

**RESPONSES TO VENDOR QUESTIONS**  
**Request for Proposal #FIN19002, Second Referral Collection Services**  
**April 17, 2019**

**1. RFP Section I. Overview; Paragraph 1; Page 1 (and other similar RFP references)– “...Finance seeks an outside collection agency to provide professional services...” Is it the intention of the State to select and contract a single collection vendor to handle second referral accounts under this RFP; or does the State intend to select and contract with multiple collection vendors to handle second referral accounts?**

- Pursuant to 29 *Del. C.* § 6986, the State of Delaware may award a contract for a particular professional service to two or more vendors if the agency head makes a determination that such an award is in the best interest of the State of Delaware.

**2. RFP Section Appendix A, Paragraph/Question #30 generally, RFP Page 40. “...proposer will be able to electronically exchange...information...” Please identify the database system used by the State, and to which the collection vendor will need to interface to transmit data, etc.**

- Data is transferred via secured SFTP file transfer.

**3. RFP Section I. Overview; Paragraph 1; Page 1 (and other similar RFP references)– “...Finance seeks an outside collection agency to provide professional services...”. Please identify currently contracted vendors collecting first placement referral delinquent tax accounts for the State under a separate RFP solicitation/contract.**

- This question is not a request for clarification of this RFP as required in IV.B.15.a. Therefore no answer will be provided.

**4. RFP Section I. Overview; Paragraph 1; Page 1 (and other similar RFP references)– “...Finance seeks an outside collection agency to provide professional services...”. Please identify currently contracted vendors collecting second placement referral delinquent tax accounts for the State.**

- This question is not a request for clarification of this RFP as required in IV.B.15.a. Therefore no answer will be provided.

**5. RFP Section I. Overview; Paragraph 1; Page 1 (and other similar RFP references)– “...Finance seeks an outside collection agency to provide professional services...”. Please identify currently contracted vendor’s collection third placement referral delinquent tax accounts for the State under a separate RFP solicitation/contract.**

- This question is not a request for clarification of this RFP as required in IV.B.15.a. Therefore no answer will be provided.

**6. RFP Section Appendix A, RFP Page 40, Question #32 generally, “It is expected that pricing/fees...”. Please identify the contracted fee structure/rate for each of the incumbent collection vendors (for every placement referral level – 1st, 2nd, 3rd, etc.).**

- This question is not a request for clarification of this RFP as required in IV.B.15.a. Therefore no answer will be provided.

**7. RFP Section Appendix A, RFP Page 40, Question #32 generally, “It is expected that pricing/fees...”. Please provide the actual dollars collected on behalf of the State by each incumbent collection vendor (for every placement referral level – 1st; 2nd; 3rd; etc.) for each of the past 3 years.**

- This question is not a request for clarification of this RFP as required in IV.B.15.a. Therefore no answer will be provided.

**8. RFP Section Appendix A, RFP Page 40, Question #32 generally, “It is expected that pricing/fees...”. Please provide the actual fee dollars paid/earned by each incumbent collection vendor (for every placement referral level – 1st; 2nd; 3rd; etc.) for each of the past 3 years.**

- This question is not a request for clarification of this RFP as required in IV.B.15.a. Therefore no answer will be provided.

**9. RFP Section Appendix B, RFP Page 41, Question “Anticipated Volume of Accounts” generally. Please provide the total number of accounts (for each placement referral level) as well as the total dollar amount (for each placement referral level) that is currently referred and in the possession of each incumbent collection vendor (for each placement referral level).**

- This question is not a request for clarification of this RFP as required in IV.B.15.a. Therefore no answer will be provided.

**10. RFP Section Appendix B, RFP Page 41, Question “Anticipated Volume of Accounts” generally. Please provide a ballpark estimate of the anticipated initial backlog of existing accounts as well as a continuing forward-flow of monthly/annual referral of second placement referral accounts for collection (both volume and dollar amount).**

- The Division anticipates placing approximately 500 – 600 collection accounts with Collection Agency monthly. The estimated value of monthly collection accounts is anticipated to be approximately \$600,000.00 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.

**11. RFP Section Appendix B, RFP Page 41, Question “Anticipated Volume of Accounts” generally. Please provide the average balance per account/taxpayer for second placement referral accounts that will be referred for collection**

- Please see the response to Question 10.

