



Statement of Work

U.S. Department of Education:

2008 Collections Contract

This draft document is being released to help potential offerors and subcontractors prepare for the procurement competition that the Department of Education (ED), Federal Student Aid (FSA) plans to conduct later in 2008. ED will revise and re-release this document occasionally between now and issuance of the final Request for Proposals (RFP), which is planned for May 2008.

FSA is seeking to gain information on how best to structure the RFP, the statement of work (SOW) and its award process to ensure that FSA selects businesses that will excel in performing collection services. Interested parties are invited to submit comments, questions, suggestions, corrections or ideas to pca2008@ed.gov.

Statement of Work
Private Sector Collection Activity
For Student Related Debts

1.1 INTRODUCTION

The U.S. Department of Education (ED), Federal Student Aid, performs collection and administrative resolution activities on debts resulting from non-payment of student loans made under the Federal Family Education Loan (FFEL) Program: Stafford Loans (formerly the Guaranteed Student Loan Program and including Federally Insured Student Loans), Supplemental Loans for Students, PLUS Loans (formerly Parental Loans for Undergraduate Students), and Consolidation Loans; the William D. Ford Federal Direct Student Loan (Direct Loan) Program (formerly known as the Federal Direct Student Loan Program): Federal Direct Stafford/Ford Loan Program, Federal Direct Unsubsidized Stafford/Ford Loan Program, Federal Direct Consolidation Loan, and Federal Direct Plus Loans; and Federal Perkins Loans (formerly National Direct/Defense Student Loans). ED conducts similar collection and administrative resolution activities on debts resulting from a student's failure to fulfill grant requirements under the Pell Grant Program, the Supplemental Educational Opportunity Grant Program, the Academic Competitiveness Grant (ACG) and the National Science and Mathematics Access to Retain Talent (National SMART) grant. [Background information on each of these programs may be found in the website library – <http://fsacollections>; or at <http://ifap.ed.gov>.]

Since 1981, ED has contracted for the services of Private Collection Agencies to support collection and administrative resolution activities on debts maintained by ED. Under this Task Order, the Contractor shall:

- Perform duties in coordination with the ED Service Centers. The Service Centers are: Washington Service Center, 830 First Street, NE, Washington, D.C.; Atlanta Service Center, 61 Forsyth Street, Atlanta, Georgia; Chicago Service Center, 500 W. Madison Street, Suite 1520, Chicago, Illinois; and San Francisco Service Center, 50 Beale Street, San Francisco, California.
- Establish within ninety (90) calendar days of Task Order award, administrative and collection office(s) dedicated **exclusively** to the collection and resolution of ED accounts.

The collection office need not be located at the same site as the administrative office. The administrative office must also function as a liaison office between ED and the Contractor. Meetings between the Contracting Officer's Representative (COR), Assistant Contracting Officer's Representative, the monitor and the individual Contractor may take place either in the Contractor's administrative office, their collection office, any subcontractor or satellite office, or any ED designated Office. The Contractor may, at its option, establish additional collection offices (referred to as a satellite-collection office) at any time during the Task Order period; however, the Contractor must incur the cost of the additional telecommunication line(s). These satellite-collection offices must conform to all applicable requirements set forth in the contract and Task Order. The same Contractor employee shall maintain direct management control over both the primary office and the sub offices. Only one administrative office must service these offices. The Contractor shall obtain the COR's approval before opening a satellite office.

-- Accept and return account data for collection by electronic file transfer in the specified formats provided by ED. (see ED's Default Management Collection System Manuals contained within the PCA website "Library" – <http://fsacollections>)

-- Establish and maintain computer software and hardware which can accept and accommodate data on all ED accounts, be updated on a daily basis, and provide the information specified in this Statement of Work. The Contractor shall generate Billing Statements through the ED System. The Contractor shall generate all letters through their computer system and transfer to the ED System letter history screen via secure **electronic file transfer (EFT)**. Access to all ED account data must be restricted to the collection and resolution activities on ED accounts exclusively.

Adhere to all ED security requirements as outlined in the Departmental Directive, Handbook OCIO-01, Handbook for Information Assurance Security Policy, including any future revisions, and any other ED specified security policy documents; maintaining, at the Contractor location, the same level of security for all ED account data as is maintained on ED's system.

-- Establish a training program for each loan program and related ED campaigns and initiatives to encompass the complete range of collection activity specified in this Task Order. This program must include comprehensive initial and follow-up training of Contractor and subcontractor employees relative to the activities to be performed and the laws and regulations, which govern such activities received.

-- Provide a mailbox to receive ED correspondence, exclusively, at a U.S. Post Office located in the area of the administrative office, and pick-up correspondence received at this box at least once each workday.

-- Perform activities in strict adherence with all applicable Federal and State laws and regulations in a professional and courteous manner; and support the mission of the ED/Collections, which is to: "Provide quality customer service and sound credit management to maximize net revenue".

-- Provide facilities, equipment and perform actions necessary for large-scale nationwide collection of Federal Government debts.

-- Locate and contact borrowers to demand payment of their debts to the Federal Government, or otherwise resolve their debt.

-- Prepare eligible cases for administrative resolution, Administrative Wage Garnishment (AWG) and litigation, based on the criteria in the Task Order, and meet established goals set by ED. The Contractor shall be responsible for obtaining documentation in accordance with administrative resolution procedures [as outlined in the Procedures Manual], or as requested by ED, and the forwarding of all such materials upon request.

-- Return all accounts and associated records, accompanied by all required documentation, to ED within timeframes specified in the Task Order, as outlined in the Deliverable Section.

-- Protect the Federal Government against loss of monies and loss of or damage to property.

-- Agree to indemnify, defend and hold the Federal Government harmless from all liability, loss, damages, claims and other expenses, including attorney's fees and court costs, originating from or in connection with the Contractor's performance under this Task Order.

-- Take all necessary steps, as warranted, by each State or locality to insure that it is operating within the laws of the jurisdiction except insofar as Federal law supersedes these requirements, as specifically directed or approved by ED in the collection of monies owed to the Federal Government. This includes meeting all applicable State-licensing requirements, including the successful completion by Contractor employees of any State mandated exams prior to the first placement of accounts. ED anticipates face-to-face meetings three or four times per year coordinated by either ED or the contractors at a designated location within the continental United States. ED will also hold periodic update/training meetings. Registration fees may be required of participants. Contractors are responsible for their travel expenses to the meetings and periodic update/training meetings.

-- The Contractor, in connection with other collection efforts involving the same borrower under any other contract, shall not access related data on ED accounts. More specifically, no information relative to an ED account may be exchanged or consolidated in any medium with information regarding the same borrower from another Federal agency, school, etc.

-- The contractor shall adhere to all provisions and requirements set forth in the RFP, SOW and any ED policies and procedures established in conjunction with this contract. Failure to follow these requirements may lead to ED taking administration action. Potential penalties for specific issues may include, but are not limited to, loss of commission/fees, recalling of accounts, withholding account transfers, loss of bonus funds, staff removal, and/or termination of Task Order.

1.2 GENERAL ACCOUNT CHARACTERISTICS

The general characteristics of the portfolio, as of December 31, 2007, having a balance (principal, interest, penalty fees, fees, administrative costs) of \$500.00 or more are available in the PCA website library (<http://fsacollections>). ED does not guarantee that these numbers and values will precisely reflect the accounts eligible for transfer. They are presented as general portfolio characteristics.

1.3 LAWS AND REGULATIONS GOVERNING COLLECTION ACTIVITY

Collection activity on debts held by the Department of Education is authorized and regulated by a number of different statutes and regulations, including those listed here. The Contractor is required to conduct its actions in a way that complies with these Federal and State laws. Failure to do so may result in immediate punitive measures and/or termination of the Task Order. -- Title IV, Parts A through G of the HEA (20 U.S.C. 1070 - 1098d.) and implementing regulations (34 CFR Parts 668, 674, 682, 685, 690 and 691);

-- The Federal Claims Collection Standards (31 CFR Parts 901-904).

- The Bankruptcy Code, as amended (11 U.S.C. 101 et seq.), especially sections 362(a) and 523(a)(8)(B).
- The Privacy Act of 1974 (5 U.S.C. 552a).
- ED Debt Collection Regulations (34 CFR Parts 30, 31, and 34).
- Debt Collection Act of 1982 and the Debt Collection Improvement Act of 1996, as codified at 31 U.S.C. 3701 - 3720E .-- The Fair Debt Collection Practices Act, 15 U.S.C. 1692 et seq, and, as required by 31 U.S.C. 3718, State law regulating collection actions except where such State law is preempted by Federal law.

The Secretary of Education has statutory authority to contract for Collection services under section 430(b) of the HEA (20 U.S.C. 1080(b) and 20 U.S.C. section 1087hh(e)(4)), and the Department of Education Organization Act of 1980 (20 U.S.C. 3475).

1.4 TRANSFER OF ACCOUNTS

ED’s initial transfer will be 15,000 accounts to each large business contractor and 5,000 accounts to each small business contractor no earlier than January 1, 2009, upon successful implementation of the deliverables as outlined in Section 5.1 Task Order Deliverables. It is ED’s intent to time the first placement of accounts with or after implementation of the CSB file transfer capabilities. Though ED has the final determination on all transfer amounts, the first several transfers may be level until the CPCS Performance measures are initiated (See RFP Section H.5). In addition, the first several account transfers after the competitive period formally begins, may contain base pool transfer amounts for each agency, along with, competitive percentage transfer amounts.

