

Washington State Department of Social and Health Services

ITPS Work Order

Contract Number: 2424-57138

Purchaser: Department of Social and Health Services

Contractor: Rebecca Sue Davidson

Effective Date: 07/01/2024

DSHS Contact Name and Title: James Marsh, Program Administrator

DSHS Contact Division: Technology Services Division

DSHS Contact Address: 1115 Washington St SE
MS 45890, Olympia, WA 98504-5890

DSHS Contact Telephone: (360) 995-3432

DSHS Contact E-mail Address: marshjd@dshs.wa.gov

Contractor Contact Name and Title: Rebecca Sue Davidson, Owner

Contractor Contact Address: PO Box 238, Rainier, WA 98576

Contractor Contact Telephone: (360) 481-7414

Contractor Contact E-mail Address: becka@fairpoint.net

ITPS Category:

- ITPS_08215_01. [IT Funding and Financial Analysis](#)
- ITPS_08215_02. [IT Business Analysis](#)
- ITPS_08215_03. [Continuity/Disaster Recovery](#)
- ITPS_08215_04. [IT Project Management](#)
- ITPS_08215_05. [Project Quality Assurance](#)
- ITPS_08215_06. [Software Testing](#)
- ITPS_08215_07. [Client/Server and Web Services](#)
- ITPS_08215_08. [Database Services](#)
- ITPS_08215_09. [GIS Services](#)
- ITPS_08215_10. [Infrastructure Services](#)
- ITPS_08215_11. [Mainframe Services](#)
- ITPS_08215_12. [Mobile Services](#)

ITPS Work Order

PARTIES

This ITPS Work Order (“Contract”) is made and entered into by and between the State of Washington acting by and through the Department of Social and Health Services, a Washington state governmental entity (“Purchaser”), and Rebecca Sue Davidson, a Sole Proprietorship (“Contractor”) and is dated as of 07/01/2024

RECITALS

This Contract is part of the IT Professional Services Master Contract program (**Contract No. 08215**) administered by the Washington State Department of Enterprise Services (“DES”). Accordingly, Contractor, as a participant in the IT Professional Services Master Contract program is subject to the program requirements including, but not limited to, the registration, reporting, and evaluation obligations set forth therein.

Purchaser desires certain IT Professional Services which have been detailed in its Solicitation No. 2424-852 dated 5/3/2024.

Contractor is capable of providing the desired IT Professional Services.

Purchaser and Contractor desire to contract for the IT Professional Services.

AGREEMENT

NOW THEREFORE, in consideration of the mutual promises, covenants, and conditions set forth herein, the Purchaser and Contractor (collectively, the “Parties”) hereby agree as follows:

1. Purpose

The purpose of this Contract is to hire Contractor to support DSHS strategic initiatives regarding automation and improvement of collections and accounting for monies within DSHS.

2. Term

The term of this Contract is 24 months, commencing 07/01/2024 and ending 06/30/2026. This Contract may be extended by amendment for up to two additional one year terms, at the sole discretion of DSHS, and by written agreement between the Parties hereto.

3. IT Professional Services

Contractor shall perform and provide the IT professional services detailed in *Exhibit A – IT Professional Services*. To the extent that Contractor subcontracts any of its rights or obligations, such subcontractors shall be deemed to be agents of Contractor and Contractor shall include the pertinent requirements of this Contract in any such subcontract. In no event, however, shall any such subcontract operate to release or reduce Contractor from liability to the Purchaser for any breach in the performance of Contractor’s duties.

4. Compensation, Records and Audit

Purchaser agrees to pay to Contractor, as total compensation for Contractor’s complete performance of the IT professional services the compensation detailed in *Exhibit B – Compensation*. Such compensation, including the timing thereof, is subject to the performance metrics set forth in Exhibit B. Contractor shall invoice Purchaser in accordance with Exhibit B.

5. Sales Reporting; Management Fee; Notices

a. Sales Reporting; Management Fee

Contractor shall report all amounts invoiced pursuant to this Contract to DES as instructed in Master Contract 08215. In addition, Contractor shall remit the applicable management fee to DES. Contractor’s failure to report all amounts invoiced or remit the management fee when due shall constitute material breach of this Contract. Reference Master Contract 08215 for

further detail.

b. Notices

Any notices required or desired shall be in writing and delivered (i) by email; (ii) by mail; or (iii) personally or by messenger, and shall be sent to the respective addressee at the respective email or address set forth below or to such other email or address as the Parties may specify in writing:

Purchaser

Attn: James Marsh
Technology Innovation Administration
1115 Washington St SE
MS 45890
Olympia, WA 98504-5890
marshjd@dshs.wa.gov

Contractor

Attn: Rebecca Sue Davidson
Rebecca Sue Davidson
13329 Vail Cut Of Rd SE
Rainier, WA 98576
becka@fairpoint.net

Notices shall be deemed effective upon the earlier of (i) confirmation of sent email when sent to the email address provided herein; (ii) four (4) business days from the date mailed; or (iii) upon delivery if hand delivered or delivered by messenger. The notice address set forth herein may be changed by written notice given as provided herein.

6. Representations and Warranties

Contractor makes the following representations and warranties without which Purchaser would not enter into this Contract. Breach of any of these representations and warranties shall constitute material breach of this Contract.

a. Compliance with Law

Contractor represents and warrants that Contractor shall comply with all applicable laws, regulations, and licensing requirements pertaining to its activities and operations under this Contract. Contractor shall not commit any act or omission, nor shall it allow its personnel or agents to commit any act or omission, that affects Purchaser or is in violation of any law, regulation, or licensing requirement.

b. Compliance with State Policies

Contractor represents and warrants that Contractor shall comply with all applicable state policies pertaining to its activities under this Contract including, but not limited to, compliance with Washington State's IT, security, access, data protection, and privacy policies.

c. Qualified to do business

Contractor represents and warrants that Contractor is qualified to do business in the State of Washington and shall provide written confirmation upon request. Reference Master Contract 08215 for further detail.

d. Registration

Contractor represents and warrants that prior to commencement of work for Purchaser, Contractor shall register with the Statewide Payee Desk and shall provide written confirmation upon request. Reference Master Contract 08215 for further detail.

e. Debarment

Contractor represents and warrants that neither Contractor nor any of its personnel or agents are debarred or proposed for debarment from doing business with any state or local government in the United States or with the U.S. federal government.

f. Insurance

Contractor represents and warrants that, during the term of this Contract, Contractor shall maintain insurance, in full force and effect, to the levels and requirements detailed in *Exhibit C – Insurance Requirements*.

g. No Endorsement or Publicity

The Parties understand and acknowledge that this Contract is not in any way an endorsement of Contractor or Contractor's IT Professional Services by Purchaser and shall not be so construed or communicated as such in any advertising, promotional, or other materials pertaining to Contractor. Unless prior written permission is granted by Purchaser, Contractor shall not reference Purchaser or this Contract in any advertising, promotional, or other materials distributed or made available beyond Contractor, regardless of form or medium.

7. Non-exclusive Remedies

The remedies provided for in this Contract shall not be exclusive but are in addition to all other remedies available under law.

8. Other Provisions

a. Further Assurances

In addition to the actions specifically mentioned in this Contract, the Parties shall each do whatever may reasonably be necessary to accomplish the transactions contemplated in this Contract including, without limitation, executing any additional documents reasonably necessary to effectuate the provisions and purposes of this Contract.

b. Captions and Headings

The captions and headings in this Contract are for convenience only and are not intended to, and shall not be construed to, limit, enlarge, or affect the scope or intent of this Contract nor the meaning of any provisions hereof.

c. Exhibits

All exhibits referred to herein are deemed to be incorporated in this Contract in their entirety.

d. Counterparts

This Contract may be executed in one or more counterparts, each of which shall be deemed an original and all of which counterparts together shall constitute the same instrument which may be sufficiently evidenced by one counterpart. Execution of this Contract at different times and places by the parties shall not affect the validity thereof so long as all the parties hereto execute a counterpart of this Contract.

e. Order of Precedence

The items listed below are incorporated by reference herein. In the event of an inconsistency in this Information Technology Professional Service (ITPS) Second-Tier Contract, unless otherwise provided herein, the inconsistency shall be resolved by giving precedence in the following order:

(1) Applicable federal and Washington state statutes and regulations

(2) Terms & Conditions contained in this ITPS Second-Tier Contract including any and all Exhibits or Attachments. *However, in the event of any inconsistency or conflict between the General Terms and Conditions contained in Exhibit D of this Contract and any other section of this Contract, the inconsistency or conflict shall be resolved by giving precedence to the General Terms and Conditions.*

- (3) DSHS Solicitation #2424-852 documents including any and all Exhibits or Attachments
- (4) Contractor's Response to the DSHS' Solicitation #2424-852 (Contractor's Proposal)
- (5) Any other provisions of this Contract incorporated by reference or otherwise

EXECUTED AND EFFECTIVE as of the day and date first above written.

Rebecca Sue Davidson

Central Contracts and Legal Services,

By: Rebecca Sue Davidson

By: Cindy J Carroll

Name: Rebecca Sue Davidson

Name: Cindy J. Carroll

Title: Sole Proprietor, Owner

Title: Contracts Consultant

Date 07/02/2024

Date 7/2/2024

Exhibit A: IT Professional Services

This exhibit sets forth the IT Professional Services and manner in which they are to be provided by Contractor.

1. Statement of Work

a. Introduction/Background

The DSHS Technology Innovation administration (TIA), Technology Services Division (TSD), Financial Applications Unit (FAU) is responsible for supporting DSHS-wide financial applications including account receivable, cash receipting, the Agency Financial Reporting System (AFRS), budget reporting, grant management, tax reporting, local funds, garnishments, and others.

These business-critical and complex financial applications handle a significant amount of financial data processing and interact with many other agencies and external state systems, such as the new OneWA's Workday Enterprise Resource Planning (ERP) system, Health Care Authority (HCA), Administrative Office of the Courts (AOC), State Treasurer's Office (STO), Employment Security Department (ESD), Office of Financial Management (OFM), OneWA Work and Department of Children, Youth and Families (DCYF).

DSHS is engaging Contractor's resource to support DSHS strategic initiatives focused on the automation and improvement of collections and accounting for funds within the department. The Contractor shall provide services to the FAU within the DSHS TIA, TSD.

b. Scope of Work

The Contractor shall be involved in the DSHS readiness for the OneWA project, focusing on a comprehensive alignment of key financial and administrative systems with the OneWA's Workday Financial Data Model (FDM) framework. This endeavor encompasses the Collections and Accounts Receivable (CARS), the Cash Processing system, ProviderOne data interfaces, the Social Services Payment System (SSPS), DCYF's Famlink system, and numerous associated financial processes. The scope of this work is extensive to ensure the DSHS systems and data fit within the OneWA Workday FDM, necessitating the remediation and updating of these systems along with over 100 associated financial processes. This includes a wide array of components such as computer programs, databases, user interfaces, data exchanges, and reporting mechanisms, all of which are integral to supporting the new OneWA Workday FDM structure. Such targeted remediation efforts are designed to ensure these systems and processes are not only compliant but also optimized for functionality within the overarching OneWA initiative, enhancing efficiency and interoperability across the board.

