

July 30, 2018

TO: ALL OFFERORS

FROM: TOSHA MARTIN
COLLECTIONS MANAGER

SUBJECT: **ADDENDUM TO REQUEST FOR PROPOSAL NO. FIN18001A FIRST REFERRAL
COLLECTION SERVICES**

ADDENDUM #2

- 1. With regard to the re-released RFP, has there been any change to the RFP besides the dates?**

The only change to RFP# FIN18001A was the date the RFP's were due.

- 2. Will the Vendor be allowed to provide an individual paid by the vendor to be onsite at the DOR location to process requests for media, check for account updates, etc?**

Neither vendor nor vendor staff will be given onsite access to DOR files or systems. Requests for media and account updates should not be done in person.

- 3. Will the vendors submissions need to include CFPB Compliant data and BBB rating in regards to consumer satisfaction obligations?**

No. This is not a requirement.

- 4. Will the State of Delaware require in person audits since the same level of information is available online?**

The annual onsite audit requirement is mandatory. See Section V, Paragraph 8(ff) on page 23 of the RFP.

- 5. Please confirm that the following attachments are not required to be completed and returned with the proposal submission:**

- Attachment 1 No Proposal Reply Form (unnecessary should vendors choose to submit a proposal),

- Attachment 6 Subcontracting Report (unnecessary should vendors choose not to subcontract),
- Attachment 7 Office of Supplier Diversity Application (unnecessary should vendors opt not to apply for diversity preference),
- Attachment 8 Performance Bond (to be completed and provided upon contract award),
- Attachment 9 Bid Bond (unnecessary should vendors provide a certified check in place of a bid bond),
- Attachment 10 Sample Non-Disclosure Agreement (provided as reference for contract expectations),
- Appendix B Scope of Work (provided as reference for contract expectations).

Correct. These documents are not required to be completed and returned with the proposal.

6. Please confirm that the requirement for vendors to address the Division's needs as identified in the Scope of Work is met by vendors' detailed responses to Appendix A and a statement that vendors comply with all requirements in the Scope of Work.

Appendix A lists submission requirements. See pages 41 through 43. Vendor should address the divisions' needs as identified in the scope of work and technical requirements as more fully described at paragraph 3 of Appendix A.

7. What has been the historical rate of return achieved by your current vendors and/or what recovery rate is expected?

Gross recovery rate to date are: United Collection Bureau, 4.1% and Municipal Services Bureau .2%

8. Please describe the State of Delaware's level of satisfaction with your current vendors.

We are satisfied with our current vendors.

9. What are the current vendors' contingency fees?

The current vendors' contingency fee basis is 14.75%

10. How many contracts do you intend to award?

DOR is seeking to award (1) contract under this RFP. However, it reserves the right to award more than one contract as more fully describe in the RFP at IV B(18) on Page 8.

11. How will accounts be distributed amongst selected agencies?

Accounts will be evenly distributed electronically.

12. Why is the contract out to bid at this time?

A former first referral vendor is no longer providing collection services.

13. Who are the current contract vendors/incumbents?

United Collections Bureau (UCB) and Municipal Services Bureau (MSB) are DOR current vendors.

14. Has the current contract gone full term?

No. The contracts with UCB and MSB are ongoing and the former vendor contract was terminated by the vendor.

15. Have all options to extend the current contract been exercised?

N/A

16. To what extent are these accounts owed by private consumers versus commercial businesses?

Approximately 80% personal income tax and 20% are business tax.

17. How many different categories of accounts are there to place at this time?

There are four (4) categories of collection accounts and they are: personal income tax, withholding tax, license/gross receipts tax and corporate tax.

18. Are there any additional or other categories of receivables that may be placed in the future under any contract that is secured via this RFP?

No. The Division of Revenue does not anticipate additional categories at this time under this RFP.

19. What is the total dollar value of accounts available for placement separated by category, including any backlog?

DOR currently has 926 personal income tax accounts (\$158,433.78), 80 license/gross receipt accounts (\$2,332.06), 15 corporate tax accounts (\$1,184.08) and 10 withholding tax accounts (\$867.10) waiting for placement.

20. What is the total number of accounts available for placement now separated by category, including any backlog?

DOR currently has 1,031 accounts amounting to \$162,817.02 available for placement.

21. What current contingency fees or other fees are currently being billed by any incumbent(s), by category?

Our current contingency fees for First Referral Collections is 14.75 with litigation being 25%

22. What is the average age of accounts at placement (at time of award and/or on a going-forward basis), by category?

The average age of accounts at placement can vary.

23. What estimated or actual dollars were paid last year (12 months), to each incumbent?

United Collection Bureau (UCB) was paid \$52,914.17 and Municipal Service Bureau (MSB) \$1,109.00

24. What is the monthly or quarterly number of accounts expected to be placed with the vendor(s) by category? If accounts will not be placed monthly, can you please indicate the interval of placement and the number of accounts anticipated per placement?

