



DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
OFFICE OF ENTERPRISE TECHNOLOGY SERVICES

LEGAL AD DATE: JANUARY 10, 2022

REQUEST FOR PROPOSALS
SOLICITATION #RFP-22-010

SEALED PROPOSALS TO PROVIDE
INDEPENDENT VERIFICATION & VALIDATION (IV&V) SERVICES FOR THE
ENTERPRISE FINANCIAL SOLUTION PROJECT, DEPARTMENT OF ACCOUNTING
AND GENERAL SERVICES, STATE OF HAWAI'I

WILL BE RECEIVED UP TO 2:00 P.M.(HST) ON

FEBRUARY 4, 2022

BY SUBMISSION TO THE STATE OF HAWAII EPROCUREMENT SYSTEM (HIEPRO)

TECHNICAL QUESTIONS AND PROCUREMENT QUESTIONS RELATING TO THIS
REQUEST FOR PROPOSALS SHALL BE SUBMITTED THROUGH HIEPRO.


Douglas Murdock (Jan 7, 2022 15:38 HST)

Douglas Murdock
Chief Information Officer
Office of Information Technology Services

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EXHIBIT A: CONTRACT FORM AND GENERAL CONDITIONS

No.	Description	Reference in RFP	Completed
1	Proposal Checklist – submittal of checklist with all items checked “completed.”	Proposal Checklist Section 3.1 Proposal Format and Content #1	<input type="checkbox"/>
2	Completed and signed Proposal Form OF-1;	Attachment 1. Proposal Form, OF-1; Section 3.1 Proposal Format and Content #2	<input type="checkbox"/>
3	Completed Proposal Form OF-2;	Attachment 2. Proposal Form, OF-2; Section 3.1 Proposal Format and Content #3	<input type="checkbox"/>
4	Table of Contents	Section 3.1 Proposal Format and Content #4	<input type="checkbox"/>
5	Executive Summary, not to exceed one page	Section 3.1 Required Format and Content #5	<input type="checkbox"/>
6	Firm’s Experience and Capability	Section 3.1 Required Format and Content #6	<input type="checkbox"/>
7	Staff Qualifications	Section 3.1 Required Format and Content #7	<input type="checkbox"/>
8	Technical Approach	Section 3.1 Required Format and Content #8	<input type="checkbox"/>
9	Price	Section 3.1 Required Format and Content #9	<input type="checkbox"/>
10	Conflict of Interest – Attestation	Section 3.1 Required Format and Content #10	<input type="checkbox"/>
11	Satisfactory Evidence of Financial and Organization Stability	Section 3.1 Required Format and Content #11	<input type="checkbox"/>
12	Proposed Exceptions (if applicable)	Attachment 3. Proposed Exceptions: Section 3.1 Required Format and Content #12	<input type="checkbox"/>
13	Confidential Information	Attachment 4. Confidential Information: Section 3.1 Required Format and Content #13	<input type="checkbox"/>
14	Hawaii Compliance Express (HCE) – ensure compliance or submittal of paper certificates	Section 1.21 Hawaii Compliance Express	<input type="checkbox"/>

SECTION I: ADMINISTRATIVE OVERVIEW

1.1 BACKGROUND

This Request for Proposals (RFP) is issued by the State of Hawaii (State), Department of Accounting and General Services (DAGS), Office of Enterprise Technology Services (ETS). Established under Hawaii Revised Statutes (HRS) §26-6, DAGS is headed by the State Comptroller. DAGS is responsible for managing and supervising a wide range of State programs and activities, which include:

- The State's centralized accounting and auditing system, the Financial Accounting Management Information System (FAMIS),
- Archives, records management, and centralized records storage of the State except the Judiciary,
- Annual and periodic audit of departments and agencies,
- Statewide risk management services,
- Informational technology and communications systems services to the Executive Branch,
- Maintenance and operations of state buildings and agencies,
- Parking and automotive management,
- Maintenance of central mail and messenger service for state government,
- Maintenance of the State's data center, intranet, and microwave radio systems,
- Survey of state lands,
- Planning, designing, engineering, and construction of public works projects, and
- Administering centralized office leasing services.

DAGS is comprised of twelve administratively attached agencies, three staff offices, three district offices, and eight divisions including ETS.

ETS provides governance for information technology projects in the Executive Branch and seeks to identify, prioritize, and advance initiatives with the greatest potential to increase efficiency, reduce waste, and improve transparency and accountability in state government.

By the Spring of 2022, DAGS's expectation is to start the implementation of a fully integrated modern Enterprise Financial Solution (EFS) to support current and future business processes, consisting of software licensing (Hosted Managed Service delivery model), related cloud hosting and support services, and implementation services (including project management, installation, configuration, training, and other services). ETS is seeking to procure the Independent, Verification and Validation (IV&V) services now in support of this EFS.

1.2 PURPOSE

ETS is requesting proposals from qualified OFFERORS to perform Independent Verification & Validation (IV&V) services to assist the State in its efforts to identify and reduce project risks and implement best practices to ensure successful implementation of an EFS for DAGS.

IV&V services are necessary to establish and augment appropriate oversight efforts for the DAGS's EFS project, independent of the products and services provided by the EFS contractor(s). The objectives of this RFP are to ensure that:

- a. The State is provided with timely, objective, analysis, and recommendations to make informed decisions on EFS project implementation issues and risks.
- b. An independent assessment of the EFS project software products and organizational processes is conducted throughout the implementation process.
- c. Process, solution, organizational, and other applicable EFS project risks are identified early and addressed quickly.
- d. Assessments are conducted to ensure the EFS project requirements and specifications are correct, complete, accurate, consistent, and testable.
- e. The EFS project implementation meets EFS project requirements and specifications, including compliance with regulatory, performance, schedule, scope, and budget requirements.
- f. The needs of project stakeholders are being addressed and their expectations are adequately managed.
- g. Cost, schedule, scope, and other applicable variances are detected early and corrected quickly.
- h. Software product and project process deficiencies, risks, and recommended solutions are identified early, addressed quickly, and tracked for progress.
- i. The EFS project is implemented without unnecessary disruption to DAGS operations.
- j. The DAGS EFS project team, operations staff, and supporting business lines are sufficiently prepared to utilize and maintain implemented solutions as a function of their daily activities.

1.3 COMMONLY USED TERMS

BAFO	=	Best and Final Offer
Contracting Office	=	The Contracting Office is the Office of Enterprise Technology Services
CPO	=	Chief Procurement Officer
ETS	=	Office of Enterprise Technology Services
GC	=	General Conditions, issued by the Department of the

		Attorney General
GET	=	General Excise Tax
HAR	=	Hawaii Administrative Rules
DAGS	=	Department of Accounting and General Services
HOPA	=	Head of the Purchasing Agency
OFFEROR	=	Any individual, partnership, firm, corporation, joint venture, or representative or agent submitting a proposal in response to this solicitation
Procurement Officer	=	The contracting officer for the ETS
RFP	=	Request for Proposals
STATE	=	State of Hawaii, including its departments, agencies, and political subdivisions

1.4 AUTHORITY

This RFP is issued under the provisions of Chapter 27-43 and 103D, HRS, and the implementing Hawaii Administrative Rules. All prospective OFFERORS are charged with presumptive knowledge of all requirements of the cited authorities. Submission of a proposal by any prospective OFFEROR shall constitute a representation of such knowledge on the part of such prospective OFFEROR.

1.5 CONTRACTING OFFICE AND DESIGNATED STATE PERSONNEL

The Contracting Office is responsible for overseeing the contract(s) resulting from this RFP, including system operations, fiscal agent operations, and monitoring and assessing performance. The Contracting Office shall serve as the primary liaison with OFFERORS during all phases of the RFP process and with the contractor during all phases of the contract. The Contracting Office is:

Department of Accounting and General Services
Office of Enterprise Technology Services
Kalanimoku Building
1151 Punchbowl Street, Room B-10
Honolulu, HI 96813

The following State personnel are designated to perform the following roles in this procurement:

Head of State Purchasing Agency:	
Name:	Douglas Murdock
Title:	Chief Information Officer
Business Address:	State of Hawai‘i, Department of Accounting and General Services, Office of Enterprise Technology Services

	1151 Punchbowl Street, Room B-10, Honolulu, HI 96813
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Procurement Officer:	
Name:	Todd T. Omura
Title:	IT Governance Officer
Business Address:	State of Hawai‘i, Department of Accounting and General Services, Office of Enterprise Technology Services 1151 Punchbowl Street, Room B-10, Honolulu, HI 96813
Email:	todd.t.omura@hawaii.gov

RFP Contact Person, Contract Administrator, and Project Manager:	
Name:	Sonny Kekipi
Title:	Technical Analyst
Business Address:	State of Hawai‘i, Department of Accounting and General Services, Office of Enterprise Technology Services 1151 Punchbowl Street, Room B-10, Honolulu, HI 96813
Phone:	(808) 587-9825
Fax:	(808) 586-1922
Email:	sonny.kekipi@hawaii.gov

1.6 PROCUREMENT TIMETABLE

The table below contains ETS’ estimate of the schedule and significant dates. If a component of this schedule is delayed, the rest of the schedule may be shifted by the same number of days. ETS reserves the right to establish new or rescheduled dates as it deems appropriate. Any changes to this table made prior to the Proposal due date shall be made by addendum via HIEPRO.

Activity	Scheduled Date
Public Advertisement of RFP	January 10, 2022
Deadline for Written Inquiries, 2:00 p.m. (HST) Electronic Submission http://hiepro.ehawaii.gov	January 20, 2022
State’s Response to OFFERORS’ Written Inquiries Electronic Submission http://hiepro.ehawaii.gov	January 25, 2022
Proposal Submittal Deadline, 2:00 p.m. (HST) Electronic Submission http://hiepro.ehawaii.gov	February 4, 2022
OFFEROR’S Presentations and Discussions, if required	Within 14 days after RFP Proposal Submittal Deadline
Best and Final Offer (BAFO) Deadline, 2:00 p.m. (HST)	To be determined, if necessary
Proposal Evaluation Period	Within approximately 10 days after Date of BAFO/Proposal
Contractor Selection	Within approximately 10 days after Date of BAFO/Proposal

Estimated Date of Notice of Award	Within 5 days after Contractor Selection
Estimated Contract Start Date/Notice to Proceed	Within 25 days of Notice of Award

1.7 COMMUNICATIONS WITH STATE

OFFERORS and prospective OFFERORS (including agents of OFFERORS and potential OFFERORS) shall not contact any State employee to discuss or ask questions regarding the content of this RFP, except as instructed and specified in this RFP.

All questions regarding the RFP shall be submitted electronically via HIEPRO. To facilitate a meaningful response, written questions shall reference the page, paragraph, and line or sentence to which the question relates. Such inquiries must contain identification of the OFFEROR, its email address, telephone and fax numbers, the name and title of the person requesting the information, and the RFP number. Questions will be accepted until the due date to submit questions specified in Section 1.6, *Procurement Timetable*. No telephone calls will be accepted.

ETS will respond to questions electronically via HIEPRO by the date specified in Section 1.6, *Procurement Timetable*. ETS is not responsible for late or non-receipt of such responses or any communications by the OFFERORS.

1.8 ELECTRONIC PROCUREMENT & SUBMISSION OF PROPOSALS

The State has established the Hawaii State eProcurement (HIEPRO) System to promote an open and transparent system for vendors to compete for State contracts electronically. Offerors interested in responding to this solicitation must be registered on HIEPRO. Registration information is available at the State Procurement Office website: <http://spo.hawaii.gov/HIEPRO/>; select HIEPRO Vendor Registration and then select HIEPRO Vendor Registration Guide.

The RFP Process, including issuance of the RFP, submission of Proposals, issuance of Addenda, and changes to the Procurement Timetable in Section 1.6 shall be conducted through HIEPRO. The State shall not be responsible for the failure of any Offeror to receive the RFP Process information.

The Contractor shall be subject to a one-time mandatory HIEPRO fee of .75% (.0075) of the award amount or \$5,000, whichever is less. HIEPRO is administered by Hawaii Information Consortium, LLC (HIC). HIC shall invoice the Contractor directly for payment of the HIEPRO fee. Payment must be made to HIC within thirty (30) days from receipt of invoice.

Proposals shall be submitted and received through HIEPRO by 2:00pm (HST) on the date specified in Section 1.6 (<http://hiepro.ehawaii.gov>). This electronically submitted proposal shall be considered the original.

HIEPRO Special Instructions: Offeror shall view all special instructions located in HIEPRO. Offerors are responsible for ensuring that all necessary files are attached to their proposal prior to the proposal deadline.

Offerors shall enter \$1.00 as the Unit Price in US Dollars and Cents when submitting their proposal in HIEPRO.

The maximum file size that HIEPRO can accept is 100MB. Files larger than 100MB must be reduced into two or more files.

OFFERORS must carefully examine this RFP, all addenda, required contract forms, and other documents, laws, and rules, as necessary, before submitting a proposal. The submission of a proposal shall be considered to be a warranty and representation that the OFFEROR has made a careful examination of the RFP and understands the work and the requirements of this RFP. Each qualified OFFEROR may submit only one (1) proposal.

Proposals must be detailed and concise. Each Proposal must be labeled and organized in a manner that is congruent with the requirements and terminology used in this RFP and must include a point by point response, structured in form and reference to the RFP, addressing all requirements and the Scope of Work elements.

The OFFEROR'S proposal, including **all** of its required submission types as noted above, must be received through HIEPRO no later than the closing date and time specified for the receipt of proposals as specified in Section 1.6, *Procurement Timetable*. Any proposals received outside of HIEPRO, including faxed, emailed, or handwritten proposals, will not be considered.

1.9 MODIFICATION PRIOR TO DEADLINE OR WITHDRAWAL OF PROPOSALS

Proposals may be modified or withdrawn at any time prior to the deadline for submitting Proposals. Any Proposal received after the deadline for submitting Proposals shall be rejected and returned to the Offeror.

1.10 DISCUSSION AND PRESENTATIONS

ETS, in its discretion, may hold discussions with the Offerors whose Proposals are determined to be acceptable or potentially acceptable (the "Priority Listed Offerors"). ETS reserves the right to limit the priority list to the three (3) highest ranked, Priority Listed Offerors. ETS may invite Priority Listed Offerors to discuss their Proposals to ensure a thorough, mutual, understanding. ETS in its sole discretion shall schedule the time and location for these discussions, generally within the timeframe indicated in Section 1.6 Procurement Timetable. ETS may also conduct discussions with Priority Listed Offerors to clarify issues regarding the Proposals before requesting Best and Final Offers, if necessary.

Discussions will be conducted via the Microsoft Teams application arranged by the ETS and recorded for evaluation purposes only. These recordings will be treated as proprietary and confidential.

In conducting discussions, there shall be no disclosure of any information derived from Proposals submitted by competing Offerors.

1.11 BEST AND FINAL OFFER

ETS, in its sole discretion, may request each Priority Listed Offeror to submit its Best and Final Offer (BAFO). The request shall be issued in an Addendum which will provide guidance and additional instructions. BAFOs shall be submitted to the ETS RFP Contact Person via HIEPRO on or before the deadline provided in Section 1.6 Procurement Timetable. If a Priority Listed Offeror fails to submit a BAFO, its last submitted offer shall be deemed to be its BAFO.

1.12 PREPARATION OF PROPOSAL AND COSTS

Expenses for the development and submission of proposals and other responses to the RFP are the sole responsibility of the OFFEROR whether or not any award results from this RFP. Travel and expenses to and from the state are also the responsibility of the OFFEROR.

1.13 CONFLICT OF INTEREST EXCLUSION

Any contractor (and its subcontractors) providing the IV&V services to the State is prohibited from providing, soliciting, proposing, or being awarded any project management, quality assurance, software design, configuration, development, implementation, change management, training, testing, or support phase activity on DAGS's subject EFS project for which these IV&V services are being procured. This exclusion extends to any other project that may interact with, or otherwise provide similar services for the subject EFS Project during the full term of this contract.

Likewise, any contractor or subcontractor that has an existing contractual agreement with any contractor or subcontractor responsible for providing or being awarded any project management, quality assurance, software design, configuration, development, implementation, change management, training, testing, or support phase activity on DAGS's subject EFS project for which these IV&V services are being procured, is prohibited from providing these IV&V services.

The purpose of this exclusion is to avoid any real or perceived conflicts of interest.

1.14 SATISFACTORY EVIDENCE OF ORGANIZATIONAL AND FINANCIAL STABILITY

Contractor (and each subcontractor) is required to provide satisfactory evidence of organizational and financial stability. The following must be submitted and included with the proposal; vendors who do not submit this information or at the determination of the State, do not have the requisite level of organizational and financial stability, will be excluded from further consideration in the evaluation:

- Legal name. The Contractor is requested to submit its proposal using Contractor's exact legal name as registered with the Internal Revenue Service.

- Company profile, location, and organizational structure (including identification of officers and key management).
- Company financial statements. The following must be submitted and included with the Proposal:
 - Company Year-End, Summarized Financial Statements for the past 3 years of operation (or for however long company has been in existence, whichever is less)
 - Company Financial ratios:
 - Solvency: $(\text{Net Income} + \text{Depreciation}) \div (\text{Short-Term Liabilities} + \text{Long-Term Liabilities})$
 - Current: $\text{Current Assets} \div \text{Current Liabilities}$
 - Total Debt/Equity: $\text{Total Debt} \div \text{Total Equity}$
 - Total Debt/Total Assets: $\text{Total Debt} \div \text{Total Assets}$
- Offeror shall describe all current or past involvement in litigation or legal disputes over project performance and/or sufficiency of deliverables.

