



**STATE OF ARKANSAS**  
Department of Human Services  
Office of Procurement  
700 Main Street  
Little Rock, Arkansas 72201

**FINAL - REQUEST FOR PROPOSAL**  
RFP SOLICITATION DOCUMENT

SOLICITATION INFORMATION			
Solicitation Number:	710-25-048	Solicitation Issued:	April 18, 2025
Description:	Electronic Benefit Transfer Services System		
Agency:	Department of Human Services, Division of County Operations (DCO)		
SUBMISSION DEADLINE			
Proposal Submission Date and Time:	July 2, 2025 1:00 p.m., Central Time	Proposal Opening Date and Time:	July 2, 2025 2:00 p.m., Central Time
Proposals <b>shall not</b> be accepted after the designated proposal submission deadline. In accordance with Arkansas Procurement Law and Rules, it is the Contractor's responsibility to submit proposals at the designated location on or before the proposal submission deadline. Proposals received after the submission deadline <b>shall</b> be considered late and <b>shall</b> be returned to the Contractor without further review. It is not necessary to return "no bids" to the Office of Procurement (OP).			
DELIVERY OF RESPONSE DOCUMENTS			
Drop off Address:	Arkansas Department of Human Services Attn: Office of Procurement 700 Main Street Little Rock, AR 72201 <b>Note: Hand delivered responses must be delivered directly to the security desk otherwise these deliveries will not be accepted and may be grounds for disqualification.</b>		
United States mail (USPS):	Arkansas Department of Human Services Attn: Office of Procurement P.O. Box 1437 Slot W345 Little Rock, AR 72203-1437		
Commercial Carrier (UPS, FedEx or USPS Exp):	Arkansas Department of Human Services Attn: Office of Procurement 112 West 8 <sup>th</sup> Street, Slot W345 Little Rock, AR 72201  Delivery providers, USPS, UPS, and FedEx deliver mail to OP's street address on a schedule determined by each individual provider. These providers will deliver to OP based solely on the street address. <b>Prospective Contractors assume all risk for timely, properly submitted deliveries.</b>		
Proposal's Outer Packaging:	If the bid packet is not sealed and properly marked with the below information, the package may be opened for bid identification purposes.  ▪ Solicitation number    ▪ Date and time of proposal opening    ▪ Vendor's name and return address		
OFFICE OF PROCUREMENT CONTACT INFORMATION			
OP Buyer:	Ian Cunningham	Buyer's Direct Phone Number:	501-682-0120
Email Address:	<a href="mailto:DHS.OP.Solicitations@dhs.arkansas.gov">DHS.OP.Solicitations@dhs.arkansas.gov</a>	OP's Main Number:	501-682-1001
DHS Website:	<a href="#">DHS Procurement Announcements</a>		
OSP Website:	<a href="#">OSP Bid Opportunities</a>		

## **SECTION 1 – GENERAL INFORMATION AND INSTRUCTIONS**

- ***Do not provide responses to items in this section unless specifically and expressly required.***

### **1.1 INTRODUCTION**

This Request for Proposal (RFP) is issued by the Arkansas Department of Human Services (DHS), Office of Procurement (OP) for the Division of County Operations (DCO) to obtain pricing and a contract for a fully tested, functioning, and supported statewide Electronic Benefit Transfer (EBT) System for the delivery of Transitional Employment Assistance (TEA), Work Pays, and Supplemental Nutrition Assistance Program (SNAP) benefits, which includes related programs such as Disaster SNAP (DSNAP), Summer EBT, and SNAP Online Purchasing functionality. OP is the sole point of contact throughout this solicitation process. Below are descriptions of current benefit programs operated by DHS. DHS reserves the right to include additional cash and/or benefit types and programs throughout the duration of the contract.

- A. The Supplemental Nutrition Assistance Program (SNAP) is a food assistance program administered by the Food and Nutrition Services (FNS) of the U.S. Department of Agriculture (USDA). FNS sets national SNAP policies and authorizes/approves food retailers to accept program benefits. FNS monitors retailer compliance and investigates retailers suspected of fraudulent activities. Although administered by FNS, the program is operated by the State of Arkansas and administered by DHS. DHS operates an eligibility certification system to determine participant eligibility and authorizes the release of benefits to qualified participants. DHS is also responsible for investigating suspected benefit fraud.
- B. DHS operates FNS authorized Disaster SNAP (DSNAP) programs when locations within the state are impacted by a disaster that potentially interrupts the food chain in those areas. The agency operates the program as needed according to a federally approved DSNAP plan when qualifying criteria are met.
- C. DHS partners with another state agency to issue Summer EBT benefits to eligible children participating in the National School Lunch Program (NSLP) or otherwise meet the Summer EBT eligibility requirements.
- D. DHS participates in the USDA SNAP Online Purchasing Pilot program and will continue with the Pilot going forward.
- E. The Transitional Employment Assistance (TEA) Program and the Work Pays Program are time limited TANF assistance programs to help needy families with children become more responsible for their own support and less dependent on public assistance. The program provides monthly cash assistance, employment-related services, including job readiness activities, transportation assistance, childcare assistance, and other supportive services.

### **1.2 INTERGOVERNMENTAL/COOPERATIVE USE OF PROPOSAL AND CONTRACT (NON-NEGOTIABLE)**

In accordance with Ark. Code Ann. § 19-11-249, this proposal and any resulting contract may be available to any State Agency or Institution of Higher Education that wishes to utilize the services of the selected Contractor. Upon agreement by the parties, they may enter into an agreement as provided in this solicitation.

### **1.3 TYPE OF CONTRACT**

As a result of this RFP, OP intends to award a contract to a single Contractor. The term of this contract shall be for ~~three~~one (31) years. The anticipated start date for the contract is February 1, 2026. Upon mutual agreement by the Prospective Contractor and agency, the contract may be renewed by OP, on a year-to-year basis, for up to ~~four~~six (46) additional one (1)-year terms or portions thereof. The total contract term shall not be more than seven (7) years.

### **1.4 ISSUING AGENCY**

OP is the sole point of contact throughout this solicitation process. Vendor questions regarding this RFP should be made through the Issuing Officer as shown on page one (1) of this document.

### **1.5 BID OPENING LOCATION**

Bids submitted by the opening date and time will be opened via video conference. DHS will publish a link to the live bid opening on the DHS website for public access. Individuals will not be permitted to attend in-person. If the bid opening cannot be held as scheduled due to technical or other issues, DHS will publish an updated schedule and video conference link on the [DHS website](#).

### **1.6 ACCEPTANCE OF REQUIREMENTS**

The words “**must**” and “**shall**” signify a Requirement of this solicitation and that Contractor’s agreement to and compliance with that item is mandatory. A Contractor’s proposal will be disqualified if a Contractor takes exceptions to any Requirements named in this RFP.

Contractor may request exceptions to NON-mandatory items. Any such request **must** be declared on, or as an attachment to, the appropriate section's Agreement and Compliance Page (see *Technical Response Packet*). Contractor **must** clearly explain the requested exception and should reference the specific solicitation item number to which the exception applies. DHS **must** not be required to accept any requested exceptions. Only exceptions expressly accepted by DHS will become part of the resulting contract.

## 1.7 DEFINITION OF TERMS

Unless otherwise defined herein, all terms defined in Arkansas Procurement Law and used herein have the same definitions herein as specified therein.

- A. "Prospective Contractor" means a responsible offeror who submits a proposal in response to this solicitation. "Prospective Contractor," "Contractor," "bidder," "vendor," and "respondent" are used synonymously in this document.
- B. The terms "buyer" and "Issuing Officer" are used synonymously in this document.
- C. The terms "Request for Proposal," "RFP," "RFP Solicitation," "Bid Solicitation," and "Solicitation" are used synonymously in this document.
- D. "Responsive proposal" means a proposal submitted in response to this solicitation that conforms in all material respects to this RFP.
- E. "Proposal Submission Requirement" means a task a Prospective Contractor **shall** complete when submitting a proposal in response to this RFP. These requirements will be distinguished by using the term "**shall**" or "**must**" in the requirement.
- F. "Requirement" means a specification that a Contractor's commodity and/or service **must** meet or exceed in the performance of its contractual duties under any contract awarded as a result of this RFP. These specifications will be distinguished by using the terms "**shall**" or "**must**" in the requirement.
- G. "State" means the State of Arkansas. When the term "State" is used herein to reference any obligation of the State under a contract that results from this solicitation, that obligation is limited to the State Department using such a contract.
- H. Refer also to *Attachment J: Definitions Glossary of Terms*.

## 1.8 RESPONSE DOCUMENTS

### A. Original Technical Response Packet

The following items are Proposal Submission Requirements and **must** be submitted in the *Original Technical Response Packet*. The complete *Original Technical Response Packet* **must** be received by OP on or before the submission deadline.

1. Respondent **must** submit one (1) ~~single-sided~~ hard copy and one (1) electronic copy of the *Original Technical Response Packet*. The electronic copy should be submitted preferably on a flash drive as a single PDF file. The *Technical Response Packet* should be clearly marked "Original" and **must** include the following:
  - a. Original signed *Response Signature Page* of the *Technical Response Packet* (see Section 1.11 RESPONSE SIGNATURE PAGE).
  - b. Original signed *Agreement and Compliance Page* of the *Technical Response Packet* (see Section 1.12 AGREEMENT AND COMPLIANCE PAGE).
  - c. Original *Proposed Subcontractors Form* (see Section 1.13 SUBCONTRACTORS).
  - d. *Attachment A: Executive Order 98-04 Disclosure Form* (see Section 5.27 DISCLOSURE).
  - e. A complete response to the *Information for Evaluation* section of the *Technical Response Packet*.
  - f. Other documents and/or information as may be expressly required in this Bid Solicitation.

The following additional items should also be submitted in the *Original Technical Response Packet*.

- a. Copy of Contractor's *Equal Opportunity Policy* (see Section 1.22 EQUAL OPPORTUNITY POLICY).
- b. Signed addenda to this RFP, if applicable (see Section 1.19 REQUIREMENT OF ADDENDUM).
- c. *Voluntary Product Accessibility Template* (VPAT), if applicable (see Section 1.25 TECHNOLOGY ACCESS).
- d. Signed *Attachment H: Combined Certifications for Contracting with the State of Arkansas* (see Section 1.23 COMBINED CERTIFICATIONS).

**DO NOT** include any other documents or ancillary information, such as a cover letter, promotional, or marketing information.

### B. Official Bid Price Sheet (see Section 1.14 PRICING)

Respondent **must** submit one (1) hard copy and one (1) electronic copy of the *Official Bid Price Sheet* and *Attachment M: Cost Proposal Template*. The electronic copy should be submitted preferably on a flash drive as a single PDF file.

The *Official Bid Price Sheet* and *Attachment M: Cost Proposal Template* (both the hard and electronic copies) **must** be separately sealed from the *Technical Response Packet* and should be clearly marked as "Pricing." DO NOT submit any ancillary information not related to actual pricing in the sealed pricing package. Respondent **must not** include any pricing in the hard or electronic copies of the *Technical Response Packet*.

C. Additional Copies and Redacted Copy of the *Technical Response Packet*

In addition to the Original *Technical Response Packet* and the *Official Bid Price Sheet*, the following items should be submitted:

1. Three (3) complete hard copies (marked "COPY") of the *Technical Response Packet* and four (4) electronic copies, preferably on flash drives and in PDF format. All additional copies (both hard and electronic) **must** be identical to the original hard copy. In case of a discrepancy, the original hard copy **shall** govern.
2. One (1) electronic redacted copy of the original *Technical Response Packet* (marked "REDACTED"), preferably on a flash drive in PDF format (see RFP Section 1.17 PROPRIETARY INFORMATION).
3. Additional copies requested by OP **must** be delivered within twenty-four (24) hours of request.

## 1.9 ORGANIZATION OF RESPONSE DOCUMENTS

It is strongly recommended that Contractors adhere to the following format and suggestions when preparing the *Technical Response Packet*.

A. The original *Technical Response Packet* and all copies should be arranged in the following order:

- *Response Signature Page*.
- *Agreement and Compliance Page*.
- Signed Addenda, if applicable.
- *Attachment A: Executive Order 98-04 Disclosure Form*.
- *Equal Opportunity Policy*.
- *Proposed Subcontractors Form*.
- ~~*Attachment F: Business Associate Agreement*~~.
- *Attachment H: Combined Certifications for Contracting with the State of Arkansas*.
- *Attachment I: Client History Form*.
- *Attachment N: Arkansas DHS OIT Standard IT Requirements*.
- Other documents and/or information as may be expressly required in this RFP. Label documents and/or information so as to reference the RFP's item number.
- Complete response to the *Information for Evaluation* section of the *Technical Response Packet*.

## 1.10 CLARIFICATION OF RFP SOLICITATION

Contractors may submit written questions requesting clarification of information contained in this RFP. *Attachment B: Response Template* must be used to submit written questions. Include all information specified in the response template. Written questions submitted in any other format may not be answered by the State.

Written questions should be submitted to the buyer listed on page one (1) of this RFP via email by 4:00 p.m., Central Time on or before April 25, 2025. It is the contractor's responsibility to guarantee receipt of the questions by the specific time and date. DHS accepts no responsibility for accurate or timely receipt of email submissions. All written questions will be consolidated and responded to by the State. The State's consolidated written response is anticipated to be posted to the OP website by the close of business on May 9, 2025. Answers to verbal questions may be given as a matter of courtesy and **must** be evaluated at contractor's risk.

Oral statements by OP **shall not** be part of any contract resulting from this solicitation and **may not reasonably be relied on by any vendor as an aid to interpretation unless it is reduced to writing and expressly adopted by DHS**.

## 1.11 RESPONSE SIGNATURE PAGE

An official authorized to bind the Prospective Contractor to a resultant contract **must** sign the *Response Signature Page* included in the *Technical Response Packet*. Signature on this page signifies Respondent's agreement that either of the following **shall** cause the proposal to be disqualified:

- A. Additional terms or conditions submitted intentionally or inadvertently.
- B. Any exception that conflicts with a Requirement of this RFP.

## 1.12 AGREEMENT AND COMPLIANCE PAGE

Respondent **must** sign the *Agreement and Compliance Page* relevant to each section of the RFP. The *Agreement and Compliance Page* is included in the *Technical Response Packet*. Signature **shall** signify Respondent's agreement to and compliance with all Requirements within the designated section.

### 1.13 SUBCONTRACTORS

Contractor **must** complete and submit the *Proposed Subcontractors Form* included in the *Technical Response Packet* to indicate Contractor's intent to utilize, or to not utilize, subcontractors. Additional subcontractor information may be required or requested in following sections of this RFP or in the *Information for Evaluation* section of the *Technical Response Packet*. **Do not** attach any additional information to the *Proposed Subcontractors Form*. Utilization of any proposed subcontractor is subject to approval by the State agency.

### 1.14 PRICING

Respondents **must** include all pricing information on the *Official Bid Price Sheet* and *Attachment M: Cost Proposal Template* (see Section 1.8 RESPONSE DOCUMENTS). Any cost not identified by the Respondent but subsequently incurred in order to achieve successful operation **shall** be borne by Contractor. Failure to complete and submit the *Official Bid Price Sheet* and *Attachment M: Cost Proposal Template* **shall** result in disqualification.

To allow time to evaluate proposals, prices **must** be valid for one hundred eighty (180) days following the bid opening. All proposal pricing must be in United States dollars and cents. The *Official Bid Price Sheet* and *Attachment M: Cost Proposal Template* may be reproduced as needed.

Contractor **must not** include any pricing information in the hard or electronic copies of the *Technical Response Packet*. Inclusion of pricing information on any copy of the *Technical Response Packet* **shall** result in disqualification.

### 1.15 PRIME CONTRACTOR RESPONSIBILITY

- A. Joint bids may be submitted in response to this Bid Solicitation. In the event a joint bid is submitted, a single contractor **must** be identified as the prime contractor and shall be the sole point of contact.
- B. The prime Contractor **shall** be held responsible for the contract and jointly and severally liable with any of its subcontractors, affiliates, or agents to the State for the performance thereof.

### 1.16 INDEPENDENT PRICE DETERMINATION

- A. By submission of this proposal, Contractor certifies, and in the case of a joint proposal, each party thereto certifies as to its own organization, that in connection with this proposal:
  - The prices in the proposal have been arrived at independently, without collusion; and
  - No prior information concerning these prices has been received from, or given to, a competitive company.
- B. Evidence of collusion **shall** warrant consideration of this proposal by the Office of the Attorney General. All Contractors **shall** understand that this paragraph may be used as a basis for litigation.

### 1.17 PROPRIETARY INFORMATION (NON-NEGOTIABLE)

- A. Documents submitted in response to this RFP become property of the State and are subject to the Arkansas Freedom of Information Act (FOIA) (see Ark. Code Ann. § 25-19-101, et. seq). In accordance with FOIA, all public records shall be open to inspection unless specifically exempted from disclosure. In the interest of promoting maximum competition in the State competitive bidding process, the State may maintain the confidentiality of certain types of information as described in the FOIA (see Ark. Code Ann. § 25-19-105(b)).
- B. Contractor may designate appropriate portions of its response as confidential, consistent with and to the extent permitted under the FOIA and any other applicable law, by submitting a redacted copy of the response (see Section 1.8 RESPONSE DOCUMENTS). By redacting any information contained in the response, Prospective Contractor warrants that it has formed a good faith opinion having received such necessary or proper review by counsel and other knowledgeable advisors that the portions redacted are exempt from disclosure pursuant to Ark. Code Ann. § 25-19-105(b). The Arkansas FOIA has a presumption of openness. It is to be liberally interpreted, and exemptions are to be narrowly construed. Evidence demonstrating that Contractor meets the minimum qualifications of this RFP **must** be minimally redacted. For each redaction, Contractor **must** provide a detailed justification as to how disclosure of the redacted information would give advantage to competitors. As custodian of the records, the State has the legal authority to review redactions to determine whether each are specifically and sufficiently justified to retain prior to release. **Under no circumstances will pricing information be designated as confidential.**
- C. One (1) complete electronic copy of the submission documents from which any proprietary information has been redacted should be submitted on a flash drive in the response packet. Do not submit documents via email or fax. Except for the redacted information, the redacted copy **must** be identical to the original hard copy, reflecting the same pagination as the original and showing the space from which information was redacted. Prospective

Contractor is responsible for identifying all proprietary information and for ensuring the electronic copy is protected against restoration of redacted data.

- D. The redacted copy **shall** be open to public inspection under the FOIA without further notice to Prospective Contractor. If a redacted copy of the submission documents is not provided with Prospective Contractor's response packet, a copy of the non-redacted documents, with the exception of financial data (other than pricing), **will** be released in response to any request made under the FOIA. If the State deems redacted information to be subject to FOIA, Prospective Contractor will be notified of the State's determination prior to release of the documents. The State has no liability to a Prospective Contractor with respect to the disclosure of confidential information ordered by a court of competent jurisdiction pursuant to FOIA or other applicable law.

#### 1.18 CAUTION TO CONTRACTORS

- A. Prior to any contract award, all communication concerning this RFP **must** be addressed through the OP buyer. All official documents and correspondence related to this solicitation **shall** be included as part of the resultant contract. The State **shall** have the right to award or not award a contract, if it is in the State's best interest.
- B. Proposals **must** be submitted in the English language. Contractor **must not** alter any language in any solicitation document provided by the State. Contractor **must not** alter the *Official Bid Price Sheet* or *Attachment M: Cost Proposal Template*. Contractor **must** provide clarification of any information in their response documents as requested by OP.
- C. Contractors may submit multiple proposals. Each proposal **shall** be submitted separately and **must** include all documents and information required under this RFP in order to advance to evaluation. Qualifications and proposed services **must** meet or exceed the required specifications as set forth in this RFP.

#### 1.19 REQUIREMENT OF ADDENDUM

This RFP **shall** be modified only by an addendum written and authorized by OP. Contractors are cautioned to ensure that they have received or obtained, and have responded to, any and all addenda to the RFP prior to submission of response. Vendors **shall** be responsible for checking the websites listed on page one (1) for any and all addenda up to bid opening. An addendum posted within three (3) calendar days prior to the bid opening **shall** extend the bid opening and may or may not include changes to the RFP.

#### 1.20 AWARD PROCESS

A. Award Determination

The Grand Total Score for each Contractor, which **shall** be the sum of the Technical Score and Cost Score, **shall** be used to determine the ranking of proposals. The State may move forward to negotiations pursuant to Ark. Code Ann. § 19-11-230, with those responsible Contractors determined, based on the ranking of the proposals, to be reasonably susceptible of being selected for award. Responsible Contractors reasonably susceptible of being selected for award is defined as any contractor that falls within the competitive range based on price and appears to provide the best value based on evaluation criteria.

B. Discussions and Negotiations

1. The State **shall** have the right to enter into discussions with the qualifying vendor(s), to further define contractual details. All such discussions shall be conducted at the sole discretion of the State and may be conducted at any lawful time of the State's choosing. The State **shall** solely determine the items to be discussed or negotiated.
2. If discussions or negotiations fail to result in a contract, the negotiation process may be repeated until an anticipated successful vendor(s) has been determined or an award made, or until such time the State decides not to move forward with an award.
3. The State may elect to request best and final offers. Any best and final offer request made by the State will be conducted in accordance with Ark. Code Ann. § 19-11-230 for contractors determined to be responsible and reasonably susceptible of being selected for award.

C. Anticipation to Award

Once the anticipated successful Contractor has been determined, the anticipated award will be posted on the websites listed on page one (1) of this RFP. The anticipated award will be posted for a period of fourteen (14) days prior to the issuance of a contract. Contractors and agencies are cautioned that these are preliminary results only, and a contract will not be issued prior to the end of the fourteen (14) day posting period. DHS **shall** have the right to waive the fourteen (14) day anticipated award posting period when it is in the State's best interest. It is the Contractor's responsibility to check the OP website for the posting of an anticipated award.

D. Issuance of Contract

Any resultant contract of this RFP **shall** be subject to State approval processes which may include Legislative review. A State Procurement Official will be responsible for award and administration of any resulting contract. DHS reserves the right to award multiple contracts.

#### 1.21 MINORITY AND WOMEN-OWNED BUSINESS POLICY

- A. A minority-owned business is defined by Ark. Code Ann. § 15-4-303 as a business that is at least fifty-one percent (51%) owned by a lawful permanent resident of this State who is:
- African American
  - American Indian
  - Asian American
  - Hispanic American
  - Pacific Islander American
  - A Service-Disabled Veteran as designated by the United States Department of Veteran Affairs
- B. A woman-owned business is defined by Ark. Code Ann. § 15-4-303(9) as a business that is at least fifty-one percent (51%) owned by one (1) or more women who are lawful permanent residents of this State.
- C. The Arkansas Economic Development Commission conducts a certification process for minority-owned and women-owned businesses. If certified, the Prospective Contractor's Certification Number should be included on the *Response Signature Page*.

#### 1.22 EQUAL OPPORTUNITY POLICY

In compliance with Ark. Code Ann. § 19-11-104, the State is required to have a copy of the anticipated Contractor's *Equal Opportunity (EO) Policy* prior to issuing a contract award. *EO Policies* should be included as a hardcopy accompanying the solicitation response. Contractors are responsible for providing updates or changes to their respective policies, and for supplying *EO Policies* upon request to other State agencies that must also comply with this statute. Vendors who are not required by law to have an *EO Policy* **must** submit a written statement to that effect.

#### 1.23 COMBINED CERTIFICATIONS

- A. Pursuant to Arkansas law, a Contractor must certify it is not a Scrutinized Company and it does not currently and shall not for the aggregate term of any resulting contract:
1. Boycott Israel (see Ark. Code Ann. § 25-1-503)
  2. Knowingly employ or contract with illegal immigrants (see Ark. Code Ann. § 19-11-105)
  3. Boycott Energy, Fossil Fuel, Firearms, and Ammunition Industries (see Ark. Code Ann. § 25-1-1102)
  4. Employ a Scrutinized Company as a subcontractor (see Ark. Code Ann. § 25-1-1203)
- B. Contractor shall submit signed *Attachment H: Combined Certifications for Contracting with the State of Arkansas*.

#### 1.24 PAST PERFORMANCE

In accordance with provisions of State Procurement Law, specifically OSP Rule R5:19-11-230(b)(1), a Contractor's past performance with the State may be used to determine if the Contractor is "responsible." Proposals submitted by Contractors determined to be non-responsible **shall** be disqualified.

#### 1.25 TECHNOLOGY ACCESS

- A. When procuring a technology product or when soliciting the development of such a product, the State is required to comply with the provisions of Ark. Code Ann. § 25-26-201 et seq., which expresses the policy of the State to provide individuals who are blind or visually impaired with access to information technology purchased in whole or in part with state funds. Contractor expressly acknowledges and agrees that state funds may not be expended in connection with the purchase of information technology unless that technology meets the statutory Requirements found in 36 C.F.R. § 1194.21, as it existed on January 1, 2019 (software applications and operating ICSs) and 36 C.F.R. § 1194.22, as it existed on January 1, 2019 (web-based intranet and internet information and applications), in accordance with the State's technology policy standards relating to accessibility by persons with visual impairments.
- B. ACCORDINGLY, CONTRACTOR EXPRESSLY REPRESENTS AND WARRANTS to the State of Arkansas through the procurement process by submission of a Voluntary Product Accessibility Template (VPAT) for 36 C.F.R. § 1194.21, as it existed on January 1, 2019 (software applications and operating ICSs) and 36 C.F.R. § 1194.22, that the technology provided to the State for purchase is capable, either by virtue of features included within the technology, or because it is readily adaptable by use with other technology, of:
1. Providing, to the extent required by Ark. Code Ann. § 25-26-201 et seq., equivalent access for effective use by both visual and non-visual means.
  2. Presenting information, including prompts used for interactive communications, in formats intended for non-visual use.

