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DEPARTMENT OF TAXATION AND FINANCE
Office of Budget & Management Analysis
Bureau of Fiscal Services
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AMENDMENT TO RFP 08-13, FINANCIAL INSTITUTION DATA MATCH SERVICES

July 3, 2008

To All Potential Bidders:

The Department is amending Section III, Technical Proposal Requirements to indicate the requirements that are mandatory (M) and desirable (D). The bidder's response will be evaluated on whether it meets the 'mandatory' critical requirements. Therefore, bidders must provide the Department with all the information requested to establish they meet the minimums identified in the mandatory requirements. Bidder responses which meet those minimums will gain evaluation points in the scoring process to the extent the response exceeds what is required. Evaluation points will also be given for satisfactory responses for the section where experience requirements are indicated as desirable.

Please Note: Failure to adequately respond to a mandatory requirement may result in bidder disqualification. Incomplete responses will result in reduced technical evaluation points.

Mandatory requirements are in the following sections:

- III.A, Bidder Experience and Reference Requirements
- III.B.1, Security and Confidentiality
- III.B.2, Communications Environments
- III.B.3, File Processing
- III.B.4, IT Staff
- III.C, Insurance

Desirable requirement is in the following section:

- III.B.5, Change Control Process

Note: There is a revised Section III-Technical Proposal Requirements of RFP #08-13 on the Department's website reflecting the above changes that bidders should use to prepare their bid submission. All changes to this Section have been highlighted for your convenience.

III TECHNICAL PROPOSAL REQUIREMENTS

The purpose of the Technical Proposal is to demonstrate the qualifications, competence and capacity of the bidder to perform services required to meet program objectives. The Technical Proposal should demonstrate the qualifications of the bidder in the performance of services outlined in this RFP. If applicable, bidders should include details pertaining to any repeat requests bidder received to perform similar work.

Certain requirements are considered critical to successful contract implementation. The Department will not issue a bid award to any bidder who does not successfully demonstrate the capacity to meet these requirements. These critical requirements are indicated as mandatory (M) in this section. The bidder's response will be evaluated on whether it meets critical requirements; therefore, bidders **must** provide the Department with **all** the information requested to establish they meet the minimums identified in the mandatory requirements. Bidder responses which meet those minimums will gain evaluation points in the scoring process to the extent the response exceeds what is required.

Evaluation points will also be given for satisfactory responses for those sections where experience requirements are indicated as desirable (D).

PLEASE NOTE: Failure to adequately respond to a mandatory requirement may result in bidder disqualification. Incomplete responses will result in reduced technical evaluation points.

The bidder is solely responsible for providing references that are readily available to be contacted by DTF and will respond to reference questions. If DTF is unable to contact any reference, the bidder will be provided one opportunity, with a deadline, to assist in obtaining cooperation from those clients who have not responded. The bidder may be eliminated if DTF is unable to verify required responses.

Cost information must not be included in Technical Proposal documentation.

A Bidder Experience and Reference Requirements (M)

The bidder must have prior experience and a proven track record of successfully providing one or more clients with large-scale data matching services as defined in the RFP Glossary within the past five years. This experience must include the design, development, implementation and operation of a system utilizing electronic file exchange technology.

The Department is particularly interested in and will evaluate the bidder's prior large-scale data matching experience with federal and/or state government entities for data matching with multiple financial institutions. The Department will also

evaluate, but will give less weight to, experience in data matching which is done for entities other than federal and state government entities.

Proposal Response Requirement

On Attachment 3, the bidder should provide information for client references for three (3) contracts which they have engaged in for large-scale data matching services within the past five years. The system for each contract submitted must have been fully operational for a minimum of one year as of the date of bid submission for this RFP. A maximum of two (2) alternate references may also be provided in the event an original reference cannot be contacted. Alternate references must be identified.

If the bidder is unable to provide three (3) contracts which meet the above criteria, the bidder should provide as many contracts as possible.

The Department is particularly interested in and will evaluate the bidder's prior large-scale data matching experience with federal and/or state government entities for data matching with multiple financial institutions.

The Department will also evaluate, but will give less weight to, other experience in large scale data matching.

The bidder must provide client references for these contracts for technical scoring. The Department will contact all client references to evaluate the bidder's past performance related to the development, implementation of data matching services such as those requested by this RFP, and ongoing support of the services provided over the duration of the contract. The bidder shall be solely responsible for providing contact names and phone numbers for client reference who are readily available to be contacted by the Department and capable of responding to performance questions.