ED has performed at least minimum collection activity on all accounts. Most accounts have also been worked by one or more private collection agencies. ED will not distinguish an account by the number of times it has been placed with a collection agency or make transfers based on the default date of the loan. The only common characteristic is that each account will be categorized as delinquent. Any minimum balance criteria (principal, interest, penalty fees, fees, administrative costs) will be at the government’s discretion.

Additional account transfers will be based on contractor performance and evaluations conducted by ED. **Failure to achieve a level of performance that falls within the “performance range” may result in no additional account transfers to poor performers until performance within the performance range is achieved.** [Description and timing of evaluations to be conducted in determining contractor performance can be found in the RFP Section H.5.]

1.4.1 INVENTORY CONTROL LIMITS

A Contractor may, at its discretion, request a limit on the number of accounts that it wishes to accept ("inventory control limit"), under the following conditions:

- By the 10th--The Contractor must send its request to set an inventory control limit on the next transfer to the COR and Assistant COR no later than the 10th of the month.

- Reason--The Contractor must state the reason it wishes to cap its transfer volumes at this time
- Other conditions set by COR--The COR may establish in writing additional limits or conditions related to Inventory Control Limits at any time during the performance of the task order.

ED has the final authority on all account transfers and recalls. ED expressly reserves the right to approve, deny or change any Contractor request to set an inventory control limit. Regardless of whether a Contractor has requested an inventory control limit, ED may limit transfers to a Contractor for any reason.

1.4.2 ED TRANSFER LIMITS

ED reserves the right, at any time, to limit the number of accounts transferred to a Contractor.

For example, the COR's Office may issue a policy indicating that ED will not transfer a volume of accounts greater than 50% of the contractor's CIA. If ED withholds "earned" accounts from a transfer, ED will carryover the number of accounts not transferred and will add those to the "earned" account transfer volume at the next transfer. This process will be repeated with each transfer until the carryover has been eliminated.

2.1 IMPLEMENTATION

In implementing their collections program, the Contractor shall establish an operational system to store ED account records on its own computer system; establish the technological ability for ED to remotely access the Contractor's collection computer system (supplying any software, hardware, and connectivity) and providing any necessary training to ED on the Contractor's collection system at the Contractor's expense finalize procedures relating to the transfer of accounts, reports and other information between ED and the Contractor; prepare a Collections Training Manual and a Standard Operating Procedures Manual (including letters and forms that will be generated from the Contractor's collection system); and finalize a Quality Control Plan for use by Contractor and subcontractor personnel. These requirements must be completed by the Contractor prior to the first transfer of accounts.

After the initial account transfer, the Government shall perform an initial review - Contract Implementation Evaluation (CIE) – with all Contractors or those Contractors meeting certain established review criteria (e.g. new ED Contractors, former small businesses moving up to the unrestricted classification, etc.) in order to assess system related operations, the interface between the Contractor's computer system(s) and the ED-System, and the administrative interface between the Contractor and ED. ED reserves the right to conduct on-site and/or off-site reviews with each Contractor under the most appropriate method based upon review criteria and with an effort to maximize all available resources.

2.2 TRAINING

The Contractor's Collection Training Manual, Standard Operating Procedures Manual (that must include all Industry abbreviations in use by its collections), and the Quality Control Plan must be approved by the Contracting Officer's Representative (COR) and Assistant Contracting Officer's Representative.

ED will provide training on appropriate ED Procedures to the Contractor's Training Staff. Thereafter, the Contractor's Training Staff shall train all other Contractor employees and conduct regular training sessions for its employees and any subcontractor employees to ensure adherence to applicable laws, regulations and ED policies. The Contractor shall conduct additional training to inform its employees and any subcontractor employees of all changes in operational procedures, laws or regulations as they are modified or updated. The Contractor shall also provide State and locality debt collection-related training to the employees, including the successful completion by Contractor and subcontractor employees of any State-mandated exams.

Each employee and subcontractor employee assigned to this Task Order must 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 on ED accounts. (After the task order award, ED will provide the certification form to be signed by each employee and subcontractor employee.) Signed certifications must be forwarded to the ED Monitor within five (5) calendar days after completion of training.

The Contractor shall measure the effectiveness of the training by administering post-training tests. The COR and Assistant COR may review the results to ascertain the need for additional training and testing. A certification form for all training provided in support of this task order must be signed by each Contractor and subcontractor employee and maintained on file by the Contractor. Along with certifications, the Contractor must record (electronic spreadsheets, tracking forms, etc.) all training provided to Contractor employees or subcontractors by individual names, training topics, and dates of training. The Contractor shall make certifications and all training records available for Government review at the request of the CO, COR, assistant COR or ED Monitors.

The Contractor may request site visits for technical assistance and/or training. The Contractor will be responsible for travel costs incurred for requested technical assistance and/or training site visits. Proposed costs must be consistent with the most current Government per diem rates for lodging and meals. The PCA Training Manual may be referenced for additional information relative to request procedures. All payments by the Contractor for site visit costs must be made to the Government (E.g., the Contractor may not make payments to a hotel or a Federal employee).

A schedule of all update training conducted during the month and a brief synopsis of the subject matter covered in each training session must be included in the Contractor's Management and Fiscal Report.

2.3 QUALITY CONTROL

ED is committed to quality control as a means of ensuring quality performance and achievement. The Contractor shall also adopt this philosophy and, to that end, shall design a quality control plan and, upon final approval by the COR, shall implement the plan. To monitor and provide contractor oversight, one on-site review, along with periodic off-site reviews, may be performed annually. The reviews may be announced or unannounced. If significant instances of non-compliance are found, potential compliance concerns exist, or if changes are made by the Contractor or ED that may affect performance in accordance with the task order, follow-up or

additional compliance reviews may be conducted. The reviews will focus on compliance with federal regulations, Task Order and contract requirements, policies, etc. Agency Review Reports, including any findings, and corrective actions, will be issued at the completion of each review. All areas of the ED collections Contract are subject to review and all finding/concerns must be resolved. Penalties for specific issues may include, but are not limited to, loss of commission/fees, recalling of accounts, withholding account transfers, loss of bonus funds, staff removal, and/or termination of Task Order.

2.3.1 REMOTE CALL MONITORING

All Contractors shall provide ED the capability to remotely monitor Contractor “collection calls” on all ED accounts.

“Unrestricted” contractors shall provide ED the capability to remotely monitor all “collection calls” by accessing automated call recordings of collection calls through a secure web-based portal.

“Small Business” contractors shall provide ED the capability to remotely monitor all “collection calls” through accessing the agency phone system; however, “Small Business” contractors shall provide ED the capability to remotely monitor all “collection calls” by accessing automated call recordings of collection calls through a secure web-based portal within 2 years of the Task Order award.

ED will use remote phone monitoring and call recordings to perform compliance reviews of collection activities, assess call quality on ED accounts and monitor individual collectors in reference to complaints. The Contractor must inform all parties that calls will be recorded and/or monitored for quality review purposes.

For ED purposes, “collection calls” refer to any out-going or in-coming calls related to any collection activity on an ED account. Collection activities include, but are not limited to, request for payments, administrative resolutions, ED loan payment programs, administrative wage garnishments, skip tracing, verifications, etc.

Remote call monitoring through recorded calls must include all “collection calls” regardless of account, subject or duration. Other requirements include:

- Storage of up to 90 days worth of calls
- Ability to retrieve specific calls by day or by individual contractor staff
- Recorded calls must be afforded the same protection as any other ED sensitive borrower data.

Remote call monitoring through agency phone systems must allow ED monitors the ability to listen to individual contractor staff or randomly listen to the next available call.

Remote call monitoring (phone system or recorded calls) applies to the primary ED contractor (includes all satellite offices). If a primary contractor (small or unrestricted) uses a subcontractor

to perform “collection calls,” the primary contractor must be able to remotely monitor the subcontractor collection calls at the start of the subcontract award; and, must be able to record all subcontractor collection calls within 2 years of the subcontract award.

Agencies must provide any training, manuals, procedures, etc. necessary for ED staff to utilize the agency’s remote call monitoring or call recording system.

2.4 RESOLUTION OF COMPLAINTS

ED will maintain a Complaint Tracking System that will include both verbal and written complaints. ED will track by agency, individual collector, and nature of the complaint. When ED has received one or more complaints for a collector of a type or violation that is a concern to ED, the Contractor shall, upon notification, immediately remove that collector from the ED Task Order. When the subject of any complaint is a concern to ED, the COR/Assistant COR will notify the Contract Administrator to immediately cease the activity causing the concern. If there are complaints regarding this activity after the Contract Administrator has been notified, a two (2) point reduction in the next quarterly CPCS score will occur.

Contractors shall adhere to all complaint procedures required by ED. At a minimum, complaint procedures will encompass time frames, proper documentation, and notification requirements. Please see the PCA Procedures Manual for more detailed information.

2.5 COLLECTION LETTERS/FORMS

The Contractor shall obtain ED’s approval of all collection letters and forms used by the Contractor, and/or generated from the Contractor's own computer system, prior to usage. The Contractor shall also obtain ED’s approval with regards to any changes made to collection letters/forms. Contractor attorneys must approve all ED agency letters/forms (and any changes) prior to submission to ED and proof of acceptance by the Contractor legal counsel must be provided to ED along with the letter submission. Any letter requesting repayment from the borrower must be generated with a coupon. The specifications for this coupon will be provided after task order award. The Contractor shall transmit to ED on a weekly basis the letter history to include any return mail as outlined in the document “Standard Letters and Forms,” which ED will provide after task order award.

