

State of Washington
Department of Retirement Systems

Sample Contract #26-03
IRS E-File Tax Reporting Support

Date

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IRS E-File Tax Reporting Support

Sample Contract #26-03

This Contract ("Contract") is made and entered into by and between the State of Washington acting by and through the Washington State Department of Retirement Systems, a Washington State governmental Agency ("DRS") and _____, a _____ ("Contractor") and is dated and effective as of _____, 2026.

Recitals

- A. Pursuant to Legislative direction codified in RCW 39.26, DRS is authorized to competitively solicit and award contracts for goods and/or services for use by DRS.
- B. DRS issued Solicitation dated June 17, 2026, for the purpose of IRS E-File Tax Reporting Support in accordance with its authority under RCW 39.26.
- C. DRS has determined that entering into this Contract will meet the identified needs and be in the best interest of the State of Washington.

Agreement

Now Therefore, in consideration of the mutual promises, covenants, and conditions set forth herein, the parties hereto hereby agree as follows:

1. Term

The term of this Contract will commence upon the execution date and continue through August 2027; subject to mutual agreement, the term of the Contract may be extended for up to 1 years.

2. Scope – Included Services and Price

2.1 Contract Scope

Pursuant to this Contract, Contractor is authorized to provide only those services set forth in *Exhibit A – Included Services* for the prices set forth in *Exhibit B – Prices for Services*.

2.2 State's Ability to Modify Scope of Contract

Subject to mutual agreement between the parties, DRS reserves the right to modify the services included in this Contract; *Provided*, however, that any such modification shall be effective only upon ten (10) days advance written notice; and *provided further*, that any such modification must be within the scope of the Competitive Solicitation and this Contract.

2.3 Price Ceiling

Although Contractor may offer lower prices to DRS, during the term of this Contract, Contractor guarantees to provide the Services at no greater than the prices set forth in *Exhibit B - Prices for Services*.

3. Contractor Representations and Warranties

Contractor makes each of the following representations and warranties as of the effective date of this Contract and at the time of performance pursuant to this Contract. If, at the time of performance, Contractor cannot make such representations and warranties, Contractor shall not perform and shall, within three (3) business days notify DRS, in writing, of such breach.

3.1 Qualified to do Business

Contractor represents and warrants that it is in good standing and qualified to do business in the State of Washington, that it is registered with the Washington State Department of Revenue and the Washington Secretary of State, that it possesses and shall keep current all required licenses and/or approvals, and that it is current, in full compliance, and has paid all applicable taxes owed to the State of Washington.

3.2 Suspension & Debarment

Contractor represents and warrants that neither it nor its principals or affiliates presently are debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in any governmental Contract by any governmental department or agency within the United States.

3.3 Performance of Services

- a) Contractor represents and warrants that in performing this Contract, Contractor shall
- b) Perform its obligations in a timely, professional, and workmanlike manner consistent with standards in the profession;
- c) Meet or exceed the performance and operational standards and specifications in this Contract;
- d) Provide all contractual requirements in good quality with no material defects;
- e) Not interfere with the State's operations;
- f) Obtain and maintain all necessary licenses, certifications, permits, or other authorizations necessary for the performance of the Contract;
- g) Possess all necessary software, equipment, personnel, or supplies necessary for the performance of the Contract;
- h) Cooperate with DRS to achieve the objectives of the Contract;
- i) Return to DRS any agency-furnished equipment or other resources in the same condition as when provided when no longer required for the Contract;
- j) Comply with all Washington State physical and IT security policies and standards which will be made available upon request; and
- k) Provide DRS priority in performance of this Contract except as mandated by federal disaster response requirements.

Notwithstanding any provision to the contrary, any breach under this paragraph is considered a material breach.

3.4 Wage Violations

Contractor represents and warrants that neither it nor its principals or affiliates presently are determined by a final order of the Washington Department of Labor and Industries or a Court, to be in willful violation of state wage laws.

3.5 Access To Data

Upon request and with reasonable and sufficient notice, the CONTRACTOR shall provide access to data generated under this contract to DRS, the Joint Legislative Audit and Review Committee, and the State Auditor at no additional cost. This includes access to all information that supports the findings, conclusions, and recommendations of the CONTRACTOR'S reports, including computer models and methodology for those models.

3.6 Nondiscrimination

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

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

3.7 Subcontractor Payments Reporting Requirements

Contractor shall make good faith efforts to engage certified minority, women, and veteran-owned businesses in subcontracting opportunities where feasible. This Contract is subject to compliance tracking using the State's business diversity management system, Access Equity (B2Gnow). Access Equity is web-based and can be accessed at the Office of Minority and Women's Business Enterprises at <https://omwbe.diversitycompliance.com/>. The Contractor and all Subcontractors shall report and confirm receipt of payments made to the Contractor and each Subcontractor through Access Equity. The Contractor may contact Wendy Kancianich for technical assistance in using the Access Equity system. User guides and documentation related to Contractor and Subcontractor access to, and use of Access Equity are available online at <https://omwbe.wa.gov/access-equity-help-center>. The Public Owner reserves the right to withhold payments from the Contractor for non-compliance with this section. For purposes of this section, Subcontractor means any subcontractor working on the Contract, at any tier and regardless of status as certified WMBE or Non-WMBE.

The Contractor shall:

a. Register and enter all required Subcontractor information into Access Equity no later than 15 days after the Public Owner creates the Contract Record.

b. Complete the required user training (two (2) one-hour online sessions) no later than 20 days after the Public Owner creates the Contract Record.

c. Report the amount and date of all payments (i) received from the Public Owner, and (ii) paid to Subcontractors, no later than *TBD*, issuance of each payment made by the Contractor shall mark as “Final” and report the final Subcontractor payments) into Access Equity no later than thirty (30) days after the final payment is due the Subcontractor(s) under the Contract, with all payment information entered no later than sixty (60) days after end of fiscal year.

d. Monitor contract payments and respond promptly to any requests or instructions from the Public Owner or system-generated messages to check or provide information in Access Equity.

e. Coordinate with Subcontractors, or Public Owner, when necessary, to resolve promptly any discrepancies between reported and received payments.

f. Require each Subcontractor to: (i) register in Access Equity and complete the required user training; (ii) verify the amount and date of receipt of each payment from the Contractor or a higher tier Subcontractor, if applicable, through Access Equity; (iii) report payments made to any lower tier Subcontractors, if any, in the same manner as specified herein; (iv) respond promptly to any requests or instructions from the Contractor or system-generated messages to check or provide information in Access Equity; and (v) coordinate with Contractor, or Public Owner when necessary, to resolve promptly any discrepancies between reported and received payments.

3.8 Independent Capacity of the Contractor

The parties intend that an independent Contractor relationship will be created by this contract. The Contractor and their employees or agents performing under this contract are not employees or agents of the Agency. The Contractor will not hold themselves out as or claim to be an officer or employee of the Agency or of the State of Washington by reason hereof, nor will the Contractor make any claim of right, privilege or benefit that would accrue to such employee under law. Conduct and control of the work will be solely with the Contractor.

Nothing in this Agreement shall be construed to restrict the Contractor from entering into agreements with other parties. The Contractor is free to provide services to other clients, so long as such activities do not conflict with their obligations to DRS.

