

**EXHIBIT #1 – CONTRACT SPECIFICATIONS**  
**SOLICITATION: EV00000583**

**Mandatory Requirements:**

**1 Introduction**

- A.** The Oklahoma Tax Commission (OTC) seeks to establish a contract with a professional collection Supplier, whose majority of experience is in the collection of public sector debt to perform second placement debt collection and civil litigation services for delinquent taxes and fees from individuals and businesses located inside and outside the State of Oklahoma. The OTC does not consider the following to be public sector debt commensurate with the debt collected under this contract:
- i.** Child Support
  - ii.** Consumer credit card
  - iii.** Medical-related
  - iv.** Municipal-related, such as court fines and traffic/parking fines
  - v.** Student loans
  - vi.** Unemployment Insurance Overpayments
  - vii.** Other such similar debt
- B.** The OTC currently collects multiple taxes and fees, including, but not limited to the following:
- i.** Individual Income Tax
  - ii.** Corporate Income Tax
  - iii.** Medical Marijuana Tax
  - iv.** Sales Tax
  - v.** Withholding Tax
- C.** The OTC anticipates initial placement of 134,506 accounts with an approximate approximate value of \$761,188,884. Of the initial placement, \$532,262,563 dollars are individual income tax, \$177,789,432 dollars are business tax (such as corporate, partnership, etc.), and \$51,136,889 dollars are business taxes (such as sales, withholding, etc.). Please note: While the OTC anticipates the initial placement of approximately 134,506 accounts, we reserve the right to retain any accounts that have exceeded five (5) years of placement without current payments or an active payment plan, thereby lowering the number of accounts transferred to the secondary placement vendor.
- D.** The Supplier shall supplement the overall collection activities of the OTC. Prior to referring delinquent accounts, collection attempts will be made by the OTC and/or the first placement vendor.
- E.** The OTC will continue to offset delinquent tax debts against other credits with the OTC due the taxpayer, and the Department of Treasury Federal Offset program. These actions will continue while the case is placed with the Supplier. No fee will be paid for monies collected from these credits.
- F.** Once the contract is awarded there will be a period to allow for set up and testing. The assignments of accounts, collection of debt and payment fees will not occur until that time the set up and testing is completed to the satisfaction of the OTC.

**2 Scope of Service**

- A.** The Supplier shall accept accounts placed by OTC under terms of this agreement and will use its best efforts to collect said accounts utilizing means legal, necessary and proper. The Supplier shall not, under any

circumstances use threatening language or written text, intimidation, or harassment in the collection process or violate any federal guidelines with regard to debt collection.

- B.** The Supplier shall be assigned such cases as deemed appropriate by the OTC. The assigned cases will be a variety of debts associated with different tax types (e.g. individual income tax, sales tax, withholding tax, corporate tax, etc.). The OTC currently assigns accounts on an automated monthly time schedule. Accounts may be manually migrated outside of the monthly time schedule. Accounts that migrate to the Supplier, whether automatic or manual, will remain with the Supplier for a period no longer than sixty-months (60) months for successful collection efforts. The account may be retained by the Supplier beyond sixty (60) months if the liability is entered into a payment arrangement or has active litigation such as wage garnishment or bank levy.
- C.** The Supplier shall promptly undertake the collection of all cases assigned by the OTC without regard to the individual account debt amount. The Supplier shall use its most effective and timely efforts to resolve and collect each case assigned. The Supplier shall not allow cases to stall without collection/civil litigation actions being taken. The Supplier shall initiate legal proceedings on an account when deemed appropriate by the Supplier and the OTC. All attorney fees, and other expenses incurred with civil litigation proceedings shall be at the Supplier's expense. The Supplier shall pay any incurred court costs upon filing of any legal documents.
- D.** Each delinquent case assigned to the Supplier shall be retained by the Supplier until such delinquent tax account is collected or a period of time agreed to between the Supplier and the OTC has expired and efforts to collect the debt have been unsuccessful. Upon expiration of the specified period previously determined the Supplier shall return the case. The OTC may undertake additional collection attempts or civil litigation/action as it deems appropriate.
- E.** The Supplier shall perform asset investigation, skip tracing and debtor negotiation as needed to successfully resolve each account that has been referred to the Supplier. The Supplier must have access to the latest skip tracing methods and must demonstrate a progressive degree of effort on all cases referred regardless of the debt amount.
- F.** When cases are referred to the Supplier the OTC will discontinue internal collection activity with the exception of offset programs, including the OTC's internal offset program and the Federal Treasury Offset Program. The Supplier shall not be entitled to any fees on collections derived under these programs.
- G.** No active bankruptcy periods will be referred. Handling of cases, that have already been placed with a Supplier prior to the taxpayer filing bankruptcy, entering into receivership or receiving notification of a probate proceeding, shall be determined with the Supplier after the contract has been awarded. The General Counsel's Office of the OTC may request assistance in filing bankruptcy petitions in states other than Oklahoma upon unusual circumstances.
- H.** The OTC reserves the right to recall any case at any time. In any such event the Supplier shall suspend any and all collection action, either temporarily or permanently.
- I.** If during the collection of a case, the Supplier is not satisfied that the taxpayer owes the liability or the taxpayer disputes the amount owed, the case should be referred to the OTC for verification. The OTC will attempt to promptly verify the liability and notify the collection Supplier of its finding. During this verification period, the Supplier shall suspend any active collection activity.
- J.** The Supplier shall submit accurate remittances through electronic funds transfer any bill amounts collected on the case during the period. These funds shall be electronically transferred daily. If either a holiday or weekend the scheduled transfer will be made on the next business day. The Supplier shall provide the OTC a balanced reconciliation of

accounts monthly, matching OTC's records, to ensure accuracy of placements, payments and inventory.

