



Fiscal/Employer Agent Services



**PROPOSAL COPY
VERMONT
FISCAL/EMPLOYER
AGENT RFP
AUGUST 28, 2017**

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1. LETTER OF SUBMITTAL

August 25, 2017

Lisa Neveu,
Quality Outcomes Specialist
280 State Drive HC 2 Sough
Waterbury, VT 05674

Dear Ms. Neveu:

We are excited to submit our response to the request for proposals for Fiscal/Employment Agent Financial Management Services for the Vermont Agency of Human Services Department of Disabilities, Aging and Independent Living (DAIL). Our response complies with all RFP-specified requirements, provisions, and terms and conditions. We have no exceptions to any terms and conditions set forth in this RFP.

Palco, Inc. was the first company in the country to provide financial management services for self-directed programs. Over the years, we have grown exponentially and now provide home and community-based services to more than 10,000 clients in multiple states. We are industry leaders and would love to bring our expertise to the State of Vermont.

Palco, Inc. is a for-profit corporation domiciled in Arkansas. Palco, Inc.'s headquarters is physically located at 17300 Chenal Parkway, Suite 300, in Little Rock, Arkansas, 72223. Alicia Paladino, is the Chief Executive Officer, and her contact information is 501.604.9936, ext. 1215, fax 501.821.0045, and email: alicia@palcofirst.com.

We appreciate the opportunity to create partnerships. The agencies that we work with have consistently praised us for our professionalism, diligence, and integrity, and have routinely awarded us new business. We take an innovative approach to each program, ensuring that each run efficiently and cost effectively. Conceptualization, creation, and skillful implementation of technology to accomplish contract outcomes are our strengths. We specialize in state Medicaid self-direction programs and provide complete financial management and skills training solutions.

As referenced in the table of contents, Palco has provided appendices of our Key Staff Resumes, a listing of our Program Listing and Contacts, a Sample Training and Termination Policy, Palco's FEIN, a Sample Worker's Pay Stub and a Sample Monthly Utilization Report. We have included one original and three paper copies of our proposal and one exact copy of the proposal on CD-ROM.

We look forward to working with you and serving the people of Vermont. Please reach out to me if you have any questions regarding this proposal.



Alicia Paladino, Esq., CPA
Chief Executive Officer

2. QUALIFICATIONS

Palco, Inc. has extensive experience providing services and supports for a diverse group of people, including people age 65 and older, adults with physical or intellectual disabilities, children with autism, veterans, and many others.

Our firm became involved in the nation's first self-directed program nearly 20 years ago—at which time, Palco, Inc. was born. For nearly two decades, Palco helped define programmatic guidelines, develop industry standards, and advocate for self-direction. We now deliver fiscal/employer agent services in multiple states across the country. We have vast experience in providing services in accordance with §3504 of the Internal Revenue Code, including enrollment, billing, payroll, and tax reporting.

Over the years, we have expanded our solutions to include care coordination, information and assistance, and skills training to ensure person-centeredness and monitoring of individuals' services. Our highly trained staff offers recommendations so that needs are continually met and takes a conflict-free approach to keep each individual and their circle of support up-to-date on what's available. Our multi-disciplinary skills training solutions were developed by professional educators. We educate individuals and key stakeholders on the details of services being delivered. Our training can be provided in person or remotely, and this extensive online training package is customizable to meet the needs of any program or service.

The core services we provide include:

- ✓ Fiscal/Employer Agent
- ✓ Information and Assistance for Self-Directed Services
- ✓ Care Coordination/Case Management
- ✓ Medicaid and Veterans Health Administration Billing and Claims Processing
- ✓ Self-Direction Software Solutions
- ✓ Call Center
- ✓ Financial Management Services (e.g., accounts payable, budget utilization)
- ✓ Reporting
- ✓ Payroll and Tax Filings
- ✓ Skills Training Solutions

A. CORPORATE BACKGROUND

This section provides information about Palco, Inc. and our corporate history. No subcontractors will be used for this project. Palco, Inc. currently possesses the required insurance required by the State as outlined in the State's standard terms for contracts and grants.

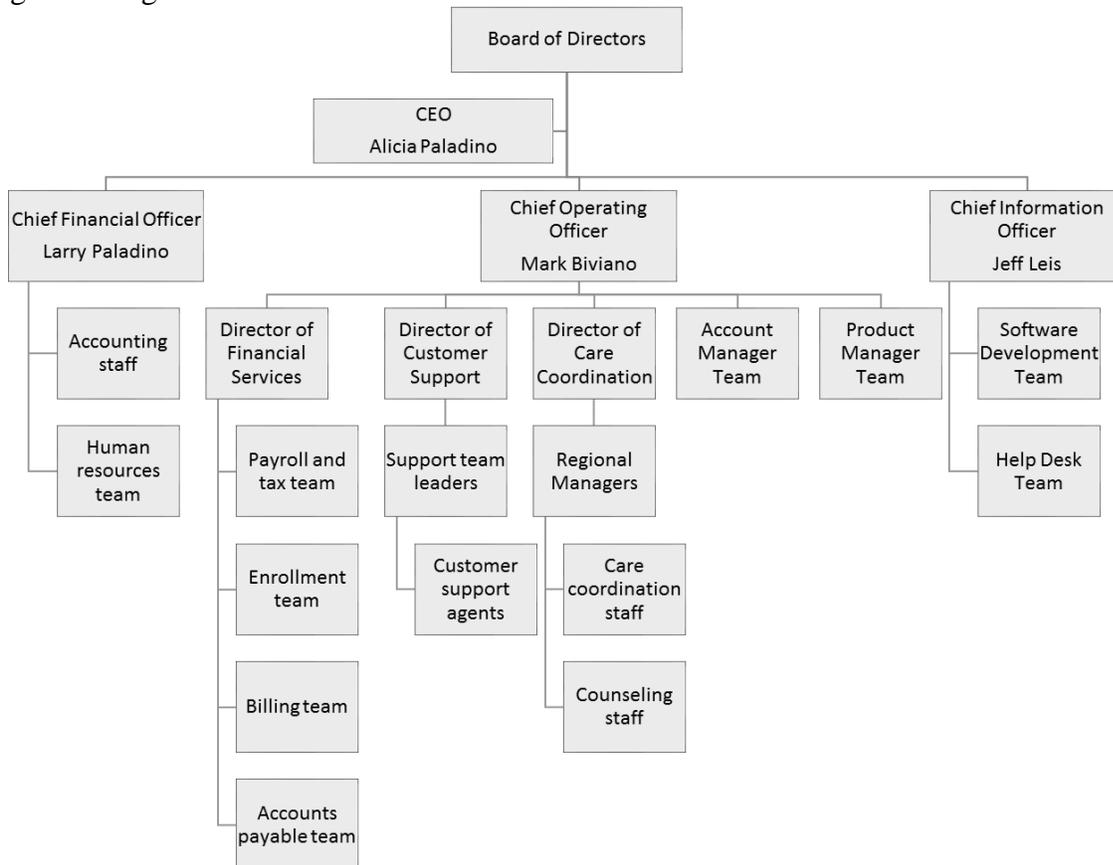
B. CORPORATE INFORMATION

Palco is a privately owned, family company established in 1998 as a subsidiary of an accredited licensed CPA firm established in 1991. It became incorporated in 2003. Its bylaws require ownership by only CPAs. It is currently owned by Larry Paladino, CPA (70%) and Alicia Paladino, Esq., CPA (30%).

Our CPAs ensure the utmost professionalism and expertise in accounting, as well as focus on better program outcomes and participant satisfaction. Our vast knowledge in tax, accounting, and financial management also extends to program-specific software development, education and training, customer service, and much more.

We currently have just under 100 employees and approximately \$10 million in annual revenue. See Figure 1 for our current organizational chart. Please note that the chart is abbreviated to include teams of individuals doing similar work instead of providing all staff on the chart.

Figure 1: Organizational Chart



Appendix 1 provides resumes for key staff—all have previously organized projects of this scope and will be dedicated to this project. The resumes display how long each our staff has been with Palco.

C. CLIENT LISTING

Palco, Inc. currently serves 24 programs across the country. See Figure 2 for a full listing. Appendix 2 displays contact information for each project’s official who may be contacted. We consistently receive the highest praise from our partners. Below, we highlight some of our programs and outline our key accomplishments with each.

F	P	L
S	P	N
A	IndependentChoices	
	Alternatives for Adults with Physical Disabilities (AAPD)	
	ElderChoices	
	ARChoices	
	Southeast Arkansas VD-HCBS Program	
	Select Care	
	Developmental Disabilities Home/Vehicle Modification Pro Tempore Project	
	Caddo Council VD-HCBS Program	
T	Central Texas VD-HCBS Program	
	Bexar/Alamo VD-HCBS Program	
	Caddo Council VD-HCBS Program	
	Harris County VD-HCBS Program	
	Child Protective Services Claims Processing	
L	Caddo Council VD-HCBS Program	
N	Self-Directed Program	
	VD-HCBS Program	
	Autism Treatment Assistance Program	
	Board Certified Behavioral Analyst Program	
A	Personal Choices	
	State of Alabama Independent Living	
	530 Waiver	
	Elderly and Disabled Waiver	
	Alabama Community Transition	
	Technology Assisted Waiver Program	
	Consumer Directed Community Supports Program	
	Consumer Support Grant Program	
	Community First Services and Supports	
	Independent Living Training Program	
	Managing Stress and Challenges of Paid Caregiving Training Program	

. A S D P

Services Provided: F/EA services, supports counseling for self-direction, in-home skills training, budget training, call center, reporting, billing and claims processing, financial management services

Programs Description:

Arkansas was one of the first states to adopt self-direction in the 1990s as a means to provide individual choice in delivering health services to its population, and Palco has been there since the beginning. During the implementation, we worked with several national experts, and our input helped create the operational backbone for F/EA services in self-direction. Palco is proud to have pioneered self-direction, which has provided assistance to so many in Arkansas and across the country.

We currently serve over 3,800 participants per month on multiple Medicaid waivers and State Plan services in Arkansas alone. During our work with these programs, we have adapted to a variety of changes, including IRS changes in reporting, forms, and procedures; Department of Labor overtime and wage reporting changes; overhauls in program policies; consolidation of waivers; and, adding and changing different services statewide. We have assisted the State on various compliance issues and multiple campaigns, such as converting more than 5,000 individuals to direct deposit within a few months; reducing fraud, waste, and abuse; and spearheading a change with State tax agencies to improve and streamline tax reporting requirements for each employer-participant. With each challenge that we've faced, we have provided a vast cost savings to the State and further honed our expertise in self-direction.

We have provided F/EA services to all Arkansas self-direction programs for nearly two decades. Five years ago, Palco began providing in-home training and technical assistance on the program model and requirements; rights, risks, and responsibilities; and, how to participate in Budget Authority. Since we started providing this service, we have seen greater programmatic compliance, utilization of items that strengthen an individual's ability to direct their care, and overall enhanced participant satisfaction. Each year, we survey both participants and caregivers and are consistently given over 96% positive results for our F/EA and in-home skills training services.

. N HCBS P

Services Provided: F/EA services, call center, reporting, billing and claims processing, financial management services, development of training materials

Programs Description:

Since 2013, we have worked with the State of Nevada to serve hundreds of children with developmental disabilities. Our contract required that we transition from another Fiscal/Employer Agent, which had managed the program for more than 10 years prior, and as such, we encountered a bifurcated tax year. We led the State through this process seamlessly, and families praised Palco during the transition and after.

Because of our track record in Nevada, we have been awarded repeat business. Our partners in Nevada routinely turn to Palco for cost savings and creative approaches to serve their clients. Together, we come up with unique solutions to meet the needs of the families, while allowing them a voice in their care.

We currently serve the following programs in the State:

- State of Nevada Self-Directed Program
- Autism Treatment Assistance Program
- Autism Board Certified Behavioral Analyst Program
- Veterans-Directed Home and Community Based Services Program

In serving these programs, we provide webinar-based trainings to stakeholders and written materials and budgeting tools to case managers in developing the person-centered plan. We continually accommodate program growth and have doubled our population size since entering the State.

. A S D P

Services Provided: F/EA services, budget training, call center, reporting, billing and claims processing, financial management services, on-site training

Programs Description:

Palco works with the following Medicaid self-directed programs in Alabama serving over 1,000 participants and workers. Both programs offer Employer and Budget authority:

- a. Personal Choices, a program offered by the Alabama Department of Senior Services, that includes four (4) Medicaid waivers.
- b. State of Alabama Independent Living, a Medicaid program offered by the Alabama Department of Rehabilitative Services.

