



Purchase Order

Contains confidential information and unauthorized use or disclosure is prohibited by State law.

Employment Development Dept
 EMPLOYMENT DEVELOPMENT
 DEPARTMENT
 722 CAPITOL MALL
 SACRAMENTO CA 95814
 United States

		Dispatch Via Print
Purchase Order 7100-0000005975	Date 04-27-2020	Revision
Payment Terms Net 45	Freight Terms FOB Destination-Freight PP/ADD	Ship Via COMMON
Buyer [REDACTED]	Phone [REDACTED]	Currency USD
LPA Contract ID: 1-19-70-19P		

Supplier: 0000002525
 ENTERPRISE

Ship To: 7100000137
 EMPLOYMENT
 DEVELOPMENT
 DEPARTMENT

Attention: Not Specified
 Bill Code: 023336

Bill To: EMPLOYMENT
 DEVELOPMENT
 DEPARTMENT

Certification#:19578

Begin Date:

Expiration:

DVBE Begin Date:

Expiration:

Tax Exempt? N

Tax Exempt ID:

Line-Sch	Item/Description	Mfg ID	Quantity	UOM	PO Price	Extended Amt	Due Date
1 - 1	Palo Alto Networks PA-850 LAB Unit		2.00	EA	399.00	798.00	04/27/2020
					SUT Code: CAC-1381 (8.75%)	69.83	
					Schedule Total	867.83	
					Release: 1	Category Line: 0	
					Item Total	867.83	
2 - 1	QSFP28 form factor, 100Gb active optical cable with 2 transceivers and 10m of cable permanently bonded as an assembly		2.00	EA	180.00	360.00	04/27/2020
					SUT Code: CAC-1381 (8.75%)	31.50	
					Schedule Total	391.50	
					Item Total	391.50	
3 - 1	SFP+ form factor, SR 10Gb optical transceiver, short reach 300m, OM3 MMF, duplex LC, IEEE 802.3 ae 10GBASE-SR compliant		12.00	EA	150.00	1800.00	04/27/2020
					SUT Code: CAC-1381 (8.75%)	157.50	

I HEREBY CERTIFY, on personal knowledge, that this order for purchasing the items specified above is issued in accordance with the procedure prescribed by law governing the purchase of such items for the State of California; and that all such legal requirements have been fully complied with

Authorizing Signature

SMendes

Contains confidential information and unauthorized use or disclosure is prohibited by State law.



Purchase Order

Contains confidential information and unauthorized use or disclosure is prohibited by State law.

Employment Development Dept
 EMPLOYMENT DEVELOPMENT
 DEPARTMENT
 722 CAPITOL MALL
 SACRAMENTO CA 95814
 United States

		Dispatch Via Print
Purchase Order 7100-0000005975	Date 04-27-2020	Revision
Payment Terms Net 45	Freight Terms FOB Destination-Freight PP/ADD	Ship Via COMMON
Buyer [REDACTED]	Phone [REDACTED]	Currency USD
LPA Contract ID: 1-19-70-19P		

Supplier: 0000002525
 ENTERPRISE
 NETWORKING SOLS INC
 [REDACTED]

Ship To: 7100000137
 EMPLOYMENT
 DEVELOPMENT
 DEPARTMENT
 [REDACTED]

Attention: Not Specified
 Bill Code: 023336

Bill To: EMPLOYMENT
 DEVELOPMENT
 DEPARTMENT
 [REDACTED]

Certification#:19578

Begin Date:

Expiration:

DVBE Begin Date:

Expiration:

Tax Exempt? N

Tax Exempt ID:

Line-Sch	Item/Description	Mfg ID	Quantity	UOM	PO Price	Extended Amt	Due Date
4 - 1	QSFP+ form factor, 40Gb SR4 optical transceiver, short reach 100m OM3, 12 strand MPO connector, IEEE 802.3ba 40GBASE-SR4 compliant		6.00	EA	200.00	1200.00	04/27/2020
						Schedule Total	1957.50
						Item Total	1957.50
						SUT Code: CAC-1381 (8.75%)	105.00
						Schedule Total	1305.00
						Item Total	1305.00
5 - 1	QSFP28 form factor, 100Gb SR4 optical transceiver, short reach 100m OM4 (70m OM3), 12 strand MPO, MMF, IEEE 802.3ba 100GBASE-SR4 compliant		6.00	EA	500.00	3000.00	04/27/2020
						SUT Code: CAC-1381 (8.75%)	262.50
						Schedule Total	3262.50
						Item Total	3262.50
6 - 1	Enterprise License		1.00	EA	565571.50	565571.50	04/27/2020

I HEREBY CERTIFY, on personal knowledge, that this order for purchasing the items specified above is issued in accordance with the procedure prescribed by law governing the purchase of such items for the State of California; and that all such legal requirements have been fully complied with

Authorizing Signature

[Handwritten Signature]



Purchase Order

Contains confidential information and unauthorized use or disclosure is prohibited by State law.

Employment Development Dept
EMPLOYMENT DEVELOPMENT
DEPARTMENT
722 CAPITOL MALL
SACRAMENTO CA 95814
United States

		Dispatch Via Print
Purchase Order 7100-0000005975	Date 04-27-2020	Revision
Payment Terms Net 45	Freight Terms FOB Destination-Freight PP/ADD	Ship Via COMMON
Buyer [REDACTED]	Phone [REDACTED]	Currency USD
LPA Contract ID: 1-19-70-19P		

Supplier: 0000002525
ENTERPRISE
NETWORKING SOLS INC

Ship To: 7100000137
EMPLOYMENT
DEVELOPMENT
DEPARTMENT

Attention: Not Specified
Bill Code: 023336

Bill To: EMPLOYMENT
DEVELOPMENT
DEPARTMENT



Certification#:19578

Begin Date:

Expiration:

DVBE Begin Date:

Expiration:

Tax Exempt? N

Tax Exempt ID:

Line-Sch	Item/Description	Mfg ID	Quantity	UOM	PO Price	Extended Amt	Due Date
	Agreement, TP, DNS, PANDB URL, WF, GP, 3 year, Tier A Term Dates: 5/30/2020-5/30/2023						
					Schedule Total	565571.50	
					Item Total	565571.50	
7 - 1	Palo Alto Networks ELA Bundle for VM-Series including Threat Prevention, DNS Security, PANDB, URL filtering, Global Protect, and WildFire subscriptions, unlimited Panorama and Premium Support, 3 YR Term Dates: 5/30/2020-5/30/2023		1.00	EA	272526.51	272526.51	04/27/2020
					Schedule Total	272526.51	
					Item Total	272526.51	
8 - 1	Traps Advanced Endpoint Protection for agents, tier D, 1-year renewal, includes Premium Support Term Dates: 5/30/2020-5/30/2021		15000.00	EA	8.40	126051.45	04/27/2020
					Schedule Total	126051.45	

I HEREBY CERTIFY, on personal knowledge, that this order for purchasing the items specified above is issued in accordance with the procedure prescribed by law governing the purchase of such items for the State of California; and that all such legal requirements have been fully complied with

Authorizing Signature

Contains confidential information and unauthorized use or disclosure is prohibited by State law.