3.9 Executive Order 18-03 – Workers’ Rights [If Applicable]

Contractor represents and warrants, that Contractor does NOT require its employees, as a condition of employment, to sign or agree to mandatory individual arbitration clauses or class or collective action waivers. Contractor further represents and warrants that, during the term of this Contract, Contractor shall not, as a condition of employment, require its employees to sign or agree to mandatory individual arbitration clauses or class or collective action waivers.

3.10 Washington Small Business [If Applicable]

Contractor represents and warrants, as previously certified in Contractor’s Bidder Certification, that Contractor qualifies as a Washington Small Business pursuant to RCW 39.26.010.

3.11 Certified Veteran-Owned Business [If Applicable]

Contractor represents and warrants, as previously certified in Contractor's Bidder Certification, that Contractor qualifies as a Certified Veteran-Owned Business pursuant to RCW 43.60A.190.

3.12 Procurement Ethics & Prohibition on Gifts

Contractor represents and warrants that it complies fully with all applicable procurement ethics restrictions including, but not limited to, restrictions against Contractor providing gifts or anything of economic value, directly or indirectly, to State employees.

3.13 Statewide Payee Desk

Contractor represents and warrants that it is registered with the Statewide Payee Desk, of which registration is a condition for payment.

3.14 Advertising and Endorsement

Contractor understands and acknowledges that neither DRS nor the State of Washington are endorsing Contractor's services or suggesting that such services are the best or only solution to their needs. Accordingly, Contractor represents and warrants that it shall make no reference to DRS or the State of Washington in any promotional material without the prior written consent of DRS.

3.15 Contract Transition

Contractor represents and warrants that, in the event this Contract is transitioned to another Contractor (e.g., Contract expiration or termination), Contractor shall use commercially reasonable efforts to assist DRS for a period of sixty (60) days to effectuate a smooth transition to another Contractor to minimize disruption of service and/or costs to the State of Washington.

4. Performance of Services

4.1 Performance Requirements

Contractor must ensure that its services are performed as required by this Contract, including, without limitation, the requirements set forth in *Exhibit A – Included Services*.

4.2 Delivery of Services

Contractor understands and acknowledges that Contractor may be required, upon request, to perform contracted services on-site at DRS's location in Tumwater, Washington. On-site services may include, but are not limited to, attending meetings at DRS's location. Prices set forth in *Exhibit B – Prices for Services* shall include costs associated to the delivery of such services on-site at DRS's location.

4.3 Technology Equipment and Access

Contractor is responsible for providing all equipment and access required to perform services as defined in this contract, including but not limited to video conferencing ability using webinar platforms such as Microsoft Teams and Zoom.

4.4 Security and Data Protection

Contractor will fully comply with *Exhibit D- Security and Data Protection Requirements*.

4.5 On Site Requirements

The majority of this contract will take place remotely, however if on DRS premises, Contractor, its agents, employees, or subcontractors shall comply, in all respects, with DRS's physical, fire, access, safety, and security requirements.

4.6 Contractor Safety Plan

If requested by DRS, Contractor shall provide DRS with a copy of Contractor's current health/safety plan. DRS reserves the right to condition access to its premises upon receipt of Contractor's health/safety plan.

4.7 Ownership of Deliverables

Notwithstanding any provision to the contrary, the parties understand and agree that DRS shall own all rights to any plans, reports, or other deliverables provided to DRS pursuant to this Contract. The copyright in all works of authorship created pursuant to this Contract shall be owned by the State of Washington. All such works or portions of works created by the Contractor are hereby agreed to be "works made for hire" within the meaning of 17 U.S.C. § 201. If, however, the State of Washington is not able to obtain copyright ownership under the statutory provisions for "works made for hire," then Contractor hereby assigns to State of Washington all right, title, and interest in: (a) the copyright to Contractor's work of authorship ("Work") and contribution to any such Work ("Contribution"); (b) any registrations and copyright applications, along with any renewals and extensions thereof, relating to the Contribution or the Work; (c) all works based upon, derived from, or incorporating the Contribution or the Work; (d) all income, royalties, damages, claims and payments now or hereafter due or payable with respect to the Contribution or the Work; (e) all causes of action, either in law or in equity, for past, present, or future infringement of copyright related to the Contribution or the Work, and all rights corresponding to any of the foregoing, throughout the world. In addition, to the extent any applicable law or treaty prohibits the transfer or assignment of any moral rights or rights of restraint the Contractor has in the Contribution or the Work, the Contractor waives those rights as to State of Washington, its successors, licensees, and assigns.

4.8 Contractor Key Staff Changes

Except in the case of a leave of absence, sickness, death, termination of employment or unpaid or paid leave of absence, agreed upon Key Staff must not be changed during the term of this contract. Otherwise, any change in Key Staff must be agreed in writing between the parties. During the term of the Contract, DRS reserves the right to approve or disapprove of Contractor and Subcontractor Key Staff assigned to perform services as required by this contract, or to require the removal or reassignment of any Contractor or Subcontractor Key Staff found unacceptable by DRS, subject to DRS's compliance with applicable laws and regulations. Contractor must provide DRS with a resume of any member of its Key Staff or a Subcontractor's Key Staff assigned to or proposed for any aspect of performance under this Contract prior to commencing any Services.

In the event that proposed Contractor resources are unavailable to deliver the work, Contractor must staff the project with resources with equal or greater skills and capabilities, subject to approval from DRS.

DRS must be notified of any change in Contractor Key Staff as soon as practicable but in no event less than five (5) working days after removal of such staff from their duties in support of this Contract.

Contractor must provide resumes and describe the roles and responsibilities of any replacement staff to DRS as soon as practicable but in no event less than five (5) working days prior to the date that such staff begin work under this Contract. DRS reserves the right, in its sole judgement, to approve or reject such replacement staff. DRS's approval of such staff will not be unreasonably withheld.

4.9 Confidential Information

Each party may have access to Confidential Information of the other party or third parties. "Confidential Information" is defined in Exhibit D, Section 2, of this Contract. Confidential Information disclosed is proprietary and will remain the sole property of the disclosing party or such third parties. Confidential Information will not include the following unless such information is protected from disclosure under Washington's Public Records Act (Chapter 42.56 RCW): information that (i) is or becomes publicly available or enters the public domain through no fault of the receiving party; (ii) is rightfully communicated to the receiving party by persons not bound by confidentiality obligations; (iii) is already in the receiving party's possession free of any confidentiality obligations at the time of disclosure; or (iv) is independently developed by the receiving party.

Each party agrees to: (i) use Confidential Information only for the purposes of this Contract; (ii) hold Confidential Information in confidence and protect it from dissemination to, and use by, any third party, in compliance with Chapter 42.56 RCW; (iii) not to create any derivative work from Confidential Information; (iv) restrict access to Confidential Information to its personnel, affiliates, agents, and Contractors who need access to such Confidential Information and who have agreed in writing to treat such Confidential Information in accordance with this Contract and Chapter 42.56 RCW; and (v) return or destroy all Confidential Information of the other party upon termination or expiration of this Contract and in accordance with Chapter 42.56 RCW. If the receiving party is required by law or valid legal order to disclose Confidential Information, the receiving party will, unless prohibited by law, give reasonable notice in accordance with Chapter 42.56 RCW of such demand to allow the disclosing party to seek a protective order or other remedy.

