



September 21, 2010

Term Contract E194-241
Collection Services for Accounts Receivable

Optional-Use Contract

NIGP Commodity Code: 94633 Collection Services

Contract Period: October 12, 2010 through October 11, 2011

Authorized Users: Commonwealth of Virginia agencies and other public bodies.

Contractor:

NCO Financial Systems, Inc.
507 Prudential Road
Horsham, PA 19044

Governmental Services Contact:
Linda Brinkworth
VP Government Sales
phone 703-317-1630
fax 703-924-8898
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eVA Vendor Number E23947

DUNS# 074017021

Education Services Contact:
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Tele: 229-219-7377 FAX: 716-404-2111
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4612 San Saba Drive, Hahira, GA 31632

VIEW AND PRINT THIS CONTRACT AND ANY CHANGES AT: www.eva.state.va.us

Note: This public body does not discriminate against faith-based organizations in accordance with the *Code of Virginia*, § § 2.2-4343.1 or against a bidder or offeror because of race, religion, color, sex, national origin, age, disability, or any other basis prohibited by state law relating to discrimination in employment.

A handwritten signature in black ink that reads "Matt Manion".

Matt Manion, C.P.M., VCO
Statewide Service Contract Officer
Telephone: 804-786-2397
Fax: 804-786-5413
Email: Matt.Manion@dgs.virginia.gov

INTRODUCTION

This statewide term contract is established as a result of Request for Proposals (RFP) number 17, Resolicitation: Collection Services for Accounts Receivable, issue date March 25, 2005. The RFP with its amendments and terms and conditions, NCO's proposal dated April 20, 2005, and negotiated modifications are incorporated into this contract. DPS reference: eVA e-procurement folder number 284.

This is an optional-use statewide term contract for Collection Services for Accounts Receivable for use by Commonwealth of Virginia agencies and other public bodies on an as-needed basis. For the purpose of this contract, a using entity, whether a state agency/institution or other public body, may be referred to as "agency" or "the Commonwealth".

INSTRUCTIONS

1. **ORDERS:** Unless otherwise instructed by the Division of Purchases and Supply, all agencies and other public bodies of the Commonwealth of Virginia using this contract must place orders through eVA (www.eva.virginia.gov)
2. The applicable contract number, Contractor name and federal employer identification number (FEI), purchase order number, and complete description of services must be shown on each purchase order.
3. Approval of vendor's invoice is the responsibility of state agency or other public body placing the order.
4. Any complaint as to unsatisfactory Contractor performance, or violation of contract provisions by Contractor, shall be reported to the Division of Purchases and Supply. The Complaint to State Vendor Form (DGS-41-024), by which to facilitate the notification of the Contractor and this office of complaints, is available from the Division of Purchases and Supply web site at www.eva.virginia.gov.
5. **Renewals.** No renewal periods remain under this contract.
6. **Price Adjustments.** Price adjustments may be allowed every 365 days, if justified. The contract officer makes the decision to allow or deny a request for increase based upon the documentation submitted by the contractor. The contractor is required to pass on any price reductions immediately. **IMPORTANT!** All price increases must be approved by the contract officer. Contract users will be sent a Notice of Contract Change from this office as official notification of such changes, if approved.

SPECIFICATIONS SUMMARY

The Contractor shall furnish all labor, supervision, equipment, materials, etc. to provide collection services of varying delinquent accounts receivables as assigned by the Commonwealth on an as-needed basis. The objective is to achieve maximum net return to the Commonwealth of the total dollar value of assigned delinquent accounts receivable without

regard to amount, while in compliance with all applicable laws and regulations.

See attached *COLLECTION FEES FOR RENEWAL PERIOD 10/12/2010 THROUGH 10/11/2011* document for fee information. The collection fees shown represent the percentage charged to the Commonwealth only on amounts for which the Contractor collects.

The varying types of delinquent accounts that may be placed with the Contractor by the Commonwealth are general in nature and may include but are not limited to: outstanding tuition receivables, state and federal receivables (e.g., Perkins loans, Nursing Student Loans); child support payments, tax accounts, overpaid benefits, library fees, salary overpayments, utility charges, returned checks, damage fees, conference and hotel charges, pharmacy and medical charges, short-term emergency loans, etc.