Purchase Order

Contains confidential information and unauthorized use or disclosure is prohibited by State law.

Employment Development Dept
 EMPLOYMENT DEVELOPMENT
 DEPARTMENT
 722 CAPITOL MALL
 SACRAMENTO CA 95814
 United States

		Dispatch Via Print
Purchase Order 7100-0000005975	Date 04-27-2020	Revision
Payment Terms Net 45	Freight Terms FOB Destination-Freight PP/ADD	Ship Via COMMON
Buyer [REDACTED]	Phone [REDACTED]	Currency USD
LPA Contract ID: 1-19-70-19P		

Supplier: 0000002525
 ENTERPRISE
 NETWORKING SOLS INC
 [REDACTED]

Ship To: 7100000137
 EMPLOYMENT
 DEVELOPMENT
 DEPARTMENT
 [REDACTED]

Attention: Not Specified
 Bill Code: 023336

Bill To: EMPLOYMENT
 DEVELOPMENT
 DEPARTMENT
 [REDACTED]

Certification#:19578

Begin Date:

Expiration:

DVBE Begin Date:

Expiration:

Tax Exempt? N

Tax Exempt ID:

Line-Sch	Item/Description	Mfg ID	Quantity	UOM	PO Price	Extended Amt	Due Date
						Item Total	126051.45
9 - 1	Palo Alto Networks AutoFocus Threat Intelligence Service Standard subscription renewal 1 yearTerm Dates: 5/30/2020- 5/30/2021		2.00	EA	13695.17	27390.34	04/27/2020
						Schedule Total	27390.34
						Item Total	27390.34
10 - 1	Palo Alto Networks Resident Engineer Consulting Services 12 months		1.00	EA	134506.20	134506.20	04/27/2020
						Schedule Total	134506.20
						Item Total	134506.20
11 - 1	Enterprise Support Agreement, 3 years Premium Support, Tier CTerm Dates: 5/30/2020-5/30/2023		1.00	EA	322870.68	322870.68	04/27/2020
						Schedule Total	322870.68
						Item Total	322870.68

I HEREBY CERTIFY, on personal knowledge, that this order for purchasing the items specified above is issued in accordance with the procedure prescribed by law governing the purchase of such items for the State of California; and that all such legal requirements have been fully complied with	
_____ : Authorizing Signature <div style="border: 1px solid black; padding: 2px; display: inline-block;"> </div>	

Contains confidential information and unauthorized use or disclosure is prohibited by State law.



Purchase Order

Contains confidential information and unauthorized use or disclosure is prohibited by State law.

Employment Development Dept
 EMPLOYMENT DEVELOPMENT
 DEPARTMENT
 722 CAPITOL MALL
 SACRAMENTO CA 95814
 United States

		Dispatch Via Print
Purchase Order 7100-000005975	Date 04-27-2020	Revision
Payment Terms Net 45	Freight Terms FOB Destination-Freight PP/ADD	Ship Via COMMON
Buyer [REDACTED]	Phone [REDACTED]	Currency USD
LPA Contract ID: 1-19-70-19P		

Supplier: 0000002525
 ENTERPRISE
 NETWORKING SOLS INC
 [REDACTED]

Ship To: 7100000137
 EMPLOYMENT
 DEVELOPMENT
 DEPARTMENT
 [REDACTED]

Attention: Not Specified
 Bill Code: 023336

Bill To: EMPLOYMENT
 DEVELOPMENT
 DEPARTMENT
 [REDACTED]

Certification#:19578

Begin Date:

Expiration:

DVBE Begin Date:

Expiration:

Tax Exempt? N

Tax Exempt ID:

Line-Sch	Item/Description	Mfg ID	Quantity	UOM	PO Price	Extended Amt	Due Date
----------	------------------	--------	----------	-----	----------	--------------	----------

Total SUT Code CAC-1381 (8.75%)

626.33

Term: April 27, 2020 through May 30, 2021
 The following exhibits are attached as part of this agreement:

- Exhibit A Scope of Work
- Exhibit B Budget Detail and Payment Provisions
- Attachment B-1 Cost Sheet
- Attachment B-2 Cost Breakdown
- Exhibit C* General Terms and Conditions GSPD-401IT
- Exhibit D Special Terms and Conditions
- Exhibit E Protection of Confidentiality
- Attachment E-1 Confidentiality Agreement
- Attachment E-2 Indemnity Agreement
- Attachment E-3 Statement of Responsibility
- Exhibit F Safeguarding Contract Language Administrative Requirements
- Exhibit G Safeguarding Contract Language for Technology Services

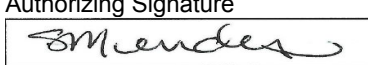
Vendor is required to register all extended warranties on behalf of EDD. Email warranty information to ITwarranty@edd.ca.gov.

Items shown with an asterisk (*), are hereby incorporated by reference and made part of this Agreement as if attached hereto. These documents can be viewed at https://www.documents.dgs.ca.gov/dgs/fmc/gspd/pd/pd_401IT.pdf

This order is issued under a Department of General Services (DGS) Leveraged Procurement Agreement (LPA). Terms and conditions set forth in that Agreement (LPA number referenced in the block above titled LPA Contract ID) are incorporated herein by reference as if set forth in full text.

Total PO Amount

1456701.01

I HEREBY CERTIFY, on personal knowledge, that this order for purchasing the items specified above is issued in accordance with the procedure prescribed by law governing the purchase of such items for the State of California; and that all such legal requirements have been fully complied with	
:	Authorizing Signature 

Contains confidential information and unauthorized use or disclosure is prohibited by State law.

**Exhibit A
(Standard Agreement)
Statement of Work**

1. PURPOSE

The Employment Development Department (EDD) is in need of Palo Alto Hardware/Software licensing, maintenance and support of network/security infrastructure services. The existing Palo Alto hardware and application services includes Firewalls, Threat Protection/Malware/AV, DNS Security, URL filtering, Wild Fire and Global Remote Access NPN. The support services will also include integration services to assist in the build out and tuning of Prisma, AutoFocus services, and completion multiple physical site fault tolerance.

This Enterprise Agreement provides licensing, maintenance, and support is for existing and new Palo Alto hardware and services. This is for EDD hardware that includes (6) PA-5200, (4) PAN-PA-850 series firewalls, (2) PAN-M-500 management appliances, non-production hardware/software, (15000) Traps, (2) AutoFocus subscriptions, and a Resident Engineer.

