

NOTICE


This opportunity is being released to DBITS Contractors pre-qualified as a result of Open Market RFP #0A1147.

ONLY Contractors pre-qualified in the Application Development and Maintenance Transition Planning Category are eligible to submit proposal responses AND to submit inquiries. The State does not intend to respond to inquiries or to accept proposals submitted by organizations not pre-qualified in this Technology Category.

An alphabetical listing of Contractors pre-qualified to participate in this opportunity follows:

Accenture	MAXIMUS Human Services, Inc.
Advocate Consulting Group	McGladrey LLP
Advocate Solutions LLC	MGT of America, Inc.
Ardent Technologies	Navigator Management Partners LLC
CapTech Ventures	Peerless Technologies
Cardinal Solutions Group	Persistent Systems
Careworks Tech	Planet Technologies
CDI Corp	Prelude System
Centric Consulting LLC	Quantum LLC
CGI Technologies and Solutions, Inc.	Quick Solutions
CMA Consulting Services	R. Dorsey & Company
Computer Aid, Inc.	Sense Corp
Crowe Horwath LLP	Sogeti USA, LLC
Data Transfer Solutions	Sondhi Solutions
Data-Core Systems, Inc.	System Soft Technologies
enfoTech	Systems Technology Group, Inc.
Halcyon	TCC Software Solutions
HMB, Inc.	Team Ray Technologies, LLC
IBM	TEK Systems
IIT Contacts	Teranomic
Infojini	The Greentree Group
Information Control Company	Truven Health Analytics
JMT Technology Group	Unicon International. Inc.
Kunz, Leigh & Associates	Vertex
Lochbridge	Windsor Solutions
Mapsys Systems & Solutions	XLN Systems

Statement of Work Solicitation

 <p>State of Ohio Ohio Department of Administrative Services on behalf of the Ohio Lottery Commission Microsoft Dynamics GP Implementation</p>	DBITS Solicitation ID No.	Solicitation Release Date
	DBLOT-18-03-001	04-16-2018

Section 1: Purpose

The purpose of this Project Statement of Work (SOW) is to provide the Ohio Lottery Commission (Lottery) with information technology services in the [Application Development and Maintenance Transition Planning Category](#). A qualified Contractor, herein after referred to as the "Contractor", must furnish the necessary personnel, equipment, material and/or services and otherwise do all things necessary for, or incidental, to the performance of work set forth in Section 3, *Scope of Work*.

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Timeline

SOW Solicitation Release to Pre-Qualified Contractors:	April 16, 2018	
Inquiry Period Begins:	April 16, 2018	
Inquiry Period Ends:	May 7, 2018	at 8:00 AM
Proposal Response Due Date:	May 11, 2018	at 4:00 PM

Section 2: Background Information

2.1 Agency Information

Agency Name	Ohio Lottery Commission (Lottery)
Contact	Name Mary Tedeschi-Vittardi, Accounting Supervisor (Project Manager)
Contact E-Mail	Mary.Tedeschi-Vittardi@lottery.ohio.gov
Bill to Address	615 West Superior Ave, Cleveland, Ohio 44113

2.2 Project Information

Project Name	Ohio Lottery Microsoft Dynamics GP Implementation
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Project Background & Objective	The Lottery is contracting to replace its Microsoft Solomon accounting system, which has reached end of life. The Lottery intends to work with the selected integrator to replace its existing software with Microsoft Dynamics GP, the successor to Solomon. The new financial system will provide modern reports of agency financial activity, support and simplify future annual financial audits. The new software will also accomplish critical additional tasks, such as cost accounting, dynamic financial reporting, and automated bank reconciliation. The new software will also extend the Lottery's historical data availability to all available years.
Expected Project Duration	<p>Estimated duration of this project is less than 180 days, or earlier based upon agreement with the parties. The Contractor may present a timeline based on their experience in this type of project and the expected deliverables defined by Lottery.</p> <p>The selected Contractor will be notified by the Lottery when the project period will begin. The estimated start period for the project is mid to late May. Due to fiscal year end filing deadlines, there may be a 6-8 weeks temporary hold on project deliverables, to be discussed. The Lottery expects that the Contractor will separately invoice the Lottery for deliverables accepted in fiscal year 2018 (July 1, 2017-June 30, 2018) and fiscal year 2019 (July 1, 2018-June 30, 2019).</p>

2.3 Proposed Project Schedule and Milestones

Estimated Date	Task
Second Quarter 2018	Project start
Within 10 days of Award	Kickoff meeting to discuss project task schedule and deliverables.
Within 30 days of Award	Meetings with key stakeholders and Requirements/Validation
Within 45 days of Award	Completion of detailed design document.
Within 80 days of Award	Completion of system build.
Within 120 days of award	Completion of system acceptance testing.
Within 150 days of award	Completion of user acceptance testing.
Within 180 Days	Production Deployment of new system.
For 45 days after production deployment	Provide on-site and or remote technical assistance.

2.4 Contractor's Work Effort Requirement

The Contractor is expected to perform most of the work using its own employees. The Contractor must submit a request, in writing, with ample notice, for approval prior to the use of any subcontractors.

Section 3: Scope of Work

3.1 In Scope Requirements

For this scope of work, the Lottery would like to implement the following Microsoft Dynamics GP modules:

- General Ledger
- Financial Reporting
- Cash & Bank Management
- Fixed Assets

The Lottery also requires the following integrations be created between Microsoft Dynamics GP and other key Lottery Systems:

- Interface from the OAKS System into Microsoft Dynamics GP to automatically import the Lottery's payable expenses from OAKS.
- Interface from the Lottery's Gaming System or Internal Control System to import from the Ohio Lottery Gaming System into the Microsoft Dynamics GP General Ledger to import lottery ticket sales, prize activity, and other gaming accounts.
- Import banking transactions from the Lottery's financial institution by utilizing a banking reconciliation module to automate the reconciliation of the Lottery's bank account to their ledger.

The Lottery also requires the following automated data conversions:

- Chart of Accounts – current account numbers and descriptions will be migrated from the Lottery's Dynamics SL. Assume the account numbers will be a starting point for redesigning the Lottery's future chart of accounts.
- GL Summary Balances – migrate all general ledger balance history from the Lottery's Dynamics SL System.
- Budget – migrate the current year budget for the Lottery which will be used for budget versus actual financial reporting.

Implementation services for this project include:

- Comprehensive project planning and project management services throughout the life of the project
- Functional requirements gathering
- System installation of Microsoft Dynamics GP
- System configuration of Microsoft Dynamics GP
- Interface development and testing
- Data conversion development and testing
- Documentation of business processes and procedures
- Test planning and execution of testing of business processes/procedures and final solution
- End user training
- Technical training
- Cutover preparation and execution
- Post "Go Live" support

Reference the following documents as examples:

<https://www.ohiolottery.com/About/Financial/Annual-Financial-Plan/> and

<https://www.ohiolottery.com/About/Financial/Financial-Data/Revenues>

to review samples of current financial reports the Lottery would like to simplify by implementing Microsoft Dynamics GP.

Out of Scope

Purchase of any software.

<p>Assumptions</p>	<ul style="list-style-type: none"> • The contractor has successfully completed Microsoft Dynamics GP integrations for either a State agency and/or a government agency and/or company of similar size (~380 in total employees, \$3.0 Billion in revenue, or operating budget exceeding \$350-400 million). • Alternately, the contractor has successfully completed Microsoft Dynamics GP integrations for a North American (preferably US) lottery or gaming agency. • The Accounting supervisor has requested potential options for customization of the Microsoft Dynamics GP reporting package, given the inconvenience of GP's external Report Writer. • The contractor will work with the Lottery IT Department to reside the installation at the Lottery's preferred destination. • All documentation of the installation will be shared with the Lottery at the completion of the project. • The Contractor will provide Application Development and Maintenance Transition Planning. • The Contractor will follow the Software Development Life Cycle (SDLC) and include deliverables such as, business requirement specifications, software architecture document, complete code, system test cases, deployment plan, communication plan, risk/issue list and plan, iteration plan, user manual, closeout. • The Lottery will provide temporary work space at its central headquarters (615 West Superior Ave, Cleveland, Ohio 44113), should it be necessary, subject to practical constraints.
<p>Constraints</p>	<ul style="list-style-type: none"> • The contractor may need to make small timeline adjustments, as necessary, in late summer of 2018 to compensate for the Accounting department's completion of their Comprehensive Annual Financial Report. The Lottery will give the contractor ample notice, and work with the contractor to adjust the schedule, should this be the case. This constraint may only apply if the project extends beyond July 2018. • Travel expenses are the responsibility of the Contractor and will not be billed back to Lottery. • Requests will be made through the Accounting supervisor or designee and will be answered between Monday and Thursday during business hours. Requests after these hours will be answered the following business day.

3.3 Deliverable Requirements

- Deliverables must be provided on the dates specified by the Lottery. Any changes to the delivery date must have prior approval (in writing) by the Lottery Project Manager or designee.
- All deliverables must be submitted in a format approved by the Lottery's Project Manager.
- All deliverables must have acceptance criteria established and a time period for testing or acceptance.
- If the deliverable cannot be provided within the scheduled time frame, the Contractor is required to contact the Lottery Project Manager in writing with a reason for the delay and the proposed revised schedule. The request for a revised schedule must include the impact on related tasks and the overall project.
- A request for a revised schedule must be reviewed and approved by the Lottery Project Manager before placed in effect.
- The Lottery will complete a review of each submitted deliverable in a timely manner.
- A kickoff meeting will be held at a location and time selected by the Lottery where the Contractor and its staff will be introduced to the Lottery.
- All deliverables must be accepted and approved by the Lottery Project Manager and/or Lottery Project Sponsor.