1.15 REJECTION OF PROPOSALS

Proposals shall be rejected for reasons including but not limited to the following: the proposal is unsigned by the offeror; the proposal is noncompliant with applicable law or contains unauthorized additions or deletions of any portion of the RFP, proof of collusion exists, in which case, all Proposals involved in the collusive action will be rejected and any participant to such collusion will be barred from future solicitations until reinstated.

1.16 RFP AMENDMENTS AND ADDENDUM

ETS reserves the right to amend this RFP at any time, prior to the closing date of the BAFOs. All amendments will be issued by written addendum and will be posted on HIEPRO (<http://hiepro.ehawaii.gov>).

1.17 CANCELLATION OF PROCUREMENT PART OF OR ENTIRE PROPOSAL

ETS reserves the right to cancel this RFP, reject any or all proposals in whole or in part, and waive any defects, when it is determined to be in the best interests of the State, pursuant to HAR §3-122-96 thru HAR §3-122-97.

1.18 PROPOSAL BONDS; PERFORMANCE AND PAYMENT BONDS

No proposal bond is required to be submitted with the proposal and no performance or payment bond will be required for the contract awarded pursuant to this RFP.

1.19 AWARD OF CONTRACT

A Notice of Award of the Contract shall be made to the responsible Offeror whose Proposal is determined the most advantageous to the State, taking into consideration all the evaluation factors set forth in this RFP.

The Notice of Award shall be made available on the Hawaii State eProcurement (HIEPRO) System at <https://hiepro.ehawaii.gov/welcome.html>. Failure by the chosen vendor to accept the award within five days of the Notice of Award will be deemed a rejection of the award.

If award is accepted, the successful OFFEROR will be required to enter into a formal written contract with the State. The Contract shall include or be deemed to incorporate this RFP, the Contractor's Proposal or BAFO, State Attorney General (AG) General Conditions, Special Conditions set forth in Section 1.26 below, and other terms as may be agreed to by the State and the Contractor. To the extent that the RFP and the successful proposal conflict, the terms of the RFP shall govern. A copy of the contract form and AG General Conditions can be found in Exhibit A.

1.20 CONTRACT EXECUTION

The successful OFFEROR shall enter into a formal written contract (see Exhibit A, *Contract Form and General Conditions*). In submitting the proposal, the OFFEROR will be deemed to have agreed to each provision set forth in Exhibit A, *Contract Form and General Conditions*. State shall have no obligation to accept terms and conditions that vary from those set forth in Exhibit A, *Contract Form and General Conditions*.

Upon selection and award of the contract, the State will send the formal contract to the successful OFFEROR by eSign for signature. The State reserves the right to cancel any contract and request new proposals or negotiate with remaining OFFERORS if State is not satisfied with the awarded Contractor's performance.

No work is to be undertaken by the Contractor prior to the commencement date specified on the Notice to Proceed. The State is not liable for any work, costs, expenses, loss of profits, or any damages whatsoever incurred by the Contractor prior to the official starting date.

No such contract shall be considered binding upon the State until the contract has been fully and properly executed by all the parties thereto and the State Comptroller has, in accordance with §103D-309, HRS, endorsed thereon a certificate that there is an appropriation or balance of an appropriation over and above all outstanding contracts, sufficient to cover the amount required by the contract; with the exception of a multi-term contract, whereby, the State Comptroller shall only be required to certify that there is an appropriation or balance of an appropriation over and above all outstanding contracts, that is sufficient to cover the amount required to be paid under the contract during the fiscal year or remaining portion of the fiscal year of each term of the multiyear contract.

If an option to extend the contract is mutually agreed upon between the parties, a supplemental contract for the additional extension period will be completed between both parties.

1.21 Hawai'i Compliance Express (HCE)

Offerors may use the Hawaii Compliance Express (HCE), an electronic system that allows persons or entities doing business with the State to quickly and easily demonstrate compliance with applicable laws. It is an online system that replaces the necessity of obtaining paper compliance certificates from the Department of Taxation, Federal Internal Revenue Service, Department of Labor and Industrial Relations, and the Department of Commerce and Consumer Affairs.

Offerors intending to use HCE to demonstrate compliance are advised to register on HCE as soon as possible at <https://vendors.ehawaii.gov>. The annual registration fee is \$12.00, and the Certificate of Vendor Compliance is accepted at execution of a contract and at final payment.

Offerors not utilizing HCE shall provide current certificates of compliance via email to the Contract Administrator. Timely applications for certificates of compliance are the responsibility of the Offeror.

HRS Chapter 237 tax clearance requirement for award.

Pursuant to §103D-328, HRS, the Offeror shall be required to submit a tax clearance certificate issued by the Hawaii State Department of Taxation (DOTAX) and the Internal Revenue Service (IRS). The certificate shall have an original green certified copy stamp and shall be valid for six (6) months from the most recent approval stamp date on the certificate.

The *Tax Clearance Application*, Form A-6, and its completion and filing instructions are available on the DOT AX website: <http://tax.hawaii.gov/forms/>.

HRS Chapters 383 (Unemployment Insurance), 386 (Workers' Compensation), 392 (Temporary Disability Insurance), and 393 (Prepaid Health Care) requirements for award.

Pursuant to §103D-310(c), HRS, the Offeror shall be required to submit a certificate of compliance issued by the Hawai'i State Department of Labor and Industrial Relations (DLIR). The certificate is valid for six (6) months from the date of issue.

The *DUR Form LIR#27 Application for Certificate of Compliance* with §3-122-112, HAR, and its filing instructions are available on the DUR website: <http://labor.hawaii.gov/forms/>.

Compliance with §103D-310(c), HRS, for an entity doing business in the State.

The Offeror shall be required to submit a *Certificate of Good Standing (COGS)* issued by the State of Hawaii Department of Commerce and Consumer Affairs (DCCA) - Business Registration Division (BREG). The Certificate is valid for six (6) months from date of issue.

Information regarding online business registration and the COGS is available at <http://cca.hawaii.gov/breg/>.

1.22 CAMPAIGN CONTRIBUTIONS BY STATE AND COUNTY CONTRACTORS

OFFERORS are hereby notified of the applicability of §11-355, HRS, which states that campaign contributions are prohibited from any State or county government contractor during the term of the contract if the contractor is paid with funds appropriated by a legislative body.

For more information, FAQs are available at the Campaign Spending Commission webpage (<http://hawaii.gov/campaign>). Information on spending issues should be directed to the Campaign Spending Commission's Executive Director or its General Counsel at (808) 586-0285.

1.23 PUBLIC EXAMINATION OF PROPOSALS

The existing contract file, except those portions the OFFEROR designates in writing as trade secrets or other proprietary data to be confidential subject to HAR §3-122-58(b), shall be available for public inspection upon posting of award pursuant to §103D-701, HRS.

If a person is denied access to a State procurement record, the person may appeal the denial to the State Office of Information Practices in accordance with Section 92F-42(12), HRS.

1.24 DEBRIEFING

Pursuant to HAR §3-122-60, a non-selected Offeror may request a debriefing for information regarding the basis for the source selection decision and contract award. A written request for debriefing shall be made within three (3) working days after the posting of the award of the contract. To the extent practicable, the Procurement Officer or designee shall hold the debriefing within seven (7) working days of receipt of the written request for a debriefing.

1.25 PROTEST PROCEDURES

Pursuant to HRS §103D-701 and HAR §3-126-3, an Offeror who is aggrieved in connection with the solicitation or award of a contract may submit a protest. Any protest shall be submitted in writing to the Procurement Officer on HIePRO at:

Todd Omura
IT Governance Officer
Office of Enterprise Technology Services
1151 Punchbowl Street, Room B-10
Honolulu, HI 96813

The notice of award, if any, resulting from this solicitation shall be posted on HIEPRO.

1.26 SPECIAL CONDITIONS

The following Special Conditions will supplement the *Contract Form and General Conditions*, Exhibit A:

1. Liquidated Damages. In the event of any breach of the contract by the Contractor, liquidated damages shall be assessed against the Contractor in the sum of ONE HUNDRED AND NO/100 DOLLARS (\$100.00) per calendar day until the breach is remedied by the Contractor.
2. Insurance. Prior to the contract start date, the Contractor shall procure, at its sole expense, and maintain insurance coverage acceptable to the State in full force and effect throughout the term of the contract. The Contractor shall provide proof of insurance prior to award for the following minimum insurance coverage(s) and limit(s) in order to be awarded a contract. The type of insurance is listed as follows:
 - a. A fidelity bond, commercial crime policy, or other equivalent insurance that provides insurance coverage or similar protection to ETS against forgery, theft, robbery, fraud, dishonest and criminal acts committed by any of the Contractor's employees that causes ETS to sustain monetary loss. The limits of such bond or policy shall be \$5,000,000.00 per occurrence/claim and in the aggregate.
 - b. Commercial general liability insurance coverage against claims for bodily injury and property damage arising out of all operations, activities or contractual liability by the Contractor, its employees and subcontractors during the term of the Contract. This insurance shall include the following coverage and limits specified or required by any applicable law: bodily injury and property damage coverage with a minimum of \$1,000,000 per occurrence; personal and advertising injury of \$1,000,000 per occurrence; and with an aggregated limit of \$2,000,000. The commercial general liability policy shall be written on an occurrence basis and the policy shall provide legal defense costs and expenses in addition to the limits of liability stated above. The Contractor shall be responsible for payment of any deductible applicable to this policy.
 - c. Automobile liability insurance covering owned, non-owned, leased, and

hired vehicles with a minimum of \$1,000,000 for bodily injury for each person, \$1,000,000 for bodily injury for each accident, and \$1,000,000 for property damage for each accident or \$2,000,000 combined single limit.

- d. Appropriate levels of per occurrence insurance coverage for workers' compensation and any other insurance coverage required by Federal or State law.
- e. Professional Liability Insurance covering all activities under the contract with a minimum of \$1,000,000 per claim and with an aggregated limit of \$2,000,000.
- f. Cyber Liability Insurance with limits not less than \$1,000,000 per occurrence/claim, \$2,000,000 aggregate. Coverage shall be sufficiently broad in response to the duties and obligations as is undertaken by the scope of work within this contract and shall include, but not be limited to, claims involving infringement of intellectual property, including but not limited to, invasion of privacy violations, information theft, damage to or destruction of electronic information, release of private information, alteration of electronic information, extortion and network security. The policy shall also provide coverage for breach response costs and regulatory fines and penalties and credit monitoring expenses.

If the Contractor maintains broader coverage and/or higher limits than the minimums shown above, the State requires and shall be entitled to the broader coverage and/or higher limits maintained by the Contractor. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the State.

- g. Any and all other insurance that is required by applicable law and that is reasonably necessary in order for the Contractor to perform the work and services required under the contract. The insurance policies shall have limits of liability, per occurrence and in the aggregate, in amounts that are reasonably satisfactory to the State, as measured by what a reasonably prudent trustee would require of a contractor in similar circumstances.

The adequacy of the coverage afforded by the Contractor's insurance shall be subject to review by the State, from time to time, and if it appears that a reasonably prudent person, overseeing a project similar to one specified by this RFP, would require an increase in the limits of liability of such insurance, the Contractor shall, to that extent, take all necessary actions to increase such limits.

All the required insurance shall be carried with insurance carriers that have a general policyholder's rating of not less than A and a financial rating of no less than VII in the most current A.M. Best's Insurance

Reports. If the A.M. Best's ratings are changed or discontinued, the parties shall agree to an equivalent method of rating insurance companies.

Throughout the term of the entire contract, ETS shall be named as additional insured on all the required policies except for professional liability/errors and omissions and worker's compensation policies. At the commencement of the contract, the Contractor shall provide ETS with certificates of insurance showing that it is carrying all the insurance required hereunder. At or prior to the expiration of all insurance policies required hereunder, the Contractor shall provide State with certificates of insurance showing the renewal or replacement of such insurance policies. All policies of insurance or the Contractor shall provide that State will be given 30 days' notice in writing in advance of any cancellation, lapse, or reduction in the amount of insurance.

Each insurance policy required by this contract, including a subcontractor's policy, shall contain the following phrases:

1. "This insurance shall not be canceled, limited in scope of coverage, or non-renewed until after 30 days' written notice has been given to the Office of Enterprise Technology Services, Kalanimoku Building, 1151 Punchbowl Street, Room B-10, Honolulu, Hawaii 96813."
2. "The State of Hawaii is added as an additional insured with respect to operations performed for the State of Hawaii."
3. "It is agreed that any insurance maintained by the State of Hawaii and/or the ETS will apply in excess of, and not contribute with, insurance provided by this policy."

The minimum insurance required shall be in full compliance with the Hawaii Insurance Code throughout the entire term of the contract, including supplemental contracts.

Upon the Contractor's execution of the contract, the Contractor agrees to deposit with ETS, certificate(s) of insurance necessary to satisfy the State that the insurance provisions of the contract have been complied with, and to keep such insurance in effect and the certificate(s) therefore on deposit with the State during the entire term of this contract, including those of its subcontractor(s), where appropriate.

Upon request by the State, the Contractor shall be responsible for furnishing a copy of the policy or policies.

Failure of the Contractor to provide and keep in force such insurance shall be regarded as material default under this contract, entitling ETS to

exercise any or all of the remedies provided in this contract for a default of the Contractor.

The procuring of such required insurance shall not be construed to limit the Contractor's liability hereunder nor to fulfill the indemnification provisions and requirements of this contract. Notwithstanding said policy or policies of insurance, the Contractor shall be obliged for the full and total amount of any damage, injury, or loss caused by negligence or neglect connected with this contract.

3. Transition Procedures. At no cost to ETS, the Contractor shall comply with the following provisions upon receipt of a notice of termination or upon expiration of the contract:
 - a. The Contractor shall transfer title and deliver to ETS or its designee, any and all completed or partially completed goods, materials, reports, information, data, or other work product of the Contractor that were made under the contract or as part of the Contractor's performance of the contract.
 - b. As directed by ETS, the Contractor shall destroy or deliver to ETS or its designee, all confidential or proprietary documents, information, and data that the Contractor has received under the contract and all copies thereof.

1.27 CONTRACT TERM

The term of any contract resulting from this RFP shall be a multi-term agreement with the initial term being a period of twelve (12 months) from the commencement date on the Notice to Proceed. The contract may be extended for up to two (2) additional twelve (12) month periods or portions thereof without rebidding, upon mutual agreement.

Pursuant HRS §103D-315 and HAR §3-122-149, Offerors are advised that funds are available only for the current fiscal period, and the contractual obligation of both parties in each fiscal period succeeding the first term is subject to the appropriation and availability of funds.

When interests of the State so require, the State may terminate the contract for convenience.

The contract is subject to availability of funds. If a Non-Funding Event occurs, the State shall have the right to partially or fully terminate or suspend the contract under this RFP. If the State does not exercise the right to fully terminate or suspend the contract, the State shall determine which aspects of the contract shall move forward and which services shall be performed. A Non-Funding Event can also include lack of sufficient funding (i.e. Capital Improvement Projects or General funds) approved by the State of Hawaii Legislature specifically for the EFS Project.

Contractor agrees that no penalty or damages shall be applied to, or shall accrue to, the State due to a Non-Funding Event. Contractor further agrees that the State will not be responsible for any costs, expenses, or losses incurred by Contractor due, in whole or in part, to a Non-Funding Event.

SECTION II: SCOPE OF WORK

2.1 DAGS EFS PROJECT BACKGROUND

The legacy FAMIS application was procured and implemented almost 40 years ago. The system utilizes the COBOL programming language and a DB2 database on an IBM mainframe in Honolulu. All data entered into FAMIS statewide is posted to a central set of ledgers on the mainframe. The data can be retrieved and reported by various organization levels, program levels, and other levels within the Chart of Accounts (COA) code structures.

The EFS project is designed to modernize and replace all of the State’s financial management systems for Executive Branch departments. The State is executing a targeted approach to modernizing systems in core enterprise resource planning (ERP) areas. The large strategic ERP project originally envisioned has been broken into transactional pieces in order to improve the chance of success with each system. To-date, the State has modernized human resources and gross to net payroll administration and processing. Efforts are currently underway to modernize time and leave management. Thus, the EFS project, representing the finance dimension of ERP, will be the third “module” or component under this modernization effort.

On November 21, 2021, the DAGS Office of Enterprise Technology Services awarded Labyrinth Solutions, Inc. the contract for Solicitation RFP-ERP-2020, An Enterprise Financial System, to implement the proposed solution SAP S/4HANA ERP cloud suite of applications via Hosted Managed Service delivery model.