The purpose of the Purchase Order is to procure Palo Alto Hardware/Software Licensing, Maintenance, Subscriptions, and Support for SFY 19-20

2. PERIOD OF PERFORMANCE

The term shall begin on the date indicated on the Purchase Order, or upon approval, for a duration of one (1) year.

The Contractor shall not deliver or commence performance of services under this Purchase Order until it has received written direction to do so from the EDD. Any services provided prior to direction from EDD shall be considered voluntary on the part of the Contractors.

3. AMOUNT OF PURCHASE ORDER

In no event shall the total amount exceed the amount on the Purchase Order cover page.

4. WORK LOCATION/HOURS

The Contractor is required to perform all software support services and software implementation services at the EDD Sacramento Headquarters' Office location. Any Contractor that must visit an EDD worksite must pass all applicable background checks. Any and all travel expenses related to being onsite are at the Contractor's expense. The normal work hours will be 8 a.m. to 5 p.m., Monday through Friday, as needed, with the exception of State holidays unless otherwise approved by EDD. All tasks will be performed onsite unless otherwise approved by EDD.

5. DESCRIPTION OF SERVICES

A Palo Alto Networks subject matter expert ("Resident Engineer" or "RE") will perform Services specific to Palo Alto Networks security operating platform.

The following is a list of activities that the RE may perform during the course of the engagement. The RE may perform additional operational activities as mutually agreed to by both parties.

- **Migrate**
 - Plan migration tasks.
 - Analyze existing rules and objects.
 - Optimize and migrate policies and objects from existing environment to Palo Alto Networks next generation firewall.
 - Test and validate migration environment.
 - Coordinate and execute cutover to production.

- **Maintain**
 - Facilitate development of new application and threat signatures.
 - Assist Customer with managing Palo Alto Networks product licenses.

- **Troubleshoot**
 - Assist Palo Alto Networks support team to troubleshoot product issues.

- **Knowledge Transfer**
 - Provide on-site assistance for knowledge transfer with operation personnel.
 - Train Customer on how to access support, knowledge base, and other available services (which may be offered at charge by Palo Alto Networks).

6. POINTS OF CONTACT

EDD Program Manager:		Contractor Representative:	
Name:		Name:	
Title:		Title:	
Address		Address:	
City, St, Zip:		City, St, Zip:	
Phone:		Phone:	
Email:		Email:	

**EXHIBIT B
(Standard Agreement)**

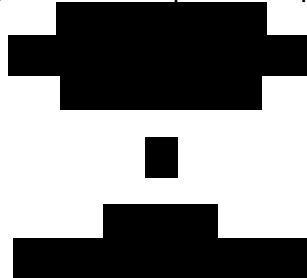
BUDGET DETAIL AND PAYMENT PROVISIONS

1. Invoicing and Payment

- A. The total amount of this Agreement shall not exceed **Three Million One Hundred Eighteen Thousand Two Hundred Thirty-Four Dollars and Thirty-Three Cents (\$3,118,234.33)**.
- B. The invoices must reference the following:
- The EDD Contract Number **M53759-7100**
 - Identifies services provided, service period, unit price (i.e. hourly, monthly), and quantity applicable to the service
 - Accurate billing address as stated on the purchase order or contract
 - Supplier invoice date
 - Company name and remittance address

The invoice, in triplicate, in arrears shall be forwarded to the address shown below:

Employment Development Department



2. Budget Contingency Clause

It is mutually understood between the parties that this Agreement may have been written before ascertaining the availability of congressional and legislative appropriation of funds, for the mutual benefit of both parties, in order to avoid program and fiscal delays which would occur if the Agreement were executed after that determination was made.

This Agreement is valid and enforceable only if (1) sufficient funds are made available by the State Budget Act of the appropriate State Fiscal Year(s) covered by this Agreement for the purposes of this program; and (2) sufficient funds are made available to the State by the United States Government or by the State of California for the Fiscal Year(s) covered by this Agreement for the purposes of this program. In addition, this Agreement is subject to any additional restrictions, limitations or conditions established by the United States Government and/or the State of California, or any statute enacted by the Congress and Legislature, which may affect the provisions, terms or funding of the Agreement in any manner.

EXHIBIT B
(Standard Agreement)

The parties mutually agree that if the Congress and/or Legislature does not appropriate sufficient funds for the program, this agreement shall be amended to reflect any reduction in funds.

The EDD has the option to terminate the Agreement under the 30-day termination clause or to amend the Agreement to reflect any reduction of funds.

3. California Prompt Payment Clause

Payment will be made in accordance with, and within the time specified in, Government Code § 927, et seq.



Attachment B-1 (Standard Agreement) Vendor Quote

Enterprise Networking Solutions, Inc.
2860 Gold Tailings Court
Rancho Cordova, CA 95670
Phone (916) 369-7567
Fax (916) 369-0443

Palo Alto Networks
[Palo Alto MSRP Link \(Checked 03/11/2020\)](#)

Date: 4/22/2020
Expiration Date: 6/21/2020
Quote #: ENS20-016EDD-PAN
Vendor Quote #: refer to cost sheet
Prepared by: Jenna D'Agostino
Account Executive: Steve Garcia
Contract #: 1-19-70-19P
(Expires 03/31/2022)
FEIN#: 68-0434432
CA Sellers Permit #: 97-557959
Payment Terms: Net 45

Quote To:
EDD
[Redacted]

