## ARKANSAS DEPARTMENT OF HUMAN SERVICES PERFORMANCE BASED CONTRACTING

Pursuant to Ark. Code Ann. 19-11-267 et. seq., the selected Contractor shall comply with performance based standards. Following are the performance based standards that will be a part of the Contract and with which the Contractor must comply for acceptable performance to occur under the Contract.

- I. The Contractor must comply with all statutes, regulations, codes, ordinances, and licensure or certification requirements applicable to the Contractor or to the Contractor's agents and employees and to the subject matter of the Contract. Failure to comply shall be deemed unacceptable performance.
- II. Except as otherwise required by law, the Contractor agrees to hold the contracting Division/Office harmless and to indemnify the contracting Division/Office for any additional costs of alternatively accomplishing the goals of the Contract, as well as any liability, including liability for costs or fees, which the contracting Division/Office may sustain as a result of the Contractor's performance or lack of performance.
- III. During the term of the Contract, the division/office will complete sufficient performance evaluation(s) to determine if the Contractor's performance is acceptable.
- IV. The State **shall** have the right to modify, add, or delete Performance Standards throughout the term of the Contract, should the State determine it is in its best interest to do so. Any changes or additions to performance standards will be made in good faith following acceptable industry standards, and may include the input of the Contractor so as to establish standards that are reasonably achievable
- V. The contract program deliverables and performance indicators to be performed by the Contractor are split up into two tables below, one for Design, Development, and Implementation (DDI) Performance Indicators and one for Maintenance & Operations (M&O) Performance Indicators:

Table 1: DDI Performance Indicators

Number	DDI Service Criteria <sup>i</sup>	Acceptable	Damages for
		Performance	Insufficient Performance <sup>ii</sup>
D-1	Critical Severity – Operational Readiness Review(s).  The Future System shall pass all requirements of the ORR(s) to the State's satisfaction in accordance with RFP Section 2.5.6 by a date agreed upon by the Contractor and State.  It is possible that the State will require two (2) ORRs, in which case this DDI Service Criteria would be for each ORR.	Pass all requirements of the ORR(s) by the agreed upon date(s). Contractor shall undertake all efforts to remedy any issues identified in the ORR(s) and the ORR(s) will not be considered passed until all aspects of the ORR(s) are passed.	For every one (1) business day past the agreed upon date the Contractor fails to pass any requirement of the ORR(s), \$3,000 shall be deducted from the available payment for this deliverable/milestone.
D-2	Critical Severity – ACF Determination of CCWIS Compliance.  The Future System shall receive an ACF determination that it substantially complies with the requirements of the CCWIS Final Rule by a date mutually agreed upon between the State and the Contractor.  The State reserves the right to update this Service Criteria in accordance with updated CCWIS compliance guidance from ACF.	Obtain ACF determination for the Future System by the agreed upon date.	For every one (1) business day past the agreed upon date the Contractor fails to obtain ACF determination of substantial compliance with the CCWIS Final Rule requirements, \$2,000 shall be deducted from the available payment for this deliverable/milestone.
D-3	High Severity – Project Schedule.  The Contractor shall deliver a baselined Project Schedule compliant with RFP Section 2.5.1.3 within thirty (30) calendar days of the Contract Start Date. This Schedule shall be updated on a mutually agreed upon periodicity.	Deliver a Project Schedule compliant with RFP Section 2.5.1.3 on or before thirty (30) calendar days after the Contract's start date.  Provide an updated Project Schedule on a mutually agreed upon periodicity thereafter (or a notice that no update is required).	For every one (1) business day past the agreed upon date the Contractor fails to deliver a new or updated Project Schedule, \$3,000 shall be deducted from the available payment for this deliverable/milestone.
D-4	High Severity - Change Request Response.  During the course of DDI, Contractor shall provide a Project Change Request (see RFP Section 2.3.5) within ten (10) days of the	100% timeliness in responding to Change Requests.	\$100 per business day beyond the due date up to 10 business days, not to exceed 5 proposals per month. Aggregate