The EFS project solution is anticipated to include the following high-priority areas:

- Budget/Finance
- Human Management
- Accounts Payable and Purchasing
- Travel and Expense
- Fixed Asset, and
- Project Accounting

2.2 IV&V SCOPE

1. IV&V Critical Components

For the IV&V services, Contractor shall independently review the EFS project's performance throughout its lifecycle, with specific focus on the following critical components:

- Project Organization and Management
- Contract Management
- Requirements Management
- Cost and Schedule Management

- Systems Architecture and Design
- Human Resources Management
- Risk Management

- Quality Management
- Communications Management
- Organizational Change Management
- Knowledge Transfer
- Operational Preparedness

2. Best Practices

In connection with the provision of all services and deliverables in connection with performing the IV&V work, Contractor shall conform to, apply and abide by any prevailing information technology governance framework and published guidance provided by the State of Hawaii Chief Information Officer and the Office of Enterprise Technology Services. This includes but is not limited to the following laws, policies, standards, and guidelines - or their future additions or replacements:

- Hawaii Revised Statutes §27-43 - Office of enterprise technology services; chief information officer; information technology steering committee; establishment; responsibilities. State of Hawaii CIO:
https://www.capitol.hawaii.gov/hrscurrent/Vol01_Ch0001-0042F/HRS0027/HRS_0027-0043.htm
- ADMINISTRATIVE DIRECTIVE NO. 18-03 - Program Governance and Independent Verification and Validation Requirements for Enterprise IT Projects: <https://budget.hawaii.gov/wp-content/uploads/2018/10/AD-18-03-Program-Governance-and-Independent-Verification-and-Validation-Requirements-for-Enterprise-IT-Projects.pdf>
- ETS IT Governance found on ETS website: <https://ets.hawaii.gov/it-governance/>
- ETS Policies, Standards and Guidelines found on ETS website: <https://ets.hawaii.gov/policies/>

In addition – but not superseding the state’s own laws, policies, standards, and guidelines – Contractor shall conform to, apply and abide by best practices in the information technology industry including, but not limited to, standards and methodologies issued by:

- The Project Management Institute; specifically, the Project Management Book of Knowledge (PMBOK),
- Information Technology Infrastructure Library (ITIL),
- International Organization for Standardization (ISO) 9000,
- National Institute of Standards and Technology (NIST); and
- Center for Internet Security (CIS).

3. Task Descriptions

Contractor shall help the State ensure that the entire EFS project team, both State and vendors, apply the best practices in project management and quality management, and

deliver technical work products that meet contract requirements with respect to schedule, cost, functionality, reliability, security, and other relevant quality standards.

Optimally, the IV&V services provided by the Contractor shall include:

IV&V services:

- Preparing an IV&V Project Management Plan that describes activities, milestones, deliverables with payments and acceptance criteria, personnel, schedules, standards, and methodology for conducting the IV&V work. Contractor shall develop and maintain a schedule for all project activities.
- Contractor shall develop criteria for an initial evaluation of all projects and document issues and risks found in the Initial Assessment Report.
- Reviewing and analyzing ongoing project management and implementation tasks and activities, operational policies, and processes to ensure quality objectives are met and best practices are followed.
- Reviewing and analyzing deliverables and work products for compliance with defined methodologies, policies, and standards.
- Preparing monthly summary status and risk log reports, providing executive briefings, documenting the overall progress of the project, and making

recommendations for improvement based on an analysis of project performance. Reports shall include documentation of IV&V tasks performed and planned by Contractor, and describe any findings, issues, risks, concerns, and recommendations.

- Performing system go-live assessments. Contractor shall perform separate assessments to determine the preparedness of each technical system prior to and after deployment milestones.
- At the conclusion of the project and as part of the archiving activity, providing a Final IV&V report documenting IV&V tasks, activities, findings, lessons learned/best practices from the implementation, and any outstanding technical issues/risks.
- Provide a consolidated archive of all project deliverables on electronic media.

All travel and any costs incurred in support of the activities described in this section will be borne by the Contractor and included in the proposed price. In addition, the Contractor will be required to attend meetings and events, perform records management and administrative responsibilities related to the contract, and maintain open and effective communication with ETS and DAGS.

2.3 IV&V SUBJECT AREA GUIDELINES

Attachment 5: Guidelines for monthly reports, should be used as a guide for areas of coverage when performing the IV&V activities for this RFP, depending on the specific deliverables required by the EFS project contract, and agreed to by the Office of Enterprise Technology Services in the IV&V Project Management Plan deliverable.

REQUIRED DELIVERABLES

The Contractor's performance will be evaluated based on the generation of products and the achievement of key milestones, to be collectively referred to as deliverables. Each deliverable will be reviewed and assessed by selected members of the State project team. The State will have a pre-determined period, typically five (5) business days, to complete its review.

Aspects of a deliverable that have been concluded to be of unacceptable quality and sufficiency and not consistent with the agreed upon scope of work will be documented and provided to the Contractor for further action. The Contractor will then present to the State the revised deliverable, whereupon the review and assessment process will begin again.

All IV&V deliverable assessment reports, whether in draft or final form, must be delivered by the Contractor directly and simultaneously to ETS, DAGS, and the EFS project implementation vendor lead. The State will not modify or reject any IV&V assessment report beyond recommendations to amend mistakes of fact. State comments to all IV&V assessment report findings will only be appended to the respective report.

All project documentation shall be developed using the Microsoft Office suite of products

and the Contractor must ensure that all applications are compatible with current ETS software Office 365 versions.

All work products, outputs, and deliverables created each month will be consolidated and submitted as part of Contractor’s monthly executive summary and risk log reports.

Contractor should anticipate and plan for State review periods of all submitted draft deliverables, where express acceptance and approval by the State is required for deliverables to be marked final.

Below is a list of deliverables that are, at a minimum, considered mandatory as project phases. If agreed to by ETS, the Contractor may revise the list as necessary and submit the draft revision to ETS for final approval. The deliverables list will be negotiated and finalized prior to the project's commencement.

In addition to having periodic status meetings with completion metrics, the deliverables shall be completed in the order established and approved by ETS.

The Contractor will be expected to provide the following deliverables:

Deliverable	Description	Delivery Date
IV&V Project Management Plan	Provide a comprehensive plan describing IV&V tasks and activities, personnel, milestones, deliverables, proposed payment schedule, and acceptance criteria. Also describe standards and methodology for conducting IV&V reviews. This plan will be refined as necessary to align with approved changes to other applicable plans within the project and will include a table including narrative descriptions of all IV&V activities, deliverables and proposed associated payment amounts, including expected format, content, and organization, to be developed and delivered during the base period (12 months).	Within 10 business days after contract Notice to Proceed date and ongoing.

Deliverable	Description	Delivery Date
Initial Assessment Report	Conduct an initial assessment of the completeness of the EFS project plans, soundness of approach, schedule realism, management structure, the project's tracking of requirements, project deliverables, validating project success metrics (i.e., definitions of successful project outcomes) identification of risk areas, and recommended next steps to produce an initial assessment report to present to the State.	Within four (4) weeks of State acceptance of IV&V Project Management Plan.
Monthly Status Reports/Executive Sponsor Briefings	Monthly status report including IV&V thread summaries, budget, schedule and implementation considerations; reports accompanied by presentations by the Contractor to the State. – Thread components include: <ul style="list-style-type: none"> • Achievements for the month • Documents/Deliverables Reviewed • Next Period Activities • Schedule status • Open/Closed Issues • Risks/Concerns identification and tracking • Action Items • Findings of Deficiencies/ Recommendations for Remediation • Issue Analysis • Risk Analysis • Scope Analysis • Schedule Analysis • Quality Analysis 	Within one (1) month of the State's acceptance of Initial Assessment Report. Thereafter on the 5 th of every month.
Pre Go-Live Implementation Milestone Reports	Perform separate assessments to determine the preparedness of EFS prior to production deployment of each major milestone (i.e., go-live milestone defined by State project management plans). Focus on adherence to best practices and requirements,	Two (2) weeks prior to implementation of each major milestone, as defined by the EFS project schedule.

Deliverable	Description	Delivery Date
	functionality, and the ability to support program business needs.	
Post Go-Live Implementation Milestone Report	Prepare a final written report that summarizes expectations, best practices, lessons learned, opportunities, any outstanding technical issues or risks from each project, and any follow-up recommendations.	Two (2) weeks after the end of each implementation milestone (defined by State project management plans) or prior to Contract end date.
Final Report and Archive Documents	Periodic archive creation and delivery of all project artifacts and research materials and contract deliverables.	At the end of the contract and before final invoicing, provide a Final IV&V report documenting IV&V tasks, activities, findings, lessons learned/best practices from the implementation, and any outstanding technical issues/risks; deliver to State a complete USB Drive archive of all IV&V documents, including draft and final reports, any status briefings, exception reports, key materials, and all versions of the IV&V Project Management Workplan.

2.4 CONTRACTOR PERSONNEL

The Contractor's (and its subcontractors') staff assigned to this project will be expected to be available for the duration of the project and be available for calls

and meetings at the discretion of ETS during normal business hours: M-F 7:45 am thru 4:30 pm.

2.5 STAFF QUALIFICATIONS

The State requests Contractor to fulfill the requirements of this RFP by providing the staff resources to work on the project, per the requirements below. Contractor proposed staff, inclusive of all subcontractors, shall:

- Have experience performing IV&V work.
- Have experience managing IT enterprise financial management systems modernization projects or IT projects of an equivalent or larger size.
- Have expertise in performing IT assessments, due diligence reporting, IT process and procedures audits, project management, and solution analysis and design.
- Have expertise in overseeing, managing, or implementing enterprise financial management modernization projects for state or other government organizations.
- Make proposed staff available to work once an award is made and the Contract is executed.
- Include a designated Project Manager with suitable qualifications as described below.
 - Extensive managerial and project administrative experience, including substantial responsibility for a combination of management functions such as project planning, procurement, organization coordination and control, and fiscal and personnel management,
 - Proven leadership skills and advanced project management skills to successfully drive a project from beginning to end,
 - Bachelor's degree in computer science, MIS, mathematics, engineering, business, or similar field,
 - Strong written, oral, and presentation skills to convey technical detail and design to diverse audiences; and
 - Professional work experience in IT project management, implementation, IV&V, or a combination thereof.

The Contractor and the State agree that the proposed staff are critical to the performance of the contract and, therefore, the State has the right of refusal for any personnel replacements, substitutions, or reassignments of duties of personnel assigned to the IV&V services contract. The Contractor shall secure written approval from the State prior to making any changes to key personnel assigned to perform services in this Contract. In all instances, qualifications for suggested staff changes should be comparable with those being replaced.

2.6 WORK OFFICES

The main DAGS offices are located in the Kalanimoku Building, 1151 Punchbowl Street, Honolulu, HI 96813, , although work may also be required to be performed at other DAGS and State office locations throughout Honolulu. Normal business hours are between 7:45 am and 4:30 pm, Hawaii Standard Time (HST). Work plans shall be structured such that any need for, or involvement of the DAGS staff is during normal business hours.

A majority portion of the work required is normally done on-site at State facilities, e.g., stakeholder meetings, interviews, briefings of monthly reports, observation, and verification. **However, in light of State of Hawaii and City and County of Honolulu emergency proclamations for COVID-19, these on-site and in-person activities may be strictly curtailed and regulated.** Thus, accommodations will be made for remote participation and collaboration (e.g., Microsoft Teams) in lieu of on-site and in-person interactions. Any proposed remote work must be identified in the proposal and Project Management Plan by the Contractor and must be pre-approved by the State. Contractors shall take this into account when preparing their proposals.

Contractor may utilize its own equipment including laptops, desktops, and networks, provided they are in accordance with the security benchmarks approved and allowed by DAGS and ETS. Reference the ETS policies that currently prioritizes how to protect devices connecting to the State of Hawaii government network (Next Generation Network – NGN) and Microsoft O365, DHRD acceptable use policy, and DAGS acceptable use guidelines.

¹<http://ets.hawaii.gov/policies/>

²<https://dhrd.hawaii.gov/wp-content/uploads/2012/11/0103001-090717.pdf>

SECTION III: PROPOSAL INSTRUCTIONS

3.1 PROPOSAL FORMAT AND CONTENT

All Proposals must be submitted in the following format. Detailed information on submitting each of these sections is contained in this RFP. Proposal shall be submitted in size 12, Times New Roman font, or equivalent.

1. **Proposal Checklist.**

Complete and submit all items noted on the Proposal Checklist.

2. **Attachment 1; Proposal Form, OF-1**

OFFEROR shall complete and sign OF-1 Proposal Form.

3. **Attachment 2; Proposal Form, OF-2**

OFFEROR shall complete OF-2 Form.

4. **Table of Contents**

A Table of Contents must be included with each proposal. All major parts of the proposal shall be identified by referencing page number.

5. **Executive Summary**

The executive summary [**not to exceed one (1) page**] is to briefly describe the OFFEROR'S Proposal and should highlight the major features of the Proposal. Proposal should demonstrate the OFFEROR'S understanding of and ability to meet the Requirements of the RFP. The State should be able to determine the essence of the Proposal by reading the executive summary.

The OFFEROR shall also include the name and contact information of the person the State should contact regarding the OFFEROR'S proposal.

6. **Firm's Experience and Capability**

- a. Three (3) references for IV&V projects or enterprise financial management system modernization projects, including:
 - Organization name,
 - Project Title and Summarized Description of Work,
 - Start/End Dates, and
 - Point of Contact Name, Title, Email, Phone.
- b. Description of company experience, including number of years of technical and industry experience, showing knowledge of and proficiency in:
 - IV&V, and
 - Enterprise Financial System implementations

7. **Staff Qualifications**

Submit resumes of individuals, including all subcontractors, who will perform the

activities described in the RFP. Contractor must identify any subcontractor that will be used and include the name of the company, telephone number, contact person, and type of work subcontractor will perform. When requested by the State, Contractor shall provide additional information (such as references, etc.) on subcontractor.

8. Technical Approach

Include proposed methodology to fulfill the RFP requirements, demonstrating an understanding of the outlined deliverables.

- a) OFFEROR is expected to provide as much detail as necessary for the State to gain a solid understanding of how OFFEROR proposes to meet the requirements for the IV&V work, to include, but not limited to the overall approach and philosophy, benchmarks and measurement, anticipated activities and tasks, number of personnel assigned or involved at each stage, identification of who is performing work (prime vs. subcontractor(s)), on-site work vs. off-site work, description of reports, and briefings. Provide formats or samples of an assessment report and/or IV&V periodic review report.
- b) Include a project organization chart and staffing approach (to include all subcontractors).
- c) A majority of the work required is to be done on-site at State facilities, e.g., stakeholder meetings, interviews, briefings of quarterly reports, observation and verification. **However, in light of State of Hawaii and City and County of Honolulu emergency proclamations for COVID-19, these on-site and/or in-person activities may be strictly curtailed and regulated.** Thus, accommodations will be made for remote participation and collaboration (e.g., Microsoft Teams) in lieu of on-site or in-person interactions. Any proposed remote work must be identified by the Contractor and agreed to by State prior to the work being performed. For the portions of the requested IV&V Work to be performed off-site, the OFFEROR'S proposal shall include a detailed description of how such off-site work will be managed, what portions of the work will be performed off-site, the location of such off-site work and the savings for the State that can be achieved if the work is performed off-site, provided that, the State shall in no way be obligated to accept any such condition.

9. Price

Contractor shall propose a total price for which all proposed activities in the proposal will be accomplished during the initial term (12 months) of the contract, which shall not exceed \$300,000. The same price, or lower, will apply to each option period (2 total) of 12 months. Deliverable-based payments to Contractor will be made based on agreed-upon IV&V Project Management Plan.

10. Conflict of Interest Exclusion - Attestation

Proposal must provide attestation, as described in Section 1.13.

11. Satisfactory Evidence of Financial and Organizational Stability.

OFFEROR shall provide the required information as described in Section 1.14 and shall disclose any prior and pending litigation to which it is a party, including the disclosure of any outstanding judgments. If applicable, please explain.

12. Attachment 3; Proposed Exceptions

OFFEROR shall list any proposed exceptions to specifications or other requirements contained in Section II: Scope of Work of this RFP. **NO EXCEPTIONS SHALL BE MADE TO THE GENERAL OR SPECIAL CONDITIONS.** OFFEROR shall reference the RFP section where exception is taken, describe the exception, the proposed alternative, and the reason for the proposed alternative. Failure to note any exception means that OFFEROR accepts and will comply with every specification and requirement of this RFP. The State reserves the right to not accept any exception or alternative proposals by an OFFEROR.

13. Attachment 4; Confidential Information

All confidential, protected or proprietary information must be included in this section of proposal. Rather, provide a reference in the proposal directing State to the specific area of this protected information section. **Price is not considered confidential and shall not be withheld.** Information included in the Confidential, Protected or Proprietary Information section of an OFFEROR'S proposal is not automatically accepted as protected. All information identified in the section will be subject to review by the State in accordance with the procedures prescribed by the State's open records statute, freedom of information act, or similar law and applicable procurement rules.

3.2 OFFEROR'S TERMS AND CONDITIONS

OFFERORS shall not submit OFFEROR'S terms and conditions, standard contracts or other agreements. General references to such terms, attempts at complete substitution of such terms, or modification of the State's terms and conditions, may be declared non-responsive and result in the rejection of OFFEROR'S proposal.

3.3 SUBMISSION OF REQUESTED INFORMATION AND DOCUMENTS

If any additional information is required by the State regarding any aspect of OFFEROR'S proposal, it shall be provided within two (2) business days after requested.

SECTION IV: PROPOSAL EVALUATION

4.1 INTRODUCTION

The State will consider all responsive and responsible proposals received to determine the best value to the State. Best value means the most advantageous proposal determined by evaluating and comparing all relevant criteria in addition to price so that the proposal

meeting the overall combination that best meets the State's needs is selected. OFFERORS' proposal will be evaluated based on the completeness of the proposal and ability to meet or exceed the specifications and requirements. A proposal may be excluded from consideration for award for any of the following reasons as this reflects an inherent lack of technical competence or indicates a failure to comprehend the requirements as set forth in this RFP: failing to comply with any condition or requirement listed, unjustifiable price structure, unreasonable technical or schedule commitments. The criteria listed below will be used in evaluating best value.