SB/DVBE Percentage: 0%

Segment ID#	Proprietary Service	Mfg Part #	SKU	Hardware	QTY	OEM MSRP List Price	Discount	Unit Price	Extension	Dept. Requested OEM Services (ENS To Complete)	Department Review (line item/page of MSRP) (Agency to Complete)
P1-10	N/A	PAN-PA-850-LAB	PAN-PA-850-LAB	Palo Alto Networks PA-850 LAB Unit	2	\$ 3,990.00	90.00%	\$ 399.00	\$ 798.00	N/A	
P1-10	N/A	PAN-QSFP28-AOC-10M	PAN-QSFP28-AOC-10M	QSFP28 form factor, 100Gb active optical cable with 2 transceivers and 10m of cable permanently bonded as an assembly	2	\$ 1,800.00	90.00%	\$ 180.00	\$ 360.00	N/A	
P1-10	N/A	PAN-SFP-PLUS-SR	PAN-SFP-PLUS-SR	SFP+ form factor, SR 10Gb optical transceiver, short reach 300m, OM3 MMF, duplex LC, IEEE 802.3ae 10GBASE-SR compliant	12	\$ 1,500.00	90.00%	\$ 150.00	\$ 1,800.00	N/A	
P1-10	N/A	PAN-QSFP-40GBASE-SR4	PAN-QSFP-40GBASE-SR4	QSFP+ form factor, 40Gb SR4 optical transceiver, short reach 100m OM3, 12 strand MPO connector, IEEE 802.3ba 40GBASE-SR4 compliant	6	\$ 2,000.00	90.00%	\$ 200.00	\$ 1,200.00	N/A	
P1-10	N/A	PAN-QSFP28-100GBASE-SR4	PAN-QSFP28-100GBASE-SR4	QSFP28 form factor, 100Gb SR4 optical transceiver, short reach 100m OM4 (70m OM3), 12 strand MPO, MMF, IEEE 802.3ba 100GBASE-SR4 compliant	6	\$ 5,000.00	90.00%	\$ 500.00	\$ 3,000.00	N/A	
Hardware Sub-Total (Taxable)									\$ 7,158.00		
Software											
P1-11	N/A	PAN-ENT-SUB-ELA-A-3YR	PAN-ENT-SUB-ELA-A-3YR	Enterprise License Agreement, TP, DNS, PANDB URL, WF, GP, 3 year, Tier A Term Dates: 5/30/2020-5/30/2023	1	\$ 1,663,200.00	27.00%	\$ 1,214,136.00	\$ 1,214,136.00	N/A	
P1-11	N/A	PAN-VM-ELA-BND2-PREM-3YR	PAN-VM-ELA-BND2-PREM-3YR	Palo Alto Networks ELA Bundle for VM-Series including Threat Prevention, DNS Security, PANDB, URL filtering, Global Protect, and WildFire subscriptions, unlimited Panorama and Premium Support, 3 YR Term Dates: 5/30/2020-5/30/2023	1	\$ 790,600.00	26.00%	\$ 585,044.00	\$ 585,044.00	N/A	
P1-11	N/A	PAN-TRAPS-D-1YR-R	PAN-TRAPS-D-1YR-R	Traps Advanced Endpoint Protection for agents, tier D, 1-year renewal, includes Premium Support Term Dates: 5/30/2020-5/30/2021	15000	\$ 22.00	18.00%	\$ 18.04	\$ 270,600.00	N/A	
P1-11	N/A	PAN-AF-1YR-R	PAN-AF-1YR-R	Palo Alto Networks AutoFocus Threat Intelligence Service Standard subscription renewal 1 year Term Dates: 5/30/2020-5/30/2021	2	\$ 35,000.00	16.00%	\$ 29,400.00	\$ 58,800.00	N/A	
Professional Services											
P1-14	Yes	PAN-CONSULT-RE-12MO	PAN-CONSULT-RE-12MO	Palo Alto Networks Resident Engineer Consulting Services – 12 months	1	\$ 385,000.00	25.00%	\$ 288,750.00	\$ 288,750.00	N/A	
Warranty/Support											
P1-15	Yes	PAN-ENT-PREM-ESA-C-3YR	PAN-ENT-PREM-ESA-C-3YR	Enterprise Support Agreement, 3 years Premium Support, Tier C Term Dates: 5/30/2020-5/30/2023	1	\$ 912,000.00	24.00%	\$ 693,120.00	\$ 693,120.00	N/A	
Total (Before Tax)									\$ 3,117,608.00		
City: Sacramento*						Tax Rate:	8.75%	Tax Amount		\$ 626.33	
TOTAL QUOTE PRICE									\$ 3,118,234.33		

Notes:

Thank you for your business!

**Attachment B-2
 (Standard Agreement)
 Cost Breakdown**

Approval Date	ITAP ID	Description	Total Budget	Total Actual Amount
N/A	ISD-1087	Palo Alto	\$450,000.00	\$411,313.99
	ISD-873	Palo Alto	\$750,000.00	\$750,000.01
	ISD-1067	Palo Alto	\$300,000.00	\$295,387.01
TOTAL				\$1,456,701.01

Cost Center	EC	Project/Activity	%	Amount
FY 19/20				
04530	643	691/672		\$7,784.33
	615	691/672		\$1,448,916.68
			FY 19/20 Total	\$1,456,701.01
FY 20/21				
04530	615	691/672	\$830,766.67	\$830,766.66
FY 21/22				
04530	615	691/672	\$830,766.67	\$830,766.66

Grand Total
 (3Yrs) **\$3,118,234.33**

Notes
<u>FY 21/22 - \$830,766.66</u>
<u>FY 22/23 - \$830,766.66</u>

**EXHIBIT D
(Standard Agreement)**

SPECIAL TERMS AND CONDITIONS

1. **Workforce Innovation and Opportunity Act (WIOA)**

Contractor agrees to conform to nondiscrimination provisions of the Workforce Innovation and Opportunity Act (WIOA) and other federal nondiscrimination requirements as referenced in 29 CFR, Part 37 and 38.

2. **Termination Clause**

This Agreement may be terminated by EDD by giving written notice 30 days prior to the effective date of such termination.

3. **Public Convenience and Interference with Office Operation**

The Contractor shall make provisions to accomplish the work of this Agreement without undue interference to the occupants of the building and building operations. Corridors and entrances for use of occupants and reasonable access thereto shall be kept clear of building materials, equipment, refuse, etc. The Contractor shall be required to give the occupants reasonable notice when work is to be done.

Noisy motors, cutting, drilling, and fastening equipment must be operated with minimum disturbance to the occupants of the building or adjacent buildings; however, EDD will not require overtime for such work unless specifically stated in this Agreement.

4. **Use of State Facilities**

Water, electric light, power, and toilet facilities at the worksite are available free of charge. Toilet facilities shall be kept clean at all times and shall comply with requirements and restrictions at the worksite. Interruptions to any service for the purpose of making or breaking a connection shall be made only after consultation with the Project Manager, and shall be at such time and such duration as may be directed. Contractor shall make necessary provisions as required to maintain existing services to occupied areas of the building.

Contractor shall provide adequate dust covers, temporary dust barriers, and pads to protect equipment, furnishings, and elevators during dusty operations or where damage could occur. Contractor shall provide chemically treated walk-off mats, to be changed whenever directed by the Project Manager.

EXHIBIT D
(Standard Agreement)

5. **Inspection of Services**

All services shall be subject to inspection by the Project Manager at any and all times during the performance thereof and at the completion of the work. If the Project

Manager determines that the services or materials furnished are not in accordance with the terms and conditions described herein, the Project Manager may at his/her option have the work performed by others charging the Contractor with any cost occasioned thereby.

6. **Liability of Contractor**

All work performed under this Agreement shall be at the risk of the Contractor until fully accepted by the Project Manager.

Until final acceptance of the work, the Contractor shall have the charge, care, and sole responsibility of the work, and shall bear the risk of injury or damage to any part thereof by the action of the elements or any cause whether arising from execution or nonexecution of the work. The Contractor shall bear all expense to restore damages occasioned by any of the above actions resulting from the injuries or damages sustained or arising from the construction of this work or the consequences thereof. EDD may retain so much of the money due the Contractor as shall be considered necessary until final disposition has been made of such suits or claims to protect persons and property from injury or damage, and shall be responsible for any injury or damage incurred. EDD assumes no liability for Contractor's equipment or material.