5. Invoicing & Payment

5.1 Contractor Invoice

Contractor shall submit to DRS's designated invoicing contact properly itemized invoices. Such invoices shall itemize the following:

- a) Contract No 26-03
- b) Contractor name, address, telephone number, and email address for billing issues (i.e., Contractor Customer Service Representative);
- c) Contractor's Federal Tax Identification Number;
- d) Description of Services and Deliverables provided;
- e) Net invoice Price for each Service or Deliverables;
- f) Applicable taxes;
- g) Total invoice amount; and
- h) Payment terms, including any available prompt payment discounts.

Contractor's invoices for payment shall reflect accurate Contract prices. Invoices will not be processed for payment until receipt of a complete invoice as specified herein. DRS shall have no obligation to pay

Contractor for any services that do not comply with this Contract. Invoices should be directed to the DRS Contract Administrator and the DRS Accounts Payable Mailbox (drs.accountspayable@drs.wa.gov).

5.2 Payment

Payment is the sole responsibility of, and will be made by, DRS. Payment is due within thirty (30) days of invoice. If DRS fails to make timely payment(s), Contractor may invoice DRS in the amount of one percent (1%) per month on the amount overdue or a minimum of \$1. Payment will not be considered late if a check or warrant is mailed within the time specified.

5.3 Overpayments

Contractor promptly shall refund to DRS the full amount of any erroneous payment or overpayment. Such refunds shall occur within thirty (30) days of written notice to Contractor; *Provided*, however, that DRS shall have the right to elect to have either direct payments or written credit memos issued. If Contractor fails to make timely payment(s) or issuance of such credit memos, DRS may impose a one percent (1%) per month on the amount overdue thirty (30) days after notice to the Contractor.

5.4 No Advance Payment

No advance payments shall be made for any products or services furnished by Contractor pursuant to this Contract.

5.5 No Additional Charges

Unless otherwise specified herein, Contractor shall not include or impose any additional charges including, but not limited to, charges for shipping, handling, or payment processing.

5.6 Taxes/Fees

Contractor promptly shall pay all applicable taxes on its operations and activities pertaining to this Contract. Failure to do so shall constitute breach of this Contract. Unless otherwise agreed, DRS shall pay applicable sales tax imposed by the State of Washington on purchased services. Contractor, however, shall not make any charge for federal excise taxes and DRS agrees to furnish Contractor with an exemption certificate where appropriate.

6. Contract Management

6.1 Contract Administration & Notices

Except for legal notices, the parties hereby designate the following contract administrators as the respective single points of contact for purposes of contract administration for this Contract. DRS' contract administrator shall provide contract administrative oversight. Contractor's contract administrator shall be Contractor's principal contact for invoice/billing activities under this Contract. The parties may change contract administrators by written notice as set forth below.

Any notices required or desired shall be in writing and sent by U.S. mail, postage prepaid, or sent via email, and shall be sent to the respective addressee at the respective address or email address set forth below or to such other address or email address as the parties may specify in writing:

Contract Manager for DRS:	Contract Manager for Contractor:
Name:	Name

Address:	Address
Telephone Number:	Telephone
Email:	Email

Notices shall be deemed effective upon the earlier of receipt, if mailed, or, if emailed, upon transmission to the designated email address of said addressee.

6.2 Contractor Customer Service Representative

Contractor shall designate a customer service representative (and inform DRS of the same) who shall be responsible for addressing DRS's issues pertaining to this Contract.

6.3 Legal Notices

Any legal notices required or desired shall be in writing and delivered by U.S. certified mail, return receipt requested, postage prepaid, or sent via email, and shall be sent to the respective addressee at the respective address or email address set forth below or to such other address or email address as the parties may specify in writing:

Legal Notice for DRS:	Legal Notice for Contractor:
Name Wendy Kancianich	Name
Address PO Box 48380 Olympia, WA 98504	Address
Telephone Number 360-664-7231	Telephone
Email wendy.kancianich@drs.wa.gov	Email

Notices shall be deemed effective upon the earlier of receipt when delivered, or, if mailed, upon return receipt, or, if emailed, upon transmission to the designated email address of said addressee.

7. Records Retention & Audits

7.1 Records Retention

Contractor shall maintain books, records, documents, and other evidence pertaining to this Contract to the extent and in such detail as shall adequately reflect performance and administration of payments and fees. Contractor shall retain such records for a period of six (6) years following expiration or termination of this Contract or final payment, whichever is later; *Provided*, however, that if any litigation, claim, or audit is commenced prior to the expiration of this period, such period shall extend until all such litigation, claims, or audits have been resolved.

7.2 Audit

DRS reserves the right to audit, or have a designated third-party audit, applicable records to ensure that Contractor has properly invoiced DRS. Accordingly, Contractor shall permit DRS and any other duly authorized agent of a governmental agency, to audit, inspect, examine, copy and/or transcribe Contractor's books, documents, papers, and records directly pertinent to this Contract for the purpose of making audits, examinations, excerpts, and transcriptions. This right shall survive for a period of six (6) years following expiration or termination of this Contract or final payment, whichever is later;

Provided, however, that if any litigation, claim, or audit is commenced prior to the expiration of this period, such period shall extend until all such litigation, claims, or audits have been resolved.

7.3 Overpayment of Purchases

Without limiting any other remedy available to DRS, Contractor shall reimburse DRS for any overpayments inconsistent with the terms of this Contract, at a rate of 125% of such overpayments, found as a result of the examination of the Contractor's records.

8. Insurance

8.1 Required Insurance

During the Term of this Contract, Contractor, at its expense, shall maintain in full force and effect the insurance coverages set forth in *Exhibit C– Insurance Requirements*.

8.2 Workers Compensation

Contractor shall comply with applicable workers' compensation statutes and regulations (e.g., RCW Title 51, Industrial Insurance). If Contractor fails to provide industrial insurance coverage or fails to pay premiums or penalties on behalf of its employees as may be required by law, DRS may terminate this Contract. This provision does not waive any of the Washington State Department of Labor and Industries (L&I) rights to collect from Contractor. In addition, Contractor waives its immunity under RCW Title 51 to the extent it is required to indemnify, defend, and hold harmless the State of Washington and its agencies, officials, agents, or employees.

9. Claims

9.1 Assumption of Risks; Claims Between the Parties

Contractor assumes sole responsibility and all risks of personal injury or property damage to itself and its employees and agents in connection with Contractor's operations under this Contract. DRS has made no representations regarding any factor affecting Contractor's risks. Contractor shall pay for all damage to any DRS's property resulting directly or indirectly from its acts or omissions under this Contract, even if not attributable to negligence by Contractor or its agents.

9.2 Third-Party Claims; Indemnity

To the fullest extent permitted by law, Contractor shall defend, indemnify, and hold harmless DRS and its employees and agents from and against all claims, demands, judgments, assessments, damages, penalties, fines, costs, liabilities or losses including, without limitation, sums paid in settlement of claims, attorneys' fees, consultant fees, and expert fees (collectively "claims") arising from any act or omission of Contractor or its successors, agents, and subcontractors under this Contract, except claims caused solely by DRS's negligence. Contractor shall take all steps needed to keep DRS's property free of liens arising from Contractor's activities and promptly obtain or bond the release of any such liens that may be filed.