**11 (a) (or the average balance per account/taxpayer for second placement referral accounts referred over the past 3 years).**

- \$1,500.00

**12. RFP Section Appendix B, RFP Page 41, Scope of Services generally. For each placement referral level (1st; 2nd; 3rd; etc), please identify the historical success/liquidation rate provided by each incumbent collection vendor.**

- This question is not a request for clarification of this RFP as required in IV.B.15.a. Therefore no

answer will be provided.

**13. RFP Section IV, RFP Page 12, “The Proposal Evaluation team shall assign...”. What is the most important performance/evaluation measurement considered when evaluating the collection vendors? Total dollars collected? Net dollars collected? Compliance?**

- Vendor Experience and Reputation and Vendor Collection Expertise are the highest weighted criteria considered by the Performance Evaluation Team. Please see RFP Section IV, Page 12 and 13 for additional information about criteria weight.

**14. RFP Section Appendix A, RFP Page 39, Paragraph/Question #21 and #25 generally. Will the collection vendor be authorized (or required) to pursue collection efforts through judicial enforcement mechanisms such as garnishment, etc.?**

- The selected Vendor shall not engage in collection efforts through judicial enforcement mechanisms and is prohibited from undertaking legal action or threatening legal action to collect Division of Revenue accounts. Please refer to the Scope of Work and Technical Requirements attached to the RFP as Exhibit 2.

**15. RFP Section Appendix A, RFP Page 39, Paragraph/Question #21 and #25 generally. How many accounts were pursued through legal/litigation or judicial enforcement (garnishment, etc.) by incumbent vendors in each of the past 3 years?**

- Zero.

**16. RFP Section Appendix A, RFP Page 39, Paragraph/Question #21 and #25 generally. Does the State desire to contract with a collection provider who is capable of pursuing legal action, litigation and judicial enforcement actions?**

- The State is interested in learning whether vendors are capable of pursuing legal action. However, the ability or inability of a vendor to pursue legal action will not be considered in making the award determination.

**17. RFP Section gg, RFP Page 27, “IRS Publication 1075. Will the State be providing any information in the data transferred to the collection vendor that is considered federal tax information?**

- The Division of Revenue does not currently anticipate sending federal tax information to the selected vendor but, it reserves the right to do so during the term of the contract and as such requires that the selected vendor be compliant with IRS Publication 1075.

**18. RFP Section Appendix B, RFP Page 41, Question “Anticipated Volume of Accounts” generally. Please provide an estimate of the approximate percentage breakdown for each category: Tax Due based on filed tax return; Tax Due based on Estimated Assessment; and Non-Filer.**

- The Division of Revenue does not have an estimated percentage breakdown for accounts not yet placed for collection but the majority of accounts placed for collection under this contract represent liabilities based on filed returns.

**19. RFP Section Appendix B, RFP Page 41, Question “Anticipated Volume of Accounts” generally.**

**Will the State be referring any accounts that are not in fully assessed / fully “adjudicated” status – such as tax liability based on estimated revenue; estimated tax liability assessed against a non-return-filing taxpayer; etc.?**

- The State will not be placing accounts prior to final assessment. The State may place accounts where the liability is the result of a non-file assessment. Most accounts placed for collection have been reduced to judgment. However, the State may place accounts with low balances for collection that have not been, and may not be, reduced to judgment.

**20. RFP Section Appendix A, RFP Page 39, Paragraph/Question #21 and #25 generally. When an account is referred for collection, is that account in a final warrant status or similar “final judgment” stage where post-judgment remedies are available for pursuit (without having to pursue a new/original lawsuit)?**

- Most accounts placed for collection have been reduced to judgment. The selected vendor(s) is not authorized to institute suit or threaten legal action to compel payment.

**21. RFP Section Appendix A, RFP Page 39, Paragraph/Question #21 and #25 generally. Please explain the procedure through which a delinquent account flows from the date of original delinquency: through any internal collection processes pursued; through any warrant issuance by the State (and describe the legal effect of warrant issuance); through any necessary or required pursuit of legal remedies (including what party or entity may pursue the remedy); and ultimately through pursuit of any legal remedies including garnishment/levy.**

