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CONTRACT FOR SERVICES

By and Between
State of Arkansas Bureau of Legislative Research,
and
InfoSENTRY Services, Inc.

This agreement is made and entered into this ____ day of _____ 2006, by and between the Arkansas Bureau of Legislative Research (hereinafter referred to as "Bureau") and InfoSENTRY Services, Inc. (hereinafter referred to as "InfoSENTRY").

WITNESSETH:

WHEREAS, Bureau desires to obtain the services of InfoSENTRY to perform an evaluation of the Arkansas Public School Computer Network (hereinafter referred to as "APSCN"); and

WHEREAS, InfoSENTRY represents that it has expertise in the type of auditing services that will be required for the evaluation.

NOW THEREFORE, in consideration of the mutual covenants and provisions contained herein, the parties hereto agree as follows:

ARTICLE 1. SERVICES

1.1 Under the direction of the House Committee on Education and the Senate Committee on Education of the Arkansas General Assembly or their interim committees, InfoSENTRY shall evaluate current systems used by the public school system in Arkansas and the Arkansas Department of Education (hereinafter referred to as "Department") for data collection and reporting of financial, student, teacher and administrative information and recommend strategies to improve the timeliness and accuracy of information through changes or enhancements of technology, or procedures, or both. The evaluation will:

(A) Evaluate key components of the Arkansas Public School Computer Network (hereinafter referred to as "APSCN") related to data collection and reporting of financial, student, teacher and administrative information specifically including, but not limited to the following areas:

- i) Relative cost, efficiency, security, feasibility, and reporting timeliness of single statewide database implementation versus current configuration of separate district databases for collection and transmission of data to the Statewide Information System;
- ii) Relative cost, efficiency, security, and feasibility of web-based financial and student management software versus current multi-tiered server software;

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iii) Suitability of current operating system, database, programming language environment versus other leading alternatives;

iv) Processes and controls relating to data integration and reporting from the Statewide Information System and suggest strategies or alternative approaches to improve data quality and timeliness; and

v) Opportunities to improve the effectiveness of the use of data warehousing and associated reporting software (currently Cognos);

(B) Provide information necessary for the Arkansas General Assembly and Department to determine any changes in APSCN that are necessary or recommended to improve its ability to perform its functions; and

(C) Provide information necessary for the General Assembly to determine the amount of resources that will be necessary to provide any recommended changes.

1.2 InfoSENTRY will recommend procedures, controls or systems intended to improve the timeliness and quality of reported data.

1.3 InfoSENTRY will recommend a strategy and timeline by which the Arkansas General Assembly and Department can begin implementing any recommended changes that emerge from the evaluation.

1.4 InfoSENTRY will provide testimony and assistance to the House Committee on Education, the Senate Committee on Education, and the Department as necessary to receive, interpret, understand, and otherwise use the information provided in the reports created by InfoSENTRY.

1.5 To the extent the information and assistance is available to the Bureau, the Bureau working with the Department and Division of Information Services agrees to provide the following information and assistance to InfoSENTRY as needed in the performance of the obligations in this Contract for Services:

(A) Description and configuration of current APSCN system, description of reporting cycles, key required reports, database descriptions and other related information as requested by the contractor (to be provided by the Department and Division of Information Services staff);

(B) Description of current data integrity, security procedures and business continuity plans for data and system operations (to be provided by the Department and Division of Information Services staff);

(C) Identification of any school districts not using Pentamation financial or student management software, or both and identification of any system or reporting components not SIF compliant (to be provided by the Department and Division of Information Services staff);

(D) Description of current methodologies of pulling, quality checking, aggregating and reporting data (to be provided by the Department and Division of Information Services staff);

(E) Description of current and planned use of data warehousing (to be provided by the Department and Division of Information Services staff);

(F) Access to APSCN and other reporting system as needed for testing or evaluation purposes (to be provided by the Department);

(G) Information pertaining to system acquisition, development costs and operational

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costs of the existing systems for financial management, student information management, Statewide Information System and related APSCN components. Operational information to include description of key vendor contracts and information on support staff (to be provided by the Department and Division of Information Services staff);

(H) Other documentation, configuration, statistical or usage data or similar information as requested by the contractor (to be provided by the Department and Division of Information Services staff);

(I) Relevant documentation prepared by APSCN staff outlining proposed technology enhancements and timeframes (to be provided by the Department staff);

(J) Information system audits or special reports on the APSCN System prepared by the Division of Legislative Audit (provided by the Bureau of Legislative Research);

(K) Research staff notes on comparative implementations in other states; and

(L) Coordination and limited assistance of the appropriate staff of the Bureau of Legislative Research to facilitate gathering of other data or information directly relevant to the scope of work.

