IN ESA&CSA Account Management

Section 1.0: Background and purpose

Per Indiana statute IC 20-51.4-3-5(5) The Indiana Treasurer of State Office (TOS) is responsible for providing banking and financial services to all agencies of the State of Indiana. Most of these services are provided through central financial service contracts. However, certain programs operated by state agencies require alternative financial solutions to enhance customer services provided through the program.

The Indiana Education Scholarship Account (INESA) program was passed 2021 by the Indiana State Legislature and appointed the Indiana Treasurer of State as administrators of the program. The INESA program was established to provide options for the education of Indiana students. Per (IC 20-51.4-3-2 (c)), The treasurer may contract with private financial management firms to manage Indiana Education Scholarship Account.

> INESA, funded by state tax dollars, provides education options for K-12 students with a disability and their siblings* (July 1, 2024), and income at or below the annual income qualification.

> ESA funding can be used on private school tuition; homebased education; curriculum/supplementary materials; educational services; therapies; tutoring/teaching services; transportation; training programs/camps; extracurricular activities, classes, programs, resources; fees for examinations; and state assessments.

The Career Scholarship Account (CSA) program was passed 2023 by Indiana State Legislature and appointed the Indiana Treasurer of State, The Commission for Higher Education and The Indiana Department of Education as administrators of the program. Per (IC 20-51.4-3-2 (b)), The treasurer may contract with private financial management firms to manage Career Scholarship Account.

> Career Scholarship Account (CSA) program provides 10th, 11th, 12th grade students opportunities for internships, apprenticeships, career exploration and coaching from preapproved organizations.

> CSA funding can be used on classes that apply to student's chosen program, certification and credentialing exams, postsecondary education and training, equipment required for your apprenticeship and transportation

The Indiana Treasurer of State's Office is seeking proposals from companies to provide INESA financial solutions to the State of Indiana as defined in this Request for Services (RFS) document. This document continues the necessary information required to be submitted by the company in order to be considered.

The awardee will enter into a contract with the State Treasurer for a three-year term with two-year possible extension thereafter by mutual agreement.

Indiana Treasurer of State's office anticipates making one award for this RFS process.

Indiana Treasurer of State is under a contract with ClassWallet, Kleo for alternative banking services supporting families in the INESA and CSA programs. The current state ClassWallet supports nearly 1,000 student accounts supported by $15,000,000 student scholarship appropriation.

Estimated accounts for 2024-2025 school year 3,500 students supported by $20,000,000 student scholarship appropriation. Future growth projection (5 years) dependent on legislation, 10,000 students.

SCOPE OF WORK

Parents must remain in control of how funds are spent, but the solution should allow for review and authorization of purchases prior to the final completion of goods or services purchased. Solutions may be a closed system type in which all transactions occur with merchants that are pre-identified as acceptable.

TOS is seeking solutions that would provide parents with a payment solution account that would:

- Have the ability to create bulk student accounts or request account creation using a spreadsheet template, one-way directional share of account data.
- Have the ability to fund student accounts in bulk, and individually.
- Ability to revert funds from individual accounts or in bulk.
- Be able to restrict purchases down to the product type or product code, if possible (MCC code restriction at a minimum), as well as automate the receipting process requirements for the TOS.
- Solutions may include an automated prior authorization process for allowable purchases, an electronic marketplace for purchases, or reimbursement of purchases.
- The solution must allow for client and vendor accounts to be suspended/deactivated/reactivated.

Section 1.1: Transaction Processing and Reconciliation

- The solution must allow TOS to see account transaction activity as well as historical data of transactions by account.

The following is required for transaction processing:

- Transaction approval automatically begins the payment process.