Number	DDI Service Criteria <sup>i</sup>	Acceptable Performance	Damages for Insufficient Performance <sup>ii</sup>
	request from designated State staff, unless an extended timeframe is requested by the State. The Project Change Request shall include written estimates and design documents for the State's review and approval.		liability for this damage is \$1,500 per month.
D-5	Critical Severity – Timeliness of Deliverable Approval  To avoid costly delays, all deliverables must be approved according to the baseline schedule.	100% of all deliverables are approved on schedule.	\$1,000 per business day for the first twenty (20) business days. After 20 business days, the amount will increase to \$2,000 per business day
D-6	High Severity – Number of Deliverable Resubmissions  The deliverables submitted for review should be to a quality standard that allows for one DCFS review, one update, and approval.  The Contractor shall forfeit the Contract payment associated with that deliverable (or pay a damage if no payment is associated) in the event that the State declines to approve that deliverable three times. In other words, the Contractor shall have two submissions in addition to the original submission for the State's approval before there is a financial consequence.  In the event the State withholds approval for the third submission, this does not eliminate, alter, abrogate or otherwise change the Contractor's responsibility to submit that deliverable in a manner satisfactory to the State.	Obtain the State's approval for a deliverable requiring State approval before the third submission of that deliverable.	Forfeiture of the associated payment for said deliverable, if applicable.  In the event no payment is associated with the deliverable, a damage in the amount of \$2500 for each submission beyond the third until approval is received.

Table 2: M&O Performance Indicators

Number	M&O Service Criteria <sup>iii</sup>	Acceptable	Damages for
		Performance	Insufficient Performance <sup>iv</sup>
M-1	Transition Execution.  To avoid costly extensions of existing contracts and/or operational risk, the transition activities will stay on schedule to transition the M&O services prior to Contract expiration. This will be measured against milestones defined in the Disengagement Plan.	100% of all milestones are completed/approved on schedule.	\$50,000 to be allocated to applicable milestones via the approved Disengagement Plan.
M-2	Availability.  The Future System will be available to all users. Availability is defined as all components of the system are running and the users can perform all task supported by the system. Planned uptime is 24X7 excluding DHS approved maintenance windows.	The Future System is available to all users 99.75% of planned uptime.	\$10,000 per month not to exceed \$120,000 for a 12 month period.
M-3	Performance - Average Response Time.  The Future System performance will meet end-user expectations to deliver increased customer satisfaction and efficiency gains	Average response time is two (2) seconds (response time from entering command to receiving result).	\$7,500 per month not to exceed \$90,000 for a 12 month period.
M-4	Performance - Maximum Response Time.  The Future System performance will meet end-user expectations to deliver increased customer satisfaction and efficiency gains	99.5% of transactions are complete (response time from entering command to receiving result) in less than three (3) seconds.	\$7,500 per month not to exceed \$90,000 for a 12 month period.
M-5	Critical Severity Incident Restoring of Service (Break/Fix).  Critical incidents will be addressed quickly to minimize the business impact of the incident (critical severity incident - system failure - no further processing is possible. For more information see RFP Section 2.9.3).	Each month, 95% of critical severity incidents are fixed within four (4) hours.	\$2000 per month with an aggregate 12 month allocation of \$24,000.
M-6	High Severity Incident Restoring of Service (Break/Fix).  High incidents will be addressed quickly to minimize the business impact of the incident (high severity incident - unable to proceed with selected function or dependents. For more information see RFP Section 2.9.3)	Each month, 95% of high severity incidents are fixed within twenty- four (24) hours.	\$1000 per month with an aggregate 12 month allocation of \$12,000.

