

**CONTRACT
 BETWEEN THE STATE OF TENNESSEE,
 DEPARTMENT OF HEALTH
 AND
 CONTRACTOR NAME**

This Contract, by and between the State of Tennessee, Department of Health (“State”) and **Contractor Legal Entity Name** (“Contractor”), is for the provision of Electronic Benefit Transfer (EBT) services, as further defined in the "SCOPE." State and Contractor may be referred to individually as a “Party” or collectively as the “Parties” to this Contract.

The Contractor is a/an **Individual, For-Profit Corporation, Non-Profit Corporation, Special Purpose Corporation Or Association, Partnership, Joint Venture, Or Limited Liability Company.**

Contractor Edison Registration ID # **Number**

Contractor Place of Incorporation or Organization: **Location**

A. SCOPE OF SERVICES:

A.1. The Contractor shall provide all service and deliverables as required, described, and detailed herein and shall meet all service and delivery timelines as specified by this Contract.

A.2. The contractor shall provide EBT services for the State’s Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) in accordance with the most current versions of the 7 CFR 246, the WIC EBT Operating Rules, and the WIC EBT Technical Implementation Guide (TIG) and WIC MIS-EBT Universal Interface Specifications. Should any requirements within this Scope of Services contradict these aforementioned documents, they shall take priority over the differences and the Contractor will notify the State of such differences.

Services provided under this contract shall be for the direct benefit of individuals receiving assistance or participating in the WIC program, hereafter referred to as “Clients”.

Definitions:

7 CFR 246	Federal regulations pertaining to WIC, as seen at the following web site: http://www.ecfr.gov/cgi-bin/text-idx?SID=a42889f84f99d56ec18d77c9b463c613&node=7:4.1.1.1.10&rqn=div5
ACH	Automated Clearing House, an electronic network for financial transactions in the United States
Active Case	A single household unit where benefit authorization activity (credits) are posted and made available during a calendar month.
ANSI	American National Standards Institute - an independent, non-governmental organization, whose members determine standards for the United States
ARU	Automated Response Unit
BIN	Banking Identification Number, the first six (6) numbers on a bank card
Case Month	The 30 to 31 day period defined by the State where benefits are available to the WIC case household to be redeemed.
CSR	Customer Service Representative
CVB	Cash Value Benefit; A dollar value benefit for purchase of fruits and vegetables
EBT	Electronic Benefits Transfer
FNS	Food and Nutrition Service, an agency within the USDA
FReD	The Functional Requirements Document for a Model WIC System which provides a comprehensive description of functions that can be automated to support the WIC program
ID	An acronym for “identification”

ISO	International Standards Organization – an independent, non-governmental organization, whose members determine standards for its member countries
ISO 7813 Message	The ISO standard for systems that exchange electronic transactions made by cardholders using payment cards
Issuance Period	The period of time approved for WIC benefits to be redeemed
IVR	Interactive Voice Response, computer technology which allows interaction with humans through the use of voice and dual tone multi-frequency signaling tones input via keypad
MIS	Management Information System
NSF	Nonsufficient funds
PAN	Primary Account Number
PIN	Personal Identification Number
PLU	Price Look-up Codes, the codes used to identify bulk produce and related items such as nuts and herbs
POS	Point of Sale
Proxies	Individuals who have been authorized by a client to make WIC purchases on their behalf
Retailer or Vendor	Tennessee Authorized WIC Grocery Stores
SSAE	Statement on Standards for Attestation Engagements 16 – The Auditing Standards Board's official guidance for reporting on service organizations
TIG	The WIC EBT Technical Implementation Guide, the federal guidelines for use in development and implementation of WIC EBT systems
TNWIC	The Tennessee Special Supplemental Nutrition MIS/ EBT system for Women, Infants and Children
TPP	Third Party Processor, an independent processor that is contracted by a bank or processor to conduct some part of the transaction processing process
UPC	Universal Product Code, the 12 numerical digits uniquely assigned to each trade item
USDA	United States Department of Agriculture
WIC	The State's Special Supplemental Nutrition Program for Women, Infants and Children
WIC MIS-EBT Universal Interface Specifications (UI)	The functional requirements for the Universal Interface between the WIC Management Information Systems (WIC MIS) and the WIC Electronic Benefit Transfer systems (WIC EBT system)

A.3. The State may require additional services in connection with new programs, as well as system enhancements, during the Term of this Contract, in which event the Contract will be amended as required. Other programs for which services may be required include without limitation:

WIC Farmers Market Nutrition Program
Senior Farmers Market Nutrition Program

A.4. Electronic Benefit Transfer (EBT) Service Components. The Contractor shall provide the following components related to Electronic Benefit Transfer (EBT). Each component applies to the WIC program, unless otherwise directed by the State.

- a. Account Establishment
- b. Card Issuance and Replacement
- c. Client Account Maintenance
- d. Transaction Processing
- e. Customer Service
- f. Retailer Management
- g. Federal and State Reconciliation/Settlement
- h. Reporting

- i. Training and Marketing
- j. Terminal Acquisition and Installment
- k. Administrative Terminal
- l. Disaster Services
- m. WIC Adjustment Services

A.5. EBT Administrative Terminals. The Contractor shall support on-line administrative transactions from EBT Administrative Terminals.

a. Functionality. Administrative terminal functionality shall include multi-level access controls to ensure that only individuals authorized by the State can process administrative transactions or access client account information through EBT administrative terminals. At a minimum, the following transaction set shall be supported by the Contractor's EBT Administrative terminal:

1. EBT Account Set-up
2. EBT Account Maintenance
3. Benefit Authorization
4. Benefit Cancellation (prior to availability date)
5. Card Status Change
6. Card Issuance and Replacement
7. Card Inquiry
8. Client Search (by name, card, case, account, SSN)
9. Client Account Information Inquiry (client demographics, benefit data)
10. Account Password Assignment
11. Transaction History Inquiry [by Primary Account Number (PAN), and case number]
12. Repayment Functionality
13. Retrieval of Archived Data

Administrative terminal web pages shall utilize user-friendly data formatting and navigation.

b. The Contractor shall provide a security system for the EBT administrative terminals whereby user profiles can be established based upon the specific administrative terminal functions required by the user to perform his/her respective job. The State will define the user profiles with the assistance of the Contractor. The Contractor's administrative terminals shall utilize the State's current user identification and password formats.

c. The Contractor shall coordinate administrative terminal security with the State EBT Administrative Security Officer.

d. The Contractor shall maintain current EBT account balances and a rolling 180-day transaction history for each account for on-line access through the EBT administrative terminals. After 180 days, transaction history data shall be maintained off-line for five (5) years, or longer if required by FNS or federal legislation. At a minimum, data within the transaction history inquiries shall include:

1. PAN (card number)
2. EBT account number
3. Client case identification numbers
4. Benefit program identifier
5. Retailer identification numbers (both WIC and acquirer) Terminal identification number
6. Transaction type
7. Transaction amount

8. Balance by benefit type
9. Transaction date and time
10. Transaction results (approval code or denial reason)

A.6. Communication. The Contractor shall maintain ongoing communication with the State and notify the State of any issues or system problems within one hour of discovery. The Contractor shall assign a singular point of contact for ongoing communications with the State for all EBT system, client, and operational issues.

A.7. Back-up and Recovery Plan. The Contractor shall provide an evaluation of the types of service interruptions that may impact the EBT system's operations and therefore require the use of a backup and recovery process. For each potential interruption type, the steps to be taken to survive and recover from the interruption shall be detailed. The Plan shall include provisions to ensure that benefits continue to be accessible to cardholders. In addition, the Contractor shall outline the resources committed to each proposed contingency plan (i.e., people, systems, telephone lines, and operation sites) and indicate whether the contingency plan has been tested under real or simulated conditions.

A.8. System Security. The Contractor shall implement a system security which:

- a. Provides the ability to execute secure, authenticated, two-way transactions;
- b. Prohibits access to State data unless such access is expressly approved by the State;
- c. Maintains and ensures data integrity, confidentiality, and privacy;
- d. Ensures transaction validation and security;
- e. Addresses issues such as misuse or fraud, including resolution options;
- f. Ensures implementation and maintenance of security guidelines, protocols, and procedures;
- g. Provides an audit trail for identifying all network security breaches and attempted breaches;
- h. Reports to the State any breach or compromise of security following discovery;
- i. Accommodates scheduled and unscheduled audits of the security system by State and Federal personnel or their designees; and
- j. Ensures full cooperation with government agencies in the event of security breaches.

A.9. EBT Card Production and Distribution. The Contractor shall supply magnetic stripe cards to the State's WIC clinics based on a distribution plan provided by the State. The Contractor shall provide the State access to a centralized card issuance management database for the purpose of tracking. The Contractor will distribute magnetic stripe cards that support electronic transactions to approximately 120 WIC clinic sites for onsite and on-demand benefit issuance. The EBT system shall provide online, real time access to clients' EBT accounts.