The Contractor shall also be responsible for the development, maintenance, and regulatory compliance of the CARS system, leveraging a Commercial Off-The-Shelf (COTS) solution. The Contractor's responsibility encompasses all subsystems or business lines within the CARS framework, including the critical data interfaces that facilitate communication between CARS and both internal systems within various administrations and external agencies. The Contractor's role also includes supporting the Cash Processing System, a vital component for managing cash flow transactions and ensuring seamless financial information exchange between DSHS internal systems and its external counterparts. The Contractor's scope of work further entails comprehensive software maintenance and enhancement efforts for the key DSHS financial and administrative systems, where work is not limited to, error rectification, adaptation to emerging hardware and software landscapes, performance optimization, system upgrade testing, configuration and validation procedures, and rigorous database maintenance.

The Contractor shall also spearhead consultation and knowledge transfer initiatives aimed at empowering DSHS staff members. This role is critical for enabling staff to autonomously support and manage the financial systems. The Contractor's devised training sessions will encompass a broad spectrum of topics, from system navigation and deep-dives into business knowledge to adept troubleshooting techniques. Such a curriculum is vital for equipping DSHS staff members with the expertise required to confidently navigate the intricacies of the CARS and Cash Processing ecosystems, ensuring they are well-prepared to tackle challenges independently.

c. Period of Performance

The period of performance is July 1, 2024 through June 30, 2026. This contract may be amended for up to 2 additional 1 year terms, at the sole discretion of DSHS, and by written agreement between the parties hereto.

d. Place of Performance

Work for this contract will be done remotely, with occasional trips into the office located at 1115 Washington St SE Olympia WA 98504

Normal work hours will be Monday to Friday, 8:00AM to 5:00PM

e. Work Requirements

(1) OneWA Project Remediation

(a) Tasks:

- i. Analyzes OneWA Workday's Financial Data Model (FDM) and cross-reference data mapping to perform gap analysis between the legacy Chart of Account (COA) coding and the FDM structure.
- ii. Conducts analysis on the impacts of FDM changes and develops related documentation.
- iii. Participates in designing the modifications needed for the financial systems, creating technical specifications, architectural diagrams, and data models.
- iv. Writes code based on the FDM impact analysis and design specifications.
- v. Engages in design and code reviews, providing feedback on colleagues' code and receiving feedback on their own.
- vi. Takes part in the infrastructure design and change management process, including the establishment of the Change Control Board, to ensure that changes are managed properly.
- vii. Assists in the setting up of OneWA's DevOps deployment pipelines to ensure that changes are correctly deployed to the OneWA environments.
- viii. Provides technical and CARS business expertise to support and troubleshoot remediation issues.
- ix. Remediates Extract, Load and Transform (ETL) processes for inbound/outbound interfaces.
- x. Provides guidance and oversight on the work performed by the CARS development team on OneWA's remediation efforts

- xi. Creates and maintains functional and technical specifications, converting designs into custom applications, subsystems, and interfaces for OneWA remediation efforts.
- xii. Develops system documentation such as software support guides, programming specifications.
- xiii. Develops a knowledge transfer plan that outlines the approach to transfer of critical knowledge, skills, and information to FAU team members.
- xiv. Organizes sessions to present key aspects of the work, insights and experiences relevant to the role.
- xv. Provides practical, hands-on-training sessions, including questions-and-answer sessions for team members to ask questions about the work, experiences, challenges and solutions.
- xvi. Provides consultation, advice and guidance to team members on systems development and maintenance activities or financial business domains.

(2) Collections and Accounts Receivable (CARS) Support, Training, and Consultation

(a) Tasks

- i. Provides system maintenance and support to ensure business operations are not adversely impacted and system functioning.
- ii. Develops codes, scripts, extracts and other artifacts required to solve technical issues, incidents and/or change requests.
- iii. Provides technical expertise to support and troubleshoot development and production environment across multiple environments and operating platforms.
- iv. Designs, develops and maintains custom Extract, Load and Transform (ETL) solutions for inbound/outbound interfaces.
- v. Assists software engineering activities such as integration testing, algorithm and data analysis.
- vi. Provide guidance and mentorship on the work performed by the CARS development team.
- vii. Creates and maintains functional and technical specifications and converts designs into custom application, subsystems and interfaces.
- viii. Develops system documentation such as software support guides, programming specifications.
- ix. Develops a knowledge transfer plan that outlines the approach to transfer of critical knowledge, skills, and information to FAU team members.
- x. Organizes sessions to present key aspects of the work, insights and experiences relevant to the role.
- xi. Provides practical, hands-on-training sessions, including questions-and-answer sessions for team members to ask questions about the work, experiences, challenges and solutions.

- xii. Provides consultation, advice and guidance to team members on system development and maintenance activities or financial business domains.

(3) CARS Children's Trust Fund (CTF) Application Support, Training, and Consultation

- i. Provides system maintenance and support to ensure business operations are not adversely impacted and system functioning.
- ii. Develops codes, scripts, extracts and other artifacts required to solve technical issues, incidents and/or change requests.
- iii. Provides technical expertise to support and troubleshoot development and production environment across multiple environments and operating platforms.
- iv. Designs, develops and maintains custom Extract, Load and Transform (ETL) solutions for inbound/outbound interfaces.
- v. Assists software engineering activities such as integration testing, algorithm and data analysis.
- vi. Provide guidance and mentorship on the work performed by the CARS development team.
- vii. Creates and maintains functional and technical specifications and converts designs into custom application, subsystems and interfaces.
- viii. Develops system documentation such as software support guides, programming specifications.
- ix. Develops a knowledge transfer plan that outlines the approach to transfer of critical knowledge, skills, and information to FAU team members
- x. Organizes sessions to present key aspects of the work, insights and experiences relevant to the role.
- xi. Provides practical, hands-on-training sessions, including questions-and-answer sessions for team members to ask questions about the work, experiences, challenges and solutions.
- xii. Provides consultation, advice and guidance to team members on systems development and maintenance activities or financial business domains.

(4) ProviderOne Interfaces Support, Training, and Consultation

(a) Tasks:

- i. Provides system maintenance and support to ensure business operations are not adversely impacted and system functioning.
- ii. Develops codes, scripts, extracts and other artifacts required to solve technical issues, incidents and/or change requests.
- iii. Provides technical expertise to support and troubleshoot development and production environment across multiple environments and operating platforms.
- iv. Designs, develops and maintains custom Extract, Load and Transform (ETL) solutions for inbound/outbound interfaces.

- v. Provide guidance and oversight on the work performed by the CARS development team.
- vi. Creates and maintains functional and technical specifications and converts designs into custom application, subsystems and interfaces.
- vii. Develops system documentation such as software support guides, programming specifications.
- viii. Develops a knowledge transfer plan that outlines the approach to transfer of critical knowledge, skills, and information to FAU team members.
- ix. Organizes sessions to present key aspects of the work, insights and experiences relevant to the role.
- x. Provides practical, hands-on-training sessions, including questions-and-answer sessions for team members to ask questions about the work, experiences, challenges and solutions.
- xi. Provides consultation, advice and guidance to team members on systems development and maintenance activities or financial business domains.

(5) Cash Processing Support, Training, and Consultation

(a) Tasks:

- i. Provides system maintenance and support to ensure business operations are not adversely impacted and system functioning.
- ii. Develops codes, scripts, extracts and other artifacts required to solve technical issues, incidents and/or change requests.
- iii. Provides technical expertise to support and troubleshoot development and production environment across multiple environments and operating platforms.
- iv. Designs, develops and maintains custom Extract, Load and Transform (ETL) solutions for inbound/outbound interfaces.
- v. Provide guidance and oversight on the work performed by the CARS development team.
- vi. Creates and maintains functional and technical specifications and converts designs into custom application, subsystems and interfaces.
- vii. Develops system documentation such as software support guides, programming specifications.
- viii. Develops a knowledge transfer plan that outlines the approach to transfer of critical knowledge, skills, and information to FAU team members.
- ix. Organizes sessions to present key aspects of the work, insights and experiences relevant to the role.
- x. Provides practical, hands-on-training sessions, including questions-and-answer sessions for team members to ask questions about the work, experiences, challenges and solutions.
- xi. Provides consultation, advice and guidance to team members on systems

development and maintenance activities or financial business domains.

f. Acceptance Criteria

(1) OneWA Project Remediation

- (a) Provide analysis of OneWA Workday's Financial Data Model (FDM), including cross referencing data to provide performance gap analysis between FDM and Current Chart of Accounts coding.
- (b) Engage in code design, code review, infrastructure design, and change management.
- (c) Develop documentation including software guides, programming specifications, and knowledge transfer plan.
- (d) Provide clear and concise hands on training sessions.

(2) Collections and Accounts Receivable (CARS) Support, Training, and Consultation

- (a) Providing system maintenance and support to ensure business operations are not adversely impacted and system functioning.
- (b) Developing code, scripts, extracts and other artifacts required to solve technical issues, incidents and/or change requests.
- (c) Providing technical expertise to support and troubleshoot development and production environment across multiple environments and operating platforms.
- (d) Assisting in other software engineering activities such as integration testing, algorithm & data analysis, software troubleshooting.
- (e) Modifying existing software to correct errors, adapt to new hardware/software, and improve performance.
- (f) Writing technical documentation (software support guides, programming documentation, etc.).

(3) CARS Children's Trust Fund (CTF) Application Support, Training, and Consultation

- (a) Providing system maintenance and support to ensure business operations are not adversely impacted and system functioning.
- (b) Developing code, scripts, extracts and other artifacts required to solve technical issues, incidents and/or change requests.
- (c) Providing technical expertise to support and troubleshoot development and production environment across multiple environments and operating platforms.
- (d) Assisting in other software engineering activities such as integration testing, algorithm & data analysis, software troubleshooting.
- (e) Modifying existing software to correct errors, adapt to new hardware/software, and improve performance.
- (f) Writing technical documentation (software support guides, programming documentation, etc.).

(4) ProviderOne Interfaces Support, Training, and Consultation

- (a) Providing system maintenance and support to ensure business operations are not adversely impacted and system functioning.
 - (b) Developing code, scripts, extracts and other artifacts required to solve technical issues, incidents and/or change requests.
 - (c) Providing technical expertise to support and troubleshoot development and production environment across multiple environments and operating platforms.
 - (d) Assisting in other software engineering activities such as integration testing, algorithm & data analysis, software troubleshooting.
 - (e) Modifying existing software to correct errors, adapt to new hardware/software, and improve performance.
 - (f) Writing technical documentation (software support guides, programming documentation, etc.).
- (5) Cash Processing Support, Training, and Consultation
- (a) Providing system maintenance and support to ensure business operations are not adversely impacted and system functioning.
 - (b) Developing code, scripts, extracts and other artifacts required to solve technical issues, incidents and/or change requests.
 - (c) Providing technical expertise to support and troubleshoot development and production environment across multiple environments and operating platforms.
 - (d) Assisting in other software engineering activities such as integration testing, algorithm & data analysis, software troubleshooting.
 - (e) Modifying existing software to correct errors, adapt to new hardware/software, and improve performance.
 - (f) Writing technical documentation (software support guides, programming documentation, etc.).

g. Change Requests/Change Orders

A change request may be submitted by either of the Parties, to modify, delete, or add, in whole or in part, the deliverables or services of this Work Order, if made in accordance with and within the scope of this Work Order.

Once the change request is mutually agreed to by both Parties, it should be documented in a final written change order and signed by both Parties.