Number	M&O Service Criteria <sup>iii</sup>	Acceptable Performance	Damages for Insufficient Performance <sup>iv</sup>
M-7	Medium Severity Incident Restoring of Service (Break/Fix).  Medium incidents will be addressed quickly to minimize the business impact of the incident (medium severity incident - restricted function capability; however, processing can continue. For more information see RFP Section 2.9.3)	Each month, 95% of medium severity incidents are fixed within five (5) business days.	\$500 per month with an aggregate 12 month allocation of \$6,000.
M-8	Security Incidents Response Time.  DHS needs to be aware of any security incidents as quickly as possible.	All notifications completed in less than one (1) hour (all notifications shall occur as soon as possible).	\$2000 per incident with an aggregate 12 month allocation of \$10,000.
M-9	Response to Patches and Fixes.  When COTS/software vendors release patches/fixes, the Contractor needs to apply these patches/fixes to the environment.	Prepare the patches to the production environment (aligned with DHS' release process) within thirty (30) days of the vendor's release.	\$250 every business day beyond the due date up to 10 calendar days, not to exceed \$10,000 per year.
M-10	Response to Patches and Fixes - Critical Security Patches.  When COTS/software vendor release critical patches/fixes, the Contractor needs to quickly apply critical patches/fixes to the environment (contingent on the State being ready and able to accept the patch/fix).	Prepare the critical patches to the production environment (aligned with DHS' release process) within five (5) days of the vendor's release (contingent on the State being ready and able to accept the patch/fix).	\$500 every business day beyond the due date up to 10 calendar days, not to exceed \$20,000 per year.
M-11	DHS Enhancement Request Response Time.  After DHS decides to enhance the Future System, the Contractor must respond in a timely manner.	Proposals/responses (including requirements, cost estimate, and schedule) must be received within fifteen (15) working days.	\$100 per working day beyond the due date up to 10 working days, not to exceed 5 proposals per month. Aggregate liability for this damage is \$1500 per month.
M-12	Delivery of Enhancements.  To avoid scheduling issues and potential end-user issues, all enhancements must be completed in alignment with the proposed schedule.	Enhancements deployed into production on schedule.	\$500 per day beyond the approved release date up to 10 days, not to exceed \$5,000 per release.
M-13	Documentation Updates.  When changes are introduced to the system (e.g. new software is deployed) or processes (e.g. personnel changes	Documentation, designs, compliance materials, technical interfaces, and exchange materials are	\$2,000 per release (an aggregate of \$24,000 per 12 months period).

Number	M&O Service Criteria <sup>iii</sup>	Acceptable Performance	Damages for Insufficient Performance <sup>iv</sup>
	involved in Disaster Recovery) the documentation (e.g. configuration management process, architecture), designs, compliance materials, technical interfaces, and exchange information must be updated.  Note: It is possible that not all of the above materials will need to be updated when changes are introduced to the	updated within two (2) weeks.	remained
	system.		
M-14	Customer Satisfaction Survey - Usability.  Customer (internal and external) satisfaction surveys provide insight into the usability of the Future System.	90% of all responses must have a satisfaction score of seven (7) out of ten (10) (or equivalent) or higher (10 being the highest score).	\$250 per survey respondent that is below the threshold of 90% of all survey respondent having a satisfaction score of 7 of 10, not exceed to \$10,000 per survey.
M-15	Customer Satisfaction Survey - Internal Vendor/Partners.  Customer (other DHS vendors, DHS management etc.) satisfaction provide insight into whether the Contractor is partnering effectively with other vendors to provide services to DHS and its Clients.	90% of all responses must have a satisfaction score of seven (7) out of ten (10) (or equivalent) or higher (10 being the highest score).	\$250 per survey respondent that is below the threshold of 90% of all survey respondent having a satisfaction score of 7 of 10, not exceed to \$10,000 per survey.
M-16	Disaster Recovery: Recovery Time Objective (RTO) (DHS Optional).  DHS needs to recover the production environment in the event of a disaster without lengthy downtime.	The Future System is fully functional at the back-up location within seventy-two (72) hours.	Subject to agreement on processes and responsibilities, \$5,000 per 24 hour period beyond the initial 72 hour period; not to exceed \$25,000 per Disaster that the Acceptable Performance is not met due to Contractor's failure to perform its specified responsibilities. This damage will not to exceed \$100,000 over the full term of the Contract.
M-17	Disaster Recovery: Recovery Point Objective (RPO) (DHS Optional).  DHS needs to minimize the loss of data	No more than twenty- four (24) hours' worth of data collected before the disaster is invoked	Subject to agreement on processes and responsibilities, \$5,000 per 24 hour
	in the event of a disaster.	can be lost (not available once the	period beyond the initial 24 hour period;