If changes and or corrections are needed on contract letters and the Contractor has been notified to make the changes, the Contractor must have all changes/corrections made and submitted, along with proof of Contractor legal counsel approval, to the ED contact person for review and approval within 30 days. If the Contractor does not comply with this timeframe, transfer of accounts will be withheld until the letters are approved. The Contractor must provide a final production copy of all approved letters to the ED contact person, COR, Assistant COR and Monitor within 10 calendars days after notification by ED that the letters have been approved.

2.6 DOCUMENTATION OF COLLECTION ACTIVITY

The Contractor shall immediately record, on its own computer system, all collection activity occurring on an account, including, but not limited to, - documentation of all in-coming and out-

going calls; complete, clear, accurate summaries of phone conversation; clear correspondence receipts and deliveries; etc.

The Contractor shall update the ED-System with borrower's name, address, home and work telephone number changes and information regarding the borrower's employment, i.e., employer's name, address and telephone number. Reference the Procedures Manual for transmission mechanisms, security constraints and other specific data of inputs required by the ED-System.

2.7 REPAYMENTS

The Contractor is strictly prohibited from soliciting the receipt and processing of payments under this Task Order. The Contractor is also prohibited from soliciting post-dated checks. ED's Lockbox will not accept post-dated checks. Reference the Procedures Manual for instructions relative to this subject.

2.7.1 Credit Cards

Any contractor that processes credit cards/debit cards for accounts under this task order shall abide by all credit card securities and requirements as outlined by ED and contained in the Payment Card Industry Data Security Standard (PCI DSS). The Contractor is responsible for the security of any cardholder data it maintains or possesses.

(See Section 6.2 for additional security requirements)

2.8 CORRESPONDENCE

Routine: The Contractor shall process routine incoming correspondence within ten (10) calendar days of receipt. Correspondence must be received, and maintained at the Contractor's administrative office. Correspondence must be retained at the administrative office when the collector is located at the sub office. Correspondence includes all documentation received pertaining to a "current" borrower account. Documentation received on accounts no longer placed with an agency will be forwarded to an ED designated site (see PCA Procedures Manual for specific correspondence requirements).

Other: Other incoming correspondence as outlined in the PCA Procedures manual must be referred to ED within one (1) business day. See Procedures Manual for detailed instructions.

Contractors shall have the ability to image, electronically store and produce viable copies (legible, same format as original document) of all incoming correspondence and, if requested by ED, can send electronically secure imaged documents.

Unless otherwise stated in the Task Order, under the GSA Scheduling Contract or specifically instructed by ED, agencies must retain account information for the life of the contract.

3.1 RESOLUTION OF ACCOUNTS

The Contractor shall systematically resolve all accounts transferred in accordance with the terms and conditions of the Task Order.

The Contractor shall ensure that all attempts to collect on accounts transferred do not involve harassment, intimidation, false, or misleading representation. There shall be no unnecessary communications concerning such debt to persons other than the borrower or the borrower's designated representative. All requests for information from specified third parties, as defined in the PCA Procedures Manual, must be referred to ED upon receipt. (E.g. congressional inquires, etc.)

3.2 REQUIRED ACTIVITIES, DOCUMENTATION AND STANDARDS

Listed below are the required collection activities to be performed by the Contractor, the required documentation to be obtained by the Contractor, and ED standards to be followed by the Contractor.

A. LOCATING AND CONTACTING THE BORROWER

Upon initial contact with the borrower, the Contractor's employee shall clearly identify themselves as working for a firm under contract to ED, verify that the borrower's name, address, email address, and telephone numbers are current and obtain employer's name, address and telephone numbers. This information, including all changes, must be updated to the ED-System via the next regular transmission of data.

The use of cell phones (personal or business) by regular collection staff to contact borrowers or any third party is expressly prohibited. A limited number of higher-level management may use cell phones to contact borrowers or third parties in special circumstances. A list of managers that a Contractor wants to be able to use cell phones must be forwarded to the COR and Assistant COR for approval. All cell phone calls must be properly documented in the Contractor collection system with the phone number, date, time, employee identification, and call summary. The agency must ensure cell phones are used according to all applicable federal, state, and local laws regarding debt collection communications. (See PCA Procedures Manual for more detail)

Whenever the Contractor determines that the address last known to ED is undeliverable or the account address record has been coded 'U', the Contractor shall perform skip tracing efforts. If the Contractor contacts the borrower at an address other than the last address known to ED, the Contractor shall reissue its first demand letter to the borrower at the new address. The Contractor shall process the address update in the next regular transmission of such data.

B. REPAYMENT OF ACCOUNTS

The Contractor will attempt to obtain payment in full or settlement. Whenever the Contractor determines that repayment in full is not immediately possible, the Contractor shall negotiate a mutually agreed upon reasonable and affordable repayment schedule employing ED's philosophy relative to repayment recovery of accounts. Generally, repayment schedules should affect resolution of the account within five (5) years or sixty (60) month from the first payment date. The Contractor shall draft and send a "Repayment Agreement" letter (ED will provide Standard Letters and Forms with sample text after task order award) to the borrower confirming the payment arrangement which the borrower has

agreed to and shall flag the account to receive the ED-System generated monthly billing statement.

The Contractor may determine that a borrower wishes to repay the debt but is unable to make the minimum monthly payment amount to pay the debt in full within five years. At that point, the Contractor shall obtain verbal financial information and forward to the borrower a standard financial statement form (See Standard Letters and Forms, Financial Statement, which ED will provide after task order award.) The Contractor shall establish a temporary repayment plan based on the verbal information. Once the statement is returned to the Contractor by the borrower, the Contractor shall determine if the temporary repayment plan is supported by the financial data. If not, the Contractor shall negotiate a new repayment schedule. For all non-ED “program” repayment plans (e.g. rehabs, consolidations, etc.), the Contractor shall review the borrower’s repayment agreement and current financial status every 6 months to determine if adjustments are necessary.

The Contractor shall draft and send a "Repayment Agreement" Letter (See Repayment Agreement Letter sample text in Standard Letters and Forms, which ED will provide after task order award.) to the borrower confirming the payment arrangement which the borrower has agreed to and shall flag the account to receive the ED-System generated monthly billing statement.

However, if based on the financial information received, it is determined that the borrower is unable to pay, the account should be returned as “INA” (Inability to Pay at Present) at the next prescribed time frame. The Contractor shall also document their collection history as to why the borrower is unable to pay.

Gratuitous payments do not constitute an agreed upon repayment arrangement.

1. Accounts Eligible for Compromise

The following restrictions apply to compromise activities:

- a) Compromise settlements must not be offered as the first option in collection negotiations.
- b) Contractor personnel may only discuss compromise settlements after negotiations on the borrower's ability to pay have progressed, and only under those circumstances wherein ED has not forbidden the compromise. Reference the Procedures Manual for instructions relative to this subject. The Contractor, as outlined in Section 4.2 of the Statement of Work, must return all accounts on which the compromise payment is received.

C. FEDERAL EMPLOYEES

Periodically, ED performs matches with Federal employee databases and if the account is not in current repayment ED retains the right to recall the account from the Contractor.

D. LOAN REHABILITATION AND CONSOLIDATIONS

1. Loan Rehabilitation allows borrowers to have their loans (with the exception of loans with judgments) taken out of default, and their credit bureau report updated to reflect a current status. Payments posted to the borrowers account must have accurate effective date information. Any account determined to have the effective date of a payment changed or altered will not be eligible for rehabilitation until the required nine monthly payments within a ten month period have been made by the borrower. . The Contractor shall forward accounts eligible for the monthly rehabilitation sale to ED or ED's designated representative. Required supporting documentation must be attached.
2. Consolidation allows the borrower to consolidate all student loan debts with one lender whether the loans are in default or not. The borrower must make the minimum required monthly payments. The Contractor shall complete the lender verification forms (LVC) and update the ED-System screen for accounts eligible for consolidation.

The completed lender verification forms will be forwarded to the consolidation lender. Copies of all LVCs, along with screen prints of the ED-System, must be maintained by the Contractor and forwarded to the ED Monitor upon request. The Contractor shall audit 100% of LVCs.

See PCA Procedures Manual for more detail.

E. DELINQUENT ACCOUNTS

An account is considered delinquent when a subsequent payment has not been received by the sixtieth (60) day from the last payment. If the Contractor is unable to convince the borrower to bring his/her account current by the next payment due date, the Contractor shall review the account to determine if it is eligible for one of the following:

1. Administrative Wage Garnishment (AWG). The Contractor shall determine if the borrower is a candidate for administrative wage garnishment. If the account is eligible, the Contractor shall move the account into the AWG sub-system, or
2. Litigation. If the account is eligible, the Contractor shall send to the borrower a notice of intent to litigate.

For accounts ineligible for litigation or AWG, the Contractor shall pursue further collection activity.

3.3 CANDIDATES FOR ADMINISTRATIVE WAGE GARNISHMENT

If during the course of the Contractor's collection effort, the borrower indicates to the Contractor no intention of repaying the debt(s), the borrower is a potential candidate for AWG (for possible Litigation, please see section 3.4 Administrative Resolutions)

A. ADMINISTRATIVE WAGE GARNISHMENT (AWG)

AWG is an alternative means of enforcing collections of defaulted loans held by ED. ED is authorized to garnish up to fifteen (15) percent of the borrower's disposable salary. The law governing AWG prohibits an employer from discharging the borrower as a result of the garnishment.

If during the Contractor's research, it is determined that the borrower has the ability to but no intention of paying, the borrower may be a candidate for AWG. The Contractor shall determine if the borrower is eligible for possible AWG in accordance with ED procedures.