- a. The Contractor shall ensure that the EBT card produced for the EBT system complies with the International Standards Organization (ISO) 7813 and American National Standards Institution (ANSI) standards relating to cards used for financial transactions.
- b. Contractor shall ensure that the EBT card supplied includes the following design features:
 1. The face of the card shall include the following:
 - a) The Primary Account Number (PAN) which must be in black thermal print;
 - b) The TNWIC name;
 - c) A four color printing process; and
 - d) Fine line printing.
 2. The back of the card must include the following features:

- a) A high-coercivity magnetic stripe;
 - b) A tamper evident signature panel;
 - c) The statement, "Do Not Write PIN on Card";
 - d) The toll-free numbers for Cardholder and Retailer/Merchant Assistance;
 - e) An address where the card is to be returned if found;
- c. The Contractor shall provide EBT cards containing a 16 digit PAN that utilizes the State's BIN as identified by the State. The State is applying for a BIN for WIC use. The process by which the Contractor calculates the PAN for issued cards shall not interfere with the existing card base being utilized by State of Tennessee clients.
- d. The Contractor may revise the current EBT card design with approval of the State.
- A.10. Issuance of EBT Cards. The Contractor shall provide Tennessee EBT cards when indicated by the State's WIC clinics. The Contractor shall receive EBT card issuance data in a format prescribed by the State.
- Cards shall be provided to the clinic in an inactive status. The client shall select a PIN at the time of issuance at the WIC clinic via PIN Pad device.
- A.11. Issuance of Replacement Cards. The Contractor shall issue replacement cards in response to calls from clients reporting lost or stolen cards to the Customer Service Help Desk. The Contractor shall deactivate cards that are reported lost or stolen immediately. The Contractor shall not charge for card replacement. The Contractor shall provide the capacity for the State to issue replacement cards in WIC clinics.
- a. Card requests for replacement cards received by 1:00 p.m. Central Time shall be processed and the cards postmarked on the same date as request received. All card requests received after 1:00 p.m. Central Time shall be processed and the cards postmarked the next business day. All costs associated with card delivery shall be borne by the Contractor. The cards shall be delivered via the U.S. Postal Service, using first class, postage pre-paid mail, unless an alternate delivery system is approved by the State.
 - b. The Contractor shall transfer the existing PIN to the replacement card.
 - c. Each client shall be able to report a compromised PIN by calling the Customer Service Help Desk. The system shall allow the client to select his or her own PIN by using the single call Automated Response Unit PIN Select procedure.
 - d. The Contractor shall provide to the State a report of cards returned by the Postal Service as undeliverable. Said report shall be in a form and frequency acceptable to the State.
 - e. The Contractor shall provide the State with access to all card generation and card mailing information.
- A.12. Client PIN Selection. Clients shall have the option at any time to select their own Personal Identification Number (PIN) by using an Automated Response Unit (ARU) PIN Selection. The Contractor shall develop a secure ARU PIN selection procedure that requires the client to make only one call. The one call, automated PIN selection function must require positive verification of the cardholder's identification using demographic data such as the primary cardholder's date of birth, and/or the primary cardholder's case number. In addition, for those cardholders who have pass code protection on their case, this pass code shall not be verified. Proxies are required to use and verify the primary cardholder's demographic information.

- A.13. Contractor Financial Liabilities. The Contractor shall bear financial responsibility for any errors in the areas indicated below:
- a. The Contractor shall bear all liability with regard to authorization of State administered programs into a client account as described in 7 CFR 246, WIC Operating Rules and the WIC Technical Implementation Guide.
 - b. The Contractor shall be responsible for and bear all liability for any losses resulting from any acts, errors or omissions including fraud and abuse on the part of the Contractor or its representatives or subcontractors. These liabilities shall include, but are not limited to:
 1. Any duplicate or erroneous postings to a client account;
 2. Any losses from funds drawn from an account after the client notified the Contractor that the card had been lost or stolen;
 3. Any losses from transactions performed with cards issued but not activated by the client and/or the Contractor;
 4. Any damages or losses suffered by a Federal or State Agency due to negligence or fraud on the part of the Contractor; and/or
 5. Any loss of benefits to any client caused by negligence, fraud or abuse by the Contractor or its representatives or subcontractors.
- A.14. Benefit Authorization. The Contractor shall receive and process all WIC authorizations transmitted by the State. The Contractor shall process benefit authorizations and post the authorized WIC benefit items to the appropriate EBT accounts, based on the unique EBT Account Number, WIC benefit type, case number, and unique authorization number generated by the State for each benefit authorization. The number and type of WIC benefit authorizations shall not be limited by the Contractor nor shall the Contractor impose increased costs on the State for adding new WIC benefit types, e.g. FMNP.
- A.15. Benefit Availability. The Contractor shall post monthly ongoing WIC benefits as available on a schedule prescribed by the State. The State shall provide an availability date, which is included in the benefit detail record passed to the Contractor. On the specified availability date, benefits shall be accessible by the client no later than 5:00 a.m. Central Time. Any other benefit record is considered an update and should be made available to the client no later than 5:00 a.m. Central Time on the day following the day the Contractor receives the update file.
- The Contractor shall maintain on-line individual accounts for clients to access benefit information. The Contractor shall also provide at least one additional method for clients to access their benefit information such as interactive voice response (IVR), text message, or some other State-approved method of contact.
- A.16. Removal of Monthly Benefits. WIC benefits do not carry over from one issuance period to the next. Contractor must purge any client benefits that remain after each monthly benefit period according to Section 6.6.2 "Benefits Purged" of the UI.
- A.17. Data Transmission Protocol. The Contractor shall accept and process transactions in a file format prescribed by the State. The State will require compliance with the UI Section 6.6.1.
- A.18. Transaction Processing. The Contractor shall be responsible for the authorization of client initiated transactions. The Contractor shall have the capability to receive and process client transactions from point of sale (POS) devices. The Contractor shall ensure that clients access their benefits only at POS terminals in Tennessee authorized vendor locations. Clients may be entitled to benefits under a number of programs. Each transaction must be allocated to the appropriate benefit type.

- a. The Contractor's process for transaction authorization will require:

1. Accepting transactions coming from an authorized transaction acquirer.
 2. Authorizing or denying transactions.
 3. Sending response messages back to the transaction acquirer authorizing or rejecting client transactions.
 4. Logging the authorized/denied transactions for subsequent settlement and reconciliation processing, transaction reporting, and for viewing through transaction history.
- b. The EBT system will go through a series of checks and processes to determine whether a transaction being initiated by a client should be approved. These checks shall include determining whether:
1. The merchant has a valid WIC authorization number;
 2. The card number (PAN) is verified and the card is active;
 3. The PIN is verified as being entered correctly;
 4. The account is active; and
 5. The EBT account holds sufficient food balances in order to satisfy the transaction request.
 6. The benefits occur within the case month as authorized by the State.
 7. The purchase price does not exceed the Not-to-Exceed amount value established for each UPC.
 8. The UPC matches with the active UPC's on the current Approved Product List (APL) maintained by the Contractor's EBT host system.

If any one of the above conditions is not met, the Contractor shall deny the transaction. If the maximum number of consecutive failed Personal Identification Number (PIN) entry attempts has been exceeded, the Contractor shall deny the transaction. The system must return a message to the retailer/provider indicating the reason for denial (e.g., invalid PAN, invalid PIN, NSF, etc.).

- A.19. Transaction Service Requirements (FNS Standards). The Contractor will comply with the software and automated data processing equipment ownership rights prescribed in federal regulations and as further clarified or negotiated with the State and the federal government. The Contractor is responsible for ensuring that the EBT system meets the processing requirements and criteria established by FNS.
- A.20. Governing Regulations and Guidelines. The Contractor shall ensure that the EBT system meets performance and technical standards outlined in Federal regulations, the WIC EBT Operating Rules, and the TIG in the areas of:
- a. System processing speeds
 - b. Availability and reliability
 - c. Security
 - d. Ease-of-use
 - e. Minimum card requirements
 - f. Performance
 - g. Minimum transaction set

Conflicts within the governing regulations and guidelines regarding a specific standard will be resolved by the State. If the State determines that any change in rules or regulations necessitates any additional work by the Contractor, the State may authorize increased payment to the Contractor via a contract amendment.

- A.21. Processing Speed Requirements. The Contractor shall comply with all relevant processing speed requirements as stated in Section A.52.

- A.22. EBT System Availability. Card Issuers processing WIC Online EBT shall be available 99.9% of the scheduled up-time, twenty-four (24) hours per day, and seven (7) days per week on a monthly basis, further specified in Section 6.1.e. of the WIC Operating Rules. Scheduled uptime shall mean the time the database is available and accessible for transaction processing, and shall exclude scheduled downtime for routine maintenance.