3.4 Deliverables – Details for individual Deliverables will be provided to the Contractor after award.

Deliverable	Estimated Due Date	Payment Eligible? Yes/No	Description and Approval
1. Detailed Project Plan & Schedule	Within 30 days after award	Yes	Provide detailed project plan/schedule to complete SOW Approval from Lottery Project Manager and/or Lottery Project Sponsor
2. Weekly Status Reports	First day of each week by 4:00 PM starting second week after award	No	Provide weekly report of activities for the current week and plans for the next
3. Detailed requirements document	Within 45 days after award	Yes	Provide a detailed requirements document to ensure all functionality has been included Approval from Lottery Project Manager and/or Lottery Project Sponsor
4. Detailed wireframes	Within 60 days after award	Yes	Provide detailed mock ups/designs of screens for the application Approval from Lottery Project Manager and/or Lottery Project Sponsor
5. Software Architecture Diagram (SAD)	Within 60 days after award	Yes	Provide a diagram of the architecture of the application Approval from Lottery Project Manager and/or Lottery Project Sponsor
6. Delivery of built elements via bi-weekly sprints	Within 120 days after award	No	Demonstrate developed working code during bi-weekly sprint reviews
7. Completion of system testing/signoff	Within 120 days after award	Yes	Provide documented results of system testing including bugs and resolutions Approval from Lottery Project Manager and/or Lottery Project Sponsor
8. Completion of UAT testing/signoff	Within 150 days after award	Yes	Provide documented results of UAT testing including bugs and resolutions Approval from Lottery Project Manager and/or Lottery Project Sponsor

3.4 Deliverables – Details for individual Deliverables will be provided to the Contractor after award.			
Deliverable	Estimated Due Date	Payment Eligible? Yes/No	Description and Approval
9. Deployment plan	Within 150 days after award	No	Provide a detailed deployment plan
10. Production Deployment	Within 180 days after award	Yes	Lead and supervise technical deployment Approval from Lottery Project Manager and/or Lottery Project Sponsor
11. Provide forty-five (45) days of technical support after Production Deployment	45 days after Production Deployment	Yes 10% Holdback	Provide all remaining documentation Approval from Lottery Project Manager and/or Lottery Project Sponsor

3.5 Roles and Responsibilities		
Project or Management Activity / Responsibility Description	Contractor	Lottery
Project Schedule and Deliverables	X	
Coordinating state contacts, stakeholders, email accounts, work space and related support		X

3.6 Restrictions on Data Location and Work

- The Contractor must perform all Work specified in the SOW Solicitation and keep all State data and all work within the United States. The State may reject any SOW Response that proposes to do any work or make State data available outside the United States.
- The Contractor will comply with all state and federal laws regarding equal employment opportunity and fair labor and employment practices, including Ohio Revised Code Section 125.111 and all related Executive Orders.

3.7 Resource Requirements

- Lottery will provide cubical space at a Lottery facility for up to five (5) Contractor staff members.
- Lottery will provide access to the servers necessary to conduct the work.
- Having either a headquarters or an office in Ohio is a plus, but is not a mandatory requirement of this solicitation.

Section 4: Deliverables Management

4.1 Submission/Format

PM Artifact/Project Work Product	Submission	Format
Project Plan tasks and Gantt chart	Via email and within 14 days of project start	Microsoft Project compatible format
All project documents are to be delivered electronically	Via email and as required	Microsoft Office compatible format

4.2 Reports and Meetings

- The Contractor is required to provide the Lottery Project Manager with weekly written progress reports of the project. Reports are due to the Lottery Project Manager by the 4:00 PM on the first business day of each week throughout the life of the project.
- The progress reports shall cover all work performed and completed during the previous week and present the work to be performed during the current week.
- The progress report shall identify any problems encountered or still outstanding with an explanation of the cause and resolution of the problem or how the problem will be resolved.
- The Contractor will be responsible for conducting weekly status meetings with the Lottery Project Manager. The meetings will be held at a time and place so designated by the Lottery Project Manager – unless revised by the Lottery Project Manager. The meetings can be in person or online at the discretion of the Lottery Project Manager.

4.3 Period of Performance

This project is expected to be completed within 180 **days**. Performance is based on the delivery and acceptance of each deliverable.

4.4 Performance Expectations

This section sets forth the performance specifications for the Service Level Agreements (SLA) to be established between the Contractor and State. Most individual service levels are linked to “Fee at Risk” due to the State to incent Contractor performance.

The Service Levels contained herein are Service Levels for this SOW Solicitation. Both the State and the Contractor recognize and agree that Service Levels and performance specifications may be added or adjusted by mutual agreement during the term of the Contract as business, organizational objectives and technological changes permit or require.

The Contractor agrees that 10% of the not to exceed fixed price for the SOW will be at risk (“Fee at Risk”). The Fee at Risk will be calculated as follows:

<i>Total Not to Exceed Fixed Price (NTEFP) of the SOW</i>	x	10 %	=	<i>Total Fee at Risk for the SOW</i>
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Furthermore, in order to apply the Fee at Risk, the following monthly calculation will be used:

<i>Monthly Fee at Risk</i>	=	<i>Total Fee at Risk for the SOW</i>
		<i>Term of the SOW in months</i>

The Contractor will be assessed for each SLA failure and the “Performance Credit” shall not exceed the monthly Fee at Risk for that period. The Performance Credit is the amount due to the State for the failure of SLAs. For SLAs measured on a monthly basis, the monthly fee at risk applies and is cumulative.

On a quarterly basis, there will be a “true-up” at which time the total amount of the Performance Credit will be calculated (the “Net Amount”), and such Net Amount may be off set against any fees owed by the State to the Contractor, unless the State requests a payment in the amount of the Performance Credit.

The Contractor will not be liable for any failed SLA caused by circumstances beyond its control, and that could not be avoided or mitigated through the exercise of prudence and ordinary care, provided that the Contractor promptly notifies the State in writing and takes all steps necessary to minimize the effect of such circumstances and resumes its performance of the Services in accordance with the SLAs as soon as reasonably possible.

To further clarify, the Performance Credits available to the State will not constitute the State’s exclusive remedy to resolving issues related to the Contractor’s performance. In addition, if the Contractor fails multiple service levels during a reporting period or demonstrates a pattern of failing a specific service level throughout the SOW, then the Contractor may be required, at the State’s discretion, to implement a State-approved corrective action plan to address the failed performance.

SLAs will commence when the SOW is initiated.

Monthly Service Level Report. On a monthly basis, the Contractor must provide a written report (the “Monthly Service Level Report”) to the State which includes the following information:

- Identification and description of each failed SLA caused by circumstances beyond the Contractor’s control and that could not be avoided or mitigated through the exercise of prudence and ordinary care during the applicable month;
- the Contractor’s quantitative performance for each SLA;
- the amount of any monthly performance credit for each SLA;
- the year-to-date total performance credit balance for each SLA and all the SLAs;
- upon state request, a “Root-Cause Analysis” and corrective action plan with respect to any SLA where the Individual SLA was failed during the preceding month; and
- trend or statistical analysis with respect to each SLA as requested by the State.

The Monthly Service Level Report will be due no later than the fifth (5th) day of the following month.

SLA Name	Performance Evaluated	Non-Conformance Remedy	Frequency of Measurement
Delivery Date Service Level	The Delivery Date Service Level will measure the percentage of SOW tasks, activities, deliverables, milestones and events assigned specific completion dates in the applicable SOW and/or SOW project plan that are achieved on time. The State and the Contractor will agree to a project plan at the commencement of the SOW and the Contractor will maintain the project plan as agreed to throughout the life of the SOW. The parties may agree to re-baseline the project plan throughout the life of the SOW. Due to the overlapping nature of tasks, activities, deliverables, milestones and events a measurement period of one calendar month will be established to serve as the basis for the measurement window. The Contractor will count all tasks, activities, deliverables, milestones and events to be completed during the measurement window and their corresponding delivery dates in	Fee at Risk	Monthly

	<p>the applicable SOW and/or SOW project plan. This service level will commence upon SOW initiation and will prevail until SOW completion.</p> <p>Compliance with delivery date is expected to be greater than 85%</p> <p>This SLA is calculated as follows: "% Compliance with delivery dates" equals "(Total dates in period – Total dates missed)" divided by "Total dates in period"</p>		
Deliverable Acceptance Service Level	<p>The Deliverable Acceptance Service Level will measure the State's ability to accept Contractor deliverables based on submitted quality and in keeping with defined and approved content and criteria for Contractor deliverables in accordance with the terms of the Contract and the applicable SOW. The Contractor must provide deliverables to the State in keeping with agreed levels of completeness, content quality, content topic coverage and otherwise achieve the agreed purpose of the deliverable between the State and the Contractor in accordance with the Contract and the applicable SOW. Upon mutual agreement, the service level will be calculated / measured in the period due, not in the period submitted. Consideration will be given to deliverables submitted that span multiple measurement periods. The measurement period is one month. The first measurement period will commence on the first day of the first full calendar month of the Contract, and successive monthly measurement periods will run continuously thereafter until the expiration of the applicable SOW.</p> <p>Compliance with deliverable acceptance is expected to be greater than 85%</p> <p>This SLA is calculated as follows: "% Deliverable Acceptance" equals "# Deliverables accepted during period" divided by "# Deliverables submitted for review/acceptance by the State during the period"</p>	Fee at Risk	Monthly

4.5 General Contract Terms and Conditions

All Contract Terms and Conditions follow from the original solicitation which selected the pre-qualified Contractors. A copy of the original solicitation (RFP 0A1147) can be found on the details page of this solicitation on the State of Ohio Procurement website.

4.6 State Staffing Plan		
Staff/Stakeholder Name	Project Role	Percent Allocated
Mary Tedeschi-Vittardi	Project Manager	10% or as needed
Gregory Bowers (CFO)	Project Sponsor	5% or as needed
Accounting Staff	Staff	As needed (testing)
Other Finance Staff	Staff	As needed

Section 5: Response Format and Content Requirements

An identifiable tab sheet must precede each section of a Proposal, and each Proposal must follow the format outlined below. All pages, except pre-printed technical inserts, must be sequentially numbered.

Each Proposal must contain the following:

1. Cover Letter
2. Contractor Experience Requirements
3. Subcontractors Documentation (if applicable)
4. Assumptions
5. Payment Address
6. Staffing plan, personnel resumes, time commitment, organizational chart
7. Project Plan
8. Project Schedule (WBS using MS Project or compatible)
9. Communication Plan
10. Fee Structure including Estimated Work Effort for each Task/Deliverable
11. Supplement 1 affirmation
12. Rate Card

Include the following:

1. Cover Letter:

- a. Must be in the form of a standard business letter;
- b. Must be signed by an individual authorized to legally bind the Contractor;
- c. Must include a statement regarding the Contractor's legal structure (e.g. an Ohio corporation), Federal tax identification number, and principal place of business; please list any Ohio locations or branches;
- d. Must include a list of the people who prepared the Proposal, including their titles; and
- e. Must include the name, address, e-mail, phone number, and fax number of a contact person who has the authority to answer questions regarding the Proposal.

2. Contractor's Experience Requirements

- a. Each proposal must include a brief executive summary of the services the Contractor proposes to provide and one representative sample of previously completed projects as it relates to this proposal (e.g. detailed requirements documents, analysis);
- b. Each proposal must describe the Contractor's experience, capability, and capacity to provide Application Development, Integration and Maintenance Transition Planning and optional Solicitation Assistance. Provide specific detailed information

demonstrating experience similar in nature to the type of work described in this SOW for each of the resources identified in Section 5.2.

c. **Mandatory Requirements:** The Contractor must possess knowledge of the following:

The Contractor must have successfully completed Microsoft Dynamics GP integrations for agencies or organizations of a similar profile. Contractors must demonstrate that they meet this requirement by including a list of at least three references from current or past customers, served in the past 60 months for whom the Contractor performed similar work. The list must contain current contact persons and contact information for those work engagements. Contractors not meeting this requirement to the satisfaction of the Lottery may be disqualified. The proposal must contain a brief summary of each of those work engagements, how they are similar in size, scope, and purpose, to the project described in this SOW solicitation document, and the level of success attained. Additional integrations from prior to the 60 months which include lottery Dynamics integration services are also invited.