B IT System Requirements

The bidder's response to the following requirements will be used to evaluate the bidder's ability to develop or modify its system to implement this project and the ability to dedicate experienced staff services.

1. Security and Confidentiality (M)

A contractor must demonstrate its ability to assure the security, confidentiality, and integrity of the Department's data in accordance with federal and state tax law provisions, as well as generally accepted industry information security policies, procedures, and standards. The contractor will be required to sign confidentiality agreements as set out in Sections V.B.8 of this RFP. In addition,

the contractor must have policies, procedures, controls, and software, in place which, at a minimum, ensures both physical security and data security.

The Department's mandatory requirements for security, confidentiality and integrity include all of the following:

- Documented information security policies that address the security, confidentiality, integrity, and availability of the contractor's information systems must be in place along with means to measure compliance with the aforementioned.
- Documented procedures and physical security controls which limit access to the Data Center, or an area where computer hardware is located, to only those individuals with job functions that require access (computer operations staff, quality control, systems programmers, etc.).
- Documented procedures and logical data access controls which restrict access to information stored within the computer system to only those individuals who require access to such information to perform job-related functions.
- Network security controls that ensure the contractor's information systems are protected from unauthorized access from outside the contractor's network.
- The Department shall have the right to send its officers, employees and representatives into the facilities of the contractor for inspection of the facilities and operations utilized in the performance of any work under the contract. On the basis of such inspection, specific measures may be required in cases where the contractor is found to be noncompliant with any security requirement stated in the contract.

Proposal Response Requirement

On **Attachment 4**, the bidder must provide:

1. The bidder/contractor must describe how it will assure the security and confidentiality of the Department's data. The bidder/contractor's response will be evaluated to determine if the above requirements have been met.

The bidder/contractor should submit evidence of its existing security programs, policies and procedures which will be evaluated and scored to the extent they demonstrate:

- a. Programs, policies and procedures used to provide discretionary access control to systems and data. This information should address both physical security and electronic data security.
- b. Defined roles and responsibilities of all of those using the bidder/contractor's information systems.
- c. Separate computing environments for test, quality assurance, and production systems.
- d. Policies, procedures and controls for backup and recovery of data.
- e. Off-site storage and disaster recovery operations.
- f. A process and procedure which conforms to federal and state tax law requirements for controlled destruction of system output or other documents containing Tax Debtor identifying data (name, address, identification numbers, etc.).
- g. Protection against unauthorized access or disclosure 1) by employees, consultants, and others located at its facilities and 2) from external sources, such as dial-in or via Internet access.
- h. Processes to monitor the bidder/contractor's compliance with its information security policies, such as internal audit controls and/or independent audit programs.
- i. Network security controls or programs, such as virus protection, intrusion detection systems, and firewall rules that protect the bidder's information systems from unauthorized access.
- j. Programs, policies and procedures for the encryption of data in transit and data at rest.
- k. Programs, policies and procedures for data sanitation.
- l. Programs, policies and procedures for data breach notification and incident response.

Also, the bidder/contractor must submit a copy of any audits, internal or external, performed within the past three years that cover the requirements set forth in this section. Summary audit results or redacted audits are acceptable, as necessary, to address confidentiality concerns. Summaries should include information relating to the adequacy of the bidder/contractor's security measures including any deficiencies found. The bidder should provide a

description of the progress of its remediation activities if deficiencies had been reported.

2 Communications Environments (M)

The Department's preferred method for file transfers to and from the Department is via the internet. The Department has approved the use of Open SSH with its built-in secure file transfer protocol (SFTP) for all Internet based file transfers. Alternative methods of file transfer will be evaluated and must be approved by the Department. The Department uses an UNIX/LINUX based hardware platform for all file transfers to outside contractors. All components of the file transfer system need to be compatible with UNIX/LINUX. The contractor's hardware for this connectivity must be compatible with the Department's existing firewalls. This connection will need to meet all Department and industry standard security measures, including using the standard TCP port (22) for Open SSH. File transfer methods that will **not** be supported by the Department are analog and digital dial-up, DSL, and VAN.

a. Electronic Data File Exchange

The bidder must have the capacity to engage in electronic data file exchange with the Department, and must use an electronic data exchange protocol acceptable to the Department. It will be the Contractor's responsibility to implement compatible software with these products. Data file exchange processes that are specifically unacceptable are: magnetic tapes, email, paper, CD, floppy Disc, removable drives, and analog or digital dial up, Value Added Network connection software, respectively. The Department has approved the use of Public/Private Key authentication for the SFTP protocol, and as such, requires the use of the SSH2, 1024 byte, RSA algorithms in the key generation.