The Contractor shall attach particular importance to providing the State advance notification of scheduled system downtime. This notification shall be at least thirty (30) calendar days prior to scheduled system downtime and must be provided in writing (paper or e-mail will be accepted). The Contractor shall notify the State in advance of scheduled downtime for routine maintenance, which shall occur during off-peak transaction periods. The Contractor shall provide the State with any scheduled downtime outside of the time required for routine maintenance, and obtain the State's approval for such downtime.

The Contractor shall provide immediate notification to the State in the event of unscheduled downtime, to include the reason(s) for the unscheduled downtime, the course of action to be taken to resolve the issue(s) causing the downtime, and an estimate as to when the system will again be available.

- A.23. Standards for System Accuracy. The Contractor's EBT System central computer shall permit no more than two (2) inaccurate EBT transactions for every 10,000 EBT transactions processed. The transactions to be included in measuring system accuracy shall include:

- a. All WIC transactions occurring at POS terminals and processed through the host computer, and
- b. Credits to EBT accounts.

- A.24. Interoperability Requirement. The EBT system must interface with the selected Management Information System (MIS). The MIS will be USDA/FNS FReD compliant and EBT functional.

- A.25. POS Transaction Sets. The Contractor shall accept EBT transactions from POS devices. At a minimum, the following transaction types shall be processed:

- a. Purchase
- b. Merchandise Return
- c. Balance Inquiry
- d. Voids or Cancellations
- e. Reversals

- A.26. Voids or Cancellations. The Contractor shall have the capability to allow voided or cancelled transactions in accordance with the following process: a transaction may be voided/cancelled by a retailer at a POS device. The void/cancellation message will include the trace number, the exact dollar amount, and other identifying information from the original transaction. The Contractor shall accurately process the void or cancellation transaction and have the effect of the void/cancelled transaction immediately and appropriately reflected in the client's EBT account.

- A.27. Reversals. The Contractor shall reverse a POS if for some reason the completion of the transaction cannot take place at the originating POS device (e.g., communication failure with the device and/or a device malfunction, or a late response from the Contractor). The entity (specifically the third party processor (TPP), authorized retailer/benefit acquirer, or the POS device) within the response chain where the transaction error is recognized will generate a reversal message back to the Contractor. As defined within the EBT International Standards Organization (ISO) message specifications, the reversal message will include the trace number, the items purchased, exact dollar amount of items purchased, and other identifying information from the original transaction. The Contractor shall have the capability to accurately process the

reversal transaction and have the results reflected immediately and appropriately in the client's account.

- A.28. Key-entered Transactions. The Contractor shall accept and process EBT transactions where the PAN has been manually entered (key-entered) into the POS device. Transactions may be key-entered at times when a card presented by a client is damaged and/or the POS device is unable to accurately read the magnetic stripe. The validation of the client's PIN is still required on key-entered transactions. If a PIN pad is defective or for other reasons a PIN does not accompany the transaction to the EBT host for processing, the Contractor shall deny the transaction.

The Contractor shall adopt other security measures to prevent client and retailer abuse/misuse of the key-entry feature. The Contractor shall ensure that the PAN printed on the transaction receipt is truncated. The Contractor must be able to selectively disable or deny the capability of an EBT-only POS device from completing key-entered transactions. The Contractor shall track, and report to the State upon request, key-entered transactions by card number and by retailer site. The Contractor shall respond to client reports of malfunctioning or defective equipment at retailer sites, including both EBT-only POS devices and retailer owned devices.

- A.29. Fraud Investigation. The Contractor shall support the creation and maintenance of EBT accounts for use in fraud investigations. Fraud accounts shall be set up through the Administrative Terminal. Benefit authorizations for these accounts will only be added through the EBT Administrative Terminal Application. Fraud accounts will only contain a primary client and will not contain Authorized Representatives or Protective Payee.

In order to assist in ongoing investigations the State must have access to the State agency administrative terminals for selected staff. Additionally, the Administrative Terminal application shall support the adding of benefits to assist in fraud investigation. The Contractor must provide on-line inquiry-only administrative terminal software that is Windows compatible or appropriate hardware and software to the locations identified by FNS. This will include a method to interface with the EBT host from multiple locations through dial-up or other means. This access enables inquiry on specific card and/or retailer details.

- A.30. Investigative Assistance. The Contractor shall advise, assist and appropriately act to aid the State in detection and investigations of abuses by stores, clients or workers, including but not limited to, reporting unusual activity. The Contractor shall cooperate with State and Federal agencies responsible for compliance with laws and regulations for all programs supported under this contract. The Contractor shall assist the FNS Compliance Branch, USDA Office of Inspector General (OIG), Internal Revenue Service (IRS), Secret Service, State OIG, and local law enforcement in fraud monitoring and investigation activities. The State will notify the Contractor of any coordinating responsibilities for investigations under this contract. Access to information concerning these matters shall be held in confidence by the Contractor so that the investigations are not compromised.

The Contractor shall provide, at a minimum, the following functions to support investigations:

- a. Creation of cases and cards to be used by investigators.
- b. Posting benefits to the investigative cases, possibly on an irregular basis as needed by the investigators.
- c. Training, card issuance, and PIN selection for investigators.
- d. Providing data on the investigative cases showing the amounts funded to the cases and the transaction histories of the funds on a monthly basis.
- e. Providing data, as needed, for evidentiary purposes within twenty-four (24) hours of request.
- f. Providing technical assistance to any authorized investigative agency conducting a fraud review or investigation; and
- g. Providing personnel to authenticate and explain records for grand jury or trial purposes.

- A.31. Merchant Validation (WIC Retailer Number). The Contractor shall validate the transactions originated at a WIC authorized retail location. The Contractor shall maintain a database of authorization numbers for all WIC authorized retailers in accordance with the Retailer Validation Requirements specified in 7 CFR §246. The Contractor must access the WIC MIS daily to obtain updates concerning authorized vendors. The Contractor shall verify the retailer identification number is that of a WIC-authorized retailer prior to completing its processing of a transaction.
- A.32. Client Customer Service. The Contractor shall support a customer service help desk for EBT clients as follows:
- a. The Contractor shall provide, at its expense, Client Customer Service twenty-four (24) hours a day, seven (7) days per week, the purpose of which is to provide current EBT account and benefit access information via a toll-free, "1-800" number that is designated by the State. The Contractor shall provide automated response functionality.
 - b. The Contractor shall provide a client help desk that meets or exceeds the following service requirements:
 1. Performance Standards regarding number of rings prior to answer and average time on hold shall be consistent with Performance Standards identified in Section A.52.
 2. The Contractor shall provide ARU and Customer Service Help Desk activity data upon request and in a form and frequency prescribed by the State.
 3. TTY (Teletypewriter) capability shall be available to clients with hearing disabilities.
 4. Help desk access and support for clients using non-touchtone phones.
 5. The Contractor shall provide a direct ARU route to a Customer Service Representative.
 6. The Contractor shall provide a cardholder web portal available in both English and Spanish which provides access to account information, transaction information, and basic program information.
 - c. The Contractor's ARU and/or Customer Service Help Desk shall support the following functions:
 1. Card Activation—The Caller's identity shall be confirmed prior to activating a replacement card.
 2. Report a Lost/Stolen/Damaged or the Non-receipt of a Card—the caller's identity shall be confirmed prior to disabling a card. Prior to replacing a card, the client's address shall be confirmed.
 3. Current Balance Inquiry—"Current Balance" shall provide "real-time" account balance information.
 4. Transaction History—"Transaction History shall provide information about the last ten (10) transactions by transaction number, amount, and date. Account History—"Account History" shall enable a caller to request a two (2) month statement of account history by program to be mailed to the last known client address within two (2) business days.
 5. PIN Change—PIN change requirements shall be consistent with the requirements outlined in Section A.12., relative to client selection of PIN.
 6. Benefit Access/Service Points—Callers shall be given information about POS site locations where benefits may be accessed.
 7. Report Unauthorized Card Use—Callers shall be transferred to a Customer Service Representative for assistance in reporting unauthorized card use.
 8. Benefit Availability Date—Callers shall be given the date benefits will become available based on the issuance schedule supplied by the State.

9. Client Notification-The Contractor may notify clients of benefit deposits utilizing technology.
 10. Customer Service Representative (CSR)—The Contractor shall provide CSRs to resolve client issues that cannot be resolved by the ARU, including requests for adjustments.
 11. Language Assistance-ARU support in both English and Spanish.
- d. The State reserves the right to review and approve the transaction flow and content of all ARU messages, prompts, and customer service scripts. Any changes to the approved ARU transaction flow, messages, prompt, and customer services scripts shall be provided to the State a minimum of thirty (30) days prior to their implementation.
 - e. The Contractor shall be financially responsible for all costs associated with pay phone calls. The Contractor may block calls from pay phones.