We were selected as F/EA to help the programs expand statewide. In just a few months, we saw over 600% growth in participation. As the programs expanded into new territories, the programs encountered new challenges, and Palco leveraged our expertise to help stabilize the existing program and chart a course for the future, which included on-site training for the counseling support staff. We are proud to say our work ensures that older individuals and people with disabilities in the State can continue living in the community while they receive the care that they need at home.

. T C P P

Services Provided: F/EA services, budget training, call center, reporting, billing and claims processing, financial management services

Programs Description:

Palco is the single statewide vendor for a program for youth sponsored by the Texas Department of Family and Protective Services. Palco serves children and families in crisis, coordinating assistance with case workers across the State of Texas and disbursing funds to pay for emergency items and supplies for children being removed from dangerous home situations, often with just the clothes on their backs. We also assist with providing life skills classes for children aging out of foster care.

Palco was given one (1) business day notice to implement this project from scratch. Despite the short timeframe, our staff showed tremendous leadership and worked tirelessly to ensure that the program could become operational immediately. Palco has received much praise from program administrators for our responsiveness throughout the transition and subsequent operations.

D HCBS P

Services Provided: F/EA services, budget training, call center, reporting, billing and claims processing, financial management services

Programs Description:

In 2009, Palco became F/EA for the country’s first U.S. Department of Veterans Affairs-funded VD-HCBS program, implemented by the Central Texas Area Agency on Aging—a program we continue to serve. We’ve expanded our delivery of F/EA supports for VD-HCBS programs, and we now serve programs in multiple states, including Louisiana, Arkansas, Nevada, and Texas. We not only perform F/EA services and call center support, but we also provide training and technical assistance for support staff. For some programs, including those in San Antonio and Houston, Texas, we provide all medical billing services.

The veterans on these programs have developed a trusting relationship with our customer service agents. Satisfaction surveys distributed to veterans ask participants about the timeliness of payment, ease of timesheet submission, and customer service provided by Palco. Recent surveys indicated 99.75% satisfaction, with the overwhelming majority of respondents giving Palco 100% across the board on customer service, accuracy in payroll processing, and responsiveness.

One participant provides a testimonial in a video used by national organizations, such as the Administration for Community Living and the National Resource Center for Participant-Directed Services, in which she expresses satisfaction at Palco’s level of service.¹

S D P

Services Provided: F/EA services, skills training, budget training, call center, reporting, billing and claims processing, financial management services

Programs Description:

Palco is set to begin implementation and transition services in Fall 2017 for three Minnesota self-direction programs serving thousands of individuals who direct their own care. They include both §1915(c) and §1915(k) programs. We will also offer statewide training and support services provided in a classroom, group setting for caregivers all across the state. The topics covered by this training include the independent living model, person-centered planning, and managing caregiver stress and burnout. This project is set to begin in June 2017.

O S

Palco has worked with various nonprofits and state governments to deliver home and community-based supports on other programs, including pro tempore or grant-funded programs. Partners continually turn to us to assist in program development and implementation, design systems with quality controls, and deliver financial and training services. In addition, our parent company performed a variety of payroll, accounting, and tax services for hundreds of entities across multiple states for more than 25 years.

¹ See Mr. Atchinson’s story at <https://www.youtube.com/watch?v=ggFfNMpt9lc>.

D. REFERENCES

Please see below for three references concerning past and current job performance. All references are for programs Palco currently services. For all of these references, we have completed various stages of the projects.

. **C C**
D A D H S D A A
S

P.O. Box 1437, Slot S-530 Little
 Rock, AR 72203-1437 Phone:
 (501) 320-6564
craigcloud@dhs.arkansas.gov

- Contract Description: Palco has two contracts with Arkansas DHS: fiscal/employer agent and counseling (supports brokerage), where Palco provides information and assistance and employer training in the home setting for thousands of individuals across the State of Arkansas. Palco is the single statewide vendor delivering these services. No subcontractors are used.
- Time Period: 1999 – current

. **R W**
D C S N D H S R
R A D S D

3416 Goni Road, Building D #132 Carson
 City, NV 89706
 Phone: (775) 687-5162
robinw@rrc.nv.gov

- Contract Description: Palco is the single statewide vendor for the Nevada DHS self-directed program for children with developmental disabilities and autism. We provide fiscal/employer agent services, billing and reporting solutions, and call center support. We also assist the regions with training materials. No subcontractors are used.
- Time Period: 2013 – current

. **F**
D S A I L A
D R S

602 South Lawrence
 Montgomery, AL 36104
 Phone: (334) 293-7011
kathryne.fountain@rehab.alabama.gov

- Contract Description: Palco is the single statewide vendor for the Alabama Department of Rehabilitative Services performing fiscal/employer agent, billing, tax filing, reporting, and call center solutions to individuals directing their care across the state through a Medicaid State Plan option and under a traditional waiver. No subcontractors are used.
- Time Period: 2016 – current

E. INSURANCE STATE ENT

Palco possesses, or will obtain, the required insurance required by the State as outlined in the State's standard terms for contracts and grants, identified in Attachment C. of this RFP.

3. WORK PLAN

This work plan details our understanding of the requirements to implement the scope of services requested in the RFP. Each of these categories is allotted its own section and further delineated below. Throughout our implementation, we will meet all federal and state requirements related the program and performing F/EA activities.

A. WORKING WITH EMPLOYERS AND EMPLOYEES

Knowledgeable users of self-directed services (PDS) are the key to a successful SDS program. Individuals and surrogates gain knowledge about using SDS and related supports through the receipt of effective orientation and skills training. We provide supportive, patient, and clear instructions so that individuals can carry out their SDS responsibilities.

The VF/EA entity, as the agent to the common law employer, may provide training and support directly to the common law employer (employer) related to using SDS and performing as an employer without being considered a joint employer under the U.S. Department of Labor (DOL) Home Care Rule. However, a VF/EA FMS entity may provide only limited training and supports to employers' support service workers (workers) according to U.S. DOL Administrator Interpretation 2014-2 without the activities being considered a strong indicator of joint employment under the DOL Home Care Rule.²

The foundation of effective employer orientation and skills training for is a Common Law Employer Handbook, which Palco staff will develop. This handbook provides the essential information to individuals enrolled in the program and his or her employer, as appropriate, that they need to be successful users of self-direction supports in a clear, complete and easy-to-use format. In addition, the employer handbook is posted on our Section 508-compliant website.³

In addition, the handbook is available in alternate print, and a language in addition to English, when necessary. It will be provided to State, and others in electronic format for posting to their website or training for their staff.

Our current handbook will be tailored to meet State and MCO programs, so that program-specific requirements are captured and available for referenced by users of the handbook. Key sections of the employer Handbook may include, but not be limited to, the information in Figure 3.

² U.S. DOL Administrator Interpretation 2014-2 states the setting of very basic qualifications in order to assure consumer safety, such as requiring a criminal background check and First Aid or CPR certification, should be considered a weak indicator of employer status. These basic provider qualification requirements are akin to licensing requirements common at the state and local level, compliance with which does not, by itself, suggest the existence of a joint employment relationship between, for example, a security of the state or local security licensing agency. In contrast, more extensive provider qualifications, such as fulfilling comprehensive, state-administered training requirements (beyond training required for relevant licenses), should be considered a strong indicator of employer status.

³ Section 508, an amendment to the United States Workforce Rehabilitation Act of 1973, is a federal law mandating that all electronic and information technology developed, procured, maintained, or used by the federal government be accessible to people with disabilities.

F E H

E HANDBOOK TRAINING ORIENTATION TOPICS	
Section 1:	Overview of the Employer Handbook
Section 2:	<u>Introduction to the Philosophy of Self Determination and Participant-Directed Services</u> <ul style="list-style-type: none"> ○ What Does Self Determination Mean? ○ What Does Participant Direction Mean? ○ What are Participant-Directed Services (PDS)? <ul style="list-style-type: none"> ▪ What is Employer Authority? ▪ What is Budget Authority?
Section 3:	1. How Can the employer Handbook Help You? 2. How Will I Receive Updated Employer Handbook Information? 3. Who Should I Go to with Additional Questions? 4. How Can I Get Information in a Way that is Easiest for Me? <ul style="list-style-type: none"> ○ How Do I Receive Initial Orientation and Skills Training? ○ How Do I Receive Additional Skills Training, When Needed? 5. What If I Have a Complaint? <ul style="list-style-type: none"> ○ Advisory/Grievance Committee ○ Process for Receiving and Resolving Complaints 6. Participant Bill of Rights 7. Common Terms and Acronyms Used in the Handbook 8. Role and Responsibilities of and Key Contact Information for Palco, the State, and the MCO 9. VF/EA FMS Resources Available: <ul style="list-style-type: none"> ○ Office(s) Address and Hours of Operation ○ Toll Free Telephone Number ○ Key Staff Contacts ○ TTY Number ○ Fax Number ○ VF/EA FMS Privacy Practices and Use of Protected Health Information ○ Process for Responding to Communications (Calls, Emails, Faxes) 10. Overview of Program and the PDS Option 11. Who Can Enroll in the Program and Use PDS? <ul style="list-style-type: none"> ○ How Do I Enroll and Use PDS and VF/EA FMS? ○ How Do I Disenroll From PDS and VF/EA FMS?
Section 4:	<u>Being a Common Law Employer</u> <ul style="list-style-type: none"> ○ What Does It Mean to Be a Common Law Employer (employer)? <ul style="list-style-type: none"> ○ What is My Role and Responsibilities as an employer? ○ Do I Have to Do Everything Myself? <ul style="list-style-type: none"> ✓ VF/EA FMS ✓ Information and Assistance (I&A) Services ○ What are the Roles and Responsibilities of Support Service Workers (workers) and Individual-directed Goods and Services Vendors? ○ How Do I Enroll With the VF/EA FMS Entity? ○ Completing Paperwork Included in the Employer Enrollment Packet? ○ How Do I Get Help Completing the Paperwork Included in the Employer Enrollment Packet?

Section 5:	<p><u>Designating an Authorized Surrogate</u></p> <ul style="list-style-type: none"> ○ What is an Authorized Representative and are There Different Types? ○ Can My Authorized Surrogate Be Paid to: <ul style="list-style-type: none"> ▪ Perform the Authorized Surrogate Function? ▪ Be a worker for Me? ○ How Do I Designate an Authorized Representative? ○ Executing a Authorized Representative Designation Form ○ Can I Change My Authorized Representative?
Section 6:	<p><u>Developing, Implementing and Modifying My Individual Budget and Monitoring Spending</u></p> <ul style="list-style-type: none"> ○ How Do I Develop My Individual Budget? <ul style="list-style-type: none"> ▪ Use of Portal Budgeting Tool ○ What If I Need to Modify My Individual Budget for Any Reason? ○ What If My Individual Budget or Request for Modification is Not Approved? <ul style="list-style-type: none"> ▪ What are My Rights to Dispute and Appeal Decisions Regarding My Individual Budget or Modification? ○ How Do I Monitor My Spending Related to My Individual Budget?
Section 7:	<p><u>Hiring and Managing Support Service Workers (worker)</u></p> <ul style="list-style-type: none"> ○ Recruiting and Hiring workers <ul style="list-style-type: none"> ▪ Creating Job Descriptions ▪ Screening and Interviewing worker Candidates ▪ Determining worker Qualifications ▪ Completing worker Paperwork Included in the worker Employment and Individual-directed Goods and Services Vendor Engagement Packet <ul style="list-style-type: none"> ✓ How Do I Get Help Completing the worker Paperwork Included in the worker Employment Packet? ✓ How Do I Get Help Completing the Individual-Directed Goods and Services Vendor Engagement Packet? ○ Determining workers' Wage Rate <ul style="list-style-type: none"> ▪ Minimum Wage and Overtime Requirements ▪ Live-in Worker Requirements ○ Determining workers' Work Schedule ○ Orienting and Training workers ○ Supervising workers ○ Completing and Submitting workers' Timesheets <ul style="list-style-type: none"> ▪ When Might a Timesheet Not Be Accepted for Processing and How Care the Situation Be Addressed? ○ Providing worker Performance Evaluations and Initiating Disciplinary Actions ○ Dismissing workers, When Appropriate <ul style="list-style-type: none"> ▪ Developing a Discharge Tasks Checklist ▪ Completing and Submitting worker Termination Forms Within 24 Hours of a worker Stopping Work for an employer ▪ VF/EA FMS Entity Completion of "Reason for Separation Notice" within 10 days of receipt ○ Informing workers of Their Right to File Unemployment and Workers Compensation Insurance Claims ○ How Do I Communicate Effectively With My workers? <ul style="list-style-type: none"> ▪ Review of "Red Flags" with workers Related to Performance ▪ Conflict Resolution Skills ○ How Do I Maintain Proper Boundaries with My worker and Avoid Employer Problems?