The DSHS Project Manager, DSHS Contract Manager, or other DSHS point of contact as set out in the original Work Order, and the Contractor Project Manager or designee as set out in the original Work Order are charged with managing the negotiation of the Change Request. The above listed persons are also charged with signing the final change order.

Changes to be made to the maximum consideration, end date of the work order, or are beyond the scope of this Work Order or original solicitation may not be completed via change request/change order.

2. Specified Personnel for IT Professional Services

Contractor shall use best efforts to ensure that personnel assigned to this Contract are available until the completion of the Contract. Any proposal by Contractor for changes, replacement, or

substitution of personnel during the term of the Contract shall be submitted to Purchaser in writing. Purchaser shall have the sole discretion to accept or reject such proposal. As a condition to accepting Contractor's proposal for personnel changes, Purchaser may require Contractor to compensate Purchaser for any training and administrative costs incurred by Purchaser in association with such replacement. Such compensation will be in the form of a credit against Contractor's compensation. If Purchaser does not accept Contractor's proposed change and Contractor is unable to provide acceptable personnel to Purchaser within ten (10) business days after the originally assigned personnel have left, then Purchaser may terminate this Contract.

3. Performance Management and Escalation Path

- a. Contractor shall meet with DSHS at least once a month, or more frequently if requested, for a review of the Contractor's performance. DSHS reserves the right to amend or add progress and performance meetings as needed.
- b. If DSHS identifies performance concerns, performance deficiencies, or identifies Contractor's failures in providing the services, DSHS shall provide a written notice to Contractor outlining concerns and/or the Contractor's failures to comply with the requirements of this Exhibit A, along with a resolution process and required corrective action timelines.
- c. Contractor shall identify the reason for concerns and/or the Contractor's failures, within the corrective action timelines.
- d. Contractor shall provide a written response to DSHS by the corrective action timelines, to include proposed corrective actions.
- e. DSHS has final acceptance of Contractor's proposed corrective actions, and/or pursuing further remedies outlined in this Work Order (contract).
- f. DSHS reserves the right to add or modify this performance section as needed during the life of this Contract.

Exhibit B: Compensation

1. Compensation

Invoices will be based on hours worked. Payment will be approved by the Purchaser following Purchaser's review and verification that the Contractor has performed the work as detailed herein. A timesheet detailing all work performed broken down to the quarter hour must be maintained by the Contractor. Deliverables and invoices must show a direct correlation to the work listed in the solicitation and this Contract.

Hourly Compensation Table					
Name	Est. Performance Period		Estimated Hours	Hourly Rate	Estimated Yearly Cost
	From	To			
1. Rebecca Davidson	7/1/2024	6/30/2026	40 Hours per Week	\$125.00	\$225,000 per year
Maximum Compensation for This Contract					\$450,000

Prior to commencing any work that exceeds the Contract specification, written approval from the Purchaser must be received.

- 2. Invoicing Requirements.** Contractor shall submit properly itemized invoices to Purchaser for any and all work pertaining to this Contract. Incorrect or incomplete invoices will be returned by Purchaser to Contractor for correction and reissue. Invoices shall provide and itemize the following:

DSHS will pay the Contractor within 30 calendar days of receipt of properly executed invoices. The Contractor shall submit invoices, once a month, using DSHS supplied State Form A-19 Invoice Voucher. The A-19 must be accompanied by appropriate supporting documentation sufficient to permit DSHS to validate and substantiate each invoiced item. The A-19 along with copies of the supporting documentation (e.g. staff timesheets) must be emailed to Chau Nguyen by the 1st of each month. The rates shall be in accordance with those set forth in this Exhibit A: Section 1, Compensation, above.

- 3. Payment.** Payment shall be made after acceptance by DSHS of the services described in the Statement of Work. No payment in advance or in anticipation of services or supplies under this Contract shall be made by DSHS. Claims for payment submitted by the Contractor or costs due and payable under this Contract that were incurred prior to the expiration date shall be paid to the Contractor, if received by DSHS within 90 days after the expiration date.

Payment will be considered timely if funds are postmarked or dated within 30 days of receipt of either of the following, whichever is later: Receipt of properly executed invoice vouchers; acceptance of deliverables by DSHS; or statewide payee desk.

- 4. No Advance Payment.** No advance payment shall be made for IT Professional Services provided by Contractor pursuant to this Contract.
- 5. Overpayments.** Contractor shall refund to Purchaser the full amount of any erroneous payment or overpayment within thirty (30) days of such notice.

Exhibit C: Insurance Requirements

1. Insurance

The Contractor shall obtain and maintain for the duration of the Contract, at Contractor's expense, the following insurance coverages, and comply with the following insurance requirements.

a. General Liability Insurance

The Contractor shall maintain Commercial General Liability Insurance or Business Liability Insurance, no less comprehensive than coverage under Insurance Service Offices, Inc. (ISO) form CG 00-01, including coverage for bodily injury, property damage, and contractual liability. The amount of coverage shall be no less than \$2,000,000 per occurrence and \$4,000,000 General Aggregate. The policy shall include liability arising out of the parties' performance under this Contract, including but not limited to premises, operations, independent contractors, products-completed operations, personal injury, advertising injury, and liability assumed under an insured contract. The State of Washington, Department of Social & Health Services (DSHS), its elected and appointed officials, agents, and employees of the state, shall be named as additional insureds.

b. In lieu of general liability insurance mentioned in Subsection a. above, if the Contractor is a sole proprietor with less than three contracts, the contractor may choose one of the following three general liability policies, but only if attached to a professional liability policy. If selected the policy shall be maintained for the life of the contract:

Supplemental Liability Insurance, including coverage for bodily injury and property damage that will cover the contractor wherever the service is performed with minimum limits of \$2,000,000 per occurrence; and \$4,000,000 General Aggregate. The State of Washington, DSHS, its elected and appointed officials, agents, and employees shall be named as additional insureds;

or

Workplace Liability Insurance, including coverage for bodily injury and property damage that provides coverage wherever the service is performed with minimum limits of \$2,000,000 per occurrence; and \$4,000,000 General Aggregate. The State of Washington, DSHS, its elected and appointed officials, agents, and employees shall be named as additional insureds:

or

Premises Liability Insurance if services are provided only at their recognized place of business, including coverage for bodily injury, property damage with minimum limits of \$2,000,000 per occurrence; and \$4,000,000 General Aggregate. The State of Washington, DSHS, its elected and appointed officials, agents, and employees shall be named as additional insureds.

c. Workers' Compensation

The Contractor shall comply with all applicable Workers' Compensation, occupational disease, and occupational health and safety laws and regulations. The State of Washington and DSHS shall not be held responsible for claims filed for Workers' Compensation under Title 51 RCW by the Contractor or its employees under such laws and regulations.

d. Employees and Volunteers

Insurance required of the Contractor under the Contract shall include coverage for the acts and omissions of the Contractor's employees and volunteers. In addition, the Contractor shall ensure that all employees and volunteers who use vehicles to transport clients or deliver

services have personal automobile insurance and current driver's licenses.

e. Subcontractors

The Contractor shall ensure that all subcontractors have and maintain insurance with the same types and limits of coverage as required of the Contractor under the Contract. Failure of Subcontractors to comply with the insurance requirements in this Contract does not limit the Contractor's liability or responsibility.

f. Separation of Insureds

All insurance policies shall include coverage for cross liability and contain a "Separation of Insureds" provision.

g. Insurers

The Contractor shall obtain insurance from insurance companies identified as an admitted insurer/carrier in the State of Washington, with a current Best's Reports' rating of A-, Class VII, or better.

h. Evidence of Coverage

The Contractor shall, upon request by DSHS, submit a copy of the Certificate of Insurance, policy, and additional insured endorsement for each coverage required of the Contractor under this Contract. The Certificate of Insurance shall identify the Washington State Department of Social and Health Services as the Certificate Holder. A duly authorized representative of each insurer, showing compliance with the insurance requirements specified in this Contract, shall execute each Certificate of Insurance.

The Contractor shall maintain copies of Certificates of Insurance, policies, and additional insured endorsements for each subcontractor as evidence that each subcontractor maintains insurance as required by the Contract.

i. Material Changes

The insurer shall give the DSHS point of contact listed on page one of this Contract 45 days advance written notice of cancellation or non-renewal of any insurance policy required under this Contract. If cancellation is due to non-payment of premium, the insurer shall give DSHS 10 days advance written notice of cancellation. Failure to provide notice as required may result in termination of the Contract.

j. Waiver of Subrogation

Contractor waives all rights of subrogation against DSHS for the recovery of damages to the extent such damages are or would be covered by insurance required under the Contract. Contractor agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies whether or not DSHS receives the waiver of subrogation endorsement from the insurer.

k. Coverage Limits

By requiring insurance, the State of Washington and DSHS do not represent that the coverage and limits required in this Contract will be adequate to protect the Contractor. Such coverage and limits shall not limit the Contractor's liability in excess of the required coverage and limits, and shall not limit the Contractor's liability under the indemnities and reimbursements granted to the State and DSHS in this Contract.

l. Primary Coverage

All Contractor's insurance provided in compliance with this Contract shall be primary and shall not seek contribution from insurance or self-insurance programs afforded to or maintained by the State. Insurance or self-insurance programs afforded to or maintained by the State shall be in excess of, and shall not contribute with, insurance required of the Contractor and Subcontractors under this Contract.

m. Waiver

The Contractor waives all rights, claims and causes of action against the State of Washington and DSHS for the recovery of damages to the extent said damages are covered by insurance maintained by Contractor.

n. Liability Cap

Any limitation of liability or liability cap set forth in this Contract shall not preclude DSHS from claiming under any insurance maintained by the Contractor pursuant to this Contract, up to the policy limits.

o. Business Automobile Liability Insurance

The Contractor shall maintain a Business Automobile Policy on all vehicles used to transport clients, including vehicles hired by the Contractor or owned by the Contractor's employees, volunteers or others, with the following minimum limits: \$1,000,000 per accident combined single limit. The Contractor's carrier shall provide DSHS with a waiver of subrogation or name DSHS as an additional insured.

p. Professional Liability (errors & omissions)

The Contractor shall maintain insurance of at least \$1,000,000 per occurrence, \$2,000,000 General Aggregate for malpractice or errors and omissions coverage against liability for damages because of personal injury, bodily injury, death, or damage to property, including loss of use, and damages because of negligent acts, errors, and omissions in any way related to this contract.