3. Subcontractor Documentation (if applicable):

For each proposed subcontractor, the Contractor must attach a letter from the subcontractor, signed by someone authorized to legally bind the subcontractor, with the following included in the letter:

- a. The subcontractor's legal status, federal tax identification number, D-U-N-S number if applicable, and principal place of business address;
- b. The name, phone number, fax number, email address, and mailing address of a person who is authorized to legally bind the subcontractor to contractual obligations;
- c. A description of the work the subcontractor will do and one representative sample of previously completed projects as it relates to this SOW (e.g. detailed requirements document, analysis, statement of work);
- d. Must describe the subcontractor's experience, capability, and capacity to provide Information Technology Assessment, Planning, and Solicitation Assistance. Provide specific detailed information demonstrating experience similar in nature to the type of work described in this SOW from each of the resources identified in Section 5.2;
- e. A commitment to do the work if the Contractor is selected; and
- f. A statement that the subcontractor has read and understood the RFP and will comply with the requirements of the RFP.

4. Assumptions:

The Contractor must list all assumptions the Contractor made in preparing the Proposal. If any assumption is unacceptable to the State, the State may at its sole discretion request that the Contractor remove the assumption or choose to reject the Proposal. No assumptions may be included regarding the outcomes of negotiation, terms and conditions, or requirements. Assumptions should be provided as part of the Contractor response as a stand-alone response section that is inclusive of all assumptions with reference(s) to the section(s) of the RFP that the assumption is applicable to. The Contractor should not include assumptions elsewhere in their response.

5. Payment Address:

The Contractor must give the address to which the State should send payments under the Contract.

6. Staffing Plan, Personnel Resumes, Time Commitment, Organizational Chart:

Identify Contractor and subcontractor staff and time commitment. Identify hourly rates for personnel, as applicable. Include Contractor and subcontractor resumes for each resource identified and organizational chart for entire team. Project Team Qualifications:

Provide an outline of the project team and a brief description on the approach for the project. At a minimum the proposal must contain:

- a. Proposed Project Manager and team members resume/qualifications demonstrating that the team has the necessary professional experience and background.
- b. Three references where the proposed Project Manager has managed a similar project. This must outline how the previous work supported coordinating collecting requirements and specifications from multiple users across geographical sites.
- c. Team member(s) have program knowledge.
- d. Team members must have experience analyzing business processes that integrate data.
- e. Minimum Project Manager Qualifications:
Sixty months experience as a Project Manager developing project plans, defining schedules, developing project approach, budgeting, monitoring and project change management processes.
- f. Desirable team member experience:
Business use case and systems design specifications for data integration.

The Lottery may disqualify, at its discretion, candidates for whom any of the above requirements are not adequately documented in the Contractor's proposal.

Contractor Name	Role	Contractor or Subcontractor?	No. Hours	Hourly Rate

7. Project Plan

Identify and describe the plan to produce effective documents and complete the deliverable requirements. Describe the primary tasks, how long each task will take and when each task will be completed in order to meet the final deadline.

8. Project Schedule (WBS Using MS Project or Compatible)

Describe the Project Schedule including planning, planned vs. actuals for monitoring performance, including milestones, and time for writing, editing and revising. Using MS Project or compatible, create a deliverable-oriented grouping of project elements that organizes and defines the total work scope of the project with each descending level representing an increasingly detailed definition of the project work.

9. Communication Plan

Strong listening skills, the ability to ask appropriate questions, and follow-up questions will be required to capture the information necessary to complete the deliverable requirements. Describe the methods to be used to gather and store various types of information and to disseminate the information, updates, and corrections to previously distributed material. Identify to whom the information will flow and what methods will be used for the distribution. Include format, content, level of detail, and conventions to be used. Provide methods for accessing information between scheduled communications.

10. Fee Structure including Estimated Work Effort for each Task/Deliverable

The State will holdback 10% of each deliverable. This holdback will be released at the end of the successful 45-day technical support period after deployment as defined by the Lottery.

Payment will be scheduled upon approval and acceptance of each applicable Deliverable by the Lottery Project Sponsor and Lottery Project Manager within the usual payment terms of the State.

Deliverable Name	Total Estimated Work Effort (Hours)	Not-to-Exceed Fixed Price for Deliverable
Detailed Project Plan & Schedule		\$
Weekly Status Reports		N/A
Detailed Requirements Document		\$
Detailed Wireframes		\$
Software Architecture Diagram (SAD)		\$
Delivery of built elements via bi-weekly sprints		N/A
Completion of system testing/signoff		\$
Completion of UAT testing/signoff		\$
Detailed Deployment Plan		N/A
Production Deployment		\$
Provide forty-five (45) days of technical support after production deployment.		N/A (10% holdback)
Total Not-To-Exceed Fixed Price for all Deliverables		\$

11. Acceptance of Security and Privacy Supplement (Supplement 1)

The Contractor must provide a statement agreeing to and accepting Supplement 1 in its entirety.

12. Rate Card

The primary purpose of obtaining a Rate Card is to establish baseline hourly rates in the event that change orders are necessary. The DBITS contract is not intended to be used for hourly based time and materials work. (NOTE – Section 5.6 collects rate information for named resources) Contractors must submit a Rate Card that includes hourly rates for all services the Contractor offers, including but not limited to those listed in Section 5.2. Enter the Rate Card information in this section.

Resource Title	Hourly Rate
	\$
	\$
	\$

Section 6: SOW Evaluation Criteria

Mandatory Requirement:
 The Contractor must have performed similar work for at least three projects within the past 60 months. Accept/Reject

Scored Requirements	Weight	Does Not Meet	Partially Meets	Meets	Exceeds
Contractor or subcontractor summary show(s) company experience in successfully integrating Microsoft Dynamics GP software in similar environments.	7	0	2	5	7
Contractor or subcontractor summary identified resource(s) with experience in application development using applicable framework	7	0	2	5	7
Contractor or subcontractor summary must describe the approach for developing the application/interface.	5	0	2	5	7
Contractor project plan.	3	0	2	5	7
Contractor staffing plan.	3	0	2	5	7
Demonstrated ability to complete the project in the available timeline based on the proposed project plan.	5	0	2	5	7

Price Performance Formula. The evaluation team will rate the Proposals that meet the Mandatory Requirements based on the following criteria and respective weights.

Criteria	Percentage
Technical Proposal	70%
Cost Summary	30%

To ensure the scoring ratio is maintained, the State will use the following formulas to adjust the points awarded to each offeror.

The offeror with the highest point total for the Technical Proposal will receive 600 points. The remaining offerors will receive a percentage of the maximum points available based upon the following formula:

Technical Proposal Points = (Offeror's Technical Proposal Points/Highest Number of Technical Proposal Points Obtained) x 700

The offeror with the lowest proposed total cost for evaluation purposes will receive 400 points. The remaining offerors will receive a percentage of the maximum cost points available based upon the following formula:

Cost Summary Points = (Lowest Total Cost for Evaluation Purposes/Offeror's Total Cost for Evaluation Purposes) x 300

Total Points Score: The total points score is calculated using the following formula:

Total Points = Technical Proposal Points + Cost Summary Points

Section 7: SOW Solicitation Calendar of Events

Firm Dates

SOW Solicitation Released to pre-qualified Contractors	April 16, 2018
Inquiry Period Begins	April 16, 2018
Inquiry Period Ends	May 7, 2018 at 8:00 AM
Proposal Response Due Date	May 11, 2018 at 4:00 PM

Anticipated Dates

Estimated Date for Selection of Awarded Contractor	May 18, 2018
Estimated Commencement Date of Work	June 2, 2018

All times listed are Columbus, Ohio local Time.

Section 8: Inquiry Process

Contractors may make inquiries regarding this SOW Solicitation anytime during the inquiry period listed in the Calendar of Events. To make an inquiry, Contractors must use the following process:

- Access the State's Procurement Website at <http://procure.ohio.gov/>;
- From the Navigation Bar on the right, select "Bid Opportunities Search";
- Enter the DBITS Solicitation ID number found on the first page of this SOW Solicitation in the "Document/Bid Number:" box;
- Click the "Search" button;
- Click on the Document/Bid Number to go to the document information page,
- On the document information page, click the "Submit Inquiry" button;
- On the document inquiry page, complete the required "Personal Information" section by providing:
 - First and last name of the Contractor's representative who is responsible for the inquiry,
 - Name of the Contractor,
 - Representative's business phone number, and
 - Representative's email address;
- Type the inquiry in the space provided including:
 - A reference to the relevant part of this SOW Solicitation,
 - The heading for the provision under question, and
 - The page number of the SOW Solicitation where the provision can be found; and
- Click the "Submit" button.

A Contractor submitting an inquiry will receive an acknowledgement that the State has received the inquiry as well as an email acknowledging receipt. The Contractor will not receive a personalized response to the question nor notification when the State has answered the question.

Contractors may view inquiries and responses on the State's Procurement Website by using the same instructions described above and by clicking the "View Q & A" button on the document information page.

The State usually responds to all inquiries within three business days of receipt, excluding weekends and State holidays. But the State will not respond to any inquiries received after 8:00 a.m. on the inquiry end date.

The State does not consider questions asked during the inquiry period through the inquiry process as exceptions to the terms and conditions of this Solicitation.

Section 9: Submission Instructions & Location

Each Contractor must submit THREE (3) complete, sealed and signed copies of its Proposal Response and each submission must be clearly marked "Lottery Microsoft Dynamics Integration" on the outside of its package along with Contractor's name. Pricing should be submitted under separate cover from the technical proposal.

A single electronic copy of the complete Proposal Response must also be submitted with the printed Proposal Responses. Electronic submissions should be on a CD, DVD.

Each proposal must be organized in the same format as described in Section 5. Any material deviation from the format outlined in Section 5 may result in a rejection of the non-conforming proposal. Each proposal must contain an identifiable tab sheet preceding each section of the proposal. Proposal Response should be good for a minimum of 60 days.

The State will not be liable for any costs incurred by any Contractor in responding to this SOW Solicitation, even if the State does not award a contract through this process. The State may decide not to award a contract at the State's discretion. The State may reject late submissions regardless of the cause for the delay. The State may also reject any submissions that it believes is not in its interest to accept and may decide not to do business with any of the Contractors responding to this SOW Solicitation.