- The Division of Revenue (“DOR”) first attempts in-house collection of delinquent liabilities. The in-house collection process includes making demands for payment in writing and by telephone. If DOR cannot enter into a voluntary payment plan with a taxpayer, it will attempt to collect the liability in-house through tax intercept or legal means by reducing the liability to judgment, securing judgment liens against real estate, and enforcing the judgment (primarily garnishment of wages, bank accounts, and attachable assets and revoking taxpayers’ business licenses or professional license). If in-house collections are unsuccessful, DOR sends certain accounts to third-party collection agencies (outside collection). If after 3 months, outside collection agency efforts are unsuccessful, accounts are returned to DOR for further employer and asset review. If DOR cannot locate employer or asset information, DOR sends the account to a different outside collection agency for a period of 3 months. The “in-house”/“outside” collection cycle continues until the account is settled, paid, or deemed uncollectible. DOR is also empowered to post periodic lists of both business and personal taxpayers who owe the most significant balances. This list is published quarterly on DOR website (<https://revenue.delaware.gov/delawares-delinquent-taxpayers/>). And, DOR is also empowered to revoke taxpayers’ business licenses and professional licenses for ongoing non-payment of tax liabilities.

**22. RFP Section Appendix A, RFP Page 39, Paragraph/Question #21 and #25 generally. Please identify the number of lawsuits that have been pursued by incumbent collection vendors for each of the past 3 years.**

- Zero.

**23. RFP Section gg, RFP Page 27, “IRS Publication 1075. How has the State evaluated incumbent vendor’s compliance with rules/regs, such as IRS Publication 1075, etc.?**

- The State performs annual compliance audits and inspections as more fully described in the RFP at Page 29.

**24. RFP Section Appendix A, RFP Page 40, Paragraph/Question #31 generally. What is the earliest date the State/Division will allow the selected collection vendor to begin communications and data transmission development following contract award so as to allow for expedited commencement of collection activity?**

- The State prefers that the selected vendor begin to provide services as soon as practicable.

**25. RFP Section Appendix A, RFP Page 40, Paragraph/Question #31 generally. What is the preference of the State/Division with regard to how quickly commencement of collection activity is desired?**

- The State prefers that the selected vendor begin to provide services as soon as practicable.

**26. RFP Section Appendix A, RFP Page 40, Paragraph/Question #32 generally. Does this RFP allow for a separate percentage fee structure for tax debt based on the service provided – for example, one fee for collection activity with a separate fee for pursuit of legal/litigation efforts?**

- No. The selected vendor shall not engage in collection efforts through judicial enforcement mechanisms and will be prohibited from undertaking legal action or threatening legal action to collect Division of Revenue accounts. Pursuant to the RFP, vendors are required to submit a pricing proposal based on a contingency fee of the amounts collected. The State Vendors may submit alternative pricing proposals. However, it is anticipated that the contract will be awarded on a contingency-fee basis.

**27. RFP Section Appendix A, RFP Page 40, Paragraph/Question #32 generally. With regard to the collection fee, is there a state statutory provision that allows the State to add the cost of collection to the amount owed by taxpayer, and collect the cost of collection from the taxpayer (so the State receives the collection service at no cost to the State)?**

- The tax liabilities placed for collection under this award include statutory penalties and interest and are not subject to separate or additional collection fees.

**28. RFP Section Appendix A, RFP Page 40, Paragraph/Question #32 generally. If there is a statutory provision that allows for the add-on of the cost of collection, please provide the statutory citation.**

- Please refer to 30 Del. C. for additional information on statutory penalties and interest.

**29. RFP Section Appendix A, RFP Page 40, Paragraph/Question #32 generally. If there is a statutory provision allowing for adding the cost of collection (where the State will receive 100% of the tax owed to the State without any cost), will the State consider removing competitive evaluation/scoring and simply set a reasonable fee the State will pay for the collection service?**

- The State will not change the RFP evaluation criteria. All proposals shall be evaluated using the same criteria and scoring process. Pricing is weighted at 15% of Vendor's overall scoring. Vendors are required to submit a pricing proposal based on a contingency fee of the amounts collected. Vendors may submit alternative pricing proposals in addition to a contingency-fee

proposal. However, it is anticipated that the contract will be awarded on a contingency-fee basis. If an applicant wants an exception to the RFP, the exception must be included in the transmittal letter accompanying the proposal. The applicant must briefly summarize the proposing firm's interest in providing the required professional services and clearly state and justify any exceptions to the requirements of the RFP which the applicant may have taken. Any exceptions to the RFP, or the State of Delaware's terms and conditions, must also be recorded on Attachment 3. Acceptance of exceptions is within the sole discretion of the evaluation committee.