3. After being made accessible, integrating into networks for obtaining, retrieving, and disseminating information used by individuals who are not blind or visually impaired.
  4. Providing effective, interactive control and use of the technology, including without limitation the operating system, software applications, and format of the data presented is readily achievable by nonvisual means.
  5. Being compatible with information technology used by other individuals with whom the blind or visually impaired individuals interact.
  6. Integrating into networks used to share communications among employees, program participants, and the public; and
  7. Providing the capability of equivalent access by nonvisual means to telecommunications or other interconnected network services used by persons who are not blind or visually impaired.
- C. State agencies cannot claim a product as a whole is not reasonably available because no product in the marketplace meets all the standards. Agencies **must** evaluate products to determine which product best meets the standards. If an agency purchases a product that does not best meet the standards, the agency must provide written documentation supporting the selection of a different product, including any required reasonable accommodations.
- D. For purposes of this section, the phrase “equivalent access” means a substantially similar ability to communicate with, or make use of, the technology, either directly, by features incorporated within the technology, or by other reasonable means such as assistive devices or services which would constitute reasonable accommodations under the Americans with Disabilities Act or similar state and federal laws. Examples of methods by which equivalent access may be provided include, but are not limited to, keyboard alternatives to mouse commands or other means of navigating graphical displays, and customizable display appearance. As provided in Ark. Code Ann. § 25-26-201 et seq., if equivalent access is not reasonably available, then individuals who are blind or visually impaired shall be provided a reasonable accommodation as defined in 42 U.S.C. § 12111(9), as it existed on January 1, 2013.
- E. If the information manipulated or presented by the product is inherently visual in nature, so that its meaning cannot be conveyed non-visually, these specifications do not prohibit the purchase or use of an information technology product that does not meet these standards.

## 1.26 COMPLIANCE WITH THE STATE SHARED TECHNICAL ARCHITECTURE PROGRAM

Contractor's solution **must** comply with the State's shared Technical Architecture Program which is a set of policies and standards that can be viewed at: [Policies & Standards - Arkansas Department of Transformation and Shared Services](https://www.dfa.arkansas.gov/intergovernmental-services/state-technology-cost-analysis/architecture-compliance/)~~https://www.dfa.arkansas.gov/intergovernmental-services/state-technology-cost-analysis/architecture-compliance/~~. Only those standards which are fully promulgated or have been approved by the Governor's Office apply to this solution.

## 1.27 FNS REQUIRED FEDERAL PROVISIONS

**The selected Contractor must comply with the following provisions:**

- A. Executive Order 11246, entitled “Equal Employment Opportunity,” as amended by Executive Order 11375, and as supplemented by the Department of Labor Regulations (41 CFR Part 60): The Executive Order prohibits federal contractors and federally assisted construction contractors and subcontractors who do over \$10,000 in Government business in one (1) year from discriminating in employment decisions on the basis of race, color, religion, sex, or national origin. The Executive Order also requires Government contractors to take affirmative action to ensure that equal opportunity is provided in all aspects of their employment.
- B. **The Clean Air Act, Section 306:**
  1. No Federal agency may enter into any contract with any person who is convicted of any offense under Section 113(c) for the procurement of goods, materials, and services to perform such contract at any facility at which the violation which gave rise to such conviction occurred if such facility is owned, leased, or supervised by such person. The prohibition in the preceding sentence **shall** continue until the Administrator certifies that the condition giving rise to such a conviction has been corrected. For convictions arising under Section 113(c)(2), the condition giving rise to the conviction also **shall** be considered to include any substantive violation of this Act associated with the violation of 113(c)(2). The Administrator may extend this prohibition to other facilities owned or operated by the convicted person.
  2. The Administrator **shall** establish procedures to provide all Federal agencies with the notification necessary for the purposes of subsection (a).
  3. In order to implement the purposes and policy of this Act to protect and enhance the quality of the Nation's air, the President **shall**, not more than one hundred eighty (180) days after enactment of the Clean Air Amendments of 1970 cause to be issued an order:

- (1) requiring each Federal agency authorized to enter into contracts and each Federal agency which is empowered to extend Federal assistance by way of grant, loan, or contract to effectuate the purpose and policy of this Act in such contracting or assistance activities, and
  - (2) setting forth procedures, sanctions, penalties, and such other provisions, as the President determines necessary to carry out such requirement.
4. The President may exempt any contract, loan, or grant from all or part of the provisions of this section where he determines such exemption is necessary in the paramount interest of the United States (U.S.) and he shall notify the Congress of such exemption.
  5. The President **shall** annually report to Congress on measures taken toward implementing the purpose and intent of this section, including but not limited to the progress and problems associated with implementation of this Section. [42 U.S.C. 7606]

**C. The Clean Water Act:**

No Federal agency may enter into any contract with any person who has been convicted of any offense under Section 309(c) of this Act for the procurement of goods, materials, and services if such contract is to be performed at any facility at which the violation which gave rise to such conviction occurred, and if such facility is owned, leased, or supervised by such person. The prohibition in preceding sentence **shall** continue until the Administrator certifies that the condition giving rise to such conviction has been corrected.

1. The Administrator **shall** establish procedures to provide all Federal agencies with the notification necessary for the purposes of subsection (a) of this section.
2. In order to implement the purposes and policy of this Act to protect and enhance the quality of the Nation's water, the President **shall**, not more than one hundred eight (180) days after the enactment of this Act, cause to be issued an order: requiring each Federal agency authorized to enter into contracts and each Federal agency which is empowered to extend Federal assistance by way of grant, loan, or contract to effectuate the purpose and policy of this Act in such contracting or assistance activities, and setting forth procedures, sanctions, penalties, and such other provisions, as the President determines necessary to carry out such requirement.
3. The President may exempt any contract, loan, or grant from all or part of the provisions of this section where he determines such exemption is necessary in the paramount interest of the U.S. and he **shall** notify the Congress of such exemption.
4. The President **shall** annually report to the Congress on measures taken in compliance with the purpose and intent of this section, including, but not limited to, the progress and problems associated with such compliance.
  - (1) No certification by a contractor, and no contract clause, may be required in the case of a contract for the acquisition of commercial items in order to implement a prohibition or requirement of this section or a prohibition or requirement issued in the implementation of this section.
  - (2) In paragraph one (1), the term "commercial item" has the meaning given such term in section 4(12) of the Office of Federal Procurement (OFP) Policy Act (41 U.S.C. 403(12)).

**D. The Anti-Lobbying Act:**

This Act prohibits the recipients of Federal contracts, grants, and loans from using appropriated funds for lobbying the Executive or Legislative Branches of the federal government in connection with a specific contract, grant, or loan. As required by Section 1352, Title 31 of the U.S. Code and implemented at 34 CFR Part 82 for persons entering into a grant or cooperative agreement over one hundred thousand dollars (\$100,000), as defined at 34 CFR Part 82, Section 82.105 and 82.110, the applicant certifies that:

1. No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with the making of any Federal grant, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal grant or cooperative agreement;
2. If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with this Federal grant or cooperative agreement, the undersigned shall complete and submit Standard Form – LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions;

3. The undersigned **shall** require that the language of this certification be include in the award documents for all sub-awards at all tiers (including sub-grants, contracts under grants and cooperative agreements, and subcontracts) and that all sub-recipients shall certify and disclose accordingly.

E. **Americans with Disabilities Act:**

This Act (28 CFR Part 35, Title II, Subtitle A) prohibits discrimination on the basis of disability in all services, programs, and activities provided to the public by State and local governments, except public transportation services.

F. **Drug Free Workplace:**

Contractor is prohibited from using or possessing controlled substances or alcohol while on duty or working with the presence of alcohol or illegal drugs in the employee's body or abusing legal drugs. Abusing legal drugs includes using drugs prescribed for another person. Legal drugs are defined as medications prescribed by a licensed physician or medical facility for an employee or another person. Illegal drugs are defined as those for which the possession, use, or manner of use is prohibited by state law or the Controlled Substances Act, 21 U.S.C. § 801 et seq.

Contractor must comply with the Drug Free Workplace Act of 1988 (41 U.S.C. § 701 et. seq.) and [DHS Policy 1051](#). Should DHS become aware of violations under this provision, DHS will direct its determination to the USDA Food and Nutrition Service.

G. **Debarment and Suspension:**

Debarment, suspension, and other responsibility matters: As required by Executive Order 12549, Debarment and Suspension, and implemented at 34 CFR Part 85, for prospective participants in primary covered transactions, as defined at 34 CFR Part 85, Sections 85.105 and 85.110.

The applicant certifies that it and its principals:

- (1) Are not presently debarred, suspended, proposed for debarment, and declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency.
- (2) Have not within a three (3) year period preceding this application been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
- (3) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State, or local) with commission of any of the offenses enumerated in paragraph one (1)(b) of this certification; and
- (4) Have not within a three (3) year period preceding this application had one or more public transactions (Federal, State, or local) terminated for cause or default.

Where the applicant is unable to certify to any of the statements in this certification, he or she **shall** attach an explanation to this application.

H. **Royalty-Free Rights to Use Software or Documentation Developed:**

The Federal government reserves a royalty-free, non-exclusive, and irrevocable license to reproduce, publish, or otherwise use, and to authorize others to use, for Federal purposes, the copyright in any work developed under a grant, sub-grant, or contract under a grant or sub-grant or any rights of copyright to which a Contractor purchases ownership.

I. **7 CFR Part 274 – Issuance and Use of Program Benefits, § 274.1 through § 274.8:**

Arkansas agrees to comply with all relevant EBT federal regulations and policies as enacted by legislative action or FNS policy directive as made known to the state or public. Waivers have been granted to Arkansas by FNS and are effective for this RFP and any contract entered into as a result of this RFP for the following federal regulation as found in Title 7, Subtitle B, Chapter II, Subchapter C, Part 274-Issuance and Use of Program Benefits:

1. Retailer Adjustment – No Hold/15 Calendar Day Debit, 7 CFR § 274.2(g)(2)(ii): Waiver allowing implementation of an EBT adjustment system which does not place a hold on a household's account for the amount of the debit. Also allows states to act on the debit adjustment within fifteen (15) calendar days rather than ten (10) business days.
2. Retailer Participation – Charges to Retailers/Reinstallation Fees, 7 CFR § 274.3(a)(2): Waiver to allow the State to support a "Rights Upon Termination" clause in the retailer agreement that allows the Contractor to

charge retailers a fee to re-install a POS device that was originally installed at government expense if removal was due to FNS disqualification as an authorized retailer and the retailer is again authorized. The cost for reinstallation must be clearly specified in the retailer agreement and training material.

3. Performance and Technical Standards – PIN Selection via Automated Response Unit (ARU), 7 CFR § 274.8(b)(3)(ii)(C): Waiver to allow PIN selection to be handled through the ARU or IVRS/Help Desk.

#### 1.28 MASTERCARD ACCEPTANCE

Awarded Contractor should have the capability of accepting the State's authorized MASTERCARD Procurement Card (p-card) as a method of payment. Price changes or additional fee(s) **shall not** be levied against the State when accepting the p-card as a form of payment. MASTERCARD is not the exclusive method of payment.

#### 1.29 PUBLICITY

Contractors **shall not** issue a news release pertaining to this RFP or any portion of the project without OP's prior written approval. Failure to comply with this Requirement **shall** be cause for a Contractor's proposal to be disqualified or for the contract to be terminated.

#### 1.30 RESERVATION

The State **shall not** pay costs incurred in the preparation of a proposal.

#### 1.31 DATA LOCATION (NON-NEGOTIABLE)

Contractor **shall** under no circumstances allow Arkansas data to be relocated, transmitted, hosted, or stored outside the continental United States in connection with any services provided under this contract entered into under this RFP, either directly by Contractor or by its subcontractors.

#### 1.32 SCHEDULE OF EVENTS

##### **SOLICITATION SCHEDULE**

ACTIVITY	DATE
Public Notice of RFP	April 18, 2025
Deadline for Receipt of Written Questions	April 25, 2025, 4:00 PM CT
Response to written Questions, On or About	May 9, 2025
Proposal Due Date and Time	July <del>12</del> , 2025, 1:00 PM CT
Opening Proposal Date and Time	July <del>24</del> , 2025, 2:00 PM CT
Intent to Award Announcement Posted, On or About	September 12, 2025
Contract Start Date (Subject to State Approval)	February 1, 2026

#### 1.33 STATE HOLIDAYS

Holidays are those days as declared legal state holidays by authority of Act 304 of 2001. Those days are as follows:

HOLIDAY	DATE
New Year's Day	January 1
Dr. Martin Luther King's Birthday	Third Monday in January
George Washington Birthday	Third Monday in February
Memorial Day	Last Monday in May
Independence Day	July 4
Labor Day	First Monday in September
Veteran's Day	November 11
Thanksgiving Day	Fourth Thursday in November
Christmas Eve	December 24
Christmas Day	December 25

Additional days can be proclaimed as holidays by the Governor through executive proclamation. State offices are normally closed on holidays; however, there are occasions (i.e., during legislative sessions) when it may become necessary to keep state offices open on holidays. Contractor **shall** maintain adequate staff on such working holidays.

## **SECTION 2 – SPECIFICATIONS**

- **Do not** provide responses to items in this section unless specifically and expressly required.

### **2.1 INTRODUCTION TO THE ARKANSAS ELECTRONIC BENEFIT TRANSFER PROGRAM**

The Arkansas Department of Human Services (DHS), Division of County Operations (DCO) requires an Electronic Benefits Transfer (EBT) System to facilitate the delivery of federal assistance program benefits to qualified Arkansas residents (see Section 1.1 INTRODUCTION). Program participants are issued an Arkansas EBT card to access their benefits at participating ATMs and Point of Sale (POS) devices. DHS requires an EBT System that will deliver all program benefits to a recipient on a single card. A reliable EBT System is crucial to ensure timely, accurate, and efficient services and information are provided to Arkansas EBT cardholders. Unreliable operation of DHS systems causes severe stress to cardholders and has a strong negative impact on the State's reputation. It is imperative that Contractor's EBT System meets all DHS requirements regarding system availability, timeliness of service, and system performance. QUEST is the funds transfer network by which most SNAP EBT transactions are routed. The State currently has less than thirty (30) wired POS terminals deployed to exempt retailers and farmers' markets.

Contractor **shall** provide an electronic draft and electronic final copy of the documentation specified in the Performance Indicators (see Section 2.31 PERFORMANCE STANDARDS) below to the state. All system documentation is subject to State and Federal review and approval. Such documentation encompasses all written materials described below including status reports, design documents, system manuals, project plans, test plans and reports, and training materials.

State and Federal agencies will participate in the specified system testing and will participate with Contractor in assessing test results. Contractor **shall** work collaboratively with State and Federal agencies. System testing **shall** be completed to the satisfaction of the State and Federal agencies prior to commencement of the implementation phase of the project.

### **2.2 MINIMUM QUALIFICATIONS**

Contractor **must** meet the following requirements:

- A. Contractor **must** be registered to do business in the State of Arkansas and in good standing by the start of any resulting contract. For verification purposes, Contractor **must** provide a [Certificate of Good Standing](#), [Certificate of Authority](#), or other required [Arkansas Secretary of State](#) documentation such as non-filing or nonqualifying statements, upon DHS request.

~~B. Contractor **must** include a copy of all required licensure and certification documents in the Technical Response Packet (see Section 1.8 RESPONSE DOCUMENTS).~~

~~C.B.~~ Contractor **must** have experience implementing at least one (1) EBT program within the last five (5) years or currently serves as the primary contractor in the implementation or operation of an EBT program. Prospective Contractor must complete *Attachment I: Client History Form*.

~~D.C.~~ Contractor **must** be bondable. Prospective Contractor **shall** submit a Letter of Bondability from an admitted Surety Insurer with bid submission. The letter **must** unconditionally offer to guarantee, to the extent of one hundred percent (100%) of the annual contract price, Prospective Contractor's performance in all respects of the terms and conditions of the RFP and the resultant contract.

### **2.3 CURRENT ENVIRONMENT**

EBT System services currently provided to the State are project management, settlement and reconciliation services, system account management, processing services, EBT/Electronic Funds Transfer (EFT) transaction switching services, client customer service, EBT-only POS terminal driving, and retailer management.

The State has established interfaces with the existing Contractor that support the transfer of information and data required to maintain the current EBT System. The primary method currently used to exchange information is by batch files. Contractor **must** utilize the existing interface designs to the maximum extent possible in order to reduce excessive expense to the State. The web based EBT terminal provided by the current Contractor is utilized mainly for inquiry access, although there are updated functions associated with the EBT terminal applications that are currently available that may be of interest to the State in the future. While the State is not expecting the existing EBT terminal screens to be duplicated in the new EBT system, the State is expecting that functionality will be duplicated.

The State intends to implement the following changes to the current EBT System operation with the new Contractor:

- A. Transition from the current use of magnetic stripe cards to EMV cards on a schedule coordinated with the new Contractor. [\(See Section 2.6.A.1.\)](#)
- B. Extend the current monthly benefit schedule from eight (8) days to a ten (10) day period.

- C. The State currently issues new EBT cards post-approval for the SNAP and Cash Program with benefits loaded on cards, but the State plans to issue and mail new cards for the SNAP and Cash Programs earlier in the determination process, prior to benefit approval to get the cards to recipients more quickly. Benefits will be loaded post-approval.
- D. The State does not currently issue over the counter or vault cards, but the State plans to begin issuing new and replacement EBT cards for Expedited SNAP households from a state-run processing center(s). Proposals submitted should include how Contractor would support the State in this effort including, but not limited to, training for state staff, supplying card stock, provision of equipment, backup procedures for Contractor to assist/take over this process in the event of equipment failure or disaster, troubleshooting, and technical assistance. The State intends to have a total of six (6) OTC printers; Three (3) printers at two (2) locations in the state. Two (2) printers will be operational at each location, and one will be reserved for emergency use.

## 2.4 GENERAL REQUIREMENTS FOR THE EBT SYSTEM

The functional requirements and features of the desired EBT System are detailed extensively in the following sections of this RFP. The requirements are generally organized into the following categories:

- Scope of Work
- Design Phase Requirements
- Transition-In Requirements
- EBT System Functionality
- EBT Card Requirements and Issuance
- Customer Service Requirements
- Training Requirements
- POS Terminals
- Financial Transaction/Transmission Requirements
- EBT System Maintenance and Procedures
- Contract Monitoring and Problem Resolution Requirements
- EBT System Performance, Security, and Fraud Prevention Requirements
- EBT System Certification and Audit Requirements
- Project Management Key Personnel
- Reporting Requirements
- Transition-Out Requirements
- Value Added Services Requirements

## 2.5 SCOPE OF WORK

The transition to the incoming Contractor's EBT system **shall** be divided into five (5) generally sequential (although there may be some overlap) phases. These phases are:

- Design
- Development and Testing
- Transition-In (to be completed within seven (7) months of contract start)
- Operations and Maintenance
- Transition-Out (begins one (1) year prior to contract end)

The specific requirements for each phase are detailed in the following sections of this RFP. The Design Phase **shall** commence with the signing of a contract and **shall** continue for the timeframe mutually agreed upon by the State and incoming Contractor (collectively "the Parties") (see **Section 2.6**). The Development and Testing Phase **shall** commence after DHS approves completion of the Design Phase and may continue through the contract term as testing **shall** be required for any EBT System upgrades (see **Section 2.7**). The Transition-In Phase **shall** run concurrently with the Design and Development and Testing Phases and shall be completed within seven (7) months of the contract start date, unless the Parties agree in writing to a different Transition-In Phase completion deadline (see **Section 2.8**). The Operations Phase shall begin on the Go Live Date specified in **Section 2.9**. The Transition-Out Phase shall begin one (1) year prior to the maximum contract end date or other DHS-approved contract end date (see **Section 2.10**).

## 2.6 DESIGN PHASE

The Design Phase **shall** commence with the signing of the contract and **shall** continue for a timeframe agreed upon by the Parties. This phase will run concurrently with the Transition-In Phase and **shall** be based upon specified tasks, deliverables, and timeframes identified by Contractor in preliminary plans. All preliminary plans **must** be submitted to DHS in a Portable Document Format (PDF), unless otherwise specified by DHS, and are subject to DHS review and

approval prior to being finalized. Within thirty (30) calendar days after contract start, Contractor **must** host a virtual kickoff meeting to present and discuss a detailed Transition-In Plan and Test Plan (see requirements below). Contractor **shall** submit additional plans to DHS for review and approval during the Design Phase, as detailed in the following sections.

#### A. VIRTUAL KICKOFF MEETING

Within thirty (30) calendar days after contract start, Contractor **must** host a virtual kickoff meeting to present and discuss a detailed Transition-In Plan and Test Plan which **shall** include the project schedule, plans for submitting key transition deliverables, plans for monitoring DHS's review and approval of deliverables, plans for all transition activities, change management, and other areas of coordination between Contractor, the current EBT Contractor, and DHS. The kickoff meeting will include representatives from DHS, the incoming Contractor, and the incumbent Contractor if appropriate.

##### 1. TRANSITION-IN PLAN

Contractor **must** submit the Transition-In plan to DHS prior to the kickoff meeting. The Transition-In plan **shall** detail Contractor's plan to effectuate a seamless transition of operations from the current EBT Contractor's team to the new Contractor's team within seven (7) months of the contract start date, unless both Contractor and DHS agree in writing to an alternative completion date for the Transition-In Phase. The Transition-In Plan **must** be approved by DHS, and any unacceptable portion **must** be revised to DHS's/DCO approval. The Transition-In Plan shall also include:

- a. Contractor's transition methodology
- b. Plans for hiring staff and staff training
- c. Working with the current EBT Contractor to develop a transition and interim support plan
- ~~d. Purchasing and installing equipment for Wireless POS device deployment and installation for eligible farmers' markets and direct marketing farmers, military commissaries, non-profit cooperatives or organizations, group living arrangements, treatment centers, and prepared meal services~~
- ~~d.e.~~ Creating/installing software programs and/or policies and procedures
- ~~e.f.~~ Establishing necessary supporting contracts
- ~~f.g.~~ Identifying key transition personnel and their respective roles
- ~~g.h.~~ Migration of all parties with access to EBT System services (cardholders, merchants/retailers, third (3rd) party providers, etc.)
- ~~h.i.~~ Milestones and key deliverable dates
- ~~i.j.~~ Identifying the mechanism for providing weekly reports during the transition
- ~~j.k.~~ Provide experiences and/or other relevant information from prior transitions and/or implementations
- ~~k.l.~~ Risk assessment and mitigation recommendations/solutions
- ~~l.m.~~ Contractor's Bank Account Structure
- ~~n.~~ Plans for EBT card issuance and replacement
- ~~m.o.~~ Plan for transitioning from magnetic stripe cards to EMV cards, including entering into an agreement with a sponsoring financial institution on behalf of the State of Arkansas for electronic payment

##### 2. TEST PLAN

Contractor **shall** provide a draft test plan to DHS prior to the kickoff meeting. The draft test plan **must** include developed code in each of the environments (DEV, UAT<sup>1</sup>, ~~UAT2~~, and PROD) for DHS review and comments. The Test Plan **must** describe how all system testing will be conducted to verify that the system complies with program requirements, design specification, performance standards, usability, capacity, and security. Testing includes unit testing, integration testing, performance testing, transfer of information, end-to-end testing, user acceptance testing (UAT), and regression testing. At minimum, the Test Plan **must** address all aspects of the project's implementation including, without limitation, the following:

- Types of testing to be performed
- Organization of the test team and associated responsibilities
- Test database generation
- Test Case development
- Test schedule

- UAT Refresh schedule (refresh must be completed at least annually)
- Acceptance Testing
- Go/No Go Criteria
- Contingency plans to revert to the legacy system if testing delays roll-out or the new system is determined to be unusable through testing

The Test Plan **must** include a section on reporting system issues, analysis and identification of defect, assignment of severity level, defect remediation, and regression testing. This **must** also identify the mechanism for tracking issues and defects over time. The Test Plan **must** describe the approval process for code promotion from DEV, UAT1, UAT2 and PROD. Contractor is responsible for providing UAT test scripts along with each portal module deliverable.

The final test plan **must** be provided to DHS for approval within five (5) calendar days of receipt of DHS's comments.

## B. ADDITIONAL DOCUMENTS FOR SUBMISSION DURING THE DESIGN PHASE

### 1. FUNCTIONAL DESIGN DOCUMENT

The Functional Design Document provides a functional overview and description of the operating environment, procedures, and workflow of Contractor's EBT System. Within thirty (30) calendar days after contract start, Contractor **shall** meet with DHS and provide a Functional Design Document that, at a minimum, **shall** describe the requirements for the following system functions:

- Account Maintenance
- Benefit Management
- Card Management
- PIN Management
- Transaction Processing
- Settlement
- EBT Terminal
- Adjustments
- Expungement Management

### 2. DETAILED DESIGN DOCUMENT AND INTERFACE CONTROL DOCUMENT

The Detailed Design Document provides documentation for software programs on how basic control and data structures will be organized. Contractor **must** submit the detailed design document to DHS within forty-five (45) calendar days after contract start. This document **must** include the following:

- Description of the overall design concept including a high-level summary of the design
- Program design describing the structure
- Standards and conventions
- Total system configuration, including system hardware
- Functionality
- File Formats. File formats **must** comply with the requirements and preferences included in the Bidder's Library (*Refer to Exhibits 1 & 2 of the Bidder's Library for current file formats*)
- Message and file flows
- Interactive Voice Response System (IVRS) Scripts
- Data Elements including data structures and data flows
- System Interfaces
- Settlement and Reconciliation Functions
- System Security Plan

In addition to the Detailed Design Document, Contractor **shall** provide an Interface Control Document (ICD) which details the interface between the State and Contractor's EBT System. The ICD **shall** document the interface functionality requirements and detail the file layouts and specifications. This document **shall** be updated to include any changes at least ninety (90) days prior to implementation.

### 3. LIFE CYCLE TESTING PLAN

Within thirty (30) calendar days after contract start, Contractor **shall** provide a System Development Life Cycle (SDLC) Testing Plan which consist of all plans outlined below. The basic premise of the life cycle testing approach is that any changes made, either by Contractor, DHS, or USDA **shall** be properly tested prior to being introduced into the production environment.

- a. **TEST PLAN** (see **Section 2.6.A.2.** above for specifications)

b. **BACK-UP AND RECOVERY PLANS**

Within thirty (30) calendar days after contract start, Contractor **shall** provide DHS an evaluation of the types of service interruptions that may impact the EBT System's operations, and therefore, require the use of a back-up and recovery process. For each potential interruption type, Contractor **shall**, at a minimum, have a contingency plan that details the steps to be taken to survive and recover from the interruption.