3.4 ADMINISTRATIVE RESOLUTIONS

The Contractor may determine that certain accounts fall within categories (A) through (G) below. Accounts returned as deaths, disabilities, bankruptcies and programmatic cancellations are eligible for full, non-discretionary write-off of the debt by ED. In addition, designated incarcerations identified by the Contractor must be returned to ED. Also, accounts processed based on an income contingent repayment plan (ICRP) or through Litigation will be counted as an Administrative Resolution. More specific information on all administrative resolutions may be found in the PCA Procedures Manual.

In such situations, the Contractor shall perform the steps indicated for the applicable category and obtain the required documentation. ED reserves the right to modify, change or remove administrative resolutions (including required documentation) if ED determines it is in the Government's best interest. Accounts recommended by the Contractor for write-off, must be returned by the Contractor by specific categories on Contractor return files or submitted for manual recall by ED.

Agencies will be paid an administrative resolution fee for each administrative resolution properly processed. The administrative resolution fee is based upon AR units (one unit equals \$50) and may differ between administrative resolution categories as determined by ED. The following chart provides the current fee structure based upon the type of administrative resolution:

Administrative Resolution (AR) Type	# of AR units
Bankruptcy – Chapter 13	3
Bankruptcy – Chapter 7	4
Death	3
Disability	4

ICRP	2
Incarceration	3
Programmatic Cancellation	2
Standard Litigation	4
Special Litigation	6
Administrative Rehabilitation	2
Other	0-6

ED reserves the right to adjust the number of AR units for each Administrative Resolution to best meet the needs of the Government. Adjustments may occur due to changes in cost, volume production, regulations, state requirements, documentation mandates, etc.

The Government may designate, in writing, additional types of administrative resolutions (ARs). The Government will designate the number of AR units that will apply to the additional AR type. An additional type of administrative resolution designated by the Government would be for work the Contractor performs that results in:

- Return of an account to the Government for discharge of the debt or for suspension of collection efforts; or
- Increased recoveries to the Government on the accounts in the designated category. (In this case, the Government may allow the Contractor to retain the account to continue collection or resolution efforts.)

Administrative Resolutions include:

A. DEATH

The borrower's death must be documented with an original or certified copy of the death certificate or an accurate and complete photocopy of an original or certified copy of the death certificate, to support the discharge of a Title IV loan due to death.

NOTE: Periodically, ED may validate records against the Social Security Death Index. Accounts on ED's database that match the Social Security Death Index on name and Social Security number will automatically be written off. If an exact match does not occur, an exception report will be generated. These excepted accounts may be transferred to the Contractor. Verification of death on these accounts must be documented as stated above.

B. DISABILITY

If a borrower claims to be disabled, the Contractor shall advise the borrower that a "Request for Cancellation of Loans on Grounds of Permanent and Total Disability" (Refer to Standard Letters and Forms, OMB Form 1845-0065, which ED will provide after task order award) must be completed by a doctor of medicine or a doctor of osteopathy legally licensed to practice medicine in the 50 U.S. states and/or U.S. Territories/Commonwealths as listed on Form 1845 and in regulations.

The Contractor shall within three (3) calendar days of the borrower's request for disability status, forward the OMB Form 1845-0065 to the borrower. The Contractor shall update the account collector notepad upon completion of this action.

The Contractor shall review the borrower's request for disability and determine the borrower's eligibility for discharge. The Contractor shall verify that all certificates are thoroughly completed and the doctor's diagnosis is for a totally and permanently disabling condition. The Contractor shall secure a credit bureau report for debtor employment information and contact any listed employer for verification. The Contractor shall contact the American Medical Association or other State Licensing Agencies to verify that the doctor who signs the certificate is licensed to practice medicine in that state. The Contractor shall send a list of accounts recommended as dischargeable along with all disability documentation to ED for review and approval.

C. BANKRUPTCY

When the borrower states he/she has filed for bankruptcy, the Contractor shall obtain a copy of the court's notice of the first meeting of creditor's and the schedule of creditors. If the notice is received unsolicited directly from the court, the listing of creditors is not necessary. For Chapter 13 Bankruptcy (Wage Earner Plan), the Contractor shall follow the most current procedures in force at the time of the bankruptcy document receipt.

Whenever the borrower states that he/she has filed bankruptcy and the debt(s) has been discharged prior to the current date, the Contractor shall obtain the following:

- a) A copy of the Discharge Notice or the Court's First meeting of Creditor's, and
- b) The Listing of Creditors.

For Chapter 7 (liquidation) and Chapter 11 (reorganization) Bankruptcies, the Contractor shall determine whether the debt(s) is/are dischargeable or non-dischargeable.

The Contractor shall send a list of accounts recommended as dischargeable along with all bankruptcy documentation to ED for review and approval. If approved by ED, the Contractor will send the appropriate form letter within five (5) calendar days from the date of receipt of the bankruptcy approval by ED.

If the Contractor uses one of the services (approved by the COR) that provide bankruptcy verification, a copy of their documentation showing the court, filing date, discharge date, etc. may be used in lieu of the forms stated above.

D. PROGRAMMATIC CANCELLATIONS

Special cancellation conditions are applicable to certain Perkins notes in cases where the borrower meets specified teaching, Peace Corp, Vista law enforcement and military requirements.

If the borrower claims entitlement to cancellation, the Contractor shall determine the borrower's entitlement to such cancellation within three (3) calendar days from the date of receipt of cancellation documents from the borrower. In the case of only partial cancellation, the Contractor shall submit to ED the necessary documentation for reduction of the borrower's account balance.

The Contractor shall be responsible for negotiating the repayment of all remaining outstanding balances for accounts that are eligible for only partial cancellation. The Contractor will not receive payment for partial cancellation.

E. INCARCERATIONS

In situations where the borrower is determined to be incarcerated, the Contractor shall obtain verification from a prison official of the borrower's earliest release date. The Contractor shall document ED's system with the prison official's name, title (or official website), prison, prison telephone number and earliest release date.

If the borrower is to be incarcerated for a period exceeding nine (9) months, the Contractor shall recommend the account be recalled. If the borrower is scheduled to be incarcerated for a period of less than nine (9) months, the Contractor shall suspend collection activity on the account and follow up after the borrower's anticipated parole date. The Contractor shall also document the account notepad with this information.

(F) INCOME CONTINGENT REPAYMENT PLAN (ICRP) ACCOUNTS

Income Contingent Repayment consolidations are accounts, which are consolidated without the borrowers making the required payments under the regular consolidation program. The contractor shall document the account notepad with information regarding the borrower's financial condition.

(G) LITIGATIONS

If the Contractor determines through the course of collections, that the borrower has no intention of repaying their debt(s), the borrower is a potential candidate for litigation. For litigation purposes, the borrower account must meet certain criteria and the Contractor must prepare litigation packages within prescribed guidelines.

The Contractor shall conduct research to determine the borrower's ability to repay to include obtaining evidence that assets are in the borrower's name and that these assets can be seized or attached by lien.

Upon preparation of the account for litigation, the Contractor shall immediately submit the case file to ED for approval. ED will review each case for accuracy and compliance within thirty (30) days of receipt. If the Contractor fails to meet any litigation preparation requirements, the case will be returned to the Contractor for correction or completion of the requirements. The Contractor shall update any information contained in the package that becomes outdated due to non-compliance by the Contractor. The Contractor will receive the appropriate fixed fee for each case reviewed, and accepted by ED for referral to the Department of Justice.

The Government may designate, in writing, certain types of litigation accounts as “Special Litigation.” Generally, “Special Litigation” accounts are those in categories for which the FSA believes the Government will be most effective in obtaining payment via the litigation process (e.g. borrower accounts within specific zip codes, etc.). A “Standard Litigation” account is any litigation preparation case that is not in a “Special Litigation” category designated by the Government.

(H) ADMINISTRATIVE REHABILITATIONS

If a borrower’s account is rehabilitated and the 9 timely payments are less than the minimum payment amount required, the Contractor will receive an administrative fee in lieu of a commission payment.

3.5 SUSPENSION OF COLLECTION ACTIVITY

The Contractor shall immediately suspend collection activity on an account and, if necessary (or requested by ED), refer the issue, (NOT RETURN THE ACCOUNT) to ED or ED’s representative for resolution within five (5) calendar days after any of the following occur:

- a) The borrower disputes the amount owed citing, for example, that the debt was never incurred, was paid off, or should have been canceled.
- b) The borrower raises a legal defense against repayment (for example: closed school, ability to benefit, fraud, forgery, or circumstances under which ED may be prohibited from pursuing collection).
- c) The borrower requests a written review or hearing in response to the 65-Day Notice of Federal Offset or 30 days Administrative Wage Garnishment Notice. The Contractor shall process all such correspondence in accordance with ED requirements and guidelines.

Once ED has made a decision, the Contractor will be notified to resume collection activity or close and return the account. Failure by the Contractor to cease collection activity as required will result in recall of the account by ED.

3.6 CO-MAKERS

Prior to the first transfer of accounts, ED will have initiated collection efforts in pursuit of both the borrower and co-maker prior to transfer of accounts to the Contractor. Once the Contractor determines that the borrower is unlocatable, unable to repay the loan(s) or is delinquent, the Contractor shall pursue collection from the co-maker to the extent permitted by law, or as instructed by ED.

4.1 RECALL OF ACCOUNTS

- A. The Contractor has twelve (12) months, beginning with the date of each transfer, to convert defaulted accounts to payment-in-full, satisfied in full, satisfactory repayment schedules, administrative resolution, or to prepare the account for AWG or litigation.

ED shall recall accounts not converted to one of these six categories within the twelve (12) month period.