When assigned an account, the Contractor shall promptly undertake the collection of the assigned accounts receivable through proper and lawful means. The Contractor shall comply with the Fair Debt Collection Practices Act, 15 U.S.C.S. 1692 et seq. (LexisNexis 1993 & Supp. 1994), the Virginia Debt Collection Act (§ [2.2-4800](#) et seq.), and any guidelines established by the Federal Trade Commission and/or regulatory State agencies. The Contractor shall also comply with any additional restrictions as may be imposed by individual agencies and public bodies (for example, regarding the days and times of the day the Contractor may telephone the debtor). In general, the Contractor will be assigned overdue accounts receivable that are less than \$3,000 per account, unless a waiver by the Attorney General's Division of Debt Collection through the Contract Officer has been received by a particular agency or institution. The Attorney General's Division of Debt Collection may assign to the Contractor overdue accounts receivable less than \$15,000 per account. Commonwealth agencies are guided by the Commonwealth of Virginia, Department of Accounts (DOA), Accounts Receivable Collection Guidelines, available in the Commonwealth Accounting Policies and Procedures (CAPP) Manual at the DOA web site at www.doa.state.va.us.

Grouping Assessments: The Contractor shall group all bills pertaining to a specific account prior to the beginning of collection efforts and combine subsequently referred bills with the matching account previously referred.

Commencement of Work: The Contractor shall commence work within the established number of days after assignment of account. The Contractor should grant a fourteen (14) calendar day grace period for payments made directly to the particular State agency, institution, or public body, since these payments are considered the result of the agency's (or institution or public body) last collection efforts and not attributed to the collection efforts on the part of the Contractor. Therefore, the Contractor will not be paid for collections paid directly to the Commonwealth by the debtor for payments received during this grace period.

Acknowledgment of Account Referrals: The Contractor shall acknowledge referral of accounts by transmitting a statement to the Commonwealth within three (3) business days of the referral verifying the number of accounts referred, the account debtor or account number, and the account balances.

Collection Notices: The Commonwealth shall have the right to review and modify the content of any collection notice, form letter, form email, telephone protocol, etc. prior to the Contractor's use in performance of the contract.

Minimum Collection Procedures: At minimum, the Contractor shall agree to implement within thirty (30) calendar days the following collection procedures to achieve recovery on each account, except in those occasions described in *Return of Accounts* and *Refund of Overpayment* sections below:

- 1) Notify the debtor in writing that the Contractor is now handling his/her account and demand immediate payment from the debtor. If the letter is returned due to a bad address, attempt telephone, email or other contact with the debtor to get a good address. If no contact is made or no contact information is found, perform a skip trace to locate debtor and/or utilize a credit reporting service or other database to locate sources.
- 2) Subsequently, if the initial letter is not returned for a bad address, initiate at least three actions using a variety of different methods to collect the account referred including but not limited to any of the following actions:
 - a. send an additional letter or letters demanding payment; or
 - b. attempt telephone, email or other contact with the debtor to demand payment and/or make payment arrangements; or
 - c. perform a skip trace to locate debtor; or
 - d. utilize a credit reporting service or other database to locate sources for a Department administrative lien.

Provided the Contractor has implemented the minimum collection procedures set forth above and has been unable to procure payment, the Contractor shall return the account to the Commonwealth with all information discovered by the Contractor, accompanied by a complete address for employment, bank or other source of income.

Trust Accounts: Payments received by the Contractor shall be deposited into trust accounts to which the following limitations apply. Commonwealth agencies and public bodies will have the unrestricted right to inspect the records of the trust account maintained by the Contractor on their behalf and shall reserve the right to approve the financial institution selected by the Contractor.

The Commonwealth of Virginia Department of the Treasury, on behalf of the Treasury Board, administers the Security for Public Deposits Act (SPDA) (Sections 2.2-4400 through 2.2-4411 of the Code of Virginia). SPDA provides for a single body of law in the Commonwealth to protect Virginia public deposits held in banking and savings institutions through the collateralization of securities. SPDA requires public depositories to report their public deposit balances and collateral balances monthly to the Treasury Board. All financial institutions holding Commonwealth funds must be included in the SPDA Summary of Public Depositories list of qualified banks available at the Department of the Treasury web site at www.trsvirginia.gov.