The plan **must** include provisions to ensure that benefits continue to be accessible to cardholders in the event of a service interruption. Contractor **must** outline the resources committed to each proposed contingency plan (i.e., people, systems, telephone lines, and operation sites) and indicate whether the contingency plan has been tested under real or simulated conditions.

c. **SYSTEM SECURITY AND PRIVACY PLAN**

Contractor **shall** develop and submit an EBT System Security and Privacy Plan (SSPP) to DHS within forty-five (45) calendar days after contract start. The SSP shall comply with the most stringent, up to date Federal guidance for- Acceptable Risk Controls for ACA, ~~Medicaid~~ Medicare, and Provider Entities (ARC-AMPE), applicable overlay, as defined by the Centers for Medicare and Medicaid Services (CMS) and be consistent with USDA SNAP regulations found in 7 CFR § 277.18.

The SSPP **must** document the current level of security controls that protects Confidentiality, Integrity, and Availability (CIA) of the system and its information. The SSPP **must** describe the approach for ensuring physical, electronic, and operational security of the system including hardware, software, data, communications, facilities, and goods. This is a living document and **shall** be updated no less than semi-annually or when new vulnerabilities are identified and mitigated and when additional functionality and/or components are implemented. The SSPP **must** be approved before any State data is transferred or entered into the system. DHS must approve all revisions of the SSPP. The SSPP **must** include, at minimum, the following:

- Description of the system security design to protect the system and its resources from unauthorized modification, disclosure, and destruction.
- Security measures for storage and procedural controls, communications access controls, message validation, administrative and operational procedures, security risk analysis of the EBT System, an EBT contingency plan, and compliance with Arkansas DHS Office of Information Technology (OIT) standards for password management and inclusion of a Warning Banner as defined in *Attachment N: ARDHS OIT Standard IT Requirements. Prospective Contractor must complete the DHS IT Requirements Tab of Attachment N (columns E – G) with an understanding that not all items will be relevant in every case.* A non-applicable (N/A) response will be acceptable for items that do not pertain to the bid or application in question.
- Description of the administrative, technical and system controls for the new EBT System. This plan **shall** provide for the ongoing certification and examination of the EBT Contractor's operations and control system.

1. Security Measures

- a. Contractor **must** provide facility physical security, system security, system data security, administrative and personnel security, and cardholder security. System security measures **shall** comply with the following:
  - i. The security language relevant for State Agencies found in the FNS Handbook 901 Section 9 for Systems Security (Refer to *Attachment K*)
  - ii. FNS EBT Regulations in 7 CFR § 274.8(b)(3) and 7 CFR § 277.18(p)
  - iii. FNS EBT System Security Guidelines Handbook
  - iv. Quality of Results (QORs)
  - v. Compliance with the most stringent, up to date ARC-AMPE (applicable overlay) standards (Refer to *Attachment L: Deliverables Chart*)
  - vi. Health Insurance Portability and Accountability Act (HIPAA) of 1996
  - ~~vii. Health Information Technology for Economic and Clinical Health Act (HITECH) of 2009~~
  - ~~viii. Privacy Act of 1974~~
  - ~~ix. All relevant DHS Privacy and Security policies (Refer to Section 2.11 PRIVACY AND SECURITY)~~
- b. Contractor shall conduct a Risk Assessment of the System consistent with NIST Risk Management framework within ninety (90) calendar days of operation.

- c. Contractor shall perform and deliver Security Assessment and Authorization documentation in accordance with current ~~GMS-USDA/FNS~~ requirements prior to operation of the EBT System and every two (2) years thereafter.
  - d. Contractor shall provide an annual Statement on Standards for Attestation Engagements 18 (SSAE-18) review.
  - e. Contractor shall back up all current online transactions to an off-site facility daily. Contractor shall provide encryptions for all backups, while in transit and at rest with current Federal Information Processing Standards (FIPS) encryption standard.
    - i. Disaster Recovery – The FNS DSNAP guidance requires an annual test of Contractor's back-up site. This would be a test of the State's primary eligibility and EBT interface systems to Contractor's back-up data center. Contractor's hot back-up site will begin operations within one (1) hour of the decision to switch to the back-up facility. Contractor **must** provide copies of the test results to the State within thirty (30) calendar days of the test.
    - ii. Disaster Recovery – Contractor **must** support the State in the recovery of the State's eligibility and EBT interface systems as the State's back-up site in the event of a disaster at the State's primary data center.
  - f. Contractor shall establish policies and procedures for Vulnerability Testing and Patch Management to ensure that application, system, and network device vulnerabilities are evaluated, and Contractor supplied security is applied in a timely manner. All established policies and procedures relating to security shall be listed in the SSP.
  - g. Contractor shall specify that the Contractor and any Sub-Contractor has protection against data contamination between cardholders (compartmentalization) if there is more than one (1) cardholder. Contractor shall protect against data contamination (compartmentalization) between cardholders other than EBT.
2. Facility Physical Security:
- a. Contractor **shall** utilize physical security and access control systems to limit access to any facilities used to produce cards, process data, or house sensitive data.
  - b. Contractor **shall** regulate access to primary and backup data centers in such a way that the flow of all persons can be monitored and controlled.
  - c. Contractor **shall** implement physical security protection measures to deny unauthorized access to EBT data processing and telecommunications facilities.
  - d. Contractor **shall** provide systematic and procedural controls for the following:
    - i. Control of Card Stock: Contractor **shall** be responsible and liable for all un-issued card stock until such stock is either received by the State of Arkansas or mailed to cardholders.
    - ii. Control of PINs: Contractor **shall** be responsible for ensuring the confidentiality of the PIN during generation, issuance, storage, and verification.
      - a) Contractor **shall** incorporate an enhanced encryption standard minimally compliant with FIPS standards to control all PINs so that the number is never transmitted or stored in the clear.
      - b) Contractor **shall**, at a minimum, provide for authentication of data on the card based on security features and the PIN controls in accordance with 7 CFR § 274.8(b)(3)(c) and in Chapter nine (9), Security, of the QORs.
3. Computer/Communications Access Controls:
- Contractor **shall** provide communications software to control access to the EBT System which **shall**, at a minimum, provide the following capabilities:
- a. User Identification and Authentication: Contractor **shall** require unique identification from each user to access the system (i.e., user ID and password, and support blind password display). Contractor **shall** require authorized users to change their passwords once every ninety (90) calendar days. Contractor **shall** maintain a user identification and authentication system that, at a minimum:

- i. Restricts access to files, databases, transactions, and programs to those personnel needing access to such data to meet professional responsibilities.
    - ii. Authenticates data so that it cannot be accessed by any unauthorized user. The system **must** also provide the capability of associating this identity with all actions taken by that individual subject to audit.
    - iii. Maintains information for determining the authorizations of individual users.
    - iv. Allows DHS the capability to assign user passwords and a web interface for active users to securely reset their own password. Contractor **shall** also provide DHS with the ability to create groups with custom security roles.
    - v. Allows DHS to implement a lockout threshold for excessive invalid access attempts. The log on IDs and passwords of users no longer authorized to access the system **shall** be deleted on-line, in real-time.
  - b. Discretionary Access Controls: Contractor shall use identification and authorization data to determine user access to information and the level or type of information accessed to ensure that users without such authorization are not allowed access to data.
  - c. System Access Audit Controls: Contractor shall maintain an audit trail of access to the system and maintain and protect such records from modification, unauthorized access, or destruction. Contractor shall have defined and controlled access between named users and named objects including, but not limited to, files and programs.
    - i. The audit trail **shall** be able to record the following types of events: log on, log off, change of password, creation, deletion, opening and closing of files, program initiation, and all actions by system operators, administrators, and security officers. For each recorded event, the audit record **shall** identify the date and time of the event, user, type of event, and the success or failure of the event.
      - For log on, log off, and password changes, the origin of the request (including but not limited to, terminal ID) **shall** be included in the audit record
      - For file related events, the audit record **shall** include the file's name
      - The system administrator (or system security administrator) **shall** be able to selectively audit the actions of one (1) or more users based on individual identity
  - d. EBT Transaction Communications: Contractor shall provide controls to ensure that EBT transaction communications are safeguarded and that EBT transactions are processed only for properly executed transactions from authorized terminals.
4. Security Incidents and Reporting

A security incident **shall** be defined as results or incidents from intentional or unintentional actions and may include loss and/or theft of computer media/data, introduction of malicious code, unauthorized attempts to gain access to information, or failed performance of the system security function. Contractor **must** report security incidents to DHS within twenty-four (24) hours of occurrence/discovery of the suspected or confirmed incident.

  - a. Contractor **shall** establish and maintain incident management responsibilities and procedures to ensure a quick, effective, and orderly response to security incidents. Procedures **shall** cover all potential types of security incidents, including the following:
    - i. Discovered viral infection
    - ii. Discovered malicious code (e.g., viruses, trap doors, logic bombs, worms, and Trojan horses)
    - iii. Discovered hacker activity
    - iv. Discovered system vulnerabilities
    - v. Unauthorized attempt, successful or unsuccessful, to access the EBT System
    - vi. Deviation from security policy
    - vii. Other unusual activities
    - viii. In addition to normal contingency plans (designed to recover systems or services as quickly as possible), the procedures **shall** also cover the following:
      - Analysis and identification of the cause of the incident
      - Planning and implementation of remedies to prevent recurrence, if necessary
      - Collection of audit trails and similar evidence
      - Communication with those affected by or involved with recovery from the incident

- Report of the action to DHS Security and the DHS Privacy Office.
- b. System Data Security: Contractor shall protect system data using the NIST 800-53r5 moderate standards to ensure that the system and confidential information is not disclosed for unauthorized purposes. At a minimum, Contractor shall comply with the following data security controls:
  - i. Contractor **shall** ensure that designated users from DHS may only access the system in relation to EBT system data and operations.
  - ii. Contractor **shall** ensure that any sensitive information made available in any format **shall** be used only for the purpose of carrying out the provisions of this contract.
  - iii. Contractor **shall** provide adequate internal controls through separation of duties.
  - iv. Contractor **shall** provide backup procedures to ensure the continuation of operations in the event of a temporary disruption in operations.
  - v. Contractor **shall** provide backup procedures to allow benefit access when Contractor's computer, system terminals, or communications are not operational. Backup procedures **shall** include manual transaction processing of EBT benefits.
  - vi. Contractor **shall** establish contingency plans for benefit delivery in the event of catastrophic disruption of benefit delivery services. Contractor **shall** move to a backup system within thirty (30) minutes of system disruption.
  - vii. Contractor **shall** maintain adequate documentation of system operating procedures and requirements.
  - viii. Contractor **shall** provide DHS a security features user guide to describe the security features provided by the system, how to use them, and how they interact with one another.
  - ix. Contractor **shall** ensure that the application that enforces access controls is continuously protected against tampering and/or unauthorized changes.
- c. Administrative and Personnel Security: Contractor shall ensure the integrity of the EBT System operations, including personnel involved in system and security administration. Contractor shall ensure appropriate screening as determined by DHS is conducted of all Contractor and subcontractor personnel who are assigned to work on the EBT System. Contractor shall conduct a quarterly audit of system users for all State and Contractor employees. Contractor shall prepare a list of all users including user level permissions and send the list to DHS for review. Contractor must modify user level permissions as specified by DHS.
- d. **RANSOMWARE RECOVERY PLAN**
  - 1. The Contractor shall develop and maintain a Ransomware Recovery Plan (RRP) that outlines the procedures and strategies for the Contractor to recover from a ransomware attack. The RRP must include steps for detection, containment, eradication, recovery, and post-incident analysis of a ransomware attack to ensure minimal disruption and the secure restoration of all systems and data. CMS requires that all steps taken after a ransomware attack, productive or not, are recorded and preserved. Preservation of evidence is the first and foremost requirement. The RRP must be submitted for review and approval by DHS. The RRP must include, at a minimum, the following items:
    - a. **Executive Summary:** An overview of the recovery plan, highlighting the critical steps and importance of preparedness. The Executive Summary must include the following items, at a minimum:
      - i. Definition of ransomware and its impact.
      - ii. Objectives of the recovery plan.
      - iii. Importance of quick response and containment.
      - iv. High-level overview of roles and responsibilities.
    - b. **Contact Information:** Identification of key personnel responsible for managing the recovery process, including at a minimum the following items:
      - i. Names, titles, and contact details of staff assigned to respond to the incident
      - ii. Internal communication plan for notifying team members (See Attachment G – Requirements)
      - iii. External contact list (legal, cybersecurity experts, contractors, law enforcement, etc.)

- c. **Detection and Notification:** Define how ransomware will be detected, and who to notify when found. This must include the following items at a minimum:
  - i. Indicators of compromise (IoCs) for ransomware attacks.
  - ii. Steps to detect unusual activities (e.g., encrypted files, pop-up ransom notes).
  - iii. Reporting and notification process to DHS that follows the security incident timeline.
- d. **Containment and Eradication:** Define the steps to contain and stop the spread of ransomware. This must include the following, at a minimum:
  - i. Isolation procedures for affected devices (i.e. disconnect from network).
  - ii. Guidelines for identifying and quarantining infected systems.
  - iii. Instructions for disabling network shares or services to prevent further infection.
  - iv. Eradication strategies (removal of malware, patching vulnerabilities).
- e. **Data Backup and Recovery:** Define how lost or encrypted data will be recovered from backups. This must include, at a minimum, the following:
  - i. Location and accessibility of offsite and offline backups.
  - ii. Process to verify the integrity of backups (ensure they are not infected).
  - iii. Prioritize restoration of critical systems and data.
  - iv. Estimate time until full recovery based on existing backup policies.
- f. **Decryption and Payment Evaluation:** Provide guidelines on how the decision to decrypt versus paying ransom will be evaluated. The following must be included, at a minimum:
  - i. Evaluate options for decryption tools (if available from security contractors).
  - ii. Consideration of legal and ethical considerations of paying ransom.
  - iii. Involvement of law enforcement or external negotiators if ransom is considered.
- g. **Communication and Public Relations:** Define how communication, both internally and externally, will be managed during and after the attack. The following items must be included, at a minimum:
  - i. Provide templates for internal (within DHS and Contractor's organization) communications to DHS about the status of the recovery for DHS review and approval prior to implementation.
  - ii. Provide templates for external communication with beneficiaries, providers, contractors, and the media for DHS review and approval prior to implementation.
  - iii. Designate one spokesperson for all media inquiries DHS must approve the spokesperson designee.
  - iv. Define messaging strategies to maintain transparency and control the narrative.
- h. **IT Infrastructure Recovery:** Provide detailed steps for restoring IT systems and ensuring their security. At a minimum, the following must be included:
  - i. System recovery checklist: critical servers, workstations, applications, and databases.
  - ii. Network restoration plan (phased restoration of services).
  - iii. Guidelines for testing restored systems to ensure they are secure and fully operational.
  - iv. Process for hardening recovered systems with updated security controls.
- i. **Post-Incident Analysis and Lessons Learned:** Provide a plan to analyze the attack and refine future defenses. This plan must include the following items at a minimum:
  - i. Forensic investigation to determine the root cause of the attack. (DHS must be provided with an unredacted report of the investigation with all detail for internal evaluation.)
  - ii. Timeline of ALL events from detection to recovery.
  - iii. Evaluation and documentation of what worked well and what could be improved in the recovery process.
  - iv. Plan for improving incident detection, prevention, and recovery based on the lessons learned.
- j. **Ransomware Prevention Plan:** Contractor **shall** provide a plan to reduce the risk of future ransomware attacks through education, proper patching, and best practices. This plan must include the following items, at a minimum:
  - i. Recurring security awareness training for employees (spotting phishing, safe browsing).
  - ii. Diligent patch management and software updates.
  - iii. Implementation of network segmentation and least privilege access controls.
  - iv. Ensuring regular backups and their storage in secure, offline locations.
  - v. Deployment of Endpoint Detection and Response (EDR) tools and other security solutions.
  - vi. Continuous updates to the recovery plan based on the latest ransomware trends and vulnerabilities.

vii. Enable Multi-Factor Authentication (MFA) for all user accounts, including privileged accounts within the network.

- k. **Legal and Regulatory Compliance:** Contractor **must** ensure and document that all actions related to a ransomware attack are in compliance with legal and industry regulations. This **must** include, at a minimum, the following items:
- Review of applicable laws regarding ransomware payments and reporting (e.g., GDPR, HIPAA).
  - Guidelines for reporting ransomware incidents to relevant authorities and regulators.
  - Procedures for documenting the attack and recovery efforts for legal purposes
- l. **Ransomware Simulation and Testing:** Scheduled testing and updating the ransomware recovery plan. The following must be included, at a minimum:
- A schedule for tabletop exercises and ransomware simulations. This must occur at least twice a calendar year.
  - Documentation of test results and areas for improvement. Upon request, this documentation will be provided to DHS in detailed, unredacted form.

#### 4. TRAINING PLAN

Contractor **shall** prepare and submit a Training Plan within thirty (30) calendar days after contract start that identifies the proposed deadlines and supportive tasks for planning, design, development, production, and distribution of all training materials. This Training Plan is an outline of events leading up to and including implementation of the new EBT System. It **must** include a readiness checklist, a step-by-step schedule, and decision points for the actual process. The training plan **shall** address the timeline for creation of the deliverables as noted in *Attachment L: Deliverables Chart* and the timeframe for training the State staff and retailers.

#### 5. RETAILER AND THIRD PARTY PROCESSOR AGREEMENT

Contractor **shall** provide a copy of the Retailer and Third-Party Processor (TPP) Agreement to DHS for review within thirty (30) days of the contract start date. All retailer and TPP agreements **shall** be approved by FNS and are subject to review by DHS. Contractor **shall** provide DHS with a list of all FNS approved Retailers with the TPP agreements and an updated listing **shall** be provided to DHS quarterly. The first (1st) updated listing **shall** be due (3) months after the end of the Transition-In Period. Contractor **shall** complete participation agreements for a minimum of eighty-five percent (85%) of the current retailer population, prior to completion of the database transfer.

#### 6. ANTI-FRAUD PLAN (see Section 2.23 FRAUD ANALYSIS PREVENTION)

Within thirty (30) calendar days after contract start, Contractor **shall** prepare and submit either Microsoft Word, Excel, or other DHS approved format, an Anti-Fraud Plan. An updated Anti-Fraud plan **must** be provided to DHS quarterly. The first updated Anti-Fraud plan **shall** be due three (3) months after end of the transition-in period.

#### 7. STAFFING PLAN

Contractor **shall** provide a staffing plan in its *Technical Response Packet* that includes the following information:

- An organizational chart showing how Contractor proposes to staff the project.
- List of key personnel by position, title, and function including a description of all resource requirements, roles, and responsibilities.
- Resumes of key personnel.

Contractor **shall** deliver a Final Staffing Plan within thirty (30) calendar days after contract start. Contractor **must** maintain staffing levels consistent with levels during the operational phase of the contract through the end of the contract.

##### a. KEY PERSONNEL REQUIREMENTS AND RESPONSIBILITIES

Contractor's key personnel **shall** consist of, at a minimum, two (2) Project Managers (PM), one (1) Lead Business Analyst, and one (1) Lead Programmer. The qualifications and responsibilities expected for key personnel roles are defined below.

- Contractor **shall** designate an Implementation PM and an Operational PM, who **must** satisfy the following education and experience requirements:
  - Implementation Project Manager:

Education: A bachelor's degree from an accredited college or university ~~with a major in Computer Science, Information Systems, Engineering, Business, or other related scientific or technical discipline.~~

Experience: At least five (5) years of direct supervision of software development, integration maintenance projects experience.

b) Operational Project Manager:

Education: A bachelor's degree from an accredited college or university ~~with a major in Computer Science, Information Systems, Engineering, Business, or other related scientific or technical discipline.~~

Experience: **Must** have five (5) years of EBT/EFT related PM experience and/or PMP certification.

c) The PMs **shall** maintain regular and frequent contact with DHS and all designated staff. Contractor **must** communicate any change in PMs with DHS. Contractor's project management tasks **shall** encompass all duties associated with each of the following areas:

- i. Ensuring project conformity with the DHS environment, overall DHS strategic plan, and long-range vision of DHS's objectives.
- ii. Implementing the technical solutions and implementation plans.
- iii. Managing the staffing resources.
- iv. Conducting weekly status meetings with DHS. PMs **shall** provide both verbal and a brief written status update including activities completed, upcoming activities, issues, and risks to the project management office. The written status **must** be submitted during the status meeting and follow an agreed upon format. DHS and Contractor **shall** work together to determine the recurring day and time for this meeting. Status meetings **shall** begin within thirty (30) calendar days of the contract award.
- v. Maintaining an electronic and hard copy project library, or project libraries, as applicable. These document libraries **shall** contain copies of the DHS Contractor's Proposal, Contract, Deliverables (drafts, revisions, and final versions), and all final work products. Contractor **shall** deliver these libraries and an inventory of their contents to DHS upon conclusion of this contract. These libraries **shall** be maintained throughout the duration of the contract. Libraries **must** contain all relevant project-related documentation including, without limitation, the following:
  - Meeting minutes
  - Meeting agendas
  - Action item lists
  - Required plans and manuals
  - Risk assessments
  - Reports
  - Insurance certificates
  - Technical design documents (i.e., ICD, report descriptions, training documents, and resources)
  - Problem escalation and resolution tickets and any correspondence between the Contractor and State Project Manager.
- vi. Documenting the outcome of all key stakeholder meetings and distributing meeting minutes within two (2) business days of the meeting.
- vii. Producing a monthly status report of activities by the fifteenth (15th) calendar day following the close of the month. If the fifteenth (15th) day falls on a weekend or holiday, the status report **shall** be delivered by the business day after the fifteenth (15th) calendar day or as directed.

ii. Contractor shall designate a Lead Business Analyst with the following education and experience:

- 1) Education: A bachelor's degree from an accredited college or university in Computer Information Technology, Computer Science, Management Information Systems, or other information technology related field.

- 2) General Experience: Five (5) years of experience designing, developing, testing, implementing, or maintaining application systems and programs.
- iii. Contractor shall designate a Lead Programmer with the following education and experience:
  - 1) Education: A bachelor's degree from an accredited college or university in Computer Information Technology, Computer Science, Management Information Systems, or other Information Technology related field.
  - 2) General Experience: Five (5) years of computer experience in information systems design.
  - 3) Specialized Experience: At a minimum, three (3) years of experience as an application programmer with knowledge of computer equipment and ability to develop complex software to satisfy design objectives.

## 8. PROJECT MANAGEMENT PLAN (PMP)

Contractor **must** develop a Project Management Plan (PMP) within thirty (30) calendar days after contract start. The PMP **shall** define how Contractor **shall** apply its project management methodology to achieve maximum benefit for the State. The PMP components **must**, at minimum, cover the following:

1. All required deliverables and how they will be achieved
2. Transition-In and Transition-Out Plans
3. Automated tools, including application of software solutions
4. Configuration management – approach and solution
5. Document repository and control
6. Calendar of events and deadlines
7. Decision support and prioritization
8. Project deliverable review procedures
9. Cardholder/stakeholder relationship management
10. Status reporting and other regular communications with DHS, including a description of Contractor's proposed method of ensuring adequate and timely reporting of information.

The PMP (and components thereof) **must** be reviewed and updated periodically as needed but at no less than six (6) month intervals.

## 9. PROJECT WORK PLAN (PWP)

Contractor must submit a preliminary PWP within two (2) weeks of the contract start date. DHS will review and provide comments on the preliminary plan. Contractor must provide the final PWP for DHS approval within ten (10) business days of receipt of DHS's comments. All deliverables identified within the PWP are subject to State review and approval.

- a. The PWP **shall** establish the timeframes for deliverables and include a specific approach and schedule to transition operation of the EBT System, clearly identifying the tasks and level of effort required. The PWP **shall** include a clear breakdown of the following tasks and responsibilities:
  - tasks that will be the responsibility of DHS during the transition
  - fields to track the task
  - resource
  - planned start date
  - revised start date
  - actual start date
  - planned end date
  - revised end date
  - actual end date
  - percent complete
  - task dependencies including color coding to identify risk level
- b. The PWP **must** also include a section detailing how planned development activity for implementation at a future time will be accomplished as well as a similar strategy for testing.
- c. The PWP **shall** be developed using a Microsoft product version compatible with DHS software. Contractor **shall** update its PWP on a weekly basis and provide it to DHS by close of business every Monday.

## 10. COMMUNICATION PLAN

Contractor **shall** develop and maintain a Communication Plan that serves as the guideline to manage effective and efficient communications across the project team, including stakeholders and business partners. A draft Communication Plan **shall** be submitted within thirty (30) calendar days after contract start for DHS review and commenting. The final Communication Plan **shall** be issued within five (5) calendar days of the receipt of DHS's comments. The Communication Plan **shall** be updated semi-annually as requested by DHS.

#### 11. CHANGE MANAGEMENT PLAN

Within thirty (30) calendar days after the contract start, Contractor **shall** provide a Change Management Plan that outlines the processes required to ensure that changes to scope, schedule, and budget are tracked, reviewed, and approved as required in the solicitation. The Change Management Plan **must** describe how deviations will be tracked and managed.

#### 12. RISK MANAGEMENT PLAN

Contractor **shall** develop and maintain a thorough Risk Management Plan, which **must** include Contractor's approach to assessing and managing risks, describe Contractor's understanding of risk management, define perceived risks to the contract, and detail mitigation strategies for the potential risks. The plan **shall** be provided to DHS within thirty (30) calendar days after contract start and updated semi-annually thereafter.

#### 13. QUALITY ASSURANCE/QUALITY CONTROL (QA/QC) PLAN

Contractor **shall** develop and maintain a Quality Assurance/Quality Control (QA/QC) Plan. The QA/QC plan **shall** describe the methods, procedures, and measures instituted to implement quality installations, changes, and upgrades to existing and new systems in the DHS environment. Contractor **shall** define how quality will be built into products, services, and deliverables and how continuous improvement will be sustained and supported throughout the life of this contract. The QA/QC plan draft **shall** be provided within thirty (30) calendar days after contract start for DHS review and comments. The final QA/QC Plan **shall** be provided within five (5) calendar days of receipt of DHS's comments.

#### 14. CONFIGURATION PLAN

Contractor **shall** develop and maintain a Configuration Plan that establishes technical and administrative direction and surveillance for the management of configuration items (i.e., software, hardware, and documentation) associated with EBT System services. The Configuration plan **shall** describe and address the methods and tools to be used for maintenance, problem reporting, and version control to maintain software as it is being developed, and/or maintained/enhanced. The plan **shall** contain strategies for build deployment, procedures for roll-back in the event of anomalies that dictate such decisions, and recommendations for managing any system dependencies.