- B. Periodically, ED performs matches with Federal employee databases and if the account is not in current repayment, will recall the account from the Contractor.
- C. In cases where an ED employee or ED representative has documented the account collector notepad with a repayment agreement, has placed the account on billing, and the first payment has posted within fifteen (15) days of the due date, the account may be immediately recalled by ED and no commission for any payment received will be granted to the Contractor.

4.2 RETURN OF ACCOUNTS

The Contractor shall work an account to the level of effort as specified in the Task Order before the Contractor returns the account to ED. However, the Contractor may not return an account prior to six months from the date of transfer, unless the account balance is resolved. ED reserves the right to recall or require the return of any account or accounts at any time. During the first CPCS period, ED intends to recall accounts as frequently as 4 months after transfer. ED reserves the right to require Contractors to hold accounts for longer than 6 months.

- A. The Contractor shall follow procedures relating to the return of accounts as outlined below:
 - 1. Any account that has been settled-in-full, or worked to the level of effort set forth in the Task Order must be returned by the Contractor within thirty calendar days after it reaches the applicable status.
 - 2. Changes in these time frames shall be made only with the approval of ED.
- B. Accounts returned for Administrative Resolution must be returned via secure electronic file transfer (EFT) by the Contractor. The Contractor shall complete all paperwork for administrative resolutions. Those accounts identified as meeting ED requirements for write-off must be returned by type, as specified by ED, during regular Contractor electronic file returns. (All deaths would be grouped together, all Chapter 7 dischargeable Bankruptcies would be grouped together and all Chapter 13 Bankruptcies would be grouped together on that one file.) The Contractor shall submit

to ED an electronic file by type, SSN and name for each account. The Contractor shall ensure ED's access to documentation (imaged or hardcopy) to support their request.

If ED determines that the Contractor has met Task Order requirements, the Monitor will approve the transmittal and return to the Contractor. The Contractor will then fax the transmittal and forward the EFT records to ED's computer contractor within two days. If the Monitor disapproves the transmittal, the Contractor will be informed of its deficiencies. The Contractor shall resolve these deficiencies before resubmitting the data to ED. The Contractor will prepare and forward administrative resolution documentation in the format requested by ED (hardcopy or imaged) to the appropriate government office or contractor designated by ED. Please see the PCA Procedures Manual for more information.

4.3 RETENTION OF IN-REPAYMENT ACCOUNTS

The Contractor shall retain in-repayment accounts during the full period of performance (including any options, if exercised) of its Task Order with ED. Upon expiration of the period of performance (including any options exercised to extend the period of performance), the Contractor shall retain in-repayment accounts for an additional 24 months. Accounts will be recalled when there are no payments for 90 days.

The Contractor shall work these accounts in accordance with the terms and conditions of the Task Order. The Contractor shall provide billing and/or collection activities for the in-repayment accounts as long as they are assigned to the Contractor.

The Contractor will be paid for any accounts resolved via the administrative resolution process during the retention period.

4.4 TASK ORDER PHASE OUT AND CLOSE OUT OF ACCOUNTS

A. Non-Retention Accounts

ED will conduct an orderly recall of all outstanding non-retention accounts on which there has been no payment within the last 90 days upon the effective date of phase out. This process will begin no later than ninety (90) calendar days prior to the last phase of the Task Order.

B. Retained in-repayment Accounts

ED will conduct an orderly recall of all retained in-repayment accounts upon the effective date of expiration of the Task Order unless the Contractor has been awarded a subsequent ED Collections Task Order or contract.

The Contractor shall, according to Federal and/or State laws, destroy or dispose of, in a manner, which will prevent any unauthorized disclosures, any records containing personally identifiable information, which are not to be returned to ED. The Contractor may be liable for criminal penalties as specified in the Privacy Act (Subsection (i)) for failure to meet these requirements.

5.1 CONTRACTOR DELIVERABLES

The Contractor's schedule of deliverables is shown below. The Contractor shall forward one (1) copy of the deliverables (marked with an asterisk *) to the Contracting Officer (CO) and one (1) copy to the Contracting Officer's Representative (COR), one (1) copy to the Assistant Contracting Officer's Representative and one (1) copy to the appropriate ED Monitor, and shall notify all representatives, as listed above, of the accomplishment of all deliverables.

<u>Requirement</u>	<u>Time-Frame from Task Order Award</u>
Priority A	
Establishment of the administrative and collection office.	In place within ninety (90) days of Task Order award.
Establishment of an operational system.	In place within ninety (90) days of Task Order award.
Post Office Box rented at the U.S. Post Office dedicated solely to ED Task Order.	Obtained and functional within ninety (90) days of Task Order award.
Toll-free collection telephone number dedicated solely to ED Task Order for borrowers residing in the U.S., territories and possessions and provide a means for borrowers outside the U.S. to call in without incurring a charge.	Obtained and functional within ninety (90) days of Task Order award.
Provide and test software to be used on ED's PC workstations at the regional collection center office, if required by ED.	Completed within ninety (90) days of Task Order award.
Submission of electronic transfer of test data for: name, address, and telephone number changes; employment data; letter history updates; billing requests; and return of accounts.	Completed within ninety (90) days of Task Order award.
Procedures to transfer accounts, reports, etc. between ED and the Contractor.	Completed within ninety (90) days of Task Order award.
Successful testing of letter coupons.	Completed within ninety (90) days of Task

First draft version of the Collections Training Manual and the Standard Operating Procedures Manual (including letters that will be generated from the Contractor's collection system)*;

Order award.

Completed and submitted to ED electronically by December 31, 2008.

First draft version of a Quality Control Plan outlining the quality control procedures.*

Completed and submitted to ED electronically by December 31, 2008.

First draft version of the Disaster Recovery Plan*

Completed and submitted to ED electronically by December 31, 2008.

Priority B

Final version of the Collections Training Manual and the Standard Operating Procedures Manual (including letters that will be generated from the Contractor's collection system)*;

Completed within 30 days of ED approval of draft version.

Final version of a Quality Control Plan outlining the quality control procedures.*

Completed within 30 days of ED approval of draft version.

Final version of the Disaster Recovery Plan*

Completed within 30 days of ED approval of draft version

Submission of electronic file transfer of data for: name, address, and telephone number changes; employment data; billing requests; letter history update, and return of accounts.

Daily for account updating (borrower demographics and employment reference data) and weekly for all others. (ED reserves the right to modify time frames to best meet system and contract requirements)

Submission of all project staff and new hires' SSNs for matching against the ED-System and NSLDS databases to determine default status for any federal student loans.

Monthly (or whenever requested by ED)

Electronic file listing returned accounts and account files.

Weekly (or sooner based upon current system capabilities)

Electronic submission of the Quality Control Report, Management and Fiscal Report, Staff Roster Report, Correspondence Report, Misdirected Report and the Security Awareness Training Report

Monthly

The Contractor shall submit to ED test files for the transfer of data for: name, address, telephone number changes; employment data; billing requests; letter history update; and return of accounts. The Contractor must correct any deficiencies or errors found and notify the ED Monitor of the corrections within five (5) days of notification by ED's systems contractor. Failure by the Contractor to make the required corrections will result in a delay of the initial transfer of accounts until the deficiencies are corrected.

The Contractor shall submit, to the ED computer contractor, test files to be approved before the first production run can occur for the Contractor. Upon approval, the Contractor is "certified". The Contractor must be re-certified when modifications or enhancements are made to ED-System software, which impact the files submitted by the Contractor. If the Contractor changes its computer processing vendor/facility, or makes changes in computer hardware and/or software that affect processing of files, the Contractor must be re-certified. No transfer of accounts will occur until the Contractor's hardware, software, and telecommunications lines are functional and meet certification requirements.

Any electronic reports, imaged documents or information requested by and/or forwarded to ED that contain Personally Identifying Information (PII) must be protected using the most current Department's Security Standards and, in addition, at a minimum must be 128-bit AES encrypted and password protected.

5.2 PERIODIC CONTRACTOR DELIVERABLES

The Contractor shall prepare and furnish one copy of the following deliverables to the Contracting Officer, COR, Assistant COR and the appropriate ED Monitor, on at least a monthly basis due by the fifteenth (15th) day of the following month (by next business day if the 15th falls on a weekend/holiday):

- Quality Control Report;
- Management and Fiscal Reports;
- Project Staff Report
- Correspondence Report

-- Misdirected Payment Report

--Security Awareness Training Report

The Government reserves the right to modify or adjust all required reports, add additional reports and/or alter time frames as necessary. In addition, reports must contain all required data in the exact order and format requested by ED. Failure to provide complete and/or timely reports may lead to ED taking administrative action.

(a) Quality Control Report

Each Contractor will have established Quality Control measures to review contractual requirements. For each electronic Quality Control Report, the Contractor shall incorporate Quality Control categories that include the size of the sample, the numbers and types of problems found, and all corrective actions taken.

Quality Control Categories must include:

- Monitoring of collector/customer service calls
- Correspondence for proper handling/response
- Administrative Wage Garnishment (AWG)
- Accounts compromised
- Account balances on Contractor's computer system vs. ED-System
- Administrative Resolutions (both submissions to ED for review and approval and electronic file transfer data to the ED computer Contractor)
- Loan Consolidation Verification Certifications (LVC)
- All Electronic File Transfer information prior to mailing/transmission (Account Updates (name, address, phone numbers, employment), Letter History Updates, Billing, Account Return, etc.)
- Training: Date of Training, Topic, Attendees, and Results of Test Given. This data should be available during agency reviews. Specific training includes:
 - Privacy Act (including Privacy Act Statement completed and mailed to ED)
 - FDCPA (including fact that employees took test and passed)
 - ED Policies, Procedures and new initiatives (including fact that employees took test and passed.)