It is anticipated that a single trust account set up and paid for by the Contractor and segregated by state agency will be acceptable for some agencies. However, some agencies may require a separate trust account, and if so, the state agency will set up and pay for their own accounts.

For Trust Account set up and paid for by Contractor:

- 1) The checking accounts (trust accounts) should be in the Contractor's name and include the wording "Trust Account for (name of agency)".
 - 2) Cash receipts payments shall be receipted immediately and be deposited by the close of the next business day.
- 3) If credit card payments are accepted, credit card receipts shall be deposited within five working days after receipt.
- 4) The Contractor shall transfer funds to the state agency on a periodic basis as determined by the agency.
- 5) Copies of trust account statements shall be sent to the agency by the Contractor within five working days after receipt of statement, and include as a minimum the following information: daily deposits, debits for dishonored checks, and electronic transfers as applicable.
- 6) The Contractor shall be responsible for all costs that may be incurred pertaining to the account establishment and management.

Credit Bureau Reporting: The Contractor shall report debtors of accounts received or accounts that remain uncollected, to an appropriate credit bureau, unless the Agency notifies the Contractor that the Agency does their own credit reporting. The Contractor shall also report debtors to a credit bureau as a separate independent function, as requested by the Commonwealth.

Legal Action and Referrals: On all accounts that the Commonwealth places with the Contractor, the Contractor shall have no authority to initiate legal action nor refer them to an attorney or other collector, unless approved by the agency and the Attorney General's Office.

Return of Accounts: The Contractor shall suspend action either temporarily or permanently on any account upon receipt of notification from the Commonwealth. The Commonwealth retains the right to request the return of an account at any time. The Contractor will receive no fee on payments received after an account is recalled by the Commonwealth. The Contractor will immediately return accounts upon notice that the taxpayer has filed bankruptcy or is involved in other insolvency proceedings.

The Contractor shall return accounts receivable accounts, with all locator information discovered by the Contractor, for consideration of legal action when:

- 1) Debtor is known to have assets and refuses to pay.
- 2) Debtor has legal counsel or files for bankruptcy (note: Perkins loans are generally not dischargeable under bankruptcy).
- 3) A statute of limitations is about to expire.
- 4) The Contractor has actual knowledge that collectibility will be rendered ineffectual by failure to take legal action.

- 5) Debtor refuses to pay because of a dispute with the validity of the underlying debt.
- 6) Debtor exercises their rights under the Fair Debt Collections Practices Act and informs the Contractor to stop communications.

Accounts with no collections should remain with the Contractor for no longer than twelve (12) months from the date of referral or date of last payment, whichever is later, or as mutually agreed between the Contractor and the agency. At the end of this period, the Contractor should request further instruction from the agency. The Contractor will be paid the collection fee on uncollected accounts returned after twelve (12) months, if payment is subsequently made within sixty (60) days of the return, provided the account has not in the interim been assigned to another contract collector or attorney.

All accounts which the Contractor returns to the Commonwealth shall be returned in the data format that is acceptable to the agency that assigned the accounts. Each returned account shall specify the reason why the account is being returned.

Returning Accounts upon Termination/Expiration of Contract: Within ten (10) days of the termination or expiration date of any contract incorporating this RFP, the Contractor shall return all accounts in the format that is acceptable to the agency that assigned the accounts, unless agency decides to leave the accounts with the Contractor. Agencies may leave accounts with the Contractor for up to six (6) months after contract termination or expiration date, and these accounts shall be governed by the contract pricing, terms and conditions. The Contractor will not be entitled to fees on any payments received after the termination date if the contract is terminated for cause. The Contractor shall promptly forward all payments to the Commonwealth. The Contractor will be entitled to fees on payments received within thirty (30) days after the contract expiration or return of the account, whichever is applicable. Active installment payment plans on Contractor accounts will earn fees for a period not to exceed twelve (12) months following the expiration of the contract or return of the account, whichever is applicable.

Compromise Offers: In the event that the Contractor receives an offer in compromise from a debtor or his/her representative, the Contractor shall immediately cease collection action on the account and transmit the offer to the Commonwealth. Any compromise must be approved by the Attorney General and the agency head pursuant to *Section 2.1-127, Code of Virginia*. If the compromise is approved, the Contractor's fee will be based on the amount collected on the compromise rather than the original amount referred.