Proposal Responses MUST be submitted to the Lottery's Procurement Representative:

Jacqueline Mazzola
Ohio Lottery Commission
615 West Superior Ave
Cleveland, Ohio 44113

Proprietary information

All Proposal Responses and other material submitted will become the property of the State and may be returned only at the State's option. Proprietary information should not be included in a Proposal Response or supporting materials because the State will have the right to use any materials or ideas submitted in any quotation without compensation to the Contractor. Additionally, all Proposal Response submissions will be open to the public after the contract has been awarded.

The State may reject any Proposal if the Contractor takes exception to the terms and conditions of the Contract.

Waiver of Defects

The State has the right to waive any defects in any quotation or in the submission process followed by a Contractor. But the State will only do so if it believes that is in the State's interest and will not cause any material unfairness to other Contractors.

Rejection of Submissions

The State may reject any submissions that is not in the required format, does not address all the requirements of this SOW Solicitation, or that the State believes is excessive in price or otherwise not in its interest to consider or to accept. The State will reject any responses from companies not pre-qualified in the Technology Category associated with this SOW Solicitation. In addition, the State may cancel this SOW Solicitation, reject all the submissions, and seek to do the work through a new SOW Solicitation or other means.

Supplement 1

State IT Computing Policy Requirements

State Architecture and Computing Standards Requirements

State Security and Privacy Requirements

State Data Handling Requirements

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1.0 Overview and Scope

This Supplement shall apply to any and all Work, Services, Locations and Computing Elements that the Contractor will perform, provide, occupy or utilize in conjunction with the delivery of work to the State and any access to State resources in conjunction with delivery of work.

This scope shall specifically apply to:

- Major and Minor Projects, Upgrades, Updates, Fixes, Patches and other Software and Systems inclusive of all State elements or elements under the Contractor's responsibility utilized by the State;
- Any systems development, integration, operations and maintenance activities performed by the Contractor;
- Any authorized Change Orders, Change Requests, Statements of Work, extensions or Amendments to this contract;
- Contractor locations, equipment and personnel that access State systems, networks or data directly or indirectly; and
- Any Contractor personnel, or sub-Contracted personnel that have access to State confidential, personal, financial, infrastructure details or sensitive data.

The terms in this Supplement are additive to the Standard State Terms and Conditions contained elsewhere in this contract. In the event of a conflict for whatever reason, the highest standard contained in this contract shall prevail.

2.0 State IT Policy Requirements

The Contractor will comply with State of Ohio IT policies and standards. For the purposes of convenience, a compendium of IT policy and standard links is provided in the table below.

State of Ohio IT Policies and Standards

Item	Link
IT Policies and Standards	http://das.ohio.gov/Divisions/InformationTechnology/StateofOhioITPolicies/tabid/107/Default.aspx
Statewide IT Standards	http://das.ohio.gov/Divisions/InformationTechnology/StateofOhioITStandards.aspx
Statewide IT Bulletins	http://das.ohio.gov/Divisions/InformationTechnology/StateofOhioITBulletins.aspx
DAS Policies	100-11 Protecting Privacy 700-00– Technology / Computer Usage Series 2000-00 – IT Operations and Management Series http://das.ohio.gov/Divisions/DirectorsOffice/EmployeesServices/DASPolicies/tabid/463/Default.aspx

3.0 State Architecture and Computing Standards Requirements

1.1. Requirements Overview

Offerors responding to State issued RFQ/RFP requests, and as Contractors performing the work following an award, are required to propose solutions that comply with the standards outlined in this document. In the event Offeror finds it necessary to deviate from any of the standards, a variance may be requested, and the Offeror must show sufficient business justification for the variance request. The Enterprise IT Architecture Team will engage with the Contractor and appropriate State stakeholders to review and approve/deny the variance request.

1.1.1. State of Ohio Standards

The State has a published Core Technology Stack as well as Enterprise Design Standards as outlined in this document and, due to State preferences, each are subject to improvements, elaboration and replacement. The State also provides numerous IT Services in both the Infrastructure and Application categories, as outlined in the State’s IT Services Catalog at:

<http://das.ohio.gov/Divisions/InformationTechnology/StateofOhioITServiceCatalog.aspx>

1.1.2. Offeror Responsibilities

Offerors can propose on-premise or cloud-based solutions. When proposing on-premise solutions, Offerors and Contractors must comply with State requirements including using the State’s Virtualized Compute Platform. Offerors proposing on-premise solutions are required to install third party applications on State- provided compute platforms. Dedicated server platforms are not compliant with the State’s Virtualization Requirements.

In addition, Offerors are required to take advantage of all published IT Application Services where possible, (i.e. Enterprise Service Bus, Content Management, Enterprise Document Management, Data Warehousing, Data Analytics and Reporting and Business Intelligence). When dedicated Application components (i.e., Application Servers, Databases, etc.) are required, they should comply with the Core Technology standards.

1.2. Compute Requirements: Client Computing

Offerors **must not** propose solutions that require custom PC’s, Laptops, Notebooks etc. The State will source its own Client computing hardware and the Offeror’s proposed solutions are required to be compatible with the State’s hardware.

1.2.1. Compute Requirements: Server / OS

Offerors **must** propose solutions that comply with the State’s supported Server / OS versions.

The following are the State’s Required Server and OS versions.

Table 1 – Supported Server/OS versions

Operating System	Version	Edition
Microsoft Windows Server	2012, 2012 R2	Standard, Enterprise, & Datacenter
RedHat Linux	7	Enterprise
IBM AIX	7.1	
Oracle Enterprise Linux		Enterprise

When Offerors are proposing on-premise solutions, these solutions must comply with the State’s supported Server Compute Platforms.

The State hosts and manages the Virtual Server hardware and Virtualization layer. The State is also responsible for managing the server’s Operating System (OS). This service includes 1 virtual CPU (vCPU), 1 GB of RAM and 50 GB of Capacity Disk Storage. Customers can request up to 8 vCPUs and 24GB of RAM.

For Ohio Benefits and the Ohio Administrative Knowledge System (OAKS) – Exalogic Version 2.0.6.0.2

1.2.2. Ohio Cloud: Hypervisor Environment

When Offerors are proposing on-premise solutions, these solutions *must* comply with the State’s supported VMware vSphere, and IBM Power Hypervisor environment.

For Ohio Benefits and OAKS – Oracle Virtual Manager Version 3.3.1, Xen

1.3. Storage and Backup Requirements

1.3.1. Storage Pools

The State provides three pools (tiers) of storage with the ability to use and allocate the appropriate storage type based on predetermined business criticality and requirements. Storage pools are designed to support different I/O workloads.

When Offerors are proposing on-premise solutions, these solutions *must* take advantage of the State's Storage Service Offerings.

For Ohio Benefits and OAKS - HA (High Availability) storage used with Mirror configuration.

The pools and their standard use cases are below:

Table 2 – State Supported Storage Pools

Storage Pool	Availability	Performance	Typical Applications
Performance	Highest	Fast	Performance pool suited for high availability applications, with high I/O (databases).
General	High	Fast	General pool suitable for file servers, etc.
Capacity	High	Average	Capacity pool suitable for file servers, images and backup / archive). Not suited for high random I/O.

1.3.2. Backup

When Offerors are proposing on-premise solutions, these solutions *must* take advantage of the State's Backup Service Offering.

Backup service uses IBM Tivoli Storage Manager Software and provides for nightly backups of customer data. It also provides for necessary restores due to data loss or corruption. The option of performing additional backups, archiving, restoring or retrieving functions is available for customer data. OIT backup facilities provide a high degree of stability and recoverability as backups are duplicated to the alternate site.

For Ohio Benefits - Symantec NetBackup is the Enterprise backup solution.

1.4. Networking Requirements: Local Area Network (LAN) / Wide Area Network (WAN)

Offerors **must** propose solutions that work within the State's LAN / WAN infrastructure.

The State of Ohio's One Network is a unified solution that brings together Design, Engineering, Operations, Service Delivery, Security, Mobility, Management, and Network Infrastructure to target and solve key Government challenges by focusing on processes, procedures, consistency and accountability across all aspects of State and local government.

Ohio One Network can deliver an enterprise network access experience for their customers regardless of location or device and deliver a consistent, reliable network access method.

The State provides a high bandwidth internal network for internal applications to communicate across the State's LAN / WAN infrastructure. Normal traffic patterns at major sites should be supported.

Today, the State's WAN (OARnet) consists of more than 1,850 miles of fiber-optic backbone, with more than 1,500 miles of it operating at ultrafast 100 Gbps speeds. The network blankets the state, providing connectivity to all State Government Agencies.

The State of Ohio Network infrastructure utilizes private addressing, reverse proxy technology and Network Address Translation (NAT). All applications that are to be deployed within the infrastructure must be tolerant of these technologies for both internal product interaction as well as external user access to the proposed system, infrastructure or application.

The State network team will review applications requirements involving excessive bandwidth (i.e. voice, video, telemetry, or applications) deployed at remote sites.

1.5. Application Requirements

1.5.1. Application Platforms

When Offerors are proposing on-premise solutions, these solutions *must* be developed in open or industry standard languages (e.g. Java, .NET, PHP, etc.)

1.5.2. Open API's

Proposed vendor applications must be developed with standards-based Open API's. An open API is an [application program interface](#) that provides programmatic access to software applications. Proposed vendor applications must describe in detail all available features and functionality accessible via APIs.

1.5.3. SOA (Service Oriented Architecture)

When Offerors are proposing on-premise solutions, these solutions *must* be developed using a standards-based Service Oriented Architecture (SOA) model.

1.6. Database Platforms

Proposed vendor application designs must run on databases that comply with the State's supported Database Platforms.

- IBM DB2 Version 10
- Microsoft SQL Server 2012 or higher
- ORACLE 11G and 12C

1.7. Enterprise Application Services

The State of Ohio Office of Information Technology (OIT) provides a number of Enterprise Shared Services to State agencies as outline in the IT Services Catalog available at: <http://das.ohio.gov/Divisions/InformationTechnology/StateofOhioITServiceCatalog.aspx>

At a minimum, proposed vendor application designs that include the following Application Services *must* use the Application IT Services outlined in the IT Services Catalog.

1.7.1. Health and Human Services: Integrated Eligibility

The Integrated Eligibility Enterprise platform provides four key distinct technology domains / capabilities:

- Common Enterprise Portal – includes User Interface and User Experience Management, Access Control, Collaboration, Communications and Document Search capability

Enterprise Information Exchange – includes Discovery Services (Application and Data Integration, Master Data Management (MDM) Master Person Index and Record Locator Service), Business Process Management, Consent Management, Master Provider Index and Security Management Analytics and Business Intelligence – Integration, Analysis and Delivery of analytics in the form of alerts, notifications and reports
Integrated Eligibility – A common Enterprise Application framework and Rules Engine to determine eligibility and benefits for Ohio Public Benefit Programs

1.7.2. The Ohio Business Gateway (OBG)

The Ohio Business Gateway (OBG) offers Ohio's businesses a time-and money-saving online filing and payment system that helps simplify business' relationship with Government agencies.