This draft plan **shall** be provided within thirty (30) calendar days after contract start for DHS review and comments. The final Configuration Plan **shall** be provided within five (5) calendar days of receipt of DHS' comments.

#### 15. BUSINESS CONTINUITY MANUAL

Contractor **shall** provide a Business Continuity Manual describing the practices and measures to be applied to ensure the continuation of business for such issues as cross training of critical functions including project staff and programmers with specific knowledge of the Arkansas Systems. The Business Continuity Manual **must** be provided within one-hundred-twenty (120) calendar days after contract start and update semi-annually thereafter. The Business Continuity Manual **must** also include disaster recovery for not only the Contractor's project office and data center operations but for such events as a pandemic.

### 2.7 DEVELOPMENT AND TESTING PHASE

The Development and Testing Phase **shall** commence after completion of the Design Phase with DHS approval. During this phase, Contractor **shall** complete system testing and provide the final training materials to DHS. Testing **shall** be required with any EBT system upgrades throughout the contract term.

A. Contractor **shall** configure and test the EBT System according to the system specifications defined and agreed upon in the Design Phase. Contractor **shall** perform testing on all components and functional areas of the EBT system before and after delivery of the system. Contractor **shall** provide system test scripts to DHS within thirty (30) calendar days after contract start detailing step-by-step instructions on the actual tests and system functions to be demonstrated. Test scripts **shall** also describe the desired system outcomes and test results. Contractor **shall** develop test data and update the Test Plan as deemed appropriate by DHS. Contractor **shall** conduct the following system tests and demonstrations:

1. Functional Demonstration – provides State and Federal representatives the opportunity to review and observe planned EBT System operations mainly at Contractor's facilities.

2. Interface testing – conducted between DHS' EBT interface system, all appropriate USDA/Federal Systems, and Contractor's EBT System to ensure that all files sent between the Systems are properly received, accepted, and processed by USDA and DHS.
  3. Transition Testing – Contractor **shall** be required to demonstrate to USDA and DHS the conversion process of the EBT System from the current Contractor. Part of the conversion test is a validation of conversion results, and the ability to perform test transactions against the converted database. Test transactions **shall** include, at a minimum, client transactions (e.g., SNAP and cash transactions) and administrative transactions (e.g., benefit additions, card cancellations, and replacement transactions). The State **shall** require a minimum of two (2) "dry runs" before actual conversion.
  4. System Acceptance Testing – provides State and Federal representatives the opportunity to test the EBT System functionality and ensure compliance with the system design requirements primarily at Contractor's facilities.
  5. Performance Testing (Stress) – ensures there **shall** be sufficient capacity within the EBT System to handle the expected transaction volume.
    - Test results from the stress test **shall** be used to formulate a system capacity model to determine the appropriate hardware and software requirements and configuration so the Arkansas EBT System can accommodate the anticipated transaction volumes.
    - Contractor may, as an option, use current production data in order to develop a system capacity model for modeling the anticipated transaction volumes. If Contractor utilizes this option, Contractor **shall** provide a description on how the modeling will be performed, and how the results of the modeling exercise will be reported to the State.
    - Stress testing **shall** be done by Contractor under the supervision of DHS prior to the Federal acceptance test done by FNS and the results **shall** be made available to the State agency.
  6. Automated Response Unit (ARU) Test – ensures the system properly accepts, processes, and transfers both retailer and client calls consistent with the system requirements and within the specifications in the RFP. ARU testing **must** be a part of the State's system acceptance test.
  7. Call Center Testing – ensures the Customer Service Representatives (CSRs) respond appropriately to cardholder inquiries and that calls are answered within the specifications defined in this RFP.
  8. Field Test – tests the EBT System's processing capabilities from the point of transaction entry through authorization, settlement, and funds movement. DHS will participate in field-testing.
- B. Contractor **shall** provide documentation in the format specified by DHS of its internal testing results describing the results of each test performed. The documentation **shall** describe the intended scope and results from the tests, and any system modifications necessary to resolve system errors and deficiencies found by Contractor, USDA, or DHS during the testing. Contractor **shall** submit the test results in the format specified by DHS and **must** include results of any retesting required. Test results **shall** be provided within five (5) ~~calendar~~ business days after each test.
- C. Contractor **shall** revise the Detailed Design Documents (see **Section 2.6.B.2.**) to reflect any necessary system modifications identified by USDA and/or DHS and implemented as a result of system testing. If revisions are required, the updated design documents **must** be completed within thirty (30) calendar days of the change and are subject to State approval. Federal review and approval **shall** be required for any changes affecting SNAP benefits.
- D. Within thirty (30) calendar days of the contract start date, Contractor **shall** provide an EBT User Manual to DHS for EBT support on systems operations and interface procedures for interfaces with Federal and State batch files. The manual must be updated as needed and **must** include, without limitation, the following:
- Introduction detailing the purpose
  - Audience (cover page for Federal and State)
  - Organization (DHS and FNS)
  - Procedures:
    - On-line file transmission and times
    - Procedures for balancing file transmissions sent/received
    - EBT terminal configuration
    - Problem resolution and escalation procedures
    - Change order approval procedures
    - Batch maintenance record formats and conventions

- Documentation
- Field User Training Instructions

**D.E.** Contractor **shall** provide a Reports Manual in the format specified by DHS within forty-five (45) calendar days of contract start describing all standard reports to be generated by Contractor and updated as needed thereafter. The Reports Manual **must** include, at minimum, the following:

1. Existing Reports: A description of each report available for internal report generation, the frequency in which data is updated, and how reports will be provided to the State.
2. Ad Hoc: A description of Contractor's capability to generate ad hoc reports, including how the reports are generated and how they will be provided to the State. Ad Hoc reports **shall** be provided to DHS within forty-eight (48) hours of request.

**E.F.** Contractor **shall** provide a Settlement/Reconciliation Manual within thirty (30) calendar days of contract start and update as needed thereafter. At a minimum, the manual **shall**:

1. Provide guidance and procedures to DHS on performing a daily reconciliation of Contractor's EBT System for SNAP and TEA benefits as defined within 7 CFR § 274.4.
2. Identify the specific reports required for settlement and reconciliation of Contractor's EBT System.
3. Detail any reports the State **must** generate to complete reconciliation.

**F.G.** Contractor **shall** provide an EBT Program Manual within sixty (60) calendar days of contract award that provides guidance and procedures for State and County staff on the functionality of the EBT terminal within the EBT System.

## 2.8 TRANSITION-IN PHASE

- A. Contractor **must** collaborate with DHS to ensure a smooth transition of operations. Contractor **must** work during the Transition-In period as if time is of the essence because this period of time provides an opportunity for the new Contractor staff to gain a full understanding of the technical environment in order to provide all the services outlined in this RFP and thereby support all system users. Contractor **must** become familiar with DHS's processes, reports, metrics, and services provided.
- B. Contractor **must** attend question and answer sessions with the current EBT Contractor and advise DHS of any areas of concern based on previous presentations, and reviews of documentation. The current Contractor, DHS, and the incoming Contractor **shall** conduct technical interchange meetings as requested by either DHS or Contractor. The purpose of these meetings is to quickly resolve key technical issues that arise by assembling the appropriate DHS and Contractor staff to understand and resolve the issue.
- C. Contractor **must** conduct weekly status meetings with DHS and the current EBT Contractor. Contractor's PM **shall** attend all status meetings with DHS and the current EBT Contractor. Contractor **shall** generate a status report in Excel (unless otherwise specified by DHS) in preparation for the status meeting. In the status report, Contractor **shall** address:
  1. Project schedule (current status of all tasks)
  2. Near term activities
  3. Key Milestones and Training Activities
  4. Deliverables (submitted, due, overdue, approval status, and payment status)
  5. Knowledge Transfer
  6. Staffing levels
  7. Project risks (including mitigation status)
  8. Quality assurance (tasks and status)
  9. Issues (log of identified issues with status of each)
  10. Action items (log of items with status of each)
  11. Other topics requested by DHS
- D. Contractor **must** generate minutes for all status meetings and distribute the minutes via e-mail within two (2) business days after each meeting for DHS's review and approval.
- E. Contractor **must** complete a review of all systems documentation prior to completion of the Transition-In Phase.
- F. Contractor **must** participate in a Performance Readiness Review (PRR) meeting with DHS. The PRR **shall** be comprised of a compliance review of the subtasks and Deliverables included in the Transition-In Phase. Each deliverable **must** be checked for total compliance with all required specifications of the task. DHS will confirm that all staff proposed for the additional tasks listed in the contract have been oriented to DHS's processes and procedures.

## 2.9 OPERATIONS AND MAINTENANCE PHASE

- A. Go live date **shall** be no later than September 1, 2026. The Operations and Maintenance Phase **shall** begin at the conclusion of the Transition-In Phase after the Cardholder Database has been converted from the previous Contractor to the new Contractor. During this phase, Contractor **shall** maintain ongoing communication with DHS on EBT operations and provide immediate notification of any issues or system problems. The assigned PM and proposed key personnel **shall** be the point persons for ongoing communications.
- B. Contractor **must** participate in status meetings as requested by DHS and **shall** provide a monthly status report containing open and closed issues.
- C. Contractor **shall** assume complete operational support, maintenance, and full responsibility of the system and the following ongoing activities and tasks:
  - 1. EBT Central Computer Up Time
  - 2. Government Automated Clearing House (ACH) Settlement
  - 3. Account setup and benefit authorization
  - 4. EBT Switching Services
  - 5. Host response time for EBT terminal transactions
  - 6. Inaccurate Transactions
  - 7. Customer Service (Benefit recipients)
  - 8. Production of Retained Records
  - 9. Technical Requirements to be provided by Contractors
  - 10. POS Terminal Processing Standards
  - 11. POS Terminal Support Services
  - 12. Equipment Installation for EBT Only Retailers
  - 13. Issuance of specified EBT Cards
  - 14. Project Status Reporting
  - 15. Response to Enhancement/Change Requests
- D. Contractor **must** notify DHS of any scheduled system downtime or maintenance at least twenty-four (24) hours in advance. Contractor **must** notify DHS immediately of any unscheduled system downtime or maintenance, including, without limitation: upgrades, updates, testing, and fixes.
- E. Contractor **must** maintain and update key design plans and operational manuals approved during the Design and Development and Testing phases, including:
  - 1. Detailed Design Document
  - 2. Back-up and Recovery Plans
  - 3. System Security Plan
  - 4. System Operations and Interface Procedures Manual
  - 5. Reports Manual
  - 6. Settlement/Reconciliation Manual
  - 7. EBT Program Manual
  - 8. SNAP Disaster Plan
  - 9. POS Operations Manual
  - 10. Training Manual

## 2.10 TRANSITION-OUT PHASE

- A. Contractor **must** provide a detailed Transition-Out Plan in the format specified by DHS, which establishes a seamless transition between the current EBT Contractor's team and the incoming Contractor's team one (1) year prior to the maximum contract end date or another DHS pre-approved timeline. The Transition-Out Plan **shall** include a specific approach and schedule for the transition of services between current Contractor's team and the new Contractor's team. This plan **must** include a clear breakdown of tasks and responsibilities, including those tasks that will be the responsibility of DHS during the transition and a turnover resource plan.
- B. Contractor **shall** provide a report of any outstanding deliverables and/or tasks and time frames for completion. Said report **shall** be provided on a quarterly basis, or another timeline as DHS may require.
- C. Contractor **shall** provide a strategy for ensuring that all records and documents resulting from the services provided under the contract have been updated to reflect all changes, enhancements, and modifications. All documentation and records **shall** be written in English, provided in hardcopy, and at least one (1) electronic copy in PDF format and a copy in Microsoft Word at time of turnover.
- D. Contractor **shall** include provisions for the delivery of all proprietary data collected and/or created during the life of the contract to DHS thirty (30) calendar days prior to the contract end date. All proprietary data collected and/or

created during the final thirty (30) calendar days of the contract, or any proprietary data not captured in the initial delivery, **shall** be delivered to DHS no more than fifteen (15) days following the contract end date.

- E. Contractor **shall** cooperate with facilitating the transfer of operations prior to the expiration of the Contract. Incoming Contractor will oversee the transition-out activities.
- F. Contractor **shall** submit a final turnover plan that contains a description of the resources that Contractor **shall** commit and the functions that Contractor **shall** perform, along with time frames, in transferring the operation to the successor Contractor. Contractor **shall** complete all turnover activities as provided for in Contractor's turnover plan and within DHS-approved timeframes that will enable the successful transfer of the operation with no delays or decreases in services.
- G. Contractor **shall** cooperate with the incoming Contractor, timely provide requested documentation, participate fully in all meetings, complete assigned tasks in accordance with the incoming Contractor's work plan, offer guidance and subject matter expertise to the incoming Contractor, and behave in a courteous and professional manner at all times in order to effectuate a seamless transition.
- H. Contractor **shall** provide written procedures and policies relating to the protection and control of confidential system media that is transported from one (1) location to another or when there is a change in custody of the media. These policies **shall** be made available to DHS or its agents and representatives upon request. Contractor **shall** provide written procedures and have policies in place that protect against the inadvertent release or destruction of State data.
- I. Contractor **shall** work during the Transition-Out period with the same urgency as DHS and the incoming Contractor because it provides an opportunity for the new Contractor staff to gain a full understanding of the EBT technical environment to provide all the services outlined in this RFP and thereby support all system users.
- J. Contractor **shall** ensure sufficient staff be retained for the duration of the transition.

## 2.11 PRIVACY AND SECURITY

- A. Contractor **must** follow all applicable State and Federal laws, rules, regulations, and policies relating to this RFP, resulting contract, and the information security, confidentiality, privacy, and compliance requirements hereto.
- B. Arkansas currently operates under the QUEST® mark. Contractor **must** adhere to the QUEST® Operating Rules which set forth the requirements for the distribution of government benefits under the QUEST® mark. [QUEST® Operating Rules](#) facilitate a seamless operating environment for EBT Issuers and Transaction Acquirers.
- C. Contractor **shall** ensure and maintain compliance with the most current version of Health Insurance Portability and Accountability Act (HIPAA), ~~Health Information Technology for Economic and Clinical Health (HITECH)~~, The Privacy Act of 1974, Arkansas Personal Information Protection Act (Ark. Code Ann. § 4-110-104), and other Federal and State privacy and security standards. ~~Prior to award, Contractor must complete and sign a Business Associate Agreement (BAA).~~ The State of Arkansas Security and Privacy policies can be found at:

[DHS Policy 1001](#)

[DHS Policy 1003](#)

[DHS Policy 4002](#)

[DHS Policy 4008](#)

[DHS Policy 4009](#)

[DHS Policy 5000](#)

[DHS Policy 5010](#)

[DHS Policy 5011](#)

- D. Contractor **shall** disclose any breaches of privacy or security by contacting the DHS Information Technology Security Office within one (1) business day of the discovery of the suspected or confirmed breach at [DHS.IT.Security.Team@dhs.arkansas.gov](mailto:DHS.IT.Security.Team@dhs.arkansas.gov).
- E. Contractor **shall** use protected health information and/or other confidential information only in a manner that is necessary to provide the services required in this solicitation. Contractor **shall** safeguard the use and disclosure of, and restrict access to, protected health information and/or other confidential information.

## 2.12 LEVERAGING TECHNOLOGY

DHS seeks continuous improvement including new techniques and technologies. These efforts may drive DHS towards the adoption of additional enhancements to EBT System Services that may include, without limitation, the following:

- Modifications for functional improvements.

- Modifications to meet new requirements.
- Modifications to ensure optimum security measures are in place.

Contractor **must** have the capability to be flexible in supporting the development of future enhancements or initiatives as required by law and regulation, deemed necessary because of technological advancements, or State operational changes. Upon request by DHS, Contractor must provide or assist with improvements or enhancements to the EBT System. Contractor must not contribute to delays in requirements gathering and system testing.

DHS intends to have a "pool" of hours available in the contract for use on enhancements, modifications, change orders, and upgrades. DHS **must** authorize the use of these hours and Contractor's receipt of these funds is not guaranteed. These hours will be billed to DHS at the blended hourly rate. Hours not used within the year projected will carry over to future years of the contract.

## 2.13 EBT SYSTEM FUNCTIONALITY

- A. Contractor **shall** use existing commercial networks, installed ATMs, and POS terminals. All FNS approved SNAP retailers **shall** have the opportunity to participate in EBT.
- B. Contractor **shall** assure that cash assistance cardholders have adequate access to ATMs and POS terminals to obtain cash benefits. ~~In this regard, Contractor shall employ a network that fulfills the FNS Formula for Terminal Placement for exempt retailers who qualify for and elect to utilize State-deployed EBT equipment only.~~ Contractor **shall** adhere to 7 CFR § 274.3(b) for POS deployment.
- C. Contractor **shall** provide transaction processing, retailer management, customer service, and all services, supplies, and functions for the EBT system to include the following:
  1. Provide accurate and timely distribution, availability, and tracking of public benefits.
  2. Provide all FNS-approved SNAP retailers an opportunity to participate in EBT.
  3. Provide a secure system environment, support, and operational procedures designed to identify and prevent fraud and foster accuracy in business processes.
  4. Provide all EBT operating software, application software, security systems, telecommunication software and equipment, and any other products necessary to maintain the EBT processing environment.
  5. Provide network connectivity between DHS and EBT from primary and backup sites.
  6. Provide equipment refresh as needed.
  7. Provide access to the host system through a browser-based administrative application.
  8. Implement an EBT System to include all phases of operations: Implementation, Design, Development, Transfer, Operations and Maintenance.
  9. Maintain and support all development, testing environments, and production releases for enhancements and upgrades during all operational phases.
  10. Manage EBT account processing, card production, Personal Identification Number (PIN) selection, reporting, transaction history retention, manual voucher authorization, purchases, and adjustments.
  11. Develop and execute retailer participation agreements with Third Party Processors (TPPs) and direct connect retailers.
  12. Add new retailers and delete decertified retailers as advised by FNS.
  13. Establish and operate a twenty-four (24) hours per day, seven (7) days per week, Customer Service Call Center for cardholders to obtain account balances, report lost or stolen EBT cards, file claims on problem transactions, and obtain general information or guidance. Also include a twenty-four-seven (24/7) retailer support structure for authorizing manual voucher purchases and adjustments, providing assistance for equipment problems, and settlement/reconciliation problems.
  14. Establish and provide a problem escalation and resolution procedure for reporting and tracking problem escalation, notification, resolution, and root cause analysis.
  15. Host a secure web portal for EBT cardholders to check balances, view the Arkansas EBT brochure, check recent transactions, change PIN, lock and unlock EBT card, and access general EBT information as approved by DHS.
  16. Train staff in the operation of the EBT System and updating procedure manuals for all transactions, processes, and/or reports used by the staff and users.
  17. Agree to provide additional services to DHS through the state-approved process (via change order or amendment) which could include, e.g., enhancements to the system.
  18. Provide metrics for performance showing service level criteria required.
- D. Contractor **shall** provide a secure, fully redundant web based EBT System that complies with all Federal and State laws and regulations. Circuits **shall** not be installed in a DHS facility. The EBT System **shall** be operational, seven (7) days a week, twenty-four (24) hours a day, three hundred sixty-five (365) days per year.

E. Contractor **shall** have a contingency plan for circumventing communication outages of longer than five (5) minutes.

~~F. Contractor **shall** provide a security process to ensure that access to the EBT System **shall** not be compromised by any unauthorized access. Contractor **shall** provide DHS with the capability to assign user EBT Program users passwords and a web interface for active users to securely reset their own password and the logging of failed log-in attempts. Contractor **shall** comply with the most current specifications in State of Arkansas Department of Information System (DIS) Cyber Security Policies or the FNS Security Policy, whichever is more stringent. Contractor **shall** also provide DHS with the ability to create groups of EBT Program users with custom security roles. Contractor **shall** provide a security process to ensure that access to the EBT System shall not be compromised by any unauthorized access. Contractor **shall** provide DHS with the capability to assign EBT Program users passwords and a web interface for active users to securely reset their own password and the logging of failed log-in attempts. Contractor **shall** comply with the most current specifications in State of Arkansas Information Security (AIS) Policy or the FNS Security Policy, whichever is more stringent. Contractor **shall** also provide DHS with the ability to create groups of EBT Program users with custom security roles.~~

G.F. Contractor **shall** allow for the following DHS capabilities in the EBT System:

1. Enable/disable account access
2. Allow for updating demographics
3. Provide a memo field to add notes for case comments, to include date stamp
4. Checking card status
5. Card issuance and reissuance

H.G. Contractor **shall** provide FNS online access to the EBT System.

H.H. Contractor's EBT System **shall** support both batch and online, real-time transmissions between the DHS's eligibility system and Contractor's EBT database. Contractor **shall** develop a system that allows for the transfer of authorized EBT benefits from the State's online eligibility file used by DHS, the return of benefit utilization information, other data, and reports. Contractor **shall** assume all costs associated with the development, testing, and on-going operation, maintenance, and upgrading of this interface telecommunications link.

J.I. Contractor **shall** be responsible for determining, in conjunction with DHS's telecommunications staff, the appropriate design and capacity of the interface link to ensure that all transmissions be completed within the performance parameters set forth herein. All batch transmissions between systems **shall** be confirmed by the receiving party with a confirmation message, one (1) per file transmission. Contractor **shall** demonstrate that it has appropriate control procedures to ensure that all transmitted data is accurately and completely received to prevent the processing of incomplete and/or duplicate data.

K.J. Contractor **shall** provide an automated inventory control system to effectively manage vault card assignments. Contractor's inventory control system **shall** track cards received, issued, and voided by DHS. It **must** also include prompts for low inventory/reorder conditions and appropriate management reports. Contractor's inventory control system **shall** also include a card issuance database including, at a minimum, cards issued, activated, undelivered, and canceled. Contractor's inventory control system, including the database **shall** be accessible to DHS via secure password.

## 2.14 EBT CARDS AND ISSUANCE

Contractor **must** provide and produce EBT cards that comply with the most current SNAP regulations at 7 CFR § 274.8(b)(5) and 7 CFR § 274.8(b)(10)(iii), specifications in the QUEST Operating Rules (QOR), the International Standards Organization (ISO), and the American National Standards Institute (ANSI) relating to cards used for financial transactions.

### A. Card Design:

Contractor **must** use the State's current EBT card designs, including graphics and color processing. DHS will provide input concerning the design process and reserves the right to approve the reproduction of the card designs. DHS retains the right to rename or change the design of the EBT cards at any time. At the States' request, the card may include a photo of the client on the front of the card however, no other security features, such as a hologram, fine line printing, or ultraviolet ink are required for the card. Prospective Contractor's proposal **must** describe in detail its capabilities to design and/or manufacture EBT cards and identify any third party or subcontractor involved in the process.

All EBT cards **shall** have the client's name and the Personal Account Number (PAN) ~~embossed~~ **printed** on the card in the location specified by DHS. The toll-free number for Customer Service **shall** be printed on all cards. A signature panel **shall** be provided on the back of the cards. The EBT card **must** clearly state, "Do Not Write PIN on Card" and the toll-free number for Merchant Voice Authorizations **shall** be printed on the back of the card. The

USDA/FNS statement of nondiscrimination **must** also appear on the back of the EBT card. The nondiscrimination statement **shall** read: "USDA is an Equal Opportunity Provider, Employer, and Lender."

Card samples **must** be submitted for DHS approval prior to initial production, whenever the card is redesigned, or whenever the card is changed in any respect.

## B. Card Security

1. Contractor **shall** provide, at minimum, EMV **double interface (a.k.a. dip and tap)** functionality **at the time of the scheduled transition to EMV cards**, and Card Verification Value (CVV) on all issued EBT cards. Cardholders **shall** have the ability to lock and unlock cards to protect their balances from theft. Contractor **shall** provide card security features that meet or exceed FNS standards and QOR. Contractor may propose additional features and security options supported by current or imminent technological capabilities.
2. Contractor **shall** allow multiple cardholders to have access to the SNAP account. However, only one (1) EBT card holder **shall** have access to a cash account. Each card **must** contain unique identifying data and use an owner selected PIN while accessing the same benefit account(s).
3. Current EBT cardholders **must** be able to continue using the previously issued cards throughout the transition to EMV cards that will be completed during the term of this new contract. The transition to EMV cards **shall** be coordinated with Contractor and will occur through a multi-staged, mass card replacement.
4. Contractor **shall** submit an EMV Card Transition and Replacement Plan **(including a timeline)** for DHS review within two (2) business days after the conclusion of Design Phase for DHS review and comment. ~~The final~~ EMV Card Transition and Replacement Plan shall be submitted within five (5) calendar days of receipt of DHS comments.

## C. Card Production

1. Contractor **shall** be responsible for all aspects of EBT card production including:
  - Specified initial card issuance without an expedited indicator
  - Card replacement
  - Vault carded
  - Card activation
  - PIN selection with restrictions to block common PINs (such as all zeros, ones, 1234, etc.)
  - Current inventory
2. Contractor **shall** legibly print on each EBT card the following language and information:
  - "USDA is an Equal Opportunity Provider, Employer, and Lender" (Non-discrimination statement in accordance with 7 CFR § 274.2(e)(5)).
  - Cardholder and Retailer Customer Service numbers.
  - "Do Not Write Your PIN Number on Card" "If found, return to address [to be provided by Contractor]"
  - "TTY (Telecommunications Relay Service for Hearing/Speech Impaired)"
3. Contractor **shall** print the following on the EBT card, card carrier, or both:
  - "Buying, selling, or otherwise misusing SNAP benefits is a federal crime. To report suspected abuse, visit Customer Service Call Center toll free number: 1-800-997-9999."
  - Cardholder Web Portal address.
4. Contractor **shall** train DHS staff and provide the needed equipment for the production of cards according to industry standards. This applies to cards that **must** be produced and issued by DHS based on the agency's business model.