7. **Loading - Unloading**

The Contractor may utilize EDD's designated loading area only long enough to deliver materials and equipment. Vehicles that remain at the designated loading area are subject to being towed away.

8. **Faulty Materials and Workmanship**

The final payment shall not relieve the Contractor of responsibility for faulty materials or workmanship. Unless otherwise specified, Contractor shall remedy any defect due thereto, and pay for any damage to the other work resulting there from, which shall appear within a period of one year from the date of acceptance of the work.

9. **Acceptance of Work**

No payment shall become due until final inspection and **acceptance is made by** EDD. If required, the Contractor shall furnish to EDD an affidavit showing full payment has been made by the Contractor for all labor and materials required by this Agreement.

**EXHIBIT D
(Standard Agreement)**

10. **Guarantees**

Unless previously agreed upon a "PER TASK/WORK ORDER" basis or in specific guarantees required elsewhere in this Agreement, the Contractor shall warranty the work in general for one (1) year from the date of acceptance.

11. **Correction of Work**

Prior to final payment, work that does not comply with the requirements of the Agreement, either specified in writing, or by oral agreement, must be promptly replaced by the Contractor at his/her own expense with work that does comply. In making such replacement, the Contractor shall bear all expenses involved in making good all damages or destruction caused to the work of other contractors.

12. **Insurance Requirements**

The Contractor agrees the insurance herein provided for shall be in effect at all times during the term of this Agreement. In the event said insurance coverage expires at any time during the term of this Agreement, Contractor agrees to provide at least 30 days prior to said expiration date, a new certificate of insurance evidencing insurance coverage as outlined below for not less than the remainder of the term of this Agreement, or for a period of not less than one year. New certificates of insurance are subject to the approval of the Department of General Services, and Contractor agrees that no work or services shall be performed prior to the giving of such approval. In the event Contractor fails to keep in effect at all times insurance coverage as herein provided, the State may, in addition to any other remedies it may have, terminate this Agreement upon the occurrence of such event. The Contractor shall provide written notice to EDD within five (5) business days of any cancellation, non-renewal, or material change that affects required insurance coverage.

The Contractor shall display evidence of the following coverage on an ACORD certificate:

- A. **General Liability Insurance** - Contractor shall furnish to EDD a certificate of insurance prior to commencement of work stating there is general liability insurance in effect for the Contractor in an occurrence form with limits not less than \$1,000,000 per occurrence for bodily injury and property damage combined.

The certificate of insurance must include the following provision stating:

The State of California, its officers, agents, employees, and servants are included as additional insured, but only with respect to work performed for EDD under this contract. The additional insured endorsement must accompany the certificate.

EXHIBIT D
(Standard Agreement)

- B. Workers' Compensation and Employers Liability** - The Contractor shall furnish to EDD a certificate of insurance evidencing Workers' Compensation and Employers Liability Insurance in effect with limits not less than \$1,000,000 by an insurance carrier licensed to write Workers' Compensation insurance in California. Such certificate shall include the name of the carrier and the policy inception and expiration dates. If the Contractor is self-insured for Workers Compensation, a certificate must be presented evidencing Contractor is a qualified self-insurer in the State of California.

Exhibit E

Protection of Confidentiality

Federal and state confidentiality laws, regulations, and administrative policies classify all the Employment Development Department (EDD) information provided under this Contract as confidential. The federal and state laws prohibit disclosure of the EDD's confidential information to the public and mandate its protection against loss and against unauthorized access, use, disclosure, modification, or destruction.

The Contractor must therefore, agree to the following security and confidentiality requirements:

ADMINISTRATIVE SAFEGUARDS

- a. Adopt policies and procedures to ensure use of the EDD's confidential information solely for purposes specifically authorized under this Contract that meet the requirements of Title 20, Code of Federal Regulations §603.10.
- b. Warrant by execution of this Contract, that no person or selling agency has been employed or retained to solicit or secure this Contract upon agreement or understanding for a commission, percentage, brokerage, or contingent fee. In the event of a breach or violation of this warranty, the EDD shall have the right to annul this Contract without liability, in addition to other remedies provided by law.
- c. Warrant and certify that in the performance of this Contract the Contractor will comply with all applicable statutes, rules and/or regulations, and Contract information security requirements, including but not limited to the following:
 - California Unemployment Insurance Code §1094 (Disclosure Prohibitions)
 - Title 20, Code of Federal Regulations §603.9 and §603.10 (Federal Unemployment Compensation Safeguards and Security Requirements)
 - California Civil Code §1798, et seq. (Information Practices Act)
 - California Penal Code §502 (Computer Fraud Act)
 - Title 5, U.S. Code §552a (Federal Privacy Act Disclosure Restrictions)
 - Title 42, U.S. Code §503 (Social Security Act)
 - Title 18, U.S. Code §1905 (Disclosure of Confidential Information)
- d. Except for state agencies, agree to indemnify the EDD against any loss, cost, damage or liability resulting from violations of these applicable statutes, rules and/or regulations, and Contract information security requirements.
- e. Protect the EDD's information against unauthorized access, at all times, in all forms of media. Access and use the information obtained under this Contract only to the extent necessary to assist in the valid administrative needs of the program receiving such information, and only for the purposes defined in this Contract.
- f. Keep all the EDD's confidential information completely confidential. Make this information available to authorized personnel on a "need-to-know" basis and only for the purposes authorized under this Contract. "Need-to-know" refers to those authorized personnel who need information to perform their official duties in connection with the use of the information authorized by this Contract.

- g. Notify the EDD Information Security Office (ISO) at (916) 654-6231, immediately upon discovery, that there may have been a breach in security which has or may have resulted in compromise to the confidential information. For purposes of this section, immediately is defined within 24 hours of discovery of the breach. The notification shall be by phone and the caller shall speak directly with a person in the EDD ISO. It is not sufficient to simply leave a message. The notification must include a detailed description of the incident (such as time, date, location, and circumstances) and identifying responsible personnel (name, title and contact information). The verbal notification shall be followed with an email notification to InformationSecurityOffice@edd.ca.gov.