New Business Establishment – Provides a single, portal based web location for the establishment of new businesses in Ohio, file with the required State agencies and ensure that business compliance requirements of the State are met.

Single Point Revenue and Fee Collection - Manage payments to State's payment processor (CBOSS) and broker payment to multiple agencies while creating transaction logs and Business Customer "receipts".

Business One-Stop Filing and Forms - Provides guides and forms to Business Users through complex transactions that have multiple steps, forms and / or filing requirements for users on procedures to complete the process including Agencies and (if applicable) systems they will need to interact with.

Scheduling and Reminders - Notify Business Customers of a particular event that is upcoming or past due (Filing due) using a "calendar" or "task list" metaphor.

Collections and Confirmations – Provides a Payment Card Industry (PCI) certified web-based payment solution that supports a wide range of payment types: credit cards, debit cards, electronic checks, as well as recurring, and cash payments.

1.7.3. Ohio Administrative Knowledge System (OAKS)

OAKS is the State's Enterprise Resource Planning (ERP) system, which provides central administrative business services such as Financial Management, Human Capital Management, Content Management via myOhio.gov, Enterprise Learning Management, and Customer Relationship Management. Core System Capabilities include (but are not limited to):

Content Management (myohio.gov)

Centralized Communications to State Employees and State Contractors
OAKS alerts, job aids, and news
Statewide Top Stories
Portal to OAKS applications
Employee and Contractor Management

Enterprise Business Intelligence

Key Financial and Human Resources Data, Trends and Analysis
Cognos driven standardized and adhoc reporting

Financial Management (FIN)

Accounts Payable

Accounts Receivable
Asset Management
Billing
eBid
eCatalog (Ohio Marketplace)
eInvoicing
eSupplier/Offeror Maintenance
Financial Reporting
General Ledger
Planning and Budgeting
Procurement
Travel & Expense

Customer Relationship Management (CRM)

Contact / Call Center Management

Enterprise Learning Management (ELM)

Training Curriculum Development
Training Content Delivery

Human Capital Management (HCM)

Benefits Administration
Payroll
Position Management
Time and Labor
Workforce Administration: Employee and Contingent Workers
Employee Self-Service
eBenefits
ePerformance

1.7.4. Enterprise Business Intelligence

Health and Human Services Information

- Eligibility
 - Operational Metrics
 - County Caseworker Workload
- Claims
- Long Term Care

Financial Information

- General Ledger (Spend, Disbursement, Actual/Forecast)
- Travel and Expense
- Procure to Pay (AP/PO/Offeror/Spend)
- Capital Improvements
- Accounts Receivable
- Asset Management

Workforce and Human Resources

- Workforce Profile
- Compensation
- MBE/EDGE

1.7.5. SharePoint

Microsoft SharePoint Server 2013 portal setup and hosting services for agencies interested in internal collaboration, external collaboration, organizational portals, business process workflow, and business intelligence. The service is designed to provision, operate and maintain the State's enterprise Active Directory Accounts.

1.7.6. IT Service Management

ServiceNow, a cloud-based IT Service Management Tool that provides internal and external support through an automated service desk workflow based application which provides flexibility and ease of use. The IT Service Management Tool provides workflows aligning with ITIL processes such as Incident Management, Request Fulfillment, Problem Management, Change Management and Service Catalog.

1.7.7. Enterprise Geocoding Services

Enterprise Geocoding Services (EGS) combine address standardization, geocoding, and spatial analysis into a single service. Individual addresses can be processed in real time for on line applications or large numbers of addresses can be processed in batch mode.

1.7.8. GIS Hosting

GIS Hosting delivers dynamic maps, spatial content, and spatial analysis via the Internet. User agencies can integrate enterprise-level Geographic Information Systems (GIS) with map capabilities and spatial content into new or existing websites and applications.

1.8. Productivity, Administrative and Communication Requirements

1.8.1. Communication Services

The State of Ohio Office of Information Technology (OIT) provides a number of Enterprise Shared Services to State agencies as outline in the IT Services Catalog available at:

<http://das.ohio.gov/Divisions/InformationTechnology/StateofOhioITServiceCatalog.aspx>

At a minimum, proposed vendor application designs that include the following Communication Services **must** use the Communication Services outlined in the IT Services Catalog.

Exchange

- Exchange Mail
- Office 365
- Skype for Business Instant Messaging & Presence
- Enterprise Vault
- Clearwell eDiscovery
- Exchange Web Services
- Bulk Mailing
- External Mail Encryption
- Outbound Fax
- Mobile devices

EDI/Application Integration/Medicaid EDI

Lyris Listserv**On-premise application based FAX****eFAX**

Fax2Mail is a “hosted” fax solution that allows agencies to seamlessly integrate inbound and outbound Fax with their existing desktop E-mail and back-office environments. Fax2Mail is a “cloud-based” solution.

Voice over Internet Protocol (VoIP)**Audio Conference****Video Conference****Call Centers**

4.0 General State Security and Information Privacy Standards and Requirements

The selected Contractor will accept the security and privacy requirements outlined in this supplement in their entirety as they apply to the services being provided to the State. The Contractor will be responsible for maintaining information security in environments under the Contractor's management and in accordance with State IT Security Policies. The Contractor will implement an information security policy and security capability as set forth in this Contract. The Contractor shall provide the State with contact information for a single point of contact for security incidents.

The Contractor's responsibilities with respect to Security Services will include the following:

Provide vulnerability management services for the Contractor's internal secure network connection, including supporting remediation for identified vulnerabilities as agreed. As a minimum, the Contractor shall provide vulnerability scan results to the State monthly.

Support the implementation and compliance monitoring for State IT Security Policies.

Develop, maintain, update, and implement security procedures, with State review and approval, including physical access strategies and standards, ID approval procedures and a breach of security action plan.

Manage and administer access to the systems, networks, System software, systems files and State Data, excluding end-users.

Provide support in implementation of programs to educate State and Contractor end-users and staff on security policies and compliance.

Install and update Systems software security, assign and reset passwords per established procedures, provide the State access to create User ID's, suspend and delete inactive logon IDs, research system security problems, maintain network access authority, assist in processing State security requests, perform security reviews to confirm that adequate security procedures are in place on an ongoing basis, and provide incident investigation support (jointly with the State), and provide environment and server security support and technical advice.

Develop, implement, and maintain a set of automated and manual processes to ensure that data access rules are not compromised.

Perform physical security functions (e.g., identification badge controls, alarm responses) at the facilities under the Contractor's control.

Prepare an Information Security Controls Document. This document is the security document that is used to capture the security policies and technical controls that the Contractor will implement, as requested by the State, on Contractor managed systems, supported servers and the LAN within the scope of this contract. The Contractor will submit a draft Information Security Controls document for State review and approval during the transition period.

The State will:

Develop, maintain and update the State IT Security Policies, including applicable State information risk policies, standards and procedures.

Provide the contractor with contact information for security and program personnel for incident reporting purposes.

Provide a State Single Point of Contact with responsibility for account security audits.

Support intrusion detection and prevention and vulnerability scanning pursuant to State IT Security Policies.

Conduct a Security and Data Protection Audit, if deemed necessary, as part of the testing process.

Provide the State security audit findings material for the Services based upon the security policies, standards and practices in effect as of the Effective Date and any subsequent updates.

Assist the Contractor in performing a baseline inventory of access IDs for the systems for which the Contractor has security responsibility.

Authorize User IDs and passwords for the State personnel for the Systems software, software tools and network infrastructure systems and devices under Contractor management.

1.9. State Provided Elements: Contractor Responsibility Considerations

The State is responsible for Network Layer (meaning the internet Protocol suite and the open systems interconnection model of computer networking protocols and methods to process communications across the IP network) system services and functions that build upon State infrastructure environment elements, the Contractor shall not be responsible for the implementation of Security Services of these systems as these shall be retained by the State.

To the extent that Contractor's accesses or utilizes State- provided networks, the Contractor is responsible for adhering to State policies and use procedures and doing so in a manner that does not diminish established State capabilities and standards.

The Contractor will be responsible for maintaining the security of information in environment elements that it accesses, utilizes, develops or manages in accordance with the State Security Policy. The Contractor will implement information security policies and capabilities, upon review and contract by the State, based on the Contractors standard service center security processes that satisfy the State's requirements contained herein.

The Contractor's responsibilities with respect to Security Services must also include the following:

- Support intrusion detection & prevention, including prompt agency notification of such events, reporting, monitoring and assessing security events. Notification is to be provided to the State for suspected as well as verified security events. For suspected events, the Contractor shall provide regular updates to the State on the status of efforts to verify the event as an actual security event.

- Provide vulnerability management services including supporting remediation for identified vulnerabilities as agreed.

- Support State IT Security Policy which includes the development, maintenance, updates, and implementation of security procedures with the agency's review and approval, including physical access strategies and standards, ID approval procedures and a breach of security action plan.

- Support OIT in the implementation, maintenance and updating of statewide data security policies, including the State information risk policies, standards and procedures.

- Managing and administering access to the systems, networks, Operating Software or System Software, [including programs, device drivers, microcode and related code supporting documentation and media] that: 1) perform tasks basic to the functioning of data processing and network connectivity; and 2) are required to operate Applications Software), systems files and the State Data.

- Supporting the State in implementation of programs to raise the awareness of End Users and staff personnel to security risks and to the existence and importance of security policy compliance.

- Installing and updating State provided or approved system security Software, assigning and resetting passwords per established procedures, providing the agency access to create user ID's, suspend and delete inactive logon IDs, research system security problems, maintain network access authority, assisting in processing the agency requested security requests, performing security audits to confirm that adequate security procedures are in place on an ongoing basis, with the agency's assistance providing incident investigation support, and providing environment and server security support and technical advice.

- Developing, implementing, and maintaining a set of automated and manual processes so that the State Data access rules, as they are made known by the State, are not compromised.

Performing physical security functions (e.g., identification badge controls, alarm responses) at the facilities under Contractor control.

1.10. Periodic Security and Privacy Audits

The State shall be responsible for conducting periodic security and privacy audits, and generally utilizes members of the OIT Chief Information Security Officer and Privacy teams, the OBM Office of Internal Audit and the Auditor of State, depending on the focus area of an audit. Should an audit issue or finding be discovered, the following resolution path shall apply:

If a security or privacy issue exists in any of the IT resources furnished to the Contractor by the State (e.g., code, systems, computer hardware and software), the State will have responsibility to address or resolve the issue. Dependent on the nature of the issue, the State may elect to contract with the Contractor under mutually agreeable terms for those specific resolution services at that time or elect to address the issue independent of the Contractor. The Contractor is responsible for resolving any security or privacy issues that exist in any of the IT resources they provide to the State.