A.33. Retailer Customer Service. The Contractor shall support a customer service help desk for EBT retailers as follows:

- a. The Contractor shall provide Retailer Customer Service twenty-four (24) hours a day, seven (7) days per week, the purpose of which is to provide retailer EBT support and program information via a toll-free “1-800” number. The Contractor shall provide automated response functionality. The Contractor shall locate all customer service call center locations relevant to services required in this contract within the United States.

The retailer customer service help desk shall be:

1. Toll-free and without charge or fee to the retailers,
 2. Used exclusively for retailer support
- b. The Contractor shall provide a retailer/merchant help desk that meets or exceeds the following service requirements:
 1. Performance standards regarding number of rings prior to answer and average time on hold shall be consistent with Performance Standards identified in Section A.52.
 2. The Contractor shall provide ARU and Customer Service Help Desk activity data upon in a form and frequency prescribed by the State.
 3. TTY (Teletypewriter) capability shall be available to callers with hearing disabilities.
 4. Help desk access and support for callers using non-touchtone phones.
 - c. The Contractor shall provide via the Retailer Help Desk, the following services for EBT-only retailers:
 1. Support and problem resolution on EBT-only POS equipment
 2. Settlement information and reconciliation procedures
 3. Support of system adjustments and resolution of out-of-balance conditions
 4. General information regarding EBT policies and procedures
 5. Troubleshooting and reactivation malfunctioning POS equipment.
 - a) If reactivation of POS equipment is not possible during the vendor’s initial call to the help desk, a replacement unit will be shipped by express ground courier for second day delivery. In special situations, when approved by the State, the replacement devices will be shipped using overnight express courier at no charge to the State or retailer.
 - e. The Contractor shall work with the State to develop a Retailer Enablement Plan to

support the WIC vendors transitioning away from EBT-only POS equipment.

- A.34. Retailer Management. The Contractor shall be responsible for managing retailer participation in the State of Tennessee EBT program. The Contractor's primary roles and responsibilities include:
- a. Providing every WIC authorized retailer with the opportunity to participate in the EBT system;
 - b. Assuring that the participating retailers understand their responsibilities in regards to the policy, operating rules, and operations of the EBT system. The Contractor shall enter into an agreement with the retailer.
 - c. Maximizing the use of the existing commercial point-of-sale terminals.
 - d. Installing, maintaining and otherwise supporting Contractor provided EBT-only POS equipment.
 - e. The Contractor shall use retailer and third party processor (TPP) agreements approved by the State.
 - f. The Contractor shall provide copies of the retailer and TPP agreements that will be utilized within the State for prior review and approval by the State and Federal staff. These agreements will be due no later than one hundred (100) business days from the WIC EBT project kick-off meeting, as detailed in Section A.58.
 - g. The Contractor shall provide a WIC Retailer Policy and Procedure Manual to all authorized WIC vendors. This Manual will serve as a resource handbook and will be provided to retailers during installation. The Manual shall explain in detail, retailer-related aspects of the WIC EBT program, including step-by-step instructions for each transaction and all terminal administrative functions. The Manual also shall contain information on accessing POS reports, reconciliation and settlement, reversals, adjustments and corrections, retailer help desk services, troubleshooting equipment issues, error message explanations, and record retention. The Contractor shall provide a WIC Retailer Policy and Procedure Manual, in a form and substance acceptable to the State, to each authorized WIC vendor.
- A.35. Retailer Service Requirements. The Contractor shall ensure that newly authorized retailers shall have access to the EBT system within fourteen (14) days after the receipt of the retailer's signed agreement. The Contractor shall ensure that upon receipt of the authorization notice, a retailer contract shall be mailed to the approved retailer. However, whenever a retailer chooses to employ a third party processor to drive its terminals or elects to drive its own terminals, access to the system shall be accomplished within a thirty (30) day period or a mutually agreed upon time, to enable any required functional certification to be performed by the Contractor. The Contractor shall ensure that transactions shall be processed in accordance with federal regulation in 7 CFR §246.
- A.36. Third Party Processors. The Contractor shall support retailers that deploy their own terminals. The Contractor shall provide the State, retailers, and third party terminal drivers with copies of interface specifications. The Contractor shall not unduly withhold approval of participation for retailers and third party processors. The Contractor shall utilize TPP agreements as authorized by the State.

The Contractor shall certify and ensure that TPPs connected to the EBT system comply with FNS regulations and other State requirements. TPP requirements include, but are not limited to:

- a. Terminal IDs – Giving each terminal a unique ID and including those terminal IDs as part of their transaction messages.
- b. Transactions – Supporting the entire transaction set included in the documents cited in Section A.2. The Contractor must be able to process all of these transactions.

c. Balance information – Displaying a remaining food balances on the printed receipt for all POS equipment.

A.37. Settlement/Reconciliation. The Contractor shall operate on a twenty-four (24) hour processing cycle. The State shall provide a standard daily cutoff time for EBT transaction processing in order to close out the current processing day and commence the next processing day. The twenty-four (24) hour period between the cutoff time on Day 1 and Day 2 constitutes the EBT transaction day. The specified cutoff time must allow the Contractor sufficient time to originate Automated Clearing House (ACH) payments for next day settlement. The EBT cutoff time shall coincide as closely as possible with the cutoff time of the prevailing EBT transaction switch and/or regional Point-of-Sale (POS) networks as appropriate to minimize the need for carry over or suspense accounting. Contractor shall abide by the settlement specifications outlined in Section 12.3 of the WIC Operating Rules.

Contractor shall also settle the benefit balance by: category, subcategory, quantity, and CVB (if applicable).

A.38. Daily Settlement. The Contractor shall be responsible for the daily settlement of funds to benefit providers (retailers), either directly or through financial intermediaries such as TPPs. The Contractor shall own and reconcile the clearing bank account used for the daily settlement. The Contractor shall be responsible for handling both credit and debit adjustments to the client's EBT account in the manner and timeframe dictated by federal regulations, WIC Operating Rules, and TIG. The Contractor shall ensure that settlement reports, such as the Clearing Statement used for the daily draw down, are received by the State by 6:00 a.m. Central Time. The Contractor shall be responsible for providing detailed and accurate reports that allow the State to reconcile benefit postings to the EBT system, settlement of benefits utilized by clients, and the outstanding liability remaining on the EBT system at the end of the processing day.

A.39. Retailer/TPP Settlement. The Contractor shall effect settlement to retailers and Third Party Processors (TPPs) through the existing commercial banking ACH infrastructure. The Contractor shall have an originating and receiving relationship with the ACH, either directly or through one of its subcontractors.

For transaction processing and settlement purposes, the Contractor shall also be a member of the appropriate regional network(s) and be capable of settling POS transactions.

For retail merchants, third parties, or other benefit providers that are directly connected to the Contractor's system, the Contractor shall originate an ACH credit for the total balance due for EBT benefits provided during the just closed EBT processing day. The benefit provider credits shall be entered into the ACH for settlement on the next banking day.

A.40. State Responsibilities. The State shall ensure that benefits authorized are posted to the Contractor's EBT System or otherwise accounted for in the State's WIC MIS. As specified in Section 6.6.3 of the UI, the State will use the Report WIC Benefit Changes file to audit the WIC benefit transactions posted to the Contractor's EBT system and verify the liability remaining in the Contractor's EBT system at the end of the processing day for WIC benefits

A.41. State Data Files. The Contractor shall utilize file formats in a frequency and form prescribed by the State. The Contractor shall provide the following files to the State in a frequency and form prescribed by the State. These files shall include the following:

- a. Report WIC Benefit Changes (received daily)
- b. Benefit Purge File (received monthly)

A.42. Account Structure and Maintenance of UPC Database. The Contractor shall structure and maintain UPC database as follows:

- a. The WIC EBT implementation contractor shall support all additions, updates, and deletions to the UPC/PLU/maximum price database. The database of record shall be the State WIC MIS system. The UPC/PLU file is transmitted through a batch interface. The file shall provide the data required to perform UPC maintenance to the appropriate UPC database tables. The data shall be processed immediately upon receipt made available to the retailers at the next communication session between the EBT host and the retailer. The WIC EBT implementation contractor shall return errors and provides a report if there are any issues in processing the UPC/PLU information received from the State.

A.43. Data Warehouse. The Contractor shall provide a data warehouse, allowing creation of custom dynamic reports. The data warehouse will contain functionality for dynamic report creation based on the data available from the UI batch files in 6.6.3 of the UI. Data points may be modified at the State's discretion. The data must be available for download into Microsoft Office products suite, instructions for which the Contractor shall provide. Additional data elements may be determined during the Design Phase.

A Reports Manual shall be provided describing all standard reports to be generated by the Contractor. The Reports Manual shall also provide a brief description of the data files provided to the State for internal report generation. This manual shall be considered part of the State training materials and is due at the time of State staff knowledge transfer.