MANAGEMENT SAFEGUARDS

- Confidential nature of the EDD information.
 - Requirements of this Contract.
 - Sanctions specified in federal and state unemployment compensation laws and any other relevant statutes against unauthorized disclosure of confidential information provided by the EDD.
- a. Require that all personnel assigned to work with the information provided by the EDD complete the EDD Confidentiality Statement.
 - b. Return the following completed documents to the EDD Contract Services Group:
 - The EDD Indemnity Agreement is required to be completed by the Contractor, Chief Financial Officer, or authorized Management Representative, unless Contractor is a State Agency.
 - The EDD Statement of Responsibility Information Security Certification is required to be completed by the Information Security Officer or authorized Management Representative.
 - c. Permit the EDD to make on-site inspections to ensure that the terms of this Contract are being met. Make available to the EDD staff, on request and during on-site reviews, copies of the EDD Confidentiality Statement completed by personnel assigned to work with the EDD's confidential information, and hereby made a part of this Contract.
 - d. Maintain a system of records sufficient to allow an audit of compliance with the requirements under subsection (d) of this part. Permit the EDD to make on-site inspections to ensure that the requirements of federal and state privacy, confidentiality and unemployment compensation statutes and regulations are being met including but not limited to Social Security Act §1137(a) (5)(B).

USAGE, DUPLICATION, AND REDISCLOSURE SAFEGUARDS

- a. Use the EDD's confidential information only for purposes specifically authorized under this Contract. The information is not admissible as evidence in any action or special proceeding except as provided under §1094(b) of the California Unemployment Insurance Code (CUIC). Section 1095(u) of the CUIC does not authorize the use of the EDD's confidential information by any private collection agency.
- b. Extraction or use of the EDD information for any purpose outside the purposes stated in this Contract is strictly prohibited. The information obtained under this Contract shall not be reproduced, published, sold, or released in original or any other form not specifically authorized under this Contract.

- c. Disclosure of any of the EDD information to any person or entity not specifically authorized in this Contract is strictly prohibited. Personnel assigned to work with the EDD's confidential information shall not reveal or divulge to any person or entity any of the confidential information provided under this Contract except as authorized or required by law.

PHYSICAL SAFEGUARDS

- a. Take precautions to ensure that only authorized personnel are given access to physical, electronic and on-line files. Store electronic and hard copy information in a place physically secure from access by unauthorized persons. Process and store information in electronic format, such as magnetic tapes or discs, in such a way that unauthorized persons cannot retrieve the information by means of computer, remote terminal, or other means.
- b. Secure and maintain any computer systems (network, hardware, and software applications) that will be used in the performance of this Contract. This includes ensuring that all security patches, upgrades, and anti-virus updates are applied as appropriate to secure data that may be used, transmitted, or stored on such systems in the performance of this Contract.
- c. Store all the EDD's confidential documents in a physically secure manner at all times to prevent unauthorized access.
- d. Store the EDD's confidential electronic records in a secure central computer facility. Where in-use on a shared computer system or any shared data storage system, ensure appropriate information security protections are in place. The Contractor shall ensure that appropriate security access controls, storage protections and use restrictions are in place to keep the confidential information in the strictest confidence and shall make the information available to its own personnel on a "need-to-know" basis only.
- e. Store the EDD's confidential data in encrypted format when recorded on removable electronic storage media, or on mobile computing devices, such as a laptop computer.
- f. Maintain an audit trail and record data access of authorized users and authorization level of access granted to the EDD's data, based on job function.
- g. Direct all personnel permitted to use the EDD's data to avoid leaving the data displayed on their computer screens where unauthorized users may view it. Personnel should retrieve computer printouts as soon as they are generated so that the EDD's data is not left unattended in printers where unauthorized personnel may access them.
- h. Dispose of confidential information obtained from the EDD, and any copies thereof made by the Contractor, after the purpose for which the confidential information is disclosed is served. Disposal means return of the confidential information to the EDD or destruction of the information utilizing an approved method of confidential destruction, which includes electronic deletion (following Department of Defense specifications) shredding, burning, or certified or witnessed destruction.

EMPLOYMENT DEVELOPMENT DEPARTMENT CONFIDENTIALITY AGREEMENT

Information resources maintained by the State of California Employment Development Department (EDD) and provided to your agency may be confidential or sensitive. Confidential and sensitive information are not open to the public and require special precautions to protect it from wrongful access, use, disclosure, modification, and destruction. The EDD strictly enforces information security. If you violate these provisions, you may be subject to administrative, civil, and/or criminal action.

_____ an employee of _____
PRINT YOUR NAME PRINT YOUR EMPLOYER'S NAME

hereby acknowledge that the confidential and/or sensitive records of the Employment Development Department are subject to strict confidentiality requirements imposed by state and federal law include the California Unemployment Insurance Code (UIC) §§1094 and 2111, the California Civil Code (CC) §1798 et seq., the California Penal Code (PC) §502, Title 5, USC §552a, Code of Federal Regulations, Title 20 part 603, and Title 18 USC §1905.

_____ acknowledge that my supervisor and/or the Contract's Confidentiality and Data Security Monitor reviewed with me the confidentiality and security requirements, policies, and administrative processes of my organization and of the EDD.
INITIAL

_____ acknowledge responsibility for knowing the classification of the EDD information I work with and agree to refer questions about the classification of the EDD information (public, sensitive, confidential) to the person the Contract assigns responsibility for the security and confidentiality of the EDD's data.
INITIAL

_____ acknowledge responsibility for knowing the privacy, confidentiality, and data security laws that apply to the EDD information I have been granted access to by my employer, including UIC §§1094 and 2111, California Government Code § 15619, CC § 1798.53, and PC § 502.
INITIAL

_____ acknowledge that wrongful access, use, modification, or disclosure of confidential information may be punishable as a crime and/or result in disciplinary and/or civil action taken against me—including but not limited to: reprimand, suspension without pay, salary reduction, demotion, or dismissal—and/or fines and penalties resulting from criminal prosecution or civil lawsuits, and/or termination of contract.
INITIAL

_____ acknowledge that wrongful access, inspection, use, or disclosure of confidential information for personal gain, curiosity, or any non-business related reason is a crime under state and federal laws.
INITIAL

_____ acknowledge that wrongful access, use, modification, or disclosure of confidential information is grounds for immediate termination of my organization's Contract with the EDD.
INITIAL

_____ agree to protect the following types of the EDD confidential and sensitive information:
INITIAL

- | | |
|---|---|
| <ul style="list-style-type: none"> • Wage Information • Employer Information • Claimant Information • Tax Payer Information | <ul style="list-style-type: none"> • Applicant Information • Proprietary Information • Operational Information (manuals, guidelines, procedures) |
|---|---|

_____ hereby agree to protect the EDD's information on either paper or electronic form by:
INITIAL

- Accessing or using the EDD supplied information only as specified in the Contract for the performance of the specific work I am assigned.
- Never accessing information for curiosity or personal reasons.
- Never showing or discussing sensitive or confidential information to or with anyone who does not have the need to know.
- Placing sensitive or confidential information only in approved locations.
- Never removing sensitive or confidential information from the work site without authorization.
- Following encryption requirements for all personal, sensitive, or confidential information in any portable device or media.

"I certify that I have read and initialed the confidentiality statements printed above and will abide by them."