Section 8:	<u>Developing and Implementing Emergency Backup Plan and Designating Emergency Backup workers</u> <ul style="list-style-type: none"> ○ What Should I Include in My Emergency Backup Plan? ○ Who Can Be Emergency Backup Staff for Me? ○ How Do I Develop and Implement My Emergency Backup Plan? ○ How Do I Designate Emergency Backup Staff? ○ Can I Change My Emergency Backup Plan and Designated Staff?
Section 9:	<u>Purchasing Individual-directed Goods and Services from Vendors and Small Unlicensed Providers</u> <ul style="list-style-type: none"> ○ How Do I Complete the Paperwork for Vendors/Small Unlicensed Providers Included in the worker Employment and Individual-directed Goods and Services Vendor Engagement Packet? ○ How Do I Get Help Completing the Paperwork for Vendors and Small Unlicensed Providers Included in the worker Paperwork Included in the worker Employment and Individual-directed Goods and Services Vendor/Small Unlicensed Provider Engagement Packet? ○ Processing the Purchase of Approved Individual-directed Goods and Services ○ Processing the Payment of Mileage Reimbursement
Section 10:	<u>Home and Personal Safety</u> <ul style="list-style-type: none"> ○ Assessing Home Safety: How Do I Provide a Safe Work Environment for My workers? ○ How Do I Report and Manage a Workplace Injury of a worker? ○ As an employer, How Do I Recognize Incidents of Fraud, Abuse and Exploitation? ○ How Do I Prevent Myself From Being a Victim of Theft and/or Exploitation? ○ How Do I Recognize and Report Incidents of Sexual Harassment and Abuse? ○ Developing, Implementing and Monitoring the Effectiveness of Risk Mitigation Plans
Section 11:	<u>Completing and Submitting employer Satisfaction Surveys</u> <ul style="list-style-type: none"> ○ Why is Completing and Submitting employer Satisfaction Surveys Important? ○ When Do I Complete and Submit employer Satisfaction Surveys? ○ How Are the Results of Satisfaction Surveys Used and How Do I Get Information About the Results?
Section 12:	Resources

The format and contents of the employer Handbook developed by Palco will be submitted and approved by the State prior to being implemented. Addendums to the employer Handbook will be developed and implemented annually and as necessary. All addendums will be submitted to the State for review and approval.

The Handbook and the Employer Enrollment and Worker Employment will be provided to employers and will be the key materials addressed during employer orientation and skills training. The orientation and skills training curriculum will be based on the section of the employer Handbook described above. Palco performs employer orientation and skills training in-person and in the home setting. Additional skills training support activities are implemented via telephone and by webinar, as appropriate.

During initial face-to-face enrollment orientation and skills training, Palco staff will provide a copy of the Employer Handbook, Employer Enrollment, and Worker Employment Packets. The face-

to-face orientation and skills training will include a review of these documents and cover the topics included in the sections of the employer Handbook as described above. Employers also will receive assistance in completing the requirement forms included in the packets.

Initial orientation also includes in-depth training on compliance, including required and relevant provisions of the False Claims Act, which defines fraudulent activities and includes penalty provisions for making false claims to the government. Our staff educates individuals on what constitutes fraud and the importance of completing timesheets correctly and reporting suspected fraud and key events (e.g., termination of workers, hospital stays, etc.) to Palco and other individuals so that fraudulent billing does not take place. We also include information about the penalties for non-compliance.¹⁸

The initial employer orientation and skills training will contain knowledge checks throughout to ensure the employer is absorbing the information presented. Employers who do not choose face-to-face training may participate in webinar or phone training and use Palco's web-based budgeting tool to understand how employment-related taxes and different worker rates of pay paid to different worker impact the participant's individual-budget.

Each person-centered orientation and skills training session will enhance the employer's ability to direct and manage their services and the workers who provide them. Each visit conducted during the orientation and skills training activity will ends with an assessment of the employer's strengths in using the self-directed option and identify any weaknesses understanding to be followed up on by Palco staff.

Palco staff will provide ongoing employer skills training to employers using a standard curriculum and materials based on the employer Handbook that will be pre-approved by State. Ongoing skills training can be requested by employers. In addition, Palco staff may identify employer performance issues that can be addressed by the employer receiving additional skills training. When performance issues occur (such as chronic budget over or under-utilization, repeat issues with completing and submitting worker timesheets, suspected fraud or abuse), Palco staff will notify the State of the situation.

Palco will monitor the performance issue and discuss the receipt of additional skills training with the employer regarding the performance issue and arrange for a time for the employer to receive the additional skills training. Once the skills training has been provided, a corrective action plan will be developed with the employer and topics covered in the skills training and the corrective action plan will be documented in the employer's file.

Palco staff will monitor the effectiveness of the employer's corrective action plan during his/her routine visits with the employer. The State may want to consider developing and implementing a Remediation, Training and Termination Policy to address employer poor performance (See Appendix 3 for an example of such a policy).

⁴ Often individuals commit fraud out of lack of understanding. Other times, they do not report fraud or abuse from fear. Our staff establishes good rapport with participants and employers. Time and again, we hear that people feel safe and secure in reporting it because they know they have support from Palco.

As mentioned earlier, all of Palco orientation and training materials are available in alternate formats. Also, we typically hire staff fluent in the language needs of participants, but also have translator services available, when needed.

Finally, Palco's training staff are advocates for participants and the supports provided facilitate their successful use of the self-directed option. Time after time, through satisfaction surveys and unsolicited communication, participants remark on how grateful they are for the conscientious and professional instruction they received from Palco staff who prepared them for being successful in using self-directed services.

B. AUTHORIZATION AND PROGRAM LIMITATIONS

Palco will adhere to the State's processes requiring prior written/electronic authorization before the our company initiates services with an employer. We understand that limitations are established differently in each of the various programs listed in this section of the RFP.

C. BILLING AGENT FOR FAMILY DIRECTED HI-TECH NURSES

Palco will serve as the billing agent for family directed nurse-providers in the Medicaid Self/Family Directed HTN program. This will involve receiving timesheets from the nurse-provider; confirming timesheets meet minimum acceptable criteria established by the State; converting timesheets to a format accepted by the Vermont Medicaid fiscal agent (currently DXC); submitting claims to the Vermont Medicaid billing contractor (currently DXC); monitoring the processing of a claim and informing the nurse-provider if there is a problem with payment of a claim. Palco will not produce checks based on these claims. Palco understands that the nurse-providers are functioning as independent contractors and, by serving as their billing agent, neither Palco nor the families to whom the nurse-providers provide services are employers of these nurses. Palco understands that it is the responsibility of the State Department of Vermont Health Access (DVHA) to ensure the nurse-providers have met all the requirements to be Vermont Medicaid providers. We will be held harmless for bills they do not process as a result of errors on the part of the nurse/provider or the State.

D. PATIENT SHARE

Palco will demonstrate the ability to manage the Patient Share process in Choices for Care by billing participating employers any Patient Share payments as determined by DVHA, tracking the amount of Patient Share withheld by Medicaid, managing and tracking Patient Share notices from the DVHA, and where necessary, interacting with other service providers to ensure the "highest paid provider" determination accurately reflects the collection, withholding, and payment of Patient Share.

E. PAYROLL REPORTS

Each time payroll is generated, all federal, state and locality-related payroll tax liabilities are recorded in the employer’s case file at Palco and accrued until payment is due.¹⁵

- Both employer and employee **FICA** (Social Security and Medicare) and are paid in the aggregate via EFTS filing using Palco’s separate FEIN and Palco’s contact information after each payroll. Each quarter, IRS Form 941, *Employer’s F T R*, is prepared with accompanying Schedules B and R.
- **F** (FUTA) is calculated based on the worker’s annualized gross wages and the FUTA wage base. FUTA deposits are made quarterly under Palco’s separate FEIN and contact information via EFTS. IRS Form 940, *Employer’s Annual Federal U T R*, and accompanying Schedule R, is filed in the aggregate annually with our FEIN. (Schedule A is also provided during credit reduction years if applicable.)
- **S** (SUTA) is paid with the employer’s tax account number, as prescribed by the state, even when zero wages are reported on a quarterly basis.
- **L** (EIT), (LST), and (except for states with reciprocity with Vermont) are deposited and paid to the appropriate authorities on the time and in the format prescribed by the jurisdiction. These amounts are reconciled on a monthly basis.

Palco researches and resolves any tax notices received from the IRS Vermont Department of Labor, or local jurisdictions and processes Department of Labor Reason for Separation Notice for workers who no longer work for a participant within ten (10) days of receipt of notice.

When a participant leaves the program, Palco continues the practices described above through the end of the quarter in which the participant was last enrolled on the program.

F. UNIQUE IDENTIFIER

To become the agent, Palco submits IRS Form SS-4 (or its electronic counterpart) to obtain the individual’s FEIN and register the individual as an employer/HCSR (home care service recipient) with the IRS. The FEIN is transferred to IRS Form 2678, which is sent to the IRS with a request for appointment of agent. We also register each participant with state tax and unemployment agencies. Palco’s FEIN used for these purposes is included in Appendix 4.

G. QUALIFYING AS THE FISCAL AGENT

Palco is a recognized VF/EA under §3504 of the Internal Revenue Code, Revenue Procedure 2013-39, and any other future revenue procedures, notices or publication promulgated by the IRS.² We will prepare for filing any appropriate state forms to be recognized by state unemployment and income tax agencies as a fiscal agent for the employer. We operate in accordance with state and local tax laws, federal and state labor laws, state workers’ compensation insurance laws, applicable

⁵ When applicable, local earned income taxes (EIT), local service taxes (LST), and out of state taxes (except for states with reciprocity with Vermont) are deposited and paid to the appropriate authorities on the time and in the format prescribed by the jurisdiction. These amounts are reconciled on a monthly basis.

regulations, requirements, standards, directives, statutes, etc. issued by Vermont and/or Federal and local governments.

H. WITHHOLDING AND JUDGMENTS

A VF/EA entity must perform a number of year-end tax activities for employers as their agent. They include the following:

- Preparing and issuing IRS Forms W-2 in regular and special cases.
- Processing FICA refunds.
- Processing payments in accordance with unclaimed property laws.

i. Preparing and Issuing W-2s

Prior to mailing out tax information in January of each year, Palco verifies and updates each employer and qualified worker's address and phone number. We also verify that each qualified worker's Social Security Number matches the name and date of birth information from SSA's

S O

IRS has specific instructions for VF/EA entities to prepare and issue IRS Forms W-2 (Special Reporting Situations for Form W-2, Agent Reporting). Palco follows this procedure. A VF/EA entity with an approved Form 2678, *E / A A*, for a participant must enter the following in Box C of Form W-2:

- (Name of agent)
- Agent for (name of employer)
- Address of agent (VF/EA FMS)

Each Form W-2 reflects our separate FEIN in Box B, and we file one Form W-3 for all W-2s. Our information in Boxes E, F, and G of the W-3 are as they appear on our related IRS Forms 941. Individuals who are employed by more than one employer receive separate W-2s for each employer. We file all W-2s electronically due to the volume (over 250).

Palco sends Copy A of the W-2 to the Social Security Administration on behalf of the employer. Copy 1 is sent on behalf of the employer to file with state, city, or local tax departments, as required. Copies B, C, and 2 are sent to the worker on behalf of the employer, and copy D is maintained in the employer's file at Palco. As part of this process, the total gross payroll per the Form W-2 must be reconciled to the calendar year's total gross payroll and each of the four 941 reports filed during the year.

ii. Processing FICA Refunds

In some cases, a worker may not earn the FICA wage threshold (\$2,000 in 2017) in a calendar tax year. IRS can and often does update the FICA wage threshold for a particular calendar tax year.

Palco withholds FICA as required from worker's payroll during a calendar year in anticipation of the worker earning the FICA wage threshold. When a worker does not earn the FICA wage threshold amount for a particular calendar tax year, we refund the employee portion of over-collected FICA to the eligible worker and the employer portion of over collected FICA to the State or employer. Palco performs the following tasks to refund over collected FICA to eligible workers and employers:

- Palco verifies and updates each employer and qualified worker's address and phone number. We also verify that each qualified worker's Social Security Number matches the name and date of birth information from SSA's *S O*
- Palco then determines which workers and employers may be eligible to receive a FICA refund determines which calendar tax quarters that FICA was over collected.
- Palco files an IRS Form 941-X for each quarter in which FICA was over-collected and attaches a Schedule R that only includes employers who were impacted.
- The employer portion of taxes is either applied to the employer's account or returned to the State per the directives of State. Palco works with programs that that choose either option, so we have processes in place for both methods.
- Annual reconciliations (WHT-434) for all worker wage statements are filed via e-TIDES.