Exhibit D – DSHS General Terms and Conditions

1. **Definitions.** The words and phrases listed below, as used in this Contract, shall each have the following definitions:
- a. “Central Contracts and Legal Services” means the DSHS central headquarters contracting office, or successor section or office.
 - b. “Confidential Information” or “Data” means information that is exempt from disclosure to the public or other unauthorized persons under RCW 42.56 or other federal or state laws. Confidential Information includes, but is not limited to, Personal Information.
 - c. “Contract” or “Agreement” means the entire written agreement between DSHS and the Contractor, including any Exhibits, documents, or materials incorporated by reference. The parties may execute this contract in multiple counterparts, each of which is deemed an original and all of which constitute only one agreement. E-mail or Facsimile transmission of a signed copy of this contract shall be the same as delivery of an original.
 - d. “CCLS Chief” means the manager, or successor, of Central Contracts and Legal Services or successor section or office.
 - e. “Contractor” means the individual or entity performing services pursuant to this Contract and includes the Contractor’s owners, members, officers, directors, partners, employees, and/or agents, unless otherwise stated in this Contract. For purposes of any permitted Subcontract, “Contractor” includes any Subcontractor and its owners, members, officers, directors, partners, employees, and/or agents.
 - f. “Debarment” means an action taken by a Federal agency or official to exclude a person or business entity from participating in transactions involving certain federal funds.
 - g. “DSHS” or the “Department” means the state of Washington Department of Social and Health Services and its employees and authorized agents.
 - h. “Encrypt” means to encode Confidential Information into a format that can only be read by those possessing a “key;” a password, digital certificate or other mechanism available only to authorized users. Encryption must use a key length of at least 256 bits for symmetric keys, or 2048 bits for asymmetric keys. When a symmetric key is used, the Advanced Encryption Standard (AES) must be used if available.
 - i. “Personal Information” means information identifiable to any person, including, but not limited to, information that relates to a person’s name, health, finances, education, business, use or receipt of governmental services or other activities, addresses, telephone numbers, Social Security Numbers, driver license numbers, other identifying numbers, and any financial identifiers.
 - j. “Physically Secure” means that access is restricted through physical means to authorized individuals only.
 - k. “Program Agreement” means an agreement between the Contractor and DSHS containing special terms and conditions, including a statement of work to be performed by the Contractor and payment to be made by DSHS.
 - l. “RCW” means the Revised Code of Washington. All references in this Contract to RCW chapters or sections shall include any successor, amended, or replacement statute. Pertinent RCW chapters can be accessed at <http://apps.leg.wa.gov/rcw/>.

- m. "Regulation" means any federal, state, or local regulation, rule, or ordinance.
- n. "Secured Area" means an area to which only authorized representatives of the entity possessing the Confidential Information have access. Secured Areas may include buildings, rooms or locked storage containers (such as a filing cabinet) within a room, as long as access to the Confidential Information is not available to unauthorized personnel.
- o. "Subcontract" means any separate agreement or contract between the Contractor and an individual or entity ("Subcontractor") to perform all or a portion of the duties and obligations that the Contractor is obligated to perform pursuant to this Contract.
- p. "Tracking" means a record keeping system that identifies when the sender begins delivery of Confidential Information to the authorized and intended recipient, and when the sender receives confirmation of delivery from the authorized and intended recipient of Confidential Information.
- q. "Trusted Systems" include only the following methods of physical delivery: (1) hand-delivery by a person authorized to have access to the Confidential Information with written acknowledgement of receipt; (2) United States Postal Service ("USPS") first class mail, or USPS delivery services that include Tracking, such as Certified Mail, Express Mail or Registered Mail; (3) commercial delivery services (e.g. FedEx, UPS, DHL) which offer tracking and receipt confirmation; and (4) the Washington State Campus mail system. For electronic transmission, the Washington State Governmental Network (SGN) is a Trusted System for communications within that Network.
- r. "WAC" means the Washington Administrative Code. All references in this Contract to WAC chapters or sections shall include any successor, amended, or replacement regulation. Pertinent WAC chapters or sections can be accessed at <http://apps.leg.wa.gov/wac/>.

- 2. **Amendment.** This Contract may only be modified by a written amendment signed by both parties. Only personnel authorized to bind each of the parties may sign an amendment.
- 3. **Assignment.** The Contractor shall not assign this Contract or any Program Agreement to a third party without the prior written consent of DSHS.
- 4. **Billing Limitations.**
 - a. DSHS shall pay the Contractor only for authorized services provided in accordance with this Contract.
 - b. DSHS shall not pay any claims for payment for services submitted more than twelve (12) months after the calendar month in which the services were performed.
 - c. The Contractor shall not bill and DSHS shall not pay for services performed under this Contract, if the Contractor has charged or will charge another agency of the state of Washington or any other party for the same services.
- 5. **Compliance with Applicable Law and Washington State Requirements.**
 - a. **Applicable Law.** Throughout the performance of this Agreement, Contractor shall comply with all federal, state, and local laws, regulations, and executive orders to the extent they are applicable to this Agreement.
 - b. **Civil Rights and Nondiscrimination.** Contractor shall comply with all federal and state civil

rights and nondiscrimination laws, regulations, and executive orders to the extent they are applicable to this Agreement, including, but not limited to, and as amended, Titles VI and VII of the Civil Rights Act of 1964; Sections 503 and 504 of the Rehabilitation Act of 1973; the Americans with Disabilities Act (ADA); Executive Order 11246; the Health Insurance Portability and Accountability Act of 1996 (HIPAA); the Age Discrimination in Employment Act of 1967, the Age Discrimination Act of 1975, the Vietnam Era Veterans' Readjustment Assistance Act of 1974, and Chapter 49.60 of the Revised Code of Washington, Washington's Law Against Discrimination. These laws, regulations and executive orders are incorporated by reference herein to the extent that they are applicable to the Contract and required by law to be so incorporated.

In the event of the Contractor's noncompliance or refusal to comply with any applicable nondiscrimination laws, regulations, and executive orders, this Agreement may be rescinded, canceled, or terminated in whole or in part.

c. Nondiscrimination.

(1) **Nondiscrimination Requirement.** During the term of this Contract, Contractor, including any subcontractor, shall not discriminate on the bases enumerated at RCW 49.60.530(3). In addition, Contractor, including any subcontractor, shall give written notice of this nondiscrimination requirement to any labor organizations with which Contractor, or subcontractor, has a collective bargaining or other agreement.

(2) **Obligation to Cooperate.** Contractor, including any subcontractor, shall cooperate and comply with any Washington state agency investigation regarding any allegation that Contractor, including any subcontractor, has engaged in discrimination prohibited by this Contract pursuant to RCW 49.60.530(3).

d. Certification Regarding Russian Government Contracts and/or Investments. Contractor shall abide by the requirements of Governor Jay Inslee's Directive 22-03 and all subsequent amendments. The Contractor, by signature to this Contract, certifies that the Contractor is not presently an agency of the Russian government, an entity which is Russian-state owned to any extent, or an entity sanctioned by the United States government in response to Russia's invasion of Ukraine. The Contractor also agrees to include the above certification in any and all Subcontracts into which it enters. The Contractor shall immediately notify DSHS if, during the term of this Contract, Contractor does not comply with this certification. DSHS may immediately terminate this Contract by providing Contractor written notice if Contractor does not comply with this certification during the term hereof.

6. Confidentiality.

a. The Contractor shall not use, publish, transfer, sell or otherwise disclose any Confidential Information gained by reason of this Contract for any purpose that is not directly connected with Contractor's performance of the services contemplated hereunder, except:

(1) as provided by law; or,

(2) in the case of Personal Information, with the prior written consent of the person or personal representative of the person who is the subject of the Personal Information.

b. The Contractor shall protect and maintain all Confidential Information gained by reason of this Contract against unauthorized use, access, disclosure, modification or loss. This duty requires the Contractor to employ reasonable security measures, which include restricting access to the Confidential Information by:

- (1) Allowing access only to staff that have an authorized business requirement to view the Confidential Information.
- (2) Physically Securing any computers, documents, or other media containing the Confidential Information.
- (3) Ensure the security of Confidential Information transmitted via fax (facsimile) by:
 - (a) Verifying the recipient phone number to prevent accidental transmittal of Confidential Information to unauthorized persons.
 - (b) Communicating with the intended recipient before transmission to ensure that the fax will be received only by an authorized person.
 - (c) Verifying after transmittal that the fax was received by the intended recipient.
- (4) When transporting six (6) or more records containing Confidential Information, outside a Secured Area, do one or more of the following as appropriate:
 - (a) Use a Trusted System.
 - (b) Encrypt the Confidential Information, including:
 - i. Encrypting email and/or email attachments which contain the Confidential Information.
 - ii. Encrypting Confidential Information when it is stored on portable devices or media, including but not limited to laptop computers and flash memory devices.

Note: If the DSHS Data Security Requirements Exhibit is attached to this contract, this item, 6.b.(4), is superseded by the language contained in the Exhibit.

- (5) Send paper documents containing Confidential Information via a Trusted System.
 - (6) Following the requirements of the DSHS Data Security Requirements Exhibit, if attached to this contract.
- c. Upon request by DSHS, at the end of the Contract term, or when no longer needed, Confidential Information shall be returned to DSHS or Contractor shall certify in writing that they employed a DSHS approved method to destroy the information. Contractor may obtain information regarding approved destruction methods from the DSHS contact identified on the cover page of this Contract.
 - d. Paper documents with Confidential Information may be recycled through a contracted firm, provided the contract with the recycler specifies that the confidentiality of information will be protected, and the information destroyed through the recycling process. Paper documents containing Confidential Information requiring special handling (e.g. protected health information) must be destroyed on-site through shredding, pulping, or incineration.
 - e. Notification of Compromise or Potential Compromise. The compromise or potential compromise of Confidential Information must be reported to the DSHS Contact designated on the contract within one (1) business day of discovery. Contractor must also take actions to mitigate the risk of loss and comply with any notification or other requirements imposed by law or DSHS.

- 7. Debarment Certification.** The Contractor, by signature to this Contract, certifies that the Contractor is not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any Federal department or agency from participating in transactions (Debarred). The Contractor also agrees to include the above requirement in any and all Subcontracts into which it enters. The Contractor shall immediately notify DSHS if, during the term of this Contract, Contractor becomes Debarred. DSHS may immediately terminate this Contract by providing Contractor written notice if Contractor becomes Debarred during the term hereof.
- 8. E-Signature and Records.** An electronic signature or electronic record of this Contract or any other ancillary agreement shall be deemed to have the same legal effect as delivery of an original executed copy of this Contract or such other ancillary agreement for all purposes.
- 9. Governing Law and Venue.** This Contract shall be construed and interpreted in accordance with the laws of the state of Washington and the venue of any action brought hereunder shall be in Superior Court for Thurston County.
- 10. Independent Contractor.** The parties intend that an independent contractor relationship will be created by this Contract. The Contractor and his or her employees or agents performing under this Contract are not employees or agents of the Department. The Contractor, his or her employees, or agents performing under this Contract will not hold himself/herself out as, nor claim to be, an officer or employee of the Department by reason hereof, nor will the Contractor, his or her employees, or agent make any claim of right, privilege or benefit that would accrue to such officer or employee.
- 11. Inspection.** The Contractor shall, at no cost, provide DSHS and the Office of the State Auditor with reasonable access to Contractor's place of business, Contractor's records, and DSHS client records, wherever located. These inspection rights are intended to allow DSHS and the Office of the State Auditor to monitor, audit, and evaluate the Contractor's performance and compliance with applicable laws, regulations, and these Contract terms. These inspection rights shall survive for six (6) years following this Contract's termination or expiration.
- 12. Maintenance of Records.** The Contractor shall maintain records relating to this Contract and the performance of the services described herein. The records include, but are not limited to, accounting procedures and practices, which sufficiently and properly reflect all direct and indirect costs of any nature expended in the performance of this Contract. All records and other material relevant to this Contract shall be retained for six (6) years after expiration or termination of this Contract.