 Print Full Name (last, first, MI)

 Print Name of Requesting Agency

 Signature

 Date Signed

Check the appropriate box:

- | | |
|--|------------------------------------|
| <input type="checkbox"/> Employee | <input type="checkbox"/> Student |
| <input type="checkbox"/> Subcontractor | <input type="checkbox"/> Volunteer |
| <input type="checkbox"/> Other | |

 Explain

EMPLOYMENT DEVELOPMENT DEPARTMENT INDEMNITY AGREEMENT

In consideration of access to the EDD information which is personal, sensitive, or confidential,

(Enter Requesting Agency/Entity Name)

agrees to indemnify the EDD against any and all liability costs, damages, attorney fees, and other expenses the EDD may incur by reason of or as a result of any unauthorized use of the personal, sensitive, or confidential information or any violation of the "Confidentiality Agreement" by any and all employees of:

(Enter Requesting Agency/Entity Name)

This obligation shall be continuous and may not be changed or modified unless agreed to in writing.

In addition, I understand that the following penalties may be incurred for any such misuse of the EDD Information:

1. Any individual who has access to returns, reports, or documents maintained by the EDD who fails to protect the confidential information from being published or open to the public may be punished by imprisonment in the county jail for up to one year or a fine of \$20,000.00 or both. (California Unemployment Insurance Code §§ 2111 and 2122).
2. Any person who intentionally discloses information, not otherwise public, which they knew or should have known was obtained from personal information maintained by a state agency, shall be subject to civil action for invasion of privacy by the individual to whom the information pertains. (California Civil Code §1798.53).
3. Any unauthorized access to the EDD computer data, computer systems, or unauthorized use of the EDD data is punishable by a fine or imprisonment in the county jail or both. (California Penal Code §502).

I certify that I have read, understand, and agree with the above terms.

SIGNED BY REQUESTING ENTITY REPRESENTATIVE

Print Full Name

Signature

Print Title

Date Signed

Print Name of Requesting Entity

Enter Name Governmental Sponsor/Entity

**EMPLOYMENT DEVELOPMENT DEPARTMENT
 STATEMENT OF RESPONSIBILITY
 INFORMATION SECURITY CERTIFICATION**

I, Jenna D'Agostino, hereby certify that Enterprise Networking Solutions Inc. has in place the safeguards and security requirements stated in this contract. We therefore accept responsibility for ensuring compliance with these requirements, as set forth in Exhibit "E" of the EDD Contract No. M53759-7100.

INFORMATION SECURITY OFFICER SIGNATURE	PROGRAM DIRECTOR OR CHIEF INFORMATION OFFICER SIGNATURE
PRINT NAME OF INFORMATION SECURITY OFFICER	PRINT NAME
Information Security Officer	
PRINT TITLE	PRINT TITLE
TELEPHONE NUMBER	TELEPHONE NUMBER
E-MAIL ADDRESS	E-MAIL ADDRESS
DATE SIGNED	DATE SIGNED

NOTE: Return this Information Security Certification to the EDD Contract Manager with the signed copies of the Contract.

FOR THE EDD USE ONLY

1. Information Security Certification received by:

EDD CONTRACT MANAGER NAME	DATE RECEIVED
---------------------------	---------------

2. The EDD information asset access approved by:

CONTRACT MANAGER OR DISCLOSURE COORDINATOR	DATE APPROVED (AFF, EMAIL, ETC.)
--	----------------------------------

NOTE: The EDD must have a signed "Information Security Certification" in its possession prior to disclosure of any personal, confidential, or sensitive information to Inspectron, Inc.

Exhibit F

Safeguarding Contract Language Administrative Requirements

The following administrative requirements must be completed before services are performed in accordance with the Contract. The Contractor is responsible for any costs or expenses related to time for completing these items. The Employment Development Department (EDD) may terminate the Contract and be relieved of any payments should the Contractor fail to perform the requirements of the Background Investigation at the time and in the manner described below:

a. **Background Investigation**

Pursuant to Government Code section 1044, the EDD shall conduct a background investigation of the Contractor, its employees, contractors, agents, volunteers, vendors, or subcontractors who will have access to Federal Tax Information (FTI) as part of their duties under this Agreement; and reserves the right to disapprove any individual from performing services under the scope of this Agreement. The Background Investigation will include fingerprinting and an inquiry to the California Department of Justice (DOJ) and the Federal Bureau of Investigations (FBI) to disclose Criminal Offender Record Information (CORI). Investigations are conducted to ascertain whether a Contractor, its employees, contractors, agents, volunteers, vendors, or subcontractors have any state or federal convictions, or are currently released from custody on bail or on their own recognizance pending trial.

Each Contractor, its employees, contractors, agents, volunteers, vendors, or subcontractors who are to perform services under this Agreement must voluntarily consent to a Background Investigation. Fingerprint rolling fees and Background Investigation costs will be borne by the EDD if the preferred fingerprint rolling vendor is utilized. If the Contractor, its employees, contractors, agents, volunteers, vendors, or subcontractors choose to go to a non-preferred Live Scan fingerprint vendor, the costs will be borne by the Contractor, payable at the time of fingerprinting and will not be reimbursed by the EDD. Previous clearances and/or investigations conducted by other agencies will not be accepted as an alternative to the EDD's Background Investigation.

Once this Contract is awarded, it is the responsibility of the Contractor to provide a list of names of individuals who will be working on site at an EDD location or working remotely with access to EDD information (data) and/or information assets (servers, workstations, routers, switches, printers, etc.) to the Contract Monitor. The Contractor will be provided BCIA 8016 forms for its employees, contractors, agents, volunteers, vendors, or subcontractors to utilize for their fingerprint rolling at an EDD preferred fingerprint rolling vendor. The EDD will receive the CORI reports from DOJ and evaluate the information provided against the EDD's established criteria. The Contractor, its employees, contractors, agents, volunteers, vendors, or subcontractors must successfully pass a background investigation pursuant to the EDD's criteria prior to the EDD issuing a badge or access to the EDD's data

Within 5 business days, the Contractor shall notify the EDD Contract Monitor when its employee, contractor, agent, volunteer, vendor, or subcontractor, working under this Agreement is terminated, not hired, or reassigned to other work. Within 5 business days, the Contractor shall notify the EDD Contract Monitor when its new employee, contractor, agent, volunteer, vendor, or subcontractor is assigned to work under this Agreement in order for the EDD to commence conducting a background investigation of its new employee, contractor, agent, volunteer, vendor, or subcontractor.

b. Annual Information Security Awareness and Privacy Training

California state policy requires that the EDD must provide for the proper use and protection of its information assets and arrange for basic security and privacy awareness training (SAM sections 5305.1, 5320.1, 5320.2, 5320.3, SIMM 5330-B) for new users and annually thereafter. Therefore, the Contractor, its employees, contractors, agents, volunteers, vendors, or subcontractors who access state resources must complete the designated EDD online annual Information Security Awareness and Privacy Training prior to accessing EDD information assets and/or beginning work on a contract. The EDD University will set up a training account. While the training course is provided by the EDD, any expenses, including Contractor time, related to new and/or annual Information Security Awareness and Privacy Training will be the responsibility of the Contractor.