(A sample QC Report format will be provided after task order award.)

(b) Management and Fiscal Reports

The Contractor shall produce, on at least an end of the month schedule, due by the fifteenth (15th) day of the following month, an electronic management and fiscal report designed to monitor Task Order performance. This report must be considered a part of the Contractor's measuring system for its quality control plan.

At a minimum, this report must contain the following items:

- Information on dollars collected (current month and year-to-date).
- Number of "accelerated" rehabs processed each month , along with a break down of the number of days between the first and last payments for accounts in specific numerical groupings as defined by ED.
- Monthly rehabilitation queue totals (number of accounts and P&I total of accounts where the borrower has completed at least the first 5 payments towards rehabilitation to include an overall total, as well as, Direct and non-Direct totals)
- Information (including corrective actions) on any problems incurred by the Contractor during the month and a status update on any outstanding problems from previous months.
- The number of complaints received each month; for each complaint, the Contractor must provide: a brief summary of the complaint issues, whether the complaint was determined to be valid or invalid, the date received and the name of the collector involved.
- Discuss the work performed over the month just completed (including manpower requirements, administrative resolution, litigation, collections, AWG, etc.) and report on projected activity for the upcoming month(s).
- A schedule of all update training conducted during the month and a brief synopsis of the subject matter covered in each training session.
- Pertinent information that needs to be brought to the attention of the Contracting Officer e.g. late EFTs, information regarding outstanding issues awaiting an ED response, etc.
- The Contractor shall provide adhoc reports as requested by ED.

(A sample Management and Fiscal Report format will be provided after task order award.)

(c) Project Staff Roster Report

The Contractor shall provide the COR, Assistant COR, and ED Monitor an electronic project staff roster, at least monthly, detailing:

- All individuals employed,
- ED contract hire date
- Security level status requested
- E-Quip (security clearance website) release date

- Individuals no longer employed, including separation date.
- Employee SSNs when requested by ED (ED may require SSNs to be submitted in a separate format and at different intervals)

(A sample Staff Roster Report format will be provided after task order award.)

(d) Correspondence Report

The Contractor shall provide the COR, Assistant COR and ED Monitor an electronic Correspondence Report on a monthly basis that contains the following:

- A list of all correspondence received for a given month broken down by the borrower's account number, type of correspondence by code (financial statement, general inquiries, powers of attorney, returned disability applications, etc.), and an optional comments section.
- Current correspondence categories and codes to be utilized include:
 1. AWG - All correspondence pertaining to the AWG process (hearings, pay stubs for VPY, fin statements, etc.)
 2. AR - Admin resolution documentation (BNK/DIS/INCAR/DEA - applications, letters, certificates, etc.)
 3. CPL - Complaints
 4. ER - Employer verification documentation
 5. CD - Cease and desist/do not contact
 6. MP - Misdirected payments
 7. DV - Dispute/Verification (validity request/pnote request/payment history/incorrect balance/wrong party); also include cancellations - closed school, ATB, false certifications, etc.
 8. DP - Disclosure permission (POA, auth to speak to third parties/attorney, etc.)
 9. PC - Program Correspondence (all docs associated with rehab/consolidation process - agreement letters/LVCs/financial documents, etc.)
 10. AC - All Attorney correspondence
 11. RPY - All correspondence related to non-program/AWG repayments - financial docs, W-2s, compromises, repay requests, etc.
 12. TOP - TOP related inquires/issues
 13. TPR - Third party requests, inquires from outside agencies

14. BL - Borrower letters (NOT listed in other categories - requests for info, questions, Title IV letters, SIF, BIF, refusal to pay, etc.)

15. MIS - Miscellaneous (any correspondence that does not fall in the categories listed above)

(A sample Correspondence Report format will be provided after task order award.)

(e) Misdirected Payment Report

The Contractor shall provide the COR, Assistant COR and ED Monitor an electronic Misdirected Report on a monthly basis that contains the following:

- All misdirected payments received during the previous month.
- For each payment, the report will contain the borrower's account number, the date the payment was received, and the payment amount.

(A sample Misdirected Payment Report format will be provided after task order award.)

(f) Security Awareness Training Report

The Contractor shall provide the COR, Assistant COR and ED Monitor an electronic Security Awareness Training Report on a monthly basis that contains the following:

- Employee name, email address, company name, job title, training course identification and date of last security awareness training

(A sample Security Awareness Training Report format will be provided after task order award.)

6.1 SPECIAL REQUIREMENTS

A. INTERFACE REQUIREMENTS

The Contractor must obtain and install the telecommunications equipment necessary to interface with the ED System.

System Connectivity

Federal Student Aid provides connectivity to the Virtual Data Center (VDC) either through a Virtual Private Network (VPN) or a MultiProtocol Label Switching (MPLS) connection when required for contractor performance. Telecommunication costs are the responsibility of the contractor. Typical VPN connectivity setup requires 60 days, while MPLS connectivity setup requires 120 days. Dial in connections are not allowed, with exceptions for hardware vendors' remote use for troubleshooting on an as needed and scheduled basis.

The VPN solution is performed using the contractor's Internet connection and the contractor's networking hardware. The VPN solution is the primary method for remote

site-to-site connections. Federal Student Aid may provide remote hardware for site-to-site VPN connectivity.

For MPLS connections, Federal Student Aid may provide the point of presence equipment; the contractor shall provide the plain old telephone system (POTS) line or analog line, necessary space, and environmental controls and any site modifications. Also, FSA may provide an MPLS connection, at FSA's discretion. FSA may provide an extended DMARC as well, but it is the responsibility of the contractor to provide any and all internal wiring.

All connections into the VDC are firewalled at the VDC. Minimum level security requirements prescribe that the contractor's site must be firewalled and any site that lacks this feature will not be connected to the VDC.

ED will connect to the contractor's main site only. The contractor is responsible for all other connections to their satellite offices or subcontractors.

B. SUMMARY OF CONTRACTOR COMPUTER SYSTEM REQUIREMENTS

Prior to the first transfer of accounts, the Contractor shall establish and maintain its own computer system and software, which can accept and accommodate data on all ED accounts. ED will provide electronic file format information after task order award.

The Contractor shall ensure that all ED data is protected from unauthorized disclosure while on the Contractor's computer system. The Contractor shall ensure that all ED account data is, at a minimum, partitioned off from other data maintained on the Contractor's computer system, and may only be password accessed by Contractor personnel assigned to this project.

The Contractor shall ensure that the data in its system is used exclusively for collection activities related to ED transferred accounts. The information must not be accessed by the Contractor in connection with any other collection efforts on the same borrower under another task order or contract.

The Contractor shall ensure that its system balance for all accounts is within \$25 of the balance on the ED System.

The Contractor shall provide ED Regional personnel access (via dedicated data line from the Contractor's computer system to the ED LAN Network in Atlanta) to ED accounts maintained on the Contractor's computer system. Access through a single entry point, no matter whether a sub-collection office(s) is handling accounts, is required; however, an identifier indicating the office currently responsible for servicing the account must also be clearly defined to the ED-user. Access must include update capabilities to the ED account collection activity record so that ED may communicate to the Contractor any actions. The Contractor shall provide the necessary

communication hardware/software to be installed at the regional ED service center office and provide training to designated ED personnel for its collection system at the Contractor's expense.

The Contractor shall have a computer system capable of providing ad hoc reports to ED on demand. These reports shall be with respect to the accounts assigned to them.

The Contractor shall immediately update its computer files with information as specified in this Task Order. The Contractor's computer system must be capable of transmitting this information to the ED System via electronic file transfer. These updates must also incorporate data from any subcontractors used under this Task Order. The Contractor must transmit account information and request bills either daily or weekly depending on the method used to transmit the data listed below -

- 1) Account Information Update-- to update with name, address, telephone number changes and update the reference address with employer's name, address and telephone number in accordance with the terms and conditions of this Task Order.. The ED computer contractor's service time commitment to process these updates is three (3) workdays from date of receipt of the file(s).
- 2) Billing Statement Request—to place an account on one of four billing cycles - only monthly billing is allowed per account. The Contractor must update the billing information within ED's system upon the successful negotiation of an approved repayment plan. The ED computer contractor's service time commitment to generate, print and mail all bills is six (6) workdays from date of receipt of the request. The Contractor may also delete an account from billing. NOTE: The Contractor is restricted from sending billing statements to the borrower from its own computer system.
- 3) Letter History Update—to update the account collection activity record with information gathered by the Contractor in accordance with the terms and conditions of this Task Order. The ED computer contractor's service time commitment to process these updates is five (5) workdays from date of receipt of the file(s).
- 4) Account Return—to return accounts to ED. The Contractor shall submit to the ED Monitor an electronic report listing the accounts for return (refer to Part 4.2.A RETURN OF ACCOUNTS). The ED Monitor will sign the transmittal letter and notify the Contractor that the files may be forwarded to the ED computer contractor. The ED computer contractor's service time commitment to process these updates is five (5) workdays from date of receipt of the file(s).

An Exception Error Report will be produced for each electronic transfer of data when processing cannot be accomplished by ED's computer contractor. The Contractor shall correct all deficiencies listed on the report, resubmit, and notify the ED Monitor of the correction within five (5) calendar days from receipt of the report.

Under the data exchange program, the Contractor shall format the files according to the layouts provided by ED for all required files. If it is determined by ED's computer

contractor that the file(s) cannot be properly processed, the file(s) will be returned to the Contractor for corrections.

Use of the electronic transfer of data requires the Contractor to create a transmission header and trailer record for each unique record type of data transmitted to the ED-System, in accordance with formats to be provided by ED.