Without agreeing that litigation or claims are legally authorized, if any litigation, claim, or audit is started before the expiration of the six (6) year period, the records shall be retained until all litigation, claims, or audit findings involving the records have been resolved.
- 13. Order of Precedence.** In the event of any inconsistency or conflict between the General Terms and Conditions and the Special Terms and Conditions of this Contract or any Program Agreement, the inconsistency or conflict shall be resolved by giving precedence to these General Terms and Conditions. Terms or conditions that are more restrictive, specific, or particular than those contained in the General Terms and Conditions shall not be construed as being inconsistent or in conflict.
- 14. Severability.** If any term or condition of this Contract is held invalid by any court, the remainder of the Contract remains valid and in full force and effect.
- 15. Survivability.** The terms and conditions contained in this Contract or any Program Agreement which, by their sense and context, are intended to survive the expiration or termination of the

particular agreement shall survive. Surviving terms include, but are not limited to: Billing Limitations; Confidentiality, Disputes; Indemnification and Hold Harmless, Inspection, Maintenance of Records, Notice of Overpayment, Ownership of Material, Termination for Default, Termination Procedure, and Treatment of Property.

16. Contract Renegotiation, Suspension, or Termination Due to Change in Funding.

If the funds DSHS relied upon to establish this Contract or Program Agreement are withdrawn, reduced or limited, or if additional or modified conditions are placed on such funding, after the effective date of this contract but prior to the normal completion of this Contract or Program Agreement:

- a. At DSHS's discretion, the Contract or Program Agreement may be renegotiated under the revised funding conditions.
- b. At DSHS's discretion, DSHS may give notice to Contractor to suspend performance when DSHS determines that there is reasonable likelihood that the funding insufficiency may be resolved in a timeframe that would allow Contractor's performance to be resumed prior to the normal completion date of this contract.
 - (1) During the period of suspension of performance, each party will inform the other of any conditions that may reasonably affect the potential for resumption of performance.
 - (2) When DSHS determines that the funding insufficiency is resolved, it will give Contractor written notice to resume performance. Upon the receipt of this notice, Contractor will provide written notice to DSHS informing DSHS whether it can resume performance and, if so, the date of resumption. For purposes of this subsection, "written notice" may include email.
 - (3) If the Contractor's proposed resumption date is not acceptable to DSHS and an acceptable date cannot be negotiated, DSHS may terminate the contract by giving written notice to Contractor. The parties agree that the Contract will be terminated retroactive to the date of the notice of suspension. DSHS shall be liable only for payment in accordance with the terms of this Contract for services rendered prior to the retroactive date of termination.
- c. DSHS may immediately terminate this Contract by providing written notice to the Contractor. The termination shall be effective on the date specified in the termination notice. DSHS shall be liable only for payment in accordance with the terms of this Contract for services rendered prior to the effective date of termination. No penalty shall accrue to DSHS in the event the termination option in this section is exercised.

- 17. Waiver.** Waiver of any breach or default on any occasion shall not be deemed to be a waiver of any subsequent breach or default. Any waiver shall not be construed to be a modification of the terms and conditions of this Contract. Only the CCLS Chief or designee has the authority to waive any term or condition of this Contract on behalf of DSHS.

Additional General Terms and Conditions – IT Services Contracts:

- 18. Advance Payment.** DSHS shall not make any payments in advance or in anticipation of the delivery of services to be provided pursuant to this Contract.
- 19. Commencement of Work.** No work shall be performed by the Contractor until the Contract is executed by the Contractor and DSHS and received by DSHS.

- 20. Construction.** The language in this Contract shall be interpreted as to its fair meaning and not strictly for or against any party. Any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in interpreting this Contract.
- 21. Contractor Certification Regarding Ethics.** The Contractor certifies that the Contractor is now, and shall remain, in compliance with Chapter 42.52 RCW, Ethics in Public Service, throughout the term of this Contract.
- 22. Contractor Commitments, Warranties and Representations.** Any written commitment by the Contractor within the scope of this Contract shall be binding upon the Contractor. Failure of the Contractor to fulfill such a commitment may constitute breach and shall render the Contractor liable for damages under the terms of this Contract. For purposes of this section, a commitment by the Contractor includes but is not limited to: (i) Prices, discounts, and options committed to remain in force over a specified period of time; and (ii) any warranty or representation made by the Contractor in its response to the solicitation resulting in this Contract ("Bid") or contained in any Contractor or manufacturer publications, written materials, schedules, charts, diagrams, tables, descriptions, other written representations, and any other communication medium accompanying or referred to in its Bid or used to effect the sale to DSHS.
- 23. DES Filing Requirement.** Under RCW 39.26, sole source contracts and amendments must be filed with the State of Washington Department of Enterprise Services (DES). If this Contract is one that must be filed, it shall not be effective nor shall work commence or payment be made until the tenth (10th) working day following the date of filing subject to DES approval. In the event DES fails to approve the Contract or any amendment hereto, the Contract or amendment shall be null and void.
- 24. Disputes.**
- a. In the event a bona fide dispute concerning a question of fact arises between DSHS and the Contractor that cannot be resolved between the parties, either party may initiate the dispute resolution procedure provided herein.
 - b. The initiating party shall reduce its description of the dispute to writing and deliver it to the responding party. The responding party shall respond in writing within three (3) Business Days (which shall mean Monday through Friday, 8:00 a.m. to 5:00 p.m., Pacific Time, except for holidays observed by the state of Washington). The initiating party shall have three (3) Business Days to review the response. If after this review a resolution cannot be reached, both parties shall have three (3) Business Days to negotiate in good faith to resolve the dispute.
 - (1) If the dispute cannot be resolved after three (3) Business Days, a dispute resolution panel may be requested in writing by either party who shall also identify the first panel member. Within three (3) Business Days of receipt of the request, the other party will designate a panel member. Those two panel members will appoint a third individual to the dispute resolution panel within the next three (3) Business Days.
 - (2) The dispute resolution panel will review the written descriptions of the dispute, gather additional information as needed, and render a written decision on the dispute in the shortest practical time.
 - (3) Each party shall bear the cost for its panel member and share equally the cost of the third panel member.
 - c. Unless irreparable harm will result, the parties agree that this dispute process shall precede any action in a judicial or quasi-judicial tribunal.

- d. Both parties agree to exercise good faith in dispute resolution and to settle disputes prior to using a dispute resolution panel whenever possible.
- e. Except to the extent that disclosure is required by applicable law or court order, all negotiations pursuant to this clause are confidential and shall be treated by the parties as statements made in compromise negotiations for purposes of the rules of evidence.
- f. DSHS and the Contractor agree that, the existence of a dispute notwithstanding, they will continue without delay to carry out all their respective responsibilities under this Contract that are not affected by the dispute.
- g. If the subject of the dispute is the amount due and payable by DSHS for services being provided by the Contractor, the Contractor shall continue providing services pending resolution of the dispute provided DSHS pays the Contractor the amount DSHS, in good faith, believes is due and payable, and may withhold the difference between such amount and the amount the Contractor, in good faith, believes is due and payable.

25. Health and Safety. The Contractor shall perform any and all of its obligations under this Contract in a manner that does not compromise the health or safety of any DSHS client with whom the Contractor has contact.

26. Indemnification and Hold Harmless.

- a. The Contractor shall be responsible for and shall indemnify, defend, and hold DSHS harmless from any and all claims, costs, charges, penalties, demands, losses, liabilities, damages, judgments, or fines, of whatsoever kind or nature, arising out of or relating to a) the Contractor's or any Subcontractor's performance or failure to perform this Contract, or b) the acts or omissions of the Contractor or any Subcontractor.
- b. The Contractor's duty to indemnify, defend, and hold DSHS harmless from any and all claims, costs, charges, penalties, demands, losses, liabilities, damages, judgments, or fines shall include DSHS' personnel-related costs, reasonable attorney's fees, court costs, and all related expenses.
- c. The Contractor waives its immunity under Title 51 RCW to the extent it is required to indemnify, defend, and hold harmless the State and its agencies, officials, agents, or employees.
- d. Nothing in this term shall be construed as a modification or limitation on the Contractor's obligation to procure insurance in accordance with this Contract or the scope of said insurance.

27. Industrial Insurance Coverage. The Contractor shall comply with the provisions of Title 51 RCW, Industrial Insurance. If the Contractor fails to provide industrial insurance coverage or fails to pay premiums or penalties on behalf of its employees, as may be required by law, Agency may collect from the Contractor the full amount payable to the Industrial Insurance accident fund. The Agency may deduct the amount owed by the Contractor to the accident fund from the amount payable to the Contractor by the Agency under this contract, and transmit the deducted amount to the Department of Labor and Industries, (L&I) Division of Insurance Services. This provision does not waive any of L&I's rights to collect from the Contractor.

28. Limitation of Liability.

- a. The Parties agree that neither the Contractor nor DSHS shall be liable to each other,

regardless of the form of action, for consequential, incidental, indirect, or special damages except a claim related to bodily injury or death, or a claim or demand based on patent, copyright, or other intellectual property right infringement, in which case liability shall be as set forth elsewhere in this Contract.

- b. This section does not modify any sections or any other conditions as are elsewhere agreed to herein between the parties. The following are not considered consequential, incidental, indirect, or special damages as the term is used in the foregoing section.
 - (1) Claims pursuant to any provision of this Contract calling for liquidated damages;
 - (2) Claims for attorney's fees and other litigation costs DSHS becomes entitled to recover as a prevailing party in an action;
 - (3) Claims for physical damage to real or tangible property;
 - (4) Claims arising from reckless or intentional misconduct;
 - (5) Amounts due or obligations under the following sections, if included: (i) indemnification; (ii) intellectual property indemnification; (iii) inspection and maintenance of records; (iv) damages resulting from default; (v) data security requirements; (vi) or breaches of confidentiality including disclosure of PHI; or
 - (6) Any loss or claim to the extent the loss or claim is covered by a policy of insurance maintained, or required by this contract to be maintained, by the Contractor.
- c. Neither party shall be liable for personal injury to the other party or damage to the other party's property except personal injury or damage to property proximately caused by such party's respective fault or negligence.

29. Notice of Overpayment. If the Contractor receives a Contractor overpayment notice or a letter communicating the existence of an overpayment from DSHS, the Contractor may protest the overpayment determination by requesting an adjudicative proceeding. The Contractor's request for an adjudicative proceeding must:

- a. Be *received* by the Office of Financial Recovery (OFR) at Post Office Box 9501, Olympia, Washington 98507-9501, within twenty-eight (28) calendar days of service of the notice;
- b. Be sent by certified mail (return receipt) or other manner that proves OFR received the request;
- c. Include a statement as to why the Contractor thinks the notice is incorrect; and
- d. Include a copy of the overpayment notice.

Timely and complete requests will be scheduled for a formal hearing by the Office of Administrative Hearings. The Contractor may be offered a pre-hearing or alternative dispute resolution conference in an attempt to resolve the overpayment dispute prior to the hearing.

Failure to provide OFR with a written request for a hearing within twenty-eight (28) days of service of a Contractor overpayment notice or other overpayment letter will result in an overpayment debt against the Contractor. DSHS may charge the Contractor interest and any costs associated with the collection of this overpayment. DSHS may collect an overpayment debt through lien, foreclosure, seizure and sale of the Contractor's real or personal property; order to withhold and deliver; or any other collection action available to DSHS to satisfy the overpayment

debt.