The IRS requires that all workers be issued a Form W-2 for each calendar tax year that they work for an employer. Currently, the Social Security Administration (SSA) will not allow a VF/EA FMS organization to electronically file an IRS Form W-2 if the Form reports FICA wages greater than zero but less than the FICA wage threshold for the calendar tax year. However, VF/EA FMS organizations that file 250 or more Forms W-2 must file electronically or be penalized \$50 per Form filed in hard copy. Therefore, if FICA is refunded for a calendar tax year for a worker, FICA is refunded, the wages will be reported on the IRS Form W-2 will be zero and the worker's Form W-2 should be issued to the worker and electronically reported to the SSA. Documentation related to FICA refunding is maintained at Palco.

iii. Processing Unclaimed Property

There may be cases where worker and vendor checks are returned to Palco because they are found to be undeliverable. In these cases, Palco staff will process these checks with the State in accordance with its Unclaimed Property Laws by voiding and issuing stop payment on the original check and then reissuing it to the State, with an itemization of the parties and amounts to whom the payment belongs. Palco will maintain all documentation related to these cases in the applicable worker and/or vendor file at Palco.

I. GARNISHMENTS

Palco tracks garnishments, judgments, tax levies, and voluntary deductions. When a garnishment is paid in full or Palco is notified by a third party to terminate a deduction, staff disables the deduction in Palco's accounting information system. All documentation of authorizations to deduct and their terminations are kept in the worker's case file.

Palco also process all payments for judgments, garnishments, tax levies or other related holds on qualified workers pay as required by local, federal or state law immediately after payroll is generated. In cases where worker payroll checks are lost, stolen, or improperly disbursed, Palco issues a stop payment request within 24 hours. Stop payments are typically effective immediately; in a few cases, it takes up 24 hours for Palco's bank to stop payment on a payroll check. In all cases, payroll checks are reissued within 24 hours of Palco receiving confirmation that the bank has effectively issued a stop payment. A log of these actions is maintained in Palco's general ledger, and appropriate documentation is retained in Palco's payroll files.

J. BACKGROUND CHECKS

Palco, Inc. will arrange for criminal background checks, verification that the person's name does not appear on the State abuse registry and State and national sexual offender registries, and verification that the person has not been excluded from participation in Medicare, Medicaid, SCHIP, or any federal health care programs, as defined in Section 1128B(f) of the Social Security Act as determined by appearance on the Health and Human Services Office of Inspector General (HHS-OIG) List of Excluded Individuals and Entities (LEIE), the General Services Administration (GSA) System for Award Management (SAM), the Social Security Death Master File, and other exclusion and/or other professional board databases, as applicable.

All checks are conducted upon hire with monthly checks on the LEIE, Social Security Death Master File, and other exclusion and/or other professional board databases. Individuals must submit to the checks above if they have not been employed under any of these programs for one year. All criminal background and other clearances will be conducted prior to employment.

If a worker's background checks return results that do not automatically disqualify him or her from performing services, Palco will discuss with the employer the following:

- Whether or not the criminal conduct is related to the job in such a way that could place the participant at risk.
- The nature and gravity of the offense or conduct.
- The time that has passed since the offense or conduct and/or completion of probation or other consequences.

Palco will assist the employer with obtaining the support of the State and MCO to hire this individual, should the employer choose to do so. When necessary, Palco will include the risks associated with hiring of such workers as part of the risk mitigation planning activities.

Documentation of the clearances will be maintained in our employees' personnel files and in each worker's case file. Palco will also provide written verification of the clearances to State, the employer, and the workers, as required.

K. ACCEPTING TIMESHEETS

Palco offers an electronic time capture system housed on a secure server, where workers and participants can enter time worked. The system also captures time in and time out by date and service type, billing codes, and progress notes. Either workers or participants can enter the time worked, however, both parties must approve the time by securely logging in. To ensure that this information remains secure, workers and participants use their email addresses as their usernames and are required to set up secure passwords that are encrypted in transmission. The system also has established specific requirements for passwords to ensure that information remains secure.

Once approved for processing, the user can log in and see an up-to-date status of the timesheet. For example, workers can view whether their employer has approved or rejected the timesheet in whole or in part. Employers, on the other hands, can view times submitted by their worker for approval, as well as information from Palco's internal error checking and quality assurance. For example, employers can see if the time would bring them over-budget, if the timesheet was rejected due to

ineligibility or other issues impacting its payment, when the timesheet was finally past all inspections and approved for payment, and payment details one the timesheet is paid. See Figures 4 and 5 for mobile-friendly and desktop computer timesheet entry screen shots.

Palco is in the process of instituting a geo-location provider service alongside the electronic timesheet entry system in order to comply with the Cures Act. We also have the ability to interface with national Electronic Visit Verification (EVV) vendors and others instituting EVV systems.

Employers are encouraged to submit timesheets electronically, but we will provide participating employers and employees with paper timesheets and self-addressed stamped envelopes when requested.

L. PROCESSING TIMESHEETS

A primary function of a VF/EA entity is to process payroll for program participants' workers in an accurate and timely manner and in accordance with federal, state, and local tax and department of labor wage and hour laws. The payroll function begins with timesheet submission and processing tasks. Palco has developed and provides workers with timesheets and instruction and a Timesheet Submission and Payday Schedule. This information and the process for preparing and submitting worker timesheets is covered in employer orientation skills training.

Employers have a number of options for submitting worker timesheets, at the employer's convenience. Timesheet submission options include submitting them (1) electronically, (2) online via website or mobile device, (3) by fax, (4) by email, or (3) by paper submission via regular mail. For employers who wish to complete and submit paper worker timesheets, Palco provides worker timesheets to the employer that are pre-populated with the worker and employer name and case ID number and a prepaid envelope for submission to Palco. These worker timesheets are physically inspected by Palco staff for accuracy and compliance with the employer's individual budget. An alert is sent to the employer to make any corrections necessary and to resubmit the worker timesheet to Palco for processing.

Timesheets submitted online or via mobile device are automatically checked for errors and individual budget compliance issues upon submission. An alert is sent to the employer to make any corrections, as necessary, and resubmit the worker timesheet for processing. For all other worker timesheet submission methods, worker timesheets are physically inspected, verified against enrollment data, and cross-checked against employers' individual budgets to ensure accuracy and compliance with the employer's individual budget.

Exception Reports itemize worker timesheet discrepancies for each employer. Examples of exceptions reported include, but are not limited to, worker timesheet reporting for program participants who have an inactive status or worker timesheet hours reported exceed the employer's individual budget's authorized hours. Palco management staff review these reports carefully to determine the appropriate action to be taken for each instance. All issues are communicated to the employer with sufficient time for revision, resubmission, and prompt payment.

Workers are paid according to the rate set by their employer (which may be differ by worker) in compliance with federal and state tax and Department of Labor (DOL) wage and hour rules for regular and overtime pay.

Palco staff collect worker residency, relationship with the employer, and live-in status during the enrollment process so that Palco staff can withhold and pay the appropriate type and amount of federal, state, and locality-related withholding and employment-related taxes and calculate overtime

payment properly, in accordance with IRS rules regarding domestic employment, the DOL Home Care Rule, and state and locality employment-related rules.

Palco staff collect federal withholding information from the IRS Form W-4 and process and withhold taxes. Voluntary wage deductions are captured at the time of the worker's enrollment, and by request.

Palco's payroll software automatically calculates the total payments for worker timesheets, including federal, state, and locality-related withholding and employment-related taxes. Medicare and Social Security tax (FICA) and federal income tax (FIT) withholding are withheld from workers' paychecks each time a payroll is generated. Garnishments, levies, locality taxes, liens, insurance premiums, co-shares, voluntary deductions, and other amounts, are also withheld for each payroll generated, as applicable.³

Palco offers an electronic time capture system housed on a secure server, where workers and participants can enter time worked. The system also captures time in and time out by date and service type, billing codes, and progress notes. The system also has established specific requirements for passwords to ensure that information remains secure.

Once approved for processing, the user can log in and see an up-to-date status of the timesheet. For example, workers can view whether their employer has approved or rejected the timesheet in whole or in part. Employers, on the other hands, can view times submitted by their worker for approval, as well as information from Palco's internal error checking and quality assurance. For example, employers can see if the time would bring them over-budget, if the timesheet was rejected due to ineligibility or other issues impacting its payment, when the timesheet was finally past all inspections and approved for payment, and payment details one the timesheet is paid.

M. PAYMENT TO EMPLOYEES

Employees are paid according to the rate set by their Employer (which may differ by employee) in compliance with federal and state tax and Department of Labor (DOL) wage and hour rules for regular and overtime pay.

Palco staff collects employee residency, relationship with the employer, and live-in status during the enrollment process so that Palco staff can withhold and pay the appropriate type and amount of federal, state, and locality-related withholding and employment-related taxes and calculate overtime payment properly, in accordance with IRS rules regarding domestic employment, the DOL Home Care Rule, and state and locality employment-related rules.

Information related to employee residency, relationship with the employer and live-in status is reported by the employee on the *E* . Palco staff also collect federal withholding information from the IRS Form W-4 and process and withhold state taxes in accordance with information reported on the Vermont Forms and any related locality tax forms. Voluntary wage deductions are captured at the time of the employee's enrollment, and by request.

Palco's payroll software automatically calculates the total payments for employee timesheets, including federal, state, and locality-related withholding and employment-related taxes. Medicare and Social Security tax (FICA), federal income tax (FIT), and State income tax (SIT) withholding

⁷ Garnishment information and documentation, such as court orders or withholding notices, are retained in each worker's case file. When applicable, the advanced earned income credit is taken into account.

are withheld from employees' paychecks each time a payroll is generated. SIT is calculated at the flat Vermont rate, unless other arrangements have been requested.

Some employees who provide domestic services may be exempt from certain taxes depending on their familial relationship to the employer, as described in in Figure 6. (See IRS Publication 15 and IRS Revenue Procedure 2013-39 for more details.) We collect relationship information during the enrollment process so that we can withhold taxes properly.

Local earned income taxes and local service taxes also are calculated depending on the individual's jurisdiction of residency. Special tax rules required by Vermont are already integrated with Palco's software. When a non-Vermont resident employee provides services for a program participant in Vermont, Palco engages in appropriate protocols, such as providing multi-state tax tables to ensure proper payroll calculation.

	F		IRS P F		T E	
	C	E	P	E	S	E
FICA	Exempt until child is 21		Exempt (unless 3 conditions		Exempt	
FIT	Withheld					
FUTA	Exempt until child is 21		Exem		Exempt	
SUTA	Exempt until child is 21		Exem		Exempt	

In addition to FICA and federal and state income tax withholdings, garnishments, levies, locality taxes, liens, insurance premiums, co-shares, voluntary deductions, and other amounts, are also withheld for each payroll generated, as applicable.

Palco process payments either by paper checks or electronic payment via direct deposit or deposit to prepaid or debit cards. On the Friday following the prior two-week pay period, employee payroll checks are mailed and direct deposits are sent to Palco's financial institution. Out-of-cycle checks are processed to pay employees, if an error has been made by the State or Palco. Our staff strives to accommodate paydays that fall on holidays by sending employee paychecks or remitting direct deposits early when possible.

In our experience, we find that direct deposit is the preferable method of payment for issuing employee payroll checks. Palco process thousands of direct deposit payments concurrently with the capability to expand this number without limit. We encourage employees to receive their payroll checks/payments via direct deposit, as it reduces waste to the environment and eliminates delays in payment, thereby enhancing program performance.

Paystubs created for each employee payroll check contain information needed by employees to understand their paycheck amount and withholdings, including net and gross pay, withholdings, overtime, voluntary deductions, garnishments, and other information. See Appendix 5 or a sample copy of a worker's pay stub.

N. TAX RELATED SERVICES

A VF/EA entity must perform a number of year-end tax activities for employers as their agent. They include the following:

- Preparing and issuing IRS Forms W-2 in regular and special cases.
- Processing FICA refunds.
- Processing payments in accordance with unclaimed property laws.

I, Preparing and Issuing W-2s

Prior to mailing out tax information in January of each year, Palco verifies and updates each employer and qualified employee's address and phone number. We also verify that each qualified employee's Social Security Number matches the name and date of birth information from SSA's

IRS has specific instructions for VF/EA entities to prepare and issue IRS Forms W-2 (Special Reporting Situations for Form W-2, Agent Reporting). Palco follows this procedure.

