce, Electronic Data Interchange, and/or Electronic Funds Transfer capabilities.
Global Digital Payments	18. Provide a full list of supported countries and payment methods for global digital payments. 19. Provide documentation of all active licenses, registrations, and regulatory approvals related to international payments, including those of any proposed subcontractor. 20. Provide a list of average and guaranteed transfer times by country or region.
Customer Service	21. Describe in detail the company’s customer support model including: a. Support channels (e.g. live person, live chat, email, phone, self-service) b. Operational hours and expected turnaround time for each support channel c. Technical support (e.g. dedicated staffing, escalation paths, and service level agreements) d. Customer service center locations e. Limitations on access to support f. How inclusive is the customer support in meeting ADA requirements? 22. Provide average resolution times for common issue categories (e.g., failed transfers, compliance holds, incorrect recipient details).

Cost Worksheet

See Excel Workbook: Attachment 20, Cost Worksheet

SCOPE OF WORK

A. Description of Services

The Contractor shall provide the State Controller’s Office (SCO) Disbursements Bureau with Electronic Payment Services.

<u>Background</u>

SCO is constitutionally responsible for the prompt and accurate payment of the State’s bills and for payments to state employees and retirees. To meet this obligation, SCO prepares and issues all payments from the State Treasury on behalf of issuing agencies. SCO presently offers most state agency payment programs the ability to make payments electronically, commonly known as direct deposit or Electronic Funds Transfer (EFT).

SCO cannot move funds outside of the State Treasury without a warrant (under Article XVI, Section 7 of the California Constitution), therefore SCO must contract with a depository financial institution bank (“Contractor”). A depository financial institution is an ‘eligible bank’ or Originating Depository Financial Institution (ODFI) as defined by California Government Code (GC) Section 16500, a service that is not available within civil service (under GC 19130).

As used in this RFP, "eligible bank" means a state or national bank located in California, selected by the Treasurer for the safekeeping of money belonging to or in the custody of the State, that has received an overall rating of not less than "satisfactory" in its most recent evaluation by the appropriate federal financial supervisory agency of the bank's record of meeting the credit needs of the State's communities, including low- and moderate-income neighborhoods, pursuant to Section 2906 of Title 12 of the United States Code.

For applicable payments, SCO creates Automated Clearing House (ACH) transactions and transmits files to the Contractor, which the Contractor shall send through the ACH network, operated pursuant to the National Automated Clearing House Association (NACHA) Operating Rules and Guidelines. The Contractor shall have established business processes with the State Treasurer’s Office (STO) for funding and shall act as the SCO’s ODFI to distribute state payments by planning, implementing, and offering the following services, in this priority order:

1. Direct Deposit/EFT Payments – traditional bank to bank ACH payments.

2. Global (International) Digital Payments – the electronic transfer of funds to payees outside of the United States.

3. Customer Portal – a secure, network-based portal for SCO and agencies to view payment reports, and for customers to select their preferred digital payment method, view payment status, and access statements.

4. Physical Pay Cards – physical prepaid debit cards issued to recipients as an alternative to paper checks or traditional bank direct deposits. Includes both single-use cards and reloadable cards.

5. Digital Disbursement Platforms – the electronic transfer of funds directly to a specialized application, such as PayPal, Venmo, or CashApp.

6. Digital Check – electronic versions of traditional paper checks processed electronically via the ACH network.

7. Push-to-Card Payments – digital disbursement method that allows agencies to send funds directly to a

recipient's debit or credit card in real-time using card networks.

All services will include the planning and implementation methods, and approaches used for modern payment services to meet the diverse needs of California state departments, agencies, and the broader California constituents.

Modernization projects are currently underway, and in the coming years, may potentially change the need and nature of SCO's payment systems, services and business processes. The specifics of these changes are not yet known, but they could affect requirements around payment disbursement in the future. Should this occur, SCO will work with the Contactor to ensure compatibility.

A Zero Balance Account (ZBA) is required for each state agency participating in the SCO EFT program. For purposes of this agreement, ZBAs are used as a pass-through account in which the returned/rejected/reversed monies from deposits will be moved by STO, to the originating state agency. ZBAs are **NOT** used to fund files. Funding will be released to the STO by 1:00 p.m. Pacific Time (PT) the day before settlement.

Note: All times listed as Pacific Time (PT)

Agreement Term

The term of this agreement will be for six years with the options to execute up to two, optional two-year extensions, add funds at the originally agreed upon rates specified in Exhibit B, Attachment 1, Cost Worksheet as deemed necessary by SCO, and adjust projected payment volumes. The rates in Exhibit B, Attachment 1, Cost Worksheet will not increase as a result of any amendment to this agreement. This agreement may be terminated by SCO with a 30-day written notice to the Contractor.

Contractors are cautioned that no work will begin until the agreement has been fully executed. If work is performed prior to agreement approval, and the agreement for any reason is not approved, all previous work performed by the Contractor is considered donated to SCO and no payment shall be made for that work.

Agreement Amount

This Agreement will not exceed eight million dollars ($8,000,000.00) during the initial term of the Agreement. The Contractor and the SCO Contract Manager are responsible for monitoring the Agreement cost to ensure it does not exceed the maximum amount of the Agreement without an executed amendment.

B. Contractor Responsibilities

The Contractor shall:

1. Work with SCO to implement EFT ACH payments as the priority, adhering to requirements outlined in this Scope of Work.

2. Perform payment services listed in the Statement of Work, Monday through Friday, 24 hours a day. Work will not be performed on weekends or holidays (State and Federal). A list of State holidays observed by SCO are located at https://www.calhr.ca.gov/employees/pages/state-holidays.aspx.

3. Notify the SCO Project Manager in writing if banking days will deviate from the Federal holidays observed on the United States Office of Personnel Management (OPM) website: Federal Holidays (opm.gov).

4. Maintain a rolling three-day minimum dollar threshold of $15 billion, with a possible 20 percent increase during peak payment times that may occur up to four times per year.

5. Provide hard copies of the NACHA Rules, upon request, to SCO for each state agency participating in the SCO EFT program annually.

   a. Provide access to the NACHA Rules online to state agencies upon their request.

6. Provide the SCO Project Manager (PM) listed in Section S, Contacts with any changes in data submission or format resulting from changes to NACHA Rules as soon as they are known, at least 30 days prior to effective date.

7. Consult with the SCO PM listed in Section S, Contacts to capture and document in writing additional schedule, operational, technical, and security requirements as payment services/workflows are developed and implemented.

   a. Facilitate meetings with various SCO working groups to ensure that non-ACH payment services can be integrated into the current infrastructure or that re-engineering needs are identified.

   b. Liaison with the STO, SCO, and other California State agencies to support the transition to the payment solutions listed in Section A. Description of Services, Items 1-7, through a phased approach.

   c. Develop and/or assist with the development of supporting written documentation such as

      i. Standard Operating Procedures;

      ii. Business Process Maps;

      iii. Training Materials;

      iv. Presentations

C. ACH Schedule Requirements

The Contractor shall:

1. Distribute the State's EFT payments through the ACH Network to the Receiving Depository Financial Institutions (RDFIs), which are 'banks' of the state's constituents, including but not limited to state employees, taxpayers, retirees, medical providers, and vendors.

2. Coordinate with SCO and state agencies for the successful implementation of future payment programs including the creation of new ZBAs and Company Identifications (IDs) to be used for Returned Items and setting up other customer-related services.

3. Accept direct deposit payment transactions currently in process without a prenote.

4. Accept and process addenda records.

5. Accept settlement day funding provided by STO by 10:00 a.m.

6. Notify SCO Electronic Payment Analyst listed in Section S, Contacts by 9:00 a.m. if funding has not been received or if any file has been underfunded.

a. If SCO fails to provide sufficient funds by 10:00 a.m. on the settlement date, SCO will pay interest on the underfunded amount for the number of calendar days that the file(s) was underfunded. Interest will be computed at the Pooled Money Investment (PMI) rate in effect at the time.

b. If the Contractor fails to notify SCO by 9:00 a.m., no interest will be paid by SCO for any amount underfunded.

7. Regular Automatic Clearing House Process

Transmit transactions through the ACH Network on Banking Day One and settle on the morning of Banking Day Three according to the following schedule:

a. Banking Day One: SCO shall make available, via File Transfer Protocol Secure (FTPS) data transmission, by 8:00 p.m. multiple files in NACHA format, identifying the accounts and respective dollar amounts (debit, credits, and prenotes). SCO normally transmits between 9:00 a.m. and 4:00 p.m., but the Contractor must be able to accept data transmissions until 8:00 p.m. and retain a two-business day turnaround for settlement. Note: If SCO transmits a file(s) after 8:00 p.m., the Contractor may process the file(s) as if received on the next business day. The average number of files transmitted monthly is 540.

   The Contractor shall submit transactions into the ACH system, according to the ACH timetables necessary for posting to customer accounts, by 8:30 a.m. on the settlement day (Banking Day Three).

b. Banking Day Two: SCO shall deliver to the STO those warrants that will fund the transactions submitted on Banking Day One. SCO shall provide reversals (debit transactions) of erroneous credit transactions previously submitted to the Contractor on Banking Day One. The Contractor shall submit reversals into the ACH system according to the ACH timetables necessary for posting to customer accounts by 8:30 a.m. on settlement day (Banking Day Three).

c. Banking Day Three, Settlement Day: STO will wire transfer settlement funds, as an aggregation or as one total amount for all files accumulated, to the Contractor.

8. Exception Processing

a. Due to certain circumstances and programs, SCO will need transactions to be transmitted through the ACH Network on Banking Day One and settle on the morning of Banking Day Two.

b. Transmit transactions through the ACH on Banking Day One and settle on the morning of Banking Day Two according to the following schedule:

   i. Banking Day One: SCO shall make available, via data transmission, by 8:00 p.m., files in NACHA format, identifying the accounts and respective dollar amounts (debit/credits and prenotes). SCO normally transmits between 9:00 a.m. and 4:00 p.m., but the Contractor must be able to accept data transmissions until 8:00 p.m. and retain a one business day turnaround for settlement. Note: If SCO transmits a file(s) after 8:00 p.m., the Contractor may process the file(s) as if received on the next business day.

   ii. SCO shall deliver to the STO those warrants that will fund the transactions submitted on Banking Day One. SCO shall provide reversals (debit transactions) of erroneous credit transactions submitted to the Contractor on Banking Day One. The Contractor shall submit reversals into the ACH system according to the ACH timetables necessary for posting to customer accounts by 8:30 a.m. on settlement day (Banking Day Two).

iii. The Contractor must submit transactions into the ACH system according to the ACH timetables necessary for posting to customer accounts on the settlement day.

iv. Banking Day Two, Settlement Day: STO will wire the transfer settlement funds, as an aggregation or as one total amount for all files accumulated, to the Contractor.

D. SCO Technical Environment

1. Overview

The technical environment described in this section reflects the current production infrastructure used to process, validate, and disburse payments at enterprise scale. Prospective vendors must review and understand this environment to ensure proposed solutions are compatible with, or capable of integrating with existing systems.

2. Payment Volume and Operational Scale

The following metrics represent actual disbursement activity processed by SCO Disbursements Bureau for State Fiscal Year 2024–2025. Any proposed solution must be architected and capacity planned to support these volumes at a minimum, with sufficient headroom for annual growth.

a. Warrants (Paper Checks): Paper warrants represent 20.4 percent of total payment count and 40.4 percent of total dollar volume. These are produced via high-volume batch print runs and distributed through established mail and distribution processes.

b. Electronic Funds Transfer (EFT): EFT transactions account for 79.6 percent of total payment count and 58.7 percent of total dollar volume. EFT files are generated in standard banking formats and transmitted to financial institutions via FTPS.

The high proportion of EFT transactions reflects SCO's ongoing commitment to electronic payment modernization. Any proposed solution must support the continued parallel operation of both payment channels without degradation to processing throughput, reliability, or auditability.