ARTICLE 2. TIMETABLE

2.1 It is anticipated that all work will commence immediately upon the execution of this agreement and will be completed by February 15, 2007. InfoSENTRY will submit a final written report of the evaluation to the House Committee on Education and the Senate Committee on Education on or before February 15, 2007. After submission of the final written report and during the regular session of the 86th General Assembly, InfoSENTRY shall appear and present the report to the House Committee on Education, the Senate Committee on Education, and other committees of the General Assembly upon request of the committee. After completion of the 86th General Assembly and upon the request of the House Interim Committee on Education or the Senate Interim Committee on Education, InfoSENTRY shall be available to appear and provide information or discussion of the evaluation at not less than one (1) committee meeting.

2.2 Time is of the essence with respect to the performance of this agreement.

2.3 Should InfoSENTRY be obstructed or delayed in the completion of its services as a result of unforeseeable causes beyond the control of InfoSENTRY and not due to its own fault or neglect, including but not restricted to acts of God or of public enemy, acts of government or of Bureau, fires, floods, epidemics, quarantine regulations, strikes or lock-outs, then InfoSENTRY shall notify Bureau in writing within ten (10) business days (unless Bureau expressly agrees in writing to a longer period of time) after commencement of such delay, stating the cause or causes thereof, and citing the date for completion of services or be deemed to have waived any right which InfoSENTRY may have had to request a time extension.

2.4 The term "business day" shall mean all days of the week, excluding Saturdays, Sundays, and all legal holidays observed by Bureau.

2.5 Should InfoSENTRY fail to commence, provide, perform, or complete any of the services to be provided under this agreement in a timely and diligent manner, in addition to any other rights or remedies available to Bureau under this agreement, Bureau at its sole discretion and option may withhold any and all payments due and owing to InfoSENTRY until such time as

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InfoSENTRY resumes performance of its obligations under this agreement to Bureau's satisfaction.

ARTICLE 3. PAYMENT

3.1 In consideration for the services rendered by InfoSENTRY pursuant to this agreement, Bureau agrees to pay InfoSENTRY One Hundred Fifty Dollars (\$150) per actual hours of services not to exceed Sixty-Five Thousand Dollars (\$65,000) for services rendered under this agreement by InfoSENTRY. Payment shall be made to InfoSENTRY in three (3) installments upon receipt of invoice and completion of billable hours as follows:

(A) The first payment shall not exceed twenty thousand dollars (\$20,000) payable on or after January 19, 2007;

(B) The second payment for any remaining balance for actual hours of service and travel reimbursement shall be payable upon completion of the written report and any committee appearances required during the regular session of the 86th General Assembly. InfoSENTRY agrees that Bureau will withhold the second payment until satisfactory evidence has been received from the Chair of the House Committee on Education and the Chair of the Senate Committee on Education that all terms and conditions of the contract have been met, and all data obtained and generated from the work under this agreement is deemed to be consistent, accurate, and in accordance with the intent of this agreement; and

(C) If InfoSENTRY is requested by the House Interim Committee on Education or the Senate Interim Committee on Education to appear and provide information or discussion of the evaluation at any committee meeting after completion of the 86th General Assembly; the third and final payment for actual hours of service and travel reimbursement shall be made no later than thirty (30) days after the committee appearance is complete. InfoSENTRY agrees that Bureau will withhold the final payment until satisfactory evidence has been received from the Chair of the House Committee on Education and the Chair of the Senate Committee on Education that all terms and conditions of the contract have been met, and all data obtained and generated from the work under this agreement is deemed to be consistent, accurate, and in accordance with the intent of this agreement

3.1.1 Upon completion of the contract, InfoSENTRY shall be reimbursed for actual documented expenses as set forth below up to a maximum of Thirty-Four Hundred Dollars (\$3,400).