A VF/EA entity with an approved Form 2678, E / A A , for a participant must enter the following in Box C of Form W-2:

- (Name of agent)
- Agent for (name of employer)
- Address of agent (VF/EA FMS)

Each Form W-2 reflects our separate FEIN in Box B, and we file one Form W-3 for all W-2s. Our information in Boxes E, F, and G of the W-3 are as they appear on our related IRS Forms 941. Individuals who are employed by more than one employer receive separate W-2s for each employer. We file all W-2s electronically due to the volume (over 250).

Palco sends Copy A of the W-2 to the Social Security Administration on behalf of the employer. Copy 1 is sent on behalf of the employer to file with state, city, or local tax departments, as required. Copies B, C, and 2 are sent to the employee on behalf of the employer, and copy D is maintained in the employer's file at Palco.

As part of this process, the total gross payroll per the Form W-2 must be reconciled to the calendar year's total gross payroll and each of the four 941 reports filed during the year.

ii. Processing FICA Refunds

In some cases, a employee may not earn the FICA wage threshold (\$2,000 in 2017) in a calendar tax year. IRS can and often does update the FICA wage threshold for a particular calendar tax year.

Palco withholds FICA as required from employee's payroll during a calendar year in anticipation of the employee earning the FICA wage threshold. When a employee does not earn the FICA wage threshold amount for a particular calendar tax year, we refund the employee portion of over-collected FICA to the eligible employee and the employer portion of over collected FICA to the State or employer. Palco performs the following tasks to refund over collected FICA to eligible employees and employers:

- Palco verifies and updates each employer and qualified employee's address and phone number. We also verify that each qualified employee's Social Security Number matches the name and date of birth information from SSA's S O
- Palco then determines which employees and employers may be eligible to receive a FICA

refund determines which calendar tax quarters that FICA was over collected.

- Palco files an IRS Form 941-X for each quarter in which FICA was over-collected and attaches a Schedule R that only includes employers who were impacted.
- The employer portion of taxes is either applied to the employer's account or returned to the State per the directives of DAIL. Palco works with programs that choose either option, so we have processes in place for both methods.
- Annual reconciliations (WHT-434) for all employee wage statements are filed via e-TIDES.

The IRS requires that all workers be issued a Form W-2 for each calendar tax year that they work for an employer. Currently, the Social Security Administration (SSA) will not allow a VF/EA organization to electronically file an IRS Form W-2 if the Form reports FICA wages greater than zero but less than the FICA wage threshold for the calendar tax year. However, VF/EA organizations that file 250 or more Forms W-2 must file electronically or be penalized \$50 per Form filed in hard copy.

Therefore, if FICA is refunded for a calendar tax year for a worker, FICA is refunded, the wages will be reported on the IRS Form W-2 will be zero and the worker's Form W-2 should be issued to the worker and electronically reported to the SSA. Documentation related to FICA refunding is maintained by Palco.

iii. Processing Unclaimed Property

There may be cases where employee and vendor checks are returned to Palco because they are found to be undeliverable. In these cases, Palco staff will process these checks with the State in accordance with its Unclaimed Property Laws by voiding and issuing stop payment on the original check and then reissuing it to the State, with an itemization of the parties and amounts to whom the payment belongs. Palco will maintain all documentation related to these cases in the applicable employee and/or vendor file at Palco.

O. PROVIDING INFORMATION

Palco invests heavily in providing diverse populations of participants of all ages with disabilities and chronic conditions, as well as representatives, workers, and others with a variety of options when seeking help or to gain more information. We develop policies and procedures that emphasize the philosophy of self-direction and cultural and linguistic competence to communicate effectively with a diverse population of individuals of all ages with disabilities and chronic conditions. We provide language services to individuals who do not speak English and communication assistance services to individuals with disabilities. This includes access to a range of written and spoken translation and interpreter services. All materials are written in plain language at a sixth-grade reading level. All of our information is available in alternate print formats (e.g., large print and Braille) and in languages other than English. We also provide interpreter services (i.e., American Sign, and services for persons with Limited English Proficiency), as needed.

Our multi-disciplinary skills training solutions were developed by professional educators. We educate individuals and key stakeholders on the details of services being delivered. Training can be provided in person or remotely, and this extensive online training package is customizable to meet the needs of any program or service. All training materials are available in alternate formats upon

request and are available online for download or completion online. Palco's contact information for questions and technical assistance is printed on all materials so that we can assist with completion of required documents.

Palco's website and social media platforms communicate changes and provide additional forms or information. A general secure email inbox is used for submitting questions and inquiries electronically.

P. CLAIMS AND REIMBURSEMENT

One of our services is Medicaid billing, which includes EDI interfaces. Program funds are managed by CPAs within our organization, who oversee all areas of payment processing, fund receipt, and billing. Palco will bill for all approved expenditures and services as appropriate within specified timeframes and according to program rules and requirements.

We will receive and maintain participant's initial and updated PCSP/ISP service authorizations from MCOs and the State. Prior to claims submissions, the following comparisons and reconciliations are conducted to ensure that we are billing the correct amount:

1. Service data from timesheets is compared to both established wage ranges and the PCSP /ISP.
2. FUTA and SUTA thresholds for workers are checked against the general ledger to ensure that we bill the proper rate. If the worker has exceeded applicable wage thresholds, the rate billed will be reduced.
3. Any goods and service payment requests are compared against established billing rates and the PCSP /ISP.
4. Statuses during the period are checked against potential claims to ensure that the employer did not receive services during "ineligible" periods, such as hospital stays. We have established processes for determining when a participant is admitted to a nursing facility or hospital and the length of stay or otherwise engages in any other activity that would render them ineligible for billing purposes. We train on self-reporting and False Claims provisions during the employer orientation and maintain touchpoints with AEs, SCOs, and State to ensure that we are notified of any changes in eligibility or status that could impact claims.
5. If applicable, Palco will perform eligibility checks via 270/271 files to ensure that the participant is eligible for services prior to billing.

Our systems are embedded with a combination of controls that perform cross-checks and calculations to prevent over-billing of service hours or goods and services.

Once a claim has passed the above inspections, it is processed via 837i format to the appropriate MCO and via 837P or other method for all other participants. Claims are submitted within 30 days of the service. Resubmitted or rejected claims are resubmitted within 120 days of the date of service. All claims are submitted in accordance with participant's PCSP/ISP and the State and MCO billing and policy requirements.

Palco will only bill for services that have been authorized by the MCO or DAIL. The MCO, DAIL, and participants may access and review units of service authorized, utilized, and remaining balances, and information regarding funds authorized, disbursed, and remaining balances on our online portal.

Palco will submit an administrative invoice to the State on a monthly basis, supplying all pertinent information as described in the RFP, such as participant and worker ID, worker Medicaid provider ID, names of participants and workers, and information about new enrollees.

If a billing error occurs, Palco takes the appropriate action, which may include making refunds to the State. If necessary, we will bill the employer directly or work out a payment plan should their claims exceed authorized amounts.

Prior to billing submission, eligibility is checked via 270/271 files to ensure that the participant is eligible for services prior to payment. This is a helpful process in reducing billing for periods of ineligibility, such as hospital stays or utilization of other services. Once those files are received, timesheet data is converted to 837 claims and sent to Medicaid.

When we receive funds from Medicaid, we generate a report that compares them with funds authorized on the PCSP /ISP and funds billed. Any discrepancies are reported to the Medicaid Fiscal Intermediary, State, or MCO and corrected. When claims are denied, our financial department adjudicates, corrects, and resubmits them within 120 days.⁴

Palco will invoice for both claims and administrative fees in accordance with the MCO and State billing requirements, including those applicable to participants funded with base allocation funds. All receipts of service funds are deposited in a dedicated bank account and are tracked through our financial accounting information system.

To ensure quality, we will review a billing sample on a quarterly basis and trace it through our accounting system to payment and billing. Our banking and accounting controls include the following:

- ✓ Proper _____ is engaged through the payroll process with operations separated from reconciliations, for example.
- ✓ **R** _____ are performed on a continual basis to ensure quality. It includes comparing hours of services billed and paid, a review of items left to be paid, reviewing records for accuracy and completeness, and investigating discrepancies.
- ✓ _____ for internal audit purposes that verify amounts of claims and support claims (e.g., PCSPs, ISPs, correspondence from State, MCOs, etc.).

Q. CASH FLOW

Palco is a for-profit corporation. Palco, Inc. is wholly owned by a CPA firm, Paladino & Company, P.A. located at 17300 Chenal Parkway, Suite 300 in Little Rock, Arkansas. Our DUNS number is 837482231.

Palco has been in business since 2001, and our parent company has been in business more than 25 years. Palco and its parent company are stable, solvent corporations with sufficient resources and liquidity to perform this contract.

⁸ Palco is a member of ASC X12, the Accredited Standards Committee for EDI standards and XML schemas used in billing processes. Our system meets the requirements of MMIS billing, including confidentiality and security.

As a company owned by CPAs, finances are closely managed, and business decisions are made conscientiously. We have maintained profitability every year that we have been in business.

All audits produced the highest level of assurance on integrity of management and the quality of our financial structure. We have sufficient capital to manage this project and will obtain a line of credit if needed. There are no significant pending items or actions that would negatively impact our financial and economic status.

As Palco is wholly owned by Paladino & Company, audited statements are unavailable and would only reflect the transactions on the books of Paladino & Company.

R. EMPLOYER AND EMPLOYEE ENROLLMENT

This section covers Palco’s processes for developing and coordinating both employer and employee enrollment packets.

i. Employer Enrollment Packets

We will create a user-friendly Common Law Employer Enrollment Packet containing all required forms and information required under this program. We will submit the packet to State for approval.

Upon receipt of a referral from State, we coordinate and distribute enrollment packets within three (3) business days. Enrollment packets include an orientation brochure, participant enrollment forms, and employer enrollment forms. All materials are available in alternate formats upon request and are available online for download or completion online. Palco’s contact information for questions and technical assistance is printed on all materials so that we can assist with completion of required documents.

The employer packet contains the forms listed below. We have written policies and procedures and related controls for each of these items documented in our Policies and Procedures Manual. Where applicable, forms are pre-populated:

- ✓ **I** that explains the packet, Palco’s role and services, days and hours of operation, toll-free number, TDD/TTY, information about the availability of materials in alternate formats, how to obtain technical assistance from our staff , and roles and responsibilities of the employer, participant, worker, and vendors. This also includes verification that we have approved the completed worker required information and forms and will notify that employer that the worker is enrolled and qualified to provide support.
- ✓ **A** of all forms and requirements to assist in completion, along with reminders to sign any employee forms, such as the I-9.
- ✓ **C** describing the form’s purpose and completion requirements and providing examples of properly completed forms.
- ✓ **I R F** to verify contact information and obtain emergency contact information for the employer.
- ✓ **S E F** and instructions.
- ✓ **S C L E P N** Form and instructions.
- ✓ **B W** and/or **N S S D F** and instructions.

- ✓ IRS Form SS-4, EIN
- ✓ IRS Form 990-A
- ✓ IRS Form 990-T
- ✓ IRS Form 990-SS (when required).
- ✓ Form LB-300, RDSAN
- ✓ Form LB-300, DR
- ✓ A Certificate of Authority that allows us to act as agent prior to receiving IRS approval.
- ✓ Sample Letter Agreement that does the following:
 - Lists the rights, roles, and responsibilities of the employer, worker, VF/EA FMS, and state program agency;
 - Requests the employer to attest to their understanding of the roles, responsibilities, and importance of adhering to program policies and procedures;
 - Provides an understanding with the employees that the participant or the representative is the employer;
 - States that the employee has the necessary knowledge, skills, and experience to meet the employer's support service needs and has received orientation and training sufficient to meet those needs;
 - Requests information on the backup employee, including responsibilities, availability, and limitation; and,
 - Provides rates and explanation of payroll employer-specific taxes.
- ✓ Information about how to obtain qualified
- ✓ FSI, T, F
- ✓ Paperwork for obtaining **workers' compensation insurance**, including applications and consent forms.⁵
- ✓ W, including participant site and home safety checklist, procedures for identifying and reporting on workers' injuries for workers' compensation insurance, procedures for addressing emergencies, and a list of emergency contacts and telephone numbers.
- ✓ Information on, safe lifting techniques, and body mechanics.
- ✓ P that shows timesheet and vendor payment pay cycles, due dates, and paydays.
- ✓ P, N
- ✓ I, including providing a self-addressed stamped envelope or instructions to submit electronically.