A.44. EBT Reporting. The Contractor shall provide the State access to report data through a secure web portal, dashboard, data warehouse, or other medium as approved by the State. The Contractor shall provide report data aggregated by program and where appropriate, summarized at the state and local (county) office level. The Contractor shall maintain an archive of report data.

The Contractor shall provide the State a daily history of all transactions impacting benefit authorizations for reconciliation, audit, and investigative purposes.

a. Financial Reporting Data. The Contractor shall provide access to reporting data related to the following EBT system activity:

1. Settlement Data—Detail and Summary
2. Authorization Data—Detail and Summary
3. Chargeback and Retrievals
4. Monthly Statements and Other Fees
5. Exception Data

b. Daily Reporting Data

1. The Contractor shall provide daily account activity data reflecting all account actions received from the State via batch and/or on-line during an EBT processing day, or taken on behalf of the State by the Contractor. The data shall provide detail on every transaction that impacts an EBT account balance. The data shall reflect the amount of the transaction (i.e., account action), type of transaction, date and time of transaction, and who originated the transaction (batch or on-line).
2. The Contractor shall provide daily terminal activity data reflecting all transactions that will result in funds being moved (i.e., settled) to a retailer or third party processor. The data shall include, at a minimum, the transaction type, amount, transaction date and type, settlement date, merchant and terminal identifier, and benefits impacted. The data shall include settlement totals for each entity for which funds will be moved, as well as suspense totals, if any, for transactions

that will not be settled until the next processing day. Suspense totals for transactions not being settled in the current business day should be identified by individual benefit types.

3. The Contractor shall provide daily clearing data. This data shall provide at a summary level the total funds that are being settled for the processing day which require funding. This data shall balance with the totals from the terminal activity data.
4. The Contractor shall provide outstanding liability data for unused benefits residing on the EBT system at the end of the processing day. Totals shall be maintained by benefit type, and aggregated into the program types. The ending balance for the current processing day shall be reconciled by taking into account the beginning balance for the processing day (which is the ending balance from the previous day) and adding or subtracting as appropriate the account activity.
5. The Contractor shall provide daily administrative action data that includes all administrative actions attempted and completed either by the system or users logged onto the EBT system. The data shall include the transaction type and the EBT account affected.
6. The Contractor shall, on a daily basis, provide to the State data detailing the date and time replacement cards were placed into the mail.
7. The Contractor shall provide a standard set of daily processing data to be used by the Contractor and the State to ensure the complete and accurate transfer of data. Said data shall be available to the State no later than 6:00 a.m. Central Time on the first business day following processing. Included shall be a summary by file transmission that provides a confirmation of the processing. The summary shall verify the total number of records received by record type (e.g., number of add, change, and delete records) and any records rejected.
8. The Contractor shall provide, on a daily basis daily exception data for all files. Exception data shall identify of all records received but not processed by the Contractor. Each record shall display a corresponding reason code indicating the cause of the rejection.
9. The Contractor shall provide daily data detailing all benefit authorizations that are added to the EBT system through the administrative terminal. This data shall include, at a minimum, the benefit amount, benefit type, and the User ID of the administrative terminal operator adding the benefit.
10. The Contractor shall provide, on a daily basis, data detailing the number and type of transactions performed from each EBT-only terminal operated by retailers.
11. The Contractor shall provide, on a daily basis, data regarding users failing in their attempt to logon to the EBT System.
12. The Contractor shall provide, on a daily basis, data detailing all actions taken by each User ID on the EBT Administrative Terminal.
13. The Contractor shall provide daily audit and statistical data in form and substance prescribed by the State.

c. Monthly Reporting Data

1. The Contractor shall, on a monthly basis, provide statistical data indicating the number and percentage of client transactions denied and the reason for the denials (i.e., non-sufficient funds, invalid PIN, etc.).
 2. The Contractor shall, on a monthly basis, provide data to demonstrate compliance with Performance Standards specified in Section A.52.
 3. The Contractor shall, on a monthly basis, provide data summarizing transactions by time of day and day of month.
 4. The Contractor shall, on a monthly basis, provide data summarizing transaction activity on the EBT system at a county and State level. Statistics provided should include, at minimum, benefits authorized for the previous month, transactions performed by transaction type), the number of active cases on the system, number of active cards on the system, and the number of cards issued during the month.
 5. The Contractor shall, on a monthly basis, provide data detailing each authorized administrative terminal user with the ability to access the EBT data, including the level of access afforded the user.
 6. Monthly written reporting is a summary of significant events/accomplishments during the month, status of outstanding issues and problems, and the status of pending enhancement requests and system change orders. Post implementation, once the project is in "operational" status, the Contractor shall include the detail data that documents the performance of the EBT system over the report period.
- d. Customer Service Statistical Data. The Contractor shall provide statistical data for both the client customer service and retailer help lines. Statistics for both the ARU and CSRs shall be included.

The Contractor shall provide the following:

1. Client Help Desk Statistics. The Contractor shall maintain daily statistics on call demographics and performance, as specified by the State. At minimum, statistics reported daily shall include number of calls, number of rings before answered, number of abandoned calls, number of busy signals received, as well as language selected for both ARU and CSR. The Contractor shall aggregate call statistics on a monthly basis.
 2. Monthly Retailer Help Desk Statistics. The Contractor shall maintain daily statistics on call demographics and performance, as specified by the State. The Contractor shall aggregate call statistics on a monthly basis.
 3. At a minimum, statistics reported monthly shall include a summary of the number of calls received on the client hotline by reason (lost/stolen card, balance inquiry, transaction history, etc.) for both ARU and CSR.
- A.45. Client Training. The Contractor shall be responsible for providing EBT training to clients as follows:
- a. Contractor shall ship client training material to each WIC clinic. Training materials shall provide instruction for client use of the EBT card and frequently asked questions. The training materials shall be written at a fifth grade reading level, and in compliance with WIC Regulations. Printed training materials must be provided in brochure format.

Training material must be prepared in both English and Spanish. The State shall review and approve all training material prior to distribution by the Contractor. At a minimum the training brochure shall include the following topics:

1. Use of the EBT card at the point-of-sale, including the type of benefit transactions that can be processed at POS terminals;
2. Use and safeguarding of the card and PIN;
3. Card replacement and PIN change methods and procedures;
4. Guidance on reporting problems with the card or its use and on reporting a lost or stolen EBT card;
5. Use of transaction receipt to track balances;
6. Use of the ARU;
7. Customer service functions, including a prominent display of the toll-free Customer Service Help Desk number;
8. The Contractor shall update the training materials as required by Federal and State law. Updates shall be delayed to coincide with inventory replenishment.

b. The Contractor shall develop EBT training for client viewing in the WIC clinics. The training shall:

1. Be no more than fifteen (15) minutes in length;
2. Must cover the same topics listed above for the written training materials;
3. Be directed to a fifth grade education level;
4. Must be provided in both English and Spanish with at least one open-captioned version of each.
5. Be created in 16:9 aspect ratio and provided in DVD quality format suitable for upload to a video server.

A.46. Retailer Training. The Contractor shall provide training and training material to all WIC authorized retailers with EBT-only POS devices participating in the EBT program and shall provide "Train the Trainer" materials for chain stores. The Contractor shall be responsible for the maintenance and updating of all training materials, both electronically/web accessible and hard copy to reflect Federal and State law. FNS Federal Regulation 7 CFR §246 requires that retail store employees be trained in system operation prior to implementation. The Contractor shall provide training deliverables at the time of POS installment in order to meet FNS requirements. Training material should include:

- a. Merchant Help Desk toll-free number
- b. Use of ARU
- c. The Contractor shall provide Retailer tips cards which demonstrate the most frequently used WIC EBT transactions in a step by step format. Retailers shall be provided a tip card for every stand-beside POS received by each retailer. The tip card shall serve as a quick reference guide to the terminal and includes the following topics: log on/off terminal, supplies, balance inquiry, WIC purchase smart keys, retailer reports, load/change WIC process, WIC purchase with no cents off coupon, and retailer help line phone number.
- d. The Contractor shall provide store decals for both lane and entrance locations stating that WIC is accepted at the retailer. The lane decal shall be a smaller version of the entrance decal and shall be provided for every stand-beside POS received by a retailer. Entrance decals shall be provided for every customer entrance of each store. Entrance decals shall be provided with other retailer training materials. For integrated retailers, lane decals shall be provided at the request of the store.

A.47. State Staff Training. The Contractor shall provide the training materials for State staff, in a form and substance acceptable to the State. All training materials are subject to the review and approval of the State, prior to their use. Any updates and revisions of the training materials shall be provided at least thirty (30) calendar days prior to any modification the Contractor makes to

the functionality of the EBT system. Training materials shall include, but not be limited to, all of the functionality supported by the EBT administrative terminal, the use and functionality of the data warehouse, and the use of all reporting data.

The Contractor shall provide documentation to explain each window/screen and security related features as well as a detailed training script to be completed by the trainees to ensure understanding.