Proposal Response Requirement

The Department requires electronic data file exchange, to and from the Department. The Department would prefer this exchange via the Internet. **The bidder's proposed electronic data exchange process will be evaluated to determine whether the bidder has the capacity to meet this requirement and to the extent the proposal exceeds the mandatory requirements.**

The bidder must provide on **Attachment 5**:

- A detailed narrative describing the bidder's proposed method of electronic data file exchange.

- A detailed narrative describing the bidder's data communication security measures.

Please note, generic system information, white papers and/or promotional material are not sufficient to meet the requirements of this proposal. The bidder must indicate its approach to each of the areas listed above.

b. Technology Upgrades

The contractor must agree to make technological changes in order to meet upgrades to industry supported standards.

Proposal Response Requirement

The bidder must indicate on **Attachment 5** they agree to make technological changes to meet upgrades to industry supported standards.

3. File Processing (M)

During the development phase, the Department will establish a schedule to be mutually agreed upon by the Department and the successful bidder for the electronic transmission of files between the Department and the contractor. The contractor must adhere to this schedule of file transfers. Files must be processed timely. Contractor must store a minimum of twelve (12) generations of scheduled Contractor to DTF Return files. Exhibit 2, Request File Layout, represents the file layout of the data the contractor will be required to process. Exhibit 3, Return File Layout, represents the file layout of the data the contract will be required to provide to DTF. The file layouts and transmission schedule will be finalized during the development phase.

Proposal Response Requirement

On **Attachment 6**, the bidder must agree to adhere to the file exchange schedule and the minimum file back up.

4. IT Staff (M)

Sufficient staff must be assigned to complete the Development Phase in a timely manner and to provide adequate support during the term of the contract. The Department would prefer to have continuity of staff from the development phase to ongoing support after certification. Sufficient IT staff must be assigned to communicate and coordinate resolution of any issues that may occur, correct any problems, and implement any changes within two (2) business days unless otherwise agreed to in writing. The Department reserves the right to request additional staff, as well as staff substitutions for work-related cause.

Proposal Response Requirement

To meet minimum requirements, on Part I of **Attachment 7**, the bidder must agree it will assign the requisite staff necessary to develop, test and implement the services requested within this RFP within the time frames detailed under the "Post Award Timetable," and to successfully maintain the IT system during the life of the contract.

The bidder must submit a narrative, **which will be evaluated and scored**, which describes the process and procedures in place for notifying customers of issues encountered with the production system. This must include method of notification, identify personnel (roles) involved in the notification, coordination of the resolution, and implementation of the changes needed to resolve the problem.

A general staffing plan, **which will be evaluated and scored**, must be provided. The plan must include the following staffing details; i.e. a listing of titles assigned to the project by the bidder (ex. Project Manager, Applications programmer(s), Network/Communications Specialists, Business Analyst, Testing Staff, other roles as applicable), the number of staff assigned in each of the titles identified, and a general description of the requisite skills required by your organization and/or possessed by staffing in each title (ex., education, professional or technical certifications and years experience for assigned staff).

5. Change Control Process (D)

Generally accepted data processing procedures and practices recommend that all system changes be implemented using methodology that assures the reliability, availability, and integrity of the information system. The bidder should have an established change control process in place.

Proposal Response Requirement

On **Attachment 8**, the bidder must provide a description of the Change Control process in use, **which will be evaluated and scored**. This must include the roles of staff involved in the review, evaluation, and approval of system changes, and a description of the testing processes, including environments utilized for testing.

C. Insurance (M)

Prior to the commencement of the work to be performed by the contractor hereunder, the contractor shall file with The People of the State of New York, the Department of Taxation and Finance (hereinafter referred to as the "Department"), Certificates of Insurance evidencing compliance with all requirements contained in

the contract. Such Certificates shall be of form and substance acceptable to the Department.

Acceptance and approval by the Department does not and shall not be construed to relieve contractor of any obligations, responsibilities or liabilities under the contract.

