# **SECTION C - Description/Specifications/Statement of Work**

***TITLE: FINANCIAL AND BUSINESS SOLUTIONS - DEBT COLLECTIONS***

***\*Note that this sample has been revised from the source document on the Government Point of Entry as necessary to align formatting and applicable FAR procedures.\****

**C.1** **PURPOSE**

The Federal Government is vigorously pursuing the collection of outstanding debt. The Debt Collection Improvement Act of 1996 (P.L. 104-134) allows agencies to refer debt to private sector company contractors for the purpose of collection nationwide.

The PSC is a Federal Debt Collection Center designated by the U.S. Department of the Treasury.

This contract request focuses on the needs of the PSC to continue to provide quality debt management services to its existing customer agencies. The contract will enable the PSC to increase collections and reduce its overall delinquent portfolio by having an outside source actively pursue collection. The types of debt referred may include: health profession education loans, scholarship service defaults, inspection fees, over-advanced grant funds, unapproved expenditures, repatriation loans, and other debt.

**C.2** **BACKGROUND**

The PSC has been a leader in providing high-quality debt management services for its Government customer agencies. Included in the vast array of services has been the successful referral of claims to private debt collection contractors.

Continued offering of debt collection services by the PSC makes good business sense. The PSC utilizes the benefits of economy of scale and specialization to provide customers the best services and technology on a sound fee for service basis. Therefore, continuing to offer quality collection services, such as the referral of claims to contractors as mandated by law, is adhering to the primary purpose of the Agency. Also, the continued utilization of the various collection tools enables the Agency to meet its debt collection business plan as it relates to its vision and mission statements of providing high-quality financial services and cost efficient technologies to its customers.

**C.3** **LAWS AND REGULATIONS GOVERNING COLLECTION ACTIVITY**

The contractor is required to comply with all applicable Federal and State laws and regulations relating to debt collection. Failure to do so may result in the termination of the contract. Some of the principal statutes and regulations are listed here:

- The Privacy Act of 1974 (5 U.S.C. sec. 552a)

- The HHS Claims Collection Regulations 45 CFR Part 30

- The Debt Collection Improvement Act of 1996 (P.L. 104-134)

- The Fair Debt Collection Practices Act of 1977 (P.L. 95-109)

- The Digital Accountability and Transparency Act of 2014 (DATA Act)

Each contractor employee and subcontractor employee assigned to this contract shall receive training relevant to the Privacy Act of 1974, and shall certify in writing that they have received this training before they begin any collection activity. The contractor shall be responsible for providing this training.

Personally Identifiable Information must be protected. Records containing personal information about individual debtors shall be maintained in such a manner as to safeguard them from unauthorized access or disclosure. Documentation with personal information that is being discarded must be shredded and disposed of properly.

The contractor shall take all necessary steps, as warranted, by each State or locality to insure that it is operating within the laws of the jurisdiction where the debtor resides, except insofar as where Federal law supersedes these requirements. The contractor shall provide state and locality related training to its employees, that meets all applicable state licensing requirements.

Except to the extent originating from or in connection with the Federal Government's performance under this contract, the contractor shall agree to indemnify, defend with counsel of the contractor's choice who is reasonably satisfactory to the Federal Government, and hold the Federal Government harmless from all liability, loss, damages, claims and other expenses, including reasonable attorney's fees and court costs, originating from or in connection with the contractor's negligence, arising out of its performance under this task order. The Federal Government may, at its option and its expense, participate through its own counsel in the defense of any such action or proceeding hereunder.

**C.4** **IDENTIFICATION AND DISPOSITION OF DATA**

The contractor shall implement effective physical security safeguards to ensure the protection of its data processing systems, including the computer facilities, equipment, data, and personnel. A controlled environment shall exist in all areas where Government data is maintained. The contractor shall ensure that data in its system is used exclusively for collection activities related to the PSC.

The contractor shall ensure that all Government data and information received in the course of this contract is protected from unauthorized disclosure.

The contractor shall build and acquire an encrypted line for transferring data to the PSC located in Bethesda, Maryland. The contractor shall pay for the connection, line charges, routers, software; and, any other items needed to accomplish the connection.