For in-scope environments and services, all new systems implemented or deployed by the Contractor shall comply with State security and privacy policies.

1.10.1. State Penetration and Controls Testing

The state may, at its sole discretion, elect to perform a Security and Data Protection Audit, at any time, that includes a thorough review of contractor controls; security/privacy functions and procedures; data storage and encryption methods; backup/restoration processes; as well as security penetration testing and validation. The state may utilize a third party contractor to perform such activities as to demonstrate that all security, privacy and encryption requirements are met.

State Acceptance Testing will not proceed until the contractor cures all findings, gaps, errors or omissions pertaining to the audit to the state's written satisfaction. Such testing will be scheduled with the contractor at a mutually convenient time during the development and finalization of the project plan, as required by the state.

1.11. Annual Security Plan: State and Contractor Obligations

The Contractor will develop, implement and thereafter maintain annually a Security Plan, that is in alignment with the National Institute of Standards and Technology ("NIST") Special Publication (SP) 800-53 (current, published version), for review, comment and approval by the State Information Security and Privacy Officers. As a minimum, the Security Plan must include and implement processes for the following items related to the system and services:

Security policies

Logical security controls (privacy, user access and authentication, user permissions, etc.)

Technical security controls and security architecture (communications, hardware, data, physical access, software, operating system, encryption, etc.)

Security processes (security assessments, risk assessments, incident response, etc.)

Detail the technical specifics to satisfy the following:

Network segmentation

Perimeter security

Application security and data sensitivity classification

- PHI and PII data elements
- Intrusion management
- Monitoring and reporting
- Host hardening
- Remote access
- Encryption
- State-wide active directory services for authentication
- Interface security
- Security test procedures
- Managing network security devices
- Security patch management
- Detailed diagrams depicting all security-related devices and subsystems and their relationships with other systems for which they provide controls
- Secure communications over the Internet

The Security Plan must detail how security will be controlled during the implementation of the System and Services and contain the following:

- High-level description of the program and projects
- Security risks and concerns
- Security roles and responsibilities
- Program and project security policies and guidelines
- Security-specific project deliverables and processes
- Security team review and approval process
- Security-Identity management and Access Control for Contractor and State joiners, movers, and leavers
- Data Protection Plan for personal/sensitive data within the projects
- Business continuity and disaster recovery plan for the projects
- Infrastructure architecture and security processes
- Application security and industry best practices for the projects
- Vulnerability and threat management plan (cyber security)

1.12. State Network Access (VPN)

Any remote access to State systems and networks, Contractor or otherwise, must employ secure data transmission protocols, including the secure sockets layer (SSL) protocol and public key authentication, signing and encryption. In addition, any remote access solution must use Secure Multipurpose Internet Mail Extensions (S/MIME) to provide encryption and non-repudiation services through digital certificates and the provided PKI. Multi-factor authentication is to be employed for users with privileged network access by leveraging the State of Ohio RSA or Duo Security solutions.

1.13. Security and Data Protection.

All Services must also operate at the [moderate level baseline] as defined in NIST (SP) 800-53 (current, published version) [moderate baseline requirements], be consistent with Federal Information Security Management Act ("FISMA") requirements, and offer a customizable and extendable capability based on open-standards APIs that enable integration with third party applications. Services must provide the State's systems administrators with 24x7 visibility into the services through a real-time, web-based "dashboard" capability that enables them to monitor, in real or near real time, the Services' performance against the established SLAs and promised operational parameters.

1.14. State Information Technology Policies

The Contractor is responsible for maintaining the security of information in environment elements under direct management of the Contractor and in accordance with State Security policies and standards. The Contractor will implement information security policies and capabilities as set forth in Statements of Work and, upon review and contract by the State, based on the Offeror's standard service center security processes that satisfy the State's requirements contained herein. The Offeror's responsibilities with respect to security services include the following:

- Support intrusion detection & prevention including prompt agency notification of such events, reporting, monitoring and assessing security events.
- Support State IT Security Policy which includes the development, maintenance, updates, and implementation of security procedures with the agency's review and approval, including physical access strategies and standards, ID approval procedures and a breach of security action plan.
- Managing and administering access to the Operating Software, systems files and the State Data.
- Installing and updating State provided or approved system security Software, assigning and resetting administrative passwords per established procedures, providing the agency access to create administrative user ID's, suspending and deleting inactive logon IDs, researching system security problems, maintaining network access authority, assist processing of the agency requested security requests, performing security audits to confirm that adequate security procedures are in place on an ongoing basis, providing incident investigation support with the agency's assistance, and providing environment and server security support and technical advice.
- Developing, implementing, and maintaining a set of automated and manual processes so that the State Data access rules are not compromised.
- Where the Contractor identifies a potential issue in maintaining an "as provided" State infrastructure element with the more stringent requirement of an agency security policy (which may be federally mandated or otherwise required by law), identifying to agencies the nature of the issue, and if possible, potential remedies for consideration by the State agency.
- The State shall be responsible for conducting periodic security and privacy audits and generally utilizes members of the OIT Chief Information Security Officer and Privacy teams, the OBM Office of Internal Audit and the Auditor of State, depending on the focus area of an audit. Should an audit issue be discovered the following resolution path shall apply:

- If a security or privacy issue is determined to be pre-existing to this Contract, the State will have responsibility to address or resolve the issue. Dependent on the nature of the issue the State may elect to contract with the Contractor under mutually agreeable terms for those specific resolution services at that time or elect to address the issue independent of the Contractor.
- If over the course of delivering services to the State under this Statement of Work for in-scope environments the Contractor becomes aware of an issue, or a potential issue that was not detected by security and privacy teams the Contractor is to notify the State within two (2) hours. This notification shall not minimize the more stringent Service Level Contracts pertaining to security scans and breaches contained herein, which due to the nature of an active breach shall take precedence over this notification. Dependent on the nature of the issue the State may elect to contract with the Contractor under mutually agreeable terms for those specific resolution services at that time or elect to address the issue independent of the Contractor.
- For in-scope environments and services, all new systems implemented or deployed by the Contractor shall comply with State security and privacy policies.

The Contractor will comply with State of Ohio IT policies and standards. For the purposes of convenience, a compendium of IT policy and standard links is provided in Section 2, State IT Policy Requirements.

5.0 State and Federal Data Privacy Requirements

Because the privacy of individuals' personally identifiable information (PII) and State Sensitive Information, generally information that is not subject to disclosures under Ohio Public Records law, (SSI) is a key element to maintaining the public's trust in working with the State, all systems and services shall be designed and shall function according to the following fair information practices principles. To the extent that personally identifiable information in the system is "protected health information" under the HIPAA Privacy Rule, these principles shall be implemented in alignment with the HIPAA Privacy Rule. To the extent that there is PII in the system that is not "protected health information" under HIPAA, these principles shall still be implemented and, when applicable, aligned to other law or regulation.

The Contractor specifically agrees to comply with state and federal confidentiality and information disclosure laws, rules and regulations applicable to work associated with this RFP including but not limited to:

- United States Code 42 USC 1320d through 1320d-8 (HIPAA);
- Code of Federal Regulations, 42 CFR 431.300, 431.302, 431.305, 431.306, 435.945, 45 CFR 164.502 (e) and 164.504 (e);
- Ohio Revised Code, ORC 173.20, 173.22, 1347.01 through 1347.99, 2305.24, 2305.251, 3701.243, 3701.028, 4123.27, 5101.26, 5101.27, 5101.572, 5112.21, and 5111.61; and
- Corresponding Ohio Administrative Code Rules and Updates.

Systems and Services must support and comply with the State's security operational support model, which is aligned to NIST SP 800-53 (current, published version).

IRS Publication 1075, Tax Information Security Guidelines for Federal, State and Local Agencies

1.15. Protection of State Data

Protection of State Data. "State Data" includes all data and information created by, created for, or related to the activities of the State and any information from, to, or related to all persons that conduct business or personal activities with the State, including, but not limited to, PII and SSI. To protect State Data as described in this Contract, in addition to its other duties regarding State Data, Contractor will: Maintain in confidence any personally identifiable information ("PI") and State Sensitive Information ("SSI") it may obtain, maintain, process, or otherwise receive from or through the State in the course of the Contract;

Use and permit its employees, officers, agents, and independent contractors to use any PII/SSI received from the State solely for those purposes expressly contemplated by the Contract;

Not sell, rent, lease or disclose, or permit its employees, officers, agents, and independent contractors to sell, rent, lease, or disclose, any such PII/SSI to any third party, except as permitted under this Contract or required by applicable law, regulation, or court order;

Take all commercially reasonable steps to (a) protect the confidentiality of PII/SSI received from the State and (b) establish and maintain physical, technical and administrative safeguards to prevent unauthorized access by third parties to PII/SSI received by the Contractor from the State;

Give access to PII/SSI of the State only to those individual employees, officers, agents, and independent contractors who reasonably require access to such information in connection with the performance of Contractor's obligations under this Contract;

Upon request by the State, promptly destroy or return to the State in a format designated by the State all PII/SSI received from the State;

Cooperate with any attempt by the State to monitor Contractor's compliance with the foregoing obligations as reasonably requested by the State from time to time. The State shall be responsible for all costs incurred by Contractor for compliance with this provision of this subsection;

Establish and maintain data security policies and procedures designed to ensure the following:

- Security and confidentiality of PII/SSI;
- Protection against anticipated threats or hazards to the security or integrity of PII/SSI; and
- Protection against the unauthorized access to, disclosure of or use of PII/SSI.

1.15.1. Disclosure

Disclosure to Third Parties. This Contract shall not be deemed to prohibit disclosures in the following cases:

Required by applicable law, regulation, court order or subpoena; provided that, if the Contractor or any of its representatives are ordered or requested to disclose any information provided by the State, whether PII/SSI or otherwise, pursuant to court or administrative order, subpoena, summons, or other legal process or otherwise believes that disclosure is required by any law, ordinance, rule or regulation, Contractor will promptly notify the State in order that the State may have the opportunity to seek a protective order or take other appropriate action. Contractor will also cooperate in the State's efforts to obtain a protective order or other reasonable assurance that confidential treatment will be accorded the information provided by the State. If, in the absence of a protective order, Contractor is compelled as a matter of law to disclose the information provided by the State, Contractor may disclose to the party compelling disclosure only the part of such information as is required by law to be disclosed (in which case, prior to such disclosure, Contractor will advise and consult with the State and its counsel as to the scope of such disclosure and the nature of wording of such disclosure) and Contractor will use commercially reasonable efforts to obtain confidential treatment for the information;

To State auditors or regulators;

To service providers and agents of either party as permitted by law, provided that such service providers and agents are subject to binding confidentiality obligations; or

To the professional advisors of either party, provided that such advisors are obligated to maintain the confidentiality of the information they receive.