Refund of Overpayment: Any overpayment received by the Contractor that results in a credit balance owed to the debtor should be refunded to the debtor by the Contractor if the Contractor discovers an overpayment prior to submitting the monthly report and remittance to the Commonwealth. Once the Contractor has submitted the monthly report and remittance to the Commonwealth, the Commonwealth will refund any overpayments to the debtor. The Commonwealth will not send the overpayment back to the Contractor for the Contractor to make the refund to the debtor.

Perkins Loans: Only past due amounts will be remitted normally; some accounts will be accelerated for collection. The Contractor shall contact the billing servicer or the educational institution to obtain a payoff balance to either bring the borrower current or to pay in full. If requested by Agency, the Contractor shall provide an annual notice documenting the

Contractor's compliance status with the Student Assistance General Provisions Section 668.23 (Perkins Loan Attestation Audit).

Retention of Collection Records: The Contractor shall maintain accurate and comprehensive records of all activity conducted on each assigned accounts receivable case. Audits of these records may be conducted in accordance with the Audit provision found in the Special Terms and Conditions sections of this RFP. The Commonwealth reserves the right to confirm the accuracy of all payment information furnished by the Contractor by contacting the debtor or other payor directly.

Fees: The Contractor shall be compensated on a collection fee basis as a percentage of amounts recovered, as shown in the Pricing Schedule section of this contract. The Contractor's collection fee rate will not change if an account balance is increased or decreased by the Commonwealth after an account's initial referral. Said collection fee will be the sole compensation paid to the Contractor with the exception of any special customized programming and special credit reporting if requested by an agency. The prices for special customized programming and special credit reporting are identified in the Pricing Schedule. The Commonwealth shall not be liable for any cost or expense incurred by the Contractor in the collection of accounts.

The Contractor shall prorate their commission when debtor pays with multiple payments. Only the portion of the commission that applies to the portion of the account collected can be invoiced.

Invoicing/Reports to Agency: Contractor shall coordinate with Agency the manner, timing, format, and other specifics related to the submission of invoices and reports to said Agency. Contractor should not invoice Agency more than once a month, unless approved by Agency.

Disclosure of nonpublic personal information under Federal Trade Commission rules resulting from the Gramm-Leach-Bliley Act: Without limiting the Contractor's general obligation to comply with all applicable laws, rules and regulations, Contractor agrees that any information about identifiable persons which Contractor receives from the Commonwealth shall be used and disclosed solely as lawful and either necessary or appropriate to enforce the rights of the Commonwealth in the transaction for which debt collection services under any contract awarded as a result of this RFP have been requested. In addition, Contractor hereby certifies that it is capable of maintaining, and has implemented and will maintain, all appropriate information safeguards mandated under 16 C.F.R. Part 314 for all "nonpublic personal information" received or developed by Contractor in connection with this Contract.

Compliance with the Health Insurance Portability and Accountability Act of 1996 (HIPAA): Without limiting the Contractor's general obligation to comply with all applicable laws, rules and regulations, and except as otherwise limited by the Contract, Contractor agrees that where the Agency meets the definition of a "covered entity" under HIPAA, Contractor is a "business associate" of the covered Agency for purposes of HIPAA. During its performance of the Contract, Contractor may receive or create information which would be defined under HIPAA as "protected health information" (PHI). Contractor may be required to sign a separate business associate agreement with a covered Agency providing PHI to Contractor.

At a minimum, when providing services to a covered Agency, Contractor agrees to:

- 1) Not use or further disclose PHI other than as permitted or required by the

terms of this contract or as required by law;