A.48. Administrative Terminal Training. Training shall include, at a minimum, written instructions, information and/or examples relating to user security, screen navigation and searches, as well as procedures for changing card status, resetting PINs, processing repayments, changing client benefit status, adding new cases and clients, maintaining client details, changing case status, and issuing benefits. Training shall also include an explanation of all screens and data fields used in the Contractor's Administrative Terminal security system.

A.49. POS Terminal Installment. The Contractor shall deploy POS terminals to retailers in compliance with Federal rules as dictated in 7 CFR §246 and updated from time to time. For newly authorized food retailers, the Contractor shall install the POS devices authorized by the State. State shall provide a deployment plan to Contractor.

The Contractor shall provide additional EBT-only POS equipment to retailers that wish to obtain additional equipment than allowed by the approved equipment formula as specified by WIC regulations. The Contractor may charge the retailer for providing and supporting this additional equipment. Notwithstanding, any agreement covering such an arrangement shall be solely between the Contractor and the retailer; the State will not be party to any such agreements.

A.50. Disaster Preparation and Contingency Planning. The Contractor shall provide for disaster preparation and contingency planning in the following areas:

a. Contractor Systems. The Contractor shall have a disaster recovery plan that addresses the recovery of the Tennessee EBT System, and that is tested by the Contractor annually. The State may request copies of the plan and test results at any point in time during the Contract, and if so, will make the request in writing. Should the State make such a request, the Contractor shall provide the State with copies of said documents within thirty (30) days of the State's written request.

In the event that a disaster occurs at the Contractor's site which houses the Tennessee EBT System, the Contractor shall execute its Disaster Recovery plan accordingly. The Contractor shall continue to meet the Performance Standards defined in Section A.52.

b. State Systems. In the event of a disaster at the State's data center, the Contractor shall provide support to the State in the recovery of the State's MIS data and systems to ensure that benefits provided to clients are not interrupted. Said support may include, at a minimum, providing connectivity to the State's back-up site to support the transmission of data files and reports between the State and the EBT Contractor.

A.51. Adjustment Processing. The Contractor shall have in place a process such that a retailer, TPP, or the Contractor can initiate an adjustment to resolve errors and out-of-balance issues related to system problems. The Contractor, on behalf of a client complaint, can also initiate an adjustment to resolve a transaction error. In either case, the adjustment will reference an original settled transaction, which is partially or completely erroneous. The Contractor shall have the capability to process the adjustment and have this reflected in the client's account. Adjustments shall be processed in accordance with WIC EBT Operating Rules and regulations as applicable regarding the recording, tracking and processing of these types of adjustments. Adjustments made by the Contractor must be in accordance with applicable federal guidelines. The Contractor shall

provide information to the State regarding pending debit adjustments so that advance notification can be provided to the client.

A.52. Performance Standards. The Contractor shall meet or exceed the Performance Standards set forth in the following table with regard to the delivery of EBT services.

PERFORMANCE STANDARDS	
Requirement	Performance Deficiency
<p>a. <u>EBT System Availability</u> The EBT System shall be available 99.9% of the time (excluding scheduled maintenance). The EBT System is not considered “down” if it continues to automatically process benefit authorizations, whether electronically or via the Automated Response Unit as specified in Section A.22.</p>	<p>Failure of the EBT System to be available 99.9% of the time, measured on a monthly basis.</p>
<p>b. <u>Settlement and ACH Processes</u> 1. The timeframe for ACH settlement window shall be met 98% of the time. 2. AMA Entries shall be made with 100% accuracy. As specified in Section A.37. and Section A.38.</p>	<p>1. Failure to meet timeframe for ACH settlement window 98% of the time, measured on a monthly basis. 2. Any errors in providing AMA data to the Federal Reserve Bank of Richmond over a two month period.</p>
<p>c. <u>Benefit Availability</u> Daily benefits received by 12:01 a.m. CT and shall be in each client’s account by 5:00 a.m. CT as specified in Section A.15.</p>	<p>Failure to have benefits available by 5:00 am CT for two or more days within a calendar month.</p>
<p>d. <u>EBT Switching Services</u> The Debit Switch service shall be available 99.8% in any calendar month after deducting for scheduled downtime or downtime resulting from the failure of communication lines or telecommunications equipment out of the control of the Contractor.</p>	<p>Failure to provide Debit Switch Availability 99.8% of the time in any calendar month.</p>
<p>e. <u>Transaction Response Time</u> Client EBT-only POS transactions shall be completed in 20 seconds. Processing response time shall be measured at the POS terminal from the time the “enter” or “send” key is pressed to the receipt and display of authorization or disapproval information as specified in Section A.23.</p>	<p>Failure to complete 98% of client EBT only POS transactions within 20 seconds, measured on a monthly basis.</p>
<p>f. <u>Inaccurate Transactions</u> There shall be no more than two (2) inaccurate transactions per every 10,000 as specified in Section A.23.</p>	<p>Failure to maintain an accuracy standard of no more than two (2) errors per every 10,000, measured on a monthly basis.</p>
<p>g. <u>Client and Retailer Customer Service Help Desks</u> 1. 85% of all calls shall be answered within four (4) rings (4 rings are defined as 25 seconds.) 2. 97% of all calls to Customer Service Representatives (CSR) shall be answered within two (2) minutes. This measure must include calls unanswered due to abandonment after two (2) minutes. As specified in Section A.32.</p>	<p>1. Failure to answer 85% of calls within four (4) rings measured over a 3-month period. 2. Failure to answer 97% of all calls to CSR within two (2) minutes, measured over a 3-month period.</p>
<p>h. <u>Host Response Time for Administrative Terminal Transactions</u> Host response time for administrative terminal transactions shall not exceed two (2) seconds 98% of the time as specified in Section A.21.</p>	<p>Failure to respond to administrative terminal transactions within two (2) seconds 98% of the time, measured on a monthly basis.</p>

<p>i. <u>Equipment Installation for EBT-only Retailers</u> 95% of POS terminals shall be installed and operational within 14 days of the Contractor receiving the retailer's contract, exclusive of retailer initiated delays as specified in Section A.34.</p>	<p>Failure to install 95% of POS terminals within 14 days of the Contractor receiving the contract from the retailer, measured over a 3-month period.</p>
<p>j. <u>Card Issuance (Distribution & Replacement)</u> Card distribution to the clinics shall be on a schedule set forth by the State. Requests for card replacement received by the Contractor by 1:00 p.m. Central Time, shall be postmarked the same business day. Requests for card replacement received after 1:00 p.m. Central Time shall be postmarked the next business day as specified in Section A.10. and Section A.11.</p>	<p>Failure to postmark cards within the contractual timeframes 98% of the time, as measured on a monthly basis.</p>
<p>k. <u>Reporting Data Availability</u> The Contractor shall meet all reporting data availability requirements as specified in Section A.44.</p>	<p>Failure to make available reporting data to the State within the required timeframes.</p>
<p>l. <u>Response Enhancement/Change Requests</u> The Contractor shall respond to Enhancement and Change requests within ten (10) business days of receiving the request as specified in Section A.65. If additional time is required to complete the estimate, the Contractor shall provide the expected data of completion within two weeks of receipt of the Enhancement and/or Change Request</p>	<p>Failure to provide a response to any Enhancement and/or Change Request within the promised timeframe on a monthly basis</p>
<p>m. <u>Project Status Reporting</u> Daily reporting shall be available as specified in Section A.44.a. Monthly reporting shall be provided by the 15th of the following month. Customer Service Statistics Reporting shall be provided by the 15th of the following month.</p>	<p>Failure to provide reporting to the State within the required timeframe unless advance approval is received by the State.</p>

A.53. System Operations/Interface Procedures Manual. The Contractor shall provide a manual on Systems Operations/Interface Procedures that shall include, at minimum:

- a. Files and the times of transmission;
- b. Administrative Terminal configuration;
- c. Problem Resolution and Escalation Procedures; and
- d. Maintenance Record Formats.

The Problem Resolution and Escalation Procedures shall define the process by which the State would report System and Operational problems to the Contractor, and the process by which these problems would be resolved and the resolution reported back to the State. The procedures shall include a priority scheme for identifying the severity of the problem as well as the expected timeframes for the resolution of the problem.

The Maintenance Record Formats shall match state record/interface designs.

A.54. Data Access Manual. The Contractor shall provide a manual or similar document describing the data available from the Contractor and the format by which reports employing the data can be generated. The Contractor shall provide a brief description of the data files available for State use in creating queries and generating reports.

A.55. Settlement/Reconciliation Manual. The Contractor shall provide a Settlement/Reconciliation Manual, in a form and substance acceptable to the State, that provides guidance and procedures to the State on performing a daily reconciliation of the Contractor's EBT System as defined within 7 CFR §246 and consistent with Federal EBT Reconciliation Guidance.