30. Ownership/Rights in Data.

- a. Both Custom Services and Commercial Off-The-Shelf material that is delivered under this Contract, but that does not originate therefrom (“Preexisting Material”), shall be transferred to DSHS with a nonexclusive, royalty-free, irrevocable license to publish, translate, reproduce, deliver, perform, display, and dispose of such Preexisting Material, and to authorize others to do so except that such license shall be limited to the extent to which Contractor has a right to grant such a license. The Contractor shall exert all reasonable effort to advise DSHS at the time of delivery of Preexisting Material furnished under this Contract, of all known or potential infringements of publicity, privacy or of intellectual property contained therein and of any portion of such document which was not produced in the performance of this Contract. The Contractor agrees to obtain, at its own expense, express written consent of the copyright holder for the inclusion of Preexisting Material. DSHS shall receive prompt written notice of each notice or claim of copyright infringement or infringement of other intellectual property right worldwide received by the Contractor with respect to any Preexisting Material delivered under this Contract. DSHS shall not have the right to modify or remove any restrictive markings placed upon the Preexisting Material by the Contractor.
- b. Custom Services. If this Contract involves custom service, the below sections (b)(1) through (4) apply.
 - (1) DSHS and the Contractor agree that all data and work products (collectively called “Work Product”) produced pursuant to this Contract shall be considered work made for hire under the U.S. Copyright Act, 17 U.S.C. §101 et seq, and shall be owned by DSHS. The Contractor is hereby commissioned to create the Work Product. Work Product includes, but is not limited to, discoveries, formulae, ideas, improvements, inventions, methods, models, processes, techniques, findings, conclusions, recommendations, reports, designs, plans, diagrams, drawings, Software, databases, documents, pamphlets, advertisements, books, magazines, surveys, studies, computer programs, films, tapes, and/or sound reproductions, to the extent provided by law. Ownership includes the right to copyright, patent, register and the ability to transfer these rights and all information used to formulate such Work Product.
 - (2) If for any reason the Work Product would not be considered a work made for hire under applicable law, the Contractor assigns and transfers to DSHS the entire right, title and interest in and to all rights in the Work Product and any registrations and copyright applications relating thereto and any renewals and extensions thereof.
 - (3) The Contractor shall execute all documents and perform such other proper acts as DSHS may deem necessary to secure for DSHS the rights pursuant to this section.
 - (4) The Contractor shall not use or in any manner disseminate any Work Product to any third party, or represent in any way Contractor ownership in any Work Product, without the prior written permission of DSHS. The Contractor shall take all reasonable steps necessary to ensure that its agents, employees, or Subcontractors shall not copy or disclose, transmit or perform any Work Product or any portion thereof, in any form, to any third party.
- c. Commercial Off-The-Shelf. If this Contract involves commercial off-the-shelf products, the below sections (c)(1) through (3) apply.
 - (1) The Contractor shall maintain all title, copyright, and other proprietary rights in the Software. DSHS does not acquire any rights, express or implied, in the Software, other

than those specified in this Contract. Contractor hereby warrants and represents to DSHS that Contractor is the owner of the Software licensed hereunder or otherwise has the right to grant to DSHS the licensed rights to the Software provided by Contractor through this Contract without violating any rights of any third party worldwide.

- (2) The Contractor represents and warrants that Contractor has the right to license the Software to DSHS as provided in this Contract and that DSHS' use of the Software and documentation within the terms of this Contract will not infringe upon any copyright, patent, trademark, or other intellectual property right worldwide or violate any third party's trade secret, contract, or confidentiality rights worldwide.
- (3) The Contractor represents and warrants that: (i) Contractor is not aware of any claim, investigation, litigation, action, suit or administrative or judicial proceeding pending or threatened based on claims that the Software infringes any patents, copyrights, or trade secrets of any third party, and (ii) that Contractor has no actual knowledge that the Software infringes upon any patents, copyrights, or trade secrets of any third party.

31. Patent and Copyright Indemnification.

- a. The Contractor, at its expense, shall defend, indemnify, and hold DSHS harmless from and against any claims against DSHS that any Product or Work Product supplied hereunder, or DSHS's use of the Product or Work Product within the terms of this Contract, infringes any patent, copyright, utility model, industrial design, mask work, trade secret, trademark, or other similar proprietary right of a third party worldwide. Product shall mean any Contractor-supplied equipment, Software, or documentation. The Contractor shall pay all costs of such defense and settlement and any penalties, costs, damages and attorneys' fees awarded by a court or incurred by DSHS provided that DSHS:
 - (1) Promptly notifies the Contractor in writing of the claim, but DSHS's failure to provide timely notice shall only relieve the Contractor from its indemnification obligations if and to the extent such late notice prejudiced the defense or resulted in increased expense or loss to the Contractor; and
 - (2) Cooperates with and agrees to use its best efforts to encourage the Office of the Attorney General of Washington to grant the Contractor sole control of the defense and all related settlement negotiations.
- b. If such claim has occurred, or in the Contractor's opinion is likely to occur, DSHS agrees to permit the Contractor, at its option and expense, either to procure for DSHS the right to continue using the Product or Work Product or to replace or modify the same so that they become non-infringing and functionally equivalent. If use of the Product or Work Product is enjoined by a court and the Contractor determines that none of these alternatives is reasonably available, the Contractor, at its risk and expense, will take back the Product or Work Product and provide DSHS a refund. In the case of Work Product, the Contractor shall refund to DSHS the entire amount DSHS paid to the Contractor for the Contractor's provision of the Work Product. In the case of Product, the Contractor shall refund to DSHS its depreciated value. No termination charges will be payable on such returned Product, and DSHS will pay only those charges that were payable prior to the date of such return. Depreciated value shall be calculated on the basis of a useful life of four (4) years commencing on the date of purchase and shall be an equal amount per year over said useful life. The depreciation for fractional parts of a year shall be prorated on the basis of three hundred sixty-five (365) days per year. In the event the Product has been installed less than one (1) year, all costs associated with the initial installation paid by DSHS shall be refunded by the Contractor.

- c. The Contractor has no liability for any claim of infringement arising solely from:
 - (1) The Contractor's compliance with any designs, specifications or instructions of DSHS;
 - (2) Modification of the Product or Work Product by DSHS or a third party without the prior knowledge and approval of the Contractor; or
 - (3) Use of the Product or Work Product in a way not specified by the Contractor;unless the claim arose against the Contractor's Product or Work Product independently of any of these specified actions.
- d. This Section, *Patent and Copyright Indemnification*, is intended to survive the expiration or termination of the agreement.

32. Public Records Act. The Contractor acknowledges that DSHS is subject to the Public Records Act (Chapter 42.56 RCW) and that this Contract is a public record as defined in Chapter 42.56 RCW. Any specific information that is claimed by the Contractor to be Proprietary Information must be clearly identified as such by the Contractor. "Proprietary Information" means information owned by the Contractor to which the Contractor claims a protectable interest under law. Proprietary Information includes, but is not limited to, information protected by copyright, patent, trademark, or trade secret laws. To the extent consistent with Chapter 42.56 RCW, DSHS will maintain the confidentiality of all such information marked Proprietary Information. If a public disclosure request is made to view the Contractor's Proprietary Information, DSHS will notify the Contractor of the request and of the date that such records will be released to the requester unless the Contractor obtains a court order from a court of competent jurisdiction enjoining that disclosure. If the Contractor fails to obtain the court order enjoining disclosure, DSHS will release the requested information on the date specified.

33. Publicity. The Contractor shall not name DSHS as a customer, nor use any information related to this Contract, in any format or media, in any Contractor's advertising or publicity without prior written consent from DSHS.

34. Site Security. While providing services at a DSHS location, the Contractor, its agents, employees, or Subcontractors shall conform in all respects with physical, fire, or other security regulations specific to the DSHS location.

35. Subcontracting. Except as otherwise provided in this Contract, the Contractor shall not Subcontract any of the contracted services without the prior written approval of DSHS. Contractor is responsible to ensure that all terms, conditions, assurances and certifications set forth in this Contract are included in any and all Subcontracts. Any failure of Contractor or its Subcontractors to perform the obligations of this Contract shall not discharge the Contractor from its obligations hereunder or diminish DSHS' rights or remedies available under this Contract.

36. Subrecipients.

- a. General. If the Contractor is a subrecipient of federal awards as defined by 2 CFR Part 200 and this Agreement, the Contractor shall:
 - (1) Maintain records that identify, in its accounts, all federal awards received and expended and the federal programs under which they were received, by Catalog of Federal Domestic Assistance (CFDA) title and number, award number and year, name of the federal agency, and name of the pass-through entity;
 - (2) Maintain internal controls that provide reasonable assurance that the Contractor is

managing federal awards in compliance with laws, regulations, and provisions of contracts or grant agreements that could have a material effect on each of its federal programs;

- (3) Prepare appropriate financial statements, including a schedule of expenditures of federal awards;
 - (4) Incorporate 2 CFR Part 200, Subpart F audit requirements into all agreements between the Contractor and its Subcontractors who are subrecipients;
 - (5) Comply with the applicable requirements of 2 CFR Part 200, including any future amendments to 2 CFR Part 200, and any successor or replacement Office of Management and Budget (OMB) Circular or regulation; and
 - (6) Comply with the Omnibus Crime Control and Safe streets Act of 1968, Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, Title II of the Americans with Disabilities Act of 1990, Title IX of the Education Amendments of 1972, The Age Discrimination Act of 1975, and The Department of Justice Non-Discrimination Regulations, 28 C.F.R. Part 42, Subparts C.D.E. and G, and 28 C.F.R. Part 35 and 39. (Go to <https://ojp.gov/about/offices/ocr.htm> for additional information and access to the aforementioned Federal laws and regulations.)
- b. Single Audit Act Compliance. If the Contractor is a subrecipient and expends \$750,000 or more in federal awards from any and/or all sources in any fiscal year, the Contractor shall procure and pay for a single audit or a program-specific audit for that fiscal year. Upon completion of each audit, the Contractor shall:
- (1) Submit to the DSHS contact person the data collection form and reporting package specified in 2 CFR Part 200, Subpart F, reports required by the program-specific audit guide (if applicable), and a copy of any management letters issued by the auditor;
 - (2) Follow-up and develop corrective action for all audit findings; in accordance with 2 CFR Part 200, Subpart F; prepare a "Summary Schedule of Prior Audit Findings" reporting the status of all audit findings included in the prior audit's schedule of findings and questioned costs.
- c. Overpayments. If it is determined by DSHS, or during the course of a required audit, that the Contractor has been paid unallowable costs under this or any Program Agreement, DSHS may require the Contractor to reimburse DSHS in accordance with 2 CFR Part 200.

37. Termination for Convenience. DSHS may terminate this Contract in whole or in part when it is in the best interest of DSHS by giving the Contractor at least thirty (30) calendar days' written notice.

38. Termination for Default. The CCLS Chief may immediately terminate this Contract for default, in whole or in part, by written notice to the Contractor if DSHS has a reasonable basis to believe that the Contractor has:

- a. Failed to meet or maintain any requirement for contracting with DSHS;
- b. Failed to protect the health or safety of any DSHS client;
- c. Failed to perform under, or otherwise breached, any term or condition of this Contract; and/or

- d. Violated any applicable law or regulation.

If it is later determined that the Contractor was not in default, the termination shall be considered a termination for convenience.