- 2) Use appropriate safeguards to prevent use or disclosure of PHI which would not be permitted by this contract;
- 3) Report to the Agency any use or disclosure of PHI not provided for by this contract of which Contractor becomes aware;
- 4) Impose the same requirements and restrictions on its subcontractors and agents to whom Contractor provides PHI received from, or created or received by, Contractor on behalf of the Agency;
- 5) Provide access to the Agency to PHI contained in a designated record set. Access shall be provided in the time and manner designated by the Agency, or the Agency may request that such access be provided to an individual for purposes of meeting the access requirements of 45 CFR 164.524;
- 6) Make available PHI in a designated record set for amendment. Contractor shall amend PHI in a designated record set where the Agency so directs or agrees to the amendment, pursuant to 45 CFR 164.526, and such amendment shall be made in the time and manner designated by the Agency;
- 7) Document disclosures of PHI and information relating to disclosures of PHI as would be required for the Agency to respond to a request by an individual for an accounting of disclosures of PHI in accordance with 45 CFR 164.528. Contractor shall provide to the Agency or individual, in a time and manner designated by the Agency, information collected in accordance with this provision, to permit the Agency to so respond to any such request.
- 8) Make available to the Agency, or to the Secretary of the U.S. Department of Health and Human Services, Contractor's policies, procedures, internal practices, books, and records, including those relating to use and disclosure of PHI received from, or created or received by, Contractor on behalf of the Agency. Such availability shall be made in a time and manner designated by the Agency or the Secretary, for the purposes of determining compliance with 45 CFR Parts 160 and 164, subparts A and E;

At termination of the contract, if feasible, if Contractor still maintains in any form PHI received from, or created or received by, Contractor on behalf of the Agency, Contractor agrees to return or destroy all such PHI and shall retain no copies of such information. The foregoing shall also apply to PHI that is in the possession of subcontractors or other agents of Contractor. If such return or destruction is not feasible, Contractor shall provide the Agency with written notification of the conditions that make return or destruction infeasible. Upon agreement by the Agency that the return or destruction of PHI is infeasible, Contractor shall extend indefinitely the protections of the contract to the PHI and limit further uses and disclosures to those purposes that make the return or destruction of the PHI infeasible.

Contractor may use PHI received from the Agency, if necessary, to carry out its legal responsibilities and for the proper management and administration of its business. Contractor may disclose PHI for such purposes if the disclosure is required by law, or if Contractor obtains reasonable assurances from the person to whom the PHI is disclosed that it will remain confidential, and will be used or further disclosed only as required by law or for the purpose for which it was disclosed to the person, and that person will agree to and does notify the Contractor of any instances of which it is aware in which the confidentiality of the information has been breached.

Go At Risk: Agencies may request the Contractor to work the agency's past-due accounts under a "Go At Risk" arrangement. Under this arrangement the Contractor agrees to charge no commission if the Contractor does not collect at least a pre-defined percentage of debt. For example, an agency that has historically collected four percent of its debt may request that the Contractor collect at least four percent. If the Contractor collects at least four percent, they would receive the commission on the accounts as allowed by the contract. The Contractor is not required to agree to the "Go At Risk" arrangement.

Third Party Vendor: Agencies may use a third-party vendor to monitor Contractor performance. If a third-party vendor is used, the agency will be responsible for the cost of the third-party vendor, unless otherwise negotiated by the agency and the Contractor.

REPORTING AND DELIVERY INSTRUCTIONS

- A. Agency Account Status and Analysis Report. The contractor shall submit an Account Status and Analysis Report to support the fee or rate billed with each monthly invoice to the applicable agency. This report should include those accounts collected and the date payment was received by the contractor. The report should also include all open and returned accounts with detailed information on contacts made, correspondence, debtor addresses and assets, monthly and total performance success rate. The report should show an aged analysis categorized by type of accounts receivable and show the collection fee billed for each account collected. Monthly reports are required for accounts assigned, even if an invoice is not submitted.
- B. Division of Purchases and Supply Report: The contractor shall submit to the Division of Purchases and Supply by the 15th of each month a Statewide Collections Report showing the following breakdown by agency:
 - a. Total dollar value of the accounts placed
 - b. Total dollar amount collected
 - c. Total dollar amount charged for the service
 - d. Total number and dollar value of uncollected accounts returned to agencies.
 - e. Total dollar amount spent with small, women-owned and minority-owned business enterprises (SWAM). Provide SWAM business name, SWAM status and expenditure.
 - f. Dollar value of the accounts placed by agency.
 - g. Dollar amount collected by agency.
 - h. Dollar amount charged for the service by agency.
 - i. Number and dollar value of uncollected accounts returned by agency.
 - j. Type of account (student loan, tax, child support, etc.) and collection fee

percentage by type of account.