- Funding appears in the client account withing five (5) business days of receipt of funds.
- A process for client repayment of funds
- Partial (line item) approval with reportable identifiers and notification to the client.
- Ability to limit number of items per transaction/order.
- Ability to approve/auto-approve orders based on product/service categories aligned with TOS.
- Ability to assign orders/tasks to various user queues.
- The bidder shall provide for the authorization and settlement of transactions through the appropriate authorization and settlement network.
- State what funding types and time frames are available for funding the account. Currently the state sends a file via ACH to fund multiple accounts for the INESA program.
- The account must be supported for all outstanding balances after the contract period.

Section 1.2: Cash Flow

- Describe in detail how the flow of money will occur from the State to the accounts being funded.
- Provide a list of all financial institutions that may be used during this contract.
- Any financial institution or vendor providing financial transaction processing must demonstrate their ability to abide by all state and federal banking regulations.

Section 1.3: Activity Reporting

The proposed process must be able to deliver a wide range of real-time and historical reporting including:

- Detailed activity at the account level including a running ledger balance in chronological order.
- Automated and on-demand periodic financial reports (daily, weekly, monthly, etc.) as required. Report examples include:
  - A daily client funds loaded/unloaded report.
  - A funds received/distributed report.
  - User transaction report that includes date, transactions processed and a running balance.
  - Balance report.
  - Account holder monthly statement.
- A dashboard that displays real-time activity summaries.
- Online Query: Display account transaction details in chronological order and running balances available to any user:
  - Account Identifiers
  - Student Name
  - Transaction Date

- o Transaction Time
- o Transaction Type
- o Vendor
- o Amount
- o Status – Pending/Approved/Disallowed (language as appropriate)
- o Category
- o Balance
- o Date Last Transaction
- Online Audit Log: Include all activity at the account level financial as well as nonfinancial (with running ledger balance) available for State use only.
  - o Account identifiers
  - o Transaction date/time
  - o Activity that includes several transaction data points (transaction type, vendor, amount, status, category, running totals by type are examples), item changes (old and new data), communication.
  - o Account risk profile (low/moderate/high) which would include several criteria to determine risk.

The solution shall provide daily reports in a downloadable format. Excel and PDF are examples.

Section 1.4: Technology

The successful respondent shall provide the State of Indiana with web-based user-to machine access. Such access shall provide for the following:

- Direct real-time access to banking information.
- The ability to segregate access and service availability by user, department, account and application, with access approval being administered and controlled by an authorized Indiana State Treasurer's Office official.
- Ability to make proprietary software enhancements to increase TOS capability.
- The use of appropriate security and encryption technologies.
- The availability of system user support (e.g., telephone helpline).
- Support of any standard current web-browser software.
- System access should be ADA compliant.
- The successful bidder shall provide the State of Indiana with machine-to-machine data access methods. Such access methods shall include the following methods:
  - o Must integrate with Active Directory Federation System (ADFS) or Security Assertion Markup Language (SAML) authentication for seamless login to users.
  - o Must have an Application Programming Interface (API) to receive and send data for each of the student applications.
  - o API must be flexible to extend for data exchange to/from INESA application portal.
  - o SFTP (Secure File Transfer Protocol): Must use additional encryption technology.
  - o HTTPS (Hypertext Transfer Protocol with SSL)

All methods must include security technologies sufficient to provide for the confidentiality of the information during transmission and for non-repudiation. Any additional software required to provide this security must be made available to the State of Indiana by the successful bidder and included in the pricing.

Provide a complete itemized listing of minimum hardware requirements needed to run your software and a recommended hardware listing necessary for optimal performance. Also include an estimated cost for the hardware components and cite any additional costs for non-vendor specific hardware necessary to facilitate implementation.

Section 1.5: Ecommerce

Thirty percent of purchases are made through an ecommerce platform.

- Integrate ecommerce "marketplace" for parents within the same platform.
- Parents make online purchases 24/7 from approved ecommerce vendors that are integrated with the platform.
- TOS will have the ability to determine what ecommerce vendors shall be approved.
  - Curated shopping list approved by TOS.
- Payment gateway – tools enable to process payments online through digital wallet.
- Inventory management software – visibility to out of stock items.
- Order fulfillment tools –
  - tracking mechanism for shipping orders,
  - tracking shipment,
  - handling returns and
  - refunds to INESA digital wallet.
- Analytic reporting – reports supporting purchases per category and vendor.
- Ability for TOS to individually review and approve/deny individual purchases.

