



**STATE PROCUREMENT OFFICE
NOTICE OF AMENDMENT TO SOLE SOURCE CONTRACT**

1. TO: Chief Procurement Officer
2. FROM: Sandi Yahiro, Deputy Director, Department of Taxation
Department/Division/Agency
3. Name of Contractor: CGI Technologies & Solutions, Inc.
4. Sole Source Reference Number: 08-006-C 5. Contract Number: n/a

6. Description of goods, services, or construction:
See Attachment #1

7. Approval to amend is submitted in order to:
 Revise the scope of services for the contract as follows:
See Attachment #1

Increase contract price by 10 % or more: Original Contract Price: \$18-25 mi Amended Contract Price: ~~\$18-25 mil~~ ^{0.458}

8. Reason: This / These amendment(s) are necessary because:
See Attachment #1

9. Direct questions to: Sandi Yahiro Phone: 587-1527

Agency shall ensure adherence to applicable administrative and statutory requirements.

10. Pursuant to § 103D-306, HRS, and § 3-122-82, HAR, I certify that the information provided above is, to the best of my knowledge, true and correct

S. Yahiro 4/11/09
Department Head Date

Reserved for SPO Use Only

11. Date Notice Posted: 5/12/09 6/10/09

12. Submit written objections to this notice of amendment to Sole Source Contract within seven calendar days or as otherwise allowed from the above posted date to:
Chief Procurement Officer
State Procurement Office
P.O. Box 119
Honolulu, Hawaii 96810-0119

Chief Procurement Officer's Comments:
This approval is based on DOTAX's determination that an integrated computer system was needed and necessary to integrate various taxes, keep track of taxpayer's accounts, provide automated notification and collection systems; and the initial competitive procurement to acquire the existing ITIMS application was proprietary to the vendor. Therefore any subsequent changes to the integrated system require the vendor services to its proprietary code. Approval is for the solicitation process; HRS 103D-310(c) and HAR §3-122-112 shall apply.

13. APPROVED DISAPPROVED NO ACTION REQUIRED

Charles S. Taylor 6/12/09
Chief Procurement Officer Date

14. S.S.No. 08-006-c/B #1

Department of Taxation

Notice of Amendment to Sole Source Contract

Attachment #1

6. Description of Goods, Services or Construction:

The original request (No. 08-006-C) stated:

To enhance the collection of delinquent taxes, the Department proposes to acquire vendor services to implement a number of modifications to the existing ITIMS application to include:

- Modifying the ITIMS Tax Processing System (ITPS) and ITIMS Collection System (ICS) to support the identification and collection of delinquent taxes from currently registered businesses that have not filed past due returns
- An extension of the ITIMS Audit Management system (IAMS) to add new tax types and features to provide better identification of non-filers and taxpayers who have under-reported their taxes
- The addition of supplemental data, such as IRS data into IAMS to support better audit selection
- An extension to IAMS and ICS to allow for the identification and pursuit of taxpayers who file a Federal return but not an appropriate corresponding State return
- An extension of ICS to allow taxpayers to initiate their own delinquent tax payment agreements
- An enhancement to the existing telephone capabilities at the Department of Taxation to support Automated Call Distribution and Predictive Dialing to support more outbound phone calls
- An extension of ITPS to add additional tax type allowing for automated tax clearances
- An extension of the ITIMS Imaging system to allow for data capturing and imaging of additional tax types and functionality
- Other similar features to enhance delinquent collections, including but not limited to fraud detection of refund requests, collections business process reengineering and the utilization of statistical models to prioritize delinquent collection cases

7. Revise the scope of services for the contract as follows:

The following initiatives are being *added* to the scope of services via a contract amendment/modification:

- CP2000 Case Management Automation: CP2000 cases will be loaded into ITPS and will provide automated letters and follow-ups to the cases.

- Modernized e-File: This will implement an upgrade of the current Joint Electronic Filing application and is required by the federal government so that the Department will be able to continue to accept jointly filed electronic returns. *W Deleted section per S. Yabuco, e-mail 5/18/09*
- Tax Law Changes: The Department must implement an unprecedented number of new tax bills passed by the Legislature. This will allow the vendor to assist the Department in making the necessary complex system changes.

The following initiatives are being *deleted* from this sole source request and will be requested as an exemption to procurement:

- The addition of supplemental data, such as IRS data into IAMS to support better audit selection
- An enhancement to the existing telephone capabilities at the Department of Taxation to support Automated Call Distribution and Predictive Dialing to support more outbound phone calls
- An extension of the ITIMS Imaging system to allow for data capturing and imaging of additional tax types and functionality
- Enhanced Audit Data Warehouse Tool: A data warehouse tool to support the audit process will be purchased, installed and configured that will allow the Department to better identify potential field and office audit cases.
- Additional Electronic Data Sources for Data Warehouse: Additional data sources will be integrated into the audit data warehouse, such as IRS information, W-2 Data, K-1 Data, 1099 Data, etc.
- Additional Reports to Support Audit: New reports out of ITPS and ICS will be generated to provide information about prior audits to help identify trends which could be used to prioritize future audit selections.

8. Reason These Amendments Are Necessary:

The contract is being amended because of, among other reasons:

Unanticipated reductions in the Department's budget after the execution of the original agreement with CGI and the Department not being able to devote the staff resources to the revenue collection initiatives described in Statement of Work No. 1 of the Agreement

The Department would like to add initiatives not included in the original contract and delete some initiatives that were included. Additionally, the Department believes that some initiatives included in the original SPO-01, Notice and Request for Sole Source, should have been requested as an "Exemption" instead of "Sole Source".