- C. ADDITIONAL REPORTING REQUIREMENTS FOR PERKINS LOANS. Based on reports received from the educational institution or the servicing billing agency, the contractor shall include in their monthly report an update of Perkins loan accounts assigned. This update shall include any additional amounts for the new payment past due, interest accrued, penalty charges, and collection costs on these new charges.

TERMS AND CONDITIONS SUMMARY

AUDIT: The contractor shall retain all books, records, and other documents relative to this contract for five (5) years after final payment, or until audited by the Commonwealth of Virginia, whichever is sooner. The agency, its authorized agents, and/or state auditors shall have full access to and the right to examine any of said materials during said period.

BLANKET FIDELITY BOND: Contractor shall maintain a blanket fidelity bond, or comparable-sized crime insurance policy, obtained from an insurance company licensed to conduct fidelity business in the home state of the contractor and which has earned an A.M. Best Company, Inc. rating of "A" or better, as reflected in their most current publication, covering all personnel under contract to the Commonwealth of Virginia, with a penalty amount of not less than \$ 1,000,000, naming the Commonwealth of Virginia as co-obligee or as additional insured on the policy. Certificate of such protection must be presented to the purchasing agency prior to the start of the service showing name of surety, limit and type of coverage, term of coverage, co-obligee provision and name and address of licensed Virginia insurance agent. The contractor agrees to maintain such bond until one year after the completion of the contract.

CANCELLATION OF CONTRACT: The purchasing agency reserves the right to cancel and terminate any resulting contract, in part or in whole, without penalty, upon 60 days written notice to the contractor. In the event the initial contract period is for more than 12 months, the resulting contract may be terminated by either party, without penalty, after the initial 12 months of the contract period upon 60 days written notice to the other party. Any contract cancellation notice shall not relieve the contractor of the obligation to deliver and/or perform on all outstanding orders issued prior to the effective date of cancellation.

CONFIDENTIALITY (Contractor): The Contractor agrees to observe complete confidentiality with respect to all aspects of any confidential information or proprietary data and any parts thereof whereby Contractor or any Contractor's personnel may gain access while engaged by the Commonwealth. Revealing, copying or using in any manner whatsoever any such contents which have not been authorized by the Commonwealth are strictly prohibited. The restrictions herein shall survive the termination of this agreement for any reason and shall continue in full force and effect and shall be binding upon the Contractor, his agents, employees, successors, assigns, subcontractors or any party claiming an interest in this agreement on behalf of or under the rights of Contractor following any termination. Contractor shall advise all Contractor's agents, employees, successors, assigns and subcontractors which are engaged by the Commonwealth of the restrictions, present and continuing, set forth herein.

CONFIDENTIALITY (Commonwealth): The Commonwealth agrees that neither it nor its

employees, representatives, or agents shall knowingly divulge any proprietary information with respect to the operation of software, the technology embodied therein, or any other trade secret or proprietary information related thereto, except as specifically authorized by the Contractor in writing or as required by the Freedom of Information Act or similar law. It shall be the Contractor's responsibility to fully comply with § 2.2-4342F of the Code of Virginia. All trade secrets or proprietary information must be identified in writing or other tangible form and conspicuously labeled as "proprietary" either prior to or at the time of submission to the Commonwealth. See ATTACHMENT D: PROPRIETARY/CONFIDENTIAL INFORMATION IDENTIFICATION that is a part of this solicitation.

INSURANCE, MONEY AND SECURITIES: Contractor shall maintain a Broad Form Money and Securities Insurance Policy obtained from an insurance company licensed to conduct crime insurance business in the home state of the contractor and which has earned an A.M. Best Company, Inc. rating of A or better, as reflected in their most current publication, covering all money and property entrusted to the contractor by the Commonwealth of Virginia, with limits of coverage of not less than \$ 1,000,000 for Loss Inside the Premises Coverage and not less than \$ 1,000,000 for Loss Outside the Premises Coverage, naming the Commonwealth of Virginia as additional named insured with respect to this contract. Certificate of such protection must be presented to the purchasing agency prior to the start of the service showing name of insurance company, limits and type of coverage, term of coverage, additional insured provision and name and address of licensed insurance agent. The contractor agrees to maintain such policy until the completion of the contract and all money and property of the Commonwealth is remitted to the Commonwealth.