**30. RFP Section Appendix A, RFP Page 40, Paragraph/Question #32 generally. Will the State consider removing evaluation/scoring of the collection fee; selecting the collection vendor based on qualifications; and negotiates the cost of collection following selection of the most qualified vendor?**

- The State will not change the RFP evaluation criteria. All proposals shall be evaluated using the same criteria and scoring process. Pricing is weighted at 15% of Vendor's overall scoring. Vendors are required to submit a pricing proposal based on a contingency fee of the amounts collected. Vendors may submit alternative pricing proposals in addition to a contingency-fee proposal. However, it is anticipated that the contract will be awarded on a contingency-fee basis.

**31. RFP Section IV, "Criteria Weight", RFP Page 13. Please identify and explain the manner in which the 15 points allocated to "Cost" will be calculated and distributed among the competing proposals.**

- "Cost" is not a factor in the evaluation process. Pricing is weighted at 15% of Vendor's overall scoring. The pricing evaluation points range from 0 points (for Vendor(s) failing to provide a pricing proposal based on a contingency fee) to 5 points (awarded to the proposed contingency fee(s) that are the most advantageous to the State). The earned points are then multiplied by 3 to determine a final score. As more fully described in Page 11 of the RFP, the State of Delaware is not obligated to award the contract to the vendor who submits the lowest bid or the vendor who receives the highest total point score, rather the contract will be awarded to the vendor whose proposal is the most advantageous to the State of Delaware.

**32. RFP Section Appendix B, RFP Page 42, "Collection Agency shall suspend collection on any collection account placed for collection for more than 180 days in which monies have been collected by Collection agency for a period of 90 days and shall return the suspended account." As written, this provision appears to require suspension and return of an account on which monies have been collected. Please clarify the intention of this RFP requirement. RFP Section Appendix B, RFP Page 42, "Collection Agency shall suspend collection on any collection account placed for collection for more than 180 days in which monies have been collected by Collection agency for a period of 90 days and shall return the suspended account." Assuming there is a requirement to return accounts to the State following only 180 days of collection activity, will the State consider removing or extending this 180 day requirement if the proposing collection vendor is able to demonstrate significant collection success performance continuing beyond a 180 day period?**

- On March 22, 2019, Page 42 of the RFP was amended as follows: "Collection Agency shall suspend collection on any collection account placed for collection for more than 180 days in which monies have not been collected by Collection agency for a period of 90 days and shall return the suspended account."

**34. RFP Section Appendix B, RFP Page 42, "Collection Agency shall suspend collection on any collection account placed for collection for more than 180 days in which monies have been collected**

**by Collection agency for a period of 90 days and shall return the suspended account.” Is this guideline negotiable following contract selection?**

- On March 22, 2019, Page 42 of the RFP was amended as follows: “Collection Agency shall suspend collection on any collection account placed for collection for more than 180 days in which monies have not been collected by Collection agency for a period of 90 days and shall return the suspended account.”

**35. Concerning Collection Services, Appendix B, page 41, Section III paragraph 1, what is the average age of accounts at placement (at time of award and/or on a going forward basis)?**

- 2-4 years of age

**36. Concerning Collection Services, Appendix B, page 41, Section III paragraph 1, what is the historical rate of return or liquidation rate?**

- 1.5%

**37. Concerning Collection Services, Appendix B, page 41, Section III paragraph 1, in the first placement, how many months will the first file contain?**

- We anticipate 1 month with a forward flow volume

**38. Concerning Collection Services, Appendix B, page 41, Section III paragraph 1, have you placed with a Secondary Agency before?**

- Yes

**39. Concerning Collection Services, Appendix B, page 41, Section III paragraph 1, if you have placed with secondary agencies, what is the current commission rate being paid to your agency or agencies?**

- The current commission rate being paid is 15%

**40. What has been the recovery/liquidation rate for the current vendor?**

- 1.5%

**41. Appendix A – Minimum Mandatory Submission Requirements, Page 39: the numbering goes from 12-25 but then the first statement under Capacity to Meet Requirements starts at 22. In our response should we follow the numbering or correct it?**

- An addendum (Addendum 3) was filed to correct the error in the numbering and extend the proposal response deadline.