## D. EBT Card Issuance

1. Contractor **shall** mail initial and replacement cards for all EBT programs, except SNAP expedited (which the state intends to issue), First Class through the United States Postal Service (USPS), to the cardholder no later than the next business day, after Contractor receives the cardholder information from DHS or when the old card is reported lost, stolen, or damaged and the address and security requirements for cardholder information have been verified.
  - a. Contractor **shall** deactivate all EBT cards that are reported lost, stolen, or non-functioning (damaged) and issue a new card. Contractor **shall**, via the Customer Service Call Center (CSCC), replace a lost, stolen, and/or damaged card if the cardholder's address in the EBT System is the cardholder's current address as verified by the CSR. If the address or security requirements are not met or do not match what is in the EBT System, Contractor **shall** instruct the cardholder to contact DHS to update their information. Contractor **shall** provide the cardholder with free replacement cards, card activation service, and pinning

- through the IVRS. All replacement cards mailed **shall** include an EBT card carrier and a [mailertraining pamphlet](#).
- b. The EBT system **shall** issue Authorized Representative and/or Alternate Payee EBT cards based on indicators received from the eligibility system.
  - c. The EBT system **shall** issue a single Alternate Payee EBT card allowing access to both SNAP and TEA/Cash benefits when the Alternate Payee is the same person for both benefits.
  - d. The EBT system **shall** issue separate EBT cards for each Alternate Payee for the SNAP and TEA/Cash benefits when the Alternate Payee different individuals for each benefit.
2. Contractor **shall** mail all initial cards to the cardholder and the mailing packet **shall** include the [EBT brochure along with the EBT card, card carrier, and training pamphletcard mailer](#) (Refer to Exhibits 3 & 4 in the Bidder's Library for historic card issuance data). [Card mailersTraining pamphlets](#) **must** be written in English, Spanish, Marshallese, or other language as requested by DHS. [DHS will notify Contractor when a non-English training pamphlet is required.](#) When mailing a card to an authorized representative/alternate payee, the primary cardholder's name **must** appear on the card mailer.
  3. Contractor **shall** use USPS Business Gateway services barcoding on EBT cards mailed on behalf of Arkansas DHS. Contractor **shall** provide corresponding tracking reports indicating the date the card was mailed by Contractor or designee, the date that USPS received the card, and the dates the cards were delivered. This report will be provided monthly. Contractor **must** change EBT cards returned by the USPS to an "undeliverable" status. Contractor **shall** generate a daily electronic Card Returned Report in Excel (unless otherwise specified by DHS) and upload the file to the administrative terminal for DHS access.
  4. Contractor **shall** activate EBT cards and allow for new PIN assignment via the IVRS. Contractor **shall** provide a Cardholder Protective Password solution that will prevent other individuals from changing the PIN or Status of a card. The Cardholder Protective Password solution **shall**:
    - a. Be auto generated by the EBT System.
    - b. Contain random numbers.
    - c. Require a CSR to request a Cardholder Protective Password before the card status can be changed or a PIN selected.
    - d. Allow only the EBT Project Office Staff to generate passwords via a request from DHS staff.
    - e. The State desires both functions - random password generation and the ability of the account holder to create a password by calling the toll-free number (1-800) listed on the back of the card to activate, selecting to set a PIN/Password accordingly.
  5. Contractor **shall** disable an EBT card but not the benefit account, after four (4) consecutive, inaccurate PIN entry attempts at a POS terminal.
    - a. The disabled card **shall** remain blocked from all EBT transactions until 12:01 AM the following day.
    - b. In accounts with multiple cards, all other cards **shall** be allowed continued access to any remaining available benefits.
  6. Contractor **shall** be responsible for the maintenance of a card issuance database that **shall** be accessible via secure login to DHS twenty-four (24) hours a day, seven (7) days a week.

## 2.15 CUSTOMER SERVICE

Contractor **shall** provide a Customer Service Call Center (CSCC) consisting of an Interactive Voice Response System (IVRS) and a sufficiently staffed Help Desk to assist DHS cardholders and retailers accepting the Arkansas EBT card. Contractor **must** have the ability to provide translation and interpreter services for persons with non or Limited English Proficiency. The CSCC must provide support that is accessible by individuals with disabilities and clients using rotary telephones. The CSCC **shall** be located within the continental U.S. and **shall** provide the following services:

- Utilize the current toll-free number (1-800-997-9999) and be available twenty-four (24) hours a day, seven (7) days a week.
- Contractor **shall** provide contingency plans for operating the CSCC if a location is impacted by a disaster.
- The maximum wait time when contacting the CSCC should not exceed twenty (20) minutes.
- The CSCC **must** be operational and available when the Operations and Maintenance Phase begins.
- Contractor **must** immediately notify DHS of any call center outage exceeding five (5) minutes.

Contractor must generate and submit a monthly report with the following information regarding CSCC operations:

- Number of calls received per day
- Duration of calls received
- Number of Abandoned calls per day
- Average hold time

- Dequeued calls (calls that are rerouted or disconnected due to system rules/logic and not by the client)
- Maximum wait time
- Average answer speed

#### A. Interactive Voice Response System (IVRS)

Contractor **shall** provide an IVRS that allows cardholders and retailers to obtain information using an automated system. The IVRS **shall** comply with the ADA Act and provide TTY capability for cardholders and retailers with hearing disabilities. Contractor **shall** submit the IVRS scripts during the Transition-In period for review and written approval by DHS. Contractor **shall** seek written pre-approval by DHS of any changes to the scripts.

1. For Cardholders, Contractor **shall**:
  - a. Provide access to the IVRS via the public telephone.
  - b. Provide an option to report a claim from the main menu.
  - c. Permit access to account balances and transaction history.
  - d. Permit card activation/PIN assignment.
  - e. Permit cardholders to cancel an EBT card and order a replacement using IVRS functionality or speaking with a CSR.
  - f. Include an adaptive fraud solution to assist with mitigation of EBT cardholder losses, specifically related to fraudsters obtaining EBT account information such as cardholder balance from the IVRS. Components expected in the IVR adaptive fraud solution **must** include, at a minimum:
    - Capturing IVRS information and then immediately identifying a risk score for every IVRS call based on characteristics from calls made previously from that ANI (Automated Number Identification) and the network carrier.
    - Ability to implement in real-time certain mitigation measures such as call blocking/termination once a high-risk score is detected.
    - Capability to block certain known fraudulent ANIs based on experience in other states.
    - Reports shall be provided on all ANIs associated with a risk score that meets the predetermined mitigation target and all cases accessed by a high-risk ANI.
2. For Retailers, Contractor **shall**:
  - a. Provide manual authorization approval.
  - b. Provide Help Desk assistance for problem resolution, including but not limited to: connectivity, equipment performance, funds settlement, claims.

#### B. Help Desk

Contractor **shall** provide a general use Help Desk as well as a Technical Support Help Desk with live CSRs available twenty-four (24) hours a day, seven (7) days a week. All technical and support services **shall** be provided in English, Spanish, Marshallese, and any additional languages requested by DHS. CSRs **shall** be proficient in spoken and written English and have a clear comprehension of the English language.

1. The Help Desk **shall** provide the following assistance:
  - a. For Cardholders:
    - General information, i.e., mechanism to report lost, stolen, or compromised cards.
    - Problem resolution, i.e., transaction disputes.
  - b. For Retailers:
    - General DHS-related inquiry or support
    - Manual Authorization approval
    - Daily deposit inquiries/settlement data
    - Account problem resolution
2. Contractor **shall** provide Data Processing Technical Support Help Desk services to DHS twenty-four (24) hours a day, seven (7) days a week to resolve technical and system problems, locate files, address transmission issues, etc. The Data Processing Technical Support Help Desk **shall** also monitor the system and transmission line performance in real time and proactively resolve issues. All technical and support services **shall** be provided in English, Spanish, Marshallese, and additional languages upon DHS request. ~~CSRs shall be proficient in spoken and written English and have a clear comprehension of the English language.~~

#### C. EBT Web Portal

1. Contractor **shall** provide a Cardholder Portal that is accessible via the internet. The Cardholder Portal **shall** be able to accommodate English, Spanish, and Marshallese language users, and any other languages requested by DHS. Contractor **shall** ensure that individual cardholder records are available only to an

authorized user of the Cardholder Portal and all data and information housed by the system are fully protected against hacking and other unauthorized access.

- a. The Cardholder Portal **shall** allow EBT cardholders to authenticate themselves by using secure Web protocols in English, Spanish, and Marshallese, User IDs, and Passwords. Cardholders **shall** be able to create passwords and **shall** be prompted to change passwords at least every ninety (90) days. The Cardholder Portal **shall** also allow the cardholder to:
  - 1) Obtain current account balances
  - 2) View the benefits that have been posted to the EBT account but are not yet available
  - 3) View the details of transactions (for a maximum of ninety (90) days)
  - 4) View, save, and/or print transaction history (for a maximum of ninety (90) days)
  - 5) View the issuance schedule for EBT and Cash benefits
  - 6) Change PIN
  - 7) Lock and unlock EBT card to protect against theft
- b. Contractor **shall** provide on a monthly basis reports on usage of the Cardholder Portal, including:
  - 1) Total number of cardholders accessing the portal during a selected reporting period.
  - 2) A breakdown of the number of users that access the portal provided by the functions they use.
2. Contractor **shall** develop and maintain a Retailer Portal that is accessible via the internet and able to accommodate English, Spanish, and Marshallese language users, and any other languages requested by DHS. Retailers **shall** be able to create passwords and **shall** be prompted to change passwords at least every ninety (90) days. The Retailer Portal **shall** allow the following:
  - a. Access to a minimum of ninety (90) days of transaction history.
  - b. View ACH deposits.
  - c. Access to informational materials, i.e., State issuance schedule, Quick Reference Guide (QRG), etc.

#### D. Mobile Device Application (Mobile Apps)

Contractor **shall**, at no additional cost to the Cardholders or the State, provide a mobile device application for Cardholders. The application **must** have the same functionality as the Cardholder Portal and **must**:

1. Be able to use a mobile device's global positioning system (GPS) data to locate nearby FNS Authorized Retailers and farmers' markets that accept EBT and Cash access locations.
2. Provide functionality that will allow Cardholders to sign up for text and/or e-mail alerts. At minimum, Contractor **must** offer alerts when a Cardholder's benefits become available and when an event occurs that impacts Cardholder access to benefits.
3. The mobile device applications **must** be available in English, Spanish, Marshallese, and other languages requested by DHS.

## 2.16 TRAINING REQUIREMENTS

- A. Contractor **shall** provide initial, on-going, and ad-hoc training to all EBT Project Office staff and staff trainers, i.e., field staff, DHS Central Office staff, and retailers. Initial training for DHS staff **shall** include a hands-on training session with a live instructor, which **shall** be recorded by Contractor and made available online. Contractor **shall** provide specific training and make available for distribution an EBT Program User Manual to DHS Central Office Management Staff, Issuance Staff, and County Office Staff to ensure DHS users can perform successful EBT System inquiries. Training for equipment provided by a TPP, an independent sales organization, or a value-added reseller, **shall** be provided by that specific equipment provider.
  1. Contractor **shall** provide user specific live training, materials, and manuals as requested by DHS that may include without limitation the following:
    - Fraud/Security
    - Financial Transactions
    - System Performance
    - Inventory Control
    - User fields
    - Access
  2. Contractor's training materials **must** alert cardholders, retailers, and DHS staff to the functions and capabilities, as well as the consequences of abuse or misuse of the EBT System. Training materials and live trainings **shall** emphasize that intentional misuse or abuse of the system **shall** result in investigations by State and/or Federal authorities, and that sanctions **shall** be imposed for documented violations. Sanctions may include administrative disqualification, recovery of benefits through recoupment/restitution, dismissal

from employment, and/or referral for criminal prosecution. The message during training **shall** clearly state that it is a crime to defraud the EBT System.

3. Contractor **must** submit for DHS's approval all training program materials, including training aids, prior to their use and DHS **shall** retain ownership of any documentation that is developed and used in training.
- B. Contractor **shall** develop for DHS approval EBT System training materials specifically for Cardholders, including printed training materials (mailer inserts), a training video, and a training pamphlet. DHS shall have final approval of all training materials. Training material must be included in all meetings and trainings.
  1. Printed training materials **shall** be provided to all current cardholders prior to data transfer. DHS will provide Contractor with a current list of cardholders. Cardholder printed training materials **shall** be written in English, Spanish, Marshallese, and any other languages as requested by DHS at a fifth (5th) grade reading level. Contractor **must** include the printed training material with all card mailings unless otherwise approved by DHS.
  2. Contractor **must** develop a training video to be distributed along with a training pamphlet to the DHS EBT Program Office and every DHS County Office. Contractor **must** provide the video and training material in a secure electronic format. The training video **shall not** be longer than fifteen (15) minutes. The training video **shall** be directed at a fifth (5th) grade education level, and **shall** be provided in English, Spanish, Marshallese, and other languages as requested by DHS and **must** include closed captioning. The content of the training pamphlet and training video **must** include:
    - a. Use of the Arkansas EBT card, including the type of benefit transactions that can be processed at EBT terminals.
    - b. Use of the Arkansas EBT card at ATMs, including the type of benefit transactions that can be processed at the ATMs and related fees.
    - c. Types of locations that Arkansas clients are prohibited by law from accessing.
    - d. Use and safeguarding of the card and PIN.
    - e. Card replacement information.
    - f. PIN change methods and procedures.
    - g. Guidance on reporting problems with the card or its use and on reporting a lost or stolen Arkansas EBT card.
    - h. Use of transaction receipts to track balances.
    - i. Use of the Customer Service Call Center (CSCC).
    - j. Cardholder service functions including a prominent display of the toll-free CSCC telephone number.
    - k. Information on requesting and the processing of adjustments against a cardholder's EBT account.
    - l. Adherence to EBT policy regarding misuse of benefits.
    - m. Information about the use of cards across state lines (Interoperability).
    - n. Contractor **must** include the following messaging in accordance with Federal civil rights law and USDA civil rights regulations and policies, the USDA, its agencies, offices, employees, and institutions participating in or administering USDA programs:
      - "EBT benefits **shall** not be used to pay for any eligible food purchased prior to the time at which an EBT card is presented to authorized retailers or meal services."
      - "EBT benefits cannot be sold for cash or exchanged for non-food items."
  3. Contractor **must** provide updates to training materials and videos semi-annually or upon request by DHS throughout the life of the contract.
- C. Contractor **shall** be responsible for all aspects of initial and on-going training provided to TPP retailers unless the equipment used is provided by a TPP. If equipment is being provided by a TPP retailer, then TPPs should be responsible for providing the necessary training as needed.
  1. Contractor **shall** develop and provide a Retailer User Manual (RUM) and a Quick Reference Guide (QRG) within ninety (90) calendar days after the contract start for distribution to all retailers participating in the EBT System. A copy of the final RUM and QRG **shall** be provided to DHS in addition to retailers. The RUM and QRG **must** be updated at least semi-annually or otherwise upon request by DHS.

## 2.17 POS TERMINALS

- A. Contractor **shall** provide all approved retailers the opportunity to participate in the EBT System. ~~and shall supply POS terminals to all FNS approved exempt retailers who choose not to purchase their own equipment. This equipment shall be restricted to EBT use only. Store types exempt from the retailer cost provisions of the Agricultural Act of 2014 are listed in the table below:~~

STARS Business Type Codes and Descriptions
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Business Type Code	Description	Store or Meal Services
AD	Drug and/or Alcohol Treatment Program	Meal
BC	Non-profit Food Buying Co-op	Store
BW	Shelter for Battered Women and Children	Meal
CD	Communal Dining Facility	Meal
DF	Direct Marketing Farmer	Store
FM	Farmers' Market	Store
GL	Group Living Arrangement	Meal
HP	Homeless Meal Provider	Meal
MC	Military Commissary	Store
MD	Meal Delivery Service	Meal
SC	Senior Citizens' Center/Residential Building	Meal

~~B. Contractor **must** procure and maintain current and new retailer POS equipment at all FNS approved exempt retailer locations. Terminals deployed by Contractor **must** meet the operational requirements of the EBT System and support the full EBT transaction set. Contractor **must** supply Direct Marketing Farmers (DF) and Farmers' Market (FM) retailers with wireless POS equipment.~~

~~C.B.~~ Contractor shall be responsible for all aspects of initial and on-going training provided to TPP retailers unless the equipment is provided by a TPP. If the equipment is being provided by a TPP retailer, then the TPP is responsible for providing the necessary training.

~~D.C.~~ Contractor shall support the following POS SNAP Transaction Types:

1. SNAP Purchases
2. SNAP Returns
3. Manual Authorizations
4. Voucher Clears
5. Balance Inquiries
6. Voids or Cancellations
7. Reversals
8. Contractor **shall** accept and process EBT transactions where the card number has been manually entered into the POS terminal. Transactions **must** be entered manually with the card number at times when an EBT card is damaged and/or the POS terminal is unable to read the magnetic stripe. PIN entry by the cardholder **must** also be required on manually entered transactions. DHS has the right to remove key entry capability at individual retailer locations if the function is abused.

~~E.D.~~ Contractor **shall** document its capacity for blocking access to TANF benefits at POS terminals in accordance with the Middle-Class Tax Relief (MCTR) and Job Creation Act of 2012. Cardholders **shall not** be permitted to use EBT cards at the following:

1. Gambling or gaming establishments.
2. Adult entertainment venues where performers disrobe or perform in an unclothed state for entertainment.
3. Liquor stores that sell exclusively or primarily intoxicating liquor.
4. This does **not** include a grocery store that sells both liquor and groceries including staple foods (within the meaning of Section 3I of the Food Nutrition Act of 2008).

~~F. Contractor **shall** enter into agreements with USDA/FNS approved group living arrangements/meal services for the deployment of POS equipment. The State currently has fourteen (14) group living arrangement/meal service entities. The EBT System shall only accept SNAP transactions from POS terminals of FNS approved retailers and Contractor shall be responsible for the authorization of cardholder initiated SNAP transactions. Contractor shall ensure that EBT account benefits are distributed on a First In, First out (FIFO) basis.~~

~~G.E.~~ DHS will notify Contractor of any locations that are prohibited from using the EBT System to transact cash benefits, e.g., Group Living Arrangements.

~~H.F.~~ Contractor **shall** support the Federal requirement of processing interoperable SNAP transactions, including SNAP transactions performed at a State of Arkansas retailer where the cardholder has benefits issued by a state other than Arkansas. Contractor **shall** also demonstrate its capability to accept and process cardholder transactions occurring at out-of-state (non-Arkansas) retailers.

~~I.G.~~ Manual Voucher Process:

1. Contractor **shall** process manual vouchers for SNAP transactions only when electronic transactions are not available due to disasters, infrastructure failures, or EBT System failure. The exempt retailers listed below **must** be able to continue to use manual vouchers for purposes other than disasters or EBT System failures:
  - a. Exempt retailers as listed in Section 2.17 POS TERMINALS.
  - b. Retailers authorized before March 21, 2014, and currently using manual vouchers **shall** continue until further notice from the USDA/FNS.
  - c. A new retailer with one (1) of the aforementioned exemptions until further notice from the USDA/FNS.
2. The Retailer **must** complete a manual voucher, including the cardholder's signature on the voucher. The cardholder's signature **must** be substituted for the cardholder's PIN. Retailers **must** obtain an approval number from the EBT Retailer Help Desk prior to dispensing the purchased goods. If approval is not obtained and goods are dispensed, the retailer **shall** be liable for the full transaction amount. Contractor **shall** ensure that this is emphasized in the retailer training.
3. If the retailer uses manual vouchers to conduct ongoing business, they **must** clear the manual voucher within fifteen (15) calendar days of the voucher approval either electronically on the POS terminal or by mail. If the retailer does not clear the manual voucher within fifteen (15) calendar days after receiving telephone approval, the approval number **shall** expire, and the funds **shall** return to the cardholder's EBT account. The liability for the transaction then rests with the retailer.

#### J-H Benefit Transaction POS Functions:

1. Retailer Log-on and Log-off Security Functions - The retailer's staff **shall** interact with EBT security processes to access the system using the POS terminal. Contractor's procedures and software **must** control staff access via authority level and define management controls to access system.
2. Settlement Processing - The POS terminal **must** allow the retailer to access the system to process the various close of business functions in the Retailer and Financial Institution Account Processing as required.

## 2.18 FINANCIAL TRANSACTION PROCESSING

- A. Contractor **must** identify networks that **shall** be included in the EBT System. Contractor's EBT System **shall** identify and capture both on and off-line financial transactions including:
  1. On-line EBT transactions executed on the financial network
  2. On-line transaction processing related to cardholder accounts initiated at access terminals
  3. On-line transaction processing related to retailer and financial institution accounts, initiated at access terminals
  4. System initiated transactions
  5. On-line processing interactions
  6. Off-line transaction processing (manual voucher transactions)
- B. Contractor **shall** bear all liability for any losses resulting from errors or omissions, including fraud and abuse, on the part of Contractor or its representatives or subcontractors. These liabilities include, but are not limited to:
  1. Any duplicate or erroneous postings of benefits or void actions to a Cardholder account.
  2. Any losses from funds drawn from an account after the Cardholder notified Contractor that the card had been lost or stolen.
  3. Any losses from transactions performed with cards issued but not activated by the Cardholder and/or Contractor.
  4. Any losses from transactions completed using invalid Retailer FNS authorization numbers.
  5. Any damages or losses suffered by a Federal or State agency due to negligence on the part of Contractor.
- C. Daily Benefit Transmission  
 DHS will transmit to Contractor a file of benefits which may include SNAP, TANF, or Summer EBT benefits. The transmission will take place according to a mutually agreed upon schedule, every State business day. The file will be submitted as one (1) file, but this transmission will consist of recurring and one (1) time benefits. This file will contain a payment date and time, which **shall** represent the first day and time of day these benefits can be accessed by the cardholders. Contractor **shall** ensure the following:
  1. File is validated by assuring that the record totals and benefit amount totals equal the summary totals provided by DHS.
  2. A pre-processing check of the file **shall** be performed to ensure the file is structured correctly, prevent duplicate processing, and ensure there is nothing unusual in the file.
  3. Once everything is checked, the file **shall** be processed, and a summary report **must** be sent back to the State. The summary **must** show the total number of cases processed, the total dollar amount, and a listing of any case demographic or issuance that was rejected. The file **shall** consist of the following information:
    - Account number

- Issuance method
- Issuance number
- Issuance type
- Payment name
- County number/record number
- Payment date and time of availability to cardholder
- Benefit Program
- Benefit Sub-Program
- Benefit amount
- DHS account code

4. New accounts are established for each new cardholder. If an account already exists for a participant, benefits **shall** be credited to the existing account but are not to become available before the payment date. Contractor's system **must** recognize when a duplicate account is created for a participant with matching name, date of birth, and social security number. Contractor **must** immediately notify DHS of duplicates and place the account on hold. DHS will review the account for rejection or approval of the account.
  - a. An account **shall** receive one (1) or more benefit types on any payment date or transmission.
  - b. An active case **shall** be billed only once in the billing month regardless of the number of authorized benefits that have been posted.
  - c. Monthly benefits posted prior to the end of the month **shall not** constitute a billable case until the benefit has been made available to the client, i.e., availability date of the benefit has been reached.
  - d. A "holdover," which occurs when a client accesses benefits from a previous month and no new benefits have been authorized and made available for the current month, is not an active case. The identity of each individual benefit stored in the account is retained.
5. Contractor's EBT System **shall** permit DHS to close and reopen accounts (case numbers).

D. Tracking Benefit Withdrawals

Contractor's EBT System **shall** be capable of the following:

1. Tracking and retaining the identity of each individual whole benefit, as well as the first withdrawal from a benefit.
  - a. If all benefit funds are not withdrawn, then the remaining amount is referred to as a partial benefit.
  - b. Every subsequent withdrawal from that account is charged against that partial benefit until it is totally withdrawn.
  - c. Ensure that there is only one (1) partial benefit per account at any given time.
2. Upon a withdrawal, determining which whole benefit to access on a First in, First out (FIFO) basis. (An account may contain multiple whole benefits at one (1) time.)
3. If two (2) or more whole benefits are received on the same day, selecting the oldest benefit from which to begin accessing for withdrawals.
4. Reporting the tracking and reporting of benefit access to DHS in an electronic format.
5. Contractor **shall** provide all benefit information originally provided by DHS related to that benefit on the daily return/monthly aging report file.

**Note:** DHS will not make any system modifications to accommodate this or any other processing requirement.

E. Account Balances

An EBT benefit account **shall not** close when a case closes. The former recipient **shall** remain entitled to the account balance.

1. As long as benefits remain in the EBT account, the former recipient **shall** have the right to still have cards issued or reissued and select or change PINs.
2. SNAP Benefits **shall** remain available to the household for two hundred seventy-four (274) days from the date of availability, or the last time accessed, whichever occurs last. Contractor **shall** notify DHS through the interface of SNAP EBT accounts with balances that have aged to intervals defined by the State during implementation so that DHS can send expungement notices to those households. Contractor **must** also provide appropriate funds unavailable/decline message at a POS terminal. After two hundred seventy-four (274) days of inactivity, the inactive benefit(s) **shall** be expunged from the account. The household **shall** no longer access expunged benefits, but they may be applied to a SNAP overpayment claim.

3. Summer EBT benefits **shall** remain available to the household for one hundred twenty-two (122) days from the date of availability. After one hundred twenty-two (122) days from the date of availability, any remaining SEBT benefits **shall** be expunged from the account. Contractor **shall** notify DHS through interface of SEBT accounts with balances that have aged to seventy-seven (77) days so that DHS can send expungement pre-notifications to those households.

F. Account Close Out

Cardholders receiving recurring benefits **shall** have the right to spend all benefits each month from their account resulting in a zero (0) balance. Since they will receive benefits again next month, Contractor **shall not** remove their accounts from the active account database. Contractor **must** close accounts from the active database according to the following:

1. For SNAP, an account is reduced to a zero (0) balance and remains at a zero (0) balance for a period of two hundred seventy-five (275) days.
  - a. The two hundred seventy-five (275)-day count **shall** begin on the date when the account was first reduced to a zero (0) balance. Any active account **shall** stay active, **shall** become new. If on the day of conversion, Contractor **shall** reactivate if possible; if impossible, then Contractor **shall** create a new account, e.g.,
    - i. If on the date of conversion, the case has been inactive two hundred seventy-five (275) days or more then that case will be converted as inactive.
    - ii. If on the date of conversion, the case has been inactive for less than two hundred seventy-five (275) days, the case will be converted as active.
    - iii. An inactive case is defined as one in which the account balance is equal to zero (0) and there has been no account activity in or out of the case for two hundred seventy-five (275) days or more.
4. For SNAP, an account with benefits not accessed for two hundred seventy-five (275) days and resulting in the benefits being returned and a zero (0) balance. Any subsequent benefit authorizations **shall** reset the day count to zero (0).