Number	M&O Service Criteria <sup>iii</sup>	Acceptable Performance	Damages for Insufficient Performance <sup>iv</sup>
		production environment is restored at the back-up location.	not to exceed \$25,000 per Disaster that the Acceptable Performance is not met due to Contractor's failure to perform its specified responsibilities. This damage will not to exceed \$100,000 over the full term of the Contract.
M-18	Conflict of Interest Mitigation  During the term of this contract, the Contractor shall comply with the terms of the DHS Organizational or Personal Conflict of Interest provisions. The Contractor shall disclose all actual, apparent, or potential conflicts of interest to the Department of Human Services (DHS) within five (5) days of having knowledge of them. The Contractor shall develop a mitigation plan as requested by DHS which must be approved and accepted by DHS. Any changes to the approved mitigation plan must be approved in advance by DHS.	The Contractor must maintain one hundred percent (100%) compliance with this item at all times throughout the term of the contract.	The Vendor will be fined one thousand dollars (\$1,000) per day for each day past five (5) days for each actual, apparent, or potential conflict of interest it fails to disclose. The Vendor shall be fined ten thousand dollars (\$10,000) for the first failure to comply with the mitigation plan developed by the Vendor and approved by DHS. Each subsequent violation of the mitigation plan shall be twice the amount of the immediately preceding violation fine.
M-19	Reports. All reports required by the Contractor shall be furnished to the State or Federal Government in accordance with the requirements of the Contract.  This standard shall not include Key Federal Reports (defined in Attachment A Section 1.12.1)	The Contractor furnishes all reports as required by the Contract on their due date, notwithstanding the Key Federal Reports.	\$250 every business day beyond the due date up to 10 calendar days, not to exceed \$10,000 per year.
M-20	Key Federal Reports. The Federal Reports Identified in Attachment A Section 1.12.1 are essential to the State. These reports are the AFCARS, NCANDS, NYTD, Title IV Reports, and Family First reporting.	The Contractor submits all Key Federal Reports on their due dates unless its failure to be submitted is due, in whole or in part, to an act or omission of the Contractor or a failure,	\$750 every business day beyond the due date up to 10 calendar days, not to exceed \$30,000 per year.

Number	M&O Service Criteria <sup>iii</sup>	Acceptable Performance	Damages for Insufficient Performance <sup>iv</sup>
	A failure by the Contractor or the Future System to support the timely and accurate submission of these reports may have severe consequences for the State.	issue, defect or characteristic of the Future System.	
M-21	Additional Vendor Proposed Performance Indicators.  To help the State in managing a more robust performance based contract, vendors are highly encouraged to propose additional Performance Indicators for each of the areas as below. Vendors can add additional rows to this table to include additional Performance Indicators. Possible topics include: Platform M&O Transition, Application M&O Requirements, DDI to M&O Transition, Modifications and Enhancements Requirements, M&O Turn-Over Requirements  These additional Performance Indicators will be evaluated by the State as part of value added services provided by vendors, during the proposal evaluation and selection process.	To be proposed by vendors.	[damage to be negotiated in Contract]

Table 3: Additional Service Criteria

Service Criteria <sup>v</sup>	Acceptable Performance	Damages for Insufficient
		Performance <sup>vi</sup>

A. Mandated Reporting Pursuant to Ark. Code Ann. §12-18-402 (b)(10) and Ark. Code Ann. §§ 12-12-1708(a)(1)(AA), Contractor and all of its employees, agents, and all Subcontractors and Subcontractor's employees and agents shall immediately make a report to the Child Abuse Hotline or the Adult Maltreatment Hotline (based on type of maltreatment) if Contractor or any of its employees, agents, or Subcontractors' employees and agents, while performing duties under this contract, have reasonable cause to suspect that:

- a. A child has been subjected to child maltreatment;b. A child died as a result of child maltreatment;
- c. A child died suddenly and unexpectedly; or
- d. Observe a child being subjected to conditions or circumstances that would reasonably result in child maltreatment.

or

e. An endangered person or an impaired person has been subjected to conditions or circumstances that constitute adult maltreatment or longterm care facility resident maltreatment.