Section 1.6: Data Storage

Indicate if your software/data is housed on a server within the ASTO or remotely on a cloud web-based system.

The State prefers a cloud-based service offering however is willing to consider additional options that bring demonstrated value to the State. If the proposed solution is browser-based, this would apply.

If the Contractor proposes a cloud-hosted solution, the State prefers the Contractor choose which of the State's cloud tenants they will utilize, Microsoft Azure or Amazon Web Services (AWS), and the Contractor shall manage their cloud environment within a dedicated space in the State tenant. If the Contractor can demonstrate significant value, or provides appropriate justification otherwise, to the State by hosting the solution on a cloud platform of their choosing, the State is willing to consider that deployment option.

Describe your database platform and requirements.

- What development platform is used throughout your application including the application and presentation layers?
- What reporting services are available for use with your applications?
- Do you index your database tables?
- Do you have standardized XML import/exports?
- Do you have standardized PDF reports?
- Do you integrate with Microsoft Office? If not, how do you import/export to Office products?
- Do you integrate with Microsoft Exchange Server?
  - Outlook Calendar integration?
  - Outlook Contacts & Global Address Book integration?
- What server platforms do you support? If the solution is server-hosted, it will need to support Microsoft Server 2022 or Red Hat Enterprise 8 as a minimum requirement.
- Describe all available client platform requirements including desktop applications, and browser clients (and supported web browsers).
- What are your minimum recommended hardware requirements (clients and servers)?
- Is hardware provided with your solution? If not, provide recommended hardware specifications to support your platform for 5-7 years.
- Describe the administration of application security. Include how it is configured, how groups or roles are used, and what actions can or cannot be taken for various settings.
- Describe how your solution creates an "audit trail" when data is changed. Include the types of data for which a trail is created, and what is recorded (date, user id, etc.) when the data is changed.

Section 1.7: Transition

The successful bidder shall make reasonable efforts to ensure a smooth transition from the current provider. To facilitate this transition, the successful bidder shall make such personnel as needed available to complete the conversion plan.

All implementation costs associated with current services for transition will be free of cost to the State. During this process, the State of Indiana and the Firm/Bank will discuss and agree upon the data exchange methods, connectivity, transmission schedules, testing and implementation dates. The successful bidder will establish and manage the transition project plan to ensure minimal disruption of services including capturing and reconstructing previous account activity and/or data to the most reasonable extent possible.

Specify any costs related to system maintenance beyond initial installation of the system. Also include whether annual maintenance fees include system upgrades, annual license fees or other components.

Section 1.8: Training

Please summarize your approach to training. Responses should detail the estimated number of hours in training included and method of training: e.g. on-site. Also indicate whether on-going training is available after the initial training and conversion timeframe. Please identify training targeted to contract partners/agency and training provided for vendors and parents to include complete video tutorials and updates as required.

Section 1.9: Support

Explain how the solution would provide support to all interested parties including:

- Internal dedicated manpower available to TOS staff Monday through Friday 8 A.M. to 5 P.M. via phone and email.
- External support Monday through Friday 8 A.M. to 8 P.M. and Saturday 8. A.M. to 12 P.M. available to users via phone, email, and live chat.
- The call center personnel should have native English speakers; Spanish speakers available upon request. The call center should be ADA accessible.