4.2 PHASE 1 - EVALUATION OF PROPOSALS

EVALUATION PROCESS

The evaluation committee of at least three (3) qualified State employees selected by ETS will review and evaluate all proposals submitted by the Proposal Due Date as specified in this RFP.

The evaluation will be conducted in six (6) phases:

- Phase 1 - Evaluation of OFFEROR'S proposal
- Phase 2 - Establishment of PRIORITY-LISTED OFFERORS
- Phase 3 - Discussion and/or Clarification with PRIORITY-LISTED OFFERORS
(Optional)
- Phase 4 - Best and Final Offer (if applicable)
- Phase 5 - Final Evaluation of Proposals
- Phase 6 - Recommendation for Award

EVALUATION CRITERIA AND POSSIBLE POINTS

Evaluation Criteria	Possible Points
Staff Qualifications	25
Company Experience	10
Technical Approach	25
Price	40
Total Possible Points	100

EVALUATION CRITERIA

1. **Staff Qualifications** – 25 points maximum based on OFFEROR's level of proposed staff qualifications and experience in Section 2.5.
 - a. The Proposal fails to address the criterion, or the Proposal cannot be assessed due to missing or incomplete information. Offeror has not demonstrated sufficient knowledge of the subject matter or has grossly failed to explain how the requirement(s) will be met. (0 pts.)
 - b. **Poor.** The criterion is inadequately addressed, Offeror demonstrates only a slight ability to comply, or there are serious inherent weaknesses. (1 - 5 possible

pts.)

- c. **Fair.** The Proposal addresses the criterion, but there are significant deficiencies, or Offeror has not adequately explained how its services fit the requirement. (6 - 10 possible pts.)
- d. **Good.** The Proposal addresses the criterion; meets the requirements at a minimal level. Demonstrates knowledge and understanding of the subject matter, with no deficiencies noted. (11 - 15 possible pts.)
- e. **Very Good.** The Proposal addresses the criterion well, highly comprehensive. (16 - 20 possible pts.)
- f. **Excellent.** The Proposal addresses the criterion well and goes beyond the requirements of the RFP, providing added value. In addition, the response may cover areas not originally addressed within the RFP and include additional information and recommendations that would prove both valuable and beneficial to the State. (21 - 25 possible pts.)

2. Company Experience – 10 points maximum based on OFFEROR’s level of proposed company experience in Section 3.1.6.

- a. The Proposal fails to address the criterion, or the Proposal cannot be assessed due to missing or incomplete information. Offeror has not demonstrated sufficient knowledge of the subject matter or has grossly failed to explain how the requirement(s) will be met. (0 pts.)
- b. **Poor.** The criterion is inadequately addressed, Offeror demonstrates only a slight ability to comply, or there are serious inherent weaknesses. (1 - 2 possible pts.)
- c. **Fair.** The Proposal addresses the criterion, but there are significant deficiencies, or Offeror has not adequately explained how its services fit the requirement. (3 - 4 possible pts.)
- d. **Good.** The Proposal addresses the criterion; meets the requirements at a minimal level. Demonstrates knowledge and understanding of the subject matter, with no deficiencies noted. (5 - 6 possible pts.)
- e. **Very Good.** The Proposal addresses the criterion well, highly comprehensive. (7 - 8 possible pts.)
- f. **Excellent.** The Proposal addresses the criterion well and goes beyond the requirements of the RFP, providing added value. In addition, the response may cover areas not originally addressed within the RFP and include additional information and recommendations that would prove both valuable and beneficial to the State. (9 - 10 possible pts.)

3. Technical Approach – 25 points maximum based on OFFEROR’s technical approach in Section 3.1.8.

- a. The Proposal fails to address the criterion, or the Proposal cannot be assessed due to missing or incomplete information. Offeror has not demonstrated sufficient knowledge of the subject matter or has grossly failed to explain how the requirement(s) will be met. (0 pts.)
- b. **Poor.** The criterion is inadequately addressed, Offeror demonstrates only a slight ability to comply, or there are serious inherent weaknesses. (1 - 5 possible pts.)

- c. **Fair.** The Proposal addresses the criterion, but there are significant deficiencies, or Offeror has not adequately explained how its services fit the requirement. (6 - 10 possible pts.)
 - d. **Good.** The Proposal addresses the criterion; meets the requirements at a minimal level. Demonstrates knowledge and understanding of the subject matter, with no deficiencies noted. (11 - 15 possible pts.)
 - e. **Very Good.** The Proposal addresses the criterion well, highly comprehensive. (16 - 20 possible pts.)
 - f. **Excellent.** The Proposal addresses the criterion well and goes beyond the requirements of the RFP, providing added value. In addition, the response may cover areas not originally addressed within the RFP and include additional information and recommendations that would prove both valuable and beneficial to the State. (21 - 25 possible pts.)
4. **Price** – 40 points maximum. OFFEROR’S price quote must reasonably align to the proposed technical approach and requirements/deliverables of the RFP to be considered. Price quotes that are determined to be insufficient or unreasonable will not receive any points. The OFFEROR submitting the lowest price quote total for all three (3) years will automatically receive the maximum number of points allocated to price calculation, forty (40) points. The point allocations for price calculation on the other quotes will be determined through the following method:

$$[\text{Lowest Price X 40 points (maximum)}] / [\text{OFFEROR’S Quote}]$$

4.3 PHASE 2 – ESTABLISHMENT OF PRIORITY-LISTED OFFERORS

The evaluation committee will evaluate all proposals and, if required, establish a priority list of OFFERORS who received the best preliminary evaluations. If more than three proposals are received, a priority list of not less than three OFFERORS submitting the highest ranked proposals shall be generated. The evaluation committee may have additional discussions with priority-listed OFFERORS prior to the submission of the best and final offers.

4.4 PHASE 3 - DISCUSSION AND CLARIFICATION WITH PRIORITY-LISTED OFFERORS (OPTIONAL)

If during discussions there is a need for any substantial clarification or change in the RFP, the RFP shall be amended by an addendum to incorporate the clarification or change. Addenda to the RFP shall be distributed only to PRIORITY-LISTED OFFERORS.

The PRIORITY-LISTED OFFERORS shall then be permitted to submit new proposals or amend its submitted proposals. The contents of any proposal shall not be disclosed to competing OFFERORS during discussions.

4.5 PHASE 4 - BEST AND FINAL OFFER (IF APPLICABLE)

The evaluation committee will establish a date and time for the PRIORITY-LISTED

OFFERORS to submit its BAFO. A BAFO shall be submitted only once, unless the Head of the Purchasing Agency determines in writing that it is in ETS's best interest to conduct additional discussions or change the RFP's requirements by an addendum distributed only to the PRIORITY-LISTED OFFERORS and require another submission of a BAFO. Otherwise, no discussion or changes in the BAFOs will be allowed prior to award.

If a PRIORITY-LISTED OFFEROR does not submit a notice of withdrawal or another BAFO, their latest offer will be construed as their BAFO.

After BAFOs are received, final evaluations will be conducted.

4.6 PHASE 5 - FINAL EVALUATION OF PROPOSALS

During this phase, the evaluation committee will conduct final evaluations of the PRIORITY-LISTED OFFERORS' proposals in accordance with the criteria listed in Phase 1.

4.7 RECOMMENDATION FOR AWARD

The Evaluation Committee will evaluate and determine which proposal best meets the requirements of this RFP and will be most advantageous to ETS. The Evaluation Committee will prepare a report summarizing its findings and rankings and make a final recommendation to the Chief Information Officer as to the selection of the Contractor and award of the contract.

4.8 NOTIFICATION OF AWARD; NON-SELECTED OFFEROR

Upon award to the successful OFFEROR, ETS will publicly post a notice of award on HIEPRO. ETS will also provide written notification of the award to any unsuccessful OFFEROR(S). ETS is not responsible for delays or non-receipt of such notification.

SECTION V: ATTACHMENTS AND EXHIBITS

5.1 ATTACHMENT & EXHIBITS

- Attachment 1: PROPOSAL FORM, OF-1
- Attachment 2: PROPOSAL FORM, OF-2
- Attachment 3: PROPOSED EXCEPTIONS
- Attachment 4: CONFIDENTIAL INFORMATION
- Attachment 5: GUIDELINES FOR MONTHLY REPORTS
- Exhibit A: Contract Form and General Conditions

ATTACHMENT 1 - PROPOSAL FORM OF-1

RFP-22-010 INDEPENDENT VERIFICATION & VALIDATION (IV&V) SERVICES FOR AN ENTERPRISE FINANCIAL SOLUTION, DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES, STATE OF HAWAI'I

Chief Information Officer
Department of Accounting and General Services
Office of Enterprise Technology Services
State of Hawaii
Honolulu, Hawaii 96813

Dear Sir:

The undersigned has carefully read and understands the terms and conditions specified in this RFP and hereby submits the following proposal to perform the work specified in the RFP.

The undersigned further understands and agrees that by submitting this proposal, 1) he/she is declaring his/her proposal is not in violation of Chapter 84, Hawai'i Revised Statutes, concerning prohibited State contracts, and 2) he/she is certifying that the price(s) submitted was (were) independently arrived at without collusion.

Date: _____
Telephone No.: _____

Respectfully submitted,

Fax No.: _____
E-mail Address: _____

Exact Legal Name of Bidder

Payment address, if other than street address at right:

Authorized Signature (Original)

Title

Hawaii General Excise Tax Lic. I.D. No.:

Street Address

Social Security or Federal I.D. No.:

City, State, Zip Code

If OFFEROR shown above is a "dba" or a "division" of a corporation, furnish the exact legal name of the corporation under which the contract, if awarded, will be executed:

OFFEROR is: _____ Individual _____ Partnership _____ Corporation _____ Joint Venture _____ Other (specify)

State of incorporation: Hawai'i _____

*Other _____
(Specify jurisdiction)

ATTACHMENT 2 - PROPOSAL FORM OF-2

The following Firm Fixed Price proposal is hereby submitted for RFP-22-010, INDEPENDENT VERIFICATION & VALIDATION (IV&V) SERVICES FOR AN ENTERPRISE FINANCIAL SOLUTION, DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES, STATE OF HAWAI'I

The proposed prices submitted below shall be paid to the selected Contractor. No other request for payment shall be honored. Contractor(s) shall be responsible for all taxes, fees, licenses, insurance, supplies, travel, and other costs. No other claims for payment shall be honored.

The services detailed in the Scope of Work should form the basis for the proposed price and should be referred to for a detailed description of the services required of the successful OFFEROR. **A breakdown of the contract cost should be provided as an attachment.**

Base Year 1 Cost (12 months)	
• IV&V Services	\$ _____
Optional – 1 st extension (Cost for 12 months)	\$ _____
Optional – 2 nd extension (Cost for 12 months)	\$ _____
3- Year Total Cost:	\$ _____

Note: Pricing shall include labor, materials, supplies, travel, all applicable taxes including the Hawaii General Excise Tax, and any other costs incurred to provide the specified services.

Point of Contact: _____

Telephone Number: _____ Fax Number _____

Email Address: _____

ATTACHMENT 3 – PROPOSED EXCEPTIONS

RFP-22-010, INDEPENDENT VERIFICATION & VALIDATION (IV&V) SERVICES FOR AN ENTERPRISE FINANCIAL SOLUTION, DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES, STATE OF HAWAII

**STATE OF HAWAII, DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
OFFICE OF ENTERPRISE TECHNOLOGY SERVICES (ETS)**

Any exception to the requirements listed in Section II: Scope of Work of the RFP shall be listed below. OFFEROR shall reference the RFP section where the exception is taken, a description of the exception taken, the proposed alternative, and the reason for the proposed alternative. The State reserves the right to accept or reject any request for exceptions. **NO EXCEPTIONS MAY BE TAKEN FOR THE GENERAL OR SPECIAL CONDITIONS.**

ATTACHMENT 4 – CONFIDENTIAL INFORMATION

RFP-22-010, INDEPENDENT VERIFICATION & VALIDATION (IV&V) SERVICES FOR AN ENTERPRISE FINANCIAL SOLUTION, DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES, STATE OF HAWAII

STATE OF HAWAII, DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
OFFICE OF ENTERPRISE TECHNOLOGY SERVICES (ETS)

List all information believed to be confidential and not to be disclosed to the public, and the reason for confidentiality. Provide references in the proposal directing State to the specific areas of this Attachment 4.

-ATTACHMENT 5 GUIDELINES FOR MONTHLY REPORTS

RFP-22-010, INDEPENDENT VERIFICATION & VALIDATION (IV&V) SERVICES AN
ENTERPRISE FINANCIAL SOLUTION, DEPARTMENT OF ACCOUNTING AND GENERAL
SERVICES, STATE OF HAWAII

OFFICE OF ENTERPRISE TECHNOLOGY SERVICES (ETS)

For examples for previously State-accepted formats of reports, refer to:
<https://ets.hawaii.gov/report/independent-verification-and-validation-reports/>

The following tables should be used as a guide for areas of coverage when performing the IV&V activities for this RFP, depending on the specific deliverables required by the EFS project contract, and agreed to by the Office of Enterprise Technology Services in the IV&V Project Management Plan deliverable:

Project Management

Task Item	Task #	Task Description
Project Sponsorship	PM-1	Assess and recommend improvement, as needed, to assure continuous executive stakeholder buy-in, participation, support and commitment, and that open pathways of communication exist among all stakeholders.
Project Sponsorship	PM-2	Verify that executive sponsorship has bought-in to all changes which impact project objectives, cost, or schedule.
Management Assessment	PM-3	Verify and assess project management and organization, verify that lines of reporting and responsibility provide adequate technical and managerial oversight of the project.
Management Assessment	PM-4	Evaluate project progress, resources, budget, schedules, workflow, and reporting.
Management Assessment	PM-5	Assess coordination, communication and management to verify agencies and departments are not working independently of one another and following the communication plan.
Project Management	PM-6	Verify that a Project Management Plan is created, has been accepted, and is being followed. Evaluate the project management plans and procedures to verify that they are developed, communicated, implemented, monitored and complete.
Project Management	PM-7	Evaluate project reporting plan and actual project reports to verify project status is accurately traced using project metrics.
Project Management	PM-8	Verify milestones and completion dates are planned, monitored, and met.
Project Management	PM-9	Verify the existence and institutionalization of an appropriate project issue tracking mechanism that documents issues as they arise, enables communication of issues to proper stakeholders, documents a mitigation strategy as appropriate, and tracks the issue to closure. This should include but is not limited to technical and development efforts.
Project Management	PM-10	Evaluate the system’s planned life-cycle development methodology or methodologies (waterfall, evolutionary spiral, rapid prototyping, incremental, etc.) to see if they are appropriate for the system being developed.
Business Process Reengineering	PM-11	Evaluate the project’s ability and plans to redesign business systems to achieve improvements in critical measures of performance, such as cost, quality, service, and speed.
Business Process Reengineering	PM-12	Verify that the reengineering plan has the strategy, management backing, resources, skills and incentives necessary for effective change.
Business Process Reengineering	PM-13	Verify that resistance to change is anticipated and prepared for by using principles of change management at each step (such as excellent communication, participation, incentives) and having the appropriate leadership (executive pressure, vision, and actions) throughout the reengineering process.

Risk Management	PM-14	Verify that a Project Risk Management Plan is created and being followed. Evaluate the projects risk management plans and procedures to verify that risks are identified and quantified and that mitigation plans are developed, communicated, implemented, monitored, and complete.
Change Management	PM-15	Verify that a Change Management Plan is created and being followed. Evaluate the change management plans and procedures to verify they are developed, communicated,

Task Item	Task #	Task Description
		implemented, monitored, and complete; and that resistance to change is anticipated and prepared for.
Communication Management	PM-16	Verify that a Communication Plan is created and being followed. Evaluate the communication plans and strategies to verify they support communications and work product sharing between all project stakeholders; and assess if communication plans and strategies are effective, implemented, monitored and complete.
Configuration Management	PM-17	Review and evaluate the configuration management (CM) plans and procedures associated with the development process.
Configuration Management	PM-18	Verify that all critical development documents, including but not limited to requirements, design, code and JCL are maintained under an appropriate level of control.
Configuration Management	PM-19	Verify that the processes and tools are in place to identify code versions and to rebuild system configurations from source code.
Configuration Management	PM-20	Verify that appropriate source and object libraries are maintained for training, test, and production and that formal sign-off procedures are in place for evaluating acceptability of and approving deliverables.
Configuration Management	PM-21	Verify that appropriate processes and tools are in place to manage system changes, including formal logging of change requests and the review, prioritization and timely scheduling of maintenance actions.
Configuration Management	PM-22	Verify that mechanisms are in place to prevent unauthorized changes being made to the system and to prevent authorized changes from being made to the wrong version.
Configuration Management	PM-23	Review the use of CM information (such as the number and type of corrective maintenance actions over time) in project management.
Project Estimating and Scheduling	PM-24	Evaluate and make recommendations on the estimating and scheduling process of the project to ensure that the project budget and resources are adequate for the work-breakdown structure and schedule.
Project Estimating and Scheduling	PM-25	Verify the schedules to assure that adequate time and resources are assigned for planning, development, review, testing and rework.
Project Estimating and Scheduling	PM-26	Examine historical data to determine if the project/department has been able to accurately estimate the time, labor and cost of software development efforts.
Project Personnel	PM-27	Examine the job assignments, skills, training and experience of the personnel involved in program development to verify that they are adequate for the development task.
Project Personnel	PM-28	Evaluate the staffing plan for the project to verify that adequate human resources will be available for development and maintenance.
Project Personnel	PM-29	Evaluate the State's personnel policies to verify that staff turnover will be minimized.
Project Organization	PM-30	Verify that lines of reporting and responsibility provide adequate technical and managerial oversight of the project.
Project Organization	PM-31	Verify that the project's organizational structure supports training, process definition, independent Quality Assurance, Configuration Management, product evaluation, and any other functions critical for the project's success.
Subcontractors and External Staff	PM-32	Evaluate the use of sub-contractors or other external sources of project staff (such as IS staff from another State organization) in project development.