Prior to mailing enrollment packets, we pre-populate data fields with known information—this includes all of Palco's information (e.g., contact information, FEIN, our agents and their Centralized Authorization File (CAF) numbers), participant information (e.g., name, address, date of birth, phone

⁹ Workers' compensation is a form of insurance that provides wage replacement and medical benefits to employees injured in the course of employment in exchange for mandatory relinquishment of the employee's right to sue his or her employer for the tort of negligence. Palco will secure a third-party administrator (TPA) to provide workers' compensation insurance for employers. We have a good working relationship with an existing TPA, but are welcome to recommendations from the State. Umbrella-type policies are not applicable because the holder of the policy may not be the employer of the workers that are included under the umbrella in the VF/EA model. Each employer will have an individual policy for his or her workers. In addition, we will provide ongoing management and oversight of the TPA and workers' compensation insurance, such as paying premiums, initiating and renewing policies, and complying with annual audits.

number, and other identifiers), and general information (e.g., “HCSR” in member title fields⁶). This mitigates potential errors, speeds up enrollment times, and reduces burden on participants.

In addition, we will obtain an FEIN for each employer by completing and filing IRS Form SS-4, *A E I N*. Each employer will be registered as an employer for state unemployment insurance (“SUI”) taxes. These forms and related SUI Identification Number will be maintained in each employer’s file.

ii. Enrolling Qualified Employees and Vendors

Palco coordinates user-friendly and DAIL-approved *E E* that contain the following information:

- ✓ *I* that explains the packet, Palco’s services and hours of operation, and how to obtain technical assistance from our staff.
- ✓ *A W E E* of all forms and other information that must be returned to Palco to reduce errors in completion.
- ✓ *W*, with clear describing the form’s purpose and completion requirements and providing examples of properly completed forms (including information reporting on the relationship between the participant and the qualified worker).
- ✓ *W A*.
- ✓ Notice form for pre-employment background check (Form SP-164), *F I C H C* and *DHS C A H C* (Form CY-113) forms and instructions.
- ✓ *N H R F* and instructions to collect the required new hire reporting information for electronic filing
- ✓ IRS Form *W*, *Employee’s Withholding Allowance C*.
- ✓ U.S. Citizenship and Immigration Services Form *I*, *E E V* and requests for supporting forms of identification.
- ✓ *W R S*.
- ✓ *T* for submitting timesheets online or via mobile device.
- ✓ *P* that shows timesheet due dates and paydays.
- ✓ The *P S O* form for workers and a *D D A A* for individuals who would like to use a checking or savings account or receive a debit card from a Palco partner.
- ✓ *C* to be signed by the employee stating that the employee agrees will abide by the confidentiality policies.
- ✓ Any between employee and participant that comply with federal and state labor and employment laws. Here, the parties may agree to additional services, such as transportation. The employer will list the worker’s rate on this form. This agreement also lists the roles of the employee, employer, Palco, and the State. The employee must agree to abide by Palco and State programmatic policies and procedures.
- ✓ *E W* regarding living arrangements and family relationship to the employer (to comply with CMS regulations, determine if employees meet an exception to overtime under the DOL Home Care Rule, and apply for certain tax exemptions under IRS Pub.15).

- ✓ **G** for reconciling disputes with the employer.
- ✓ **I**, including providing a self-addressed stamped envelope or instructions to submit electronically.

In addition, we confirm the worker's Social Security Number, as appropriate, through the SSA's **S O** system. We also collect information on whether a qualified worker meets one of the criteria to be FICA/FUTA or SUTA exempt per Section 3 of IRS Publication 15 and Vermont state law, respectively.

Workers who select the debit card option on the Direct Deposit Authorization Agreement are enrolled with our partner at the time of packet receipt. Once the individual is cleared for hire, they are sent a debit card with their name printed on the card. Debit card information is uploaded into Palco's system so that payroll funds are deposited on it. This added control prevents others from stealing the card and spending funds that are deposited on the card. This protects Medicaid dollars and also prevents negative experiences by the worker, which is important for providing care to the participant. Additionally, this option allows us to better monitor direct deposit options. Once an individual is properly enrolled as a worker, we report and document new hires to the proper Vermont agency within twenty (20) business days of hire. Palco maintains employee information in our database. This information can be shared with employers seeking workers on the worker registry. If transportation services are provided by the employee, Palco will perform driving record and automobile insurance validations.

Copies of all documentation, completed forms, new hire documentation, and results of criminal background checks are maintained in the applicable worker's file. We will seek DAIL approval prior to issuing or making changes to any packet.

S. UNEMPLOYMENT AND WORKERS' COMPENSATION

Each time payroll is generated, all federal, state and locality-related payroll tax liabilities are recorded in the CLE's case file at Palco and accrued until payment is due.

Both employer and employee **FICA** (Social Security and Medicare) and are paid in the aggregate via EFTS filing using Palco's separate FEIN and Palco's contact information after each payroll. Each quarter, IRS Form 941, *Employer's Quarterly Federal Tax Return*, is prepared with accompanying Schedules B and R.

S is paid for all Vermont residents with Palco's state tax identification number and any individual tax account numbers on a semi-monthly basis. Quarterly and annual reconciliations for all worker wage statements are also filed.

F (FUTA) is calculated based on the worker's annualized gross wages and the FUTA wage base. FUTA deposits are made quarterly under Palco's separate FEIN and contact information via EFTS. IRS Form 940, *Employer's A F U T R*, and accompanying Schedule R, is filed in the aggregate annually with our FEIN. (Schedule A is also provided during credit reduction years if applicable.)

S (SUTA) is paid with the participant's tax account number, as prescribed by the state, even when zero wages are reported, on a quarterly basis.

T. TRAINING AND COMMUNICATION

If awarded this contract, we will coordinate and communicate with DAIL staff immediately to implement a training curricula and communication plan. We will provide the employer training as described below, as well as orientation and training to workers and DAIL staff regarding our role and responsibility and other important topics, as needed. Our account managers are available anytime for questions or additional training by any of these entities.

i. Training Plan for Participants and Representatives

Knowledgeable users of self-directed services (PDS) are the key to a successful SDS program. Individuals and surrogates gain knowledge about using SDS and related supports through the receipt of effective orientation and skills training.

The VF/EA entity, as the agent to the common law employer, may provide training and support directly to the common law employer (employer) related to using SDS and performing as an employer without being considered a joint employer under the U.S. Department of Labor (DOL) Home Care Rule. However, a VF/EA entity may provide only limited training and supports to employers' support service workers (workers) according to U.S. DOL Administrator Interpretation 2014-2 without the activities being considered a strong indicator of joint employment under the DOL Home Care Rule.¹¹

The foundation of effective employer orientation and skills training for is a Common Law Employer Handbook, which Palco staff will develop. This handbook provides the essential information to individuals enrolled in the program and his or her employer, as appropriate, that they need to be successful users of self-direction supports in a clear, complete and easy-to-use format. In addition, the employer handbook is posted on our Section 508-compliant website.¹⁷

In addition, the handbook is available in alternate print, and a language in addition to English, when necessary. It will be provided to State, participants, and others in electronic format for posting to their website or training for their staff.

Our current handbook will be tailored to meet State and DAIL programs, so that program-specific requirements are captured and available for referenced by users of the handbook. The format and contents of the employer Handbook developed by Palco will be submitted and approved by the State prior to being implemented. Addendums to the employer Handbook will be developed and implemented annually and as necessary. All addendums will be submitted to the State for review and approval.

The Handbook and the Employer Enrollment and Worker Employment will be provided to employers and will be the key materials addressed during employer orientation and skills training. The orientation and skills training curriculum will be based on the section of the employer Handbook described above. Palco performs employer orientation and skills training in-person and in the home setting. Additional skills training support activities are implemented via telephone and by webinar, as appropriate.

During initial face-to-face enrollment orientation and skills training, Palco staff will provide a copy of the Employer Handbook, Employer Enrollment, and Worker Employment Packets. The face-to-face orientation and skills training will include a review of these documents and cover the topics included in the sections of the employer Handbook as described above. Employers also will receive assistance in completing the requirement forms included in the packets.

Initial orientation also includes in-depth training on compliance, including required and relevant provisions of the False Claims Act, which defines fraudulent activities and includes penalty provisions for making false claims to the government. Our staff educates individuals on what constitutes fraud and the importance of completing timesheets correctly and reporting suspected fraud and key events (e.g., termination of workers, hospital stays, etc.) to Palco and other individuals so that fraudulent billing does not take place. We also include information about the penalties for non-compliance.¹⁸

The initial employer orientation and skills training will contain knowledge checks throughout to ensure the employer is absorbing the information presented. Employers who do not choose face-to-face training may participate in webinar or phone training and use Palco's web-based budgeting tool to understand how employment-related taxes and different worker rates of pay paid to different worker impact the participant's individual-budget.

Each person-centered orientation and skills training session will enhance the employer's ability to direct and manage their services and the workers who provide them. Each visit conducted during the orientation and skills training activity will end with an assessment of the employer's strengths in using the self-directed option and identify any weaknesses understanding to be followed up on by Palco staff.

Palco staff will provide ongoing employer skills training to employers using a standard curriculum and materials based on the employer Handbook that will be pre-approved by State. Ongoing skills training can be requested by employers. In addition, Palco staff may identify employer performance issues that can be addressed by the employer receiving additional skills training. When performance issues occur (such as chronic budget over or under-utilization, repeat issues with completing and submitting worker timesheets, suspected fraud or abuse), Palco staff will notify the State of the situation.

¹¹ U.S. DOL Administrator Interpretation 2014-2 states the setting of very basic qualifications in order to assure consumer safety, such as requiring a criminal background check and First Aid or CPR certification, should be considered a weak indicator of employer status. These basic provider qualification requirements are akin to licensing requirements common at the state and local level, compliance with which does not, by itself, suggest the existence of a joint employment relationship between, for example, a security of the state or local security licensing agency. In contrast, more extensive provider qualifications, such as fulfilling comprehensive, state-administered training requirements (beyond training required for relevant licenses), should be considered a strong indicator of employer status.

¹² Section 508, an amendment to the United States Workforce Rehabilitation Act of 1973, is a federal law mandating that all electronic and information technology developed, procured, maintained, or used by the federal government be accessible to people with disabilities.

¹⁸ Often individuals commit fraud out of lack of understanding. Other times, they do not report fraud or abuse from fear. Our staff establishes good rapport with participants and employers. Time and again, we hear that people feel safe and secure in reporting it because they know they have support from Palco.

Palco will monitor the performance issue and discuss the receipt of additional skills training with the employer regarding the performance issue and arrange for a time for the employer to receive the additional skills training. Once the skills training has been provided, a corrective action plan will be developed with the employer and topics covered in the skills training and the corrective action plan will be documented in the employer's file.

As mentioned, all of Palco orientation and training materials are available in alternate formats. Also, we typically hire staff fluent in the language needs of participants, but also have translator services available, when needed.

Finally, Palco's training staff are advocates for participants and the supports provided facilitate their successful use of the self-directed option. Time after time, through satisfaction surveys and unsolicited communication, participants remark on how grateful they are for the conscientious and professional instruction they received from Palco staff who prepared them for being successful in using self-directed services.

ii. Training Plan for Workers

Palco conducts monthly training on the following regular schedules for our internal staff:

- Senior management meets at least once weekly.
- The financial services team meets weekly or more frequently as new processes arise.
- The support brokerage department meets weekly among managers, monthly by region, and quarterly as a department.
- The customer support department provides mandatory team huddles daily.

Supports brokers have more intensive training due to the nature of their work. Their training encompasses how to work directly with supporting older adults, adults with physical disabilities, and individuals with intellectual or other developmental disabilities.

Upon hire and annually thereafter, all staff is trained on person-centered practices; Palco's timekeeping system and web portal; requirements for Critical Incident, Reportable Event, and Reportable Incident identification and reporting; identification and reporting of potential or suspected fraud and abuse; the False Claims Act, including whistleblower protections, administrative remedies for false claims, any state laws pertaining to civil or criminal penalties for false claims or statements, whistleblower protections under such laws with respect to such laws in preventing and detecting fraud, waste, and abuse in federal health care programs; HIPAA and HITECH; and, Palco's complaint system.

Palco has a variety of systems available for program worker training, including information that has been used in states like Minnesota for worker training. Additionally, we have online curricula and tests that workers can use to ensure that they have passed certain tests and are certified in required areas.

iii. Training Plan for DAIL Staff

Palco will train agency personnel prior to the start date and annually or as requested after the operational start date. Trainings will include information on our forms, policies, and

procedures related to enrollment, employer orientation, timesheet submission, communication, customer support, supports broker activities, and payroll. The initial and annual trainings will occur in a group setting in each State region. We also have the ability to record trainings and allow users to participate online.