39. Termination or Expiration Procedure. The following terms and conditions apply upon Contract termination or expiration:

- a. The Contractor shall cease to perform any services required by this Contract as of the effective date of termination or expiration.
- b. If the Contract is terminated, the Contractor shall comply with all instructions contained in the termination notice.
- c. The Contractor shall immediately deliver to the DSHS contact named on page one of this Contract, or to his or her successor, all DSHS property in the Contractor's possession. The Contractor grants DSHS the right to enter upon the Contractor's premises for the sole purpose of recovering any DSHS property that the Contractor fails to return within ten (10) calendar days of the effective date of termination or expiration of this Contract. Upon failure to return DSHS property within ten (10) calendar days, the Contractor shall be charged with all reasonable costs of recovery, including transportation.
- d. DSHS shall be liable only for payment required under the terms of this Contract for service rendered up to the effective date of termination or expiration.
- e. DSHS may withhold a sum from the final payment to the Contractor that DSHS determines necessary to protect DSHS against loss or additional liability.
- f. The rights and remedies provided to DSHS in this Section are in addition to any other rights and remedies provided at law, in equity, and/or under this Contract, including consequential and incidental damages.

40. Treatment of Property. All property purchased or furnished by DSHS for use by the Contractor during this Contract term shall remain with DSHS. Title to all property purchased or furnished by the Contractor for which the Contractor is entitled to reimbursement by DSHS under this Contract shall pass to and vest in DSHS. The Contractor shall protect, maintain, and insure all DSHS property in its possession against loss or damage and shall return DSHS property to DSHS upon Contract termination or expiration.

41. Taxes

- a. Where required by statute or regulation, Contractor shall pay for and maintain in current status all taxes that are necessary for Contract performance. DSHS will pay sales or use taxes, if any, imposed on the services and materials acquired hereunder. Contractor must pay all other taxes including without limitation Washington Business and Occupation Tax, other taxes based on Contractor's income or gross receipts, or personal property taxes levied or assessed on Contractor's personal property. DSHS, as an agency of Washington State government, is exempt from property tax.
- b. Contractor shall complete registration with the Washington State Department of Revenue and be responsible for payment of all taxes due on payments made under this Contract in accordance with the requirements of [Title 82 RCW](#) and [Title 458 WAC](#). Out-of-state Contractors must contact the Department of Revenue to determine whether they meet criteria to register and establish an account with the Department of Revenue. Refer to WAC 458-20-101 (Tax registration and tax reporting) and call the Department of Revenue at 800-647-7706

for additional information. When out-of-state Contractors are not required to collect and remit sales tax, DSHS shall be responsible for paying use tax, if applicable, directly to the Department of Revenue.

- c. All payments accrued on account of payroll taxes, unemployment contributions, any other taxes, insurance, or other expenses for Contractor or Contractor's staff shall be Contractor's sole responsibility.

42. Mandatory Individual Arbitration and Class or Collective Action Waiver as a Condition of Employment.

- a. "Mandatory Individual Arbitration Clause" or "Class or Collective Action Waiver" means an arbitration clause or waiver in an employment contract which precludes Contractor's employees from resolving employment disputes with their employer through class or collective proceedings in federal court. Instead, employees must bring individualized arbitration proceedings against their employer to resolve any employment disputes.
- b. The Contractor, by signature to this Contract, certifies that the Contractor does not require Contractor's employees to agree to, as a condition of employment, a Mandatory Individual Arbitration Clause or Class or Collective Action Waiver.
- c. Contractor must notify DSHS within ten (10) business days if, during the term of this Contract, Contractor requires Contractor's employees to agree to, as a condition of employment, a Mandatory Individual Arbitration Clause or Class or Collective Action Waiver.
- d. If Contractor, during the term of this contract, requires Contractor's employees to agree to, as a condition of employment, a Mandatory Individual Arbitration Clause or Class or Collective Action Waiver, DSHS reserves the right to terminate this contract, per the General Terms and Conditions Section regarding Termination for Convenience.

Exhibit A – Data Security Requirements

1. **Definitions.** The words and phrases listed below, as used in this Exhibit, shall each have the following definitions:
 - a. “AES” means the Advanced Encryption Standard, a specification of Federal Information Processing Standards Publications for the encryption of electronic data issued by the National Institute of Standards and Technology (<http://nvlpubs.nist.gov/nistpubs/FIPS/NIST.FIPS.197.pdf>).
 - b. “Authorized Users(s)” means an individual or individuals with a business need to access DSHS Confidential Information, and who has or have been authorized to do so.
 - c. “Business Associate Agreement” means an agreement between DSHS and a contractor who is receiving Data covered under the Privacy and Security Rules of the Health Insurance Portability and Accountability Act of 1996. The agreement establishes permitted and required uses and disclosures of protected health information (PHI) in accordance with HIPAA requirements and provides obligations for business associates to safeguard the information.
 - d. “Category 4 Data” is data that is confidential and requires special handling due to statutes or regulations that require especially strict protection of the data and from which especially serious consequences may arise in the event of any compromise of such data. Data classified as Category 4 includes but is not limited to data protected by: the Health Insurance Portability and Accountability Act (HIPAA), Pub. L. 104-191 as amended by the Health Information Technology for Economic and Clinical Health Act of 2009 (HITECH), 45 CFR Parts 160 and 164; the Family Educational Rights and Privacy Act (FERPA), 20 U.S.C. §1232g; 34 CFR Part 99; Internal Revenue Service Publication 1075 (<https://www.irs.gov/pub/irs-pdf/p1075.pdf>); Substance Abuse and Mental Health Services Administration regulations on Confidentiality of Alcohol and Drug Abuse Patient Records, 42 CFR Part 2; and/or Criminal Justice Information Services, 28 CFR Part 20.
 - e. “Cloud” means data storage on servers hosted by an entity other than the Contractor and on a network outside the control of the Contractor. Physical storage of data in the cloud typically spans multiple servers and often multiple locations. Cloud storage can be divided between consumer grade storage for personal files and enterprise grade for companies and governmental entities. Examples of consumer grade storage would include iTunes, Dropbox, Box.com, and many other entities. Enterprise cloud vendors include Microsoft Azure, Amazon Web Services, and Rackspace.
 - f. “Encrypt” means to encode Confidential Information into a format that can only be read by those possessing a “key”; a password, digital certificate or other mechanism available only to authorized users. Encryption must use a key length of at least 256 bits for symmetric keys, or 2048 bits for asymmetric keys. When a symmetric key is used, the Advanced Encryption Standard (AES) must be used if available.
 - g. “FedRAMP” means the Federal Risk and Authorization Management Program (see www.fedramp.gov), which is an assessment and authorization process that federal government agencies have been directed to use to ensure security is in place when accessing Cloud computing products and services.
 - h. “Hardened Password” means a string of at least eight characters containing at least three of the following four character classes: Uppercase alphabetic, lowercase alphabetic, numeral, and special characters such as an asterisk, ampersand, or exclamation point.

- i. "Mobile Device" means a computing device, typically smaller than a notebook, which runs a mobile operating system, such as iOS, Android, or Windows Phone. Mobile Devices include smart phones, most tablets, and other form factors.
 - j. "Multi-factor Authentication" means controlling access to computers and other IT resources by requiring two or more pieces of evidence that the user is who they claim to be. These pieces of evidence consist of something the user knows, such as a password or PIN; something the user has such as a key card, smart card, or physical token; and something the user is, a biometric identifier such as a fingerprint, facial scan, or retinal scan. "PIN" means a personal identification number, a series of numbers which act as a password for a device. Since PINs are typically only four to six characters, PINs are usually used in conjunction with another factor of authentication, such as a fingerprint.
 - k. "Portable Device" means any computing device with a small form factor, designed to be transported from place to place. Portable devices are primarily battery powered devices with base computing resources in the form of a processor, memory, storage, and network access. Examples include, but are not limited to, mobile phones, tablets, and laptops. Mobile Device is a subset of Portable Device.
 - l. "Portable Media" means any machine readable media that may routinely be stored or moved independently of computing devices. Examples include magnetic tapes, optical discs (CDs or DVDs), flash memory (thumb drive) devices, external hard drives, and internal hard drives that have been removed from a computing device.
 - m. "Secure Area" means an area to which only authorized representatives of the entity possessing the Confidential Information have access, and access is controlled through use of a key, card key, combination lock, or comparable mechanism. Secure Areas may include buildings, rooms or locked storage containers (such as a filing cabinet or desk drawer) within a room, as long as access to the Confidential Information is not available to unauthorized personnel. In otherwise Secure Areas, such as an office with restricted access, the Data must be secured in such a way as to prevent access by non-authorized staff such as janitorial or facility security staff, when authorized Contractor staff are not present to ensure that non-authorized staff cannot access it.
 - n. "Trusted Network" means a network operated and maintained by the Contractor, which includes security controls sufficient to protect DSHS Data on that network. Controls would include a firewall between any other networks, access control lists on networking devices such as routers and switches, and other such mechanisms which protect the confidentiality, integrity, and availability of the Data.
 - o. "Unique User ID" means a string of characters that identifies a specific user and which, in conjunction with a password, passphrase or other mechanism, authenticates a user to an information system.
2. **Authority.** The security requirements described in this document reflect the applicable requirements of Standard 141.10 (<https://ocio.wa.gov/policies>) of the Office of the Chief Information Officer for the state of Washington, and of the DSHS Information Security Policy and Standards Manual. Reference material related to these requirements can be found here: <https://www.dshs.wa.gov/ffa/keeping-dshs-client-information-private-and-secure>, which is a site developed by the DSHS Information Security Office and hosted by DSHS Central Contracts and Legal Services.
3. **Administrative Controls.** The Contractor must have the following controls in place:
- a. A documented security policy governing the secure use of its computer network and systems,

and which defines sanctions that may be applied to Contractor staff for violating that policy.

- b. If the Data shared under this agreement is classified as Category 4, the Contractor must be aware of and compliant with the applicable legal or regulatory requirements for that Category 4 Data.
- c. If Confidential Information shared under this agreement is classified as Category 4, the Contractor must have a documented risk assessment for the system(s) housing the Category 4 Data.

4. Authorization, Authentication, and Access. In order to ensure that access to the Data is limited to authorized staff, the Contractor must:

- a. Have documented policies and procedures governing access to systems with the shared Data.
- b. Restrict access through administrative, physical, and technical controls to authorized staff.
- c. Ensure that user accounts are unique and that any given user account logon ID and password combination is known only to the one employee to whom that account is assigned. For purposes of non-repudiation, it must always be possible to determine which employee performed a given action on a system housing the Data based solely on the logon ID used to perform the action.
- d. Ensure that only authorized users are capable of accessing the Data.
- e. Ensure that an employee's access to the Data is removed immediately:
 - (1) Upon suspected compromise of the user credentials.
 - (2) When their employment, or the contract under which the Data is made available to them, is terminated.
 - (3) When they no longer need access to the Data to fulfill the requirements of the contract.
- f. Have a process to periodically review and verify that only authorized users have access to systems containing DSHS Confidential Information.
- g. When accessing the Data from within the Contractor's network (the Data stays within the Contractor's network at all times), enforce password and logon requirements for users within the Contractor's network, including:
 - (1) A minimum length of 8 characters, and containing at least three of the following character classes: uppercase letters, lowercase letters, numerals, and special characters such as an asterisk, ampersand, or exclamation point.
 - (2) That a password does not contain a user's name, logon ID, or any form of their full name.
 - (3) That a password does not consist of a single dictionary word. A password may be formed as a passphrase which consists of multiple dictionary words.
 - (4) That passwords are significantly different from the previous four passwords. Passwords that increment by simply adding a number are not considered significantly different.