Task Item	Task #	Task Description
Subcontractors and External Staff	PM-33	Verify that the obligations of sub-contractors and external staff (terms, conditions, statement of work, requirements, standards, development milestones, acceptance criteria, delivery dates, etc.) are clearly defined.
Subcontractors and External Staff	PM-34	Verify that the subcontractors' software development methodology and product standards are compatible with the system's standards and environment.
Subcontractors and External Staff	PM-35	Verify that each subcontractor has and maintains the required skills, personnel, plans, resources, procedures and standards to meet their commitment. This will include examining the feasibility of any offsite support of the project.
Subcontractors and External Staff	PM-36	Verify that any proprietary tools used by subcontractors do not restrict the future maintainability, portability, and reusability of the system.
State Oversight	PM-37	Verify that State oversight is provided in the form of periodic status reviews and technical interchanges.
State Oversight	PM-38	Verify that the State has defined the technical and managerial inputs the subcontractor needs (reviews, approvals, requirements and interface clarifications, etc.) and has the resources to supply them on schedule.
State Oversight	PM-39	Verify that State staff has the ultimate responsibility for monitoring project cost and schedule.

Quality Management

Task Item	Task #	Task Description
Quality Assurance	QA-1	Evaluate and make recommendations on the project's Quality Assurance plans, procedures and organization.
Quality Assurance	QA-2	Verify that QA has an appropriate level of independence from project management.
Quality Assurance	QA-3	Verify that the QA organization monitors the fidelity of all defined processes in all phases of the project.
Quality Assurance	QA-4	Verify that the quality of all products produced by the project is monitored by formal reviews and sign-offs.
Quality Assurance	QA-5	Verify that project self-evaluations are performed and that measures are continually taken to improve the process.
Quality Assurance	QA-6	Verify that QA has an appropriate level of independence; evaluate and make recommendations on the project's Quality Assurance plans, procedures and organization.
Quality Assurance	QA-7	Evaluate if appropriate mechanisms are in place for project self-evaluation and process improvement.
Process Definition and Product Standards	QA-8	Review and make recommendations on all defined processes and product standards associated with the system development.
Process	QA-9	Verify that all major development processes are defined and that the defined and approved

Task Item	Task #	Task Description
Definition and Product Standards		processes and standards are followed in development.
Process Definition and Product Standards	QA-10	Verify that the processes and standards are compatible with each other and with the system development methodology.
Process Definition and Product Standards	QA-11	Verify that all process definitions and standards are complete, clear, up-to-date, consistent in format, and easily available to project personnel.

Training

Task Item	Task #	Task Description
User Training and Documentation	TR-1	Review and make recommendations on the training provided to system users. Verify sufficient knowledge transfer for maintenance and operation of the new system.
User Training and Documentation	TR-2	Verify that training for users is instructor-led and hands-on and is directly related to the business process and required job skills.
User Training and Documentation	TR-3	Verify that user-friendly training materials and help desk services are easily available to all users.
User Training and Documentation	TR-4	Verify that all necessary policy and process and documentation is easily available to users.
User Training and Documentation	TR-5	Verify that all training is given on-time and is evaluated and monitored for effectiveness, with additional training provided as needed.
Developer Training and Documentation	TR-6	Review and make recommendations on the training provided to system developers.
Developer Training and Documentation	TR-7	Verify that developer training is technically adequate, appropriate for the development phase, and available at appropriate times.
Developer Training and Documentation	TR-8	Verify that all necessary policy, process and standards documentation is easily available to developers.
Developer Training and Documentation	TR-9	Verify that all training is given on-time and is evaluated and monitored for effectiveness, with additional training provided as needed.

Requirements Management

Task Item	Task #	Task Description
Requirements Management	RM-1	Evaluate and make recommendations on the project's process and procedures for managing requirements.
Requirements	RM-2	Verify that system requirements are well-defined, understood and documented.

Task Item	Task #	Task Description
Management		
Requirements Management	RM-3	Evaluate the allocation of system requirements to hardware and software requirements.
Requirements Management	RM-4	Verify that software requirements can be traced through design, configuration and test phases to verify that the system performs as intended and contains no unnecessary software elements.
Requirements Management	RM-5	Verify that requirements are under formal configuration control.
Security Requirements	RM-6	Evaluate and make recommendations on project policies and procedures for ensuring that the system is secure and that the privacy of client data is maintained.
Security Requirements	RM-7	Evaluate the project's restrictions on system and data access.
Security Requirements	RM-8	Evaluate the project's security and risk analysis.
Security Requirements	RM-9	Verify that processes and equipment are in place to back up client and project data and files and archive them safely at appropriate intervals.
Requirements Analysis	RM-10	Verify that an analysis of client, State and federal needs and objectives has been performed to verify that requirements of the system are well understood, well defined, and satisfy federal regulations.
Requirements Analysis	RM-11	Verify that all stakeholders have been consulted to the desired functionality of the system, and that users have been involved in prototyping of the user interface.
Requirements Analysis	RM-12	Verify that all stakeholders have bought-in to all changes which impact project objectives, cost, or schedule.
Requirements Analysis	RM-13	Verify that performance requirements (e.g. timing, response time and throughput) satisfy user needs.
Requirements Analysis	RM-14	Verify that user's maintenance requirements for the system are completely specified.
Interface Requirements	RM-15	Verify that all system interfaces are exactly described, by medium and by function, including input/output control codes, data format, polarity, range, units, and frequency.
Requirements Analysis	RM-16	Verify those approved interface documents are available and that appropriate relationships (such as interface working groups) are in place with all agencies and organizations supporting the interfaces.
Requirements Allocation and Specification	RM-17	Verify that all system requirements have been allocated to either a software or hardware subsystem.
	RM-18	Verify that requirements specifications have been developed for all hardware and software subsystems in a sufficient level of detail to ensure successful implementation.
Reverse Engineering	RM-19	If a legacy system or a transfer system is or will be used in development, verify that a well-defined plan and process for reengineering the system is in place and is followed. The process, depending on the goals of the reuse/transfer, may include reverse engineering, code translation, re-documentation, restructuring, normalization, and re-targeting.

Operating Environment

Task Item	Task #	Task Description
System Hardware	OE-1	Evaluate new and existing system hardware configurations to determine if their performance is adequate to meet existing and proposed system requirements.
System Hardware	OE-2	Determine if hardware is compatible with the State's existing processing environment, if

Task Item	Task #	Task Description
		it is maintainable, and if it is easily upgradeable. This evaluation will include, but is not limited to, CPUs and other processors, memory, network connections and bandwidth, communication controllers, telecommunications systems (LAN/WAN), terminals, printers and storage devices.
System Hardware	OE-3	Evaluate current and projected vendor support of the hardware, as well as the State's hardware configuration management plans and procedures.
System Software	OE-4	Evaluate new and existing system software to determine if its capabilities are adequate to meet existing and proposed system requirements.
System Software	OE-5	Determine if the software is compatible with the State's existing hardware and software environment, if it is maintainable, and if it is easily upgradeable. This evaluation will include, but is not limited to, operating systems, middleware, and network software including communications and file-sharing protocols.
System Software	OE-6	Current and projected vendor support of the software will also be evaluated, as well as the State's software acquisition plans and procedures.
Database Software	OE-7	Evaluate new and existing database products to determine if their capabilities are adequate to meet existing and proposed system requirements.
Database Software	OE-8	Determine if the database's data format is easily convertible to other formats, if it supports the addition of new data items, if it is scalable, if it is easily refreshable and if it is compatible with the State's existing hardware and software, including any on-line transaction processing (OLTP) environment.
Database Software	OE-9	Evaluate any current and projected vendor support of the software, as well as the State's software acquisition plans and procedures.
System Capacity	OE-10	Evaluate the existing processing capacity of the system and verify that it is adequate for current statewide needs for both batch and on-line processing.
System Capacity	OE-11	Evaluate the historic availability and reliability of the system including the frequency and criticality of system failure.
System Capacity	OE-12	Evaluate the results of any volume testing or stress testing.
System Capacity	OE-13	Evaluate any existing measurement and capacity planning program and evaluate the system's capacity to support future growth.
System Capacity	OE-14	Make recommendations on changes in processing hardware, storage, network systems, operating systems, COTS software, and software design to meet future growth and improve system performance.

Development Environment

Task Item	Task #	Task Description
Development Hardware	DE-1	Evaluate new and existing development hardware configurations to determine if their performance is adequate to meet the needs of system development.
Development Hardware	DE-2	Determine if hardware is maintainable, easily upgradeable, and compatible with the State's existing development and processing environment. This evaluation will include, but is not limited to, CPUs and other processors, memory, network connections and bandwidth, communication controllers, telecommunications systems (LAN/WAN), terminals, printers and storage devices.
Development Hardware	DE-3	Current and projected vendor support of the hardware will also be evaluated, as well as the State's hardware configuration management plans and procedures.
Development Software	DE-4	Evaluate new and existing development software to determine if its capabilities are adequate to meet system development requirements.

Task Item	Task #	Task Description
Development Software	DE-5	Determine if the software is maintainable, easily upgradeable, and compatible with the State's existing hardware and software environment.
Development Software	DE-6	Evaluate the environment as a whole to see if it shows a degree of integration compatible with good development. This evaluation will include, but is not limited to, operating systems, network software, CASE tools, project management software, configuration management software, compilers, cross-compilers, linkers, loaders, debuggers, editors, and reporting software.
Development Software	DE-7	Language and compiler selection will be evaluated with regard to portability and reusability (ANSI standard language, non-standard extensions, etc.).
Development Software	DE-8	Current and projected vendor support of the software will also be evaluated.

Software Development

Task Item	Task #	Task Description
High-Level Design	SD-1	Evaluate and make recommendations on existing high-level design products to verify the design is workable, efficient, and satisfies all system and system interface requirements.
High-Level Design	SD-2	Evaluate the design products for adherence to the project design methodology and standards.
High-Level Design	SD-3	Evaluate the design and analysis process used to develop the design and make recommendations for improvements. Design standards, methodology and CASE tools used will be evaluated and recommendations for improvements made.
High-Level Design	SD-4	Verify that design requirements can be traced back to system requirements.
High-Level Design	SD-5	Verify that all design products are under configuration control and formally approved before detailed design begins.
Detailed Design	SD-6	Evaluate and make recommendations on existing detailed design products to verify that the design is workable, efficient, and satisfies all high-level design requirements.
Detailed Design	SD-7	The design products will also be evaluated for adherence to the project design methodology and standards.
Detailed Design	SD-8	The design and analysis process used to develop the design will be evaluated and recommendations for improvements made.
Detailed Design	SD-9	Design standards, methodology and CASE tools used will be evaluated and recommendations made.
Detailed Design	SD-10	Verify that design requirements can be traced back to system requirements and high-level design.
Detailed Design	SD-11	Verify that all design products are under configuration control and formally approved before coding begins.
Job Control	SD-12	Perform an evaluation and make recommendations on existing job control and on the process for designing job control.
Job Control	SD-13	Evaluate the system's division between batch and on-line processing with regard to system performance and data integrity.
Job Control	SD-14	Evaluate batch jobs for appropriate scheduling, timing and internal and external dependencies.
Job Control	SD-15	Evaluate the appropriate use of OS scheduling software.
Job Control	SD-16	Verify that job control language scripts are under an appropriate level of configuration control.
Code	SD-17	Evaluate and make recommendations on the standards and processes currently in place for code development.

Task Item	Task #	Task Description
Code	SD-18	Evaluate the existing code base for portability and maintainability, taking software metrics including but not limited to modularity, complexity and source and object size.
Code	SD-19	Code documentation will be evaluated for quality, completeness (including maintenance history) and accessibility.
Code	SD-20	Evaluate the coding standards and guidelines and the project's compliance with these standards and guidelines. This evaluation will include, but is not limited to, structure, documentation, modularity, naming conventions and format.
Code	SD-21	Verify that developed code is kept under appropriate configuration control and is easily accessible by developers.
Code	SD-22	Evaluate the project's use of software metrics in management and quality assurance.
Unit Test	SD-23	Evaluate the plans, requirements, environment, tools, and procedures used for unit testing system modules.
Unit Test	SD-24	Evaluate the level of test automation, interactive testing and interactive debugging available in the test environment.
Unit Test	SD-25	Verify that an appropriate level of test coverage is achieved by the test process, that test results are verified, that the correct code configuration has been tested, and that the tests are appropriately documented.

System and Acceptance Testing

Task Item	Task #	Task Description
System Integration Test	ST-1	Evaluate the plans, requirements, environment, tools, and procedures used for integration testing of system modules.
System Integration Test	ST-2	Evaluate the level of automation and the availability of the system test environment.
System Integration Test	ST-3	Verify that an appropriate level of test coverage is achieved by the test process, that test results are verified, that the correct code configuration has been tested, and that the tests are appropriately documented, including formal logging of errors found in testing.
System Integration Test	ST-4	Verify that the test organization has an appropriate level of independence from the development organization.
Pilot Test	ST-5	Evaluate the plans, requirements, environment, tools, and procedures for pilot testing the system.
Pilot Test	ST-6	Verify that a sufficient number and type of case scenarios are used to ensure comprehensive but manageable testing and that tests are run in a realistic, real-time environment.
Pilot Test	ST-7	Verify that test scripts are complete, with step-by-step procedures, required pre-existing events or triggers, and expected results.
Pilot Test	ST-8	Verify that test results are verified, that the correct code configuration has been used, and that the tests runs are appropriately documented, including formal logging of errors found in testing.
Pilot Test	ST-9	Verify that the test organization has an appropriate level of independence from the development organization.
Interface Testing	ST-10	Evaluate interface testing plans and procedures for compliance with industry standards.
Acceptance and Turnover	ST-11	Acceptance procedures and acceptance criteria for each product must be defined, reviewed, and approved prior to test and the results of the test must be documented. Acceptance procedures must also address the process by which any software product that does not pass acceptance testing will be corrected.
Acceptance and	ST-12	Verify that appropriate acceptance testing based on the defined acceptance criteria is

Task Item	Task #	Task Description
Turnover		performed satisfactorily before acceptance of software products.
Acceptance and Turnover	ST-13	Verify that the acceptance test organization has an appropriate level of independence from the subcontractor.
Acceptance and Turnover	ST-14	Verify that training in using the contractor-supplied software will be on-going throughout the development process, especially If the software is to be turned over to State staff for operation.
Acceptance and Turnover	ST-15	Review and evaluate implementation plan.

Data Management

Task Item	Task #	Task Description
Data Conversion	DM-1	Evaluate the State's existing and proposed plans, procedures and software for data conversion.
Data Conversion	DM-2	Verify that procedures are in place and are being followed to review the completed data for completeness and accuracy and to perform data clean-up as required.
Data Conversion	DM-3	Determine conversion error rates and if the error rates are manageable.
Data Conversion	DM-4	Make recommendations on making the conversion process more efficient and on maintaining the integrity of data during the conversion.
Database Design	DM-5	Evaluate new and existing database designs to determine if they meet existing and proposed system requirements.
Database Design	DM-6	Recommend improvements to existing designs to improve data integrity and system performance.
Database Design	DM-7	Evaluate the design for maintainability, scalability, upgradable, concurrence, normalization (where appropriate) and any other factors affecting performance and data integrity.
Database Design	DM-8	Evaluate the project's process for administering the database, including backup, recovery, performance analysis and control of data item creation.

Operations Oversight

Task Item	Task #	Task Description
Operational Change Tracking	OO-1	Evaluate system's change requests and defect tracking processes.
	OO-2	Evaluate implementation of the process activities and request volumes to determine if processes are effective and are being followed.
Customer & User Operational Satisfaction	OO-3	Evaluate user satisfaction with system to determine areas for improvement.
Operational Goals	OO-4	Evaluate impact of system on program goals and performance standards.
Operational Documentation	OO-5	Evaluate operational plans and processes.
Operational Processes and Activity	OO-6	Evaluate implementation of the process activities including backup, disaster recovery and day-to-day operations to verify the processes are being followed.

EXHIBIT A

CONTRACT FORM AND GENERAL CONDITION



STATE OF HAWAII
CONTRACT FOR GOODS OR SERVICES
BASED UPON
COMPETITIVE SEALED PROPOSALS

This Contract, executed on the respective dates indicated below, is effective as of

_____, between _____
(Insert name of state department, agency, board or commission)

State of Hawaii ("STATE"), by its _____
(Insert title of person signing for state)

(hereafter also referred to as the HEAD OF THE PURCHASING AGENCY or designee ("HOPA")), whose address is _____

_____ and _____
 ("CONTRACTOR"), a _____
(Insert corporation, partnership, joint venture, sole proprietorship, or other legal form of the Contractor)

under the laws of the State of _____, whose business address and federal and state taxpayer identification numbers are as follows: _____

RECITALS

A. The STATE desires to retain and engage the CONTRACTOR to provide the goods or services, or both, described in this Contract and its attachments, and the CONTRACTOR is agreeable to providing said goods or services or both.