**42. Page 39: #12 & #22 both state how many collectors do you currently employ? How many can you comfortably expand to? Please describe your requirements and procedures for hiring new collectors. Do we need to provide an answer twice or for #22, can we state see our answer to #12?**

- An addendum has been filed to correct the error in the numbering (Addendum 3). The question does

not need to be answered twice. Please respond to question 12 and disregard the duplicate question.

**43. Page 40: #25. Audited financial statements from the previous two fiscal years which also adequately portray the financial position of collection operations (if the operation is a portion of other financial services of the firm). Our company is privately owned and has reviewed financials by a certified accounting firm in lieu of audited financial statements. These have been accepted by other states with whom we have been awarded contracts. Will our reviewed financials be acceptable?**

- Yes. An addendum (Addendum 3) has been filed permitting financial statements certified by a CPA or audited financial statements.

**44. #27 A statement of management standards using the ISO 9001: 2000 quality management standard as a guideline. Is certification required? Our company has quality controls and standards in place and can provide a copy of our policies. Many of these policies are included as part of our SSAE16 certification.**

- Responding vendors do not need to be ISO 9001 certified, but need to provide a statement of management standards using ISO 9001: 2000 quality management standards as a guideline.

**45. Attachment 5 – Business References. We will include our business references in Attachment 5. However, our business references, other than state/government contracts, are considered confidential. Should we state our business references as confidential information on Attachment 4 or should we submit a redacted copy?**

- Redacted copies are permissible if submitted with an unredacted proposal but please refer to the RFP at 11, pages 7 and 8: *Vendor's allegation as to its confidential business information shall not be binding on the State. The State shall independently determine the validity of any vendor designation as set forth in this section. Any vendor submitting a proposal or using the procedures discussed herein expressly accepts the State's absolute right and duty to independently assess the legal and factual validity of any information designated as confidential business information. Accordingly, Vendor(s) assume the risk that confidential business information included within a proposal may enter the public domain.*

**46. Section II, Scope of Services paragraph, page 2 – “The State of Delaware Department of Department of Finance seeks an outside collection agency to provide professional services for the collection of second referral tax accounts receivables and other State receivables owed to the State of Delaware as more fully described in the Scope of Work and Technical Requirements attached as Appendix B.”**

**a. Will the Delaware Division of Revenue share the name of the current vendor who works the Delaware Division of Revenue's accounts?**

- This question is not a request for clarification of this RFP as required in IV.B.15.a. Therefore no answer will be provided.

**b. What are the current collection fees (percentage) charged by the incumbent?**

- 15% of the amounts collected.

**c. What are the Delaware Division of Revenue's current and historical second placement**

**recovery percentages?**

- This question is not a request for clarification of this RFP as required in IV.B.15.a. Therefore no answer will be provided.

**47. Appendix A, Pricing paragraph #32, page 40 – “It is expected that the pricing/fees is guaranteed and fixed for the duration of the contract period. Vendor is required to submit a pricing proposal based on a contingency fee of the amounts collected. Vendors may submit alternative pricing proposals in addition to a contingency-fee proposal. However, it is anticipated that the contract will be awarded on a contingency-fee basis.”**

**a. How will the Delaware Division of Revenue calculate collection fees, e.g., calculated from the principle or from the principle plus collection costs?**

- Collection costs are not added to amounts owed. The balance due on forwarded accounts represents the outstanding tax liability plus penalties and interest as permitted by statute. Contingency fees are based on the total amount collected by Vendor.

**b. Will collection costs incurred be added to consumers’ amounts owed or will the Delaware Division of Revenue deduct collection costs from the amounts collected?**

- Collection costs are not added to amounts owed. The balance due on forwarded accounts represents the outstanding tax liability plus penalties and interest as permitted by statute. An updated balance is sent weekly with the files.

**49. Appendix B, Section III, Collection Services, page 41 – “Collection Agency shall do, provide, perform and carry out off-site professional collection services of certain overdue accounts (Second Referral Collection Services) based upon criteria established by the Division of Revenue.”**

**Will the Delaware Division of Revenue permit wage and bank garnishment on accounts for which taxpayers have the means to pay but refuse to do so?**

- The Division of Revenue is statutorily authorized to file wage and bank attachments to compel payment. However, the selected Vendor will not be authorized to engage in collection efforts through judicial enforcement mechanisms such as wage and bank garnishment and is prohibited from undertaking legal action or threatening legal action on Division of Revenue accounts.