We will provide skilled staff, including our account manager and representatives from our FMS department to meet with agency personnel. We have supports brokers, counselors, case managers, and nurses on staff, who understand what our clients need. We maintain training materials on changes in program policy, tax rates, or other relevant information, and ensure that our staff and Department staff stay up-to-date on anything that allows them to provide the best service possible. We regularly schedule trainings via webinar to address these changes, as well as industry trends. Forms, reports, and other information are available for download on our FTP site.

In addition to webinars, we have the capability to produce PowerPoint presentations, targeted printed materials, audio and video conferencing, and in-person meetings at our headquarters in Little Rock or in Vermont. When applicable, we provide new information to program participants, such as changes in tax rates or labor laws. This is typically conducted via intensive orientation and ongoing skills and programmatic training, complete with a Program & Policy Manual and program-specific handbooks.

In addition, Palco has an existing range of materials we currently utilize for such training in states like Arkansas, Alabama, and Nevada. The training encompasses the following key concepts:

- Self-direction policies and procedures (based on the program's policy and existing handbook).
- Fiscal management of payroll.
- Documentation requirements for all directly hired workers.
- Completion of timesheets accurately and timely.
- Technical assistance on expenditure reports and any other area of VF/EA operations.

Our existing departmental leadership and support staff will assist in the training, quality assurance, and oversight. We have a wide range of experience providing training to thousands of individuals, and we have implemented in-person technical assistance programs similar to what is requested in this RFP with little lead time.

iv. Education Plan for Potential Participants

Palco will develop outreach materials for individuals who have chosen to self-direct, but have not yet participate. These materials focus on providing information about the Consumer Direction or Self-Direction, as applicable (e.g., how the service delivery model works; using a Representative; roles and responsibilities, program requirements; how to enroll; information, support, and assistance provided to a Participant/Representative by Palco; coordination between Palco and DAIL, etc.). All materials are written in plain language and easily accessible by interested parties. When requested, they can be provided in alternate formats, such as Braille or large, and translated into non-English languages.

They contain the required information, formats, and notices supplied in the RFP and will be submitted to DAIL for approval prior to distribution. Educational and outreach materials are posted on our website. When requested, they are mailed within five days of the request.

In addition, our call center staff is trained in a person-centered approach and currently engages a national pre-screening tool to determine potential eligibility and interest in program participation. We currently have materials that can be tailored for your program that educates interested individuals on the self-directed option so that they can make an educated decision as to whether program participation is right for them. All interactions are documented for reference later in the enrollment process.

U. VERMONT PRESENCE

If awarded the contract, Palco will maintain a physical presence in Vermont, which will include an office with sufficient staff to receive timesheets, verify current funding/service authorizations and answer questions posed by employers, program participants and employees. We will have the capacity for Palco staff and State staff to meet face-to-face on a regular basis, but at least monthly. Our staff, with whom State staff will communicate, shall have the authority to make decisions regarding the vendor's operations in Vermont.

V. OTHER DUTIES

In addition, Palco will provide reports to the State including financial statements and other reports to assist the State in monitoring the programs serviced by the vendor. We will report any suspected abuse, neglect or exploitation of a vulnerable adult in accordance with Vermont Statutes Annotated Title 33, Chapter 69, and report any suspected abuse or neglect of a child to the State according to Vermont Statutes Annotated, Title 33, Chapter 49. Palco will report suspected fraud within two business days to the State via the contacts identified by the State, and securely maintain all timesheets, billing records, background check records and payroll records as required by law. All documents and records will be made available to the State and any of its agents, including state auditors, for review and auditing, upon request. We will have a method for receiving, responding to, and tracking complaints and will provide the State with complaint and complaint resolution information on a regular basis as agreed upon with the State.

Palco will establish a procedure to ensure that participants who live out of state will continue to receive the vendor's services when approved by the State. We will notify the VT DOL of any newly hired persons, in the manner determined by VT DOL, in accordance with the requirements set forth by the State under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. Palco will produce reports, as requested by the State, as to services we provide. We will have a secure database which facilitates comprehensive reporting of information about program participants, employers and employees.

Palco has a functional disaster recovery plan in place for restoring software and master files and hardware backup in the event management information systems are disabled to ensure the payroll and payment systems remain intact. Penetration testing is performed on this system annually. Results of testing are submitted to the State for review. Our Disaster Recovery Plan is

reviewed and revised annually. A copy of our Disaster Recovery Plan is included as Appendix 6 in this proposal.

W. EVALUATION AND PERFORMANCE MEASURES

Palco understands and will abide by the performance standards set by the State in the RFP. Palco's web-based system tracks utilization for each individual and allows users to access this usage and remaining hours or dollars as applicable. In addition, this system monitors the enrollment process and the status of all individuals to ensure proper access is granted to all parties. If a worker has been terminated, for example, they are no longer able to enter time past the date of termination. We will submit quarterly and/or monthly expenditure/utilization reports to each participant, as shown in Appendix 7. These reports are available for download on the portal, as they provide the real-time transparency to allow all parties to verify that Palco is accurately tracking services and utilization.

In addition, Palco's system accomplishes the following tasks:

- Notification to case managers, MCO and DIDD staff, and others when the participant's needs or information have changed.
- Monitor compliance with the Fair Labor Standards Act and all other applicable federal and state laws and regulations, as well as DAIL policies and/or protocols, regarding worker compensation, overtime, and overtime pay, including services delivered in a back-up capacity.
- Adherence to timeframes for enrollment, completion of paperwork, and initiation of services.
- Name and contact information for the assigned Care Coordinator, Support Coordinator, DIDD Case Manager, and Supports Brokers, including alerts when one of these assigned individual's changes.
- Information about the PCSP/ISP and service utilization.
- Authorizations and other important information received from the MCO or DIDD.
- Results of supports broker visits and outcomes, including monitoring activities and service agreements for workers and representatives, ensuring that all timeframes are met to get service agreements in place.
- Monitoring payments to workers.
- Providing narrative information about the performance of workers.
- Notifications regarding the participant's health, safety, condition, and wellbeing.
- Tracking time worked by each worker to ensure that all overtime rules are being followed.

Additional quality checks occur during routine face-to-face visits in the home setting, as well as regular outbound phone calls. These will allow our staff to gauge important information, such as the dynamic with the worker, whether services are being delivered as reported on the timesheet, whether the participant's needs have changed, and if the health safety, or wellbeing of the participant is threatened in any way.

For each service we perform, we assign quality measures to ensure that we are meeting targets and objective. For example, enrollment and initiation of services is monitored is closely. We

understand that many families experience difficulty in hiring the right worker to care for their loved ones. A cumbersome or lengthy enrollment process only complicates this. To monitor this process, we utilize the following:

- An electronic checklist to log key dates and events, follow-up activities, and receipt of forms.
- Benchmarking standards related to average time between the referral and enrollment.
- Monthly case review of pending enrollments and enrollment statistics.
- Incorporation of any changes to the enrollment process based on data trends.

All quality control records are available to the Department upon request. For any deficiencies in our services, we will submit a corrective action plan within ten (10) business days that includes the following:

- Description of the findings;
- Specific steps to correct the situation;
- Name(s) and title(s) of responsible staff person(s);
- Timetable for performance of the corrective action steps;
- Monitoring that will be performed to ensure that corrective action steps were implemented; and
- Signature of our project manager or a senior executive.

4. REPORTING REQUIREMENTS

Data sharing is critical to programmatic success. We will provide reports via secure File Transfer Process (FTP). We have a standard suite of reports to meet all enrollment, financial, and supports brokerage activities, as required by the RFP. In addition, we can customize ad hoc reports essential to maintaining program integrity and quality through tracking and monitoring. Reports can be generated daily, weekly, monthly, quarterly, or annually and cover all areas of VF/EA and supports brokerage tasks. For this contract, we commit to providing the reports described in the RFP summarized in Figure 7. All reports are capable of being filtered by date range, program, region, and other criteria.

F		S		R	
O	R	N			D
Weekly	Pre-Enrollment Referral and Enrollment Report		Tracks enrollment of prospective members and includes member name and ID; date of referral; SB name; status of required paperwork, home visit, Back-up Plan, training; status of worker identification and readiness.		
Monthly	Consumer Direction and Self-Direction Count Report		Includes (by program and region, if applicable) number of active referrals; participants with active authorizations; members with active authorizations for companion care; participants who noted on their Service Agreement that they will engage in Self-Direction of Healthcare Tasks and type of healthcare tasks being self-directed; number of participants with eligible family members hired as workers; number of ECF CHOICES Members who participate in Consumer-Directed transportation benefits.		
	Supports Broker Report		Lists SB tenure; SB-Participant ratio; participants reassigned to new SB and reason. For members, includes status of member's case (e.g., new enrollment, on-going support, or turnover/transition).		
Quarterly ⁷	Complaint Report		Includes on the complaints received from Participants, Representatives, Workers, DAIL Case Managers, Care Coordinators, and Support Coordinators regarding Palco, the issue, resolution, and timeframe for resolution.		
	Fraud and Abuse Report		Includes detailed information on fraud and abuse issues identified and tracked, resolution (including education), and timeframe for resolution.		
	Referral and Enrollment Report		Includes referrals received; participants enrolled; participants withdrawn; reason for withdrawal; statistics related to time between referral and enrollment; and participants in pending status and reason for that status.		
	Customer Service Report		Call center analytics report that lists number of calls received; average hold and talk times; number of voicemails and number/percent returned in one day; abandoned calls; reasons for the call and calls per reason.		
	Participant Utilization Report		Includes participant name and ID; services authorized; rate per service for each worker; if worker is family; units of each service provided and amount of payments made; remaining authorized units or budget amount of each service; participants with no utilization in 30 days.		
	Tax Liabilities Report		Includes participant name and ID; liability to VT DOL; and an accounting of payments made, including transaction date and information.		

Participant Advocacy Group Report	Lists names of participants in group; date, time, and location of most recent meeting; narrative of items discussed, recommendations, and timeframes for solutions.
Critical Incident, Reportable Event, and Reportable Incident Report	Lists number of individuals in assigned groups; number of incidents; type of event.
Accounts Receivable Report	Includes number and amount of denied claims. For inappropriately denied claims: amounts, date of submission, reason(s) for denial with corresponding code; and the status and/or date of resolution. For appropriately denied claims: reason, corresponding code; number and reason; actions taken.

We will prepare and distribute monthly utilization reports to employers, as specified by State. See Appendix 7 for a sample monthly utilization report. Reports can be sent via email, or the employer may download it from our website.

Our web portal's business intelligence layer provides the ability for users to generate ad hoc reporting. This is done through the application and design of filters, which are grouped by users into a report builder. This allows users to essentially build their own queries to generate reports on demand. Palco provides information and training materials on this functionality.

Palco will provide training and relational diagrams to the DAIL so that it may also generate ad hoc reports, as needed, through our accounting and information system, on which the Department will have read-only access. Ad hoc reports requested by the State will be provided within ten (10) days of receiving final report specifications from the requesting party.

5. CERTIFICATE OF COMPLIANCE

CERTIFICATE OF COMPLIANCE

For a bid to be considered valid, this form must be completed in its entirety, executed by a duly authorized representative of the bidder, and submitted as part of the response to the proposal.

- A. **NON COLLUSION:** Bidder hereby certifies that the prices quoted have been arrived at without collusion and that no prior information concerning these prices has been received from or given to a competitive company. If there is sufficient evidence to warrant investigation of the bid/contract process by the Office of the Attorney General, bidder understands that this paragraph might be used as a basis for litigation.
- B. **CONTRACT TERMS:** Bidder hereby acknowledges that is has read, understands and agrees to the terms of this RFP, including Attachment C: Standard State Contract Provisions, and any other contract attachments included with this RFP.
- C. **FORM OF PAYMENT:** Does Bidder accept the Visa Purchasing Card as a form of payment?
 Yes No
- D. **WORKER CLASSIFICATION COMPLIANCE REQUIREMENT:** In accordance with Section 32 of The Vermont Recovery and Reinvestment Act of 2009 (Act No. 54), the following provisions and requirements apply to Bidder when the amount of its bid exceeds \$250,000.00.

Self-Reporting. Bidder hereby self-reports the following information relating to past violations, convictions, suspensions, and any other information related to past performance relative to coding and classification of workers, that occurred in the previous 12 months.

Summary of Detailed Information	Date of Notification	Outcome
N/A		

Subcontractor Reporting. Bidder hereby acknowledges and agrees that if it is a successful bidder, prior to execution of any contract resulting from this RFP, Bidder will provide to the State a list of all proposed subcontractors and subcontractors' subcontractors, together with the identity of those subcontractors' workers compensation insurance providers, and additional required or requested information, as applicable, in accordance with Section 32 of The Vermont Recovery and Reinvestment Act of 2009 (Act No. 54), and Bidder will provide any update of such list to the State as additional subcontractors are hired. Bidder further acknowledges and agrees that the failure to submit subcontractor reporting in accordance with Section 32 of The Vermont Recovery and Reinvestment Act of 2009 (Act No. 54) will constitute non-compliance and may result in cancellation of contract and/or restriction from bidding on future state contracts.