3. Existing Infrastructure

The State Controller's Office operates a mature, mission-critical enterprise computing environment. The infrastructure has been designed for maximum reliability, throughput, and data integrity in support of the payment volumes described. The following subsections describe the primary components of this environment.

a. Mainframe Environment

The core processing platform is an IBM mainframe environment. The mainframe serves as the system of record for all payment transactions and is responsible for the bulk of processing logic, batch execution, and file generation.

b. Mainframe Technical Specifications

Attribute	Detail
Operating System	IBM z/OS
Unix Environment	IBM Unix System Services (USS) on z/OS

Location	Gold Camp Data Center, 3101 Gold Camp Drive, Rancho Cordova, California 95670
Ancillary Platform	Windows Server (ancillary functions and interfaces via middleware integration)
Primary Languages	COBOL, COBOL-DB2, CICS, EasyTrieve
Database Layer	IBM DB2 (embedded via COBOL-DB2 programs)
Report & Extract Utility	EasyTrieve (data extraction, reporting, and file manipulation)
Batch Processing	High-volume repetitive tasks including warrant production, reconciliation, and file generation executed through scheduled batch job streams
File Transmission	Bank files and payment files transmitted to financial institutions via FTPS

c. The existing mainframe environment performs the following primary functions:

1) Payment Authorization and Validation: All incoming payment requests are validated against agency appropriations, fund availability, and legal disbursement authority prior to processing.

2) Warrant Production: High-volume paper warrant print jobs are executed as scheduled batch processes. These jobs manage warrant numbering, MICR-line encoding data, and interface with physical printing systems.

3) EFT File Generation: ACH and other electronic payment files are assembled in batch, formatted to NACHA or agency-specific standards, and staged for FTPS transmission to the State’s banking partner.

4) Reconciliation and Reporting: Batch jobs perform end-of-day and end-of-period reconciliation, generating exception reports, outstanding warrant registers, and audit trail files.

5) Interfacing with Ancillary Windows Functions: Certain administrative, reporting, and workflow functions are performed on Windows-based ancillary systems that communicate with the mainframe via established interfaces and middleware.

d. Network and Communications Infrastructure

1) External File Transmission: Payment and bank files destined for financial institutions are transmitted via FTPS over encrypted channels, with end-to-end integrity verification.

2) Security Controls: Network access is governed by firewalls, access control lists, and identity-based authentication consistent with state security requirements.

E. Data Transmission Requirements

The Contractor shall:

1. Maintain and regularly test a disaster recovery plan that identifies and assesses disaster risks, determines critical applications, documents, and resources, specifies backup and off- site storage procedures to avoid delays in performing any service described within this agreement.

2. Assist and cooperate with SCO in meeting the technical requirements for development of the initial setup of data transmission and network connectivity. This will include format, layout, and other pertinent data exchange details.

    a. Must support FiFTPS with Transport Layer Security (TLS) 1.2 encryption.

    b. The link to the ODFI will be a one-way transmission from SCO to the ODFI. The ODFI will not be allowed to use this link for transmission to SCO.

3. Provide a detailed data integration schedule for each payment service, including deliverables such as:

    a. Design

    b. Development

    c. System Testing

4. Accept SCO data that will be encrypted at the point of origin at SCO and will be decrypted ONLY at the destination site (ODFI) where SCO data will be processed.

5. Assume responsibility for ensuring data integrity and confidentiality once data reaches the Contractor's first point of contact.

6. Store all data transmission components in a secure area at the destination point where SCO data will be processed.

7. Provide a backup process via internet File Transfer Protocol Secure (FTPS) for transmitting directly to the ODFI which will be used if the primary data transmission process fails or if connectivity is otherwise unavailable. Successful testing is required before implementation, and quarterly testing will take place to ensure process continuity.

    a. If the data transmission process fails or is otherwise unavailable, the backup process will be enacted. File(s) transmitted by SCO and received by 5:00 p.m. on the same business day shall be processed according to all the time requirements.

8. Perform an initial edit on the file for valid Bank transit routing numbers after the file has been submitted. If there are invalid transit routing numbers on the file, the Contractor shall reject those items without sending them to the ACH.

9. Work with SCO PM and Electronic Payment Analyst listed in Section S, Contacts on a solution to resolve all direct deposit errors, including returning funds immediately if a deposit fails.

10. Work with SCO PM listed in Section S, Contacts on error resolution documentation covering how errors are logged, categorized, and resolved with timeframes.

11. Comply with Regulation E (12 CFR 205 et seq.) / EFTA for all electronic payment services to protect consumers engaged in electronic money transfers.

12. Work with SCO to plan and document direct deposit and error resolution process.

13. Return a written process to the SCO Electronic Payment Analyst listed in Section S, Contacts for ACH transactions transmitted to bank accounts identified as fraudulent.

14. May subcontract the Digital Disbursement Platform portion, provided the subcontractor meets all administrative and technical requirements.

15. May subcontract Bank Validation services to one or more subcontractors, provided such subcontractors are engaged solely for the purpose of implementing fraud prevention controls.

16. Collaborate with SCO and state agencies to coordinate file structure, data exchange, and file transfer written processes for new payment services (excluding ACH, which is already established).

F. Security Requirements

The Contractor shall:

1. Comply with SCO privacy, legal and information security requirements governing the exchange of confidential information within the portal, backend systems and end-to-end business processes.

2. Provide sophisticated fraud prevention services with evidence of success in preventing fraud at a success rate of 99 percent or higher. Contractor's basis points for fraud shall be two basis points or less.

3. Contractor shall work expeditiously to address and resolve instances of fraud when the Contractor detects fraudulent activity. In addition, the Contractor shall notify SCO if an instance of fraud cannot be resolved within five calendar days. The Contractor shall then provide SCO mutually agreed on, data elements for additional investigative activities and will collaborate with SCO to determine next steps toward a resolution.

4. Meet SCO information security and privacy requirements per Exhibit E, Information Technology, Data, and Security Provisions, including any necessary data sharing agreements.

5. Maintain security that meets the Moderate Security controls defined by the National Institute of Standards and Technology (NIST), Special Publication (SP) 800-53 (Rev. 5) Control Catalog and Federal Risk and Authorization Management Program FedRamp or StateRamp requirements.

   a. Upon discovery or reasonable belief of a Data Breach as set out in Exhibit E. Information Technology, Data, and Security Provisions, the Contractor shall immediately notify the SCO Project Manager verbally and in writing.

   b. A security incident or data breach is a Level 1 Critical Severity issue where the Contractor must provide notice to SCO within one hour of detection. Failure to meet the verbal and written notice requirements to SCO within one calendar day (24-hours) will be subject to a credit equal to thirty percent of the monthly invoice.

5. Provide annual FedRAMP, StateRAMP Moderate, or Authority to Operate (ATO) authorization documents. The Contractor shall notify SCO of a lapse in maintaining FedRAMP, StateRAMP, or ATO. Failure to obtain or maintain FedRAMP, StateRAMP, or ATO may result in a cancellation of the Agreement.

6. Annually validate NIST, Special Publication 800-53 (Rev. 5), or the most current version, moderate security controls through the Quals Security Assessment Questionnaire. Failure to maintain compliance may result in cancellation of the Agreement.

7. Comply with NACHA Operating Rules and Guidelines governing ACH payments including all 2026 Risk Management Rule amendments.

The Contractor shall:

a. Implement and maintain documented, risk-based processes and procedures reasonably designed to identify and prevent fraudulent ACH entries, including both unauthorized transactions and payments initiated under false pretenses, in accordance with the phased compliance deadlines.

b. Apply standardized Company Entry Descriptions as required by NACHA and ensure all ACH entry data elements conform to current NACHA formatting and content requirements.

c. Review and update ACH fraud monitoring procedures no less than annually to address evolving fraud risks, maintain auditable records of compliance, and verify bank account ownership using validated data sources prior to initiating ACH credit entries.

d. Immediately notify SCO of any ACH-related fraud incident, unauthorized entry, or suspected false pretenses transaction, and cooperate with SCO to remediate and recover funds in accordance with applicable NACHA return and reversal timelines.

8. Be capable of providing platinum (maximum) level fraud prevention services.

9. Have the ability and procedures to correct erroneous transactions after the file has been produced.

10. Offer an Application Programming Interface (API) with enhanced security with encryption and Payment Card Industry (PCI) Data Security Standard compliance and scalability to handle increased volume and add payment methods.

11. Have systems in place to verify recipient identities in compliance with Know Your Customer (KYC) framework. Verification must occur either during the recipient onboarding to the customer portal, or when a recipient changes their preferred method of receiving payment.

12. Have a process in place for real-time screening of International ACH Transactions (IAT), to report frozen assets (if a recipient is sanctioned) to the Office of Foreign Assets Control (OFAC), and maintain records as needed.

13. SCO may conduct contract compliance and information security audits of the Contractor to ensure the Contractor is complying with specific terms and conditions of the contract. The Contractor shall provide information and access to records, personnel, systems, and facilities relevant to the Contractor's performance under the terms and conditions of the contract for purposes of these audits.

G. Operational Requirements

The Contractor shall:

1. For ACH Services, provide a fully trained representative or team to provide customer service to the SCO Contacts listed in Section S, Contacts, Monday through Friday, 24 hours a day, to:

   a. Resolve transmission and processing problems.

   b. Resolve questions and issues.

   c. Assist each state agency utilizing the services.

   d. Receive and process requests for deletes, reversals, or tracers from SCO or state agencies participating in the services.

2. Respond to SCO needs including but not limited to business and technical issues, within two to four hours but not longer than 24 hours from the time the request is received.

   a. Business and technical issues requiring more than 24 hours to resolve will require the Contractor to keep SCO PM listed in Section S, Contacts informed of all resolution activities by telephone call and in writing using either electronic mail, fax, or some other mutually agreed-upon method.

3. Accept SCO data transmissions until 8:00 p.m. and retain a two-business day turnaround for the settlement date and on occasion, one-business day turnaround for Exception Processing.

4. Provide SCO with two written file acknowledgments; one immediately after the file has been received and another immediately after the file has been processed. The acknowledgement may be in the form of electronic mail, fax, or some other mutually agreed-upon method.

5. Upon implementation of ACH services, provide each participating state agency with access to a client portal where they can view reports of Notification of Changes (NOCs) and returned transactions.

6. Process requests for deletes and reversals of erroneous credit transactions. Erroneous transactions are payments determined to be made in error after the file is produced. Typically, this occurs when a retirement payment is processed prior to receiving notification of a deceased payee. Corrections may be made via telephone, electronic mail, fax, data transmission or some other mutually agreed-upon method. SCO typically transmits between 9:00 a.m. and 4:00 p.m., but the Contractor must be able to accept reversal requests until 8:00 p.m. Corrections must be made on an overnight basis.

7. Provide the SCO PM listed in Section S, Contacts with confirmation requests for deletes and reversals were completed timely.

8. Forward all payment trace requests to the appropriate RDFI and forward all RDFI responses to the appropriate state agencies.

9. By 10:00 a.m. each day, provide a detailed list of any returned transactions (Returned Items and Notification of Changes [NOCs]) from the RDFIs the prior business day to each individual state agency program administrator via electronic mail, fax, or some other mutually agreed-upon method.

   a. Separate the transactions on the list first by agency identification and/or sub-agency identification.

   b. List the transactions in reason code order and then in descending dollar amount. NOC items shall be identified separately from other returned transactions.

      1) For billing purposes, NOCs are not considered a "returned item."

      2) SCO will not be charged any transaction fees for NOCs and no additional fees will be charged for overnight processing.

      3) Send daily NOCs detailing transactions received the prior day by 10:00 a.m. to each state agency program administrator individually, via electronic mail, fax, or some other mutually agreed-upon method.

      4) Transactions on the list must be separated by company identification and/or sub-company identification.

5) The annual volume for NOCs in calendar year 2025 was 138,744.

10. Provide SCO and each state agency program administrator with the capability to access the “Returned Items” and “NOC Items” through various reporting method options such as online reporting access, via transmission files (including BAI), as a download or another mutually agreed upon method.

    a. The Contractor must format the “Returned Items” and “NOC Items” according to NACHA file formats.

11. Provide a list of ACH Processing windows. In the event of technical problems or other delays in creating NACHA files, the Contractor shall need to process the files as soon as they are made available and send through the next available ACH processing window.

12. Provide tracer information through SCO when requested by participating state agencies. A tracer is the process by which the Contractor investigates which bank and account a particular transaction was posted. Information must include the payee’s name, amount, settlement date, and banking information.

13. Dishonor all reversal (debit) transactions that are returned by RDFIs on or after the fifteenth banking day, which follows those items’ effective entry dates. This requirement only pertains to reversals (debit) transactions and not returned payments (credits). Returned payments not to be dishonored at any time.

14. Capture transaction data sufficient to meet the invoicing and accounting requirements set forth in Exhibit B - Budget Detail and Payment Provisions.