1.16. Handling the State's Data

The Contractor must use due diligence to ensure computer and telecommunications systems and services involved in storing, using, or transmitting State Data are secure and to protect State Data from unauthorized disclosure, modification, use or destruction. To accomplish this, the Contractor must adhere to the following principles:

Apply appropriate risk management techniques to balance the need for security measures against the sensitivity of the State Data.

Ensure that its internal security policies, plans, and procedures address the basic security elements of confidentiality, integrity, and availability of State Data.

Maintain plans and policies that include methods to protect against security and integrity threats and vulnerabilities, as well as detect and respond to those threats and vulnerabilities.

Maintain appropriate identification and authentication processes for information systems and services associated with State Data.

Maintain appropriate access control and authorization policies, plans, and procedures to protect system assets and other information resources associated with State Data.

Implement and manage security audit logging on information systems, including computers and network devices.

1.17. Contractor Access to State Networks Systems and Data

The Contractor must maintain a robust boundary security capacity that incorporates generally recognized system hardening techniques. This includes determining which ports and services are required to support access to systems that hold State Data, limiting access to only these points, and disable all others.

To do this, the Contractor must:

- Use assets and techniques such as properly configured firewalls, a demilitarized zone for handling public traffic, host-to-host management, Internet protocol specification for source and destination, strong authentication, encryption, packet filtering, activity logging, and implementation of system security fixes and patches as they become available.

- Use two-factor authentication to limit access to systems that contain particularly sensitive State Data, such as personally identifiable information.

- Assume all State Data is both confidential and critical for State operations. The Contractor's security policies, plans, and procedure for the handling, storage, backup, access, and, if appropriate, destruction of State Data must be commensurate to this level of sensitivity unless the State instructs the Contractor otherwise in writing.

- Employ appropriate intrusion and attack prevention and detection capabilities. Those capabilities must track unauthorized access and attempts to access State Data, as well as attacks on the Contractor's infrastructure associated with the State Data. Further, the Contractor must monitor and appropriately address information from its system tools used to prevent and detect unauthorized access to and attacks on the infrastructure associated with the State Data.

- Use appropriate measures to ensure that State Data is secure before transferring control of any systems or media on which State Data is stored. The method of securing the State Data must be appropriate to the situation and may include secure overwriting, destruction, or encryption of the State Data before transfer of control. The transfer of any such system or media must be reasonably necessary for the performance of the Contractor's obligations under this Contract.

- Have a business continuity plan in place that the Contractor tests and updates at least annually. The plan must address procedures for response to emergencies and other business interruptions. Part of the plan must address backing up and storing data at a location sufficiently remote from the facilities at which the Contractor maintains State Data in case of loss of State Data at the primary site. The Contractor's backup solution must include plans to recover from an intentional deletion attempt by a remote attacker with compromised administrator credentials (e.g., keeping periodic copies offline, or in write-only format).

The plan also must address the rapid restoration, relocation, or replacement of resources associated with the State Data in the case of a disaster or other business interruption. The Contractor's business continuity plan must address short- and long-term restoration, relocation, or replacement of resources that will ensure the smooth continuation of operations related to the State's Data. Such resources may include, among others, communications, supplies, transportation, space, power and environmental controls, documentation, people, data, software, and hardware. The Contractor also must provide for reviewing, testing, and adjusting the plan on an annual basis.

- Not allow the State Data to be loaded onto portable computing devices or portable storage components or media unless necessary to perform its obligations under this Contract. If necessary for such performance, the Contractor may permit State Data to be loaded onto portable computing devices or portable storage components or media only if adequate security measures are in place to ensure the integrity and security of the State Data. Those measures must include a policy on physical security for such devices to minimize the risks of theft and unauthorized access that includes a prohibition against viewing sensitive or confidential data in public or common areas. In addition, all state data on portable media shall be encrypted.

Ensure that portable computing devices have anti-virus software, personal firewalls, and system password protection. In addition, the State Data must be encrypted when stored on any portable computing or storage device or media or when transmitted from them across any data network. Maintain an accurate inventory of all such devices and the individuals to whom they are assigned.

1.18. Portable Devices, Data Transfer and Media

Any encryption requirement identified in this Supplement means encryption that complies with National Institute of Standards Federal Information Processing Standard 140-2 as demonstrated by a valid FIPS certificate number. Any sensitive State Data transmitted over a network, or taken off site via removable media must be encrypted pursuant to the State's Data encryption standard ITS-SEC-01 Data Encryption and Cryptography.

The Contractor must have reporting requirements for lost or stolen portable computing devices authorized for use with State Data and must report any loss or theft of such devices to the State in writing as quickly as reasonably possible. The Contractor also must maintain an incident response capability for all security breaches involving State Data whether involving mobile devices or media or not. The Contractor must detail this capability in a written policy that defines procedures for how the Contractor will detect, evaluate, and respond to adverse events that may indicate a breach or attempt to attack or access State Data or the infrastructure associated with State Data.

To the extent the State requires the Contractor to adhere to specific processes or procedures in addition to those set forth above in order for the Contractor to comply with the managed services principles enumerated herein, those processes or procedures are set forth in this contract.

1.19. Limited Use; Survival of Obligations.

Contractor may use PII/SSI only as expressly authorized by the Contract and for no other purpose. Contractor's limited right to use PII/SSI expires upon conclusion, non-renewal or termination of this Agreement for any reason. Contractor's obligations of confidentiality and non-disclosure survive termination or expiration for any reason of this Agreement.

1.20. Disposal of PII/SSI.

Upon expiration of Contractor's limited right to use PII/SSI, Contractor must return all physical embodiments to the State or, with the State's permission; Contractor may destroy PII/SSI. Upon the State's request, Contractor shall provide written certification to the State that Contractor has returned, or destroyed, all such PII/SSI in Contractor's possession.

1.21. Remedies

If Contractor or any of its representatives or agents breaches the covenants set forth in these provisions, irreparable injury may result to the State or third parties entrusting PII/SSI to the State. Therefore, the State's remedies at law may be inadequate and the State shall be entitled to seek an injunction to restrain any continuing breach. Notwithstanding any limitation on Contractor's liability, the State shall further be entitled to any other rights or remedies that it may have in law or in equity.

1.22. Prohibition on Off-Shore and Unapproved Access

The Contractor shall comply in all respects with U.S. statutes, regulations, and administrative requirements regarding its relationships with non-U.S. governmental and quasi-governmental entities

including, but not limited to the export control regulations of the International Traffic in Arms Regulations (“ITAR”) and the Export Administration Act (“EAA”); the anti-boycott and embargo regulations and guidelines issued under the EAA, and the regulations of the U.S. Department of the Treasury, Office of Foreign Assets Control, HIPAA Privacy Rules and other conventions as described and required in this Supplement.

The Contractor will provide resources for the work described herein with natural persons who are lawful permanent residents as defined in 8 U.S.C. 1101 (a)(20) or who are protected individuals as defined by 8 U.S.C. 1324b(a)(3). It also means any corporation, business association, partnership, society, trust, or any other entity, organization or group that is incorporated to do business in the U.S. It also includes any governmental (federal, state, local), entity.

The State specifically prohibits sending, taking or making available remotely (directly or indirectly) any State information including State Data, software, code, intellectual property, designs and specifications, system logs, system data, personal or identifying information and related materials out of the United States in any manner, except by mere travel outside of the U.S. by a person whose personal knowledge includes technical data; or transferring registration, control, or ownership to a foreign person, whether in the U.S. or abroad, or disclosing (including oral or visual disclosure) or transferring in the United States any State article to an embassy, any agency or subdivision of a foreign government (e.g., diplomatic missions); or disclosing (including oral or visual disclosure) or transferring data to a foreign person, whether in the U.S. or abroad.

The Contractor shall not use State data for any engagements outside of the scope of the contracted agreement. Using State of Ohio data to test or provide proof-of-concept for other engagements is expressly prohibited.

It is the responsibility of all individuals working at the State to understand and comply with the policy set forth in this document as it pertains to end-use export controls regarding State restricted information.

Where the Contractor is handling confidential employee or citizen data associated with Human Resources data, the Contractor will comply with data handling privacy requirements associated with HIPAA and as further defined by The United States Department of Health and Human Services Privacy Requirements and outlined in <http://www.hhs.gov/ocr/privacysummary.pdf>

It is the responsibility of all Contractor individuals working at the State to understand and comply with the policy set forth in this document as it pertains to end-use export controls regarding State restricted information.

Where the Contractor is handling confidential or sensitive State, employee, citizen or Ohio Business data associated with State Data, the Contractor will comply with data handling privacy requirements associated with the data HIPAA and as further defined by The United States Department of Health and Human Services Privacy Requirements and outlined in <http://www.hhs.gov/ocr/privacysummary.pdf>.

1.23. Background Check of Contractor Personnel

Contractor agrees that (1) it will conduct 3rd party criminal background checks on Contractor personnel who will perform Sensitive Services (as defined below), and (2) no Ineligible Personnel will perform Sensitive Services under this Contract. “Ineligible Personnel” means any person who (a) has been convicted at any time of any criminal offense involving dishonesty, a breach of trust, or money laundering, or who has entered into a pre-trial diversion or similar program in connection with a prosecution for such offense, (b) is named by the Office of Foreign Asset Control (OFAC) as a Specially Designated National, or (c) has been convicted of a felony.

“Sensitive Services” means those services that (i) require access to Customer/Consumer Information, (ii) relate to the State’s computer networks, information systems, databases or secure facilities under circumstances that would permit modifications to such systems, or (iii) involve unsupervised access to secure facilities (“Sensitive Services”).

Upon request, Contractor will provide written evidence that all of Contractor’s personnel providing Sensitive Services have undergone a criminal background check and are eligible to provide Sensitive Services. In the event that Contractor does not comply with the terms of this section, the State may, in its sole and absolute discretion, terminate this Contract immediately without further liability.

1.24. Federal Tax Information

Contract Language for General Services

1.24.1. Performance

In performance of this Contract, the Contractor agrees to comply with and assume responsibility for compliance by its employees with the following requirements:

All work will be done under the supervision of the Contractor or the Contractor's employees.

Any return or return information made available in any format shall be used only for the purposes of performing this Contract. Information contained in such material will be treated as confidential and will not be divulged or made known in any manner to any person except as may be necessary in the performance of this Contract.

Disclosure to anyone other than an officer or employee of the Contractor will be prohibited.

All returns and return information will be accounted for upon receipt and properly stored before, during, and after processing. In addition, all related output will be given the same level of protection as required for the source material.

The Contractor certifies that the data processed during the performance of this Contract will be completely purged from all data storage components of its computer facility, and no output will be retained by the Contractor after the work is completed. If immediate purging of all data storage components is not possible, the Contractor certifies that any IRS data remaining in any storage component will be safeguarded to prevent unauthorized disclosures.