Exhibit G

Safeguarding Contract Language for Technology Services

I. PERFORMANCE

In performance of this Contract, the Contractor agrees to comply with and assume responsibility for compliance by his or her employees with the following requirements:

- (1) All work will be done under the supervision of the Contractor or the Contractor's employees.
- (2) The Contractor and the Contractor's employees, Contractors, agents, volunteers, vendors, or subcontractors must meet the background check requirements provided in Exhibit E of this Contract.
- (3) Any return or return information made available in any format shall be used only for the purpose of carrying out the provisions of this Contract. Information contained in such material will be treated as confidential and will not be divulged or made known in any manner to any person except as may be necessary in the performance of this Contract. Disclosure to anyone other than an officer or employee of the Contractor will be prohibited.
- (4) All returns and return information will be accounted for upon receipt and properly stored before, during, and after processing. In addition, all related output will be given the same level of protection as required for the source material.
- (5) The Contractor certifies that the data processed during the performance of this Contract will be completely purged from all data storage components of his or her computer facility, and no output will be retained by the Contractor at the time the work is completed. If immediate purging of all data storage components is not possible, the Contractor certifies that any Internal Revenue Service (IRS) data remaining in any storage component will be safeguarded to prevent unauthorized disclosures.
- (6) Any spoilage or any intermediate hard copy printout that may result during the processing of IRS data will be given to the agency or his or her designee. When this is not possible, the Contractor will be responsible for the destruction of the spoilage or any intermediate hard copy printouts, and will provide the agency or his or her designee with a statement containing the date of destruction, description of material destroyed, and the method used.
- (7) All computer systems receiving, processing, storing or transmitting federal tax information (FTI) must meet the requirements defined in IRS Publication 1075. To meet functional and assurance requirements, the security features of the environment must provide for the managerial, operational, and technical controls. All security features must be available and activated to protect against unauthorized use of and access to FTI.
- (8) No work involving FTI furnished under this Contract will be subcontracted without prior written approval of the IRS.
- (9) The Contractor will maintain a list of employees authorized access. Such list will be provided to the agency and, upon request, to the IRS reviewing office. (See Section 10.0, Reporting Improper Inspections or Disclosures of the [IRS Publication 1075](#).) The agency will have the right to void the Contract if the Contractor fails to provide the safeguards described above.

II. CRIMINAL/CIVIL SANCTIONS

- (1) Each officer or employee of any person to whom returns or return information is or may be disclosed will be notified in writing by such person that returns or return information disclosed to such officer or employee can be used only for a purpose and to the extent authorized herein, and that further disclosure of any such returns or return information for a purpose or to an extent unauthorized herein constitutes a felony punishable upon conviction by a fine of as much as \$5,000 or imprisonment for as long as 5 years, or both, together with the costs of prosecution. Such person shall also notify each such officer and employee that any such unauthorized further disclosure of returns or return information may also result in an award of civil damages against the officer or employee in an amount not less than \$1,000 with respect to each instance of unauthorized disclosure. These penalties are prescribed by IRCs 7213 and 7431 and set forth in 26 C.F.R. § 301.6103(n)-1.
- (2) Each officer or employee of any person to whom returns or return information is or may be disclosed shall be notified in writing by such person that any return or return information made available in any format shall be used only for the purpose of carrying out the provisions of this Contract. Information contained in such material shall be treated as confidential and shall not be divulged or made known in any manner to any person except as may be necessary in the performance of the Contract. Inspection by or disclosure to anyone without an official need-to-know constitutes a criminal misdemeanor punishable upon conviction by a fine of as much as \$1,000 or imprisonment for as long as 1 year, or both, together with the costs of prosecution. Such person shall also notify each such officer and employee that any such unauthorized inspection or disclosure of returns or return information may also result in an award of civil damages against the officer or employee [United States for Federal employees] in an amount equal to the sum of the greater of \$1,000 for each act of unauthorized inspection or disclosure with respect to which such defendant is found liable or the sum of the actual damages sustained by the plaintiff as a result of such unauthorized inspection or disclosure plus in the case of a willful inspection or disclosure which is the result of gross negligence, punitive damages, plus the costs of the action. These penalties are prescribed by IRC 7213A and 7431 and set forth in 26 C.F.R. § 301.6103(n)-1.
- (3) Additionally, it is incumbent upon the Contractor to inform its officers and employees of the penalties for improper disclosure imposed by the Privacy Act of 1974, 5 U.S.C. § 552(a). Specifically, 5 U.S.C. § 552(a)(i)(1), which is made applicable to Contractors by 5 U.S.C. § 552(a)(m)(1), provides that any officer or employee of a Contractor, who by virtue of his/her employment or official position, has possession of or access to agency records which contain individually identifiable information, the disclosure of which is prohibited by the Privacy Act or regulations established thereunder, and who knowing that disclosure of the specific material is prohibited, willfully discloses the material in any manner to any person or agency not entitled to receive it, shall be guilty of a misdemeanor and fined not more than \$5,000.

- (4) Granting a Contractor access to FTI must be preceded by certifying that each individual understands the agency's security policy and procedures for safeguarding IRS information. Contractors must maintain their authorization to access FTI through annual recertification. The initial certification and recertification must be documented and placed in the agency's files for review. As part of the certification and at least annually afterwards, Contractors must be advised of the provisions of IRCs 7431, 7213, and 7213A. (See [Exhibit 4, Sanctions for Unauthorized Disclosure](#), and [Exhibit 5, Civil Damages for Unauthorized Disclosure of the IRS Publication 1075](#)). The training provided before the initial certification and annually thereafter must also cover the incident response policy and procedure for reporting unauthorized disclosures and data breaches. (See [Section 10.0, Reporting Improper Inspections or Disclosures of the IRS Publication 1075](#).) For both the initial certification and the annual certification, the Contractor must sign, either with ink or electronic signature, a confidentiality statement certifying their understanding of the security requirements.

III. INSPECTION

The IRS and the agency, with 24 hour notice, shall have the right to send its inspectors into the offices and plants of the Contractor to inspect facilities and operations performing any work with FTI under this Contract for compliance with requirements defined in IRS Publication 1075. The IRS' right of inspection shall include the use of manual and/or automated scanning tools to perform compliance and vulnerability assessments of information technology assets that access, store, process or transmit FTI. On the basis of such inspection, corrective actions may be required in cases where the Contractor is found to be noncompliant with Contract safeguards.

* Language used throughout [Exhibit 9](#) is derived from [IRS Publication 1075](#)