- A.56. Administrative Terminal Manual. The Contractor shall provide an Administrative Terminal Manual, in a form and substance acceptable to the State, which provides guidance and procedures for State and local staff on the functionality of the Administrative Terminal.
- A.57. IRS Form 1099. Due to revisions in the Internal Revenue Service (IRS) tax code, the EBT vendor will be required to create and distribute IRS-1099 forms to EBT-only retailers and third party processors. The requirements are found in the IRS Regulations at 26 Code of Federal Regulations (CFR) Parts 1, 3, and 301.
- A.58. Project Work Plan and Communication.

a. Project Work Plan

The Contractor shall conduct a kick-off meeting to provide a Project Work Plan that shall address, at a minimum, a schedule of all tasks and deliverables required through the project. The plan shall identify the individual tasks and deliverables by project phase to include a timeline and staffing requirements. This Project Work Plan shall identify all critical path and dependency tasks and delineate the responsibilities of the Contractor and the State. At minimum, the sub-plans listed below shall be addressed in the Project Work Plan. The Contractor shall submit the Project Work Plan no later than fifteen (15) business days after the Contract start date. The Project Work Plan shall be subject to review and approval by the State's Project Manager. The State shall review and comment on the plan within ten (10) business days. The Contractor shall address any deficiencies in the Project Work Plan within ten (10) business days following receipt of the State's comments.

1. Design Plan (including functional and detailed design)
2. Implementation Plan
3. Test Plan(s), each level of testing (Unit, Integration, System, Acceptance, Performance, Regression)
4. System Security Plan
5. Training Plan
6. Documentation Plan
7. Quality Management Plan
8. Configuration Management Plan (Change and Version Control)
9. Communication Plan
10. Documentation Control and Review Plan
11. Infrastructure Implementation Plan
12. Disaster Recovery Plan (to include Business Contingency Plan)
13. Back-up and Recovery Plan
14. Staffing Plan

b. Weekly Status Reports

1. Provide weekly written reporting to include a summary by task of major completed activities during the report period. The report shall include problem identification, required corrective action with task assignment by person, and timeframe for resolution. The report will also include tasks required by State agency, as well as reports of delayed tasks, reason and revised completion date(s), and the scheduled activities for the next reporting period. Risks must be highlighted and addressed.

- A.59. Design Phase. The Contractor shall provide the following during the Design Phase, which shall commence with the State's approval of the Project Work Plan. The Design Phase Deliverables shall be subject to review and approval the State's Project Manager. The Contractor shall allow a

minimum of five (5) business days for the State to review and comment on the following deliverables:

- a. Functional Design Document — This document shall, at a minimum, provide a functional overview and a description of the operating environment, procedures, and workflow of the EBT system.
- b. Detailed Design Document — This document shall describe the total system configuration including system hardware, functionality, file layouts, message and file flows, Automated Response Unit Scripts, data elements, system interfaces, settlement and reconciliation functions, the system security plan, and anti-fraud information,. The document shall contain the overall configuration and components must 'map' to the Functional Design Document components, to insure that all functional design components have been addressed.
- c. Updates to Detailed Design — The Contractor shall revise the Detailed Design Document(s) to reflect any system modifications identified and made as a result of systems testing. If revisions are required, the Contractor shall submit the updated Detailed Design Document no later than one month following the completion of the EBT system testing process.
- d. Training Plan — The Contractor shall prepare and submit a comprehensive Training Plan that includes an assessment of the materials, media, and processes currently employed to train clients, retailers, and State staff. The Plan should also identify the proposed deadlines and supportive tasks for the planning, design, development, production and distribution of all training materials. The Training Plan should address the timeline for creation of the deliverables and the timeframe for training the State and local office staff and retailers. The final Plan will be due to the State no later than one hundred (100) state working days from the WIC EBT project kick-off meeting.

The Contractor shall develop system test plans during the Design Phase. The Test Plan will be coordinated and updated with the MIS Transfer Test Plan. Test plans shall, at a minimum, outline the test purpose, methodology, environment, and approval rating system. Test plans shall be developed for the Functional Demonstration, System Acceptance Test, System and Network Capability Test, ARU Test and System Interface Test. The Contractor shall submit its EBT system to a complete assessment by successfully testing all components and functional areas prior to implementation. Upon completion and approval of the design documents, the Contractor shall update the System Test Plan as appropriate. The Contractor shall provide system test scripts detailing step-by-step instructions on the actual test and system functions to be demonstrated. Test scripts shall also describe the desired system outcomes and test results. The Contractor shall submit a complete set of test scripts to the State for approval. The Contractor shall maintain all test data for review by the State.

- A.60. Development Phase. Following Design Phase approval by the State, the Contractor shall configure and test the Tennessee EBT system according to the system specifications defined and agreed upon during the Design Phase. The Development Phase Deliverables shall be subject to review and approval by the State. The Contractor shall allow a minimum of five (5) business days for the State to review and comment upon the deliverables. The Contractor shall provide on-site troubleshooting assistance for the development phase during the testing period. The Contractor shall remain on-site should circumstances warrant. Required system tests and demonstrations, which shall be conducted by the Contractor during the Development Phase, include:
- a. A functional demonstration that shall provide State representatives the opportunity to review and observe planned EBT system operations. The Contractor shall perform a live test, accessing the system and demonstrating the functionality for State representatives.

The Contractor shall prepare a report of the demonstration results including any system modifications that were identified.

- b. Interface Testing shall be conducted between the State's WIC MIS and the Contractor's EBT system to ensure that all files sent between the two systems are properly received, accepted, and processed. The results of the Interface Testing shall be made available by the Contractor as part of the Systems Acceptance Test.
- c. The System Acceptance Test shall provide the State the opportunity to test the EBT system functionality and ensure compliance with the system design requirements. This test shall, at minimum, consist of functional requirements, security, recovery, system controls, and scenario testing. In addition, as part of the system acceptance testing the Contractor must demonstrate the methods and processes for performing daily reconciliation between the State and Contractor interface and processing activities including financial settlement. During the formal test script portion of the acceptance test, testing representatives will follow detailed test scripts developed by the Contractor.

The Contractor shall provide two stand-beside terminals to facilitate redemption activities and two magnetic stripe card readers to facilitate reading of the card in the WIC clinic. The Contractor shall make all required corrections and revisions to the system resulting from the acceptance testing process for errors that are a result of the Contractor's work. The Contractor shall provide technical support for the State's regression testing conducted as a result of errors found during testing.

The Contractor shall include in the Systems Acceptance Test an opportunity for the State to offer for testing various transaction sets and sequences that have not been included in the test scripts and to challenge the system's operations and design.

- d. The Performance (Stress) Test shall ensure that there is sufficient capacity within the EBT system being provided to the State to handle the expected transaction volume. Test results from the stress test shall be used to formulate a system capacity model to determine the appropriate hardware and software requirements and configuration so that the Tennessee EBT system can accommodate the anticipated transaction volumes.

The Contractor may, as an option, choose to use current production data in order to develop a system capacity model for modeling the anticipated transaction volumes. If the Contractor anticipates utilizing this option, the Contractor should provide a description on how the modeling will be performed, and how the results of the modeling exercise will be reported to the State.

- e. The ARU system shall be tested to ensure the system properly accepts, processes, and transfers both retailer and client calls. The ARU system shall be tested in both English and Spanish.
- f. Regression Testing shall be conducted on all units of the Contractor's EBT system that are affected by any change in the system. The results of any regression testing shall be documented and identified for State review.
- g. The Contractor shall track system issues and resolutions using a format approved by the State.
- h. During the Development Phase the Contractor shall monitor the test results. Directly following the completion of the Development Phase tests, the Contractor shall convene a meeting with the State and other involved contractors for a post-development conference call to evaluate the development phase deliverables. The evaluation will address the

following factors: system stability, ability to meet functional requirements, adequacy of documentation, security and system integrity, and accuracy of data.

A.61. Implementation Phase.

- a. The Contractor shall prepare an implementation plan, including specific dates, that covers each of the following activities in detail:
 1. Retailer Management Plan
 2. Implementation of transaction acquirers (TPPs) and retailers
 3. POS device deployment and installation
- b. The Implementation Plan shall address the processes to be used for implementation, how the processes shall be tested, and contingency plans for problems and issues that may occur during implementation.
- c. Some of the Implementation Phase activities may begin prior to the end of the Development Phase.
- d. Deploy WIC Vendor Stand Beside Equipment and Provide Retailer Certification and Training
 1. The Contractor shall conduct the Retailer Certifications and the State may participate in these certifications.
 2. If necessary to provide upgraded stand beside/ POS devices for WIC EBT, the Contractor shall coordinate all stand-beside vendor installations and training activities. Stand-beside equipment shall be shipped to the vendor and training shall be performed through a train-the-trainer process, providing training for the store manager and/or designated staff so they, in turn, can provide training to their individual staff. All training will be completed and validated using the State-specific checklist ensuring vendors are thoroughly skilled in terminal operation. For those vendors who elect to process WIC EBT transactions through their integrated ECR, EBTC staff shall be available to address general questions.
 3. The Contractor will comply with existing key management standards as well as USDA/FNS standards related to key management. The Contractor will provide procedures for PIN and key security within thirty (30) calendar days of contract execution.