**C.5** **SCOPE OF TASKS**

The contractor shall be directly responsible for ensuring the accuracy, timeliness and completion of all tasks under this effort as follows:

A. The contractor shall build an interface to electronically accept data regarding debtor account information. The contractor shall acknowledge receipt of each delivery within 3 working days. The contractor's automated system must have the capability to update this information on a daily basis, i.e., addresses, adjustments, collections, etc.

B. The contractor shall provide the capability to transfer receipt/collection data electronically in a predetermined format at least weekly.

C. The contractor shall make every effort to locate and contact debtors to resolve their debt. The contractor shall verify that the debtor's name, home address, and telephone numbers are current; and obtain employer's name, address, and telephone numbers. Sources for locator searches shall at least include internet searches; U.S. Postal Service Tracking; telephone directories; credit reporting agencies; and health licensing boards.

D. The contractor shall provide collection services for the purpose of obtaining payment in full or in situations where payment in full is not possible, implement a repayment agreement in order to liquidate the debt. In regards to repayment agreements and determining a monthly repayment amount, the contractor shall obtain from the debtor a current financial statement and a copy of the debtor's most recent Federal tax return and current pay data (pay stubs). The contractor shall review the debtor's financial position at least annually to determine if the payment amount should be adjusted. The contractor shall enforce a minimum payment amount of at least 1.5 times the monthly amount being accrued for interest, penalties and administrative costs. Deviations from the minimum payment amount must be approved by an agency representative. However, the minimum shall not automatically constitute a standard for establishing a repayment plan. When negotiating a repayment agreement, the contractor shall obtain the debtor's signature accepting the payment terms.

E. The contractor shall provide billing statements, demand letters and repayment agreements. In cases where a repayment agreement has been established, the contractor shall provide either a coupon booklet or a monthly billing statement. In regards to demand letters on debtors not paying, at least two demand letters should be issued over the initial 6 month period. All letters and billing statements provided by the contractor must be pre-approved by the agency prior to utilization. All letters and billing statements must include the debtor’s name and address; type of debt; agency account number; interest rate; and current amount owed broken down by principal, interest, and other costs.

F. The contractor shall maintain information relating to any telephone conversations with the debtor.

G. The contractor shall deposit collections in a Treasury General Account with a Federal Reserve Bank or commercial depository that has been designated by the Treasury under title 31 of the code of Federal Regulations, Part 202 within 24 hours of receipt. Remittances of $5,000 and over must be deposited the day of receipt. The contractor shall do a follow-up action on returned checks, i.e., contacting debtor to recover payment due. Upon request by the agency, the contractor shall make all deposits via a paperless check conversion/over the counter process. This process enables the contractor to make deposits electronically from a desktop and convert the remittances into retained images.

H. The contractor shall provide the capability to accept credit card payments, electronic fund transfers and cash/check remittances and be able to apply a single payment into multiple debt accounts for the same debtor.

I. The contractor shall provide the capability to calculate debts utilizing various accrual methods, i.e., simple interest and compounding interest and update account balances on at least a monthly basis. For example, one debt/program might accrue interest utilizing a variable rate of interest with no compounding. Another debt/program might utilize a fixed rate of interest with annual compounding. Also, various accrual methods are utilized within a program. Debts are notated by the referring agency as to the accrual method utilized.

J. The contractor shall provide various debt inventory management reports with data fields and format acceptable to the PSC. All reports must (i) reflect the data in the order listed (ii) be organized under a heading for each debt program type collected, and (iii) format must allow the agency to sort reports.

PSC reserves the right to modify or adjust all required reports and add additional reports. The following reports are mandatory:

J.1 Monthly Required Reports

**1.** **Debt Inventory Report: Non-Paying**

Agency Case Number

Debtor’s Name

Referral Date

Original Balance

Current Balance

Last Payment Amount

Last Payment Date

**2.** **Debt Inventory Report: Paying**

Agency Case Number

Debtor’s Name

Referral Date

Original Balance

Current Balance

Last Payment Amount

Last Payment Date

**3.** **Closed Accounts Report**

Agency Case Number

Debtor’s Name

Referral Date

Original Balance

Current Balance

Last known home address

Last known email address

Last known phone number

Last known employment information

Reason closed

**4.** **Administrative Wage Garnishment Activity**

Agency Account Number

Debtor’s Name

Current Balance

Number of Intent Letters Issued

Number of Employer Letters Issued

Number of Garnishment Orders Issued

AWG amount and frequency of payment

Cumulative Total Received from AWG

List of accounts discontinued from AWG

**5.** **Invoice Report – Must be submitted with each invoice**

Agency Case Number

Debtor Name

Payment Received Date

Amount of Payment

Commissioned Rate

Amount of Commission due

Contractor Remarks if needed

Total of Collections that month

J.2 Annually Required Reports

**1.** **Summary Total Report**

Number and amount of debt inventory

Current fiscal year

Amount of Recoveries

Current fiscal year fees

Referrals for past fiscal years
Prior year recoveries

Prior year fees

K. The contractor shall close and return accounts not being collected within 8 months of receipt unless an extension is granted by the Agency.

L. The contractor shall close and return accounts in repayment after 42 months of receipt unless an extension is granted by the Agency. Accounts are considered in repayment if debtor has made three consecutive payments.

M. The contractor shall compromise accounts only with the concurrence of the Agency. Compromise agreements shall not be offered as the first option in collection negotiations.

N. The contractor shall establish a post office box for the receipt of incoming correspondence if the contractor is unable to accept and process mail at its primary site location. The contractor shall pick-up payments received from the post office and/or site location at least once each business day. If a debtor mistakenly sends a payment to a location other than the applicable place, the contractor shall notify and advise debtor of the correct address for future payments.

O. Except for regulatory or Better Business correspondence which shall be responded to in 7 business days, the contractor shall provide the capability to respond to incoming debtor correspondence within 30 business days of receipt.

P. The contractor shall provide the capability of performing Administrative Wage Garnishment on debtors. This includes issuing a 30 day letter of intent; letter to employer; garnishment order; and obtaining employer certifications. Examples of letters are available. The contractor shall track garnishment orders issued and offsets received by account within a given portfolio.

Q. The contractor shall establish procedures and restraints within which employees shall operate while performing collection activities and ensure the adherence to all Federal and state laws and regulations regarding collection activities.

R. The contractor shall upon a debtor's death obtain a copy of the death certificate; or certified verification that a death certificate is on file with the state. The contractor shall close the claim and forward the applicable information to the referring agency.

S. The contractor shall return all accounts including those in repayment upon the expiration or termination of the contract. The return should commence in an orderly fashion no later than 45 days prior to the expiration of the contract.

T. Whenever the contractor identifies a debtor as a Federal employee, the contractor shall annotate and return the account within 7 business days if the contractor is unable to initiate a repayment plan with the debtor.

 U. If the debtor contests the debt the contractor shall request the debtor to place allegations in writing. Upon receipt of the documentation, the contractor will review the allegation and if deemed acceptable place the collection in suspense and forward the documentation to the PSC within 3 business days for consideration and determination. The PSC will respond within 10 business days of receipt. The contractor will not receive a contingency fee for collections on any contested debt(s).

V. If a commercial entity has gone out of business, the contractor shall obtain a statement from the applicable state registrar (that the entity is no longer in business). If another entity exists that is legally liable for the debts of the deficient entity, the contractor shall obtain the name, address, and tax identification number of the entity responsible for repayment. If the contractor is unable to obtain repayment from the new entity within 180 days the debt shall be returned.

W. Whenever the contractor identifies the debtor as being in bankruptcy, the contractor shall close the claim and return it to the agency with any bankruptcy documentation within 2 business days.

# **C.6** **PROTECTION OF INDIVIDUAL PRIVACY (PRIVACY ACT)**

This contract specifically provides for the design, development, or operation of a system of records on individuals. Therefore, in accordance with the Privacy Act of 1974 (5 U.S.C. 552a) and FAR Subpart 24.103, the system of records on individuals that is applicable to this contract is: Debt Management Collection System (DMCS). The contractor and its employees are subject to criminal penalties for violations of the Act (5 U.S.C. 552a(i)) to the same extent as employees of the Department of Health and Human Services. The contractor does hereby agree and assures that each one of its employees know the prescribed rules of conduct, and each employee is aware that he/she can be subjected to criminal penalties for violations of the Act. A copy of the rules of conduct and other requirements are set forth in 45 CFR Part 5b. Upon completion of this contract, the contractor shall be required to deliver a final Closed Accounts Report; Administrative Wage Garnishment Activity Report; and a Summary total report. The COR will provide written instructions to the contractor regarding the disposition of records within 30 days of final acceptance of all required deliverables. The contractor will be required to either turn the records over to the Department or to completely destroy them within 30 days of said notice.