10. Dispute Resolution

The parties shall cooperate to resolve any dispute pertaining to this Contract efficiently, as timely as practicable, and at the lowest possible level with authority to resolve such dispute. If, however, a dispute persists and cannot be resolved, it may be escalated within each organization. In such situation,

upon notice by either party, each party, within five (5) business days shall reduce its description of the dispute to writing and deliver it to the other party. The receiving party then shall have three (3) business days to review and respond in writing. In the event that the parties cannot then agree on a resolution of the dispute, the parties shall schedule a conference between the respective senior manager of each organization to attempt to resolve the dispute. In the event the parties cannot agree, either party may resort to court to resolve the dispute.

11. Suspension & Termination; Remedies

11.1 Suspension & Termination for Default

DRS may suspend Contractor's operations under this Contract immediately by written cure notice of any default. Suspension shall continue until the default is remedied to DRS's reasonable satisfaction; *Provided*, however, that, if after twenty (20) days from such a suspension notice, Contractor remains in default, DRS may terminate Contractor's rights under this Contract. All of Contractor's obligations to DRS survive termination of Contractor's rights under this Contract, until such obligations have been fulfilled.

11.2 Default

Each of the following events shall constitute default of this Contract by Contractor:

- a) Contractor fails to perform or comply with any of the terms or conditions of this Contract;
- b) Contractor breaches any representation or warranty provided herein; or
- c) Contractors enter into proceedings relating to bankruptcy, whether voluntary or involuntary.

11.3 Remedies for Default

- a) DRS's rights to suspend and terminate Contractor's rights under this Contract are in addition to all other available remedies.
- b) In the event of termination for default, DRS may exercise any remedy provided by law including, without limitation, the right to procure replacement services. In such event, Contractor shall be liable to DRS for damages as authorized by law including, but not limited to, any price difference between the Contract price and the replacement or cover price as well as any administrative and/or transaction costs directly related to such replacement procurement – e.g., the cost of the competitive procurement.

11.4 Limitation on Damages

Notwithstanding any provision to the contrary, the parties agree that in no event shall any party be liable to the other for exemplary or punitive damages.

11.5 Governmental Termination

- a) Termination for Withdrawal of Authority. DRS may suspend or terminate this Contract if, during the term hereof, DRS's procurement authority is withdrawn, reduced, or limited such that DRS, in its judgment, would lack authority to enter into this Contract; *Provided*, however, that such suspension or termination for withdrawal of authority shall only be effective upon twenty (20) days prior written notice; and *Provided further*, that such suspension or termination for withdrawal of authority shall not relieve DRS from payment for services already ordered as of the effective date of such notice. Except as stated in this provision, in the event of such

suspension or termination for withdrawal of authority, DRS shall not have any obligation or liability to Contractor.

- b) Termination for Public Convenience. DRS, for public convenience, may terminate this Contract; *Provided*, however, that such termination for public convenience must, in DRS's judgment, be in the best interest of the State of Washington; and *Provided further*, that such termination for public convenience shall only be effective upon sixty (60) days prior written notice; and *Provided further*, that such termination for public convenience shall not relieve DRS from payment for services already ordered as of the effective date of such notice. Except as stated in this provision, in the event of such termination for public convenience, DRS shall not have any obligation or liability to Contractor.

11.6 Termination Procedure

Regardless of basis, in the event of suspension or termination (in full or in part), the parties shall cooperate to ensure an orderly and efficient suspension or termination.

12. General Provisions

12.1 Time Is of the Essence

Time is of the essence for each and every provision of this Contract.

12.2 Compliance with Law

Contractor shall comply with all applicable laws.

12.3 Integrated Agreement

This Contract constitutes the entire agreement and understanding of the parties with respect to the subject matter and supersedes all prior negotiations, representations, and understandings between them. There are no representations or understandings of any kind not set forth herein.

12.4 Amendment or Modification

Except as set forth herein, this Contract may not be amended or modified except in writing and signed by a duly authorized representative of each party.

12.5 Authority

Each party to this Contract, and each individual signing on behalf of each party, hereby represents and warrants to the other that it has full power and authority to enter into this Contract and that its execution, delivery, and performance of this Contract has been fully authorized and approved, and that no further approvals or consents are required to bind such party.

12.6 No Agency

The parties agree that no agency, partnership, or joint venture of any kind shall be or is intended to be created by or under this Contract. Neither party is an agent of the other party nor authorized to obligate it.

12.7 Assignments

Contractor may not assign its rights under this Contract without DRS's prior written consent and DRS may consider any attempted assignment without such consent to be void; *Provided*, however, that, if Contractor provides written notice to DRS within thirty (30) days, Contractor may assign its rights under this Contract in full to any parent, subsidiary, or affiliate of Contractor that controls or is controlled by or under common control with Contractor, is merged or consolidated with Contractor, or purchases a majority or controlling interest in the ownership or assets of Contractor. Unless otherwise agreed, Contractor guarantees prompt performance of all obligations under this Contract notwithstanding any prior assignment of its rights.

12.8 Binding Effect; Successors & Assigns

This Contract shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

12.9 Public Information

This Contract and all related documents are subject to public disclosure as required by Washington's Public Records Act, RCW 42.56.

12.10 Assignment of Antitrust Rights Regarding Purchased Services

Contractor irrevocably assigns to DRS, on behalf of the State of Washington, any claim for relief or cause of action which the Contractor now has or which may accrue to the Contractor in the future by reason of any violation of state or federal antitrust laws in connection with any services provided in Washington for the purpose of carrying out the Contractor's obligations under this Contract, including, at DRS's option, the right to control any such litigation on such claim for relief or cause of action.

12.11 Force Majeure

Except for payment of sums due, neither party shall be liable to the other or deemed in breach under this Contract if, and to the extent that, such party's performance of this Contract is prevented by reason of force majeure. The term "force majeure" means an occurrence that causes a delay that is beyond the control of the party affected and could not have been avoided by exercising reasonable diligence. Force majeure shall include acts of God, war, riots, strikes, fire, floods, epidemics, or other similar occurrences. If either party is delayed by force majeure, said party shall provide written notification within forty-eight (48) hours. The notification shall provide evidence of the force majeure to the satisfaction of the other party. Such delay shall cease as soon as practicable and written notification of same shall likewise be provided. So far as consistent with the rights reserved below, the time of completion shall be extended by Contract amendment for a period of time equal to the time that the results or effects of such delay prevented the delayed party from performing in accordance with this Contract. Notwithstanding any provision to the contrary, in the event that a Contractor-declared force majeure event lasts for more than thirty (30) days, DRS shall have the right to terminate the Contract and/or purchase the services set forth in this Contract; *Provided*, however, that in such event, Contractor shall not be liable to DRS for any price difference for such services.

12.12 Federal Funds

To the extent that DRS uses federal funds to purchase services pursuant to this Contract, DRS shall specify any applicable requirement or certification that must be satisfied by Contractor as a condition of payment and Contractor shall adhere to such applicable federal requirements and/or certifications.