Section 1.10: Experience of Company

1. Experience: the offeror should describe its experience as it relates to the scope of work and conducting similar services for government entities.
2. Brief overview of firm: describe the organization, size, structure, and office location(s).
3. Personnel: provide the professional and educational background of key personnel.
4. Full disclosure of any potential conflicts of interest (e.g., serving as a reseller of software, or business relationship between the Offeror and any State employee.
5. A statement documenting all open or pending litigation initiated by Bidder or where Bidder is a defendant or party in any litigation with a public sector client.
6. How long has your business offered the service requested?
7. Provide most recent SOC report.
8. Specify the number of government/business customers using this service.
9. Provide names and phone numbers of three references, preferably governments who are currently using the service requested. Select a mix of long-standing and recent customers.
10. Provide any additional information which you believe to be relevant to your capabilities to provide the services requested, e.g., product brochures, articles in trade journals, etc.

Section 1.11 Project Management

- Provide a document to describe your company's project management approach and methodology for this project. This should be a high-level document that pulls everything together.
- How will your company conduct solution design planning and associated communication to the State?

- Describe your company's method of creating a project schedule and the method and frequency of maintaining the schedule throughout the project.
- Describe your company's communication strategy for this project.

Section 1.12: Accessing and Utilizing State Data

The State may grant the Contractor access to existing State data, as needed. The Contractor may be required to work with the State's technical team to receive access to various State datasets. The Contractor shall sign a Data Use Agreement with the State and transfer the data in a way which meets all needed compliance requirements for the transfer of sensitive data. The Contractor shall protect the privacy of all State data including all PII.

The Contractor must demonstrate the capability to interface with other vendors and state systems as appropriate. Please refer to the "Technology Security & Data Transmission Standards" in section "1.4 Summary Scope of Work" of the "RFS Main Document" for additional detail.

The Contractor shall request the written permission and approval of the State before any data or reports are released. All data received from the State by the Contractor, as well as data derived through calculations performed as part of this scope of services, are considered confidential and proprietary, and may not be used for any other purpose without the express permission of the State. The Contractor's use of the data must conform to the rules and regulations of TOS and the Indiana Office of Technology (IOT). The State shall pre-approve all requests for use of its data. The Contractor shall agree to submit to the State a copy of all findings, articles, and any other similar documents that are developed using the Indiana TOS data, within thirty (30) days of completion. The Contractor agrees that no data will be disclosed by the Contractor or published in a format that identifies the State without the written permission of the State.

Respondents are required to review and respond to the questions included in Attachment [X], Cloud Questionnaire if the proposed solution is not hosted on the State's infrastructure or IOT-managed cloud solutions. In addition to completing the Cloud Questionnaire, a respondent may be requested to provide the below documentation. Please note that the awarded Respondent must coordinate and cooperate with IOT to help ensure up-to-date system security is in place through the term of the resulting agreement.
- A SOC 2 Type II audit report. SOC (Systems and Organizations Controls) 2 is a security framework that specifies how organizations should protect customer data from unauthorized access, security incidents, and other vulnerabilities. SOC 2 Type I reports evaluate a company's controls at a single point in time. SOC 2 Type II reports assess how those controls function over a period, generally 3-12 months. We would request the Type II report.
- Applicable security policies, procedures, or runbooks. A security policy (also called an information security policy or IT security policy) is a document that spells out the rules, expectations, and overall approach that an organization uses to maintain the confidentiality, integrity, and availability of its data. It clearly spells out how compliance is monitored and enforced. We would like samples or snippets of what things a vendor does to protect our State of Indiana data. Could be referred to as an ISF (Information Security Framework)

- A penetration test report. Penetration testing is security testing in which assessors mimic real-world attacks to identify methods for circumventing the security features of an application, system, or network.
- Static code testing results. This is an application testing method in which an application's source code is examined to detect potential security vulnerabilities.
- Dynamic code testing results. Dynamic testing is the method of debugging an application's source code in a run-time environment, i.e., when the application is running. It is used to identify security vulnerabilities while the program is running.
- Infrastructure as code scan testing results. Infrastructure as code, also known as software-defined infrastructure, allows the configuration and deployment of infrastructure components faster with consistency by allowing them to be defined as a code and enables repeatable deployments across environments. It is used to identify security vulnerabilities in the deployment process.
- An application or systems diagram. Describes the solution's architecture, dataflows, and/or topology. As a high-level diagram that shows the information system's basic structure, software components, relationships to other important services, and their properties. We are seeking clarity on the relationships the vendor solution has with external (cloud) components such as users, databases, and services.