All insurance required by the contract shall be obtained at the sole cost and expense of the contractor; shall be maintained with insurance carriers licensed to do business in New York State, and acceptable to the Department; shall be primary and non-contributing to any insurance or self insurance maintained by the Department; shall be endorsed to provide written notice be given to the Department at least thirty (30) days prior to the cancellation, non-renewal, or material alteration of such policies, which notice, evidenced by return receipt of United States Certified Mail; shall be sent to the New York State Department of Taxation and Finance, W. A. Harriman State Office Building Campus, Procurement Bureau, Building 9 Room 234, Albany, New York, 12227, Attention: Ms. Catherine Golden, Assistant Director, and shall name The People of the State of New York, its officers, agents, and employees as additional insureds thereunder (General Liability Additional Insured Endorsement shall be on Insurance Service Office's (ISO) form number CG 20 26 11 85). The additional insured requirement does not apply to Workers Compensation, Disability or Professional Liability coverage.

Not less than thirty (30) days prior to the expiration date, the contractor shall supply the Department updated replacement Certificates of Insurance, and amendatory endorsements.

The contractor shall be solely responsible for the payment of all deductibles and self insured retentions to which such policies are subject. Deductibles and self-insured retentions must be approved by the Department. Such approval shall not be unreasonably withheld.

The contractor shall require that any subcontractors hired carry insurance with the same limits and provisions provided herein.

Each insurance carrier must be rated at least "A-" Class "VII" in the most recently published Best's Insurance Report. If, during the term of the policy, a carrier's rating falls below "A-" Class "VII", the insurance must be replaced no later than the renewal date of the policy with an insurer acceptable to the Department and rated at least "A-" Class "VII" in the most recently published Best's Insurance Report.

The contractor shall cause all insurance to be in full force and effect as of the commencement date of the contract and to remain in full force and effect throughout the term of the contract and as further required by the contract. The contractor shall not take any action, or omit to take any action that would suspend

or invalidate any of the required coverages during the period of time such coverages are required to be in effect.

Not less than thirty (30) days prior to the expiration date or renewal date, the contractor shall supply the Department updated replacement Certificates of Insurance, and amendatory endorsements.

The contractor, throughout the term of the contract, or as otherwise required by the contract, shall obtain and maintain in full force and effect, the following insurance with limits not less than those described below, or as required by law, whichever is greater (limits may be provided through a combination of primary and umbrella/excess policies):

1. Commercial General Liability Insurance with a limit of not less than \$2,000,000 each occurrence. Such liability shall be written on the ISO occurrence form CG 00 01, or a substitute form providing equivalent coverages and shall cover liability arising from premises operations, independent contractors, products-completed operations, broad form property damage, personal & advertising injury, cross liability coverage, liability assumed in a contract (including the tort liability of another assumed in a contract) and explosion, collapse & underground coverage.
2. Workers Compensation, Employers Liability, and Disability Benefits as required by New York State. If employees will be working on, near or over navigable waters, US Longshore and Harbor Workers Compensation Act endorsement must be included.
3. The contractor shall maintain, or if subcontracting professional services shall certify that Subcontractor maintain errors and omissions liability insurance with a limit of not less than \$1,000,000 per loss.
 - a. Such insurance shall apply to professional errors, acts, or omissions arising out of the scope of services covered by the contract.
 - b. If coverage is written on a claims-made policy, the contractor warrants that any applicable retroactive date precedes the effective date of the contract; and that continuous coverage will be maintained, or an extended discovery period exercised, for a period of not less than 2 years from the time work under the contract is completed.
4. Employee dishonesty coverage on money, securities or property other than money and securities including property in the contractors care, custody or control in an amount of \$2,000,000 per occurrence. The coverage shall include all employees including contract and temporary, whether identified or not, acting alone or in collusion with others.

Waiver of Subrogation. Contractor shall cause to be included in each of its policies insuring against loss, damage or destruction by fire or other insured casualty a waiver of the insurer's right of subrogation against the Department, or, if such waiver is unobtainable (i) an express agreement that such policy shall not be invalidated if contractor waives or has waived before the casualty, the right of recovery against the Department or (ii) any other form of permission for the release of the Department.

The insurance requirement will be monitored by the Department during the term of the contract and the contractor may be required to periodically adjust the amount of the insurance level. The Department must be provided written notice at least (30) days prior to the cancellation, non-renewal, or material alteration in coverage. Refer to Article IV of the Preliminary Contract (**Exhibit 4**).

Proposal Response Requirement

On **Attachment 9**, the bidder must agree to obtain the insurance coverage as defined in this section.