H. Global Digital Payments

The Contractor shall:

1. As described in Section B.7., Consult with SCO to capture and document additional schedule, operational, technical, and security requirements to develop and implement the Global Digital Payment workflows, including requirements for the file transfer process.

2. Support international disbursements to a minimum of 70 countries.

3. Support disbursement via local payment rails (e.g., local ACH equivalents, SEPA, Faster Payments) in recipient countries wherever available, to minimize transfer fees and delivery times.

4. Support bulk/batch disbursements to multiple international recipients in a single transaction file or API call.

5. Require any fintech subcontractor be registered as a Money Services Business (MSB) with the Financial Crimes Enforcement Network (FinCEN). The subcontractor shall hold active money transmitter licenses in all U.S. states required to legally operate as a payment intermediary for state agency funds.

6. Comply with all applicable Nacha Operating Rules, including rules governing International ACH Transactions (IAT) and Third-Party Sender obligations.

7. Comply with the Bank Secrecy Act (BSA), including anti-money laundering (AML) and sanctions screening requirements under OFAC.

8. Target same-day or next-business-day delivery for disbursements to major recipient countries.

9. Provide commitments covering payment processing times, error resolution, and system availability.

I. Customer/Client Portal Access

1. Provide access to a secure, network-based portal for SCO and agencies to view Standard, ad hoc, dashboard-driven, customizable reports in multiple formats.
2. Provide access to a secure, network-based portal and mobile application for constituents to do the following:
    a. Select their preferred digital payment method.
    b. View payment status.
    c. Access statements.
3. Allow unlimited authorized users and support for portal access at no additional cost.
4. Retain data for a rolling 60 months, unless otherwise requested by SCO to retain longer .
5. Ensure that all web pages, functionality, websites, and applications developed or provided under this Agreement conform to the W3C Web Content Accessibility Guidelines (WCAG) 2.1 Level A and AA Guidelines. In accordance with the Americans with Disabilities Act of 1990 and Section 504 of the Rehabilitation Act of 1973, all digital products must be accessible.
6. Customize portals and mobile applications with branding provided by SCO at no additional cost.

J. Domestic Physical Pay Cards

The Contractor shall issue and administer pay cards to payees eligible to receive payments issued by the State of California. SCO will provide the files of eligible payees. The Contractor shall also be responsible to administer a call center to support the pay card activation and troubleshooting.

Pay card services shall include the printing and issuance of prepaid debit cards and a Push-to-Card payment process allowing agencies to issue both single-use cards and reloadable cards.

1. The Contractor shall:
    a. Work with SCO PM listed in Section S, Contacts on a mutually agreed delivery plan for distributing pay cards in an efficient and effective manner.
    b. Customize physical pay cards with branding provided by SCO at no additional cost.
    c. As described in Section B.7., Consult with SCO to capture and document additional schedule, operational, technical, and security requirements in writing to develop and implement the Physical Pay Card workflows, including requirements for the file transfer process.
    d. Not disclose, share, or use the information provided by the State for any purpose other than those related to providing pay cards.
    e. Assist payees with self-service options related to pay card activation.
    f. Triage calls and transfer calls to SCO for more payment specific questions and assistance.

g. Coordinate with SCO for the successful implementation of all payment types, including issues relating to the secure transfer of payee data, issuance of the pay cards, funding, reporting, accounting, related SCO internal controls, and other items related to the services provided.

h. The pay cards shall function at automated teller machines (ATM), point of sale (POS), and through the VISA or MasterCard network.

i. Following delivery of a batch card order file from SCO, provide a response file to SCO containing information about the date of the pay card issuance or mailing for each batch of pay cards as to permit SCO to inform payees of the anticipated timeframe for pay card delivery via the U.S. Postal Service.

j. Notify the SCO PM and Electronic Payment Analyst listed in Section S, Contacts of all funds on un-activated pay cards one year from the issue date.

k. At intervals agreed upon by SCO, provide SCO with programmatic data to allow SCO to monitor the implementation of the program, including but not limited to the total number of pay cards activated, total funds expended; aggregate data by Zone Improvement Plan (ZIP) Code on the number of transactions and their aggregate value occurring via ATM and via POS for the pay cards. This data shall include, where available, any data related to third-party charges assessed against the pay card for point of sale.

l. Minimize charges and fees for using the pay card and not impose any of the following fees:

   1) An application, initiation, loading, participation, or other fee to obtain the pay card.

   2) A fee for a point-of-sale transaction, unless the fee is charged by a person that accepts credit or pay cards for the transaction and the card holder initiated the transaction.

   3) A fee to withdraw funds from a teller or an ATM at any financial institution.

   4) A fee for a declined transaction.

   5) A fee for inactivity.

   6) A fee for calls to a live customer service representative.

   7) A fee for using in-network ATMs

   8) A fee to access the balance or other pay card information online, by an interactive voice response system, or by an automated system offered in conjunction with the pay card, or at an automated teller machine at any financial institutions.

   9) A fee for the use of customer service support including the need to speak or chat with a live person.

   10) A fee or the request of up to two replacement pay cards. Any fees for a third or more replacement pay card should be communicated before the fee is charged.

m. Disclose in writing with the delivery of the pay card, the entire terms and conditions of the pay card at no cost.

n. Be responsible for all continued fraud prevention, customer service, and support for funds once the pay card is activated.

o. Communicate all issues and/or concerns through the process agreed upon by the Contractor and SCO during the kickoff meeting.

p. Provide print and mailing services for non-pay card documents. Documents may include those printed on cut-sheets, continuous feed paper, or pressure sealed.

q. Pay cards issued by the Contractor are reportable under Code of Civil Procedure Section 1520.

2. Fraud and Security

a. The pay card may be single use or re-loadable and must include a magnetic strip. A Europay Mastercard Visa (EMV) chip to prevent fraud is preferred. These pay cards shall be distributed via a strategy that is mutually agreed to between the Contractor and SCO.

b. Provide activation of the debit card and provide support to debit card recipients using industry wide best practices for identify proofing/authentication services relying on validation with confidential data point(s) and requiring at least one confidential data point to be provided by the State. The confidential data points will be unique by payment types and shall be provided to the payee in a secure method separate from the delivery of the pay card.

c. Provide sophisticated fraud prevention services with evidence of success in preventing fraud at a success rate of 99 percent or higher. Contractor's basis points for fraud shall be two basis points or less.

d. Provide fraud prevention services from the point of receiving the account information for a payee and until all balances have been exhausted by the payee.

e. At the request of SCO or through the customer portal by the payee, immediately freeze or close a pay card that has been determined to be lost or stolen. Lost pay cards may be un-frozen at the request of the payee or SCO after the pay card is found and if no fraudulent activity has occurred on the pay card.

f. If the Contractor identifies an account as possibly being fraudulent before mailing, the Contractor should immediately report the account to SCO. "Immediately" is defined as within one business day of the discovery (or a timeframe mutually agreed to between the Contractor and the State) of an actual or possible fraudulent account.

g. Immediately freeze the funds on a pay card that SCO or Contractor has determined to possibly have been obtained fraudulently. Pay card funds will remain frozen until the pay card is concluded to not be fraudulent by either the Contractor or SCO. If fraud is committed, funds will be returned to the State immediately. "Immediately," as used in this provision, is defined as "as soon as possible not to exceed one-business day of notification from SCO."

h. Report to SCO all fraudulent activity related to a payee including trends that may assist in the prevention of fraud activities. Assume responsibility (from point of activation) for any replacement of pay card funds resulting from fraudulent use of the payee's pay card. Report frequency should not be less frequent than weekly.

i. The Contractor shall provide the State pay card activation data, including but not limited to, Geolocation (GEO) location, Internet Protocol (IP) address, device identification (ID) and date of activation to the State for purposes of fraud prevention pursuant to 12 California Code of Regulations (CCR) Section 1016.15(a)(2)(ii) only. With that exception, due to federal regulations regarding the sharing of consumer financial data, Contractor shall otherwise only be required to provide nonpublic personal information to the State if instructed to do so by a court or administrative order. “Nonpublic personal information,” has the same meaning as is provided in the Gramm-Leach-Bliley Act, 15 USC § 6809(4).

j. Meet SCO information security and privacy requirements including any necessary data sharing agreements.

3. Card Management and Delivery

a. The solution shall support issuance of personalized prepaid debit cards bearing the recipient's name, issued under a major payment network (Visa, Mastercard, or equivalent) accepted at ATMs and point-of-sale terminals nationwide.

b. Bidders shall support both standard card delivery (5–7 business days) and expedited delivery options (1–2 business days) for time-sensitive disbursements, with associated fees disclosed for each tier.

c. The solution shall support bulk card issuance via batch file or API, allowing the agency to initiate card production for multiple recipients in a single submission.

d. Cards shall be mailed in neutral, non-government-branded packaging by default, with the option for agency-branded materials if requested.

e. The solution shall provide the agency with real-time or next-business-day visibility into card production status, mailing confirmation, and activation status for each issued card.

f. Bidders shall disclose average card delivery times by region and document the fulfillment partner or print vendor used for card production.

g. The prime contractor shall support card value loading via ACH, wire, or agency ERP/financial system integration, with same-day or next-business-day fund availability upon successful load.

4. Customer Service for Pay Card Recipients

a. Provide multi-channel customer service and support including self-service and live service including phone, live chat, SMS.

b. Provide customer service options for Spanish and Chinese (Mandarin/Cantonese).

c. Customer service call center shall support pay card functionality including activation and troubleshooting. All questions regarding issuance of payments shall be directed to SCO Customer Service.

d. There shall be no fees related to transactions using the pay card and such “no fee” service should be communicated to the payee.

e. Publish any common out of network fees not controlled by the Contractor on the Contractor website and communicate to the payees.

f. Provide ramp up customer service support at SCO request for any new payment program that is anticipated to begin up to two weeks before the first scheduled payments.

g. Communication of services should be specific to the new payment program in addition to the support activities once the pay card has been received and activated.

h. Utilize scripts approved by SCO to assist customer service staff.

i. Establish a process for rush or expedited debit card issuance/reissuance. The rush or expedited request shall take no longer than three business days to process and mail to the customer.

5. Returned Mail

   a. The Contractor shall maintain a documented process for identifying, capturing, and reporting cards returned as undeliverable by the postal carrier

   b. Returned cards shall be flagged to the agency within two business days of receipt at the fulfillment center, including the recipient's name, card number (masked), and reason for return where available.

   c. Funds loaded to returned or non-activated cards shall remain secure and accessible to the agency for reissuance or reclamation in accordance with applicable state unclaimed property laws.

   d. Provide a self-service or agency-administered workflow for updating recipient mailing addresses and triggering reissuance of returned cards without requiring full re-enrollment.

   e. The Contractor shall disclose their returned mail handling Service Level Agreement (SLA), average turnaround time for reissuance, and any fees associated with returned card processing or re-mailing.

   f. The Contractor shall maintain records of all returned mail events for a minimum of three years and make such records available to the agency upon request.

6. Lost/Stolen Cards

   a. Provide recipients with a 24/7 automated and live-agent phone channel, as well as a digital self-service option, for reporting lost or stolen cards and requesting a replacement.

   b. Upon a lost or stolen report, the compromised card shall be deactivated immediately, with any remaining balance preserved and transferred to the replacement card.

   c. Replacement cards shall be issued and mailed within one business day of the lost/stolen report, with an expedited same-day or overnight option available for hardship cases at the agency's discretion.

   d. Support temporary card suspension by the recipient or the agency as an intermediate step prior to full cancellation, allowing for reinstatement if the original card is recovered.

   e. The Contractor shall disclose any fees charged to the recipient for replacement card issuance, and the agency reserves the right to require that replacement fees be waived for the first occurrence per cardholder per calendar year.

f. The Contractor shall maintain fraud monitoring and alerts for suspicious card activity, with automatic or configurable transaction limits to reduce exposure in the event of unauthorized use.

g. All lost/stolen card events shall be logged and available to SCO in the reporting dashboard, with monthly summary reports disclosing total incidents, resolution times, and any associated fraud losses.

7. Non-Activated Cards

   a. For all non-activated pay cards, a timely reminder letter will be sent by the Contractor to each payee explaining the issuance of the pay card, any expiration date if noted on the pay card, the possible return of funds, at one year mark, if the pay card is not activated and include offering a replacement pay card, if needed.

   b. This letter should be sent three months after the pay card is issued and again no later than six months before the pay card would hit the one-year post issuance date and the funds are returned to SCO.