When problems are identified with any electronic file submissions, the Contractor has 45 days to make any and all corrections necessary. If final corrections are not made within this 45-day timeframe, transfer of accounts will be withheld until all problems are resolved.

C. USE OF SUBCONTRACTORS

The Contractor shall be permitted to use subcontractors to perform collection, clerical, and skip tracing activity and data processing. Certain restrictions govern the use of subcontractors. Performance of collection activities by subcontractors is restricted to the Contractor's primary and sub-collection offices.

The primary contractor office must retain control over all accounts at all times, and must ensure that the subcontractors are fully trained, receive all necessary information relative to this Task Order, and adhere to all requirements of this Task Order. Subcontractors are prohibited from the receipt and processing of payments under this Task Order.

The Contractor shall ensure that subcontractors keep all ED-related information in a secure, restricted location, and prohibit its access in connection with any other collection activity on the same borrower under any other task order or contract.

See clause C.2 of the Task Order for additional subcontract requirements.

D. PICK-UP AND DELIVERY OF MATERIALS

The Contractor shall be responsible for daily pick-up and delivery of all reports, records, hard copy reports and other materials to be exchanged between the Contractor, ED and ED's service contractors. In addition, the Contractor shall be responsible for any pick-up and delivery of any electronic data, including back-up data tapes, which contain ED information for the purposes of storage, retrieval, and recovery as it relates to the Contractor's Contingency Plan.

In all cases, if the contractor uses a private courier service, the courier service must be insured and bonded.

E. DELAYS

The Contractor shall be responsible for notifying the COR immediately of anticipated delays (3 days or more) in providing the services required under this Task Order. Notification of such anticipated delay does not excuse any failure of the Contractor to fulfill its responsibilities under this Task Order.

F. FACILITIES, EQUIPMENT, SUPPLIES AND MATERIALS

Except where otherwise noted, the Contractor shall obtain its own secured administrative and collection office facilities, equipment, supplies and materials. The specified area must be restricted to agency collectors or staff. Separation of this function from other commercial activity must be, at a minimum, an aisle whereby non-ED staff cannot sit directly across from or have “visual access” (unobstructed view of ED computer data or ED account documentation) into ED contractor workspace. Contract collectors shall be dedicated 100% to working ED accounts; no collector will be allowed to work ED accounts and other Contractor accounts. Other Contractor's clients or prospective clients are restricted from touring ED's Contract area.

The Contractor shall furnish at its administrative and collection office site(s) (including subcontractors) access for ED employees to conduct on-site compliance reviews. The Contractor shall make available to all ED employees a private office space that contains the necessary office furniture, telephone lines (including internet access) and terminals, including printers, accessing both the Contractor's system and the ED-System. In accordance with Federal regulations, this office space must be a non-smoking area.

6.2 SECURITY REQUIREMENTS

To ensure the confidentiality, integrity and availability of the Department's business assets, the Contractor shall ensure that all ED security requirements are met and in accordance with all Department of Education Security and Privacy Directives, Policy and Procedures including, but not limited to, the Departmental Directive, Handbook OCIO-01, Handbook for Information Assurance Security Policy, OMB Circular A-130, A-123 and A127, NIST Special Publications, FISMA, the Federal Information Processing Standard (FIPS) publications and the Payment Card Industry Data Security Standard (PCI DSS). The Department's Security Policies provide a full list of applicable regulations and standards for what is a necessary tool for ensuring adequate controls under this Task Order. ED may also require contractor adherence to future and/or additional government security policies, reports, and memorandums necessary to safeguard and protect the Department's information and Information Technology (IT) resources. The Contractor shall comply with and also include all appropriate security provisions in any subcontract(s) awarded pursuant to this Task Order

6.2.1 RULES AND REGULATIONS

Department of Education systems must adhere to the Federal security requirements detailed in the publications listed below. The following laws, regulations or policies establish minimum requirements for system security.

6.2.1.1 Federal Laws and Regulations

- FIPS 140-2 Security Requirements for Cryptographic Modules
- FIPS 186-2, Digital Signature Standard (DSS)
- FIPS 197 AES
- FIPS 199 Standards for Security Categorization of Federal Information and Information Systems

- Electronic Communications Privacy Act of 1986, Public Law 99-08, 100 Stat. 1848
- E-Government Act of 2002
- Freedom of Information Act, 5 United States Code 552, Public Law 93-502
- Privacy Act of 1974, 5 United States Code 552a, Public Law 99-08
- Federal Information Security Management Act (FISMA)
- OMB Circulars A-130 Appendix III
- HSPD #7 Critical Infrastructure Protection

6.2.1.2 NIST Special Publications

- NIST 800-14 (Generally Accepted Principles and Practices for Securing Information Technology Systems)
- NIST 800-16 (Information Technology Security Training Requirements: A Role and Performance-Based Model)
- NIST 800-18 (Guide for Developing Security Plans for Information Technology Systems)
- NIST SP 800-21 (Guideline for Implementing Cryptography in the Federal Government)
- NIST 800-26 (Security Self-Assessment Guide for Information Technology Systems)
- NIST 800-30 (Risk Management Guide)
- NIST 800-34 (Contingency Planning)
- NIST 800-37 (Guidelines for the Security Certification and Accreditation of Federal Information Technology Systems)
- NIST 800-47 (Security Guide for Interconnecting Information Technology Systems)
- NIST 800-53 and 800-53A (Recommended Security Controls for Federal Systems)
- NIST 800-60 (Guide for Mapping Information Systems)
- NIST 800-61 (Computer Security Incident Handling Guide)

6.2.1.3 Department of Education Policies and Procedures

- U.S. Department of Education Information Assurance Security Policy
- U.S. Department of Education, Contractor Employee Personnel Security Screenings
- U.S. Department of Education IT Security Configuration Management Procedures Handbook
- U.S. Department of Education Contingency Planning Procedures
- Federal Student Aid Policy and Procedures for Sending and Receiving Sensitive Documents and Media Using Land Shipment Methods
- Federal Student Aid Immediate Action Memorandum: Sensitive Data Protection on Portable Devices

- Federal Student Aid Incident Response and Reporting Procedures
- Payment Card Industry Data Security Standard (PCI DSS)

The Contractor shall be notified in the event of new or changed policies or procedures. All changes must be passed down to all subcontractors as applicable.

6.2.2 IT Security Compliance

The Contractor shall provide personnel for a security control/review group. This group will address security problems, help provide for the maintenance of certification or accreditation under the control of the system security officer, report security problems, and make security recommendations.

In addition, in keeping with OMB Circular A-130, Appendix III, the Contractor shall designate a specific person responsible for information security.

6.2.3 Contingency Planning

An IT Contingency Plan is an essential component in the overall strategy of a business or public service organization to ensure the successful recovery of operations and functionality of essential IT resources in the event of an emergency or service interruption. IT contingency planning should be integrated into all aspects of the system development life cycle (SDLC). The IT Contingency Plan should be an active document that is tested and updated as needed throughout the entire SDLC.

The Contractor shall maintain a comprehensive Contingency Plan to ensure continuation of services and functions in the event of an emergency or service interruption. The Plan shall incorporate Continuity of Support, Disaster Recovery, Cyber Incident Response, and Business Recovery/Resumption Plans. The Contractor shall review the current plan and revise it as necessary to conform to the Contractor's configuration. The Contractor shall maintain safeguards and backup procedures for natural, deliberate, environmental, and accidental disasters.

The Contingency Plan is subject to periodic reviews by the Department. The Contractor shall update the Plan when changes are approved by the Department and include environmental and/or configuration changes.

The following solutions shall be incorporated in the overall Contingency Plan:

- a) Explain how the availability of services is to be maintained in the event of a disaster;
- b) Alls Plans must be tested and exercised on an annual basis, with results being documented and used to update the plans.
- c) Include a description of each security service that will be provided;
- d) Document and adhere to a clear and specified process of change and configuration management;

- e) Establish a patch management program in accordance with Department guidelines;
- f) Implement incident monitoring and reporting procedures; to include use of incident response guidelines recommended by the DoED and FSA
 - 1. Any security breaches of data need to be reported to an ED designated contact within “one-hour.” In addition, the contractor needs to follow all ED incident escalation procedures (as provided by ED). The contractor will bear the liability associated with any loss of data, to the point where the contractor remedies any and all identity theft situations.
- g) Document any involvement of the outsourced provider with relevant subcontractors;
- h) Create required security documentation, including, but not limited to, Certification and Accreditation plan, System Security Plan, Risk Assessment, Security Test & Evaluation plan, Rules of Behavior, system interconnection agreements, Configuration Management Plan and Contingency Planning documentation;

6.2.3.1 Disaster Recovery Plan

The Contractor shall conduct at least one test at a disaster recovery center comprised of a simulation of all procedures necessary to complete the transfer of services and functions, which would be implemented in the event a disaster occurred at the processing site within one year of the Task Order being awarded. The Government reserves the right to require additional disaster recovery plan tests.

Disaster Recovery Plan	DRPs are necessary for reacting to major, usually catastrophic, events that deny access to the normal facility for an extended period. Frequently, DRP refers to an IT-focused plan designed to restore operability of the target system, application, or computer facility at an alternate site after an emergency. The DRP scope may overlap that of a COS; however, the DRP is focused on long-term outages (over 48 hours) that require relocation to an alternate processing site. The DRP does not address minor disruptions that do not require relocation. Generally, a DRP is included as part of the IT Contingency Plan if it is required based on system criticality and data sensitivity.
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6.2.4 PHYSICAL SECURITY

The Contractor shall implement effective physical security safeguards to ensure the protection of the ADP system, including the computer facilities, equipment, data, and personnel. A controlled, limited-access environment must exist in all areas where government data is maintained. Areas of the facility for which the Contractor shall provide protection include, but are not restricted to:

- Computer Room
- Data Control and Conversion Area
- Communications Equipment Area

- Data File Storage Area
- Form Storage Area
- Off-site Storage Areas
- Telephone Closet
- Power Supply (transformer vaults, and power panels)
- General Office Area (where sensitive data is handled)

The Contractor shall ensure that all sensitive materials, such as data, software documentation, borrower payment information, operating manuals and handbooks are labeled as sensitive and stored in a secure location.