DOR anticipates placing approximately 200-500 collection accounts monthly. The Division does not make any assurances about the number of, or value of, accounts it will place with the awarded vendor and account placement is at the sole discretion of the Division of Revenue.

25. What is the anticipated or expected rate of return by category for collections placed as a result of this procurement?

We expect the recovery rate to remain consistent with the current recovery rates or increase.

26. If applicable, will accounts held by any incumbent(s) or any/all backlog be moved to any new vendor(s) as a one-time placement at contract start up?

We are submitting 1st referral accounts which have not been placed with an outside collection agency.

27. Can the State of Delaware please clarify:

Is the State currently sending Federal Tax Information (FTI) to the current incumbent vendors?

No. The Delaware Division of Revenue does not share federal tax information with outside vendors.

28. Does the State of Delaware intent to send Federal Tax Information (FTI) to vendors selected as a result of this RFP process.

See question #29

29. In Appendix A, Capacity to meet requirements, page 42, item 26 & 27. Please confirm that a Third Party Security and Compliance audit from Tech Lock® that includes: Federal Trade Commission (FTC) Red Flag Rules ("Red Flag Rules") , Financial Services Modernization Act of 1999/Gramm-Leach-Bliley Act ("GLBA"), Health Insurance Portability & Accountability Act/HITECH Act ("HIPAA/HITECH"), IRS 1075, ISO 27002 ("ISO 27002"), Massachusetts 201 CMR 17.00 ("Mass 201 CMR 17.00"), Payment Card Industry (PCI) Level 1 service provider, Compliance with Nevada NRS 603a, Compliance with Minnesota Plastic Card Security Act, and the ability to achieve Safe Harbor with Washington HB 1149.

Will suffice in lieu of ISA 9001 and SSAE16.

Answer will be supplemented 7/31/18

30. In Section V. Contract Terms and Conditions, Letter J, Performance Bond. Please confirm that a \$50,000 performance bond will be provided upon contract award and not bid submission.

Correct. The performance bond is required upon execution of contract with the awarded vendor.

31. In Section V. Contract Terms and Conditions, Letter I, Bid Bond. Please confirm that a \$5,000 bid bond must be submitted with the bid, as part of attachment 9 in the final submission

Yes. A \$5,000 completed bid bond or a certified check is required at the time of submission.

32. To what extent will the location of the bidder's call center and/or corporate headquarters have a bearing on any award(s)?

All vendor activity must be handled in the United States of America.

33. Does the State of Delaware add any late fees or other penalties to a principle balance at any stage of delinquency prior to placement for collection? If yes, please also indicate what late fees and penalties are added to accounts for each category?

Yes. The State of Delaware assesses penalty and interest at the rate of 1 ½% each month on unpaid balances in addition to legal document fees.

34. Does the State of Delaware intend for collections fees to be added to each account?

No. Interest and penalties continue to accrue on the account pursuant to statutory authority but collection fees are not added to each account.

35. If the answer to the above-question is yes; will the State of Delaware add the collection fees to each account before they are placed with an agency or after they are placed with an agency?

N/A

36. Does the State of Delaware intend to charge interest to account balances that are delinquent and placed for collections?

See response to question 36.

37. What level of internal efforts and collection attempts is conducted by the State of Delaware or a State Agency before accounts are placed out for collections? Can you please describe what those attempts include? (i.e. how many calls, how many letters or invoices, etc.).

DOR attempts to collect delinquencies internally prior to placing accounts with an outside agency. The number of calls, letters, and invoices varies. DOR will attempt phone contact at least two times and send at least 3 correspondences prior to sending the account to the outside collection agency.

38. Does the State of Delaware report these accounts to the credit bureaus internally?

No. The State of Delaware does not report accounts to the credit bureaus.

39. Does the State of Delaware intend for the collection agency(s) to have third party collection activity reported to the credit bureaus?

No. The State of Delaware does not intend for the collection agency to report activity to the credit bureaus.

40. In the event an agency has been actively working an account and a debtor who has been contacted by a collection agency pays the State of Delaware directly for any

reason (what we call a direct pay); how does the State of Delaware intend to report those payments to the agency and pay the agreed upon fee?

Yes. These fees are considered direct pays and the agency will still receive the agreed upon fee based on that payment.

41. Our complete SSAE18 “Independent Service Auditor’s Report” is 95 pages in length. Please confirm that a short segment of this report providing the scope of audit and auditor’s opinion is sufficient to meet the requirement.

The “Independent Service Auditor’s Report” must provide all information as prescribed by the RFP requirements.

42. Can you please confirm that FIN18001 was cancelled and replaced by FIN8001-A and due on the 2nd of August?

Yes. FIN18001 was cancelled and replaced by FIN18001A which is due August 2nd.

All other terms and conditions remain the same.

If you have any questions, please contact me at 302-577-8585 or tosha.martin@state.de.us.