- h. When accessing Confidential Information from an external location (the Data will traverse the Internet or otherwise travel outside the Contractor's network), mitigate risk and enforce password and logon requirements for users by employing measures including:
 - (1) Ensuring mitigations applied to the system don't allow end-user modification.
 - (2) Not allowing the use of dial-up connections.
 - (3) Using industry standard protocols and solutions for remote access. Examples would include RADIUS and Citrix.
 - (4) Encrypting all remote access traffic from the external workstation to Trusted Network or to a component within the Trusted Network. The traffic must be encrypted at all times while traversing any network, including the Internet, which is not a Trusted Network.
 - (5) Ensuring that the remote access system prompts for re-authentication or performs automated session termination after no more than 30 minutes of inactivity.
 - (6) Ensuring use of Multi-factor Authentication to connect from the external end point to the internal end point.
- i. Passwords or PIN codes may meet a lesser standard if used in conjunction with another authentication mechanism, such as a biometric (fingerprint, face recognition, iris scan) or token (software, hardware, smart card, etc.) in that case:
 - (1) The PIN or password must be at least 5 letters or numbers when used in conjunction with at least one other authentication factor
 - (2) Must not be comprised of all the same letter or number (11111, 22222, aaaaa, would not be acceptable)
 - (3) Must not contain a "run" of three or more consecutive numbers (12398, 98743 would not be acceptable)
- j. If the contract specifically allows for the storage of Confidential Information on a Mobile Device, passcodes used on the device must:
 - (1) Be a minimum of six alphanumeric characters.
 - (2) Contain at least three unique character classes (upper case, lower case, letter, number).
 - (3) Not contain more than a three consecutive character run. Passcodes consisting of 12345, or abcd12 would not be acceptable.
- k. Render the device unusable after a maximum of 10 failed logon attempts.

5. Protection of Data. The Contractor agrees to store Data on one or more of the following media and protect the Data as described:

- a. **Hard disk drives.** For Data stored on local workstation hard disks, access to the Data will be restricted to Authorized User(s) by requiring logon to the local workstation using a Unique User ID and Hardened Password or other authentication mechanisms which provide equal or greater security, such as biometrics or smart cards.

- b. **Network server disks.** For Data stored on hard disks mounted on network servers and made available through shared folders, access to the Data will be restricted to Authorized Users through the use of access control lists which will grant access only after the Authorized User has authenticated to the network using a Unique User ID and Hardened Password or other authentication mechanisms which provide equal or greater security, such as biometrics or smart cards. Data on disks mounted to such servers must be located in an area which is accessible only to authorized personnel, with access controlled through use of a key, card key, combination lock, or comparable mechanism.

For DSHS Confidential Information stored on these disks, deleting unneeded Data is sufficient as long as the disks remain in a Secure Area and otherwise meet the requirements listed in the above paragraph. Destruction of the Data, as outlined below in Section 8 Data Disposition, may be deferred until the disks are retired, replaced, or otherwise taken out of the Secure Area.

- c. **Optical discs (CDs or DVDs) in local workstation optical disc drives.** Data provided by DSHS on optical discs which will be used in local workstation optical disc drives and which will not be transported out of a Secure Area. When not in use for the contracted purpose, such discs must be Stored in a Secure Area. Workstations which access DSHS Data on optical discs must be located in an area which is accessible only to authorized personnel, with access controlled through use of a key, card key, combination lock, or comparable mechanism.
- d. **Optical discs (CDs or DVDs) in drives or jukeboxes attached to servers.** Data provided by DSHS on optical discs which will be attached to network servers and which will not be transported out of a Secure Area. Access to Data on these discs will be restricted to Authorized Users through the use of access control lists which will grant access only after the Authorized User has authenticated to the network using a Unique User ID and Hardened Password or other authentication mechanisms which provide equal or greater security, such as biometrics or smart cards. Data on discs attached to such servers must be located in an area which is accessible only to authorized personnel, with access controlled through use of a key, card key, combination lock, or comparable mechanism.
- e. **Paper documents.** Any paper records must be protected by storing the records in a Secure Area which is only accessible to authorized personnel. When not in use, such records must be stored in a Secure Area.
- f. **Remote Access.** Access to and use of the Data over the State Governmental Network (SGN) or Secure Access Washington (SAW) will be controlled by DSHS staff who will issue authentication credentials (e.g. a Unique User ID and Hardened Password) to Authorized Users on Contractor's staff. Contractor will notify DSHS staff immediately whenever an Authorized User in possession of such credentials is terminated or otherwise leaves the employ of the Contractor, and whenever an Authorized User's duties change such that the Authorized User no longer requires access to perform work for this Contract.
- g. **Data storage on portable devices or media.**
 - (1) Except where otherwise specified herein, DSHS Data shall not be stored by the Contractor on portable devices or media unless specifically authorized within the terms and conditions of the Contract. If so authorized, the Data shall be given the following protections:
 - (a) Encrypt the Data.

- (b) Control access to devices with a Unique User ID and Hardened Password or stronger authentication method such as a physical token or biometrics.
 - (c) Manually lock devices whenever they are left unattended and set devices to lock automatically after a period of inactivity, if this feature is available. Maximum period of inactivity is 20 minutes.
 - (d) Apply administrative and physical security controls to Portable Devices and Portable Media by:
 - i. Keeping them in a Secure Area when not in use,
 - ii. Using check-in/check-out procedures when they are shared, and
 - iii. Taking frequent inventories.
 - (2) When being transported outside of a Secure Area, Portable Devices and Portable Media with DSHS Confidential Information must be under the physical control of Contractor staff with authorization to access the Data, even if the Data is encrypted.
- h. Data stored for backup purposes.**
- (1) DSHS Confidential Information may be stored on Portable Media as part of a Contractor's existing, documented backup process for business continuity or disaster recovery purposes. Such storage is authorized until such time as that media would be reused during the course of normal backup operations. If backup media is retired while DSHS Confidential Information still exists upon it, such media will be destroyed at that time in accordance with the disposition requirements below in *Section 8 Data Disposition*.
 - (2) Data may be stored on non-portable media (e.g. Storage Area Network drives, virtual media, etc.) as part of a Contractor's existing, documented backup process for business continuity or disaster recovery purposes. If so, such media will be protected as otherwise described in this exhibit. If this media is retired while DSHS Confidential Information still exists upon it, the data will be destroyed at that time in accordance with the disposition requirements below in *Section 8 Data Disposition*.
- i. Cloud storage.** DSHS Confidential Information requires protections equal to or greater than those specified elsewhere within this exhibit. Cloud storage of Data is problematic as neither DSHS nor the Contractor has control of the environment in which the Data is stored. For this reason:
- (1) DSHS Data will not be stored in any consumer grade Cloud solution, unless all of the following conditions are met:
 - (a) Contractor has written procedures in place governing use of the Cloud storage and Contractor attests in writing that all such procedures will be uniformly followed.
 - (b) The Data will be Encrypted while within the Contractor network.
 - (c) The Data will remain Encrypted during transmission to the Cloud.
 - (d) The Data will remain Encrypted at all times while residing within the Cloud storage solution.

- (e) The Contractor will possess a decryption key for the Data, and the decryption key will be possessed only by the Contractor and/or DSHS.
 - (f) The Data will not be downloaded to non-authorized systems, meaning systems that are not on either the DSHS or Contractor networks.
 - (g) The Data will not be decrypted until downloaded onto a computer within the control of an Authorized User and within either the DSHS or Contractor's network.
- (2) Data will not be stored on an Enterprise Cloud storage solution unless either:
- (a) The Cloud storage provider is treated as any other Sub-Contractor, and agrees in writing to all of the requirements within this exhibit; or,
 - (b) The Cloud storage solution used is FedRAMP certified.
- (3) If the Data includes protected health information covered by the Health Insurance Portability and Accountability Act (HIPAA), the Cloud provider must sign a Business Associate Agreement prior to Data being stored in their Cloud solution.

6. System Protection. To prevent compromise of systems which contain DSHS Data or through which that Data passes:

- a. Systems containing DSHS Data must have all security patches or hotfixes applied within 3 months of being made available.
- b. The Contractor will have a method of ensuring that the requisite patches and hotfixes have been applied within the required timeframes.
- c. Systems containing DSHS Data shall have an Anti-Malware application, if available, installed.
- d. Anti-Malware software shall be kept up to date. The product, its anti-virus engine, and any malware database the system uses, will be no more than one update behind current.

7. Data Segregation.

- a. DSHS Data must be segregated or otherwise distinguishable from non-DSHS data. This is to ensure that when no longer needed by the Contractor, all DSHS Data can be identified for return or destruction. It also aids in determining whether DSHS Data has or may have been compromised in the event of a security breach. As such, one or more of the following methods will be used for data segregation.
 - (1) DSHS Data will be kept on media (e.g. hard disk, optical disc, tape, etc.) which will contain no non-DSHS Data. And/or,
 - (2) DSHS Data will be stored in a logical container on electronic media, such as a partition or folder dedicated to DSHS Data. And/or,
 - (3) DSHS Data will be stored in a database which will contain no non-DSHS data. And/or,
 - (4) DSHS Data will be stored within a database and will be distinguishable from non-DSHS data by the value of a specific field or fields within database records.
 - (5) When stored as physical paper documents, DSHS Data will be physically segregated from non-DSHS data in a drawer, folder, or other container.

- b. When it is not feasible or practical to segregate DSHS Data from non-DSHS data, then both the DSHS Data and the non-DSHS data with which it is commingled must be protected as described in this exhibit.

8. **Data Disposition.** When the contracted work has been completed or when the Data is no longer needed, except as noted above in Section 5.b, Data shall be returned to DSHS or destroyed. Media on which Data may be stored and associated acceptable methods of destruction are as follows:

Data stored on:	Will be destroyed by:
Server or workstation hard disks, or Removable media (e.g. floppies, USB flash drives, portable hard disks) excluding optical discs	Using a "wipe" utility which will overwrite the Data at least three (3) times using either random or single character data, or Degaussing sufficiently to ensure that the Data cannot be reconstructed, or Physically destroying the disk
Paper documents with sensitive or Confidential Information	Recycling through a contracted firm, provided the contract with the recycler assures that the confidentiality of Data will be protected.
Paper documents containing Confidential Information requiring special handling (e.g. protected health information)	On-site shredding, pulping, or incineration
Optical discs (e.g. CDs or DVDs)	Incineration, shredding, or completely defacing the readable surface with a coarse abrasive
Magnetic tape	Degaussing, incinerating or crosscut shredding

9. **Notification of Compromise or Potential Compromise.** The compromise or potential compromise of DSHS shared Data must be reported to the DSHS Contact designated in the Contract within one (1) business day of discovery. If no DSHS Contact is designated in the Contract, then the notification must be reported to the DSHS Privacy Officer at dshsprivacyofficer@dshs.wa.gov. Contractor must also take actions to mitigate the risk of loss and comply with any notification or other requirements imposed by law or DSHS.

10. **Data shared with Subcontractors.** If DSHS Data provided under this Contract is to be shared with a subcontractor, the Contract with the subcontractor must include all of the data security provisions within this Contract and within any amendments, attachments, or exhibits within this Contract. If the Contractor cannot protect the Data as articulated within this Contract, then the contract with the sub-Contractor must be submitted to the DSHS Contact specified for this contract for review and approval.