Section 1.13: Business Continuity-Disaster Recovery Plan

The Contractor shall maintain and share with the State a Disaster Recovery Plan, and shall make available to the State all amendments, changes, or modifications to its Disaster Recovery Plan. The Contractor's Disaster Recovery Plan is deemed a trade secret and is deemed information that would jeopardize a record keeping or security system, and shall be exempt from disclosure under Indiana's Access to Public Records Act, Ind. Code § 5-14-3-4(a) and (b)(10), (11) and (19). Please refer to section [X] of the main RFS document for further information about identifying aspects of a proposal to remain confidential.

The Contractor shall, in coordination with the State, maintain a specific Business Continuity Plan dedicated to operating State systems for which it is responsible in the event of a disaster, as well as a specific Continuity of Operations Plan dedicated to the Contractor's organization itself.

Over the course of the contract, the Contractor shall make updates to their Business Continuity-Disaster Recovery Plan on an annual basis to ensure that staffing and procedures are up to date. All said updates shall be shared with the State in a timely manner.

Section 1.14: End of Contract Turnover

The services to be performed under the Contract resulting from this RFS are vital to the State and must be continued without interruption. Procedures must be in place to ensure a seamless transition and uninterrupted service throughout the transition to a project successor at contract end. The State seeks to ensure that program stakeholders experience no adverse impact from the

transfer of scope to either the State or to the successor contractor(s) should the Contract not be extended or terminated early.

The Contractor shall be responsible for planning and performing end of contract turnover and disengagement activities. Disengagement includes transition planning to ensure a seamless operational transition to the State or its designee in the event of required contract transition. The Contractor shall work with the State to ensure that all end of contract turnover tasks are completed and that all responsibilities are transitioned in a timely and effective manner.

The Contractor shall complete the following tasks and activities during the End of Contract Turnover period:

- Develop an End of Contract Turnover Plan, subject to State approval, including a detailed schedule and resources (quantity, type, and role) who will be available for all months of the End of Contract Turnover period. The End of Contract Turnover Plan shall outline the following:
    o Contractor roles and responsibilities
    o State roles and responsibilities
    o A schedule with key milestones and deliverables
    o Method to transfer information to the State and/or a successor contractor(s)
    o An inventory of detailed documentation about operations, applications, architecture, and infrastructure, as well as any supporting information related to the technical architecture and infrastructure.
    o An inventory of all work-in-progress that need to be completed by the State and/or a successor contractor(s)
    o Plans for coordination and transition of specific responsibilities from the incumbent to the future contractor.
    o An inventory of project documentation, work-in-progress, technology, systems, and assets necessary for a successive Contractor to perform the duties of the Scope of Work
- Conduct training of State staff or successor contractor(s) staff, in the operations and procedures performed by Contractor staff.
- Perform shadowing and training activities for the State and successor contractor(s)
- Transfer the following information to the State or a successor contractor(s) on a medium acceptable to the State:
    o All relevant project artifacts created, maintained, and updated throughout the Contract term
    o Project documentation, work-in-progress, technology, systems, and assets necessary for a successive Contractor to perform the duties of the Scope of Work
    o Other documentation including, but not limited to:
        ▪ User, provider, and operations manuals
        ▪ Training materials
        ▪ Documentation of any interfaces developed to support business activities between contractors

- o Participate in reverse shadowing for the State and/or successor contractor(s) staff on all aspects of workflows, releases, and assignments as requested by the State
- o Be available to provide support as requested by the State by the end date of the Contract, the Contractor must turn over all State property to the State, and Contractor's access to all State infrastructure and facilities shall be terminated. The State has the right to initiate the disengagement process for any service under the Contractor Scope of Work with thirty (30) calendar day's written notice. The notice of termination initiates these disengagement activities and responsibilities.