B. The STATE has issued a request for competitive sealed proposals, and has received and reviewed proposals submitted in response to the request.

C. The solicitation for proposals and the selection of the CONTRACTOR were made in accordance with section 103D-303, Hawaii Revised Statutes ("HRS"), Hawaii Administrative Rules, Title 3, Department of Accounting and General Services, Subtitle 11 ("HAR"), Chapter 122, Subchapter 6, and applicable procedures established by the appropriate Chief Procurement Officer ("CPO").

D. The CONTRACTOR has been identified as the responsible and responsive offeror whose proposal is the most advantageous for the STATE, taking into consideration price and the evaluation factors set forth in the request.

E. Pursuant to _____, the STATE
(Legal authority to enter into this Contract)
 is authorized to enter into this Contract.

F. Money is available to fund this Contract pursuant to:
 (1) _____
(Identify state sources)

or (2) _____
(Identify federal sources)

or both, in the following amounts: State \$ _____
 Federal \$ _____

NOW, THEREFORE, in consideration of the promises contained in this Contract, the STATE and the CONTRACTOR agree as follows:

1. Scope of Services. The CONTRACTOR shall, in a proper and satisfactory manner as determined by the STATE, provide all the goods or services, or both, set forth in the request for competitive sealed proposals number _____ ("RFP") and the CONTRACTOR'S accepted proposal ("Proposal"), both of which, even if not physically attached to this Contract, are made a part of this Contract.

2. Compensation. The CONTRACTOR shall be compensated for goods supplied

or services performed, or both, under this Contract in a total amount not to exceed _____ DOLLARS (\$ _____), including approved costs incurred and taxes, at the time and in the manner set forth in the RFP and CONTRACTOR'S Proposal.

3. Time of Performance. The services or goods required of the CONTRACTOR under this Contract shall be performed and completed in accordance with the Time of Performance set forth in Attachment-S3, which is made a part of this Contract.

4. Bonds. The CONTRACTOR **D** is required to provide or **D** is not required to provide: **D** a performance bond, **D** a payment bond, **D** a performance and payment bond in the amount of _____ DOLLARS (\$ _____).

5. Standards of Conduct Declaration. The Standards of Conduct Declaration of the CONTRACTOR is attached to and made a part of this Contract.

6. Other Terms and Conditions. The General Conditions and any Special Conditions are attached to and made a part of this Contract. In the event of a conflict between the General Conditions and the Special Conditions, the Special Conditions shall control. In the event of a conflict among the documents, the order of precedence shall be as follows: (1) this Contract, including all attachments and addenda; (2) the RFP, including all attachments and addenda; and (3) the Proposal.

7. Liquidated Damages. Liquidated damages shall be assessed in the amount of _____ DOLLARS (\$ _____) per day, in accordance with the terms of paragraph 9 of the General Conditions.

8. Notices. Any written notice required to be given by a party to this Contract shall be (a) delivered personally, or (b) sent by United States first class mail, postage prepaid. Notice to the STATE shall be sent to the HOPA'S address indicated in the Contract. Notice to the CONTRACTOR shall be sent to the CONTRACTOR'S address indicated in the Contract. A notice shall be deemed to have been received three (3) days after mailing or at the time of actual receipt, whichever is earlier. The CONTRACTOR is responsible for notifying the STATE in writing of any change of address.

IN VIEW OF THE ABOVE, the parties execute this Contract by their signatures, on the dates below, to be effective as of the date first above written.

STATE

(Signature)

(Print/Name)

(Print Title)

(Date)

CONTRACTOR

CORPORATE SEAL
(If available)

(Name of Contractor)

(Signature)

(Print Name)

(Print Title)

(Date)

APPROVED AS TO FORM:

Deputy Attorney General

* Evidence of authority of the CONTRACTOR'S representative to sign this Contract for the CONTRACTOR must be attached.



STATE OF HAWAII
CONTRACTOR'S
STANDARDS OF CONDUCT DECLARATION

For the purposes of this declaration:

"Agency" means and includes the State, the legislature and its committees, all executive departments, boards, commissions, committees, bureaus, offices; and all independent commissions and other establishments of the state government but excluding the courts.

"Controlling interest" means an interest in a business or other undertaking which is sufficient in fact to control, whether the interest is greater or less than fifty per cent (50%).

"Employee" means any nominated, appointed, or elected officer or employee of the State, including members of boards, commissions, and committees, and employees under contract to the State or of the constitutional convention, but excluding legislators, delegates to the constitutional convention, justices, and judges. (Section 84-3, HRS).

On behalf of _____, CONTRACTOR, the undersigned does declare as follows:

1. CONTRACTOR is* is not a legislator or an employee or a business in which a legislator or an employee has a controlling interest. (Section 84-15(a), HRS).
2. CONTRACTOR has not been represented or assisted personally in the matter by an individual who has been an employee of the agency awarding this Contract within the preceding two years and who participated while so employed in the matter with which the Contract is directly concerned. (Section 84-15(b), HRS).
3. CONTRACTOR has not been assisted or represented by a legislator or employee for a fee or other compensation to obtain this Contract and will not be assisted or represented by a legislator or employee for a fee or other compensation in the performance of this Contract, if the legislator or employee had been involved in the development or award of the Contract. (Section 84-14 (d), HRS).
4. CONTRACTOR has not been represented on matters related to this Contract, for a fee or other consideration by an individual who, within the past twelve (12) months, has been an agency employee, or in the case of the Legislature, a legislator, and participated while an employee or legislator on matters related to this Contract. (Sections 84-18(b) and (c), HRS).

CONTRACTOR understands that the Contract to which this document is attached is voidable on behalf of the STATE if this Contract was entered into in violation of any provision of chapter 84, Hawaii Revised Statutes, commonly referred to as the Code of Ethics, including the provisions which are the source of the declarations above. Additionally, any fee, compensation, gift, or profit received by any person as a result of a violation of the Code of Ethics may be recovered by the STATE.

* Reminder to Agency: If the "is" block is checked and if the Contract involves goods or services of a value in excess of \$10,000, the Contract must be awarded by competitive sealed bidding under section 103D-302, HRS, or a competitive sealed proposal under section 103D-303, HRS. Otherwise, the Agency may not award the Contract unless it posts a notice of its intent to award it and files a copy of the notice with the State Ethics Commission. (Section 84-15(a), HRS).

CONTRACTOR

By _____
(Signature)

Print Name _____

Print Title _____

Name of Contractor _____

_____ Date _____



STATE OF HAWAII
SCOPE OF SERVICES



STATE OF HAWAII

COMPENSATION AND PAYMENT SCHEDULE



Attachment - 3

STATE OF HAWAII
TIME OF PERFORMANCE



STATE OF HAWAII

CERTIFICATE OF EXEMPTION FROM CIVIL SERVICE

1. By Heads of Departments Delegated by the Director of the Department of Human Resources Development (“DHRD”).*

Pursuant to a delegation of the authority by the Director of DHRD, I certify that the services to be provided under this Contract, and the person(s) providing the services under this Contract are exempt from the civil service, pursuant to § 76-16, Hawaii Revised Statutes (HRS).

(Signature)

(Date)

(Print Name)

(Print Title)

* This part of the form may be used by all department heads and the heads of attached agencies to whom the Director of DHRD expressly has delegated authority to certify § 76-16, HRS, civil service exemptions. The specific paragraph(s) of § 76-16, HRS, upon which an exemption is based should be noted in the contract file. If an exemption is based on § 76-16(b)(15), the contract must meet the following conditions:

- (1) It involves the delivery of completed work or product by or during a specific time;
(2) There is no employee-employer relationship; and
(3) The authorized funding for the service is from other than the "A" or personal services cost element.

NOTE: Not all attached agencies have received a delegation under § 76-16(b)(15). If in doubt, attached agencies should check with the Director of DHRD prior to certifying an exemption under § 76-16(b)(15). Authority to certify exemptions under §§ 76-16(b)(2), and 76-16(b)(12), HRS, has not been delegated; only the Director of DHRD may certify §§ 76-16(b)(2), and 76-16(b)(12) exemptions.

2. By the Director of DHRD, State of Hawaii.

I certify that the services to be provided under this Contract, and the person(s) providing the services under this Contract are exempt from the civil service, pursuant to §76-16, HRS.

(Signature)

(Date)

(Print Name)

(Print Title, if designee of the Director of DHRD)



STATE OF HAWAII
SPECIAL CONDITIONS

GENERAL CONDITIONS

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GENERAL CONDITIONS

1. Coordination of Services by the STATE. The head of the purchasing agency ("HOPA") (which term includes the designee of the HOPA) shall coordinate the services to be provided by the CONTRACTOR in order to complete the performance required in the Contract. The CONTRACTOR shall maintain communications with HOPA at all stages of the CONTRACTOR'S work, and submit to HOPA for resolution any questions which may arise as to the performance of this Contract. "Purchasing agency" as used in these General Conditions means and includes any governmental body which is authorized under chapter 103D, HRS, or its implementing rules and procedures, or by way of delegation, to enter into contracts for the procurement of goods or services or both.
2. Relationship of Parties: Independent Contractor Status and Responsibilities, Including Tax Responsibilities.
 - a. In the performance of services required under this Contract, the CONTRACTOR is an "independent contractor," with the authority and responsibility to control and direct the performance and details of the work and services required under this Contract; however, the STATE shall have a general right to inspect work in progress to determine whether, **in** the STATE'S opinion, the services are being performed by the CONTRACTOR **in** compliance with this Contract. Unless otherwise provided by special condition, it is understood that the STATE does not agree to use the CONTRACTOR exclusively, and that the CONTRACTOR is free to contract to provide services to other individuals or entities while under contract with the STATE.
 - b. The CONTRACTOR and the CONTRACTOR'S employees and agents are not by reason of this Contract, agents or employees of the State for any purpose, and the CONTRACTOR and the CONTRACTOR'S employees and agents shall not be entitled to claim or receive from the State any vacation, sick leave, retirement, workers' compensation, unemployment insurance, or other benefits provided to state employees.
 - c. The CONTRACTOR shall be responsible for the accuracy, completeness, and adequacy of the CONTRACTOR'S performance under this Contract. Furthermore, the CONTRACTOR intentionally, voluntarily, and knowingly assumes the sole and entire liability to the CONTRACTOR'S employees and agents, and to any individual not a party to this Contract, for all loss, damage, or injury caused by the CONTRACTOR, or the CONTRACTOR'S employees or agents in the course of their employment.
 - d. The CONTRACTOR shall be responsible for payment of all applicable federal, state, and county taxes and fees which may become due and owing by the CONTRACTOR by reason of this Contract, including but not limited to (i) income taxes, (ii) employment related fees, assessments, and taxes, and (iii) general excise taxes. The CONTRACTOR also is responsible for obtaining all licenses, permits, and certificates that may be required in order to perform this Contract.
 - e. The CONTRACTOR shall obtain a general excise tax license from the Department of Taxation, State of Hawaii, in accordance with section 237-9, HRS, and shall comply with all requirements thereof. The CONTRACTOR shall obtain a tax clearance certificate from the Director of Taxation, State of Hawaii, and the Internal Revenue Service, U.S. Department of the Treasury, showing that all delinquent taxes, if any, levied or accrued under state law and the Internal Revenue Code of 1986, as amended, against the CONTRACTOR have been paid and submit the same to the STATE prior to commencing any performance under this Contract. The CONTRACTOR shall also be solely responsible for meeting all requirements necessary to obtain the tax clearance certificate required for final payment under sections 103-53 and 103D-328, HRS, and paragraph 17 of these General Conditions.
 - f. The CONTRACTOR is responsible for securing all employee-related insurance coverage for the CONTRACTOR and the CONTRACTOR'S employees and agents that is or may be required by law, and for payment of all premiums, costs, and other liabilities associated with securing the insurance coverage.

- g. The CONTRACTOR shall obtain a certificate of compliance issued by the Department of Labor and Industrial Relations, State of Hawaii, in accordance with section 103D-310, HRS, and section 3-122-112, HAR, that is current within six months of the date of issuance.
- h. The CONTRACTOR shall obtain a certificate of good standing issued by the Department of Commerce and Consumer Affairs, State of Hawaii, in accordance with section 103D-310, HRS, and section 3-122-112, HAR, that is current within six months of the date of issuance.
- i. In lieu of the above certificates from the Department of Taxation, Labor and Industrial Relations, and Commerce and Consumer Affairs, the CONTRACTOR may submit proof of compliance through the State Procurement Office's designated certification process.

3. Personnel Requirements.

- a. The CONTRACTOR shall secure, at the CONTRACTOR'S own expense, all personnel required to perform this Contract.
- b. The CONTRACTOR shall ensure that the CONTRACTOR'S employees or agents are experienced and fully qualified to engage in the activities and perform the services required under this Contract, and that all applicable licensing and operating requirements imposed or required under federal, state, or county law, and all applicable accreditation and other standards of quality generally accepted in the field of the activities of such employees and agents are complied with and satisfied.

4. Nondiscrimination. No person performing work under this Contract, including any subcontractor, employee, or agent of the CONTRACTOR, shall engage in any discrimination that is prohibited by any applicable federal, state, or county law.

5. Conflicts of Interest. The CONTRACTOR represents that neither the CONTRACTOR, nor any employee or agent of the CONTRACTOR, presently has any interest, and promises that no such interest, direct or indirect, shall be acquired, that would or might conflict in any manner or degree with the CONTRACTOR'S performance under this Contract.

6. Subcontracts and Assignments. The CONTRACTOR shall not assign or subcontract any of the CONTRACTOR'S duties, obligations, or interests under this Contract and no such assignment or subcontract shall be effective unless (i) the CONTRACTOR obtains the prior written consent of the STATE, and (ii) the CONTRACTOR'S assignee or subcontractor submits to the STATE a tax clearance certificate from the Director of Taxation, State of Hawaii, and the Internal Revenue Service, U.S. Department of Treasury, showing that all delinquent taxes, if any, levied or accrued under state law and the Internal Revenue Code of 1986, as amended, against the CONTRACTOR'S assignee or subcontractor have been paid. Additionally, no assignment by the CONTRACTOR of the CONTRACTOR'S right to compensation under this Contract shall be effective unless and until the assignment is approved by the Comptroller of the State of Hawaii, as provided in section 40-58, HRS.

a. Recognition of a successor in interest. When in the best interest of the State, a successor in interest may be recognized in an assignment contract in which the STATE, the CONTRACTOR and the assignee or transferee (hereinafter referred to as the "Assignee") agree that:

- (1) The Assignee assumes all of the CONTRACTOR'S obligations;
- (2) The CONTRACTOR remains liable for all obligations under this Contract but waives all rights under this Contract as against the STATE; and
- (3) The CONTRACTOR shall continue to furnish, and the Assignee shall also furnish, all required bonds.

b. Change of name. When the CONTRACTOR asks to change the name in which it holds this Contract with the STATE, the procurement officer of the purchasing agency (hereinafter referred to as the "Agency procurement officer") shall, upon receipt of a document acceptable or satisfactory to the

Agency procurement officer indicating such change of name (for example, an amendment to the CONTRACTOR'S articles of incorporation), enter into an amendment to this Contract with the CONTRACTOR to effect such a change of name. The amendment to this Contract changing the CONTRACTOR'S name shall specifically indicate that no other terms and conditions of this Contract are thereby changed.