A privilege or contract shall not prevent a person from reporting maltreatment when he or she is a mandated reporter and required to report under this section.

An employer or supervisor of a mandated reporter shall not prohibit an employee or a volunteer from directly reporting maltreatment to the Hotline.

An employer or supervisor of a mandated reporter shall not require an employee or a Acceptable performance is defined as one hundred percent (100%) compliance with all service criteria and standards for acceptable performance throughout the contract term as determined by DHS.

For each failure to report, DHS may impose:

1. A ten percent (10%) penalty, assessed in the following months' payment for each failure to report. The penalty will be calculated from the total payment for the identified month in which the deficiency took place; or 2. A one percent (1%) penalty, assessed in the next payment for each failure to report. The penalty will be calculated from the projected total yearly contract amount for the contract, as determined by DHS. DHS may elect to calculate penalties/damages differently per occurrence.

In addition to the above penalties, DHS reserves the right to impose additional penalties including without limitation, requiring a Corrective Action Plan (CAP), withholding payment on future invoices until Vendor is in full compliance, maintaining a below standard Vendor Performance Report (VPR) in the vendor file and contract termination.

volunteer to obtain permission or notify any person, including an employee or a supervisor, before reporting maltreatment to the Hotline. Pursuant to Act 531 of 2019, Ark. Code Ann. §12-18-402 (b)(10) and Ark. Code Ann. §§ 12-12-1708(a)(1)(AA), Contractor and all of its employees, agents, and all Subcontractors and Subcontractor's employees and agents are mandated reporters. **B. Performance Bonding** Acceptable performance is Damages shall be one percent The Contractor shall be required defined as one hundred percent (1%) per day, calculated using to obtain performance bonds to (100%) compliance with Service the annual contract amount, for protect the State's interest as Criteria at all times throughout each day Vendor fails to meet the Performance Bonding follows: the contract term as determined Requirements specified in 1. The amount of the by DHS. performance bonds shall be one Service Criteria. hundred percent (20%) of the In addition, Vendor's continued annual contract price, unless the failure to meet Service Criteria. State determines that a lesser may result in a below standard amount would be adequate for Vendor Performance Report the protection of the State. (VPR) maintained in the vendor 2. The State shall require file and contract termination. additional performance bond Failure to provide is a breach of protection when a contract price contract and may result in is increased or modified. immediate contract termination. 3. The additional performance bond must be delivered to the Arkansas Department of Human Services Chief Procurement Officer within fourteen (14) calendar days of request. 4. The contractor shall notify the

State of any changes,

notice.

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

## C. Conflict of Interest Mitigation

During the term of this contract, the Vendor shall comply with the terms of the DHS Organizational or Personal Conflict of Interest provisions. The Vendor shall disclose all actual, apparent, or potential conflicts of interest to the Department of Human Services (DHS) within five (5) business days of having knowledge of them. The Vendor shall develop a mitigation plan as requested by DHS which must be approved and accepted by DHS. Any changes to the approved mitigation plan must be approved in advance by DHS.

The Vendor must maintain one hundred percent (100%) compliance with this item at all times throughout the term of the contract.

The Vendor will be fined one thousand dollars (\$1,000) per business day for each day past five (5) business days for each actual, apparent, or potential conflict of interest it fails to disclose. The Vendor shall be fined ten thousand dollars (\$10,000) for the first failure to comply with the mitigation plan developed by the Vendor and approved by DHS. Each subsequent violation of the mitigation plan shall be twice the amount of the immediately preceding violation fine.