12.13 Severability

If any provision of this Contract is held to be invalid or unenforceable, such provision shall not affect or invalidate the remainder of this Contract, and to this end the provisions of this Contract are declared to be severable. If such invalidity becomes known or apparent to the parties, the parties agree to negotiate promptly in good faith in an attempt to amend such provision as nearly as possible to be consistent with the intent of this Contract.

12.14 Waiver

Failure of either party to insist upon the strict performance of any of the terms and conditions hereof, or failure to exercise any rights or remedies provided herein or by law, or to notify the other party in the event of breach, shall not release the other party of any of its obligations under this Contract, nor shall any purported oral modification or rescission of this Contract by either party operate as a waiver of any of the terms hereof. No waiver by either party of any breach, default, or violation of any term, warranty, representation, contract, covenant, right, condition, or provision hereof shall constitute waiver of any subsequent breach, default, or violation of the same or other term, warranty, representation, contract, covenant, right, condition, or provision.

12.15 Survival

All representations, warranties, covenants, agreements, and indemnities set forth in or otherwise made pursuant to this Contract shall survive and remain in effect following the expiration or termination of this Contract, *Provided*, however, that nothing herein is intended to extend the survival beyond any applicable statute of limitations periods.

12.16 Governing Law

The validity, construction, performance, and enforcement of this Contract shall be governed by and construed in accordance with the laws of the State of Washington, without regard to its choice of law rules.

12.17 Jurisdiction & Venue

In the event that any action is brought to enforce any provision of this Contract, the parties agree to submit to exclusive jurisdiction in Thurston County Superior Court for the State of Washington and agree that in any such action venue shall lie exclusively at Olympia, Washington.

12.18 Attorneys' Fees

In the event of litigation or other action brought to enforce the terms of this Contract or alternative dispute process, each party agrees to bear its own attorneys' fees and costs.

12.19 Fair Construction & Interpretation

The provisions of this Contract shall be construed as a whole according to their common meaning and not strictly for or against any party and consistent with the provisions contained herein in order to achieve the objectives and purposes of this Contract. Each party hereto and its council has reviewed and revised this Contract and agrees that the normal rules of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be construed in the interpretation of this Contract. Each term and provision of this Contract to be performed by either party shall be construed to be both a covenant and a condition.

12.20 Further Assurances

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

12.21 Exhibits

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

12.22 Captions & Headings

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

12.23 Electronic Signatures

An electronic signature or electronic record of this Contract or any other ancillary agreement shall be deemed to have the same legal effect as delivery of an original executed copy of this Contract or such other ancillary agreement for all purposes.

12.24 Counterparts

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

Executed by the persons signing below who warrant that they have the authority to execute the contract.

DRS:	Contractor:
Signed Name	Signed Name
Printed Name	Printed Name
Date	Date

Exhibit A – Included Services

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

SCOPE OF SERVICES.

The Vendor shall receive, validate, prepare, and electronically submit DRS and Record Keeper information return files to the IRS in compliance with all applicable IRS publications, technical specifications, and security requirements. The Vendor shall act as the authorized transmitter for DRS.

1. File Intake and Format Requirements

Vendor is expected to:

- Receive and process all DRS and Record Keeper files in the formats provided.
- Treat all incoming data as read-only; the Vendor is not authorized to update or change the information data received.
- Validate file structure and identify any file-level or record-level errors.
- Notify DRS promptly of any issues requiring correction.

To aid the vendor in performing their responsibilities, DRS will:

- Provide 1099-R files formatted according to IRS Publication 1220 for 2025 as .txt files.
- Provide 1042-S files formatted according to IRS Publication 1187 for 2025 as .txt files.
- Provide Record Keeper-generated files in IRS-compliant formats.
- Deliver files according to the agreed-upon schedule.

2. IRS e-File Submission

Vendor is expected to:

- Maintain active status as an IRS-Authorized e-File Provider, including all required testing and renewals.
- Submit all approved files to the IRS through the appropriate IRS e-file platform (FIRE, IRIS, or successor systems).
- Support all IRS-required formats, including Application-to-Application (A2A) and XML submissions.

- Provide confirmation of successful transmission and IRS acknowledgment files within one business day.

To aid the vendor in performing their responsibilities, DRS will:

- Review and approve all files prior to IRS submission.
- Provide written or electronic authorization for each submission.
- Provide corrected files when needed for resubmission.

3. Error Handling and Reconciliation

Vendor is expected to:

- Monitor all IRS acknowledgments, reject notices, and error reports.
- Provide DRS with detailed error summaries, including error codes and affected records.
- Resubmit corrected files only after receiving updated data and explicit approval from DRS.
- Maintain an audit trail of all submissions, rejects, and resubmissions for at least seven (7) years.

To aid the vendor in performing their responsibilities, DRS will:

- Review IRS reject notices and provide corrected data files.
- Coordinate with the Record Keeper when errors relate to Record Keeper-generated data.
- Approve any corrected file for resubmission.

4. Reporting and Documentation

Vendor is expected to:

- Provide submission confirmation reports for each file transmitted.
- Provide IRS acknowledgment files and status notifications.
- Provide detailed reject/error reports when applicable.
- Provide annual summary reports of all submissions, rejects, and resubmissions.
- Notify DRS of any IRS or system changes affecting file formats or submission processes.

To aid the vendor in performing their responsibilities, DRS will:

- Review and acknowledge receipt of Vendor submission confirmations and IRS acknowledgments.
- Maintain internal records of all filings and IRS communications.
- Provide any additional documentation needed to support IRS submission processes.

5. Planning and Coordination

Vendor is expected to:

- Participate in annual planning meetings with DRS.
- Provide technical support during peak filing periods.
- Notify DRS of any IRS system changes affecting file formats or submission processes.

To aid the vendor in performing their responsibilities, DRS will:

- Provide an annual filing calendar including deadlines for initial file delivery, correction cycles, and final submission windows.
- Participate in annual planning and IRS readiness activities.
- Notify the Vendor of any IRS requirement changes known to DRS.

6. Performance Standards

The Vendor is expected to meet the following minimum performance expectations:

- 100% of files submitted by IRS deadlines.
- 100% of IRS acknowledgments delivered to DRS within one business day.
- 100% of IRS rejects communicated to DRS within one business day.
- 99.5% system uptime during filing season.
- Zero unauthorized data changes.

7. Prohibited Activities

The Vendor shall not:

- Modify, correct, or alter any DRS or Record Keeper data.

- Partially edit or partially resubmit files.
- Submit any information to the IRS without explicit DRS approval.
- Store DRS data outside of an approved secure environment.

Exhibit B – Prices for Services

1. Compensation

Payment for services associated with this Contract will be based on the completion of the scope of services and deliverables described herein and approved by the DRS Contracts Administrator.

Deliverable Date			
Phase	Deliverable	Due Date	Amount

Invoices will describe the deliverable(s) completed and approved by the DRS Contracts Administrator during the period covered by the Invoice and the associated fee for the deliverable.

DRS Contracts Administrator may request additional work to be performed by the Contractor on an hourly basis, at a rate not to exceed those rates provided below.