PRICE ESCALATION/DE-ESCALATION: Price adjustments may be permitted for changes in the contractor's cost of providing services. The CPI-U, US City Average, All Items section of the Consumer Price Index of the United States Department of Labor, Bureau of Labor Statistics and other indices will be used as a guide to evaluate requested price changes. No price increases will be authorized for 365 calendar days after the effective date of the contract. Price escalation may be permitted only at the end of this period and each 365 days thereafter and only where verified to the satisfaction of the purchasing office. However, "across the board" price decreases are subject to implementation at any time and shall be immediately conveyed to the Commonwealth.

Contractor shall give not less than 30 days advance notice of any price increase to the purchasing office. Any approved price changes will be effective only at the beginning of the calendar month following the end of the full 30 day notification period. The contractor shall document the amount and proposed effective date of any change in the price. Documentation should be supplied with the contractor's request for increase which will: (1) verify that the requested price increase is general in scope and not applicable just to the Commonwealth of Virginia; and (2) verify the amount or percentage of increase which is being requested and why the increase is justified.

The purchasing office will notify the using agencies and contractor in writing of the effective date of any increase which it approves. However, the contractor shall fill all purchase orders received prior to the effective date of the price adjustment at the old contract prices. The contractor is further advised that decreases which affect the cost of providing the services are required to be communicated immediately to the purchasing office.

SUBCONTRACTS: No portion of the work shall be subcontracted without prior written consent of the Division of Purchases and Supply (DPS). In the event that the contractor

desires to subcontract some part of the work specified herein, the contractor shall furnish DPS the names, qualifications and experience of their proposed subcontractors. The contractor shall, however, remain fully liable and responsible for the work to be done by its subcontractor(s) and shall assure compliance with all requirements of the contract.

PRIME CONTRACTOR RESPONSIBILITIES: The Contractor shall be responsible for completely supervising and directing the work under this contract and all subcontractors that the Contractor may utilize, using his best skill and attention. Subcontractors who perform work under this contract shall be responsible to the Contractor. The Contractor agrees that he is as fully responsible for the acts and omissions of his subcontractors and of persons employed by them as he is for the acts and omissions of his own employees.

SMALL, WOMEN, AND MINORITY-OWNED BUSINESSES (SWAM) REPORTING: The Contractor agrees to report the use of SWAM businesses in performance of the collection services contract by providing the Commonwealth of Virginia purchasing office, annually or as requested, at a minimum the following information: name and address of SWAM firm, SWAM status (small, women, and/or minority-owned), Department of Minority Business Enterprise (DMBE) certification number, SWAM firm contact person telephone number and email address, type of goods/services for expenditure, and total dollar amount of expenditure with SWAM firm.

SPECIAL TERM AND CONDITION 17 (MODIFIED) June 12, 2006 Revision

eVA Business-To-Government Contracts and Orders: It is anticipated that the contract will result in multiple purchase orders (i.e., one for each delivery requirement) with the eVA transaction fee specified in below assessed for each order.

- a. For orders issued prior to August 16, 2006, the Vendor Transaction Fee is 1%, capped at a maximum of \$500 per order.
- b. For orders issued August 16, 2006 and after, the Vendor Transaction Fee is:
 - (i) DMBE-certified Small Businesses: 1%, Capped at \$500 per order.
 - (ii) Businesses that are not DMBE-certified Small Businesses: 1%, Capped at \$1,500 per order.

The eVA transaction fee will be assessed approximately 30 days after each purchase order is issued. Any adjustments (increases/decreases) will be handled through eVA change orders.

Internet electronic procurement solution, web site portal www.eva.state.va.us, streamlines and automates government purchasing activities in the Commonwealth. The portal is the gateway for vendors to conduct business with state agencies and public bodies.

Vendors desiring to provide goods and/or services to the Commonwealth shall participate in the eVA Internet e-procurement solution and agree to comply with the following:

If this solicitation is for a term contract, failure to provide an electronic catalog (price list) or index page catalog for items awarded will be just cause for the Commonwealth to reject your bid/offer or terminate this contract for default. The format of this electronic catalog shall conform to the eVA Catalog Interchange Format (CIF) Specification that can be accessed and downloaded from www.eVA.virginia.gov. Contractors should email Catalog or Index Page information to eVA-catalog-manager@dgs.virginia.gov.