G. Transaction History

1. Contractor **shall** provide DHS online inquiry for all account benefit transaction activity for a minimum of four (4) years, if four (4) years of data is available, from the date of the final withdrawal that closed out a benefit. Information should be obtained without reactivating closed accounts.
2. Online transaction activity for partial benefits shall remain available if the partial benefit has not been returned. This online capability shall permit the inquiry of and receipt of account information in the following ways:
3. By account, summary credit, debit, and current balance information.
  - a. By account, detailed information on all SNAP, Summer EBT, TEA, and Work Pays transactions for a specified period, including the date, time, location, and amount.
  - c. By account, detailed information on all transactions for a specific retailer, POS terminal.
  - d. By account, EBT card issuance and replacement history, including information, i.e., account balances at time of replacement and summary totals of card replacements over a specified period from one (1) day up to three (3) years.
  - e. By retailer, detail information on all cash, SNAP, or Summer EBT transactions for a specified period, listing such information i.e., account numbers, days, times, locations, terminals, and amounts.
  - f. By retailer, detail information on all transactions for a particular account.
4. Contractor shall move transaction history to an off-line storage file for the duration of the contract after four (4) years on-line storage.
  - a. This storage file **shall** include all pertinent information regarding the transaction, including the following:
    - Cardholder card and account numbers
    - POS number and full address including zip code.
    - Date and amount of the transaction.
  - b. Access to the data **shall** be granted to DHS and other authorized government agencies as required for investigative and auditing purposes.
  - c. This file **shall** be delivered in a mutually agreed upon format to DHS's new EBT Contractor as part of the overall database transfer process when the contract is terminated.
  - d. This off-line information retrieval **shall** provide for different sorting of the information. The following are requirements of how off-line history shall be stored:
    - By account, transactions occurring at out-of-state locations over a specified period from one (1) day up to four (4) years.

- By retailer and/or by store, summary transaction history over a specified period from one (1) day up to four (4) years.
- By retailer and account, even dollar transactions over a variable threshold over a specified period from one (1) day up to four (4) years.

#### H. Retailer & Financial Institution Account Processing

Contractor's EBT System **shall** support the following functions to process cardholder accounts at USDA/FNS approved retailers and financial institutions interested in participating in EBT as acquirers of cash financial transactions:

##### 1. System Recognition

- a. Contractor's EBT System **must** maintain control files that recognize a participating EBT retailer.
- b. Contractor's system **must** allow transactions only from POS terminals recognized by the control files. These files **shall** store information, i.e., store name, address, and Federal authorization number.
- c. Contractor **shall** use the FNS Retailer EBT Data Exchange (REDE) system.
- d. Contractor's EBT System **shall** not allow duplicate terminal identification numbers.
- e. As part of the initial set-up of a retailer account, a pre-note transaction **must** be sent through the ACH network to verify the appropriate information (i.e., retailer's American Bankers Association (ABA) number and retailer's bank account number) to minimize rejected items. Contractor **shall** comply with **Section 2.26 BANK REQUIREMENTS** and bank regulation requirements at 7 CFR § 274.8(c)(1).
- f. Contractor's EBT system **must** interface with the Arkansas Integrated Eligibility System (ARIES). All transactions authorized from the administrative terminal **must** display in ARIES, including cancellations.

##### 2. Service Termination

- a. Contractor **must** support termination of a retailer by FNS.
- b. The EBT System **must** support a service termination function i.e., a "hold status," or termination status.
- c. Retailer **must** be removed/de-activated from Contractor's database immediately upon receipt of the REDE file from FNS.

##### 3. ATM/POS Settlement Processing

- a. Contractor **shall** accomplish settlement for SNAP benefits for electronic and manual voucher transactions. Terminal settlement **must** reconcile out of balance situations.
- b. Financial reimbursement for transactions performed at participating retailers **shall** be based on the daily Federal Reserve (FR) deadlines. Transactions that are processed after the deadline for the current business day **shall** be credited to the following business day's totals.

##### 4. Fund Transfer

- a. After settlement between the terminal and the EBT System, Contractor **must** transfer funds to the appropriate retailer accounts for the value of the transactions executed for the business day. The actual transfer of funds occurs through the ACH process after system settlement for the business day. If a TPP is involved, Contractor **shall not** settle to the retailer but must settle the TPP of record.
- b. All activity **must** be reflected on daily settlement reports in Excel (unless otherwise specified by DHS) and transmitted to DHS.
- c. If retailer's refunds exceed its sales, a debit to the retailer account **must** be generated and performed through the ACH process.

##### 5. Dispute Processing

- a. Contractor **shall** process disputes that arise when daily balancing totals at the retailer and financial institution level do not match those in Contractor's EBT System.
- b. Contractor **shall** also process disputes that arise when funds transferred or deposited to the retailer and financial institution accounts, via the ACH, do not match totals calculated independently by the retailer.
- c. Cardholder-retailer dispute resolutions **must** meet the adjustment regulations in 7 CFR § 274.2(g)(2).

##### 6. Retailer Account Transaction History

- a. Contractor's EBT System **must** allow for online inquiry for all retailers account transaction activity for a period of four (4) years.
- b. After four (4) years, Contractor **must** move the transaction history to an off-line storage file for the duration of the contract. Access to the data **shall** be made available to DHS and authorized government agencies for investigation and audit purposes within forty-eight (48) hours of request.
- c. Contractor's history file **must** include all pertinent information regarding the transaction, including the retailer identifier, the POS number and location, the date, time, type, and amount of the transaction, and the cardholder card and account numbers.
- d. The online inquiry **shall** provide access to daily ACH deposit information for each retailer and financial institution that conducts EBT transactions.

7. Retailer Account Management
  - a. Contractor **shall** be responsible for managing retailer participation in the Arkansas EBT program in accordance with USDA/FNS regulations and State requirements as set forth in this RFP.
  - b. Contractor **must** establish and maintain all agreements to establish a benefit delivery network to deliver cardholder benefits. The network **shall** include relationships with food retailers, where cardholders **shall** be able to use their EBT cards for food purchases.
  - c. Contractor **shall** notify, in writing, all retailers that fees **shall not** be charged to cardholders for accessing benefits.
  - d. Contractor **shall** provide for periodic, planned meetings and communications with retailer associations, as well as with user advocacy groups. DHS will facilitate such meetings and communications to evaluate system usage and discuss problems. Contractor **shall** be responsible for collecting any data, preparing an agenda, and providing all support materials for such meetings or communications. All materials and/or other forms of information **must** be approved by DHS prior to distribution.
8. System Settlement and Reconciliation
  - a. Contractor **shall** ensure that benefits received from DHS are accurately posted to cardholder accounts.
  - b. Contractor **shall** accurately debit/credit cardholder's accounts for refunds.
  - c. Contractor **shall** accurately credit retailers for benefits disbursed.
  - d. Contractor **shall** settle and reconcile accounts every banking business day at a time to be specified by Contractor, and in accordance with applicable State and Federal regulations.
  - e. Contractor **must** conduct settlements for retailers and TPPs through the existing ACH infrastructure. Contractor **shall** have an originating and receiving relationship with the ACH, either directly or through one (1) of its subcontractors. Contractor **must** have access to the appropriate regional network(s) and be capable of settling DHS transactions.
  - f. For retailers or TPPs, Contractor **shall** originate an ACH credit for the total balance due for DHS benefits provided during the DHS processing day being settled. The benefit provider credits **shall** be entered into the ACH for settlement on the next banking day. Credits due DHS benefit providers who are connected to Contractor through a transaction switch (Direct Connect), TPP, or national network **shall** settle utilizing the QOR.
  - g. Contractor **shall** ensure that both Direct Connect (DC) and TPPs receive DHS credits within two (2) business days of system settlement. DHS will continue to settle on the business day after transactions are posted and processed and all debits in the settlement shall be posted to DHS accounts in the overnight ACH cycle.
  - h. Contractor **must** support the following outputs of the settlement and reconciliation processes:
    1. EBT Benefits Extract
      - Contractor **shall** provide a daily file of all transactions processed through the EBT System.
      - This file **shall** identify daily authorizations received from EBT and applied to the DHS system and **must** include daily cancels, withdrawals, refunds, voids, reversals, repayments, and remaining available balance (for each account).
      - The file **must** summarize, by EBT benefit code (program), total authorizations, cancellations, ending balances, terminal activity, benefit refresh, repayments, and aged benefits.
      - Unsettled funds shall be handled the next business day. Contractor **must** report any unsettled funds to the State. FNS has determined that unsettled funds **must** be returned to the U.S. Treasury and their policy **must** be followed.
    2. Aged Benefits
      - An EBT benefit account **shall not** close when a case closes. The former recipient **shall** remain entitled to the account balance.
      - If benefits remain in the EBT account, the former recipient **must** have cards issued or reissued and select or change PINs.
      - Benefits **shall** remain available to the household for as long as the case remains active.
      - After six (6) months inactivity, the EBT account **shall** move into a dormant status.
      - The account **shall** remain dormant until the EBT account becomes active again (usually through the accessing of benefits via the EBT card).
      - For SNAP, after two hundred seventy-five (275) continuous days of inactivity, the inactive benefit(s) **shall** be expunged from the account. The household **shall** no longer access expunged SNAP benefits, but they **may** be applied to a SNAP overpayment claim.
      - Summer EBT benefits **shall** remain available to the household for one hundred twenty-two (122) days from the date of availability. After one hundred twenty-two (122) days from the date of availability, any remaining SEBT benefits **shall** be expunged from the account.

3. Retailer/Merchant Credit Detail
  - Contractor **must** create files of all EBT payments made by retailers and financial institutions via the EBT networks.
  - Daily settlement reporting **shall** be provided to DHS summarized by benefit program, subprogram, and the total retailer ACH for SNAP and Cash programs.
  - If only (1) one Concentrator Bank (CB) is involved for the settlement of both cash and EBT, then Contractor **shall** provide a settlement report summarized by benefit program, the total settled for cash programs, and a separate total settled for programs.
4. EBT Transfer File
 

This file is a transfer file that **shall** provide a daily net transaction total by retailer authorization number. Contractor **must** transmit this file weekly or as subsequently required by FNS, to the FNS Minneapolis Computer Support Center (MCSC).
- i. Contractor **shall** comply with FNS regulations at 7 CFR § 274.4(a) and FNS reconciliation requirements to perform reconciliation for all DHS programs. Contractor **shall** reconcile:
  - Cardholder account daily beginning balances and net draws versus the ending balance.
  - Cardholder net redemptions versus acquirer settlement values.
  - Total funds, entering, exiting, and remaining in the system each day.
  - Total net change in system-wide obligations outstanding to the sum of the net change in obligations outstanding.
  - The net settlement value of all transactions to the sum of the net settlement values for all benefit programs.
- j. Contractor **shall** determine the total amount of Federal funds by program necessary to reimburse its account for the total credits due to EBT acquirers. Contractor **shall** use the information generated during the system cut-off and balance processing to prepare the daily settlement files. Contractor **shall** maintain audit trails throughout the settlement process.
9. Current Settlement Background/Summary
 

The current EBT settlement process **shall** be required unless and until it is changed by written agreement with DHS. Therefore, Contractor **shall**, at a minimum, use the flow of funds as follows:

  - a. EBT Benefits – Contractor **must** accumulate the approved EBT transactions each day.
  - b. Contractor **must** distribute the transactions to the CB with credits to the merchant banks (accounts) and debits to the settlement (Concentrator) account.

**Note:** DHS receives the settlement report from its EBT processor and determines the amount of food benefit transactions. Contractor **must** initiate a drawdown immediately against the food benefit letter of credit. When received, these funds are credited to the settlement account.
10. Adjustment Processing
  - a. Contractor and/or retailer/TPP **shall** adjust resolve errors and out-of-balances related to system problems. Contractor **shall** have the capability to process the adjustment and have this reflected in the cardholder's account. Contractor **shall** comply with Federal regulations regarding the recording, tracking, and processing of these types of adjustments. See 7 CFR § 274.2(g).
  - b. Adjustments made by Contractor **shall** cause money to be moved either to or from the cardholder's EBT account and **shall** impact the daily settlement. Contractor **shall** provide notification to DHS and the cardholder of pending debit adjustments. Contractor **shall** provide DHS with a copy of the notification sent to the cardholder. All debit adjustments **shall** be approved by DHS.

## 2.19 MAINTENANCE & CHANGE REQUESTS

- A. Change requests **shall** minimize service downtime by ensuring that requests for changes are:
  1. Recorded
  2. Evaluated
  3. Authorized
  4. Prioritized
  5. Planned
  6. Tested
  7. Implemented
  8. Documented
  9. Reviewed in a controlled and consistent manner.
- B. Contractor's change request process shall:

1. Utilize standardized methods and procedures for efficient and prompt handling of all changes
  2. Record all changes to service assets and configuration items in the configuration management system
  3. Manage and minimize business risk
  4. Support business needs and goals
  5. Reduce risk exposure
  6. Minimize the severity of any impact and disruption
  7. Be successful on the first attempt
- C. Contractor **shall** adhere to the following change management process for the implementation of a change request:
1. Contractor **shall** perform any required testing (see Section 2.7 DEVELOPMENT AND TESTING PHASE) prior to implementation of the change into the production environment.
  2. Contractor **must** provide DHS with adequate documentation as determined by DHS to demonstrate testing has been performed.
  3. Contractor **must** schedule and coordinate implementation of the Change Request to meet the DHS-specified implementation date.
  4. Contractor **shall** have a release control process that ensures changes are tested first in a test environment. The controlled release process of implementing releases in production **shall** have a contingency plan in place in case the release does not work as planned.
  6. Contractor **must** obtain approval from DHS prior to implementation of any changes.

## 2.20 PROBLEM MANAGEMENT

- A. Contractor **must** utilize the following specific strategies for problem management controls:
1. Incident reporting
  2. Logging
  3. Tracking
  4. Problem escalation
  5. Notification
  6. Resolution
  7. Root cause analysis
  8. Twenty-four hours a day, seven days a week (24/7) hardware monitoring
  9. Online batch and back-ups.
- B. Contractor **must** track and correct system defects, which are malfunctions or functional deviations from approved system requirements.
- C. Contractor **must** correct system performance issues identified by retailers, cardholders, or State staff.
- D. Contractor **shall** take corrective and preventive action and ensure that the system performs as designed and required by DHS.
- E. Contractor **shall** promptly document reported problems upon receipt and monitor controls, communicate, and report on each problem until resolved and/or completed correctly.
- F. Contractor **shall** maintain appropriate and timely communications with DHS and affected users on all problems from the onset through resolution. Updates **must** be provided to DHS every twenty (20) minutes for Sev1 and Sev2, and every two (2) hours for Sev3 and Sev4 unless otherwise agreed upon by the State per incident. DHS will define the list of notifications after Contract award. Contractor may also be required to produce or assist DHS in the notification to cardholders or retailers as defined by DHS.
- G. Contractor **shall** provide a mechanism for expedited handling of problems that are of high business priority to DHS to include a Root Cause Analysis (RCA), as follows:
1. A preliminary RCA **shall** be required for all Critical/Severity1 (SEV1) incidents within twenty-four (24) hours of the incident, which needs to follow the problem management process for documenting severity levels.
  2. An Interim RCA **must** be submitted every twenty-four (24) hours with updated information. A final RCA **must** be submitted no later than seventy-two (72) hours after resolution is approved and completed.
  3. The RCA **must** contain details regarding the issue, a severity level timeline from inception to completion, corrective and preventive measure(s) taken, and updated report information.
- H. Contractor **must** correct all problems within the reasonable scope of Contractor's responsibility. A problem **shall not** be corrected until Contractor receives validation from DHS that the issue is resolved to DHS's satisfaction.
- I. Contractor **shall** proactively provide to DHS appropriate reports on problems, including statistics on total number of problems, outstanding problems and resolution time.

- J. Contractor **shall** integrate and coordinate problem reporting processes and procedures with DHS.
- K. Upon notification of an issue, Contractor **shall** notify DHS and follow a Problem Management Process (PMP). Contractor **shall** classify issues based on the severity levels described below, communicate appropriately until resolution, and provide an RCA. The severity levels **shall** be as follows:
  - 1. **Critical/Severity 1 (SEV1) – trouble ticket has an incident with major business impact with one (1) or more of the following characteristics:**
    - a. Normal Business operations cannot be conducted.
    - b. Multiple end-users cannot run a production application.
    - c. The affected end-user is high profile (as defined by DHS). E.g., DHS EBT Project Office staff.
    - d. The incident cannot be circumvented.
  - 2. **High/Severity 2 (SEV 2) – trouble ticket has an incident with substantial business impact including one (1) or more of the following characteristics:**
    - a. Normal business operations are severely impeded.
    - b. The application/system functions but usability is severely limited for multiple end-users.
    - c. The application/system has experienced continual or repeated incidents.
  - 3. **Medium/Severity 3 (SEV 3) – trouble ticket has an incident with limited business impact including one (1) or more of the following characteristics:**
    - a. Normal business operations are minimally impeded.
    - b. The end-user can run the application but has lost some functionality.
    - c. The incident is not continual or repeated.
  - 4. **Low/Severity 4 (SEV 4) – trouble ticket has an incident with no business impact including one (1) or more of the following characteristics:**
    - a. Normal business operations are not impeded.
    - b. The end-user can run the application.
    - c. The request is an end-user inquiry only.

**Note:** DHS reserves the right to modify the priority level and time-to-correct period if in his or her sole judgment it is in the best interest of the contract. DHS has the right to waive, in writing, Contractor's requirement to correct a reported deficiency if in his or her sole judgment, the deficiency has been incorrectly reported.

- L. Contractor **must** report all defects or problems to DHS based on the priority assigned to the defect or problem. Problems or issues with the system **shall** be reported through an Incident Report and updated per the required notification process.
- M. Contractor **must** monitor the DHS application, network devices, telecommunications, online activity, and batch activity twenty-four-seven (24/7), three hundred sixty-five (365) days and notify DHS of any issues. Notification **shall** occur within twenty (20) minutes of a suspected identification of a SEV1 or SEV 2 incident, and within two (2) hours of a SEV3 or SEV 4 incident. Notification start time **shall** begin once the problem is ~~reported~~discovered.
- N. As part of the notification, Contractor **must** at minimum include the following:
  - 1. Date and time of incident
  - 2. Severity Level
  - 3. Detailed description of the problem
  - 4. Expected impact on operational functions
  - 5. A corrective action plan, and preventive action plan for future occurrences
  - 6. Expected time of problem resolution, and RCA
  - 7. Time resolved
  - 8. Length of time to resolve
  - 9. Security Risk

## 2.21 CONTRACT MONITORING & PROBLEM RESOLUTION

- A. Contractor **shall** comply with all processes and requests made by DHS in conducting and monitoring oversight activities during the contract term. Contractor **shall** allow DHS to complete scheduled and unscheduled site visits, as appropriate, to assess performance, determine contract compliance, and report on delivery of services required under this contract.
- B. Contractor **shall** provide support to DHS and technical assistance to support batch execution in all of DHS's key environments (operations). Contractor **shall** perform all batch processes during non-prime time hours (between 7:00 PM and 7:00 AM). ~~Contractor shall perform all online processing during prime time hours (between 7:00 AM and 7:00 PM).~~

- C. Contractor **shall** provide twenty-four-seven (24/7), three hundred sixty-five (365) days production support to DHS's staff, including:
  - 1. Monitoring batch job specifications and providing technical support to ensure the successful batch execution.
  - 2. Providing a method to define predecessors/successors relationships, deficiencies, and efficiencies.
  - 3. Scheduling procedures and applying the necessary number of initiators and priorities for timely job execution.
  - 4. Providing a method of accepting the batch and returning accurate confirmation.
  - 5. Providing daily activity files to DHS and accurate reports.
- D. Contractor **shall** document and maintain a problem log of both batch and online issues encountered.
  - 1. The log **shall**, at a minimum, include date, time, problem type (batch or online), problem description and resolution.
  - 2. The log **shall** be delivered to DHS with the appropriate status report to be determined by DHS.
  - 3. Contractor **shall** perform Trend Analysis (TA) on the issues and make recommendations for improvement as needed.
- E. Contractor **shall** describe specific policy and problem resolution procedures related to cardholder notification and service interruptions.
  - 1. Contractor **shall** provide problem resolution procedures within ten (10) calendar days after contract start and ten (10) calendar days after each contract renewal date.
  - 2. Contractor **shall** adhere to the following regarding the Dispute Resolution Process:
    - In the event of any dispute arising during the contract term concerning payment or performance of the contract, either party may serve notice of such dispute on the other party, and the dispute **shall** be decided by the Director of the Arkansas Office of State Procurement, who **shall** reduce the decision to writing within ninety (90) days after the Director takes the matter under submission for decision.
    - Pending final determination of any dispute hereunder, Contractor **shall** proceed diligently with the performance of the contract.
- F. Contractor service interruptions **shall** not be scheduled between 6:00 AM and 11:00 PM CST.
  - 1. Notifications for routine service interruptions **shall** be provided in writing to DHS and scheduled during agreed upon down-times. Notifications for non-routine service interruptions **shall** be provided within fifteen (15) minutes of the unscheduled interruption.
  - 2. A follow up assessment and triage of the interruption **shall** be provided within one (1) hour of the unscheduled interruption.
  - 3. When the issue is resolved, Contractor **must** notify required staff of the resolution.

## 2.22 SYSTEM PERFORMANCE

- A. System performance factors **shall** include the system processing speed, availability, reliability, capacity (to absorb volume increases), and ease of use. Contractor **shall** provide an EBT System that, at a minimum, meets the performance standards consistent with USDA Federal regulations in 7 CFR § 274.8(b) for:
  - 1. Availability:
    - a. Contractor **shall** ensure that the EBT System is available and functioning for the processing of transactions.
    - b. EBT System availability **shall** be the percentage of time the system is functioning for the processing of transactions.
  - 2. Reliability:
    - a. Contractor **shall** ensure that the EBT System is reliable and accurate in the processing of transactions.
    - b. EBT System transactions **must** include the following:
      - i. EBT terminal and ATM initiated
      - ii. System initiated
      - iii. Manual data-entered
      - iv. Credits and debits to retailer accounts
      - v. Household accounts
      - vi. Financial institutions processed through EBT system central or host computers.
    - c. The EBT System's central computer **shall** permit no more than two (2) inaccurate EBT transactions for every ten thousand (10,000) transactions processed.
  - 3. Performance, Processing Speed, and Response Time:
    - a. Contractor **shall** ensure that the EBT System meets performance and technical standards, in accordance with 7 CFR §274.8(b) in the areas of system processing speeds.
    - b. Contractor **shall** meet the Response Time Standards (RTS) found at 7 CFR § 274.8(b)(1) for all on-line EBT transactions.

- c. RTS for transactions originating at ATMs, the Customer Service Call Center, and EBT terminal **shall** be in accordance with general industry standards.
- d. All EBT transactions **shall** be processed in accordance with 7 CFR § 274.8(b)(1).
- 4. Transaction Volume Changes:  
Contractor **shall** accommodate fluctuations in volumes of EBT transactions, especially increases, without a degradation of service.
- 5. Ease Of Use:  
Contractor **shall** provide a user-friendly, determined by DHS, EBT System that, at a minimum, complies with the requirements of 7 CFR § 274.8(b)(4).

## 2.23 FRAUD ANALYSIS PREVENTION

Contractor **shall** provide an Anti-Fraud Plan that includes locating and stopping fraud by actively and aggressively monitoring the activities of cardholders, employees, retailers, and others for the purpose of identifying, at the earliest possible opportunity, evidence of fraudulent conduct. Contractor's Anti-Fraud Plan **must** include a description of Fraud Analysis techniques intended for fraud prevention of cardholders served through remote banking service systems. Contractor **shall** ensure all data processed through business rules and analytical models are in near-real time or in batch so that suspicious activity may be spotted with greater accuracy. Contractor **shall** state specific fraud analysis techniques and tools used to show a full comprehensive approach for the following:

1. Detection and Alert Generation
  2. Fraud Data management
  3. Predictive and Prevention Analysis
  4. EBT account alerts
  5. Proactive account activity alerts through SMS (text), mobile app and/or email
  6. Deposits
  7. Purchases
  8. Withdrawals
  9. Purchase with cashback
  10. Returns
  11. PIN changes
  12. Disallow soft PIN selection
  13. Address, phone number and email updates
  14. Daily, Weekly, Ad Hoc and Monthly reports as required by the State
  15. Cardholder-initiated card lock and unlock through the mobile app and cardholder portal
  16. Lock card to prevent all transactions
  17. Lock card to prevent only out of state transactions
  18. Drill Down Dashboard
  19. Analysis Reports
  20. Risk Behavior
  21. Data Analytics
  22. Social network analysis and monitoring tools for suspicious activity related to EBT cards and cardholders.
- A. Standardized and/or ad-hoc reports **shall** be used by either DHS or Contractor for the purpose of detecting and preventing fraud. For fraud detection and prevention, Contractor **must** provide DHS access to a web-based reporting mechanism such as a dashboard capable of generating reports on demand. The reporting mechanism **must** include all EBT data sets to allow DHS the ability to generate reports as needed.
  - B. Contractor **must** provide a description of responsibility and procedures to refer any potentially fraudulent cases to DHS and cooperate with the Attorney General (AG), the Office of the Inspector General (OIG), or any other law enforcement agency when requested, in investigating cases of alleged fraud.
  - C. Contractor **shall** conduct a semi-annual review of the Anti-Fraud Plan with DHS which **shall** include trends in the industry, current fraud detected, if any, counter measures taken to eliminate fraud, and types of preventive measures implemented.
    1. Contractor **shall** work with DHS to proactively identify additional or revised anti-fraud measures.
    2. Measures **shall** be monitored and reported monthly, and all measures are subject to DHS's approval, e.g., Contractor **must** indicate what types of analysis are used to identify and predict fraudulent behaviors among card holder and/or retailers.
  - D. Contractor **must** provide a description of the internal control framework (control environment, risk assessment, control activities, information and communications, and ongoing monitoring) to show the establishment and enforcement of a strong anti-fraud program and controls.