Hourly Rate Table	
Contractor Resource Name	Hourly Rate
	\$
	\$
	\$

All such work must be approved in advance by the Purchaser's Contract Administrator and will be identified on invoices with a description of the work performed and the number of hours worked.

Partial hours shall be reported in quarter hour increments.

The total compensation for the initial term of this Contract shall not exceed – add total compensation.

In the event additional funds become available, this Contract may be renegotiated to provide for additional services subject to continued satisfactory completion of the work as specified in this Contract.

Exhibit C - Insurance Requirements

1. Insurance Obligation

During the Term of this Contract, Contractor shall possess and maintain in full force and effect, at Contractor's sole expense, the following insurance coverages.

The insurance coverage limits set forth herein are the minimum. Contractor's insurance coverage shall be no less than the minimum amounts specified. Coverage in the amounts of these minimum limits, however, shall not be construed to relieve Contractor from liability in excess of such limits. Contractor waives all rights against the State of Washington for the recovery of damages to the extent such damages are covered by any insurance required herein.

1.1 Commercial General Liability Insurance

Commercial general liability insurance (and, if necessary, commercial umbrella liability insurance) covering bodily injury, property damage, products/completed operations, personal injury, and advertising injury liability on an 'occurrence form' that shall be no less comprehensive and no more restrictive than the coverage provided by Insurance Services Office (ISO) under the most recent version of form CG 00 01 in the amount of not less than \$2,000,000 per occurrence and \$4,000,000 general aggregate. This coverage shall include blanket contractual liability coverage. This coverage shall include a cross-liability clause or separation of insured condition.

1.2 Professional Liability (Errors and Omissions) Insurance

Limits of liability shall not be less than \$5,000,000 per claim and \$10,000,000 annual aggregate.

1.3 Technology Errors and Omissions

Contractor shall maintain Technology Errors and Omissions insurance, either as a standalone policy or as an endorsement to the Professional Liability policy, covering liabilities arising from errors, omissions, system failures, software defects, failure of Contractor's technology services, failure of data transmission, or failure of Contractor-provided interfaces or integrations.

Limits of liability shall not be less than \$5,000,000 per claim and \$10,000,000 annual aggregate.

1.4 Regulatory Proceedings Coverage

Contractor shall maintain coverage for costs, damages, and expenses arising out of regulatory investigations, regulatory proceedings, administrative actions, or enforcement actions related to privacy, security, confidentiality, or handling of DRS data, including federal tax information.

Coverage shall include, to the maximum extent permitted by law, insurable civil fines, penalties, assessments, and monetary sanctions imposed by federal, state, or local regulatory bodies, including but not limited to the Internal Revenue Service, resulting from Contractor's acts, errors, omissions, or security failures.

Limits of liability shall be no less than \$1,000,000 per claim.

1.5 Crime Insurance

To cover computer fraud and/or misuse of DRS' data by Contractor's personnel or agents. Limits of liability shall not be less than \$1,000,000 per claim.

1.6 Workers' Compensation Insurance

Contractor shall comply with applicable Workers' Compensation or Industrial Accident insurance providing benefits as required by law.

1.7 Employer's Liability (Stop Gap) Insurance

Employer's liability insurance (and, if necessary, commercial umbrella liability insurance) with limits not less than \$1,000,000 each accident for bodily injury by accident, \$1,000,000 each employee for bodily injury by disease, and \$1,000,000 bodily injury by disease policy limit.

1.8 Cyber Liability Insurance

Limits of liability shall not be less than \$5,000,000 per claim.

2. Insurance Carrier Rating

Coverages provided by the Contractor must be underwritten by an insurance company deemed acceptable to the State of Washington's Office of Risk Management. Insurance coverage shall be provided by companies authorized to do business within the State of Washington and rated A- Class VII or better in the most recently published edition of Best's Insurance Rating. DRS reserves the right to reject all or any insurance carrier(s) with an unacceptable financial rating.

3. Additional Insured

Commercial General Liability and Pollution Liability Insurance shall include the State of Washington and all authorized Purchasers (and their agents, officers, and employees) as Additional Insureds evidenced by copy of the Additional Insured Endorsement attached to the Certificate of Insurance on such insurance policies.

4. Certificate of Insurance

Prior to execution of the Contract, Contractor shall furnish to DRS, as evidence of the insurance coverage required by this Contract, a certificate of insurance satisfactory to DRS that insurance, in the above-stated kinds and minimum amounts, has been secured. In addition, no less than ten (10) days prior to coverage expiration, Contractor shall furnish to DRS an updated or renewed certificate of insurance, satisfactory to DRS, that insurance, in the above-stated kinds and minimum amounts, has been secured. Failure to maintain or provide proof of insurance, as required, will result in contract cancellation. **All policies and certificates of insurance shall include the Contract number stated on the cover of this Contract.** All certificates of Insurance and any related insurance documents shall be delivered to DRS by U.S. mail, postage prepaid, or sent via email, and shall be sent to the address or email address set forth below or to such other address or email address as DRS may specify in writing:

US Mail:	Email:
Contracts & Procurement – Contract Insurance Cert Contract No. 26-03 Attn: Wendy Kancianich	drs.contractcomp@drs.wa.gov

DRS PO Box 48380 Tumwater WA 98501	NOTE: For email, the Subject line must state: Contract Insurance Certificate – Contract No.26-03
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5. Primary Coverage

Contractor's insurance shall apply as primary and shall not seek contribution from any insurance or self-insurance maintained by, or provided to, the additional insureds listed above including, at a minimum, the State of Washington and/or any Purchaser. All insurance or self-insurance of the State of Washington and/or Purchasers shall be excess of any insurance provided by Contractor or subcontractors.

6. Subcontractors

Contractor shall include all subcontractors as insureds under all required insurance policies. Alternatively, prior to utilizing any subcontractor, Contractor shall cause any such subcontractor to provide insurance that complies with all applicable requirements of the insurance set forth herein and shall furnish separate Certificates of Insurance and endorsements for each subcontractor. Each subcontractor must comply fully

with all insurance requirements stated herein. Failure of any subcontractor to comply with insurance requirements does not limit Contractor's liability or responsibility.

7. Waiver of Subrogation

Contractor waives all rights of subrogation against the State of Washington and any Purchaser for the recovery of damages to the extent such damages are or would be covered by the insurance specified herein.

8. Notice of Change or Cancellation

There shall be no cancellation, material change, exhaustion of aggregate limits, or intent not to renew insurance coverage, either in whole or in part, without at least sixty (60) days prior written Legal Notice by

Contractor to DRS. Failure to provide such notice, as required, shall constitute default by Contractor. Any such written notice shall include the Contract number stated on the cover of this Contract.

9. Extended Reporting Period

If any required insurance coverage is on a claims-made basis (rather than occurrence), Contractor shall maintain such coverage for a period of no less than three (3) years following expiration or termination of the Contract.

Exhibit D: Security and Data Protection Requirements

1. Purpose for Data Sharing

Contractor will have access to DRS sensitive data for the purposes of transmitting DRS 1099 files and 1042 files to the IRS. Access to the data is granted in accordance with its authority under RCW 39.26. Neither Contractor nor Contractor Personnel are entitled to the use of DRS Data for any purpose other than what is stated in the Contract.