<i>Expenses</i>	<i>Number Reimbursable</i>	<i>Rate</i>	<i>Maximum Reimbursable</i>
Flights	5	\$400 per flight	\$2,000
Auto Rental	20	\$ 70 per day	\$1,400
TOTAL			\$3,400

3.1.2 The maximum payment under this contract for actual hours of services under 3.1.1 and reimbursable expenses under 3.1.2 shall not exceed Sixty-Eight Thousand Four Hundred Dollars (\$68,400).

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3.2 The parties agree that failure on part of InfoSENTRY to perform as required in this agreement will cause Bureau to incur damages which include but are not limited to costs associated with a delay of the implementation of remedies to correct deficiencies in APSCN. The parties agree that Bureau or Department may reduce the amount of payment required under this agreement in the amount of one thousand dollars (\$1,000) per day for each day InfoSENTRY is late in meeting the February 15, 2007 deadline. Therefore, the parties further agree that because actual damages would be indeterminate or difficult to ascertain, the damages set forth herein bear a reasonable proportion to the damages which the parties contemplate might flow from InfoSENTRY's failure to perform in accordance with the terms of this agreement.

ARTICLE 4. MODIFICATION

4.1 The Bureau and InfoSENTRY may, by mutual agreement, modify this agreement. Any modification must be in writing and must be signed by all contracting parties to include Mr. Glenn Newkirk and Bureau's interim director.

ARTICLE 5. GENERAL TERMS AND CONDITIONS

5.1 No alteration or variation of this agreement and no understandings or agreements not incorporated herein shall be a part of this contract unless made in writing between the parties.

5.2 The parties agree that no person shall on the grounds of race, color, creed national origin, religion, disability, or sex be excluded from or denied participation in or otherwise subjected to discrimination under any activity performed pursuant to this agreement.

ARTICLE 6. CANCELLATION

6.1 The Bureau and InfoSENTRY may by mutual agreement terminate this agreement at any time before the date of completion.

ARTICLE 7. CONTRACTOR EMPLOYEES

7.1 In performance of this agreement, InfoSENTRY and any agent or employee of InfoSENTRY shall act in an independent capacity and not as an officer, employee, or agent of Bureau, nor shall any party be covered under Bureau's personnel rules and regulations. The Bureau shall have no responsibility for deductions for or contributions to Social Security, unemployment insurance, or any other benefits on behalf of InfoSENTRY's employees, nor shall income tax be withheld.

ARTICLE 8. MAINTENANCE AND OWNERSHIP OF RECORDS

8.1 InfoSENTRY shall keep records and supporting documentation that concern or reflect its services under this agreement. The records and documentation shall be retained by

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InfoSENTRY for a minimum of five (5) years from the date of termination of this agreement, or such longer period of time as may be required by law, whichever is later.

8.2 All records, documents, reports, and other data prepared or developed by InfoSENTRY pursuant to this agreement, upon payment by Bureau, shall become the property of Bureau.

ARTICLE 9. INDEMNIFICATION

9.1 To the maximum extent permitted by law, InfoSENTRY shall defend, indemnify and hold harmless Bureau, including any member, office, house, committee, or subcommittee of the Arkansas General Assembly, any of their officers and employees, the Department, the Division of Information Systems, any Arkansas school district, educational service cooperative, and the State of Arkansas from:

(A) Any and all liabilities, damages, losses, and costs, including, but not limited to, reasonable attorneys' fees to the extent caused by the negligence, recklessness, or intentionally wrongful conduct of InfoSENTRY or anyone employed or utilized by InfoSENTRY in the performance of this agreement; and

(B) Any damage to the computer system, its individual components, software, data contained or generated by the system or any misuse of software licensing agreements or data obtained from the system. This indemnification obligation shall not be construed to negate, abridge, or reduce any other rights or remedies which otherwise may be available to an indemnified party or person described in this paragraph 9.1.

ARTICLE 10. INSURANCE

10.1 The amounts and types of insurance shall conform to the minimum requirements listed below:

- I. Workers' compensation and employers' liability insurance that meets Arkansas and federal legal requirements shall be maintained by InfoSENTRY during the term of this agreement for all employees engaged in the work under this agreement.
- II. Commercial general liability insurance written on an "occurrence" basis shall be maintained by InfoSENTRY. The following amounts of coverage shall apply:

General Aggregate	\$1,000,000.00 each occurrence
Medical Expenses	\$5,000.00 per person

ARTICLE 11. SERVICES BY InfoSENTRY STAFF

11.1 The services to be performed under this agreement shall be performed by the staff of InfoSENTRY, unless otherwise authorized in writing by Bureau. The employment of, contracting with, or use of the services of any other person or firm by InfoSENTRY as an independent consultant or otherwise, shall be subject to the prior written approval of Bureau. No

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provision of this agreement shall, however, be construed as constituting an agreement between Bureau and any other person or firm. Nothing contained in this agreement shall be deemed to give any other party or any third party any claim or right of action against Bureau beyond such as may otherwise exist without regard to this agreement.