# **C.7** **QUALITY ASSURANCE SURVEILLANCE PLAN (QASP)**

The Government will utilize a Quality Assurance Surveillance Plan (QASP) to monitor the quality of the Contractor’s performance. The oversight provided for in the contract and in the QASP will help to ensure that service levels reach and maintain the required levels throughout the contract term. Further, the QASP provides the COR with a proactive way to avoid unacceptable or deficient performance, and provides verifiable input for the Contractor Performance Assessment Reporting System (CPARS).

The QASP is a living document and may be revised throughout the term of the contract by a fully executed modification issued by the Contracting Officer.

**D.1** **PACKAGING AND MARKING**

All deliverables shall be delivered to the Contracting Officer’s Representative (COR) identified in Section G and shall be marked as follows:

1. Name and address of the Contractor;

2. Contract Number;

3. Description of item contained therein; and

4. Consignee's name and address.

# **D.2** **PAYMENT OF POSTAGE AND FEES**

All postage and fees related to submitting information including forms, reports, etc. to the Contracting Officer or COR shall be paid by the Contractor.

# **SECTION E - Inspection and Acceptance**

**E.1** **INSPECTION AND ACCEPTANCE**

Pursuant to FAR clause 52.212-4, all work described in Section C to be delivered under this contract is subject to final inspection and acceptance by an authorized representative of the Government. The authorized representative of the Government is the Contracting Officer’s Representative (COR), who is responsible for inspection and acceptance of all services, materials, or supplies to be provided by the Contractor.

E.1.1 Inspection and Acceptance Criteria

Final inspection and acceptance of all work performed, reports and other deliverables will be performed at the place of delivery by the COR.

E.1.2 General Acceptance Criteria

General quality measures, as set forth below, will be applied to each work product received from the Contractor under this Statement of Work.

· Accuracy - Work Products shall be accurate in presentation, technical content, and adherence to accepted elements of style.

· Clarity - Work Products shall be clear and concise. Any/all diagrams shall be easy to understand and be relevant to the supporting narrative.

· Consistency to Requirements - All work products must satisfy the requirements of this Statement of Work.

· File Editing - All text and diagrammatic files shall be editable by the Government.

· Format - Work Products shall be submitted in hard copy and electronic copy. The electronic copy must be in a format as indicated in the Deliverables Table.

# **SECTION F - Deliveries or Performance**

**F.1** **PERIOD OF PERFORMANCE**

The period of performance shall be for a base period of twelve months with four (4) twelve month option periods, as follows:

Base Period: December 26, 2016 – December 25, 2017

Option Period 1: December 26, 2017 – December 25, 2018

Option Period 2: December 26, 2018 – December 25, 2019

Option Period 3: December 26, 2019 – December 25, 2020

Option Period 4: December 26, 2020 – December 25, 2021

Option periods may be exercised in accordance with FAR Clause 52.217-9 entitled "Option to Extend the Term of the Contract." Option periods, if included at initial issuance of this contract, may be exercised after the expiration date of the FSS Contract; however, no contract (including options) may extend more than 60 months beyond the expiration of the FSS Contract. All terms and conditions of the FSS Contract remain in effect.

# **F.2** **PLACE OF PERFORMANCE**

Work will be performed at: Contractor's site unless otherwise authorized by the COR.

# **F.3** **REPORT(S)/DELIVERABLES AND DELIVERY SCHEDULE**

All deliverables required by this task order shall be delivered to the COR for review and approval. Upon receipt of any deliverables, the COR will have 15 federal business days to review, comment, and either accept or reject deliverables. Any rejection will: (i) be in writing; (ii) state the basis of the rejection; (iii) identify the corrective action or rework required. The contractor shall make the necessary corrections or modifications to make the final deliverable acceptable. The COR will

re-inspect the deliverable within 5 Federal business days of receipt and provide a response.