2. Definitions

“Agency” means Department of Retirement Systems (DRS), any section, unit, or other entity at DRS, or any of the officers or other officials lawfully representing DRS.

“Confidential Information” means information that is exempt from disclosure to the public or other unauthorized persons under Chapter 42.56 RCW or other federal or state laws. Confidential Information comprises both Category 3 and Category 4 Data as described in Section 4, Data Classification, which includes, but is not limited to, Personal Information. For purposes of this CONTRACT, Confidential Information means the same as “Data.”

“Data” means the information that is disclosed or exchanged as described by this Contract. For purposes of this Contract, Data means the same as “Confidential Information.”

“Disclosure” means the release, transfer, provision of, access to, or divulging in any other manner of information outside the entity holding the information. Enterprise Software: Computer Software that is used by DRS to support the organization that may be available to Contractors to support their work (such as M365).

“Personally Identifiable Information” means information that can be used to distinguish or trace an individual’s identity, such as their name, Social Security Number, etc., alone or when combined with other personal or identifying information which is linked or linkable to a specific individual, such as date and place of birth, mother’s maiden name, etc. Personally Identifiable Information also includes other information that, alone or in combination, would allow a reasonable person to identify the individual with reasonable certainty. In the case of employment data, this means information which reveals the name or any identifying particular about any individual or any past or present employer or employing unit, or which could foreseeably be combined with other publicly available information to reveal any such particulars.

“Security Incident” means the attempted or successful unauthorized access, use, Disclosure, modification or destruction of Data, information, or interference with system operations in an information system.

3. Description of Data Shared

DRS will provide Contractor with data that is classified by the Washington State Office of Cybersecurity, Data Classification Standard, SEC-08-01-S as amended or superseded, as Category 3. This includes all information, records, files, documents, data elements, or data sets that the Department of Retirement Systems (DRS) provides, transmits, or makes accessible to Contractor for the purpose of performing IRS E-File Tax Reporting Support Services. DRS Data includes, but is not limited to, the following categories:

(a) Tax Reporting Data Information required to prepare, validate, transmit, correct, or reconcile federal tax information returns, including tax identifiers, contribution and compensation amounts, filing attributes, submission records, IRS acknowledgments, and IRS error or rejection codes.

(b) Member Personal Information Personally identifiable information (PII) related to members, retirees, beneficiaries, and alternate payees, including names, contact information, Social Security numbers, dates of birth, and system-assigned identifiers.

(c) System Metadata and Transaction Information Data generated through the processing, validation, or transmission of IRS e-file submissions, including logs, timestamps, validation results, and system-generated tracking identifiers.

(d) Federal Tax Information (FTI) Any information classified as Federal Tax Information under IRS Publication 1075 that is provided to Contractor or created by Contractor in the performance of this Contract, including IRS acknowledgments, submission status information, error codes, and derivative data.

(e) Derived or Output Data Any data, reports, files, or outputs created by Contractor that contain, reference, or are generated from DRS Data.

The Data that is the subject of this Contract is classified as indicated below:

Category 3 – Confidential information

A. Confidential information is information that is specifically protected from either release or disclosure by law. This includes, but is not limited to:

B. Personal information as defined in RCW 42.56.590 and RCW 19.255.010. 2

C. Information about public employees as defined in RCW 42.56.250.

D. Lists of individuals for commercial purposes as defined in RCW 42.56.070(8)

E. Information about the infrastructure and security of computer and telecommunication networks as defined in RCW 42.56.420.

4. Constraints on Use of Data

The Data being shared is owned by the Agency.

This Agreement does not constitute a release of the data to any organization for discretionary use but allows access only to carry out the purposes described herein. Any ad hoc analysis or other use of the data not specified in this Agreement is permitted only with prior written authorization from DRS.

Any Disclosure of Data contrary to this Contract is unauthorized and is subject to penalties identified in law and the obligations outlined in Section 11. Suspension & Termination; Remedies of this contract.

5. Data Transmission

To ensure data is encrypted during data transmission, all data transfers between the parties under the terms of this Agreement shall be transmitted using a Secure File Transfer (SFT) with login and hardened password security compliant Washington State data encryption standards, Encryption Standard, SEC 08-02 as amended or superseded. Additionally, all data transmission must be encrypted with TLS 1.2 or the newest approved NIST encryption standard

6. Data Security

- a. **Safeguards Against Unauthorized Access and Redisclosure.** Contractor must protect and maintain all Data against unauthorized use, access, disclosure, modification, or loss. This requires Contractor to employ reasonable security measures, which include restricting access to the Data by:
 - i. Access to the information provided by DRS will be restricted to only those authorized staff, officials, and agents of the parties who need it to perform their official duties in the performance of the work requiring access to the information as detailed in the Purpose of this Agreement. Contractor will protect the Data to prevent unauthorized persons from retrieving information by means of a computer, remote terminal, online access, or other access
 - ii. Physically securing any computers, documents, or other media that could be used to access Data.
 - iii. All access to Data accessed or acquired by Contractor under the terms of this Agreement, if retained in any manner or format, shall be stored and

- managed within a secure environment with access limited to the least number of employees needed to complete the purpose of this Agreement
- iv. Contractor will not disclose DRS data to its employees or representatives.
 - v. Neither Washington State nor DRS guarantee the accuracy of the information provided.
 - vi. Contractor employees who have access to DRS data will sign the Statement of Data Sensitivity and Non-Disclosure (Exhibit A).
- b. All parties will meet the requirements of the State of Washington's policies and standards for data security and access controls to ensure the confidentiality, availability, and integrity of all data accessed.
- c. **Protection of Data** – Contractor shall exercise due diligence and due care to protect all Confidential Information from unauthorized physical and electronic access. Contractor agrees to store Data and protect Data as described:
- i. *Storage devices or systems.* Access to the Data will be restricted to authorized users by requiring logon to the local workstation using a unique user ID and complex password in addition to Multifactor Authentication (MFA) which provide greater security, such as biometrics, authentication token devices, or smart cards. Storage devices or systems must be encrypted using the latest FIPS 140-2 approved encryption algorithm with a minimum key length of 256 bits to protect Data in the event a device is stolen.
 - ii. Contractor employees may not store any Data on portable electronic devices or media, including but not limited to: laptops, handheld/PDAs, ultra-mobile PCs, flash memory devices, floppy discs, optical discs (CDs/DVDs), portable hard disks and smart phones at any time.
 - iii. Contractor shall store information in an area that is safe from access by unauthorized persons during duty hours as well as non-duty hours or when not in use.
 - iv. Contractor shall protect the information in a manner that prevents unauthorized persons from retrieving the information by means of computer, remote terminal or other means.
 - v. Contractor shall instruct all individuals with access to Personally Identifiable Information regarding the confidential nature of the information, the requirements of *Use of Data* and *Safeguards Against Unauthorized Access and*

Re-Disclosure clauses of this Agreement, and the sanctions specified in federal and state laws against unauthorized disclosure of information covered by this Agreement.

d. Data Separation

- i. DRS data must be separated or otherwise distinguishable from non-DRS data. This is to ensure that when no longer needed by the Contractor, all DRS data can be identified for return or destruction. It also aids in determining whether DRS data has or may have been compromised in the event of a security breach.
- ii. DRS data will be kept on media (e.g. hard disk, optical disc, tape, etc.) which will contain no non-DRS data. Or,
- iii. DRS data will be stored in a logical container on electronic media, such as a partition or folder dedicated to DRS data. Or,
- iv. DRS data will be stored in a database which will contain no non-DRS data. Or,
- v. DRS data will be stored within a database and will be distinguishable from non-DRS data by the value of a specific field or fields within database records. Or,
- vi. When stored as physical paper documents, DRS data will be physically separated from non- DRS data in a drawer, folder, or other container that is secured against unauthorized access.
- vii. When it is not feasible or practical to separate DRS data from non- DRS data, then both the DRS data and the non- DRS data with which it is commingled must be protected as described in this Agreement.