8. Reconciliation and Recovery of Unspent Funds

   All funds received by Contractor for pay cards remains the property of SCO until it has been withdrawn, expended, or otherwise disbursed to the cardholder. All, or any portion of remaining funds held by Contractor must be returned to SCO within 15 business days of the following events:

   a. Upon expiration or termination of the Agreement and an accounting or reconciliation of unissued pay cards and undisbursed funds;

   b. Upon notice to the Contractor that no additional pay cards will be issued or activated;

   c. Upon one year from issuance date of non-activated pay cards and SCO request;

   d. Upon final determination that no further expenditures are eligible to be paid from the funds, and a reconciliation of the funds, all remaining money shall be returned to the State within 15 business days of that final determination. If there is a dispute as to the amount to be returned to the State, Contractor shall remit all undisputed funds while SCO and the Contractor work to resolve the final accounting of funds

K. Additional Payment Services

As described in Section B.7., consult with SCO to capture and document additional schedule, operational, technical, and security requirements to develop and implement the Digital Disbursements, Digital Check, and Push to Card workflows, including requirements for the file transfer process.

L. Customer Service to SCO and other state agencies

1. The Contractor shall provide customer service support for a minimum of 12 hours per business day, offering support options including phone, email, and live chat channels.

2. The Contractor shall designate a dedicated agency account manager or government client liaison as the primary point of escalation for the contracting agency.

3. Contractor shall provide documented SLA commitments for customer service response times, including initial acknowledgment within 4 business hours, and full resolution of routine payment inquiries within 2 business days.

4. Failed or returned payments shall be flagged to the agency within 1 business day of the failure event, with a documented remediation path provided.

5. The Contractor shall maintain a formal dispute resolution process for recipient claims, including chargebacks, misdirected funds, and compliance-related payment holds.

M. Key Personnel

The Contractor shall make its best efforts to ensure Key Personnel continuity throughout the term of the agreement and must commit to the continuing availability and participation of Contractor's dedicated Key Personnel, to the extent of the Contractor's control for the duration of the agreement.

At all times, Contractor shall have dedicated personnel as follows (there may be multiple staff assigned in these roles, not to exceed total hours in the Cost Worksheet):

1. Project Director (PD) shall lead the Contractor's executive management team and is responsible for overall delivery of the payment services. The Contractor PD must have authority to act on all aspects of the agreement and serves as the relationship manager and primary point of contact to whom all project communication shall be addressed.

2. Technology Manager (TM) is responsible for managing all technical aspects of the payment services and must have experience with information technologies that support the design, scheduling, delivery, and maintenance of the payment services. The Contractor TM assists with integration testing, troubleshooting, and serves as the primary technical contact for all technical issues. The TM works with the SCO PM and stakeholders, to align the architectural direction with the solution intent. The TM facilitates the system design process and ensures that the Contractor provides appropriate technical resources during the design, development and implementation of each payment service. The TM provides leadership and coordinates resources in support of technical requirement definition, service design, interface development, testing, and ongoing maintenance and operations. The TM works closely with the SCO PM and State staff, and will periodically (weekly, monthly or as required) present the status of technical project activities through written reports, oral briefings and participation in meetings.

3. As payment solutions are being developed and implemented, the Contractor shall have a dedicated Support Coordinator (SC) who shall act as the primary liaison with the STO, SCO, and state agencies/departments to support the transition into the new payment solutions through a phased approach, including:

   a. Standard Operating Procedures

   b. Process Maps

   c. Training Materials

   d. Presentations

4. Once payment solutions are implemented, the Contractor shall have a dedicated Operations Manager (OM) who shall manage the day-to-day operations of the Contractors system to process payment transactions. The Contractor's OM is responsible for managing Supervisors and Team Leads and

oversees all tasks tied to payment processes.

The Contract shall only be compensated for the PD, TM, and SC personnel hours worked for each payment solution until it is operational and payments are flowing. Once the payment solution is operational, the Contractor shall be compensated per transaction.

N. Facilities

1. The Contractor must employ a workforce within the contiguous United States.
2. Any facilities used for in-office workforce must include all necessary equipment to perform all work and training as outlined in this agreement. The facility should have the necessary power and environmental controls to protect the equipment from external factors such as power, climate, fire, and water threats.
3. The Contractor must accommodate all training that the Contractor's staff must undertake prior to performing services. The facility will support telephone, server, and network equipment in a physically secure area.
4. The Contractor shall supply all remote workers with the necessary equipment to perform all work and training as outlined in this agreement.

O. Subcontractors

1. Staff Misconduct
   a. The Contractor shall remove any staff or subcontractors who, in the reasonable opinion of SCO, have engaged in improper conduct.
   b. SCO will document the misconduct and notify the Contractor, in writing, within two business days of becoming aware of the misconduct.
   c. Within two days of receiving notice of staff misconduct, the Contractor must remove the identified staff or subcontractor.
   d. Within 14 business days of receiving written notification of the misconduct, the Contractor shall provide SCO with replacement staff with equivalent knowledge, skill set, and experience of removed staff.
2. New Subcontractors
   a. The Contractor, with prior written permission from the SCO Contract Manager or designee, may enter into subcontracts with third parties for the performance of any part of Contractor's duties and obligations. Any such permission may be rescinded at SCO discretion.
   b. Subcontractors identified in the Contractor's offer shall be deemed to have prior written permission.
   c. The Contractor is responsible and liable for the proper performance and the quality of any work performed by all subcontractors.
   d. SCO reserves the right to reject or refuse admission to any contractor or subcontractor staff whose workmanship, in the reasonable judgment of SCO, is deemed substandard.
   e. In no event shall the existence of a subcontract operate to release or reduce the liability of the Contractor to SCO for any breach in the performance of the Contractor's duties.

f. In connection with a request to SCO to approve a subcontractor, the Contractor shall provide a copy of the Subcontractor's Certificate of Good Standing issued by the California Secretary of State (SOS).

g. In connection with a request to SCO to approve a subcontractor, the Contractor shall also provide an updated Bidders Declaration.

h. If requested by SCO, the Contractor shall also provide a copy of an Entity Status Letter issued by the Franchise Tax Board (FTB).

i. Subcontractors permitted by SCO shall be subject to the applicable requirements of this agreement.

j. The Contractor agrees that any subcontract(s) resulting from its performance under the applicable terms and conditions of this agreement shall include a provision that the Subcontractor shall abide by the applicable terms and conditions hereof.

k. The Contractor agrees that all subcontracts shall include a provision that the Subcontractor shall indemnify and hold harmless the State to the extent described in Exhibit C, Information Technology General Provisions Non-Cloud Goods & Services DGS PD 403-ITGP Non-Cloud (Rev. 02/2025), Section 11. Indemnification.

l. No subcontract shall terminate the legal responsibilities of the Contractor for overall performance under the Agreement.

m. Any agreement between the Contractor and its subcontractors shall require the Subcontractors to adhere to the same performance standards and other standards required of the Contractor as applicable to the Subcontractor's service.

n. The Contractor shall satisfy their Small Business (SB) Participation commitment and submit Exhibit A, Attachment 2, Prime Contractor's Certification - Small Business Subcontractor Report biannually during the term of the Agreement. The Prime Contractor's Certification - Small Business Subcontractor Report shall be submitted to SCOBids@sco.ca.gov on December 31st and July 1st of each calendar year during the term of the Agreement.

3. Subcontractor Changes

a. In compliance with the California Code of Regulations (CCR) Title 2, Section 1896.10, the Contractor shall provide 14 calendar days' advance notice of subcontractor termination to the SCO Contract Manager or designee. The notice shall document the change and the reason for the change with the effective date of the change.

b. The Contractor shall obtain SCO Contract Manager or designee approval to any subcontractor changes prior to the termination of the existing subcontractor(s) and retention of the new subcontractor(s).

c. Any replacement subcontractor(s) shall meet all minimum requirements of the Agreement.

d. For DVBE subcontractor changes, the Contractor shall use another DVBE subcontractor. Department of General Services (DGS) will provide final approval for any DVBE replacement. Contractor understands and agrees that should award of this agreement be based in part on their commitment to use the DVBE subcontractor(s) identified in their offer, per Military and Veterans Code section 999.5 (e), a DVBE subcontractor may only be replaced by another DVBE subcontractor and must be approved by DGS. Changes to the SOW that impact the DVBE subcontractor(s) identified in the Proposal and approved DVBE substitutions will be documented by agreement amendment. Failure of the Contractor to seek substitution and adhere to the DVBE participation level identified in the Offer may be cause for agreement termination, recovery of damages under rights and remedies due to the State, and penalties as outlined in Military and Veteran's Code (M&VC) section 999.9; Public Contract Code (PCC) Section 10115.10.

e. SCO shall not compensate the Contractor for any of the Contractor's time or effort to educate or otherwise make the new subcontractor(s) ready to begin work on the Agreement.

P. Kickoff Meeting

Prior to the design of any payment service, the Contractor is required to conduct a kickoff meeting with the SCO team to:

1. Review the details of the Scope of Work to ensure a clear understanding of the project goals and expectations.
2. Within 10 working days of agreement execution, conduct a kickoff meeting for ACH payments, to include the items listed above, and provide:
    a. A detailed ramp-up plan for staffing and production to demonstrate readiness to issue payments.
    b. A detailed delivery schedule includes issue dates and settlement dates prior to the beginning of issuance of payments.
3. Review the roles and responsibilities of the Contractor and SCO staff.
4. Review the project schedule and tasks and coordinate a high-level project review.
5. Discuss critical factors that may impact this project.
6. Review administrative and reporting requirements.
7. Discuss and agree to the process for communicating issues, risks, status, and other concerns related to this project.
8. Discuss and agree upon the approach to track and manage project performance.
9. Identify the PDs, PMs, and other key staff.

Q. Deliverable Expectation Document (DED)

1. Prior to beginning work on any deliverable, the Contractor and the SCO Project Manager shall collaborate to complete and sign a DED. The DED will further outline the expectations of the Contractor based on the terms of the Contract and shall be agreed upon by the Contractor and SCO. Once signed by both parties and mutually agreed upon, the Contractor may begin the work. A sample DED may be found as Exhibit A, Attachment 2. The DED form provided in Exhibit A, Attachment 2, Deliverable Expectation Document (DED) (Sample) is only a sample and may be modified by SCO after agreement award.
2. All DEDs must be in writing prior to beginning work and signed by the Contractor and the SCO Project Manager or their designee. SCO and the Contractor will work together to outline the expectations and completion date in the DED. Then the Contractor and SCO Project Manager or designee will review,

update and agree on deliverable expectations in the DED prior to signing the document.

3. The Contractor must complete each deliverable by the due date specified unless SCO has granted written permission on the DED to deviate from the schedule.

4. Below are steps in developing the DED:

   a. The SCO Project Manager or designee, and the Contractor, will collaborate to identify the work to be completed and map it to the deliverable(s).

   b. The Contractor will determine the tasks required for the DED.

   c. The SCO Project Manager identified in Section M. Contacts, Item 1. will review and approve the tasks and criteria for completion.

   d. The Contractor will populate the DED, sign, and send it to the SCO Project Manager or designee for signature.

   e. Upon receipt of the Contractor signed DED, the SCO Project Manager or designee will then sign the DED and ensure that the Contractor receives a finalized copy of the document.

5. SCO has the right to require the Contractor to stop or suspend work on any DED.

6. DED amendments must follow the procedure below:

   a. If the Contractor determines that additional tasks are required for a DED, the Contractor will immediately notify SCO in writing.

   b. Upon receipt of such notification, SCO may amend the DED with the additional tasks and then route for initials and dates.

R. Deliverable Acceptance Document (DAD)

SCO shall decide as to whether a deliverable identified in this agreement or in a supplemental DED, Exhibit A, Attachment 3, Deliverable Expectation Document (DED) (Sample) has been completed. Acceptance criteria shall consist of the following:

1. The approval process outlined in Section S. Completion of Deliverables.

2. A signed DAD is required for each deliverable identified in a DED.

S. Completion of Deliverables

1. The Contractor shall submit a DAD, Exhibit A, Attachment 3, Deliverable Acceptance Document (DAD) (Sample) to the SCO Project Manager or designee for review and signature upon completion of the work defined in the approved DED or Work Authorization. Exhibit A, Attachment 3, Deliverable Acceptance Document (DAD) (Sample) is only a sample and may be modified after agreement award.

2. SCO shall respond within five business days, acknowledging receipt of the DAD.

T. Escalation Process

1. The Contractor may request a meeting with the SCO Project Manager or designee(s), and other

stakeholders to discuss and/or clarify comments on the returned DAD.