The contractor shall submit all required report(s)/deliverables in accordance with the following schedule: All reports shall reference and cite the contract number.

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| **Task Requirement** | **Due Date** |
| A. Billing Invoices – The invoice must reflect a break-down of the description and fee billed; per each collection type listed in the fee schedule under Section B.2. An Invoice Report (as described in Section C.6.J) must be attached for the invoice to be considered complete. | Monthly |
| B. The contractor is to close and return accounts not being collected within (8) months of receipt unless an extension is granted by the Agency | Monthly |
| C. The contractor is to close and return accounts being collected after (42) months of receipt unless an extension is granted by the agency. | Monthly |
| D. Monthly Required Reports (as detailed in section C.6.J) | Monthly |
| E. Annual Required Reports (as detailed in section C.6.J) | Annually(First report due one year after award date). |
| F. Electronically transmit collection data | Weekly |
| G. Acknowledge receipt of electronic account referrals. | Monthly /acknowledge receipt in 3 working days. |
| H. Correspondence Regarding: Bankruptcy; Death Verification | Daily |

# **F.4** **DELIVERY REQUIREMENTS**

Pickup and delivery of items under this contract shall be accomplished between the hours of 8:30 a.m. and 4:00 p.m., Monday through Friday unless changed by mutual agreement between the COR and the contractor. No deliveries shall be made on Saturdays, Sundays, and days of government closure or Federal legal holidays found at: [http://www.opm.gov/operating\_status\_schedules.](http://www.opm.gov/operating_status_schedules)

**G.4** **TRAVEL**

No travel is authorized or anticipated under this Task Order.

# **H.3** **PROHIBITION AGAINST PERSONAL SERVICES**

The Contractor shall not perform personal services under this contract. Contractor personnel are employees of the Contractor or its subcontractors and are under the administrative control and supervision of the Contractor. A Contractor supervisor must give all individual Contractor employee assignments and daily work direction. The Government will not supervise or direct Contractor employees in the performance of their assignments. If at any time the Contractor believes that any Government action or communication has been given that would create a personal service relationship between the Government and any Contractor employee, the contractor shall promptly notify the Contracting Officer of this communication or action. The Contractor shall not perform any inherently-governmental functions under this contract. No Contractor employee shall represent or give the appearance that he/she is a Government employee, agent or representative. No Contractor employee shall state orally or in writing at any time that he or she is acting on behalf of the Government. The Contractor is responsible for ensuring that all employees assigned to this contract understand and are committed to following these requirements.

# **H.5** **RESTRICTIONS ON CONTRACTOR ACCESS TO GOVERNMENT OR THIRD PARTY INFORMATION**

The purpose of this clause is to set forth the restrictions that will govern Contractor employees access to Government or third party information in order to protect the information from unauthorized use or disclosure.

A. Under this contract, the Contractor will have access to Contractor proprietary information and other nonpublic information.

B. Restrictions on use and disclosure of information.

(1) With regard to any information to which the Contractor is given access in performance of this contract, whether the information comes from the Government or from third parties, the Contractor shall:

(i) Utilize the information only for the purposes of performing the services specified in this contract, and not for any other purposes;

(ii) Safeguard information from unauthorized use and disclosure;

(iii) Allow access to the information only to those employees who need it to perform services under this contract;

(iv) Preclude access and disclosure of information to persons and entities outside of the Contractor's organization that do not have authority to access the information;

(v) Inform employees, who may require access to information, about their obligations to utilize it only to perform the services specified in this contract and to safeguard that information from unauthorized use and disclosure; and

(vi) Ensure each employee complies with the restrictions set forth in (i), (ii), (iii), and (iv) above.

(2) Unless specifically permitted in writing by the Contracting Officer, the Contractor shall not use information acquired in performance of the contract, or generated by or for the Government to:

 (i) Compete for work for the Government; or

(ii) Submit an unsolicited proposal to the Government.