## 2.24 THIRD PARTY PROCESSORS

- A. FNS regulations allow retailers to use third-party processors (TPPs) for EBT transactions. Contractor **shall** ensure TPPs meet the FNS requirements in 7 CFR § 274.3(d). Contractor **must** provide the following:
1. An EBT system interface for TPPs. TPPs are financial institutions, cardholder authorization processors, and food retailers driving their own terminals that are capable of relaying electronic transactions to a central database computer for authorization that have contracted for EBT services.
  2. A written TPP certification standard to allow TPPs access to the EBT system. All TPP agreements **shall** be approved by DHS and FNS and include the following requirements:
    - a. Terminal IDs – TPPs **shall** give each terminal a unique ID and include those terminal IDs as part of their transaction messages. Contractor **shall** include those IDs in the ALERT data submitted to FNS.
    - b. Transactions – TPPs **shall** be able to support the entire transaction set included in the EBT regulations. Contractor **shall** be able to process all of these transactions.
    - c. Interoperability – TPPs **shall** be able to process transactions for cards issued by all States for all EBT equipment they support.
    - d. Balance Information – TPPs **shall** be able to display remaining balances on the printed receipt for all EBT equipment they support.
      - i. State the date, merchant's name and location, transaction type, transaction amount, and remaining balance for the SNAP account.
      - ii. Comply with the requirements of 12 CFR part 205 (~~Regulation E~~) in addition to the applicable requirements of this section; and
      - iii. Identify the SNAP household(s) member's account number (the PAN) using a truncated number or coded transaction number. The household's name **shall not** appear on the receipt except when a signature is required when utilizing a manual transaction voucher.
    - e. Servicing only EBT-authorized retailers – TPPs **shall** only route EBT transactions for retailers authorized by FNS to redeem EBT benefits.
  3. A certification test performed for each TPP requesting an interface with the EBT system.
    - a. This test **shall** ensure that every TPP function, message, response, and error exception meets the TPP standard set forth by Contractor as well as all applicable Quest and FNS EBT operating rules.
    - b. Contractor **shall** issue the TPP a test script, test cards, and required instructions prior to a scheduled test. Additionally, the certification **shall** include, at a minimum, performance testing (throughput and stress), and a review of system security, PIN encryption, and disaster recovery plans.
    - c. Existing TPPs shall be tested during the Arkansas implementation and each new TPP added throughout the duration of the contract shall also be tested.
  4. Settle all transaction disputes between TPPs and DHS cardholders and report the results to DHS. The results **must** include a description of the dispute, the parties involved, and the outcome.

## 2.25 INDEPENDENT AUDIT AND CERTIFICATION

- A. Contractor **shall** submit copies of annual audits of its data processing, operations, disaster recovery, and security functions upon request by DHS. DHS **shall** be permitted to inspect (unannounced site visits), review (ad hoc information requests), investigate, and audit Contractor performance records concerning EBT and facilities engaged in EBT work.
- B. Contractor **shall** provide, to DHS who will later forward to FNS, an annual written certification stating that Contractor and its subcontractors comply with applicable banking regulatory requirements and EBT specific requirements. These certifications **shall** be subject to independent verification and validation. The following ~~EBT terminal~~ eight (8) numbered points ~~that follow~~ are specific requirements and **shall** be addressed in Contractor's self-certification of compliance covered by the annual audit:
1. Banking and Financial Services Rules: Contractor **shall** comply with banking, EFT, and other financial services industry rules that relate to the EBT application. Such rules include National Automated Clearing House Association (NACHA) Operating Rules and Operating Guidelines, Department of the Treasury Financial Management Service (TFMS) Green Book Requirements, and 31 CFR § 210.
  2. Quest EBT Operating Rules.
  3. SNAP Rules: e.g., 7 CFR Parts 272, 274, and 276 through 278.
  4. Internal controls and physical and personnel security requirements.
  5. An evaluation of its compliance with the EBT ~~terminal~~ requirements, applicable regulatory requirements, and the effectiveness of the internal control structure.
  6. Written certification of compliance with the EBT ~~terminal~~ requirements and applicable bank, EFT, and financial services industry requirements related to the EBT application.
  7. An explanation of how determinations were made, including bank examination, audit, and internal review.

8. An explanation of any exceptions and description of corrective actions taken or planned to address such exceptions.
- C. Contractor **shall** engage an independent auditing firm to conduct an annual Service Organization Controls 2 (SOC 2) audit at Contractor's expense including SOC 1 reports and SOC 2 reports in accordance with Statement on Standards for Attestation Engagements 18 (SSAE-18) on the issuance, redemption, and settlement of SNAP benefits. SOC 1 reports are designed to help service organizations that operate information systems and provide information system services to other entities, build trust and confidence in their service delivery processes and controls. SOC 2 reports are intended to meet the needs of a broad range of users that need information and assurance about the controls at a service organization that affect the security, availability, and processing integrity of the systems the service organization uses to process users' data and the confidentiality and privacy of the information processed by these systems.
- D. SOC 2 audits of Contractor's EBT operations and computer systems software and hardware that delivers SNAP and cash benefits through ATM's and POS devices **shall** be performed in accordance with audit guidance: Reporting on Controls at a Service Organization Relevant to Security, Availability, Processing Integrity, Confidentiality, or Privacy (Guidance) as published by the American Institute of Certified Public Accountants (AICPA) and as updated from time to time; or according to the most current audit guidance promulgated by the AICPA or similarly recognized professional organization to assess the security of client data in an outsourced or cloud computing arrangement. The independent external auditing firm **shall** have prior experience in conducting SOC 2 Type 2 Report audits. The annual SOC audit **shall** include:
  1. A description of Contractor's system and the suitability of the design and operating effectiveness of controls relevant to one (1) or more of the following trust principles [Security, Availability, Processing Integrity, Confidentiality, or Privacy] as defined in the aforementioned Guidance.
  2. The identity of subcontractors that provide essential support for the services provided under the contract. Contractor **shall** have the right to audit each subcontractor's performance pursuant to SOC 2 audit.
  3. A final SOC 2 Report, provided directly to DHS after the State's fiscal year end on June 30th. The first audit **shall** be due on or before August 15<sup>th</sup>. Audits are negotiable after the initial audit.
- E. The initial SSAE-18 report **must** cover twelve (12) months of EBT System operations. The report **must** cover the period Contractor was providing EBT services to the State.

## 2.26 BANK REQUIREMENTS

- A. Contractor **must** include its bank account structure in the Transition-In Plan. Contractor **shall** be responsible for payments to and from the CB for services rendered. Contractor **shall** remain as the single point of contact for problem resolution of issues arising from CB activities.
- B. The following federal requirements are to be performed by the CB and forms the basis of the subcontract between the Contractor and the CB. The minimum functions of the CB are as follows:
  1. Receive from Contractor a daily ACH file or other crediting process approved by DHS, with information on DHS benefits transacted and credited to each retailer.
  2. Transfer the ACH file or other crediting process to the Federal Reserve System or other entity.
  3. Post debits to the State of Arkansas account at the CB.
  4. Accept reimbursement initiated by Contractor from the appropriate U.S. Treasury account, via the Automated Standard Application for Payments (ASAP) System or other payment process approved by FNS. At the option of the State, the State may designate another entity as the initiator of reimbursement for FNS redemptions, provided the entity is acceptable to FNS.
  5. Contractor **shall** cooperate with CB to establish a formal process and set of procedures to effect discrepancy reconciliation and error resolution when necessary. These procedures **shall** provide for resolution of errors within ten (10) business days of the report of errors by the retailer or financial institution.
- C. Contractor **shall** be liable for any errors in the creation of the ACH file or its transmission to the CB. Contractor **shall** provide DHS with Arkansas specific bank account information upon request.

## 2.27 REPORTING

- A. Contractor **shall** provide the below listed reports to DHS to account, reconcile, and audit the EBT System processing and operations. All the information requested in the list of reports **must** be maintained by Contractor. In addition to generating the reports listed below, Contractor **must** also electronically transfer the data from the EBT System to ARIES. Reports that include county data **must** be sorted by county and show county totals, as well as State totals. The required reports are:
  - Bi-weekly Status Report
  - Financial Report

- Batch Processing Report
- Card Report
- Billing Report
- Security Report
- Program Management Report
- System Performance Report
- Service Level Agreement Report

B. All reports designated herein shall be sent to DHS or FNS, whichever is applicable, in a format specified and approved by DHS or FNS. Upon request by DHS, Contractor shall provide report(s) in different formats as needed. Daily reports shall be delivered no later than 12:00 pm Central Standard Time (CST) for the previous day's activity. Weekly reports shall be due no later than the second (2nd) business day of the week following the reporting week. Monthly reports shall be due no later than the second (2nd) business day of the month following the reporting month. Each report must be submitted separately into a single report. Partial reports are not acceptable.

C. Bi-Weekly Status Report

During each phase of the project (Design, Development and Testing, Transition-In, Operations and Maintenance, and Transition-Out), Contractor **shall** prepare a Bi-Weekly Status Report in Excel. This report **shall** be submitted via email to [EBT.Support@dhs.arkansas.gov](mailto:EBT.Support@dhs.arkansas.gov) by the close of business on the Monday following the reporting period. This report **shall** provide progress updates on all completed, ongoing, and planned project activities, summarize any outstanding project issues or obstacles, and detail any proposed deviations from planned activities, schedules, or staffing.

D. Financial Reporting

Contractor **must** provide daily account activity reports reflecting all account actions received from the State via batch and/or on-line EBT terminal processing. The financial reports include:

1. **Account Activity Files Report** – provides a detailed audit trail of all system functions and transactions which impact the account balance or status of an account.
- ~~2. **ACH Activity Report** – details and summarizes information on money movement initiated to settle cardholder transaction activity (e.g., withdrawals and purchases). The detail **must** include all merchant deposits and direct deposits for each business day.~~
- ~~3. **Daily Direct Deposit Report** – detailed information summarizing cardholder direct deposit transactions. Data elements **must** include cardholder name, case number, card number, and direct deposit amount.~~
4. **Daily Statistical Report** – summary of cardholder transaction activity on the system. Timing should correspond with the established Settlement Day cutoff. The summary **shall** be organized by program code and the following transaction types. The count and amount **shall** be provided for each transaction type and include subtotals for cash and food benefits, as well as a grand total:
  - i. Authorizations
  - ii. Administrative Adjustments
  - iii. Aged
  - iv. Repayments
  - ~~v. Direct deposits~~
  - vi. Withdrawals

Contractor **shall** also provide a month-to-date summary of the transaction activity for each program code and transaction type.

5. **Clearing Report** – provides summary information of cardholder transaction activity (e.g., ~~direct deposits,~~ withdrawals, purchases, and administrative adjustments) used to determine the daily settlement. Timing **must** correspond with the established Settlement Day Cutoff. The report **must** be summarized by program code and provide separate totals for both cash and food benefits, as well as a grand total. The report **must** also reconcile the total switch log amount to the total settlement amount, accounting for all reconciling items (e.g., ~~direct deposits,~~ access fees, and switch adjustments).
6. **System Accounting Report** – information based on the program, sub-program, or individual transaction level selected. The customizable user defined date range report and the daily report **must** include all settling transactions and **must** match the settlement totals for the date selected for all SNAP, Summer EBT, and Cash programs. Contractor **shall** provide monthly summary reports on the sub-program level.
7. **Benefit Repayment Report** – detailed information on repayment transactions done through an EBT terminal. Repayment on cash **shall** not be allowed.

8. **Adjustment Activity Detail Report** – details debit and credit adjustments made to EBT accounts. List of all daily account adjustments **must** include: (1) PAN (Personal Account Number); (2) Contractor tracking code; (3) date/time/type and amount of adjustment; (4) date/time and amount of original transaction; and (5) initiator.
9. **Interoperability (IOP) ACH Report** – details the information on settlement for interoperable transactions.
10. **Store Tracking and Redemption System (STARS) Food Stamp Redemption Report** – A FNS required report for SNAP activity for a specific settlement date. This report shows transactions authorized for each FNS retailer and reported to the FNS Redemption Center for tracking and monitoring funds paid. The transaction types **shall** be reported to show credits, debits, and adjustments to the retailer's account.
11. **Account Management Agent (AMA) Batch Report** – documents the file that was sent to AMA for settlement and reconciliation daily.
12. **Retailer Terminal Activity Report** – detailed listing of ATM, POS, and voucher activity by terminal at each location.

E. Batch Processing Reports

Contractor **shall** propose a standard set of batch processing reports to ensure the complete and accurate transfer of data during nightly batch processing. Reports **must** contain the following:

1. **Batch Confirmation Message** – Provides a confirmation message for all overnight batch files received from the State. The confirmation message will contain summary verification data including the total number of records received in the batch and the number of records by record type (e.g., number of add, change, payee change and delete records).
2. **External File Processing Report** – Provides detailed totals of all external files that have processed each day. This file also captures any errors external files encountered during the processing.

F. Card Reports

1. **Card Issuance/Replacement Report** (Vault Cards) – daily and monthly reports detailing vault card activity, listing the card numbers issued by or on behalf of the state agency. The report **shall** include the following categories:
  - County Office
  - Username
  - Cardholder Name
  - Case Number
  - New card number
  - Old card number
  - Reason for Vault Card activity
  - Date and time of card issuance

The report **shall** include a summary for each county office showing the replacement reason and the number of cards issued for each reason. The report **shall** also specify the number of cards that were a new issuance and the number that were replacement cards.

2. **Card Issuance/Replacement Summary** (Mailed Cards) – daily and monthly reports that summarize the number of cards issued by mail. The reports **shall** include (1) a summary for each county office showing the replacement reason and the number of cards issued for each reason and (2) the number of cards that were a new issuance and the number that were replacement cards, when they were ordered or transmitted, and when they were mailed.
3. **Card Replacement Analysis Report** – monthly report organized by county detailing the cardholders who were issued replacement cards during the month. The report **must** include the case number, cardholder name, card number, date last replacement was issued, when the request was received by Contractor, when the card was mailed, and the total number of cards issued.
4. **Card Replacement Analysis** – monthly report organized by county, then by case number, of all cardholders who were issued a replacement card during the month. The report **must** include the county office, case number, cardholder name, card number, when the request was received by Contractor, the card issue date and time, date the card was mailed, and number of cards replaced.
5. **Card Replacement Analysis Summary** – monthly report summarizing the number of cards replaced for each county, when the file was received by Contractor, and when the card was mailed. The report **must** list each county and identify the cardholders within each county who have been issued three (3) cards, four (4) cards, five (5) cards, six (6) cards, seven (7) cards, and more than seven (7) cards.

6. **Returned Card Report** – daily report of issued cards that were returned to Contractor as undeliverable.
7. **Inactive Cards** – daily report identifying the cards that have been issued but not yet activated after ten (10) calendar days or greater from the issuance date.

G. Billing Reports

Contractor **shall** provide a monthly report with details of billable cases. Billable cases are cases for which one (1) or more financial transactions have been posted during the billing month. A financial transaction represents a credit to the cardholder's EBT account. The monthly summary report **shall** include billing information for each benefit type, including miscellaneous billing information, and showing a net billed amount for the month.

H. System Security Reports

1. **EBT terminal Activity Report** – daily and monthly report listing all EBT terminal activities received and processed by the EBT System. This report **must** include, without limitation, the following information:
  - a. benefit repayment
  - b. user login
  - c. user logout
  - d. EBT terminal user change password
  - e. card status
  - f. open new case
  - g. set up cardholder
2. **EBT Terminal Last Access Report** – monthly report of all DHS users, showing the last time the user logged into the EBT System. A second report **shall** identify all DHS users who have not logged into the EBT System within the past sixty (60) days.
3. **EBT Terminal Failed Logon (Monthly)** – report of all DHS users who entered an invalid password for their user ID while trying to log onto the EBT System during the report month.
4. **Access Definition Report** – daily account of all users of the EBT System with user roles identified. The report **must** show each role with the privileges of each role, and **shall** include the following:
  - a. Date user was added
  - b. Login ID
  - c. Name
  - d. Role ID
  - e. Role Name
  - f. Status (date changed or deleted)

I. Program Management Reports

1. **Out of State ATM Activity Report** – monthly report identifying all out of state transactions.
  - a. Contractor **shall** provide DHS the ability to select a date range for the consecutive months the EBT card was used for the date range selected.
    - i. For example: card #001 is on the report because the card was used out of state a minimum of at least once a month for seven (7) consecutive months. Card #002 is not on the report because it was used 010101, 030101 and 060101 out of state (this would not be on the report due to it not being consecutive).
2. **Repayment Report** – daily report that details repayments made by cardholders for SNAP benefits, repayment on cash is not allowed.
3. **Voucher Authorization Report** – daily report that details the voucher authorizations performed daily. The report **shall** include the FNS retailer number, voucher authorization number, dollar amount, and date/time.
6. **Voucher Expiration Report** – daily report that details the voucher authorizations that have expired. The report **shall** include the FNS retailer number, voucher authorization number, dollar amount, and date/time.
7. **Voucher Settlement Report** – daily report that details the vouchers that have cleared. The report **shall** include the FNS retailer number, voucher authorization number, dollar amount, and date/time.
8. **Large Account Balance Report** – monthly report that lists all cardholders with a large balance (greater than \$1,000 or more) in their EBT account, which may include funds from both the cardholder's SNAP and Cash account.
9. **Large Dollar Transactions Report** – monthly report that lists only SNAP transactions made during the month for one hundred dollars (\$100) or more. The one hundred dollars (\$100) amount is a configurable parameter and shall be modified upon request by DHS. The report **shall** have the ability to provide data for a specific

date range. The report **shall not** contain SNAP transactions completed at large stores such as a large grocery store, supermarket, or superstore as defined by FNS authorization where large transactions occur frequently.

10. **Whole Dollar Transactions** – monthly report that lists the whole dollar SNAP transactions made during the month of fifty dollars (\$50.00) or more. The fifty-dollar (\$50) amount is a configurable parameter. The report **shall** have the ability to provide data from a date range entered.
11. **Rapid or Repeated Transactions Report** – monthly report that lists only SNAP transactions made during the month where a client performs two (2) or more transactions within three (3) minutes of each other at the same store. Three (3) minutes is a configurable parameter.
12. **Redemption of Entire Benefit in One (1) Transaction Report** – monthly report that lists only SNAP transactions made during the month for two hundred dollars (\$200) or more, where the account balance after completion of the transaction is zero dollars. The two-hundred-dollar (\$200) amount is a configurable parameter. The report **shall** be queried to pull more than one (1) month to look for patterns.
13. **Multiple Transactions on the Same Day** – monthly retailer report that lists only SNAP transactions made during the month, for fifty dollars (\$50) or more, where two (2) or more transactions occur at the same store on the same day and the transactions are performed by the same or multiple cardholders. The two (2) transactions and the fifty dollars (\$50) amount are both configurable parameters and may be changed in the future if desired.
14. **Retailer Manual Key Entered Transaction Report** – monthly report that details all SNAP transaction manual entries occurring at a retailer location. The report must identify and separate online transactions from manually entered transactions.
15. **Retailer Terminal Activity Report** – daily report that provides a detailed listing of ATM, POS, and voucher activity by terminal at each location.

~~16. **POS Supply ACH** – monthly report that details the amount of funds sent to exempt retailers for POS supply credit reimbursement.~~

~~17.16. **Reversal Activity Report** – daily report that lists all reversal transactions.~~

~~18.17. **Cardholder Portal Activity Report** – monthly report showing how many times the Cardholder Portal is accessed and how many individuals accessed it.~~

~~19.18. **Authorized Representative Monthly Report** – a list of all authorized representatives in the EBT System. The report shall include the following information:~~

- Authorized Representative Name
- Cardholder Name
- Client ID
- Card Number
- Sorted by Date and Jurisdiction

~~20.19. **EBT Benefit Issuance Receipt Confirmation File Report** – monthly report to FNS-Southwest Regional Office (copy to the state) which identifies the data elements to be contained in this file.~~

~~21.20. **FNS Report** – monthly report to FNS-Southwest Regional Office which identifies the specific retailer where an Arkansas card was used to originate a SNAP transaction and the physical address of the retailer contained in the transaction data set does not match with the physical address of the retailer in the FNS REDE file. This report **will** be provided by the EBT Contractor. FNS will provide a sample report to DHS.~~

#### J. System Performance Reports

System Performance Reports **shall** be used by DHS to monitor the operations and performance of the EBT System, Customer Service operations, and the Integrated Voice Response System (IVRS). These reports **shall** provide statistical information on the system utilization and response time. Contractor **shall** generate the following System Performance Reports:

1. **Host Response Time Analysis Report** – monthly report that provides analysis information including a statistical summary of response time by retailer terminal, ATM, third (3rd) party, and network acquirers.
2. **System Availability Report** – monthly report of system availability, including detailed documentation and explanation of both scheduled and unscheduled downtime and processing interruptions. This report is to ensure compliance with the system availability requirements specified in this document, the FNS EBT Regulations, and the EBT Operating Rules.

3. **STARS Report** – daily report that provides SNAP net redemption data to the FNS Minneapolis Computer Support Center (MCSC). The data format and requirements of this file **shall** be specified by FNS. At a minimum, data elements required in this file **shall** include: (1) FNS retail merchant authorization number; (2) Date of Food Stamp redemption; and (3) Total daily amount of Food Stamp redemptions by retailer.
4. **Cardholder and Retailer's Customer Service Call Center and IVRS Activity Report (Monthly)** – monthly report of the following IVRS data:
  - i. Total number of calls
  - ii. Total minutes spent on IVRS
  - iii. Average call duration
  - iv. Total calls transferred to Customer Service Representative (CSR)
  - v. Percent of calls transferred to CSR

Contractor **shall** provide the following CSR data monthly:

- i. Total number of calls received
- ii. Number of calls answered including calls placed on hold
- iii. Number of abandoned calls from hold (these are not counted as answered calls)
- iv. Average time of abandoned calls
- v. Average speed of answer
- vi. Average talk time

## 2.28 SERVICE LEVEL

- A. If a breach of any resulting contract has occurred, DHS will consider any service level delay for which Contractor is not responsible pursuant to the terms defined herein.
- B. Contractor **shall** provide service at or above that as defined in this RFP.
- C. Contractor **shall** have a comprehensive approach to measuring service in providing a functioning statewide EBT System for the delivery of SNAP benefits through POS devices. Approaches and methodologies **shall** encompass, at a minimum:
  1. Twenty-four (24) hours a day, seven (7) days a week, three hundred sixty-five (365) days production support services
  2. Problem determination and resolution
  3. EBT System analysis, including but not limited to transactions, queries, and job streams
  4. Customer Service
  5. Transaction processing
  6. Benefit Issuance and Availability

## 2.29 PROPOSED VALUE-ADDED SERVICES & CARD FEATURES

DHS recognizes that a thoughtful set of high-impact, low-cost service and card feature value adds can significantly impact the successful implementation and execution of an EBT program. Prospective Contractors are encouraged to propose value added services and card features that offer a high impact on the State's program objectives. Prospective Contractors proposed value-added services will be scored as part the technical proposal and any associated costs **must** be included in their DDI and M&O rates as part of the bid price listed in *Attachment M: Cost Proposal Template* in Tab 4, Proposed Services.

## 2.30 POTENTIAL FUTURE SERVICES & CARD FEATURES

As the State's needs evolve over the course of a contract established from this solicitation, services and card features in addition to those already included as Value Adds in the Respondent's Proposal (see **Section 2.29**) may be amended into an established contract through a contract amendment or may be included via change order through the approved change management process. Prospective Contractors are encouraged to identify services and card features they can make available to the State but are not included in their Proposal. *Attachment M: Cost Proposal Template* includes a Service Rate Card and a Card Feature Rate Card listing services and card features the State may find to be advantageous but did not include as requirements of the RFP. Prospective Contractor may choose to offer pricing on either of these Rate Cards for a range of potential future services and/or card features for future consideration by the State.

Please note that:

- Respondents shall not include pricing on the Tab 5 Services Rate Card or Tab 6 Card Feature Rate Card for value added services included in the Respondent's Proposal (see **Section 2.29**).
- Pricing included on the Services Rate Card and Card Feature Rate Card will not be included in the solicitation Cost Score calculation.

## 2.31 PERFORMANCE STANDARDS

- A. State law requires that all contracts for services include Performance Standards for measuring the overall quality of services provided. *Attachment C: Performance Standards* identifies expected deliverables, performance measures, or outcomes; and defines the acceptable standards Contractor **must** meet in order to avoid assessment of damages. The State may be open to negotiations regarding Performance Standards prior to contract award, prior to the commencement of services, or at other times throughout the contract duration.
- B. The State **shall** have the right to modify, add, or delete Performance Standards throughout the contract term, should the change be in the State's best interest. Any changes or additions to Performance Standards will be made in good faith following acceptable industry standards and may include Contractor's input so as to establish reasonably achievable standards. All changes made to the Performance Standards **shall** become an official part of the contract.
- C. Performance Standards **shall** continue throughout the contract term. Failure to meet the minimum Performance Standards as specified may result in the assessment of damages.
- D. In the event a Performance Standard is not met, Contractor will have the opportunity to respond to the insufficiency. The State may waive damages if it determines there were extenuating factors beyond Contractor's control that hindered the performance of services or if it is in the State's best interest. In these instances, the State **shall** have final determination of the performance acceptability. Should any compensation be owed to the agency due to the assessment of damages, Contractor **shall** follow the agency's direction regarding the required compensation process.
- E. Contractor shall provide a monthly written summary with back up documentation regarding the success in meeting minimum Performance Standards for each section of the contract where definable standards, service levels, and/or metrics exist.

### **SECTION 3 – SELECTION**

- **Do not** provide responses to items in this section.

#### **3.1 TECHNICAL PROPOSAL SCORE**

- A. OP will review each *Technical Response Packet* to verify submission Requirements have been met. *Technical Response Packets* that do not meet submission *Requirements* **shall** be rejected and **shall** not be evaluated.
- B. An agency-appointed Evaluation Committee will evaluate and score qualifying Technical Proposals. Evaluation will be based on Prospective Contractor's response to the *Information for Evaluation* section included in the *Technical Response Packet*.
1. Members of the Evaluation Committee will individually review and evaluate proposals and complete an Individual Score Worksheet for each proposal. Individual scoring for each Evaluation Criteria will be based on the following Scoring Description.