2. The Contractor shall make appropriate corrections to the deliverable and resubmit, with a new DAD, to the SCO Project Manager or designee for acceptance review within five business days of meeting with SCO Project Manager or designee and other stakeholders to discuss and/or clarify comments on the returned DAD.

3. The Contractor may request an extension for up to an additional five business days to resubmit corrected or modified deliverables. The request must be in writing, and written approval must be obtained from SCO prior to the resubmission due date.

U. Unanticipated Tasks

1. In the event that additional work must be performed that was wholly unanticipated and is not specified in the SOW, but that is, in the opinion of both parties, necessary to the successful accomplishment of the general SOW outlined, and the estimated cost of that work does not exceed 10 percent of the total cost of deliverables, the procedures outlined in this section will be employed.

2. For each item of unanticipated work not specified in the SOW, a Work Authorization Form will be prepared in accordance with the sample attached as Exhibit A, Attachment 4, Work Authorization Form (Sample).

3. It is understood and agreed upon by both parties to this agreement that all of the terms and conditions of this agreement shall remain in force with the inclusion of any such Work Authorization Form. Such Work Authorization shall in no way constitute an agreement other than as provided pursuant to this agreement nor in any way amend or supersede any of the other provisions of this agreement.

4. If notice is given to proceed, the Contractor may expend the estimated additional work hours or services. SCO agrees to reimburse the Contractor for such additional work hours. Exhibit A Attachment 4, Work Authorization Form (Sample) will contain the following:

   a. Title of the work or task to be authorized.

   b. Work Authorization number - as applicable.

   c. Task Summary - a complete detailed description of the task to be performed.

   d. Schedule Dates:

      1) Start Date – date when work is scheduled to start.

      2) Estimated Completion Date – date when work is estimated to complete.

   e. Contractor Personnel To Be Assigned – name of the Contractor's identified key staff to be assigned to complete the work.

   f. Job Classification / Skill Level – job classification must meet or exceed the same qualifications and skill level as identified in the Request for Proposal.

   g. Total Labor Hours – total number of labor hours required to complete the work.

   h. Hourly Labor Rate – cost of hourly labor rate indicated in Exhibit B Attachment 1, Cost Worksheet.

i. Total Cost – total labor hours times hourly labor rate.

j. Acceptance criteria for the work to be performed.

k. Signatures of both the SCO PM and the Contractor. Contractor's signature must be from someone who is authorized to bind the Contractor.

5. SCO shall not pay the Contractor for any cost related to the development of Work Authorization Forms.

6. All Work Authorization Forms must be in writing and signed by the Contractor and SCO PM prior to beginning work.

7. SCO has the right to require the Contractor to stop or suspend work on any Work Authorization.

8. The Contractor must follow the SCO Work Authorization procedure outlined below in order to expend key staff resources on task accomplishment in excess of the previously estimated work hours.

   a. If, in the performance of the work, the Contractor determines that a Work Authorization cannot be accomplished within the estimated work hours, the Contractor will immediately notify the SCO PM in writing of the Contractor's estimate of the work hours required to complete the Work Authorization in full.

   b. The SCO PM will notify the Contractor in writing of its decision within five business days after receipt of the Contractor's notification.

   c. Upon receipt of such notification, SCO may:

      1) Authorize the Contractor to expend the estimated additional work hours or service in excess of the original estimate necessary to accomplish the Work Authorization (such an authorization not unreasonably to be withheld); or,

      2) Terminate the Work Authorization; or,

      3) Alter the scope of the Work Authorization in order to define tasks that can be accomplished within the remaining estimated work hours.

   d. If notice is given to proceed, the Contractor may expend the estimated additional work hours or services. SCO agrees to reimburse the Contractor for such additional work hours.

V. Continuity of Service

The Contractor recognizes that the services under this agreement are vital to SCO and must be continued without interruption and that, upon agreement expiration, a successor may continue them. The Contractor agrees to furnish all data, knowledge, and training as necessary and exercise its best efforts and cooperation to affect an orderly and efficient transition to a successor for approximately three to four months prior to the agreement term end date.

Upon notice from SCO, the Contractor shall furnish phase-in, phase-out services and shall provide sufficient experienced personnel during this period to ensure services are continued uninterrupted during the transition and maintained at the required level of proficiency.

W. SCO Responsibilities

SCO shall:

1. Provide a PM who will manage the schedule and, in conjunction with key personnel, regularly monitor the services provided to determine if the services meet the requirements of this agreement.

2. Transmit files to the ODFI via Time Sharing Option (TSO) TRANSMIT command (point-to-point connectivity). To facilitate the process, Interactive System Productivity Facility (ISPF) panels are used to assist in keying the dataset name for the transfer.

3. Transmit files containing ACH transactions to the Contractor for the Settlement date shown on the files. In rare instances, SCO may transmit a file with a "stale-date" and understands that the actual Settlement date will not be the same as the Effective Entry date but instead, will be the next available business day.

4. Provide a written list of the individuals authorized to verify the authenticity of Credits and Reversal/Deletion Requests and to perform certain other duties in connection with the ACH Service.

5. Transmit files to the Contractor after "funding" approval is received. SCO will fund all entries with a Controller's warrant(s). The "settlement" warrant(s) will be submitted to STO one business day prior to settlement.

6. Pay amounts due to the Contractor, for adjustments made on previous entries accepted by the Contractor, without notice or demand.

7. Provide an annual list of state agencies participating in the SCO EFT program or using the services provided in this agreement. See Exhibit A, Attachment 1 Annual Payment Volumes, for *current* program details.

8. Communicate all issues and concerns through the process agreed upon by the Contractor and SCO Project Manager during the kickoff meeting.

9. SCO is responsible for the content, completeness, accuracy, and consistency of the data, materials, and information supplied by SCO.

X. Contacts

1. The project representatives during the term of this agreement will be:

SCO Disbursements Bureau Project Manager	Contractor Project Director
Name:	Name:
Address:	Address:
Phone:	Phone:
Email:	Email:

SCO Disbursements Bureau Electronic Payment Analyst	Contractor Technology Manager
Name:	Name:

Address:	Address:
Phone:	Phone:
Email:	Email:

SCO Disbursements Bureau Contract Manager	Contractor
Name:	Name:
Address:	Address:
Phone:	Phone:
Email:	Email:

2. Direct all Call Center inquiries to:

SCO Disbursements Bureau Customer Service	Contractor
Name:	Name:
Address:	Address:
Phone:	Phone:
Email:	Email:

3. Direct all agreement inquiries to:

SCO Contracts and Procurement Office	Contractor
Name:	Name:
Address:	Address:
Phone:	Phone:
Email:	Email:

4. Contacts may be changed by either party without executing an agreement amendment.

Annual Payment Volumes

A. Annual Payments Processed by SCO

Timeframe	Payment Method	Amount*	Transactions
January 2026-June 2026	ACH - EFT	$231,838,666,399	33,013,204
	Paper Warrants	$369,410,580,122	7,117,671
	Total	**$601,249,246,521**	**40,130,875**
January 2025-December 2025	ACH - EFT	$443,536,064,965	53,838,576
	Paper Warrants	$734,972,872,408	13,500,443
	Total	**$1,178,508,937,373**	**67,339,019**
January 2024-December 2024	ACH - EFT	$422,415,494,352	51,991,451
	Paper Warrants	$713,039,865,612	13,552,146
	Total	**$1,135,455,359,964**	**65,543,597**

**Paper warrant dollar amounts include daily settlement warrants with the ODFI.*

B. Annual Payments by Month – 2026 Year-to-Date

2025	Paper		EFT	
	Amount*	Transactions	Amount	Transactions
January	$59,855,848,195	963,953	$35,703,473,196	3,746,191
February	$56,556,819,797	1,037,580	$37,179,312,828	6,355,336
March	$66,469,187,343	1,198,189	$48,022,655,310	6,701,811
April	$68,267,307,715	1,559,787	$40,066,210,972	8,014,254
May	$59,067,591,097	1,217,063	$35,587,874,677	4,319,293
June	$59,193,825,975	1,141,099	$35,279,139,416	3,876,319
Total	**$369,410,580,122**	**7,117,671**	**$231,838,666,399**	**33,013,204**

**Paper warrant dollar amounts include daily settlement warrants with the ODFI.*

C. Annual Payments by Month – 2025

2025	Paper		EFT	
	Amount*	Transactions	Amount	Transactions
January	$57,913,835,309	940,051	$32,522,575,825	3,703,363
February	$55,311,955,977	1,099,438	$34,302,398,489	6,049,251
March	$66,644,166,593	1,244,895	$48,716,024,236	6,109,576
April	$67,225,834,712	1,757,377	$39,401,015,249	7,770,521
May	$62,064,290,860	1,358,985	$32,925,380,114	4,147,038
June	$53,984,903,719	1,098,825	$33,122,778,853	3,713,796
July	$64,131,584,404	1,058,940	$38,722,607,656	3,973,241
August	$56,432,745,293	922,539	$30,338,137,962	3,611,525
September	$61,260,851,649	1,001,240	$41,775,993,818	3,603,472
October	$69,462,420,103	1,158,633	$36,110,267,443	4,036,066
November	$47,899,891,554	865,145	$31,693,092,158	3,515,568
December	$72,640,392,236	994,375	$43,905,793,162	3,605,159
Total	**$734,972,872,409**	**13,500,443**	**$443,536,064,965**	**53,838,576**

**Paper warrant dollar amounts include daily settlement warrants with the ODFI.*

D. Annual Payments by Month – 2024

2024	Paper		EFT	
	Amount*	Transactions	Amount	Transactions
January	$51,327,290,020	935,734	$29,481,923,156	3,402,411
February	$58,482,137,246	1,135,158	$36,467,842,473	5,934,379
March	$71,105,784,079	1,278,937	$46,064,688,727	6,208,678
April	$62,590,342,436	1,800,170	$36,966,649,125	7,489,463
May	$64,530,858,068	1,393,159	$34,995,353,407	4,032,841
June	$50,438,029,223	976,599	$31,783,037,337	3,496,773
July	$57,311,238,825	1,060,330	$32,641,598,688	3,723,900
August	$58,292,533,222	989,436	$31,745,921,895	3,546,564
September	$57,889,632,249	923,869	$36,908,294,490	3,442,108
October	$63,238,697,892	1,204,535	$36,146,592,545	3,913,753
November	$56,054,018,761	890,669	$31,838,057,730	3,363,791
December	$61,779,303,589	963,550	$37,375,534,780	3,436,790
Total	**$713,039,865,610**	**13,552,146**	**$422,415,494,353**	**51,991,451**

**Paper warrant dollar amounts include daily settlement warrants with the ODFI.*

E. Annual EFT Payments By Agency – 2025 and 2026 Year-to-Date

Agency Name	2026 EFT Jan – Jun Volume	2025 EFT Annual Volume	Payment Frequency				Prenotes as needed	Return Transmission Files	Online Report Access
			Daily	Wkly	Mthly	Qtrly			
CA Dept. of Corrections & Rehabilitation (CDCR)	1,516	1,704		X			X		X
CA Developmental Services (DDS)	204	415			X		X		X
CA Dept. of Health Care Services (DHCS)	142,077	298,151		X	X		X		X
CA Dept. of Human Resources (CalHR)	34,405	54,855		X			X		X
CA Dept. of Social Services (CDSS)	9,755,644	18,251,400	X	X			X	X	X
CA Dept. of Tax and Fee Admin (CDTFA)	6,709	13,198			X		X		X
CA Dept. of Transportation (CalTrans)	3,714	6,483	X	X	X		X		X
CA Dept. of Water Resources (DWR)	120	237		X	X	X	X		X
CA Franchise Tax Board (FTB)*	11,450,013	12,009,914	X				X	X	X
CA Health Benefit Exchange (HBEX)	144	413			X		X		X
CA Institute for Regenerative Medicine (CIRM)	270	555		X			X		X
CA Legislature	29,318	56,109		X	X		X		X
CA Military Dept.	10,841	33,931		X			X		X
CA Public Employees' Retirement System (CalPERS)	5,414,509	10,639,891		X	X		X	X	X
CA State Controller's Office (SCO)	3,315,788	6,925,506	X	X	X		X	X	X
CA State Teachers' Retirement System (CalSTRS)	2,840,485	5,533,998	X	X	X	X	X	X	X
CA Student Aid Commission (CSAC)	7,376	11,762	X	X		X	X		X
University of California Regents	24	54			X		X		X
FI$Cal**	47	0	X				X		X

**Peak annual volumes for this agency occur in February-May.*
***New program – estimated annual volumes are ~1.5 million beginning in 2027*

SAMPLE DELIVERABLE EXPECTATION DOCUMENT

Deliverable Expectation Document

<Deliverable # and Title>

The purpose of this document is to ensure that the content of this referenced deliverable meets the requirements documented in the Agreement between the State Controller's Office (SCO) and the Contractor. This Deliverable Expectation Document (DED) will be developed subsequent to agreement execution to ensure SCO and the Contractor agree to what will be provided and accepted for this deliverable. The signatures below indicate SCO and the Contractor agree to the detailed Deliverable Description and the Acceptance Criteria as listed below. The sections below are based on the Agreement's deliverable requirements and the actions/tasks required in order for the Contractor to provide the completed deliverable.