The Contractor shall provide physical security for the protection of communications equipment. Multiplexers, concentrators and terminals, especially those handling sensitive information, must be located in physically secured areas.

Methods for physically protecting systems, hardware and equipment shall be provided by the Contractor. The protection shall be against damage, unauthorized access, alteration, modification and destruction, whether by act of nature, accident, or intrusion.

6.2.5 SECURITY CLEARANCES

The Contractor shall provide to ED, position descriptions of those employees to be granted access to the computer facility or application system, as applicable. ED shall determine what type of clearance (if any) is needed based upon the position's job duties and access required to complete work assignments under this Task Order. The Contractor shall supply to the COR on at least a monthly basis, a Project Staff Roster Report detailing the security status of each Project staff member and any individual no longer employed by the Contractor or otherwise involved in the project.

All project staff and all new hires must have their Social Security Numbers (SSN) matched against the ED-System and the National Student Loan Data System (NSLDS) databases to ensure that they have not defaulted on a federal student loan. All project staff requesting access to ED's system will be required to complete a detailed security package.

The sharing of ED-System ID's and passwords is strictly prohibited. ED shall revoke the access of any Contractor personnel found sharing their user ID and password. ED further reserves the right for additional actions deemed appropriate.

Please see the RFP sections H.12 and H.13 for more detailed information.

6.2.6 INFORMATION SECURITY TRAINING AND AWARENESS

The Contractor shall ensure that each ED contract employee (including subcontractors) receives documented security awareness training on an annual basis. All new hires will complete security training within 10 business days of ED contract employment from initiation of contract. All subsequent refresher security training shall be completed by July 31 of the following year (or any

other date as specified by ED) for as long as the employees are on the ED contract. All security awareness training must be documented and recorded in the Security Awareness Training Report as required under section 5.2(f). Contractor shall follow the Department's training policy, IT Security Awareness and Training Guide, and will modify training in accordance with any updates, policies, or initiatives as directed by ED.

6.2.7 CONTROL OF INFORMATION AND DATA

Any Department information shall be accounted for upon receipt and properly stored before, during and after processing. In addition, all related output shall be given the same level of protection as required for the source material.

If it is necessary to disclose Department information to perform under the contract, the contractor shall request written authorization from the contracting officer to make such necessary disclosure.

The contractor shall ensure that sensitive information shall not be released outside the control of the organization, including release for maintenance or replacement purposes, without the written consent of the contracting officer.

Should the contractor make any unauthorized disclosure(s) of confidential information, the contract may be terminated per the terms of the Default clause (FAR 52.249-8).

6.2.8 CONTRACTOR SYSTEM CONTAINING DEPARTMENTAL INFORMATION

6.2.8.1 Identification and Authentication

The system shall:

- Include a mechanism to require users to uniquely identify themselves to the system before beginning to perform any other actions
- Be able to maintain authentication data that includes information for verifying the claimed identity of individual users (e.g., passwords)
- Protect authentication data so that any unauthorized user cannot access it
- Be able to enforce individual accountability by providing the capability to uniquely identify each individual computer system user
- Raise alarms when attempts are made to guess the authentication data (either inadvertently or deliberately).

6.2.8.2 Access Control

The system shall use identification and authorization data to determine user access to information. The system shall be able to define and control access between subjects and objects in the computer system. The enforcement mechanism (e.g., self/group public controls, access control

lists, and roles) shall allow users to specify and control sharing of those objects by other users, or defined groups of users, or by both, and shall provide controls to limit propagation of access rights. These access controls shall be capable of including or excluding access to the granularity of a single user. Only authorized users shall assign access permission to an object by users not already possessing access permission.

6.2.8.3 Auditing

The system shall be able to create, maintain, and protect from modification or unauthorized access or destruction of an audit trail of accesses to the objects it protects. The audit data shall be protected so that read access to it is limited to those who are authorized. Audit trail information should be maintained for at least 6 months.

The system shall be able to record the following types of events: use of identification and authentication mechanisms, introduction of objects into a user's address space (e.g., file open, program initiation), deletion of objects, and actions taken by computer operators and system administrators and/or system security officers and other security relevant events. The system shall also be able to audit any override of human-readable output markings.

For each recorded event, the audit record shall be able to identify the date and time of the event, user, type of event, and success or failure of the event. For identification and authentication events, the origin of request (e.g., terminal ID) shall be included in the audit record. For events that introduce an object into a user's address space and for object deletion events, the audit record shall include the name of the object and the object's label. The system administrator shall be able to selectively audit the actions of any one or more users based on individual identity and/or object label.

The audit system should raise alarms whenever a threshold is reached with respect to an auditing system resource (disk space in audit log volume) or when auditing has been turned off (either inadvertently or deliberately).

The Contractor will also allow the right of audit and assessment including but not limited to site visits, scanning, penetration testing, interviews by federal agencies, the Department and the Department's contractors.

6.2.8.4 Flaw Remediation

Flaw remediation is the process of tracking and correcting security flaws by the contractor.

- The contractor shall document the flaw remediation procedures.
- The contractor shall establish a procedure for accepting and acting upon reports of security flaws and requests for corrections to those flaws.
- The flaw remediation procedures documentation shall describe the procedures used to track all reported security flaws in each release of the system.

- The flaw remediation procedures shall require that a description of the nature and effect of each security flaw be provided, as well as the status of finding a correction to that flaw.
- The flaw remediation procedures shall require that corrective actions be identified for each of the security flaws.
- The flaw remediation procedures documentation shall describe the methods used to provide flaw information, corrections, and guidance on corrective actions to the Government.
- The procedures for processing reported security flaws shall ensure that any reported flaws are corrected and the correction issued to the Government.
- The procedures for processing reported security flaws shall provide safeguards that any corrections to these security flaws do not introduce any new flaws.

6.2.8.5 Closeout/Disposal

The contractor certifies that the data processed during the performance of this contract shall be purged and sanitized from all data storage components of its computer facility, and the contractor will retain no output after such time as the contract is completed. If immediate purging of all data storage components is not possible, the contractor certifies that any organization data remaining in any storage component will be safeguarded to prevent unauthorized disclosures.

At contract completion or termination, the contractor shall provide a status list of all users and shall note if any users still require access to the system to perform work under another contract. Any group accounts or other means of gaining access to the system also shall be listed, including maintenance accounts and security bypasses.

6.3 AUDITABILITY

The Contractor shall make available personnel facilities and ADP resources to assist Department ADP Security Auditors, Department's Independent Validation and Verification Contractor, Inspector General, General Accounting Office, and Department systems, operations and compliance staff in conducting reviews. The Contractor shall provide routine access to contract facilities, personnel, and records by auditors and other review teams. Provisions for the temporary or permanent installation of audit software packages must also be made. In addition, routine access, document retrieval and installation of audit software packages must be provided without additional costs.

6.3.1 AUDITING STANDARDS AND CERTIFICATION

ED requires all contractors, both unrestricted and small businesses, to have SAS 70 (Type I) audits performed within two (2) years from Task Order Award and shall cover environment, operations and general computer controls. The SAS 70 control objectives should be mapped to the requirements of the Statement of Work, OMB Circular A-123, the Department's Security and Privacy Directives, NIST Special Publication 800-53 and 53A. All completed audit reports must be provided to the COR, along with any corrective action plans and any other supporting documentation requested. Agencies will develop corrective action plans to address any

concerns/findings. Based upon audit findings, ED may take additional steps as appropriate up to and/or including termination of a Task Order.

Agencies that will have an audit performed that equals or exceeds the SAS 70 standards may petition the COR's office for audit replacement consideration.

ED reserves the right to request multiple or follow-up audits (e.g. every two years, SAS Type II, etc.) or to require different auditing standards (e.g. NIST SP 800-53A, FIPS 200, OMB Circular A-123, etc.) depending upon Government standards and/or needs in order to safeguard and protect ED's systems, and data.

6.4 PILOT/SPECIAL PROJECTS

ED reserves the right to solicit assistance from current Contractors to help with pilot or special projects designed to develop, study, improve, or test, information or systems related to the ED collections contracts.

ED may also determine that a new, separate Task Order or contract modification is necessary in order to appropriately establish an on-going pilot or special project.

6.5 FAILURE OF CONTRACTOR TO MEET TASK ORDER REQUIREMENTS

ED realizes that problems in the day-to-day operations may arise; however, any continued failure on the part of the Contractor to meet contractual requirements will result in ED discontinuing further transfers of accounts to the Contractor until the Contractor has made acceptable corrections. **ED may also terminate the Task Order for failure to meet Task Order requirements.**

ED shall recall, immediately, any account where evidence of Contractor impropriety threatens the integrity of this program or in any way threatens or jeopardizes the interests of ED. ED retains the right to recall any particular account at anytime.

6.6 AWARD AND CANCELLATION OF TASK ORDERS

ED reserves the unilateral right to recall all accounts and cancel task orders if the CO determines that it is in the Government's best interest to do so.

ED also reserves the right to award additional task orders to additional Contractors at any time the CO determines that it is in the Government's best interest.