## D. Transition Planning

- 1. Ninety (90) calendar days prior to the contract end date, the vendor shall submit to DHS a detailed plan for transitioning all contracted services to DHS, or to another vendor selected by DHS to provide the contracted services.
- 2. The transition plan 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) business days of the contract, or any proprietary data not captured in the initial delivery, shall be delivered to DHS no more than fifteen (15) business days following the contract end date. All transition activity is included in the contract price.
- 3. The Vendor shall not implement the plan until it has received DMS's written approval of the plan. The Vendor shall take all reasonable action to provide a minimally disruptive turnover.
- 4. The Contractor shall consult with DMS to determine, at the

The Vendor must maintain one hundred percent (100%) compliance with this item at all times throughout the term of the contract.

If the Vendor fails to meet the acceptable performance standard, DHS may issue a below standard Vendor Performance Report (VPR) maintained in the vendor file. Final payment may be withheld from the vendor until the all elements of the transition are satisfied as determined by DHS.

discretion of DMS, whether training for DMS staff shall be provided each contract year. 5. Deliverable Acceptance Process: If DMS rejects a deliverable, DMS will give the Vendor a written description of the changes that must be made to the deliverable. This cycle of submission, review, rejection, revision, and resubmission shall be repeated until DMS accepts the deliverable. Vendor shall be liable for all costs associated with additional work related to deliverables rejected by DMS

- E. Arkansas Freedom of Information Act (Ark. Code Ann. §25-19-101 et seq.):
  1. Contractor shall cooperate
- 1. Contractor shall cooperate with DHS requests for information and documents that DHS requires to fulfil an Arkansas Freedom of Information Act (FOIA) request.
- 2. Contractor shall timely provide all documents in its possession or control to DHS that match the request made by DHS.
- 3. Contractor is subject to Arkansas FOIA law pursuant to Ark. Code Ann. §25-19-103(7)(A).
- 4. Contractor shall timely and accurately respond to FOIA requests made directly to Contractor. See Ark. Code Ann. §25-19-101 et seq. for specific requirements.

Contractor shall respond to FOIA requests timely and accurately one hundred percent (100%) of the time.
Contractor shall provide information and documents to DHS upon request in the timeframe specified in the request one hundred percent (100%) of the time. DHS shall have sole determination as to the sufficiency of Contractor's response and provision of documents.

For each failure to meet performance standard, DHS may impose:

a. A ten percent (10%) penalty, assessed in the following months' payment for each failure to report. The penalty will be calculated from the total payment for the identified month in which the deficiency took place; or b. A one percent (1%) penalty, assessed in the next payment for each failure to report. The penalty will be calculated from the projected total yearly contract amount for the contract, as determined by DHS. DHS may elect to calculate penalties/damages differently per occurrence.

In addition to the above, Contractor shall be responsible for any penalties, fees, and costs imposed on DHS associated with vendor's failure to timely and accurately provide the requested information and documents. In addition to the above penalties, DHS reserves the right to impose additional penalties including without limitation, requiring a Corrective Action Plan (CAP), withholding payment on future invoices until Vendor is in full compliance, maintaining a below standard Vendor Performance Report (VPR) in the vendor file and contract termination.

Failure to meet the minimum Performance Standards as specified **may** result in the assessment of damages.

In the event a Performance Standard is not met, the Contractor will have the opportunity to defend or respond to, or cure to the satisfaction of the State, the insufficiency. The State **may** waive damages if it determines there were extenuating factors beyond the control of the Contractor that hindered the performance of services of it is in the best interest of the State. 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, the Contractor **shall** follow the direction of the agency regarding the required compensation process.

<sup>&</sup>lt;sup>i</sup> Nothing in this table is intended to set forth all obligations of the Contractor under the Contract. These obligations are in addition to any others imposed by the Contract and applicable law.

The damages set forth are not exclusive and shall in no way exclude or limit any remedies available at law or in equity.

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