(3) If the Contractor is exposed to information that is marked in a way that indicates the Contractor should not receive this information, the Contractor shall:

 (i) Notify the Contracting Officer; and

(ii) Use the information only in accordance with the instructions of the Contracting Officer.

C. Breach of any of the conditions of this section of the contract may provide grounds for the Government to:

(i) Require the contractor to remove the contract employee or employees from the performance of the contract;

(ii) Require the contractor to terminate the subcontractor;

(iii) Suspend contractor payments;

(iv) Terminate this contract for default or cause;

(v) Suspend or debar the Contractor for serious misconduct affecting present responsibility; and;

(vi) Pursue such other remedies as may be permitted by law, regulation, or this contract.

D. Unauthorized disclosure or other misuse of information protected by the Privacy Act of 1974 may result in a fine up to $5000 and /or other penalties. In addition, unauthorized disclosure or other misuse of information covered under the Federal Trade Secrets Act (18 USC 1905) may result in a fine, or imprisonment up to 1 year, or both.

E. The Contractor shall flow down this clause to subcontractors at all tiers.

# **H.6** **MANAGEMENT OF SENSITIVE INFORMATION**

In addition to electronic data security requirements, the contractor must have a plan for the protection of any paper records, field notes, or other documents that contain sensitive or personally identifiable information. In addition, the contractor must notify – within one hour – the COR of any suspected or confirmed instance of compromised data security.

In addition to the requirements specified elsewhere in this contract, the Contractor must have a plan for the protection of any paper records, field notes, or other documents that contain sensitive or personally identifiable information. The Contractor shall ensure that all of its employees, subcontractors (at all tiers), and employees of each subcontractor, who perform work under this contract/subcontract, are trained on data privacy issues and comply with the above requirements.

The Contractor shall submit a written plan and assurance for complying with the above requirements at least annually. See Personally Identifiable Information (PII) Breach Response Team (BRT) Policy: [http://www.hhs.gov/ocio/policy/20080001.003.html.](http://www.hhs.gov/ocio/policy/20080001.003.html)

# **H.7** **POST AWARD ORGANIZATIONAL CONFLICT OF INTEREST**

a. General: The Contractor shall have programs in place to identify, report, and mitigate actual and potential conflicts of interest for itself, its employees, subcontractors and consultants. The existence of such programs and the disclosure of known actual or potential conflicts are material performance requirements of this contract.

b. Disclosure: The Contractor shall report all actual and potential conflicts of interest pertaining to this contract to the Contracting Officer, including those that would be caused by a contemplated modification to this contact or another contract. Such reports shall be in writing (including by email). Upon request, the Contractor shall respond to a Contracting Officer's request for an OCI mitigation plan.

c. Resolution: In the event the Contracting Officer determines that a conflict of interest exists, based on disclosure from the Contractor or from other sources, the Contracting Officer shall take action which may include, but is not limited to, requesting a mitigation plan from the Contractor, terminating part or all of the contract, modifying the contract or obtaining a waiver in accordance with applicable law, including FAR 9.503 as applicable.

# **H.8** **DEPARTMENT OF LABOR WAGE DETERMINATIONS**

The below Department of Labor Wage Determinations are hereby incorporated into the contract:

*To be determined upon award based on contractor performance location.*

# **H.9** **USE OF SUBCONTRACTORS**

The contractor shall be permitted to use subcontractors to perform debt collection, clerical, data processing, and skip tracing activities. The contractor must provide the COR with the subcontractor contact information 60 days prior to a subcontract going into effect.

The prime contractor is not permitted to subcontract the task requirements to electronically accept data regarding debtor account information; and, to electronically transfer receipt/collection data.

The prime contractor is responsible for fully training all subcontractors regarding the entire Task Order; and in particular the Statement of Work/Specifications. The prime contractor must ensure that all subcontract employees are trained and knowledgeable about laws governing debt collection. The prime contractor shall also provide to the Government documentation certifying compliance to Privacy Act Training as stated in Section C.3; before releasing any data to the subcontractor. The prime contractor must amend the Quality Assurance Plan to indicate how they will monitor the subcontractor’s performance and correct any problems to the agency’s satisfaction. A draft of the amended plan must be received within 30 days of a subcontract.