Quality Rating	Quality of Response	Description	Confidence in Proposed Approach
5	Excellent	When considered in relation to the RFP evaluation factor, the proposal squarely meets the requirement and exhibits outstanding knowledge, creativity, ability, or other exceptional characteristics. Extremely good.	Very High
4	Good	When considered in relation to the RFP evaluation factor, the proposal squarely meets the requirement and is better than merely acceptable.	High
3	Acceptable	When considered in relation to the RFP evaluation factor, the proposal is of acceptable quality.	Moderate
2	Marginal	When considered in relation to the RFP evaluation factor, the proposal's acceptability is doubtful.	Low
1	Poor	When considered in relation to the RFP evaluation factor, the proposal is inferior.	Very Low
0	Unacceptable	When considered in relation to the RFP evaluation factor, the proposal clearly does not meet the requirement. Either nothing in the proposal is responsive in relation to the evaluation factor or the proposal affirmatively shows that it is unacceptable in relation to the evaluation factor.	No Confidence

2. After initial individual evaluations are complete, the Evaluation Committee members will meet to discuss their individual ratings in a consensus scoring meeting. At this consensus scoring meeting, each evaluator will be afforded an opportunity to discuss his or her rating for each evaluation criteria.
  3. After committee members have had an opportunity to discuss their individual scores recorded on the preliminary Individual Score Worksheet with the committee, the individual committee members will be given the opportunity to change their initial individual score, if they feel that is appropriate.
  4. The final individual scores of the evaluators will be recorded on the Consensus Score Sheets and averaged to determine the group or consensus score for each proposal. For purposes of scoring, only the final scores of the evaluators reflected on the Consensus Score Sheet will be used. Each evaluator shall sign the Consensus Score Sheet affirming that the score noted is the score intended by the evaluator.
  5. Other agencies, consultants, and experts may also examine documents at the discretion of the Agency.
- C. The *Information for Evaluation* section has been divided into sub-sections.

1. In each sub-section, each item or question may be assigned a maximum point value of five (5) points. The total point value for each sub-section is reflected in the table below as the Maximum Raw Score Possible.
2. The agency has assigned Weighted Percentages to each sub-section according to its significance.

Information for Evaluation Sub-Sections	Maximum Raw Points Possible	Sub-Section's Weighted Percentage	* Maximum Weighted Score Possible
E.1 General Requirements	25	10	70
E.2 Design Phase	10	5	35
E.3 Transition in Requirements	20	3	21
E.4 EBT System Functionality	40	5	35
E.5 EBT Card Requirements and Issuance	40	6	35
E.6 Customer Service Requirements	65	8	56
E.7 Training	20	3	21
E.8 POS Terminals	20	2	14
E.9 Financial transaction/transmission requirements, Financial Adjustment Processing	35	9	63
E.10 Maintenance and Change Request Processes & Procedures	20	3	21
E.11 Problem Management, Contract Monitoring, and Problem Resolution	25	4	28
E.12 System Performance, System Security Plan, and Fraud Prevention Analysis	40	10	70
E.13 Independent Audit/Certification	5	6	49
E.14 Project Management	10	3	21
E.15 Reporting	10	9	63
E.16 Transition Out Requirements	5	4	28
E.17 Value Added Services	15	10	70
<b>Total Technical Score</b>	<b>405</b>	<b>100%</b>	<b>700</b>

\*Sub-Section's Percentage Weight x Total Weighted Score = Maximum Weighted Score Possible for the sub-section.

- D. The proposal's weighted score for each sub-section will be determined using the following formula:

$$(A/B)*C = D$$

A = Actual Raw Points received for sub-section in evaluation

B = Maximum Raw Points possible for sub-section

C = Maximum Weighted Score possible for sub-section

D = Weighted Score received for sub-section

- E. The proposal's weighted scores for sub-sections will be added to determine the Total Technical Score for the Proposal.
- F. Technical Proposals that do not receive a minimum weighted score/subtotal of 350 may not move forward in the solicitation process. The pricing for proposals which do not move forward will not be scored.

### 3.2 ORAL PRESENTATION/DEMONSTRATION SCORE

- A. The three (3) Prospective Contractors with the top technical proposal scores after completion of the technical proposal evaluation may be contacted to schedule an oral presentation and/or product demonstration. Key staff proposed **must** be available to participate in the Demonstration/Oral Presentation, if requested. Oral presentations and product demonstrations, if requested, shall be at the Vendor's expense. Should the agency not elect to hold oral presentations/demonstrations, the agency may then move to open pricing.
- B. Should DHS elect to hold oral presentation/demonstrations, the buyer will create a second set of score sheets by copying the Excel workbook (including the scores entered) and titling each of the score sheets in that workbook as the "Post-Demonstration" score sheets.

- C. After each requested oral presentation/demonstration is complete, the Evaluation Committee members will have the opportunity to discuss the oral presentation/demonstration and revise their individual scores on the Post-Demonstration Consensus Score Sheet based on the information provided during the oral presentation/demonstration.
- D. The final individual scores of the evaluators on the Post-Demonstration Consensus Score Sheets will be averaged to determine the final Technical score for each proposal.

### 3.3 COST SCORE

- A. When pricing is opened for scoring, the maximum amount of cost points will be given to the proposal with the lowest grand total cost as shown on the *Official Bid Price Sheet*. (See *Grand Total Score* for maximum points possible for cost score.)
- B. The amount of cost points given to the remaining proposals will be allocated by using the following formula:

$$(A/B)*(C) = D$$

A = Lowest Total Cost

B = Second (third, fourth, etc.) Lowest Total Cost

C = Maximum Points for Lowest Total Cost

D = Total Cost Points Received

### 3.4 GRAND TOTAL SCORE

The Technical Score and Cost Score will be added together to determine the Grand Total Score for the proposal. The Prospective Contractor's proposal with the highest Grand Total Score will be selected as the apparent successful Contractor (*See Award Process*).

	Maximum Points Possible
Technical Proposal	700
Cost	300
<b>Maximum Possible Grand Total Score</b>	<b>1,000</b>

### 3.5 PROSPECTIVE CONTRACTOR ACCEPTANCE OF EVALUATION TECHNIQUE

Contractor **must** agree to all evaluation processes and procedures as defined in this solicitation. Submission of a *Technical Response Packet* signifies Contractor's understanding and agreement that subjective judgments **shall** be made during the evaluation and scoring of the Technical Proposals.

## **SECTION 4 – GENERAL CONTRACTUAL REQUIREMENTS**

- **Do not** provide responses to items in this section unless expressly required.

### **4.1 PAYMENT AND INVOICE PROVISIONS**

- A. All invoices **shall** be forwarded to the Arkansas Department of Human Services, Division of County Operations via email at: [SNAPFinancials@dhs.arkansas.gov](mailto:SNAPFinancials@dhs.arkansas.gov) by the 10<sup>th</sup> day of each month unless otherwise instructed by DHS. **Mailed or faxed invoices will not be accepted.**
- B. The State will pay a fixed price to Contractor for system implementation and transition costs equivalent to the Total DDI Cost in Tab 3 of Attachment M Cost Proposal Template. The fixed-price start-up costs will be paid to Contractor in three (3) installments.
  1. The first (1st) installment, consisting of forty percent (40%) of the total start-up costs, will be paid upon successful completion of the State's system acceptance test.
  2. The second (2nd) installment, consisting of forty percent (40%) of the total start-up costs, will be paid upon successful conversion to the new Contractor's EBT System.
  3. The final installment, consisting of the remaining twenty percent (20%) of the start-up costs, will be paid following final acceptance by the State agency of satisfactory resolution of all issues remaining following conversions.
- C. Payment will be made in accordance with applicable State of Arkansas accounting procedures upon acceptance goods and services by the agency. The State **shall not** be invoiced in advance of delivery and acceptance of any goods or services. Payment will be made only after Contractor has successfully satisfied the agency as to the reliability and effectiveness of the goods or services purchased as a whole.
- D. Contractor should invoice the agency by an itemized list of charges. The agency's Purchase Order Number and/or the Contract Number should be referenced on each invoice. Other sections of this *Bid Solicitation* may contain additional Requirements for invoicing.
- E. Selected Contractor **must** be registered to receive payment and future *Bid Solicitation* notifications. Contractors may register on-line at <https://www.ark.org/vendor/index.html>.

### **4.2 GENERAL INFORMATION (NON-NEGOTIABLE)**

- A. A contract **shall not** be effective prior to award being made by a State Procurement Official. The laws of the State of Arkansas **shall** govern this contract. Any litigation involving the State **must** take place in Pulaski County, Arkansas. The State **shall not** agree to any provision of a contract which violates the laws or constitution of the State of Arkansas. The State **shall not** pay damages, legal expenses, or other costs and expenses of any other party.
- B. The State **shall not** continue a contract once any equipment has been repossessed. The State **shall not** lease any equipment or software for a period of time which continues past the end of a fiscal year unless the contract allows for cancellation by the State Procurement Official upon a thirty (30) day written notice to the Contractor/Lessor in the event funds are not appropriated.
- C. The State **shall not** enter a contract which grants to another party any remedies other than the following:
  1. The right to possession.
  2. The right to accrued payments.
  3. The right to expenses of de-installation.
  4. The right to expenses of repair to return the equipment to normal working order, normal wear and tear excluded.
  5. The right to recover only amounts due at the time of repossession and any unamortized nonrecurring cost as allowed by Arkansas Law.
- D. In a contract with another party, the State will accept the risk of loss of the equipment or software and pay for any destruction, loss or damage of the equipment or software while the State has such risk, when:
  1. The extent of liability for such risk is based upon the purchase price of the equipment or software at the time of any loss, and
  2. The contract has required the State to carry insurance for such risk.

### **4.3 CONDITIONS OF CONTRACT**

- A. Contractor **shall** at all times observe and comply with federal and State of Arkansas laws, local laws, ordinances, orders, and regulations existing at the time of, or enacted subsequent to the execution of a resulting contract which in any manner affect the completion of the work.

- B. Contractor **shall** indemnify and save harmless the agency and all its officers, representatives, agents, and employees against any claim or liability arising from or based upon the violation of any such law, ordinance, regulation, order, or decree by an employee, representative, or subcontractor of Contractor.
- C. Contractor agrees to the Performance Based Contracting standards as presented in Attachment C, DHS Standard Terms and Conditions as presented in Attachment D, a pro forma contract as presented in Attachment E, the Business Associate Agreement as presented in Attachment F, and the Organizational or Personal Conflict of Interest policy as presented in Attachment G. Do not complete and return any of the above-named attachments. They are for your information only.

#### 4.4 STATEMENT OF LIABILITY

- A. The State will demonstrate reasonable care but will not be liable in the event of loss, destruction, or theft of Contractor-owned equipment or software and technical and business or operations literature to be delivered or to be used in the installation of deliverables and services. Contractor will retain total liability for equipment, software and technical and business or operations literature. The State **shall** not at any time be responsible for or accept liability for any Contractor-owned items.
- B. Contractor's liability for damages to the State **shall** be limited to the value of the Contract or \$5,000,000, whichever is higher. The foregoing limitation of liability **shall not** apply to claims for infringement of United States patent, copyright, trademarks, or trade secrets; to claims for personal injury or damage to property caused by Contractor's gross negligence or willful misconduct; to claims covered by other specific provisions of the Contract calling for damages; or to court costs or attorney's fees awarded by a court in addition to damages after litigation based on the Contract. Contractor and the State **shall not** be liable to each other, regardless of the form of action, for consequential, incidental, indirect, or special damages. This limitation of liability **shall not** apply to claims for infringement of United States patent, copyright, trademark, or trade secrets; to claims for personal injury or damage to property caused by Contractor's gross negligence or willful misconduct; to claims covered by other specific provisions of the Contract calling for damages; or to court costs or attorney's fees awarded by a court in addition to damages after litigation based on the Contract.
- C. **(NON-NEGOTIABLE)** Language in these terms and conditions **shall not** be construed or deemed as the State's waiver of its right of sovereign immunity. Contractor agrees that any claims against the State, whether sounding in tort or in contract, **shall** be brought before the Arkansas State Claims Commission as provided by Arkansas law, and **shall** be governed accordingly.

#### 4.5 PERFORMANCE BONDING

Contractor **shall** be required to obtain performance bonds to protect the State's interest as follows:

- A. The amount of the performance bonds **shall** be one hundred percent (100%) of the annual contract price, unless the State determines that a lesser amount would be adequate for the State's protection. Such performance bond must be provided to DHS prior to signing the contract.
- B. The State **shall** require additional performance bond protection when a contract price is increased or modified. The additional performance bond **must** be delivered to the DHS Chief Procurement Officer within fourteen (14) calendar days of request.
- C. The contractor **shall** notify the State of any changes, modification, or renewals for the performance bond during the term of the contract. The performance bond documentation **must** be provided to the State with each required notice. Failure to provide is a breach of contract and may result in immediate contract termination, prohibition against future bidding with the State, the addition of Contractor to the DHS excluded provider list, etc.

#### 4.6 RECORD RETENTION

- A. Contractor **shall** maintain all pertinent financial and accounting records and evidence pertaining to the contract in accordance with generally accepted principles of accounting and as specified by state law. Upon request, access **shall** be granted to State or Federal Government entities or any of their duly authorized representatives.
- B. Financial and accounting records **shall** be made available, upon request, to the State of Arkansas's designee(s) at any time during the contract period and any extension thereof, and for five (5) years from expiration date and final payment on the contract or extension thereof.
- C. Other sections of this *Bid Solicitation* may contain additional Requirements regarding record retention.

#### 4.7 PRICE ESCALATION

Price increases will be considered at the time of contract renewal. Contractor **must** provide to OP a written request for the price increase. The request **must** include supporting documentation demonstrating that the increase in contract price is based on an increase in market price. OP has the right to require additional information pertaining to the

requested increase. Increases will not be considered to increase profit or margins. OP has the right to approve or deny the request.

#### 4.8 CONFIDENTIALITY

Contractor, Contractor's subsidiaries, and Contractor's employees **shall** be bound to all laws and to all Requirements set forth in this *Bid Solicitation* concerning the confidentiality and secure handling of information to which they may become aware during the course of providing services under a resulting contract. Consistent and/or uncorrected breaches of confidentiality may constitute grounds for cancellation of a resulting contract, and the State **shall** have the right to cancel the contract on these grounds. Previous sections of this *Bid Solicitation* may contain additional confidentiality Requirements.

#### 4.9 CONTRACT INTERPRETATION

Should the State and Contractor interpret specifications differently, either party may request clarification. However, if an agreement cannot be reached, the determination of the State **shall** be final and controlling.

#### 4.10 CANCELLATION

- A. For Cause. The State may cancel this contract for cause when Contractor fails to perform its obligations by giving Contractor written notice specifying the terms at least thirty (30) days prior to the proposed cancellation date. In any written notice of cancellation for cause, the State will advise Contractor of the reasons for cancellation and may provide Contractor an opportunity to cure the identified deficiencies prior to the proposed cancellation date. The parties may agree to reasonable contract modifications to avoid cancellation for cause to the extent permitted by law.
- B. For Convenience. The State may cancel any contract resulting from the solicitation by giving Contractor written notice of such cancellation no less than thirty (30) days prior to the date of cancellation.
- C. If upon cancellation, Contractor has provided commodities or services which the State of Arkansas has accepted, and there are no funds legally available to pay for the commodities or services, Contractor may file a claim with the Arkansas State Claims Commission under the laws and regulations governing the filing of such claims.

#### 4.11 SEVERABILITY

If any provision of the contract, including items incorporated by reference, is declared or found to be illegal, unenforceable, or void, then both the agency and the Contractor will be relieved of all obligations arising under such provision. If the remainder of the contract is capable of performance, it **shall not** be affected by such declaration or finding and **must** be fully performed.

## **SECTION 5 – STANDARD TERMS AND CONDITIONS**

- **Do not provide responses to items in this section.**
- 1. **GENERAL:** Any special terms and conditions included in this solicitation **shall** override these Standard Terms and Conditions. The Standard Terms and Conditions and any special terms and conditions **shall** become part of any contract entered into if any or all parts of the bid are accepted by the State of Arkansas.
- 2. **ACCEPTANCE AND REJECTION:** The State **shall** have the right to accept or reject all or any part of a bid or any and all bids, to waive minor technicalities, and to award the bid to best serve the interest of the State.
- 3. **BID SUBMISSION:** Original Response Packets **must** be submitted to OP on or before the date and time specified for bid opening. The Response Packet **must** contain all documents, information, and attachments as specifically and expressly required in the *Bid Solicitation*. The bid **must** be typed or printed in ink. The signature **must** be in ink. Unsigned bids **shall** be disqualified. The person signing the bid should show title or authority to bind his firm in a contract. Multiple proposals **must** be placed in separate packages and should be completely and properly identified. Late bids **shall not** be considered under any circumstances.
- 4. **PRICES:** Bid unit price F.O.B. destination. In case of errors in extension, unit prices **shall** govern. Prices **shall** be firm and **shall not** be subject to escalation unless otherwise specified in the *Bid Solicitation*. Unless otherwise specified, the bid **must** be firm for acceptance for thirty (30) days from the bid opening date. "Discount from list" bids are not acceptable unless requested in the *Bid Solicitation*.
- 5. **QUANTITIES:** Quantities stated in a *Bid Solicitation* for term contracts are estimates only and are not guaranteed. Contractor **must** bid unit price on the estimated quantity and unit of measure specified. The State may order more or less than the estimated quantity on term contracts. Quantities stated on firm contracts are actual Requirements of the ordering agency.
- 6. **BRAND NAME REFERENCES:** Unless otherwise specified in the *Bid Solicitation*, any catalog brand name or manufacturer reference used in the *Bid Solicitation* is descriptive only, not restrictive, and used to indicate the type and quality desired. Bids on brands of like nature and quality will be considered. If bidding on other than referenced specifications, the bid **must** show the manufacturer, brand or trade name, and other descriptions, and should include the manufacturer's illustrations and complete descriptions of the product offered. The State **shall** have the right to determine whether a substitute offered is equivalent to and meets the standards of the item specified, and the State may require Contractor to supply additional descriptive material. Contractor **shall** guarantee that the product offered will meet or exceed specifications identified in this *Bid Solicitation*. Contractors not bidding an alternate to the referenced brand name or manufacturer **shall** be required to furnish the product according to brand names, numbers, etc., as specified in the solicitation.
- 7. **GUARANTY:** All items bid **shall** be newly manufactured, in first-class condition, latest model and design, including, where applicable, containers suitable for shipment and storage, unless otherwise indicated in the *Bid Solicitation*. Contractor hereby guarantees that everything furnished hereunder **shall** be free from defects in design, workmanship, and material, that if sold by drawing, sample, or specification, it **shall** conform thereto and **shall** serve the function for which it was furnished. Contractor **shall** further guarantee that if the items furnished hereunder are to be installed by Contractor, such items **shall** function properly when installed. Contractor **shall** guarantee that all applicable laws have been complied with relating to construction, packaging, labeling, and registration. Contractor's obligations under this paragraph **shall** survive for a period of one year from the date of delivery, unless otherwise specified herein.
- 8. **SAMPLES:** Samples or demonstrators, when requested, **must** be furnished free of expense to the State. Each sample should be marked with Contractor's name and address, bid or contract number, and item number. If requested, samples that are not destroyed during reasonable examination will be returned at Contractor's expense. After reasonable examination, all demonstrators will be returned at Contractor's expense.
- 9. **TESTING PROCEDURES FOR SPECIFICATIONS COMPLIANCE:** Tests may be performed on samples or demonstrators submitted with the bid or on samples taken from the regular shipment. In the event products tested fail to meet or exceed all conditions and Requirements of the specifications, the cost of the sample used and the reasonable cost of the testing **shall** be borne by Contractor.
- 10. **AMENDMENTS:** Contractor's proposals cannot be altered or amended after the bid opening except as permitted by regulation.
- 11. **TAXES AND TRADE DISCOUNTS:** Do not include State or local sales taxes in the bid price. Trade discounts should be deducted from the unit price and the net price should be shown in the bid.
- 12. **AWARD:** Term Contract: A contract award will be issued to the successful Contractor. It results in a binding obligation without further action by either party. This award does not authorize shipment. Shipment is authorized by the receipt of

a purchase order from the ordering agency. Firm Contract: A written State purchase order authorizing shipment will be furnished to the successful Contractor.

13. **DELIVERY ON FIRM CONTRACTS:** This solicitation shows the number of days to place a commodity in the ordering agency's designated location under normal conditions. If Contractor cannot meet the stated delivery, alternate delivery schedules may become a factor in an award. OP **shall** have the right to extend delivery if reasons appear valid. If the date is not acceptable, the agency may buy elsewhere, and any additional cost **shall** be borne by Contractor.
14. **DELIVERY REQUIREMENTS:** No substitutions or cancellations are permitted without OP's written approval. Delivery **shall** be made during agency work hours only 8:00 a.m. to 4:30 p.m. Central Time, unless prior approval for other delivery has been obtained from the agency. Packing memoranda **shall** be enclosed with each shipment.
15. **STORAGE:** The ordering agency is responsible for storage if Contractor delivers within the time required and the agency cannot accept delivery.
16. **DEFAULT:** All commodities furnished **shall** be subject to inspection and acceptance of the ordering agency after delivery. Back orders, default in promised delivery, or failure to meet specifications **shall** authorize OP to cancel this contract or any portion of it and reasonably purchase commodities elsewhere and charge full increase, if any, in cost and handling to the defaulting Contractor. Contractor **must** give written notice to OP and ordering agency of the reason and the expected delivery date. Consistent failure to meet delivery without a valid reason may cause removal from the Contractors list or suspension of eligibility for award.
17. **VARIATION IN QUANTITY:** The State assumes no liability for commodities produced, processed, or shipped in excess of the amount specified on the agency's purchase order.
18. **INVOICING:** Contractor **shall** be paid upon completion of the following: (1) submission of an original and the specified number of copies of a properly itemized invoice showing the bid and purchase order numbers, where itemized in the *Bid Solicitation*, (2) delivery and acceptance of the commodities, and (3) proper and legal processing of the invoice by all necessary State agencies. Invoices **must** be sent to the "Invoice To" point shown on the purchase order.
19. **STATE PROPERTY:** Any specifications, drawings, technical information, dies, cuts, negatives, positives, data, or any other commodity furnished to Contractor hereunder or in contemplation hereof or developed by Contractor for use hereunder **shall** remain property of the State, **shall** be kept confidential, **shall** be used only as expressly authorized, and **shall** be returned at Contractor's expense to the F.O.B. point provided by the agency or OP. Contractor **shall** properly identify items being returned.
20. **PATENTS OR COPYRIGHTS:** Contractor **must** agree to indemnify and hold the State harmless from all claims, damages, and costs, including attorneys' fees, arising from infringement of patents or copyrights.
21. **ASSIGNMENT:** Any contract entered into pursuant to this solicitation **shall not** be assignable nor the duties thereunder delegable by either party without the written consent of the other party of the contract.
22. **CLAIMS (NON-NEGOTIABLE):** Any claims Contractor may assert under this Agreement shall be brought before the Arkansas State Claims Commission, which shall have exclusive jurisdiction over any and all claims that Contractor may have arising from or in connection with this Agreement. Unless Contractor's obligations to perform are terminated by the State, Contractor shall continue to provide the Services under this Agreement even in the event that Contractor has a claim pending before the Commission.
23. **CANCELLATION (NON-NEGOTIABLE):** In the event the State no longer needs the commodities or services specified for any reason, (e.g., program changes; changes in laws, rules, or regulations; relocation of offices; lack of appropriated funding, etc.), the State **shall** have the right to cancel the contract or purchase order by giving Contractor written notice of such cancellation thirty (30) days prior to the date of cancellation.

Any delivered but unpaid for goods will be returned in normal condition to Contractor by the State. If the State is unable to return the commodities in normal condition and there are no funds legally available to pay for the goods, Contractor may file a claim with the Arkansas State Claims Commission under the laws and regulations governing the filing of such claims. If upon cancellation Contractor has provided services which the State has accepted, Contractor may file a claim. **NOTHING IN THIS CONTRACT SHALL BE DEEMED A WAIVER OF THE STATE'S RIGHT TO SOVEREIGN IMMUNITY.**

24. **DISCRIMINATION:** In order to comply with the provision of Act 954 of 1977, relating to unfair employment practices, Contractor agrees that: (a) Contractor **shall not** discriminate against any employee or applicant for employment because of race, sex, color, age, religion, handicap, or national origin; (b) in all solicitations or advertisements for employees, Contractor **shall** state that all qualified applicants **shall** receive consideration without regard to race, color, sex, age, religion, handicap, or national origin; (c) Contractor will furnish such relevant information and reports as requested by the Human Resources Commission for the purpose of determining compliance with the statute; (d) failure

of Contractor to comply with the statute, the rules and regulations promulgated thereunder, and this nondiscrimination clause **shall** be deemed a breach of contract and it may be cancelled, terminated, or suspended in whole or in part; (e) Contractor **shall** include the provisions of above items (a) through (d) in every subcontract so that such provisions **shall** be binding upon such subcontractor or Contractor.

- 25. CONTINGENT FEE:** Contractor guarantees that he has not retained a person to solicit or secure this contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, except for retention of bona fide employees or bona fide established commercial selling agencies maintained by the Contractor for the purpose of securing business.
- 26. ANTITRUST ASSIGNMENT:** As part of the consideration for entering into any contract pursuant to this solicitation, the Contractor named on the *Proposal Signature Page* for this solicitation, acting herein by the authorized individual or its duly authorized agent, hereby assigns, sells and transfers to the State of Arkansas all rights, title, and interest in and to all causes of action it may have under the antitrust laws of the United States or this State for price fixing, which causes of action have accrued prior to the date of this assignment and which relate solely to the particular goods or services purchased or produced by this State pursuant to this contract.
- 27. DISCLOSURE (NON-NEGOTIABLE):** Failure to make any disclosure required by Governor's Executive Order 98-04, or any violation of any rule, regulation, or policy adopted pursuant to that order, **shall** be a material breach of the terms of this contract. Any Contractor, whether an individual or entity, who fails to make the required disclosure or who violates any rule, regulation, or policy **shall** be subject to all legal remedies available to the agency.