If Contractor or its agents detect a compromise or potential compromise in the IT security for this data such that Confidential Information may have been accessed or disclosed without proper authorization, Contractor shall give notice to DRS within twenty-four (24) hours of discovering the compromise or potential compromise. Notice can be by phone with follow-up email if unable to speak to a live person. Contacts for purposes of this section are:

Chief Information Security Officer

Information Services Division Assistant Director

Contractor shall take corrective action as soon as practicable to eliminate the cause of the breach and shall be responsible for managing the incident response, as required by law or regulation, including reporting the incident to the Office of Cybersecurity and ensuring that appropriate notice is made to those individuals whose personal information may have been improperly accessed or disclosed. DRS may, at its discretion, assist with the response. Contractor is responsible for any costs associated with the incident, regardless of whether it is a DRS or Contractor cost, excluding staff assistance.

DRS and Contractor must remain in full communication and coordination throughout the planning and implementation of the incident response.

7. Data Confidentiality

Contractor acknowledges the personal or confidential nature of the information and agrees that their employees and Contractors with access shall comply with all laws, regulations, and policies that apply to protection of the confidentiality of the Data.

Contractor will ensure that its employees or agents handling DRS data will sign the Statement of Confidentiality and Non-Disclosure (Exhibit A) and provide DRS with a copy of the document.

Contractor will not use, publish, transfer, sell, or otherwise disclose any Confidential Information gained under this Contract for any purpose that is not directly connected with the purpose, justification, and Permissible Uses of this Contract.

a. Subcontractors

If information provided under this Agreement is to be shared with a subcontractor, the contract with the subcontractor must include all of the information security provisions within this Agreement and within any amendments, attachments, or exhibits within this Agreement. If the subcontractor cannot protect the information as articulated within this Agreement, then the contract with the subcontractor must be submitted to DRS' Agreement Administrator specified for this Agreement for review and approval.

b. Penalties for Unauthorized Disclosure of Information

In the event that either party fails to comply with any terms of this Agreement, the other party shall have the right to take such action as it deems appropriate. The exercise of remedies pursuant to this paragraph shall be in addition to all sanctions provided by law, and to legal remedies available to parties injured by unauthorized disclosure.

8. Use of Data

- a.** Contractor agrees to strictly limit use of information obtained or created under this Agreement to the purposes stated in the Agreement. Data provided by DRS will remain the property of DRS and will be returned to DRS or destroyed in accordance with Section 10, *Disposition of Data*, at the expiration of the agreement.
- b.** Contractor shall construe this clause to provide the maximum protection for the information that the law allows.

- c. This Agreement does not constitute a release of the data for Contractor's discretionary use but may be accessed only to carry out the responsibilities specified herein. Any ad hoc analyses or other use of the information, not specified in this Agreement, is not permitted without the prior written agreement of DRS. CONTRACTOR shall not disclose, transfer, or sell any such information to any party, except as provided by law. CONTRACTOR shall maintain the confidentiality of all Personally Identifiable Information and other information gained by reason of this Agreement.
- d. CONTRACTOR is not authorized to update or change the information received.
- e. Neither Washington State nor DRS guarantee the accuracy of the information provided.
- f. All risk and liabilities of use and misuse of data provided pursuant to this Agreement are understood and assumed by Contractor.
- g. Data provided by the DRS cannot be re-disclosed or duplicated unless specifically authorized in this Agreement.
- h. The requirements in this section shall survive the termination or expiration of this agreement or any subsequent agreement intended to supersede this Contract.

9. Disposition of Data

a. Upon termination of this Agreement, all copies of any Data sets related to this Agreement must be destroyed, wiped from data storage systems, or must be returned to DRS. contractor will provide DRS with the Certification of Data Disposition (Exhibit B) to document their disposal of the data. The Certification of Data Disposal will be provided within 15 days of the date of disposal. Failure to do so may prevent data sharing agreements with DRS in the future.

b. Acceptable destruction methods for various types of media include:

- i. For paper documents/reports containing confidential or sensitive information, a contract with a recycling firm to recycle confidential documents is acceptable, provided the contract ensures that the confidentiality of the Data will be protected. Such documents may also be destroyed by on-site shredding, pulping, or incineration.
- ii. For paper documents containing confidential information requiring special handling, recycling is not an option. These documents must be destroyed by on-site shredding, pulping, or incineration.
- iii. If confidential or sensitive information has been contained on optical discs (e.g. CDs, DVDs, Blu-ray), Contractor shall either destroy the discs by

incineration, shredding, or completely defacing the data by degaussing, incinerating, or crosscut shredding.

- iv. If data has been stored on a portal, server or workstation, it will be deleted in accordance with Washington State WaTech, [*Media Sanitization and Disposal Standard, SEC-04-02-S*](#), a National Institute for Standards and Technology (NIST) compliant sanitation wipe process will be performed upon end of life, or event that requires the media to leave Contractor organizational control. The sanitation process will consist of no less than three (3) overwriting passes using a fixed or random data value or using the Cryptographic Erase (CE) technique, ensuring data cannot be reconstructed. Failed drive(s) unable to follow the aforementioned sanitation process will be physically destroyed by a certified vendor.
- v. If data has been stored on removable media (e.g. floppies, USB flash drives, portable hard disks, or similar disks), Contractor shall destroy the data by using a “wipe” utility which will overwrite the data at least three (3) overwriting passes using a fixed or random data value or using the Cryptographic Erase (CE) technique, ensuring data cannot be reconstructed. Failed drive(s) unable to follow the aforementioned sanitation process will be physically destroyed by a certified vendor.

Exhibit D-Attachment A: Certification of Disposal of Confidential Information

To be completed following destruction of all DRS data provided pursuant to this Agreement. Date of Disposition:

Initials

_____ All copies of any data sets related to this Agreement have been wiped from data storage systems.

_____ All materials and non-wiped computer media containing any data sets related to this Agreement have been destroyed.

_____ All copies of any data sets related to this Agreement that have not been disposed of in a manner described above, have been returned to DRS through its Contract Manager.

The data recipient hereby certifies, by signature below, that the data disposition requirements as provided in the Data Disposition section of the Agreement have been fulfilled as indicated above.

Printed name of Contract Manager: _____

Signature of Contract Manager: _____ Date: _____

Please return the signed certification to Wendy Kancianich at wendy.kancianich@drs.wa.gov. Retain a copy for your records.