- K.** The OTC will notify the Supplier when any monies have been paid directly to the OTC or an offset on the account has been applied. Payments received by the OTC will be posted to the taxpayer account and fee due the Supplier shall be paid through monthly invoicing.
- L.** The Supplier shall demonstrate that they have and will maintain a secure area for processing OTC remittances.
- M.** The Supplier shall be able to accept and transmit all data transfers electronically. This will include account placement, close out information, acknowledgements of cases placed, monthly performance reports, payments and inventory reconciliation reports.
- N.** The Supplier shall be prepared to accept cases in a hard copy format in some instances.
- O.** Collection/litigation activities shall be in compliance with Federal, State and Local laws or regulations and be conducted in a courteous and professional manner.

### **3 Reporting/Monitoring**

- A.** The Supplier shall maintain complete and accurate records of collection services transactions or litigation in accordance with accepted industry practices and shall keep in a secure place all such records and statements pertaining to the Supplier's service operations for the OTC for a period of five (5) years from the close of each year's operation.
- B.** The Supplier shall provide monthly reports showing activity from the previous month. These reports will provide, but are not limited to the number of accounts assigned, the number of accounts removed by OTC, the number of accounts that were paid in full, the current number of payment arrangements and those established during the reporting period, the current number of garnishments as well as those filed during the reporting period. In addition, the Supplier shall provide upon the request of the OTC any other reports or detail that it deems necessary. The Supplier must be prepared to institute further controls should the OTC require. The following reports and reporting requirements shall be required but are not limited to:
  - i.** Number of accounts assigned and removed by OTC.
  - ii.** Number of accounts that were paid in full.
  - iii.** Pay plan reports showing the number and dollar amount of payment arrangements as well as those arrangements entered during the reporting period.
  - iv.** Garnishment reports showing the number and dollar amount of garnishments as well as those filed during the reporting period.
  - v.** The OTC shall have access granted to the Supplier's portal to review details of all accounts migrated to the Supplier, to include all account notations that document collection efforts between the Supplier and the Taxpayer, or Power of Attorney. The Supplier shall provide upon request by the OTC, a history of all collection efforts, including all communication with the Supplier and the taxpayer or Power of Attorney. Upon termination or 90 days prior to the expiration of the contract, this information will be part of the transition plan and the OTC will request that all remaining accounts be accounted for to include but not limited to the following:
    - (a) Supplier account number.
    - (b) OTC Unique Taxpayer Number
    - (c) Entity name

- (d) Notations indicating all collection efforts to include any communication documented that took place between the Supplier and the taxpayer or the Power of Attorney
- C.** Reporting methods shall require the ability to export the information into a spreadsheet or data base for review and sorting purposes (Microsoft Office Access or Excel is preferred). If the data files are large and cannot be transmitted in an encrypted electronic mail, the following are acceptable using the specifications listed:
- i.** Encrypted using 256-Bit AES level encryption or better.
  - ii.** Must be FIPS 140-2 validated/compliant.
  - iii.** Restricted access (password, code, or other security feature) enabled.
  - iv.** Password, code, etc. must be provided separately from the transfer of the USB drive.
- D.** The Supplier shall be required to perform a regular reconciliation to verify the accuracy of the amounts that the Supplier is collecting as well as the cases referred which remain open with the Supplier.
- E.** The Supplier is responsible for the performance of the contract and shall have internal monitoring procedures and processes to ensure compliance.
- F.** To assure compliance with the contract, the OTC and or state auditors shall have the right to enter into the Suppliers premises or any facilities where any portion of the contract is being performed, without notice during normal work hours to inspect, monitor or otherwise evaluate its work performance, examine the books, records and other compilations of data of the Supplier which pertain to the performance of the provisions and requirements of the contact. The OTC shall also have the right to independently verify the Supplier's activities through direct contact with taxpayers or any other means without notice to the Supplier. The Supplier must be prepared to institute any further controls the OTC may require.
- G.** If an information technology Security Certification and Accreditation Assessment is required (Required if data is being accessed, processed, transferred, or stored), the completed Assessment shall be submitted in this section at a Bid Packet page referencing the Security Accreditation Assessment in Excel Format. These materials will be held confidential. Bidder may also submit Standardized Information Gathering (SIG), Consensus Assessment Initiative Questionnaire (CAIQ), FedRamp and/or State Ramp Certifications in lieu of the Security Certification and Accreditation Assessment.

#### **4 Transition Plan**

- A.** The Supplier shall work with the OTC and any other organizations designated by the OTC to ensure an orderly transition of services and responsibilities under the contract and to ensure the continuity of those services required by the OTC.
- B.** Upon the expiration, termination, or cancelation of the contract, the contractor shall assist the OTC to ensure an orderly and smooth transfer of responsibility and continuity of those services required under the terms of the contract to an organization designated the OTC. If requested by the OTC, the Supplier shall provide and/or perform any or all of the following responsibilities:
- i.** The Supplier shall deliver, FOB destination, all records, documentation, reports, data, recommendations, or printing elements, etc., which were required to be produced under the terms of this contract to the OTC and/or to the OTC's designee within seven (7) days after receipt of the written request in a format and condition that are acceptable the OTC.
  - ii.** The Supplier shall discontinue providing service or accepting new

assignments under the terms of this contract, on the date specified by OTC, in order to ensure the completion of such service prior to the expiration of the contract.