Mandatory Acceptance of Small Purchase Charge Card: Purchasing charge cards offer

State agencies and Institutions the opportunity to streamline their procedures for procuring and paying for small dollar goods and services. Vendors responding to this solicitation should note that acceptance of payment by purchase card is **mandatory (unless waived by DPS) within 90 days of contract award.** For current contracts where acceptance of the purchasing card is not in effect, **Contractors must (unless waived by DPS) accept purchase card payments within 90 days of contract renewal.**

Payment for orders issued against the contract(s) resulting from this solicitation must allow for the Purchase Order Number to be passed at the time of charge so that the Purchase Order Number is received by the card platform and passed to the Card provider. This can be accomplished by vendors establishing their card account at **Level 2, which is mandatory or Level 3 which is optional.** Information on the various levels for the Bank of America (BOA) Visa Purchasing Card is indicated below.

Charge Card Levels:

The amount of data passed for each charge card payment depends on the level at which the charge card is established. The levels are delineated below and the preferred level by the Commonwealth is level 2.

Level 1 vendors provide basic credit card purchase information, including but not limited to the data listed below. By passing “Basic Data”, the vendor has a standard interchange cost.

- Supplier Name
- Merchant Category Code
- Date
- Total Purchase Amount

Level 2 vendors provide additional information to the Level 1 elements, including, but not limited to the data listed below. By passing level 2 detail, the vendor will receive lower interchange costs. Level 2 is **mandatory** for any vendors who do business with the Commonwealth of Virginia and accept Bank of America (BOA) Visa Purchasing Card.

- Customer Code (PCO Number from eVA)
- Vendor Tax ID

Level 3 vendors provide line item detail, in addition to the Level 1 and Level 2 elements, including, but not limited to the data listed below. By passing Level 3 (**which is optional**) data which is considered Superior data, the vendor will receive the lowest interchange costs.

- Item Description
- Item Quantity
- Item Unit of Measure
- Product Code
- Freight Amount
- Extended line Item Amount

AUTHORIZATION TO CONDUCT BUSINESS IN THE COMMONWEALTH: A contractor organized as a stock or nonstock corporation, limited liability company, business trust, or limited partnership or registered as a registered limited liability partnership shall be authorized to transact business in the Commonwealth as a domestic or foreign business entity if so required by Title 13.1 or Title 50 of the Code of Virginia or as otherwise required by law. Any business entity described above that enters into a contract with a public body pursuant to the Virginia Public Procurement Act shall not allow its existence to lapse or its certificate of authority or registration to transact business in the Commonwealth, if so required under Title 13.1 or Title 50, to be revoked or cancelled at any time during the term of the contract. A public body may void any contract with a business entity if the business entity fails to remain in compliance with the provisions of this section.

STATE CORPORATION COMMISSION IDENTIFICATION NUMBER: Pursuant to Code of Virginia, §2.2-4311.2 subsection B, a bidder or offeror organized or authorized to transact business in the Commonwealth pursuant to Title 13.1 or Title 50 is required to include in its bid or proposal the identification number issued to it by the State Corporation Commission (SCC). Any bidder or offeror that is not required to be authorized to transact business in the Commonwealth as a foreign business entity under Title 13.1 or Title 50 or as otherwise required by law is required to include in its bid or proposal a statement describing why the bidder or offeror is not required to be so authorized.

METHOD OF PAYMENT: Unless otherwise agreed upon, the Contractor shall remit to agencies the entire amount of all debts collected during the month accompanied by a detailed list as specified in the Reporting and Delivery Instructions section of this solicitation. The contractor will be paid on the basis of complete and accurate invoices (including required reports) submitted. Invoices shall be forwarded directly to the applicable using agency on a monthly basis by the 10th of the month following the month services were rendered, or as mutually agreed between the Contractor and the Commonwealth's ordering agency. The Contractor shall indicate on each invoice the Contract and Purchase Order number, any prompt payment discount terms, and all applicable collection fees in accordance with the Pricing Schedule.

In the event debtor payments are made directly to the agency instead of the Contractor, the Contractor will be entitled to share in payments made directly to the agency while the account was assigned to the collection contractor, in accordance with the terms and conditions of this solicitation.

NOTE: The Contractor will not be paid for collections paid directly to the agency by the debtor for payments received during the grace period.