DELIVERABLE IDENTIFICATION	
Deliverable Number	**Agreement Number**
#	CDIS90126

DELIVERABLE DESCRIPTION
This area will be the description of the deliverable.

ACCEPTANCE CRITERIA
Deliverable Scope: The specific details of what will be contained or provided with the deliverable will be listed and specifically detailed in this section.
Deliverable Due Date: <date according to the schedule>

This DED was completed according to agreement requirements of Agreement Number CDIS90126.

State Controller's Office	**Contractor Name**
(Name/Title – Type or Print)	(Name/Title – Type or Print)
Signature	Signature
Date	Date

DELIVERABLE EXPECTATION DOCUMENT (DED) INSTRUCTIONS

Section I. Agreement Information

1. Contractor Name: Enter the full legal name of the Contractor.

2. Agreement Number: Enter the number of the Agreement that corresponds to the work conducted.

3. Deliverable Number: Enter the number of the deliverable.

4. Deliverable Name: Enter the name of the deliverable.

5. Task and Deliverable Description: Provide the task/deliverable description direct from the SOW. If paraphrasing is needed, cite the SOW and provide as much detail as possible.

Section II: Deliverable Expectations

6. Delivery Timeline: Enter the date that the deliverable is required per the approved project work plan.

7. Update Schedule: Enter the trigger and/or time frame that the deliverable is required to be updated.

8. Specific Component(s) of Deliverable: Enter the specific measurable component for the overall deliverable. Please use one space per component.

9. Acceptance Criteria: Enter the specific criteria that the component will be deemed acceptable or unacceptable.

Section III: Required Signatures

10. State Controller's Office Project Manager: Type or print the full name of the State Controller's Office Project Manager or their designated appointee, sign, and date.

11. *Contractor Name* Project Manager: Type or print the full name of the Contractor Project Manager or their designated appointee, sign, and date.

12. *Subcontractor Name (if needed)* Project Manager: Type or print the full name of the Subcontractor Project Manager or their designated appointee, sign, and date.

SAMPLE DELIVERABLE ACCEPTANCE DOCUMENT

Deliverable Acceptance Document
<Deliverable # and Title>

The State Controller's Office (SCO) has a review time of no longer than five business days. Longer review durations are acceptable if mutually agreed upon by both SCO and the Contractor. The review period begins the first business day after the date the Contractor has delivered the deliverable and this form. The Contractor will facilitate a walkthrough to describe the deliverable and address SCO questions or concerns. Please return two signed originals to the Contractor's Project Manager (PM), who after signing will provide one signed original to the SCO PM.

*NOTE – Deliverables will be sent to the SCO PM. An email will be sent to the Contractor's PM for proof of receipt of delivery and initiating the review process.

Contractor Name:			
Agreement Number:	CDIS90126		
SCO has reviewed the following deliverable:	Deliverable Number, Name, and Version		
Date Delivered to SCO:	Date Delivered	**Received by:**	Person Delivered To
Date of Walkthrough:	Date Scheduled		

1. **Deliverable Rejection**

☐Upon review of the Deliverable Expectation Document (DED), SCO has determined that the deliverable has not met the agreed-upon acceptance criteria of work quantity and quality and/or the number of completed work hours are not correct for the deliverable. Please see attached written reason(s) for non-acceptance of these deliverables.

2. **Statement of Formal Acceptance**

☐This Deliverable Acceptance Document (DAD) acknowledges formal acceptance of the completed deliverables for the Contractor named above. The undersigned confirms that the deliverables meet or exceed the agreed-upon acceptance criteria of work quantity and quality and that the number of completed work hours are correct for the deliverable.

State Controller's Office	**Contractor Name**
(Name/Title –Type or Print)	(Name/Title –Type or Print)
Signature	Signature
Date	Date

SAMPLE WORK AUTHORIZATION FORM

Title	
Work Authorization Number	

Task Summary

Schedule Dates	
Start Date:	**Completion Date:**

Contractor Key Staff To Be Assigned

Total Estimated Labor Hours	**Hourly Labor Rate**	**Total Estimated Cost**

Completion Criteria

This task will be performed in accordance with this Work Authorization Form and the provisions of Agreement Number CDIS90126.

Approved By:

Contractor Project Manager (PM) Name (Name/Title –Type or Print)	SCO PM Name (Name/Title –Type or Print)
Signature	Signature
Date	Date

**PRIME CONTRACTOR'S CERTIFICATION-
SMALL BUSINESS SUBCONTRACTOR REPORT**

Instructions on how to complete Exhibit A, Attachment 3		
Report Field	**Report Field Description**	**Responsible Party**
Reporting Period	Identifies the current 6-month reporting period that will be either July - December (due by January 31) or January - June (due by July 31)	Prime Contractor
Prime Contractor Information		
Name	Full Legal Name	Prime Contractor
Agreement Number	Executed agreement number	SCO Contracts & Procurement Office
Agreement Amount	Total agreement amount for the agreement term	SCO Contracts & Procurement Office
Amount Invoiced During Current 6-Month Reporting Period	Dollar amount invoiced during the current reporting period.	Prime Contractor
Amount Invoiced During Contract Term	Cumulative dollar amount invoiced by the Prime Contractor during the agreement term	Prime Contractor
List of CA certified SB		
A) SB Subcontractor's Name	DGS certified SB identified on the Bidder Declaration submitted with the bid response and/or approved by SCO during the term of the Agreement	SCO Contracts & Procurement Office
B) SB Certification Number	DGS assigned SB certification number	SCO Contracts & Procurement Office
C) Commitment Percentage	Percentage commitment to the SB for the agreement term as identified on the Bidder Declaration submitted with the bid response and/or approved by SCO during the term of the Agreement	SCO Contracts & Procurement Office
D) Commitment Amount	Dollar amount spend committed to the SB for the agreement term	SCO Contracts & Procurement Office
E) Amount Paid to SB During Current 6-Month Reporting Period	Amount paid to SB during the current reporting period	Prime Contractor

F) Percentage Paid to SB during Current 6-Month Reporting Period	Percentage of agreement spend paid to the SB during the current reporting period	Auto-Calculates based on the Prime Contractor's total amount invoiced during the reporting period.
G) Total Paid to SB During Agreement Term	Cumulative amount paid to SB for all reporting periods during the agreement term	Prime Contractor
H) Percentage Paid to SB During Agreement Term	Total percentage of agreement spend paid to the SB during the agreement term	Auto-Calculates based on the Prime Contractor's total amount invoiced during the Agreement term.
I) Variance Actual % vs. Commitment %	Comparison of the percentage of agreement spend committed to with the actual spend	Auto-Calculates
J) Comments/Explanations	Section for Contractor to provide any clarifying or important information	Prime Contractor

State Controller's Office

Prime Contractor's Certification - Small Business Subcontractor Report

Reporting Period	Begin		through	End	

Prime Contractor Information

		Agreement		**Agreement Payment Information**			
Name		**Number**		Amount Invoiced During Current 6-Month Reporting Period		Amount Invoiced During Contract Term	
		Amount					

List all California certified Small Business (SB) firms performing services as a subcontractor for this agreement.

	SB Information		**Commitment Information**		**Payment Information**				
	(A) SB Subcontractor(s) Name	**(B)** SB Certification Number	**(C)** Commitment Percentage	**(D)** Commitment Amount	**(E)** Amount Paid to SB During Current 6-Month Reporting Period	**(F)** Percentage Paid to SB During Current 6-Month Reporting Period	**(G)** Total Paid to SB During Agreement Term	**(H)** Percentage Paid to SB During Agreement Term	**(I)** Variance Comitment Percentage vs. Actual Percentage
1				$ -	$ -	#DIV/0!		#DIV/0!	#DIV/0!
2									#DIV/0!
3									#DIV/0!
4									#DIV/0!
5									#DIV/0!
6									#DIV/0!
7									#DIV/0!
8									#DIV/0!
14	**Grand Total**			**$ -**	**$ -**	**#DIV/0!**	**$ -**	**#DIV/0!**	

	(J) Comments/Explanations			
Attach copies of this page for additional lines				
I certify under penalty of perjury under the laws of the State of California that all information submitted is true and correct.				
Prime Contractor Contract Manager Print Name:			**Date Signed:**	
Title:				
Signature:				

BUDGET DETAIL AND PAYMENT PROVISIONS

A. Invoicing and Payment

1. For services satisfactorily rendered, and upon receipt and approval of the invoices, the State Controller's Office (SCO) agrees to compensate the Contractor for actual expenditures incurred in accordance with the rates specified in Exhibit B, Attachment 1, Cost Worksheet.

2. Itemized invoices shall be submitted on Contractor's letterhead, not more frequently than monthly, in arrears, and include at a minimum:

   a. Agreement Number **CDIS90126**
   b. Dates of service
   c. Total amount due
   d. Transaction volumes, cost per item, and total monthly cost
   e. Summary of charges by transaction type
   f. Individual summaries of transactions and charges by agency identification and/or sub-agency identification.
   g. Key Personnel name, classification, number of hours, hourly rate, and cost.
   h. Signed Deliverable Expectations Document for personal services
   i. Signed Deliverable Acceptance Document for personal services
   j. Completed Work Authorization Form

   Submit one PDF copy to ADMAP@sco.ca.gov. If invoices cannot be submitted electronically, mail one copy to:

   State Controller's Office
   Departmental Accounting Office
   P.O. Box 942850
   Sacramento, CA 94250-5877
   Invoice inquiries: ADMAP@sco.ca.gov

B. Budget Contingency Clause

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

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

C. Prompt Payment Clause

Payment will be made in accordance with, and within the time specified in, Government Code (GC) Chapter 4.5, commencing with Section 927 et seq.

D. Disabled Veterans Business Enterprise Subcontractor Authorization to Withhold $10,000

SCO is authorized to withhold $10,000, or full payment if less than $10,000, from a prime contractor's final payment pending receipt of a complete and accurate Prime Contractor's Certification – Disabled Veterans Business Enterprise (DVBE) Subcontracting Report STD 817. The complete and accurate report must be received within 60 days of the Agreement expiration date.

Information Technology General Provisions Non-Cloud Goods & Services
DGS PD 403-ITGP Non-Cloud (Rev. 02/20/2025)

Exhibit C, Information Technology General Provisions Non-Cloud Goods & Services DGS PD-403-ITGP Non-Cloud (Rev. 02/20/2025), may be viewed at internet site: https://www.dgs.ca.gov/-/media/Divisions/PD/Acquisitions/Solicitation-Document-Attachments/IT-General-Provisions-NonCloud-DGS-PD-403ITGP-Revised-02202025.pdf shall be incorporated by reference only and made part of the Agreement as if attached hereto

SPECIAL TERMS AND CONDITIONS

A. Insurance Requirements

The Contractor shall display evidence of the following coverage on an Acord certificate:

1. Commercial General Liability Insurance – The Contractor shall maintain general liability on an occurrence form with limits not less than $1 million per occurrence for bodily injury and property damage liability combined with a $2 million annual policy aggregate. The policy shall include coverage for liabilities arising out of premises, operations, independent contractors, products, completed operations, personal and advertising injury, and liability assumed under an insured agreement. This insurance shall apply separately to each insured against whom claim is made, or suit is brought subject to the Contractor's limit of liability.