- c. Reports. All assignment contracts and amendments to this Contract effecting changes of the CONTRACTOR'S name or novations hereunder shall be reported to the chief procurement officer (CPO) as defined in section 103D-203(a), HRS, within thirty days of the date that the assignment contract or amendment becomes effective.
 - d. Actions affecting more than one purchasing agency. Notwithstanding the provisions of subparagraphs 6a through 6c herein, when the CONTRACTOR holds contracts with more than one purchasing agency of the State, the assignment contracts and the novation and change of name amendments herein authorized shall be processed only through the CPO's office.
7. Indemnification and Defense. The CONTRACTOR shall defend, indemnify, and hold harmless the State of Hawaii, the contracting agency, and their officers, employees, and agents from and against all liability, loss, damage, cost, and expense, including all attorneys' fees, and all claims, suits, and demands therefore, arising out of or resulting from the acts or omissions of the CONTRACTOR or the CONTRACTOR'S employees, officers, agents, or subcontractors under this Contract. The provisions of this paragraph shall remain in full force and effect notwithstanding the expiration or early termination of this Contract.
 8. Cost of Litigation. In case the STATE shall, without any fault on its part, be made a party to any litigation commenced by or against the CONTRACTOR in connection with this Contract, the CONTRACTOR shall pay all costs and expenses incurred by or imposed on the STATE, including attorneys' fees.
 9. Liquidated Damages. When the CONTRACTOR is given notice of delay or nonperformance as specified in paragraph 13 (Termination for Default) and fails to cure in the time specified, it is agreed the CONTRACTOR shall pay to the STATE the amount, if any, set forth in this Contract per calendar day from the date set for cure until either (i) the STATE reasonably obtains similar goods or services, or both, if the CONTRACTOR is terminated for default, or (ii) until the CONTRACTOR provides the goods or services, or both, if the CONTRACTOR is not terminated for default. To the extent that the CONTRACTOR'S delay or nonperformance is excused under paragraph 13d (Excuse for Nonperformance or Delay Performance), liquidated damages shall not be assessable against the CONTRACTOR. The CONTRACTOR remains liable for damages caused other than by delay.
 10. STATE'S Right of Offset. The STATE may offset against any monies or other obligations the STATE owes to the CONTRACTOR under this Contract, any amounts owed to the State of Hawaii by the CONTRACTOR under this Contract or any other contracts, or pursuant to any law or other obligation owed to the State of Hawaii by the CONTRACTOR, including, without limitation, the payment of any taxes or levies of any kind or nature. The STATE will notify the CONTRACTOR in writing of any offset and the nature of such offset. For purposes of this paragraph, amounts owed to the State of Hawaii shall not include debts or obligations which have been liquidated, agreed to by the CONTRACTOR, and are covered by an installment payment or other settlement plan approved by the State of Hawaii, provided, however, that the CONTRACTOR shall be entitled to such exclusion only to the extent that the CONTRACTOR is current with, and not delinquent on, any payments or obligations owed to the State of Hawaii under such payment or other settlement plan.
 11. Disputes. Disputes shall be resolved in accordance with section 103D-703, HRS, and chapter 3-126, Hawaii Administrative Rules ("HAR"), as the same may be amended from time to time.
 12. Suspension of Contract. The STATE reserves the right at any time and for any reason to suspend this Contract for any reasonable period, upon written notice to the CONTRACTOR in accordance with the provisions herein.
 - a. Order to stop performance. The Agency procurement officer may, by written order to the CONTRACTOR, at any time, and without notice to any surety, require the CONTRACTOR to stop all or any part of the performance called for by this Contract. This order shall be for a specified

period not exceeding sixty (60) days after the order is delivered to the CONTRACTOR, unless the parties agree to any further period. Any such order shall be identified specifically as a stop performance order issued pursuant to this section. Stop performance orders shall include, as appropriate: (1) A clear description of the work to be suspended; (2) Instructions as to the issuance of further orders by the CONTRACTOR for material or services; (3) Guidance as to action to be taken on subcontracts; and (4) Other instructions and suggestions to the CONTRACTOR for minimizing costs. Upon receipt of such an order, the CONTRACTOR shall forthwith comply with its terms and suspend all performance under this Contract at the time stated, provided, however, the CONTRACTOR shall take all reasonable steps to minimize the occurrence of costs allocable to the performance covered by the order during the period of performance stoppage. Before the stop performance order expires, or within any further period to which the parties shall have agreed, the Agency procurement officer shall either:

- (1) Cancel the stop performance order; or
- (2) Terminate the performance covered by such order as provided in the termination for default provision or the termination for convenience provision of this Contract.

b. Cancellation or expiration of the order. If a stop performance order issued under this section is cancelled at any time during the period specified in the order, or if the period of the order or any extension thereof expires, the CONTRACTOR shall have the right to resume performance. An appropriate adjustment shall be made in the delivery schedule or contract price, or both, and the Contract shall be modified in writing accordingly, if:

- (1) The stop performance order results in an increase in the time required for, or in the CONTRACTOR'S cost properly allocable to, the performance of any part of this Contract; and
- (2) The CONTRACTOR asserts a claim for such an adjustment within thirty (30) days after the end of the period of performance stoppage; provided that, if the Agency procurement officer decides that the facts justify such action, any such claim asserted may be received and acted upon at any time prior to final payment under this Contract.

c. Termination of stopped performance. If a stop performance order is not cancelled and the performance covered by such order is terminated for default or convenience, the reasonable costs resulting from the stop performance order shall be allowable by adjustment or otherwise.

d. Adjustment of price. Any adjustment **in** contract price made pursuant to this paragraph shall be determined in accordance with the price adjustment provision of this Contract.

13. Termination for Default.

a. Default. If the CONTRACTOR refuses or fails to perform any of the provisions of this Contract with such diligence as will ensure its completion within the time specified **in** this Contract, or any extension thereof, otherwise fails to timely satisfy the Contract provisions, or commits any other substantial breach of this Contract, the Agency procurement officer may notify the CONTRACTOR in writing of the delay or non-performance and if not cured **in** ten (10) days or any longer time specified **in** writing by the Agency procurement officer, such officer may terminate the CONTRACTOR'S right to proceed with the Contract or such part of the Contract as to which there has been delay or a failure to properly perform. In the event of termination in whole or **in** part, the Agency procurement officer may procure similar goods or services **in** a manner and upon the terms deemed appropriate by the Agency procurement officer. The CONTRACTOR shall continue performance of the Contract to the extent it is not terminated and shall be liable for excess costs incurred in procuring similar goods or services.

b. CONTRACTOR'S duties. Notwithstanding termination of the Contract and subject to any directions from the Agency procurement officer, the CONTRACTOR shall take timely, reasonable, and

necessary action to protect and preserve property **in** the possession of the CONTRACTOR in which the STATE has an interest.

- c. Compensation. Payment for completed goods and services delivered and accepted by the STATE shall be at the price set forth in the Contract. Payment for the protection and preservation of property shall be in an amount agreed upon by the CONTRACTOR and the Agency procurement officer. If the parties fail to agree, the Agency procurement officer shall set an amount subject to the CONTRACTOR'S rights under chapter 3-126, HAR. The STATE may withhold from amounts due the CONTRACTOR such sums as the Agency procurement officer deems to be necessary to protect the STATE against loss because of outstanding liens or claims and to reimburse the STATE for the excess costs expected to be incurred by the STATE **in** procuring similar goods and services.
- ct. Excuse for nonperformance or delayed performance. The CONTRACTOR shall not be **in** default by reason of any failure **in** performance of this Contract **in** accordance with its terms, including any failure by the CONTRACTOR to make progress **in** the prosecution of the performance hereunder which endangers such performance, if the CONTRACTOR has notified the Agency procurement officer within fifteen (15) days after the cause of the delay and the failure arises out of causes such as: acts of God; acts of a public enemy; acts of the State and any other governmental body in its sovereign or contractual capacity; fires; floods; epidemics; quarantine restrictions; strikes or other labor disputes; freight embargoes; or unusually severe weather. If the failure to perform is caused by the failure of a subcontractor to perform or to make progress, and if such failure arises out of causes similar to those set forth above, the CONTRACTOR shall not be deemed to be in default, unless the goods and services to be furnished by the subcontractor were reasonably obtainable from other sources **in** sufficient time to permit the CONTRACTOR to meet the requirements of the Contract. Upon request of the CONTRACTOR, the Agency procurement officer shall ascertain the facts and extent of such failure, and, if such officer determines that any failure to perform was occasioned by any one or more of the excusable causes, and that, but for the excusable cause, the CONTRACTOR'S progress and performance would have met the terms of the Contract, the delivery schedule shall be revised accordingly, subject to the rights of the STATE under this Contract. As used in this paragraph, the term "subcontractor" means subcontractor at any tier.
- e. Erroneous termination for default. If, after notice of termination of the CONTRACTOR'S right to proceed under this paragraph, it is determined for any reason that the CONTRACTOR was not in default under this paragraph, or that the delay was excusable under the provisions of subparagraph 13d, "Excuse for nonperformance or delayed performance," the rights and obligations of the parties shall be the same as if the notice of termination had been issued pursuant to paragraph 14.
- f. Additional rights and remedies. The rights and remedies provided **in** this paragraph are in addition to any other rights and remedies provided by law or under this Contract.

14. Termination for Convenience.

- a. Termination. The Agency procurement officer may, when the interests of the STATE so require, terminate this Contract **in** whole or **in** part, for the convenience of the STATE. The Agency procurement officer shall give written notice of the termination to the CONTRACTOR specifying the part of the Contract terminated and when termination becomes effective.
- b. CONTRACTOR'S obligations. The CONTRACTOR shall incur no further obligations in connection with the terminated performance and on the date(s) set in the notice of termination the CONTRACTOR will stop performance to the extent specified. The CONTRACTOR shall also terminate outstanding orders and subcontracts as they relate to the terminated performance. The CONTRACTOR shall settle the liabilities and claims arising out of the termination of subcontracts and orders connected with the terminated performance subject to the STATE'S approval. The Agency procurement officer may direct the CONTRACTOR to assign the CONTRACTOR'S right, title, and interest under terminated orders or subcontracts to the STATE. The CONTRACTOR must still complete the performance not terminated by the notice of termination and may incur obligations as necessary to do so.

c. Right to goods and work product. The Agency procurement officer may require the CONTRACTOR to transfer title and deliver to the STATE in the manner and to the extent directed by the Agency procurement officer:

- (1) Any completed goods or work product; and
- (2) The partially completed goods and materials, parts, tools, designs, fixtures, plans, drawings, information, and contract rights (hereinafter called "manufacturing material") as the CONTRACTOR has specifically produced or specially acquired for the performance of the terminated part of this Contract.

The CONTRACTOR shall, upon direction of the Agency procurement officer, protect and preserve property in the possession of the CONTRACTOR in which the STATE has an interest. If the Agency procurement officer does not exercise this right, the CONTRACTOR shall use best efforts to sell such goods and manufacturing materials. Use of this paragraph in no way implies that the STATE has breached the Contract by exercise of the termination for convenience provision.

d. Compensation.

- (1) The CONTRACTOR shall submit a termination claim specifying the amounts due because of the termination for convenience together with the cost or pricing data, submitted to the extent required by chapter 3-122, HAR, bearing on such claim. If the CONTRACTOR fails to file a termination claim within one year from the effective date of termination, the Agency procurement officer may pay the CONTRACTOR, if at all, an amount set in accordance with subparagraph 14d(3) below.
- (2) The Agency procurement officer and the CONTRACTOR may agree to a settlement provided the CONTRACTOR has filed a termination claim supported by cost or pricing data submitted as required and that the settlement does not exceed the total Contract price plus settlement costs reduced by payments previously made by the STATE, the proceeds of any sales of goods and manufacturing materials under subparagraph 14c, and the Contract price of the performance not terminated.
- (3) Absent complete agreement under subparagraph 14d(2) the Agency procurement officer shall pay the CONTRACTOR the following amounts, provided payments agreed to under subparagraph 14d(2) shall not duplicate payments under this subparagraph for the following:
 - (A) Contract prices for goods or services accepted under the Contract;
 - (B) Costs incurred in preparing to perform and performing the terminated portion of the performance plus a fair and reasonable profit on such portion of the performance, such profit shall not include anticipatory profit or consequential damages, less amounts paid or to be paid for accepted goods or services; provided, however, that if it appears that the CONTRACTOR would have sustained a loss if the entire Contract would have been completed, no profit shall be allowed or included and the amount of compensation shall be reduced to reflect the anticipated rate of loss;
 - (C) Costs of settling and paying claims arising out of the termination of subcontracts or orders pursuant to subparagraph 14b. These costs must not include costs paid in accordance with subparagraph 14d(3)(B);
 - (D) The reasonable settlement costs of the CONTRACTOR, including accounting, legal, clerical, and other expenses reasonably necessary for the preparation of settlement claims and supporting data with respect to the terminated portion of the Contract and for the termination of subcontracts thereunder, together with reasonable storage, transportation, and other costs incurred in connection with the protection or disposition of property allocable to the terminated portion of this Contract. The total sum to be paid the CONTRACTOR under this subparagraph shall not exceed the

total Contract price plus the reasonable settlement costs of the CONTRACTOR reduced by the amount of payments otherwise made, the proceeds of any sales of supplies and manufacturing materials under subparagraph 14d(2), and the contract price of performance not terminated.

- (4) Costs claimed, agreed to, or established under subparagraphs 1 4d(2) and 1 4d(3) shall be in accordance with Chapter 3-123 (Cost Principles) of the Procurement Rules.

15. Claims Based on the Agency Procurement Officer's Actions or Omissions.

a. Changes in scope. If any action or omission on the part of the Agency procurement officer (which term includes the designee of such officer for purposes of this paragraph 15) requiring performance changes within the scope of the Contract constitutes the basis for a claim by the CONTRACTOR for additional compensation, damages, or an extension of time for completion, the CONTRACTOR shall continue with performance of the Contract in compliance with the directions or orders of such officials, but by so doing, the CONTRACTOR shall not be deemed to have prejudiced any claim for additional compensation, damages, or an extension of time for completion; provided:

- (1) Written notice required. The CONTRACTOR shall give written notice to the Agency procurement officer:
 - (A) Prior to the commencement of the performance involved, if at that time the CONTRACTOR knows of the occurrence of such action or omission;
 - (B) Within thirty (30) days after the CONTRACTOR knows of the occurrence of such action or omission, if the CONTRACTOR did not have such knowledge prior to the commencement of the performance; or
 - (C) Within such further time as may be allowed by the Agency procurement officer in writing.
- (2) Notice content. This notice shall state that the CONTRACTOR regards the act or omission as a reason which may entitle the CONTRACTOR to additional compensation, damages, or an extension of time. The Agency procurement officer, upon receipt of such notice, may rescind such action, remedy such omission, or take such other steps as may be deemed advisable in the discretion of the Agency procurement officer;
- (3) Basis must be explained. The notice required by subparagraph 1 5a(1) describes as clearly as practicable at the time the reasons why the CONTRACTOR believes that additional compensation, damages, or an extension of time may be remedies to which the CONTRACTOR is entitled; and
- (4) Claim must be justified. The CONTRACTOR must maintain and, upon request, make available to the Agency procurement officer within a reasonable time, detailed records to the extent practicable, and other documentation and evidence satisfactory to the STATE, justifying the claimed additional costs or an extension of time in connection with such changes.

b. CONTRACTOR not excused. Nothing herein contained, however, shall excuse the CONTRACTOR from compliance with any rules or laws precluding any state officers and CONTRACTOR from acting **in** collusion or bad faith in issuing or performing change orders which are clearly not within the scope of the Contract.

c. Price adjustment. Any adjustment in the price made pursuant to this paragraph shall be determined **in** accordance with the price adjustment provision of this Contract.

16. Costs and Expenses. Any reimbursement due the CONTRACTOR for per diem and transportation expenses under this Contract shall be subject to chapter 3-123 (Cost Principles), HAR, and the following guidelines:

- a. Reimbursement for air transportation shall be for actual cost or coach class air fare, whichever is less.
- b. Reimbursement for ground transportation costs shall not exceed the actual cost of renting an intermediate-sized vehicle.
- c. Unless prior written approval of the HOPA is obtained, reimbursement for subsistence allowance (i.e., hotel and meals, etc.) shall not exceed the applicable daily authorized rates for inter-island or out-of-state travel that are set forth in the current Governor's Executive Order authorizing adjustments in salaries and benefits for state officers and employees in the executive branch who are excluded from collective bargaining coverage.

17. Payment Procedures; Final Payment; Tax Clearance.

- a. Original invoices required. All payments under this Contract shall be made only upon submission by the CONTRACTOR of original invoices specifying the amount due and certifying that services requested under the Contract have been performed by the CONTRACTOR according to the Contract.
- b. Subject to available funds. Such payments are subject to availability of funds and allotment by the Director of Finance in accordance with chapter 37, HRS. Further, all payments shall be made in accordance with and subject to chapter 40, HRS.
- c. Prompt payment.
 - (1) Any money, other than retainage, paid to the CONTRACTOR shall be disbursed to subcontractors within ten (10) days after receipt of the money in accordance with the terms of the subcontract; provided that the subcontractor has met all the terms and conditions of the subcontract and there are no bona fide disputes; and
 - (2) Upon final payment to the CONTRACTOR, full payment to the subcontractor, including retainage, shall be made within ten (10) days after receipt of the money; provided that there are no bona fide disputes over the subcontractor's performance under the subcontract.
- d. Final payment. Final payment under this Contract shall be subject to sections 103-53 and 103D-328, HRS, which require a tax clearance from the Director of Taxation, State of Hawaii, and the Internal Revenue Service, U.S. Department of Treasury, showing that all delinquent taxes, if any, levied or accrued under state law and the Internal Revenue Code of 1986, as amended, against the CONTRACTOR have been paid. Further, in accordance with section 3-122-112, HAR, CONTRACTOR shall provide a certificate affirming that the CONTRACTOR has remained in compliance with all applicable laws as required by this section.

18. Federal Funds. If this Contract is payable **in** whole or **in** part from federal funds, CONTRACTOR agrees that, as to the portion of the compensation under this Contract to be payable from federal funds, the CONTRACTOR shall be paid only from such funds received from the federal government, and shall not be paid from any other funds. Failure of the STATE to receive anticipated federal funds shall not be considered a breach by the STATE or an excuse for nonperformance by the CONTRACTOR.

19. Modifications of Contract.

- a. In writing. Any modification, alteration, amendment, change, or extension of any term, provision, or condition of this Contract permitted by this Contract shall be made by written amendment to this Contract, signed by the CONTRACTOR and the STATE, provided that change orders shall be made in accordance with paragraph 20 herein.
- b. No oral modification. No oral modification, alteration, amendment, change, or extension of any term, provision, or condition of this Contract shall be permitted.