ARTICLE 12. CONFIDENTIALITY

12.1 InfoSENTRY recognizes that it will have access to confidential data, and proprietary technical and design information related to computer systems of the Department of Education, State of Arkansas, or public school districts or their agents (collectively, "Information") that are valuable, special and unique assets of the owner of all or a part of the Information. InfoSENTRY agrees that it will not at any time or in any manner either directly or indirectly use any Information for InfoSENTRY's own benefit, or divulge, disclose, or communicate in any manner any information to any third party without the prior written consent of Bureau. InfoSENTRY will protect the Information and treat it as strictly confidential. A violation of this paragraph shall be a material violation of this agreement.

The confidentiality provisions of this agreement shall remain in full force and effect after the termination of this agreement.

Upon termination of this agreement, InfoSENTRY shall deliver all originals and copies of records, notes, data, memoranda, models, and all equipment of any nature that are in InfoSENTRY's possession or under InfoSENTRY's control and that have been provided to InfoSENTRY by the Bureau for the purposes of this agreement.

ARTICLE 13. NOTICES AND ADDRESS OF RECORD

13.1 All notices required or made pursuant to this agreement to be given by InfoSENTRY to Bureau shall be in writing and shall be delivered by hand or by United States Postal Service, first class mail service, postage prepaid, return receipt requested, and addressed to the Bureau at the following address:

Mr. David Ferguson, Interim Director
Bureau Of Legislative Research
State Capitol Building, Room 315
Little Rock, Arkansas 72201

13.2 All notices required or made pursuant to this agreement to be given by Bureau to InfoSENTRY shall be made in writing and shall be delivered by hand or by the United States Postal Service, first class mail service, postage prepaid, return receipt requested, and addressed to InfoSENTRY'S at the following address:

Mr. Glenn Newkirk, President
InfoSENTRY Services, Inc.
Two Hannover Square, Suite 2330

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P.O. Box 28048
Raleigh, NC 27601

13.3 Either party may change its address of record by written notice to the other party given in accordance with requirements of this Article.

ARTICLE 14. MISCELLANEOUS

14.1. InfoSENTRY, in representing Bureau, shall promote the best interests of Bureau and assume towards Bureau a fiduciary relationship of the highest trust, confidence, and fair dealing.

14.2 No modification, waiver, suspension, or termination of this agreement or of any terms thereof shall impair the rights or liabilities of either party.

14.3 This agreement is not assignable, in whole or in part, by InfoSENTRY without the prior written consent of Bureau.

14.4 The terms of this agreement shall be construed and interpreted in accordance with the laws of the State of Arkansas.

14.5 Waiver by either party of a breach of any provision of this agreement shall not be deemed to be a waiver of any other breach and shall not be construed to be a modification of the terms of this agreement.

14.6 This agreement, including any addenda and referenced schedules and attachments hereto, constitutes the entire agreement between the parties hereto and shall supersede, replace, and nullify any and all prior agreements or understandings, written or oral, relating to the matter set forth herein, and any such prior agreements or understanding shall have no force or effect whatever on this agreement.

ARTICLE 15. LEGAL REQUIREMENTS

15.1 It is agreed that for the duration of this agreement, InfoSENTRY and Bureau will comply with all applicable laws and regulations of the State of Arkansas and the federal government.

Bureau of Legislative Research

InfoSENTRY Services, Inc.

Name: David Ferguson
Title: Interim Director
Address: State Capitol Building, Rm 315
Little Rock, AR 72201

Name: Glenn Newkirk
Title: President
Address: Two Hannover Square, Suite 2330
P.O. Box 28048
Raleigh, NC 27601

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Telephone: 501-682-1937

Telephone: _____

Date: _____

FEIN: # _____

Date: _____

APPROVED BY:

Senate Interim Committee on Education

Name: Jim Argue

Title: Chair

Date: _____

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