2. Workers' Compensation and Employer's Liability – The Contractor shall maintain statutory workers' compensation insurance issued and shall furnish to SCO a certificate of insurance evidencing workers' compensation insurance and employer's liability for all its employees who will be engaged in the performance of the Agreement. In addition, employer's liability limits of $1 million are required. By signing this agreement, the Contractor acknowledges compliance with these regulations. **A Waiver of Subrogation or Right to Recover endorsement in favor of the State of California, State Controller's Office must be attached to the certificate.**

3. Professional Liability – insurance with a limit of no less than $2 million per claim and $3 million aggregate. The policy shall cover any damages caused by an error, omission or any negligent acts. If this coverage is written on a claims made coverage form the certificate must show the policy retroactive date, which must be no later than the date of agreement execution or the date work under the Agreement begins.

4. Crime Insurance – Contractor shall maintain Employee Dishonesty and theft, Computer Fraud/crime coverage, Forgery or alteration, fraudulent funds transfer and when applicable, Inside/Outside Money and Securities coverage, including third party losses, for state-owned property in the care, custody and/or control of the Contractor. Coverage limits shall not be less than the amount scheduled in the Agreement. A Clients' Property endorsement as broad as CR 04 01 08 13 must be endorsed to this policy and notated on the certificate of insurance. The policy shall include State of California, State Treasurer's Office as loss payee.

5. Cyber Liability Insurance – Contractor shall maintain Cyber Liability with limits of not less than $15 million covering claims involving notification costs, privacy violations, information theft, damage to or destruction of electronic information, intentional and/or unintentional release of private information, and alteration of electronic information, extortion, and network security.

The certificate of insurance must include the following general provisions stating:

1. The Contractor shall comply with all requirements outlined in Insurance Requirements and General Provisions. No payments will be made under this agreement until contractor fully complies with all requirements.

2. Coverage Term – Coverage needs to be in force for the complete term of the Agreement. If insurance expires during the term of the Agreement, a new certificate must be received by SCO within 10 days of the renewal of this insurance. Any new insurance must comply with the original agreement terms of the Agreement.

3. Policy Cancellation or Termination & Notice of Non-Renewal – The Contractor is responsible to notify the State within five business days of any cancellation, non-renewal, or material change that affects required insurance coverage. Certificates of insurance are subject to the approval of the Department of General Services (DGS) and the Contractor agrees no work or services will be performed prior to obtaining such approval. In the event the Contractor fails to keep in effect at all times the specified insurance coverage, the State may, in addition to any other remedies it may have, terminate this agreement upon the occurrence of such event, subject to the provisions of this agreement.

4. Premiums, Assessments and Deductible – The Contractor is responsible for any premiums, policy assessments, deductibles or self-insured retentions contained within their insurance program. SCO will not be responsible for any premiums or assessment on the policy.

5. Primary Clause – Any required insurance contained in this agreement shall be primary, and not excess or contributory, to any other insurance carried by the State.

6. Insurance Carrier Required Rating – All insurance companies must carry an AM Best rating of at least "A-" with a financial category rating of no lower than VII. If the Contractor is self-insured for a portion or all of its insurance, review of financial information including a letter of credit may be required.

7. Endorsements – Any required endorsements requested by the State must be physically attached to all requested certificates of insurance and not substituted by referring to such coverage on the certificate of insurance.

8. Inadequate Insurance – Inadequate or lack of insurance does not negate the Contractor's obligations under the Agreement.

9. Subcontractors – In the case of the Contractor's utilization of subcontractors to complete the contracted scope of work, the Contractor shall include all subcontractors as insured's under the Contractor's insurance or supply evidence of subcontractor's insurance to the State equal to policies, coverages and limits required of the Contractor.

10. Available Coverage/Limits – All coverage and limits available to the Contractor shall also be available and applicable to the State.

11. Satisfying an SIR – All insurance required by this agreement must allow the State to pay and/or act as the Contractor's agent in satisfying any self-insured retention (SIR). The choice to pay and/or act as the Contractor's agent in satisfying any SIR is at the State's discretion.

B. Licenses and Permits

1. The Contractor shall be an individual or firm licensed to do business in California and shall obtain at his/her expense all license(s) and permit(s) required by law for accomplishing any work required in connection with this agreement.

2. If you are a contractor located within the State of California, a business license from the city/county in which you are headquartered is necessary; however, if you are a corporation, a copy of your incorporation documents/letter from the Secretary of State's Office can be submitted. If you are a contractor outside the State of California, you will need to submit to SCO a copy of your business license or incorporation papers for your respective state showing that your company is in good standing in that state.

3. In the event, any license(s) and/or permit(s) expire at any time during the term of this agreement; the Contractor agrees to provide SCO a copy of the renewed license(s) and/or permit(s) within 30 days

following the expiration date. In the event the Contractor fails to keep in effect at all times all required license(s) and permit(s), SCO may, in addition to any other remedies it may have, terminate this agreement upon occurrence of such event.

C. Excise Tax

The State of California is exempt from federal excise taxes, and no payment will be made for any taxes levied on employees' wages. The State will pay for any applicable State of California or local sales or use taxes on the services rendered or equipment or parts supplied pursuant to this agreement. California may pay any applicable sales and use tax imposed by another state.

D. Potential Subcontractors

Nothing contained in this agreement or otherwise, shall create any contractual relationship between the State and any subcontractors, and no subcontract shall relieve the Contractor of his responsibilities and obligations hereunder. The Contractor agrees to be as fully responsible to the State for the acts and omissions of its subcontractors and of persons either directly or indirectly employed by any of them as it is for the acts and omissions of persons directly employed by the Contractor. The Contractor's obligation to pay its subcontractors is an independent obligation from the State's obligation to make payments to the Contractor. As a result, the State shall have no obligation to pay or to enforce the payment of any moneys to any subcontractor.

E. Prohibition of Tax Delinquents from Contracting

1. The State of California is prohibited from entering into any agreements for services with persons whose name appears on either list of the 500 largest tax delinquencies pursuant to Sections 7063 and 19195 of the Revenue and Taxation Code (RTC) and Public Contract Code (PCC) Section 10295.4.

2. The Contractor certifies that it is not included on either the California Franchise Tax Board’s (FTB) or on the California Department of Tax and Fee Administration’s (CDTFA) lists, that can be found at:

   FTB: Top 500 past due balances | FTB.ca.gov

   CDTFA: https://www.cdtfa.ca.gov/taxes-and-fees/top500.htm

F. Civil Rights Certifications

PCC section 2010 requires contractors on agreements of $100,000 or more to certify that they are in compliance with various civil rights laws.

G. Iran Contracting Act Certification

1. Pursuant to the Iran Contracting Act of 2010 (PCC Sections 2200 through 2208 are “the Act”), vendors are ineligible to bid on, submit a bid, proposal, or offer for, enter into, or renew any agreement with the State for goods or services of $1 million or more if the vendor engages in investment activities in Iran, as defined in the Act.

2. The Contractor certifies that it is not on the current list of Entities Prohibited from Contracting with Public Entities in California per the Act found at: https://www.dgs.ca.gov/PD/Resources/Page-Content/Procurement-Division-Resources-List-Folder/List-of-Ineligible-Businesses

H. Evaluation of Contractor

1. Performance of the Contractor under this agreement will be evaluated. The evaluation shall be prepared on Contract/Contractor Evaluation Sheet (STD 4) and maintained in the Agreement file. For consultant agreements, a copy of the evaluation will be sent to the Department of General Services (DGS), Office of Legal Services, if it is negative and over $5,000.

2. For consultant Agreements over $500,000 and related to an Information Technology (IT) project as defined in the State Administrative Manual (SAM) Section 4819.2, performance of the Contractor under this agreement will be evaluated on a Post Evaluation for IT Services Contracts (STD 971), found at ALL FORMS (ca.gov), and sent to the California Department of Technology at Form971@state.ca.gov. A post evaluation and contractor response pursuant to PCC Section 12102.3 is exempt from the Public Records Act.

I. Follow-On Agreements

Per PCC Section 10365.5 “No person, firm, or subsidiary thereof who has been awarded a consulting services contract may submit a bid for, nor be awarded a contract for, the provision of services, procurement of goods or supplies, or any other related action which is required, suggested, or otherwise deemed appropriate in the end product of the consulting services contract." SCM Vol. 1, defines the term "consulting services" with respect to state contracts.

J. Exclusion for Conflict of Interest

No consultant shall be paid out of State funds for developing recommendations on the acquisition of IT goods or services, or assisting in the preparation of a feasibility study, if that consultant is to be a source of such acquisition or would otherwise directly and/or materially benefit from the State adoption of such recommendations or the course of action recommended in the feasibility study. Further, no consultant shall be paid out of State funds for developing recommendations on the disposal of State surplus IT products if that consultant would directly and/or materially benefit from State adoption of such recommendation.

INFORMATION TECHNOLOGY, DATA, AND SECURITY PROVISIONS

Unless otherwise specified in Exhibit A (Scope of Work), the following provisions shall apply whenever the Contractor has access to data owned by the State Controller's Office (SCO) or data for which SCO serves as custodian.

A. SCO Data and Resource Ownership

a. All data, resources and materials provided by SCO shall remain the sole and exclusive property of SCO, including all applicable rights to patents, copyrights, trademarks, trade secrets or other proprietary property rights. Additionally, all rights, titles and interest in and to any data and materials relating to SCO business will remain the property of SCO whether or not supplied to Contractor. Nothing in this agreement shall be construed as conveying any rights or interest in the data, resource or material to Contractor. Contractor shall not utilize, retain, or transfer SCO Data, resources or materials to any individual or entity without the express written permission of SCO. Upon termination of this agreement, the Contractor agrees to provide the data or material to SCO, or, at SCO request, confirm in writing that said data or material in all formats in the Contractor's (and the Contractor's employees, agents, and subcontractors) custody, has been destroyed in compliance with NIST SP 800-88 and the terms of this agreement.

b. Upon full and final payment to Contractor of fees owed under the Agreement, Contractor (i) assigns to SCO, all right, title and interest in and to the deliverables except to the extent any Contractor Property is contained therein, and (ii) grants SCO a royalty-free, non-exclusive, non-transferable, non-sublicensable perpetual license, to use such Contractor Property solely in connection with SCO's use of the deliverables. Contractor Property shall mean all intellectual property, technology, know-how, methodologies, works of authorship, and other materials pre-existing the Agreement or created, acquired, or licensed separately from the Agreement, or created in performance of the Agreement which are not specific to SCO, including any modifications, enhancements, improvements, or derivative works. Notwithstanding anything herein that may be construed to the contrary, SCO agrees that nothing in this Agreement prevents Contractor from using residual knowledge, which includes generalized knowledge, experience, know-how, or any of the ideas, concepts, methodologies, tools or techniques derived from or discovered during the provision of the services performed under the Contract. Contractor shall have the right to retain for its files copies of all information necessary to comply with its contractual obligations and applicable professional standards.

c. SCO gives Contractor the right to use SCO's logo solely for presentations or reports to SCO or for internal Contractor presentations and intranet sites.

B. Access Control

1. All individuals accessing, processing, or manipulating SCO Data shall utilize either a Contractor managed device that meets the security requirements of this agreement or an SCO managed device that meets the SCO's security standards and configurations. These devices include, but are not limited to, laptops, desktops, mobile devices, or any other computing equipment provided by SCO for business purposes, unless prior approval has been obtained from the SCO Contract Owner, SCO Chief Information Officer (CIO) and the SCO Chief Information Security Officer (CISO).

2. In exceptional circumstances where the use of a non-SCO managed device is utilized to interact with SCO Data without direct interaction with the SCO environment, the Contractor must adhere to additional security requirements as defined by SCO in this agreement. Additional Security Requirements are:

   a. Data that belongs to SCO and

   b. SCO Security Policy applies to the system in use

3. The Contractor must ensure the continuous logging, monitoring, and auditing of SCO Data in the Contractor environment.

4. The Contractor (and the Contractor's agents or subcontractors) shall allow SCO access to relevant and available security logs, latency statistics, and other related security data that affect this agreement and SCO Data and resources, at no cost to SCO.

C. Data Classification and Handling

1. All data categorized as anything other than "public" by SCO and made available to the Contractor in order to carry out this agreement, or which becomes available to the Contractor in carrying out this agreement, shall be protected by the Contractor from unauthorized use and disclosure through the observance of the same or more effective procedural requirements as specified in this agreement.

2. The Contractor shall not be required to keep SCO Data confidential whether it is or becomes publicly available, is already rightfully in Contractor's possession, is independently developed by Contractor outside the scope of this agreement or is rightfully obtained from third parties.

3. The Contractor receiving SCO Data agrees that the data obtained will be kept in the strictest confidence in accordance with the terms of this agreement. The Contractor receiving SCO Data recognizes it's their responsibility to protect the confidentiality of the data in their custody as provided by law and ensure that such data is disclosed only to those individuals and for such purposes as are authorized by law and this agreement.