- c. Agency procurement officer. By written order, at any time, and without notice to any surety, the Agency procurement officer may unilaterally order of the CONTRACTOR:
 - (A) Changes **in** the work within the scope of the Contract; and
 - (B) Changes in the time of performance of the Contract that do not alter the scope of the Contract work.
 - d. Adjustments of price or time for performance. If any modification increases or decreases the CONTRACTOR'S cost of, or the time required for, performance of any part of the work under this Contract, an adjustment shall be made and this Contract modified **in** writing accordingly. Any adjustment in contract price made pursuant to this clause shall be determined, where applicable, in accordance with the price adjustment clause of this Contract or as negotiated.
 - e. Claim barred after final payment. No claim by the CONTRACTOR for an adjustment hereunder shall be allowed if written modification of the Contract is not made prior to final payment under this Contract.
 - f. Claims not barred. In the absence of a written contract modification, nothing in this clause shall be deemed to restrict the CONTRACTOR'S right to pursue a claim under this Contract or for a breach of contract.
 - g. Head of the purchasing agency approval. If this is a professional services contract awarded pursuant to section 103D-303 or 103D-304, HRS, any modification, alteration, amendment, change, or extension of any term, provision, or condition of this Contract which increases the amount payable to the CONTRACTOR by at least \$25,000.00 and ten per cent (10%) or more of the initial contract price, must receive the prior approval of the head of the purchasing agency.
 - h. Tax clearance. The STATE may, at its discretion, require the CONTRACTOR to submit to the STATE, prior to the STATE'S approval of any modification, alteration, amendment, change, or extension of any term, provision, or condition of this Contract, a tax clearance from the Director of Taxation, State of Hawaii, and the Internal Revenue Service, U.S. Department of Treasury, showing that all delinquent taxes, if any, levied or accrued under state law and the Internal Revenue Code of 1986, as amended, against the CONTRACTOR have been paid.
 - 1. Sole source contracts. Amendments to sole source contracts that would change the original scope of the Contract may only be made with the approval of the CPO. Annual renewal of a sole source contract for services should not be submitted as an amendment.
20. Change Order. The Agency procurement officer may, by a written order signed only by the STATE, at any time, and without notice to any surety, and subject to all appropriate adjustments, make changes within the general scope of this Contract in any one or more of the following:
- (1) Drawings, designs, or specifications, if the goods or services to be furnished are to be specially provided to the STATE **in** accordance therewith;
 - (2) Method of delivery; or
 - (3) Place of delivery.
- a. Adjustments of price or time for performance. If any change order increases or decreases the CONTRACTOR'S cost of, or the time required for, performance of any part of the work under this Contract, whether or not changed by the order, an adjustment shall be made and the Contract modified in writing accordingly. Any adjustment in the Contract price made pursuant to this provision shall be determined **in** accordance with the price adjustment provision of this Contract. Failure of the parties to agree to an adjustment shall not excuse the CONTRACTOR from proceeding with the Contract as changed, provided that the Agency procurement officer promptly and duly makes the provisional adjustments in payment or time for performance as may be reasonable. By

proceeding with the work, the CONTRACTOR shall not be deemed to have prejudiced any claim for additional compensation, or any extension of time for completion.

- b. Time period for claim. Within ten (10) days after receipt of a written change order under subparagraph 20a, unless the period is extended by the Agency procurement officer in writing, the CONTRACTOR shall respond with a claim for an adjustment. The requirement for a timely written response by CONTRACTOR cannot be waived and shall be a condition precedent to the assertion of a claim.
- c. Claim barred after final payment. No claim by the CONTRACTOR for an adjustment hereunder shall be allowed if a written response is not given prior to final payment under this Contract.
- d. Other claims not barred. In the absence of a change order, nothing in this paragraph 20 shall be deemed to restrict the CONTRACTOR'S right to pursue a claim under the Contract or for breach of contract.

21. Price Adjustment.

- a. Price adjustment. Any adjustment in the contract price pursuant to a provision in this Contract shall be made in one or more of the following ways:
 - (1) By agreement on a fixed price adjustment before commencement of the pertinent performance or as soon thereafter as practicable;
 - (2) By unit prices specified in the Contract or subsequently agreed upon;
 - (3) By the costs attributable to the event or situation covered by the provision, plus appropriate profit or fee, all as specified in the Contract or subsequently agreed upon;
 - (4) In such other manner as the parties may mutually agree; or
 - (5) In the absence of agreement between the parties, by a unilateral determination by the Agency procurement officer of the costs attributable to the event or situation covered by the provision, plus appropriate profit or fee, all as computed by the Agency procurement officer in accordance with generally accepted accounting principles and applicable sections of chapters 3-123 and 3-126, HAR.
- b. Submission of cost or pricing data. The CONTRACTOR shall provide cost or pricing data for any price adjustments subject to the provisions of chapter 3-122, HAR.

22. Variation in Quantity for Definite Quantity Contracts. Upon the agreement of the STATE and the CONTRACTOR, the quantity of goods or services, or both, if a definite quantity is specified in this Contract, may be increased by a maximum of ten per cent (10%); provided the unit prices will remain the same except for any price adjustments otherwise applicable; and the Agency procurement officer makes a written determination that such an increase will either be more economical than awarding another contract or that it would not be practical to award another contract.

23. Changes in Cost-Reimbursement Contract. If this Contract is a cost-reimbursement contract, the following provisions shall apply:

- a. The Agency procurement officer may at any time by written order, and without notice to the sureties, if any, make changes within the general scope of the Contract in any one or more of the following:
 - (1) Description of performance (Attachment 1);
 - (2) Time of performance (i.e., hours of the day, days of the week, etc.);
 - (3) Place of performance of services;

- (4) Drawings, designs, or specifications when the supplies to be furnished are to be specially manufactured for the STATE in accordance with the drawings, designs, or specifications;
 - (5) Method of shipment or packing of supplies; or
 - (6) Place of delivery.
- b. If any change causes an increase or decrease **in** the estimated cost of, or the time required for performance of, any part of the performance under this Contract, whether or not changed by the order, or otherwise affects any other terms and conditions of this Contract, the Agency procurement officer shall make an equitable adjustment **in** the (1) estimated cost, delivery or completion schedule, or both; (2) amount of any fixed fee; and (3) other affected terms and shall modify the Contract accordingly.
 - c. The CONTRACTOR must assert the CONTRACTOR'S rights to an adjustment under this provision within thirty (30) days from the day of receipt of the written order. However, if the Agency procurement officer decides that the facts justify it, the Agency procurement officer may receive and act upon a proposal submitted before final payment under the Contract.
 - d. Failure to agree to any adjustment shall be a dispute under paragraph 11 of this Contract. However, nothing in this provision shall excuse the CONTRACTOR from proceeding with the Contract as changed.
 - e. Notwithstanding the terms and conditions of subparagraphs 23a and 23b, the estimated cost of this Contract and, if this Contract is incrementally funded, the funds allotted for the performance of this Contract, shall not be increased or considered to be increased except by specific written modification of the Contract indicating the new contract estimated cost and, if this contract is incrementally funded, the new amount allotted to the contract.
24. Confidentiality of Material.
- a. All material given to or made available to the CONTRACTOR by virtue of this Contract, which is identified as proprietary or confidential information, will be safeguarded by the CONTRACTOR and shall not be disclosed to any individual or organization without the prior written approval of the STATE.
 - b. All information, data, or other material provided by the CONTRACTOR to the STATE shall be subject to the Uniform Information Practices Act, chapter 92F, HRS.
25. Publicity. The CONTRACTOR shall not refer to the STATE, or any office, agency, or officer thereof, or any state employee, including the HOPA, the CPO, the Agency procurement officer, or to the services or goods, or both, provided under this Contract, in any of the CONTRACTOR'S brochures, advertisements, or other publicity of the CONTRACTOR. All media contacts with the CONTRACTOR about the subject matter of this Contract shall be referred to the Agency procurement officer.
26. Ownership Rights and Copyright. The STATE shall have complete ownership of all material, both finished and unfinished, which is developed, prepared, assembled, or conceived by the CONTRACTOR pursuant to this Contract, and all such material shall be considered "works made for hire." All such material shall be delivered to the STATE upon expiration or termination of this Contract. The STATE, in its sole discretion, shall have the exclusive right to copyright any product, concept, or material developed, prepared, assembled, or conceived by the CONTRACTOR pursuant to this Contract.
27. Liens and Warranties. Goods provided under this Contract shall be provided free of all liens and provided together with all applicable warranties, or with the warranties described in the Contract documents, whichever are greater.

28. Audit of Books and Records of the CONTRACTOR. The STATE may, at reasonable times and places, audit the books and records of the CONTRACTOR, prospective contractor, subcontractor, or prospective subcontractor which are related to:
- a. The cost or pricing data, and
 - b. A state contract, including subcontracts, other than a firm fixed-price contract.

29. Cost or Pricing Data. Cost or pricing data must be submitted to the Agency procurement officer and timely certified as accurate for contracts over \$100,000 unless the contract is for a multiple-term or as otherwise specified by the Agency procurement officer. Unless otherwise required by the Agency procurement officer, cost or pricing data submission is not required for contracts awarded pursuant to competitive sealed proposal procedures.

If certified cost or pricing data are subsequently found to have been inaccurate, incomplete, or noncurrent as of the date stated **in** the certificate, the STATE is entitled to an adjustment of the contract price, including profit or fee, to exclude any significant sum by which the price, including profit or fee, was increased because of the defective data. It is presumed that overstated cost or pricing data increased the contract price **in** the amount of the defect plus related overhead and profit or fee. Therefore, unless there is a clear indication that the defective data was not used or relied upon, the price will be reduced in such amount.

30. Audit of Cost or Pricing Data. When cost or pricing principles are applicable, the STATE may require an audit of cost or pricing data.

31. Records Retention.

- (1) Upon any termination of this Contract or as otherwise required by applicable law, CONTRACTOR shall, pursuant to chapter 487R, HRS, destroy all copies (paper or electronic form) of personal information received from the STATE.
- (2) The CONTRACTOR and any subcontractors shall maintain the files, books, and records that relate to the Contract, including any personal information created or received by the CONTRACTOR on behalf of the STATE, and any cost or pricing data, for at least three (3) years after the date of final payment under the Contract. The personal information shall continue to be confidential and shall only be disclosed as permitted or required by law. After the three (3) year, or longer retention period as required by law has ended, the files, books, and records that contain personal information shall be destroyed pursuant to chapter 487R, HRS or returned to the STATE at the request of the STATE.

32. Antitrust Claims. The STATE and the CONTRACTOR recognize that in actual economic practice, overcharges resulting from antitrust violations are in fact usually borne by the purchaser. Therefore, the CONTRACTOR hereby assigns to STATE any and all claims for overcharges as to goods and materials purchased in connection with this Contract, except as to overcharges which result from violations commencing after the price is established under this Contract and which are not passed on to the STATE under an escalation clause.

33. Patented Articles. The CONTRACTOR shall defend, indemnify, and hold harmless the STATE, and its officers, employees, and agents from and against all liability, loss, damage, cost, and expense, including all attorney's fees, and all claims, suits, and demands arising out of or resulting from any claims, demands, or actions by the patent holder for infringement or other improper or unauthorized use of any patented article, patented process, or patented appliance in connection with this Contract. The CONTRACTOR shall be solely responsible for correcting or curing to the satisfaction of the STATE any such infringement or improper or unauthorized use, including, without limitation: (a) furnishing at no cost to the STATE a substitute article, process, or appliance acceptable to the STATE, (b) paying royalties or other required payments to the patent holder, (c) obtaining proper authorizations or releases from the patent holder, and (d) furnishing such security to or making such arrangements with the patent holder as may be necessary to correct or cure any such infringement or improper or unauthorized use.

34. Governing Law. The validity of this Contract and any of its terms or provisions, as well as the rights and duties of the parties to this Contract, shall be governed by the laws of the State of Hawaii. Any action at law or in equity to enforce or interpret the provisions of this Contract shall be brought in a state court of competent jurisdiction in Honolulu, Hawaii.
35. Compliance with Laws. The CONTRACTOR shall comply with all federal, state, and county laws, ordinances, codes, rules, and regulations, as the same may be amended from time to time, that in any way affect the CONTRACTOR'S performance of this Contract.
36. Conflict Between General Conditions and Procurement Rules. In the event of a conflict between the General Conditions and the procurement rules, the procurement rules in effect on the date this Contract became effective shall control and are hereby incorporated by reference.
37. Entire Contract. This Contract sets forth all of the agreements, conditions, understandings, promises, warranties, and representations between the STATE and the CONTRACTOR relative to this Contract. This Contract supersedes all prior agreements, conditions, understandings, promises, warranties, and representations, which shall have no further force or effect. There are no agreements, conditions, understandings, promises, warranties, or representations, oral or written, express or implied, between the STATE and the CONTRACTOR other than as set forth or as referred to herein.
38. Severability. In the event that any provision of this Contract is declared invalid or unenforceable by a court, such invalidity or unenforceability shall not affect the validity or enforceability of the remaining terms of this Contract.
39. Waiver. The failure of the STATE to insist upon the strict compliance with any term, provision, or condition of this Contract shall not constitute or be deemed to constitute a waiver or relinquishment of the STATE'S right to enforce the same in accordance with this Contract. The fact that the STATE specifically refers to one provision of the procurement rules or one section of the Hawaii Revised Statutes, and does not include other provisions or statutory sections in this Contract shall not constitute a waiver or relinquishment of the STATE'S rights or the CONTRACTOR'S obligations under the procurement rules or statutes.
40. Pollution Control. If during the performance of this Contract, the CONTRACTOR encounters a "release" or a "threatened release" of a reportable quantity of a "hazardous substance," "pollutant," or "contaminant" as those terms are defined in section 128D-1, HRS, the CONTRACTOR shall immediately notify the STATE and all other appropriate state, county, or federal agencies as required by law. The Contractor shall take all necessary actions, including stopping work, to avoid causing, contributing to, or making worse a release of a hazardous substance, pollutant, or contaminant, and shall promptly obey any orders the Environmental Protection Agency or the state Department of Health issues in response to the release. In the event there is an ensuing cease-work period, and the STATE determines that this Contract requires an adjustment of the time for performance, the Contract shall be modified in writing accordingly.
41. Campaign Contributions. The CONTRACTOR is hereby notified of the applicability of 11-355, HRS, which states that campaign contributions are prohibited from specified state or county government contractors during the terms of their contracts if the contractors are paid with funds appropriated by a legislative body.
42. Confidentiality of Personal Information.
- a. Definitions.
- "Personal information" means an individual's first name or first initial and last name in combination with any one or more of the following data elements, when either name or data elements are not encrypted:
- (1) Social security number;
 - (2) Driver's license number or Hawaii identification card number; or

- (3) Account number, credit or debit card number, access code, or password that would permit access to an individual's financial information.

Personal information does not include publicly available information that is lawfully made available to the general public from federal, state, or local government records.

"Technological safeguards" means the technology and the policy and procedures for use of the technology to protect and control access to personal information.

b. Confidentiality of Material.

- (1) All material given to or made available to the CONTRACTOR by the STATE by virtue of this Contract which is identified as personal information, shall be safeguarded by the CONTRACTOR and shall not be disclosed without the prior written approval of the STATE.
- (2) CONTRACTOR agrees not to retain, use, or disclose personal information for any purpose other than as permitted or required by this Contract.
- (3) CONTRACTOR agrees to implement appropriate "technological safeguards" that are acceptable to the STATE to reduce the risk of unauthorized access to personal information.
- (4) CONTRACTOR shall report to the STATE in a prompt and complete manner any security breaches involving personal information.
- (5) CONTRACTOR agrees to mitigate, to the extent practicable, any harmful effect that is known to CONTRACTOR because of a use or disclosure of personal information by CONTRACTOR in violation of the requirements of this paragraph.
- (6) CONTRACTOR shall complete and retain a log of all disclosures made of personal information received from the STATE, or personal information created or received by CONTRACTOR on behalf of the STATE.

c. Security Awareness Training and Confidentiality Agreements.

- (1) CONTRACTOR certifies that all of its employees who will have access to the personal information have completed training on security awareness topics relating to protecting personal information.
- (2) CONTRACTOR certifies that confidentiality agreements have been signed by all of its employees who will have access to the personal information acknowledging that:
 - (A) The personal information collected, used, or maintained by the CONTRACTOR will be treated as confidential;
 - (B) Access to the personal information will be allowed only as necessary to perform the Contract; and
 - (C) Use of the personal information will be restricted to uses consistent with the services subject to this Contract.

d. Termination for Cause. In addition to any other remedies provided for by this Contract, if the STATE learns of a material breach by CONTRACTOR of this paragraph by CONTRACTOR, the STATE may at its sole discretion:

- (1) Provide an opportunity for the CONTRACTOR to cure the breach or end the violation; or
- (2) Immediately terminate this Contract.

In either instance, the CONTRACTOR and the STATE shall follow chapter 487N, HRS, with respect to notification of a security breach of personal information.

e. Records Retention.

- (1) Upon any termination of this Contract or as otherwise required by applicable law, CONTRACTOR shall, pursuant to chapter 487R, HRS, destroy all copies (paper or electronic form) of personal information received from the STATE.
- (2) The CONTRACTOR and any subcontractors shall maintain the files, books, and records that relate to the Contract, including any personal information created or received by the CONTRACTOR on behalf of the STATE, and any cost or pricing data, for at least three

years after the date of final payment under the Contract. The personal information shall continue to be confidential and shall only be disclosed as permitted or required by law. After the three (3) year, or longer retention period as required by law has ended, the files, books, and records that contain personal information shall be destroyed pursuant to chapter 487R, HRS or returned to the ST