Any spoilage or any intermediate hard copy printout that may result during the processing of IRS data will be given to the agency or its designee. When this is not possible, the Contractor will be responsible for the destruction of the spoilage or any intermediate hard copy printouts, and will provide the agency or its designee with a statement containing the date of destruction, description of material destroyed, and the method used.

All computer systems receiving, processing, storing, or transmitting Federal Tax Information must meet the requirements defined in IRS Publication 1075. To meet functional and assurance requirements, the security features of the environment must provide for the managerial, operations, and technical controls. All security features must be available and activated to protect against unauthorized use of and access to Federal Tax Information.

No work involving Federal Tax Information furnished under this Contract will be subcontracted without prior written approval of the IRS.

The Contractor will maintain a list of employees authorized access. Such list will be provided to the agency and, upon request, to the IRS reviewing office.

The agency will have the right to void the Contract if the Contractor fails to provide the safeguards described above.

1.24.2. Criminal/Civil Sanctions

1. Each officer or employee of any person to whom returns or return information is or may be disclosed will be notified in writing by such person that returns or return information disclosed to such officer or employee can be used only for a purpose and to the extent authorized herein, and that further disclosure of any such returns or return information for a purpose or to an extent unauthorized herein constitutes a felony punishable upon conviction by a fine of as much as \$5,000 or imprisonment for as long as 5 years, or both, together with the costs of prosecution. Such person shall also notify each such officer and employee that any such unauthorized further disclosure of returns or return information may also result in an award of civil damages against the officer or employee in an amount not less than \$1,000 with respect to each instance of unauthorized disclosure. These penalties are prescribed by IRCs 7213 and 7431 and set forth at 26 CFR 301.6103(n)-1.
2. Each officer or employee of any person to whom returns or return information is or may be disclosed shall be notified in writing by such person that any return or return information made available in any format shall be used only for the purpose of carrying out the provisions of this Contract. Information contained in such material shall be treated as confidential and shall not be divulged or made known in any manner to any person except as may be necessary in the performance of the Contract. Inspection by or disclosure to anyone without an official need-to-know constitutes a criminal misdemeanor punishable upon conviction by a fine of as much as \$1,000 or imprisonment for as long as 1 year, or both, together with the costs of prosecution. Such person shall also notify each such officer and employee that any such unauthorized inspection or disclosure of the officer or employee (United States for Federal employees) in an amount equal to the sum of the greater of \$1,000 for each act of unauthorized inspection or disclosure with respect to which such defendant is found liable or the sum of the actual damages sustained by the plaintiff as a result of such unauthorized inspection or disclosure plus in the case of a willful inspection or disclosure which is the result of gross negligence, punitive damages, plus the costs of the action. These penalties are prescribed by IRC 7213A and 7431.
3. Additionally, it is incumbent upon the Contractor to inform its officers and employees of the penalties for improper disclosure imposed by the Privacy Act of 1974, 5 U.S.C. 552a. Specifically, 5 U.S.C. 552a(i)(1), which is made applicable to contractors by 5 U.S.C. 552a(m)(1), provides that any officer or employee of a contractor, who by virtue of his/her employment or official position, has possession of or access to agency records which contain individually identifiable information, the disclosure of which is prohibited by the Privacy Act or regulations established thereunder, and who knowing that disclosure of the specific material is prohibited, willfully discloses the material in any manner to any person or agency not entitled to receive it, shall be guilty of a misdemeanor and fined not more than \$5,000.

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

6.0 Contractor Responsibilities Related to Reporting of Concerns, Issues and Security/Privacy Issues

1.25. General

If, over the course of the Contract a security or privacy issue arises, whether detected by the State, a State auditor or the Contractor, that was not existing within an in-scope environment or service prior to the commencement of any contracted service associated with this Contract, the Contractor must:

notify the State of the issue or acknowledge receipt of the issue within two (2) hours;

within forty-eight (48) hours from the initial detection or communication of the issue from the State, present an potential exposure or issue assessment document to the State Account Representative and the State Chief Information Security Officer with a high level assessment as to resolution actions and a plan;

within four (4) calendar days, and upon direction from the State, implement to the extent commercially reasonable measures to minimize the State's exposure to security or privacy until such time as the issue is resolved; and

upon approval from the State implement a permanent repair to the identified issue at the Contractor's cost.

1.26. Actual or Attempted Access or Disclosure

If the Contractor determines that there is any actual, attempted or suspected theft of, accidental disclosure of, loss of, or inability to account for any PII/SSI by Contractor or any of its subcontractors (collectively "Disclosure") and/or any unauthorized intrusions into Contractor's or any of its subcontractor's facilities or secure systems (collectively "Intrusion"), Contractor must immediately:

Notify the State within two (2) hours of the Contractor becoming aware of the unauthorized Disclosure or Intrusion;

Investigate and determine if an Intrusion and/or Disclosure has occurred;

Fully cooperate with the State in estimating the effect of the Disclosure or Intrusion's effect on the State and fully cooperate to mitigate the consequences of the Disclosure or Intrusion;

Specify corrective action to be taken; and

Take corrective action to prevent further Disclosure and/or Intrusion.

1.27. Unapproved Disclosures and Intrusions: Contractor Responsibilities

The Contractor must, as soon as is reasonably practicable, make a report to the State including details of the Disclosure and/or Intrusion and the corrective action Contractor has taken to prevent further Disclosure and/or Intrusion. Contractor must, in the case of a Disclosure cooperate fully with the State to notify the effected persons as to the fact of and the circumstances of the Disclosure of the PII/SSI. Additionally, Contractor must cooperate fully with all government regulatory agencies and/or law enforcement agencies having jurisdiction to investigate a Disclosure and/or any known or suspected criminal activity.

Where the Contractor identifies a potential issue in maintaining an "as provided" State infrastructure element with the more stringent of an Agency level security policy (which may be Federally mandated or otherwise required by law), identifying to Agencies the nature of the issue, and if possible, potential remedies for consideration by the State agency.

If over the course of delivering services to the State under this Statement of Work for in-scope environments the Contractor becomes aware of an issue, or a potential issue that was not detected by security and privacy teams the Contractor is to notify the State within two (2) hour. This notification shall not minimize the more stringent Service Level Contracts pertaining to security scans and breaches contained herein, which due to the nature of an active breach shall take precedence over this notification. Dependent on the nature of the issue the State may elect to contract with the Contractor under mutually agreeable terms for those specific resolution services at that time or elect to address the issue independent of the Contractor.

1.28. Security Breach Reporting and Indemnification Requirements

In case of an actual security breach that may have compromised State Data, the Contractor must notify the State in writing of the breach within two (2) hours of the Contractor becoming aware of the breach. In the case of a suspected breach, the Contractor must notify the State in writing of the suspected breach within twenty-four (24) hours of the Contractor becoming aware of the suspected breach.

The Contractor must fully cooperate with the State to mitigate the consequences of such a breach/suspected breach. This includes any use or disclosure of the State Data that is inconsistent with the terms of this Contract and of which the Contractor becomes aware, including but not limited to, any discovery of a use or disclosure that is not consistent with this Contract by an employee, agent, or subcontractor of the Contractor.

The Contractor must give the State full access to the details of the breach/suspected breach and assist the State in making any notifications to potentially affected people and organizations that the State deems are necessary or appropriate. The Contractor must document all such incidents/suspected incidents, including its response to them, and make that documentation available to the State on request.

In addition to any other liability under this Contract related to the Contractor's improper disclosure of State Data, and regardless of any limitation on liability of any kind in this Contract, the Contractor will be responsible for acquiring one year's identity theft protection service on behalf of any individual or entity whose personally identifiable information is compromised while it is in the Contractor's possession. Such identity theft protection must provide coverage from all three major credit reporting agencies and provide immediate notice through phone or email of attempts to access the individuals' credit history through those services.

7.0 Security Review Services

As part of a regular Security Review process, the Contractor will include the following reporting and services to the State:

1.29. Hardware and Software Assets

The Contractor will support the State in defining and producing specific reports for both hardware and software assets. At a minimum this should include:

- Deviations to hardware baseline
- Inventory of information types by hardware device
- Software inventory against licenses (State purchased)
- Software versions and then scans of versions against patches distributed and applied

1.30. Security Standards by Device and Access Type

The Contractor will:

- Document security standards by device type and execute regular scans against these standards to produce exception reports
- Document and implement a process for deviation from State standards

1.31. Boundary Defenses

The Contractor will:

- Work with the State to support the denial of communications to/from known malicious IP addresses*

Ensure that the System network architecture separates internal systems from DMZ and extranet systems
Require remote login access to use two-factor authentication
Support the State's monitoring and management of devices remotely logging into internal network
Support the State in the configuration firewall session tracking mechanisms for addresses that access System

1.32. Audit Log Reviews

The Contractor will:

Work with the State to review and validate audit log settings for hardware and software
Ensure that all systems and environments have adequate space to store logs
Work with the State to devise and implement profiles of common events from given systems to both reduce false positives and rapidly identify active access
Provide requirements to the State to configure operating systems to log access control events
Design and execute bi-weekly reports to identify anomalies in system logs
Ensure logs are written to write-only devices for all servers or a dedicated server managed by another group.

1.33. Application Software Security

The Contractor will:

Perform configuration review of operating system, application and database settings
Ensure software development personnel receive training in writing secure code

1.34. System Administrator Access

The Contractor will

Inventory all administrative passwords (application, database and operating system level)
Implement policies to change default passwords in accordance with State policies, particular following any transfer or termination of personnel (State, existing MSV or Contractor)
Configure administrative accounts to require regular password changes
Ensure service level accounts have cryptographically strong passwords
Store passwords in a hashed or encrypted format
Ensure administrative accounts are used only for administrative activities
Implement focused auditing of administrative privileged functions
Configure systems to log entry and alert when administrative accounts are modified
Segregate administrator accounts based on defined roles

1.35. Account Access Privileges

The Contractor will:

Review and disable accounts not associated with a business process
Create daily report that includes locked out accounts, disabled accounts, etc.
Implement process for revoking system access
Automatically log off users after a standard period of inactivity
Monitor account usage to determine dormant accounts
Monitor access attempts to deactivated accounts through audit logging

Profile typical account usage and implement or maintain profiles to ensure that Security profiles are implemented correctly and consistently

1.36. Additional Controls and Responsibilities

The Contractor will meet with the State no less frequently than annually to:

- Review, Update and Conduct Security training for personnel, based on roles
- Review the adequacy of physical and environmental controls
- Verify the encryption of sensitive data in transit
- Review access control to information based on established roles and access profiles
- Update and review system administration documentation
- Update and review system maintenance policies
- Update and Review system and integrity policies
- Revised and Implement updates to the System security program plan
- Update and Implement Risk Assessment Policies and procedures
- Update and implement incident response procedures