4. The Contractor employees, agents, and subcontractors who may have access to SCO Data will be required to have on file annually a signed confidentiality statement, approved by SCO, attesting to the fact that he/she is aware of the data categorization and the penalties for unauthorized disclosure thereof under applicable state and federal law.

5. The Contractor receiving SCO Data shall take all governmental regulations and industry acceptable measures to ensure the integrity of the SCO Data. This includes implementing appropriate security controls as required by industry standards and governmental regulations, such as encryption, data validation, and monitoring, to prevent unauthorized modification or tampering of the data.

6. The Contractor receiving SCO Data shall implement a Role-Based Access Control (RBAC) methods that identify the access rights and permissions for staff members based on their designated roles and responsibilities.

7. The Contractor shall adhere to the principle of least privilege, which means that staff members shall only be granted access privileges necessary to fulfill their job requirements.

8. The Contractor shall maintain an Access Control List (ACL) that outlines the authorized users with privileges to access SCO-specific systems, networks, or data. The ACL shall be regularly reviewed, updated, and documented to ensure accuracy and adherence to RBAC and the principle of least privilege.

9. The Contractor shall implement Separation of Duties (SoD) to prevent any single individual from having excessive control over sensitive SCO Data. SoD ensures that different tasks and responsibilities related to the handling of SCO Data are assigned to the proper individuals.

10. The Contractor shall maintain a collaborative Data Control Log (DCL) as a part of their data control and transparency measures. The DCL should comprehensively capture crucial details prior to the transfer of SCO Data to the third-party environment. These details include the document name, third-party business justification, third-party storage location, and users being granted access (must be on the ACL).

11. The Contractor shall be required to log all interactions with SCO Data in the third-party environment. The logging mechanism should capture relevant details such as the date, time, user ID, activity performed, and the SCO Data accessed or modified.

12. The Contractor shall regularly monitor and review the logs of interactions with SCO Data to ensure compliance with the agreed-upon access controls and to detect any unauthorized or suspicious activities. These logs should be available for auditing purposes, enabling SCO to verify compliance with the agreed-upon requirements and to investigate any potential security incidents or breaches.

13. The Contractor shall maintain records and documentation of their implementation of the agreed-upon requirements. These records should be made available to SCO upon request as proof of compliance and adherence to the agreed-upon requirements.

D. Confidentiality of SCO Data

1. All financial, statistical, personal, technical, and other data and materials relating to SCO operations, which are designated confidential or sensitive by SCO and made available to the Contractor in order to carry out this agreement, or which becomes available to the Contractor in carrying out this agreement, shall be protected by the Contractor from unauthorized use and disclosure through the observance of the same or more effective procedural requirements as specified in this agreement.

2. The Contractor shall not, however, be required to keep confidential data or materials which are or become publicly available, are already rightfully in the Contractor’s possession, are independently developed by the Contractor outside the scope of this agreement or are rightfully obtained from third parties.

3. The Contractor receiving SCO Data agrees that the data obtained will be kept in the strictest confidence and shall make data available to its own employees, agents, and subcontractors only on a “need to know” basis. The “need to know” standard is met by authorized employees who need the data to perform their official duties in connection with the uses of the data authorized by this agreement.

4. The Contractor receiving SCO Data recognizes its/their responsibility to protect the confidentiality of the data in its/their custody as provided by law and ensure that such data is disclosed only to those individuals and for such purposes as are authorized by law and this agreement.

5. The Contractor employees, agents, and subcontractors who may have access to SCO confidential or sensitive data will be required to have on file annually a signed confidentiality statement, approved by SCO, attesting to the fact that he/she is aware of the confidential or sensitive data and the penalties for unauthorized disclosure thereof under applicable state and federal law.

E. Data Storage, Transmission, Security Procedures, and Practices

Contractor's data storage, transmission, security procedures and practices are subject to audit by SCO to ensure compliance with this agreement, NIST standards, and applicable California state laws.

F. Location of SCO Data

1. Unless otherwise stated in the Statement of Work and approved in advance by SCO, the physical location of SCO Data retained or stored by the Contractor (and contractor’s employees, agents, and subcontractors) shall be within the continental United States.

2. Contractor grants the SCO and its designees the right to audit and confirm compliance with data location restrictions, including on-site inspections of relevant facilities and systems utilizing SCO’s Data as reasonably required. Violations of the data location provisions shall be grounds for immediate termination of this agreement.

G. Information Security

1. In addition to the Compliance with the Statutes and Regulations provision set forth in the General Provisions, the Contractor (and the Contractor’s agents or subcontractors) shall confirm to SCO:

    a. The sufficiency of its security standards, tools, technologies and procedures under this agreement.

    b. Compliance with the following:

        1) The California Information Practices Act (Civil Code Sections 1798 et seq.).

        2) Compliance with the moderate security impact level privacy and security control guidelines specified in the National Institute of Standards and Technology (NIST) Special Publication (SP) 800-53 (Rev.5).

        3) Privacy provisions of the Federal Privacy Act of 1974.

        4) Federal Information Processing Standards Publication Standards for Security Categorization of Federal Information and Information Systems (FIPS 199).

        5) Federal Information Processing Standards Publication Standards Minimum Security Requirements for Federal Information and Information Systems (FIPS 200).

2. The Contractor (and the Contractor’s agents or subcontractors) shall implement and maintain all appropriate administrative, physical, technical, and procedural safeguards in accordance with section a. above at all times during the term of this agreement that are designed to secure such data from data breach, protect the data and resources from hacks, introduction of viruses, disabling devices, malware and other forms of malicious or inadvertent acts that can disrupt SCO Data and resources.

3. The Contractor (and the Contractor’s agents or subcontractors) shall allow SCO reasonable access to security logs, latency statistics, and other related security data that affect this agreement and SCO Data and resources, at no cost to SCO.

4. The Contractor (and the Contractor’s agents or subcontractors) assumes responsibility for the security and confidentiality of SCO Data and resources under its control.

5. No SCO Data shall be copied, modified, destroyed or deleted by the Contractor (and the Contractor’s agents or subcontractors) other than for normal operation or maintenance of the Contractor (and the Contractor’s agent’s or subcontractor’s) systems or business process during the Agreement period without prior written notice to and written approval by SCO.

6. Remote access to SCO Data and resources from outside the continental United States, including remote access to data by authorized contractor support staff in identified support centers (and the Contractor's employees, agents, and subcontractors), is prohibited unless approved in advance by the SCO Chief Information Security Officer.

7. The Contractor (and the Contractor's agents or subcontractors) shall comply with all applicable SCO administrative, technical, and information security policies and standards that are provided to the Contractor in writing, in advance of the time of anticipated compliance while utilizing SCO resources, services and facilities while performing services under this agreement.

H. Encryption

SCO Data classified as confidential, sensitive, or personal information shall be encrypted while electronically transported or stored (at rest). Encryption methodologies must meet Federal Information Processing Standards (FIPS). When SCO Data is being sent via electronic mail (email), encryption must be employed.

I. Information Security Control Review

SCO retains the right to conduct information security control reviews of the Contractor (and Contractor's agents, and subcontractors) use of SCO Data and the security controls established to protect the confidentiality, integrity, and accountability of SCO Data by requiring the Contractor to provide responses to cybersecurity questionnaires and other assessments. SCO will provide a minimum of seven days' notice of the review being conducted. SCO warranties the Contractor that information derived from the information security control review will be protected from public disclosure under the terms of California Government Code § 7929.210.

J. Security Incident or Violation

1. The Contractor and its employees, agents, or subcontractors shall immediately notify the SCO Contact of any actual or suspected theft, loss, damage, unauthorized destruction, unauthorized modification, or unintentional or unauthorized release of any SCO Data classified as confidential or sensitive retained in electronic, paper, or any other digital or non-digital medium within 24 hours.

2. The obligations and responsibilities outlined in the agreed upon requirements shall survive the termination or expiration of the agreement, ensuring continued adherence to these requirements even after the Contractor's engagement with SCO has ended.

3. The Contractor shall take:

   a. Prompt corrective action to mitigate any risks or damages involved with the breach or security incident and to protect the operating environment; and

   b. Any action pertaining to a breach required by applicable federal and state laws, including, specifically, California Civil Code section 1798.29 [California Civil Code 1798.29, subdivision (e), California Civil Code 1798.82, subdivision (f)].

K. Data Sanitization

Subject to any retention of confidential information permitted under this agreement, the Contractor shall destroy all SCO Data and any documents created in the execution of this agreement in accordance with the guides outlined in NIST Special Publication 800-88, Revision 1 located at https://nvlpubs.nist.gov/nistpubs/SpecialPublications/NIST.SP.800-88r1.pdf.

L. Secure Areas

Computer monitors, printers, hard copy printouts, or any other forms of information accessed or obtained under the performance of this agreement must be placed so that they may not be viewed by the public or other unauthorized persons as described in the Agreement.

M. Supervision of Data

SCO Data shall not be left unattended at any time, unless it is physically locked in a file cabinet, file room, desk or office; and monitored through a security camera system. Unattended means that information is not being observed by an employee authorized to access the information. SCO Data shall not be left unattended at any time in vehicles or planes and shall not be checked in baggage on commercial airplanes. Computer equipment shall remail locked when there is not a person attending the system.

N. Escorting Visitors

Visitors to areas where SCO Data is contained shall be escorted and SCO Data shall be kept out of sight while visitors are in the area.

O. Removal of Data

SCO Data must not be removed from the premises of the Contractor except with express written permission of SCO. SCO Data maintained on any laptops or other mobile devices managed by the Contractor in accordance with the requirements of this agreement shall be deemed on the premises of the Contractor for the purposes of this Section 15. Removal of Data.

P. Disaster Recovery

The Contractor must establish a documented plan to enable continuation of critical business processes and protection of the security of electronic SCO Data in the event of an emergency. Emergency means any circumstance or situation that causes normal computer operations to become unavailable for use in performing the work required under this agreement for more than 24 hours.

Q. Data Backup Plan

The Contractor must have established documented procedures to securely back up SCO Data to maintain retrievable exact copies of SCO Data. The backups shall be encrypted. The plan must include a regular schedule for making backups, storing backup's offsite, an inventory of backup media, and the amount of time to restore SCO Data should it be lost. At a minimum, the schedule must be a weekly full backup and monthly offsite storage of SCO Data.

R. Confidentiality Statement

All persons that will be working with SCO Data must sign a confidentiality statement. The statement must include at a minimum, General Use, Security and Privacy safeguards, Unacceptable Use, and Enforcement Policies. The statement must be signed by the workforce member prior to access to SCO Data. The statement must be renewed annually. The Contractor shall retain each person's confidentiality statement for SCO inspection for a period of three years following agreement termination.

S. Lower Tier Transactions

The terms of this exhibit shall apply to all agreements, subcontracts, and subawards, and the information privacy and security requirements the Contractor is obligated to follow with respect to SCO Data disclosed to the Contractor, or collected, created, maintained, stored, transmitted, or used by the Contractor for or on behalf of SCO, pursuant to the Contractor's agreement with SCO. When applicable, the Contractor shall incorporate the relevant provisions of this exhibit into each subcontract or subaward to its agents, subcontractors, or independent consultants.

T. Security Assessment Questionnaire

To help the State of California understand the level of security risk when conducting a business process, the Contractor is required to complete a Qualys Security Assessment Questionnaire (SAQ) prior. The absolute minimum requirements that SCO must address to comply with applicable laws, regulations and agreements, which shall include all successor publications encompasses:

1. Information Practices Act of 1977 (IPA).
2. California Assembly Bill 2135 Information Security 2021/2022.
3. National Institute of Standards and Technology (NIST) Special Publication (SP) 800-53 - Security and Privacy Controls for Information Systems and Organizations Moderate Baseline Version 5.0.
4. Federal Information Processing Standards (FIPS) 199 for Security Categorization of Federal Information and Information Systems.
5. FIPS 200 Minimum Security Requirements for Federal Information and Information Systems.
6. Health Insurance Portability and Accountability Act (HIPAA).
7. Health Information Technology for Economic and Clinical Health Act (HITECH) 2009.

The SAQ is a self-reporting tool designed for conducting business process control assessments to reduce the chance of security breaches and compliance violations. The Contractor will be required to answer all questions in the SAQ and provide documentation that allows SCO to verify the accuracy of responses.