A.62. EBT Administrative Terminal. The Contractor shall provide the EBT Administrative Terminal a minimum of thirty (30) days prior to testing.

A.63. Project Implementation Status. The Contractor shall provide the status of implementation activities in a form and frequency prescribed by the State. The Contractor shall meet with and report to the State's Project Advisory Committee, at the request of the State. At Project Advisory Committee Meetings, the Contractor shall, at minimum, detail the current status of the work contemplated in this contract and identify any issues or risks involved.

- a. The Contractor's Project Manager shall schedule meetings with the State in order to successfully complete the project's tasks and activities.
- b. The meetings shall serve as a forum for the reporting of progress and discussion of upcoming activities and emergent issues. Meetings shall be conducted by teleconference. Attendees shall include the Contractor's Project Manager, other key Contractor staff (as deemed necessary by the Project Manager), the State project team stakeholders (as identified by WIC Project Manager), and external stakeholders (as identified by the State). The content of the status meetings will include updates on project

activities including MIS implementation, interface specification and development, retailer enablement and certification, clinic enablement, testing, training, security assessment, transition to operations, a review of the project work plan and the status of the project schedule, a review of issues and risks, and planning for upcoming activities.

- c. Prior to the start of each project phase, the Project Manager will host a phase initiation meeting. The meeting will serve as a forum to review and discuss the activities and tasks required to complete the project phase. The WIC Project Manager will host and provide an agenda for each meeting and will prepare and disseminate meeting results. The Contractor's Project Manager will be on-site or teleconference in for the meeting.

A.64. Contract Services Transition.

- a. Transition of Services. At the end of the Contract, the Contractor shall be required to support an orderly transition to the succeeding contractor. At a minimum, the Contractor shall:
 1. Work with the State (or its designee) to facilitate an orderly transition of services at the end of the contract term;
 2. Work in a professional manner with the succeeding contractor to execute a smooth and timely transition at the end of the contract term;
 3. Provide a minimum of three, and up to five, full federal fiscal years of transaction history, WIC vendor data, current and historical not to exceed amount client data, and any other data necessary for ongoing operations and research into past operations for transfer to the succeeding contractor;
 4. Coordinate with the succeeding contractor on migration of customer service functions on the night of database conversion. This may require both contractors to develop special ARU messages approved by the State for use during database conversion;
 5. Provide back-up plans and dates in case of database conversion failure;
 6. Transfer the client and WIC vendor toll-free numbers to the succeeding Contractor;
 7. Provide the State with any remaining Tennessee WIC EBT cards that have been produced but not previously provided to the State;
 8. Return any state-owned hardware and software to the State and/or its designee upon request by the State;
 9. Deliver free on board (FOB) destination all records, documentation reports, data, hard copy and electronic files, recommendations, etc. which were required to be produced under the terms of the Contract to the State and/or the State's designee promptly and with due diligence;
 10. Discontinue providing the service or accepting new assignments under the terms of this Contract, at the request of the State, on the date specified by the State, in order to ensure the completion of such service prior to the termination of the Contract;
 11. Perform a final reconciliation at the point of transition to ensure the value of benefits transferred to the succeeding contractor from the present EBT system is

equal to the amount of benefits in the account. The Contractor shall retain financial liability for all errors or variances in benefits. Any variances shall be resolved and appropriate adjustments shall be made in consultation with the State and FNS Financial Management; and

12. Provide the State the right to serve as a mediator between the Contractor and succeeding contractor, subcontractors, WIC vendors, and TPPs. The State's decision will be final.
- b. Outgoing Transition Plan. The Contractor shall submit an outgoing transition plan that shall include a resource staffing plan, issue tracking log, knowledge transfer plan, and a project schedule, detailing the items necessary to successfully transition WIC EBT data and operational knowledge to the succeeding contractor. The outgoing transition plan can be requested by the WIC Project Manager as early as thirteen (13) months prior to contract end, but not less than four (4) months prior to contract end. The outgoing transition plan shall be submitted to the WIC Project Manager in writing within one (1) month of a written request to allow for the review and approval by the WIC Project Manager.
- A.65. Change Orders. The State may, at its sole discretion and with written notice to the Contractor, request changes in the Scope that are necessary but were inadvertently unspecified in this Contract.
- a. Change Order Creation — After receipt of a written request for additional services from the State, the Contractor shall respond to the State, within a maximum of ten (10) business days, with a written proposal for completing the service. Contractor's proposal must specify:
 1. the effect, if any, of implementing the requested change(s) on all other services required under this Contract;
 2. the specific effort involved in completing the change(s);
 3. the expected schedule for completing the change(s);
 4. the maximum number of person hours required for the change(s); and
 5. the maximum cost for the change(s) — this maximum cost shall in no instance exceed the product of the person hours required multiplied by the appropriate payment rate proposed for such work.
- The Contractor shall not perform any additional service until the State has approved the proposal. If approved, the State will sign the proposal, and it shall constitute a Change Order between the Contract Parties pertaining to the specified change(s) and shall be incorporated, hereby, as a part of this Contract.
- b. Change Order Performance — Subsequent to creation of a Change Order, the Contractor shall complete the required services. The State will be the sole judge of the acceptable completion of work and, upon such determination, shall provide the Contractor written approval.
 - c. Change Order Remuneration — The State will remunerate the Contractor only for acceptable work. All acceptable work performed pursuant to an approved Change Order, without a formal amendment of this Contract, shall be remunerated in accordance with and further limited by Contract Section C.3.c., PROVIDED THAT, the State shall be liable to the Contractor only for the cost of the actual goods or services provided to complete the necessary work, not to exceed the maximum cost for the change detailed in the Change Order. In no instance shall the State be liable to the Contractor for any amount exceeding the maximum cost specified by the Change Order authorizing the goods or

services. Upon State approval of the work, the Contractor shall invoice the State in accordance with the relevant provisions of this Contract.

- A.66. Sanitation. The Contractor shall upon expiration or termination of the Contract, for any reason, securely return all data received/created by the State or received/created by the Contractor, subcontractor or agents on behalf of the State, to the State Program Director referenced in Section D.2. using a method mutually agreed upon by both parties at the time of termination. The Contractor will then destroy all data in accordance to the current NIST SP800-88 Sanitation guidelines.
- A.67. Warranty. Contractor represents and warrants that the term of the warranty (“Warranty Period”) shall be the greater of the Term of this Contract or any other warranty general offered by Contractor, its suppliers, or manufacturers to customers of its goods or services. The goods or services provided under this Contract shall conform to the terms and conditions of this Contract throughout the Warranty Period. Any nonconformance of the goods or services to the terms and conditions of this Contract shall constitute a “Defect” and shall be considered “Defective.” If Contractor receives notice of a Defect during the Warranty Period, then Contractor shall correct the Defect, at no additional charge.

Contractor represents and warrants that the State is authorized to possess and use all equipment, materials, software, and deliverables provided under this Contract.

Contractor represents and warrants that all goods or services provided under this Contract shall be provided in a timely and professional manner, by qualified and skilled individuals, and in conformity with standards generally accepted in Contractor’s industry.

If Contractor fails to provide the goods or services as warranted, then Contractor will re-provide the goods or services at no additional charge. If Contractor is unable or unwilling to re-provide the goods or services as warranted, then the State shall be entitled to recover the fees paid to Contractor for the Defective goods or services. Any exercise of the State’s rights under this Section shall not prejudice the State’s rights to seek any other remedies available under this Contract or applicable law.

- A.68. Inspection and Acceptance. The State shall have the right to inspect all goods or services provided by Contractor under this Contract. If, upon inspection, the State determines that the goods or services are Defective, the State shall notify Contractor, and Contractor shall re-deliver the goods or provide the services at no additional cost to the State. If after a period of thirty (30) days following delivery of goods or performance of services the State does not provide a notice of any Defects, the goods or services shall be deemed to have been accepted by the State.

B. TERM OF CONTRACT:

This Contract shall be effective on **March 1, 2017** (“Effective Date”) and extend for a period of **sixty (60) months** after the Effective Date (“Term”). The State shall have no obligation for goods or services provided by the Contractor prior to the Effective Date.

C. PAYMENT TERMS AND CONDITIONS:

- C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed **Written Dollar Amount (\$Number)** (“Maximum Liability”). This Contract does not grant the Contractor any exclusive rights. The State does not guarantee that it will buy any minimum quantity of goods or services under this Contract. Subject to the terms and conditions of this Contract, the Contractor will only be paid for goods or services provided under this Contract after a purchase order is issued to Contractor by the State or as otherwise specified by this Contract.