E. Executive Order 05 – 16: Climate Change Considerations in State Procurements Certification

Bidder certifies to the following (Bidder may attach any desired explanation or substantiation. Please also note that Bidder may be asked to provide documentation for any applicable claims):

1. Bidder owns, leases or utilizes, for business purposes, space that has received:

- Energy Star® Certification
- LEED®, Green Globes®, or Living Buildings ChallengeSM Certification
- Other internationally recognized building certification:

N/A

2. Bidder has received incentives or rebates from an Energy Efficiency Utility or Energy Efficiency Program in the last five years for energy efficient improvements made at bidder's place of business. Please explain:

N/A

3. Please Check all that apply:

- Bidder can claim on-site renewable power or anaerobic-digester power ("cow-power"). Or bidder consumes renewable electricity through voluntary purchase or offset, provided no such claimed power can be double-claimed by another party.
- Bidder uses renewable biomass or bio-fuel for the purposes of thermal (heat) energy at its place of business.
- Bidder's heating system has modern, high-efficiency units (boilers, furnaces, stoves, etc.), having reduced emissions of particulate matter and other air pollutants.
- Bidder tracks its energy consumption and harmful greenhouse gas emissions. What tool is used to do this? _____
- Bidder promotes the use of plug-in electric vehicles by providing electric vehicle charging, electric fleet vehicles, preferred parking, designated parking, purchase or lease incentives, etc..
- Bidder offers employees an option for a fossil fuel divestment retirement account.
- Bidder offers products or services that reduce waste, conserve water, or promote energy efficiency and conservation. Please explain:

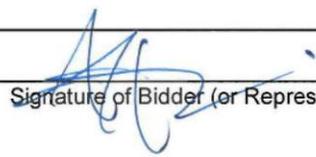
N/A

4. Please list any additional practices that promote clean energy and take action to address climate change:

N/A

F. Acknowledge receipt of the following Addenda:

Addendum No.: V10 Dated: 8/15/2017
Addendum No.: _____ Dated: _____
Addendum No.: _____ Dated: _____

Bidder Name: Palco, Inc Contact Name: Alicia Paladino
Address: PO Box 242930 Fax Number: 501.812.0045
Little Rock, AR 72223 Telephone: 501.604.9936
E-Mail: alicia@palcofirst.com
By:  Name: Alicia Paladino
Signature of Bidder (or Representative) (Type or Print)

END OF CERTIFICATE OF COMPLIANCE

6. PRICE QUOTATION/PROPOSED REIMBURSEMENT

The amount below is Palco's proposed rate of payment based on a per-member-per-month rate. This is our cost for which we seek reimbursement and for which we will bill the state on a bi-monthly basis.

Note: Pricing includes labor, materials, supplies, all applicable taxes, and any other costs incurred to provide the specified services.

Palco's proposes a one .

7. APPENDICES

- Appendix 1 – Key Staff Resumes
- Appendix 2 – Contact Information for Previous Programs
- Appendix 3 – Training and Termination Policy
- Appendix 4 – FEIN
- Appendix 5 – Sample Worker’s Pay Stub
- Appendix 6 - Sample Disaster Recovery Plan
- Appendix 7 – Sample Monthly Utilization Report

Alicia Paladino

PO Box 242930, Little Rock, AR 72223 501.604.9936 alicia@palcofirst.com

Work Experience

Chief Executive Officer, Internal Counsel, Palco, Inc.

January 2009 - Present

- Present Information about self-direction to stakeholders and provide advocacy for self-direction in Arkansas.
- Designed operational procedures, including design and implementation of QA/QI functions and maintenance of Policies & Procedures Manuals.
- Compiled financial and reconciliatory reports for interested parties.
- Researched various tax and labor issues and communicated findings.
- Coordinate contracts with government and agencies.

Law Clerk, Hyden, Miron & Foster, L.L.P.

Fall 2008

- Prepared individual, estate, and trust income tax returns.
- Researched tax, estate and probate issues and communicated findings
- Prepared letters to clients and intercompany memoranda
- Performed accounting functions for various estates and trusts

Accounting Clerk/Bookkeeper, Jeremy Palmer, CPA, L.L.C.

May 2004 – May 2006

- Prepared individual income taxes
- Recorded transactions, reconciled bank accounts, and recorded adjusting entries
- Performed all payroll functions and filed related tax reports for non-profit organizations
- Prepared client billing and compiled period budgets
- Performed various functions as a member of the audit team

Education

Juris Doctorate, December 2009

University of Arkansas, Little Rock, AR

Masters in Business Administration, July 2009

University of Arkansas, Little Rock, AR; Magna Cum Laude

Bachelor of Science in Accounting, May 2006

Louisiana State University, Baton Rouge, LA

Professional Licensure

- Admitted to the Arkansas State Bar, April 2010
- Certified Public Accountant, May 2011

Memberships

- Arkansas Bar Association
- American Institute of Certified Public Accountants
- Arkansas Society of Certified Public Accountants

Mark Biviano

PO Box 242930, Little Rock, AR 72223 501.604.9936 mark@palcofirst.com

Work Experience

Chief Operations Officer, Palco, Inc.

2014 to Present

- Manages the operational controls, administrative and reporting procedures of the company.
- Ensures financial strength and operational efficiency.
- Oversees the transitions and program implementation plans.

State Representative, State of Arkansas

2010 - 2014

- Served on Committee on Insurance and Commerce, Committee on Public Health, and Committee on Revenue and Taxation.
- Sponsor of legislation to set up Healthcare Private Option in Arkansas. An innovative approach to expanding Medicaid population into the private sector
- Lead sponsor on legislation to establishing a not-for-profit state insurance exchange.

Vice President, SAP_Walldorf

2006-2010

- Responsible for industry leadership and management in the development, design and deployment of healthcare solutions, including industry requirements, partner strategy, and go to market plans.
- Served as the industry business unit's senior healthcare executive driving all sales enablement and marketing programs, strategy, customer programs, thought leadership, press and analyst activities.

Vice President, Oracle Corporation – Reston, VA

1098-2006

- Responsible for the strategic health initiatives and the expansion of the Oracle vertical model to the US Health Market.
- Managed a team of healthcare professionals in support of all Oracle healthcare strategies and sales support activities for application and technology products.

Education

Bachelor of Science in Finance, 1981
University of Arkansas at Fayetteville

Professional Experience

- American College of Healthcare Executives
- Healthcare Financial Management Association
- Healthcare Information Management Systems Society
- Center Healthcare Information Management Executive

Larry Paladino

PO Box 242930, Little Rock, AR 72223 501.604.9936 larry@palcofirst.com

- Work Experience**
- Chief Financial Officer, Palco, Inc.***
July 2003 to Present
- Performed all accounting and tax duties associated with self-directed programs for over 4,500 individuals.
- President, Paladino & Company, P.A.***
January 1995 to Present
- Directly responsible for over 200 clients.
 - Day to day operations include supervising an accounting firm dealing with all aspects of corporate and individual tax, financial statement preparation, budgeting, payroll, and all other related accounting areas.
- Senior Accountant, Lovett & Foster, Ltd.***
November 1989 to December 1994
- Responsible for corporate and individual income tax preparation.
 - Prepared financial reports.
 - Worked with clients on a one-to-one basis regularly.
- Education**
- Bachelor of Science in Accounting, 1974*
University of Arkansas, Little Rock, AR
- Professional Licensure**
- Certified Public Accountant
- Memberships**
- American Institute of Certified Public Accountants
 - Arkansas Society of Certified Public Accountants

**Work
Experience**

Chief Information Officer, Palco, Inc.

2010 to Present

- Designed and built MS SQL SERVER database for accounting firm
- Created custom XAML/WPF VB.NET based program (PalPro) which uses custom SQL database for full payroll, reporting, and change tracking purposes.
- Designed and implemented digital fax filing software to allow for paperless record management system.
- Maintain design and functionality of company website (www.palcofirst.com).

Software Developer, MedEvolve

2010 to 2011

- Delphi programmer assisted with the development of retail medical billing and scheduling software.
- Maintained SQL database scripts for a large number of programming requirements.
- Assisted individual clients with support and reporting needs.

HelpDesk Technician/Programmer, Benchmark Group

2007 to 2010

- Designed and wrote custom software using Visual Studio 2008, VB.NET, C#, and C++.
- Wrote technical manuals to assist with daily functions.
- Updated MS Office VBA scripts to new VB.NET add-in format for various software titles.

Sound/Lighting Director/Web Design, Digital World Productions

2006 to 2007

- Operated and installed sound and lighting equipment for concerts and other large media events across the region.
- Expanded company website and enhanced functionality using Flash, HTML, and a variety of other design software.
- Involved with the proper functioning and maintenance of multiple sound and lighting setups, including the use of specialized computer software and hardware configurations.

Education

Bachelor of Arts in Computer Science, 2007
University of Arkansas, Fayetteville, AR

**Professional
Experience**

- Experienced with network infrastructure and hardware to support a business's growing technical needs

Brandon Slobig

PO Box 242930, Little Rock, AR 72223 501.604.9936 brandon.slobig@palcofirst.com

Work Experience	<p><i>Director of Software Development, Palco, Inc.</i></p> <p>2016 to Present</p> <ul style="list-style-type: none">• Manage internal and external software teams in the development of highly secure, massively scalable, cloud-based case management software.• Implement and manage the complete software development lifecycle (SDLC), from analysis and design to development and implementation.• Design and manage all support infrastructure, including on-premises and cloud-based components. <p><i>Lead Software Engineer, USAbLe Life</i></p> <p>2005 to 2016</p> <ul style="list-style-type: none">• Lead and mentored a team of 6 developers both on-site and remote.• Managed vendors and contractors.• Coordinated with product stakeholders, and report development progress to the steering committee.• Lead in the design and implementation of software products and supervise the entire development lifecycle. <p><i>Software Developer III, Aristotle Interactive</i></p> <p>2000 to 2005</p> <ul style="list-style-type: none">• Designed and developed web applications for various customers, including requirements gathering, and design technical architecture.• Developed re-usable components, content management, online shopping cart.
Education	<p><i>Bachelors of Science, Computer Science, 1994</i> University of the Pacific, Stockton, CA</p> <p><i>Associates of Arts, 1991</i> Hanford College, Hanford, CA</p>
Professional Experience	<ul style="list-style-type: none">• Black Hat - Web Security; Sitecore CMS; DocFinity EDM/BPM

Amelia Barnes

PO Box 242930, Little Rock, AR 72223 501.604.9936 amelia@palcofirst.com

Work Experience

Director of Financial Services, Palco, Inc

2016 to Present

- Responsible for ensuring Palco meets its fundamental responsibility to clients in the form of accurate and timely payments, billing and withholding for programs.
- Responsible for other departmental activities, including processing enrollment paperwork, warehousing and disbursing a variety of forms, as required by each program,
- Provides expertise in developing and recommending changes to existing corporate policy to increase the accuracy, efficiency and responsiveness of the Financial Services Department.

Assistant Controller, Wilson And Associates, PLLC

2015 to 2016

- Responsible for the direct oversight of financial operations of company and all entities ensuring timely and accurate financial information is made available to the CFO and the management team.
- Worked under the guidance of the Chief Financial Officer in preparing and reporting financial statements conforming to principles of accounting and regulatory requirements.

Senior Audit Associate II, BKD, LLP

2012 to 2015

- Performed and conducted audit, review and attest services for financial statements, operations, internal controls and process compliance for private companies ranging in size from 10K to over 150B in revenues.
- Prepared, examined, and analyzed complex accounting records, financial statements and financial reports to ensure accuracy and conformance to reporting standards.

Education

Masters in Accounting, 2012
Hendrix College, Conway, AR

Bachelor of Science in Business Administration, 2012
Hendrix College, Conway, AR

Professional Licensure

- Certified Public Accountant, 2013

Memberships

- American Institute of Certified Public Accountants
- Arkansas Society of Certified Public Accountants

Cathy Farrell

PO Box 242930, Little Rock, AR 72223 501.604.9936 cathy@palcofirst.com

Work Experience

Enrollment Manager, Palco, Inc.

2017 to Present

- Oversee enrollment process in self-direction programs.
- Manage staff in the Enrollment and Program Services Division.
- Troubleshoot issues related to enrollment and ancillary services, while providing excellent customer support in the execution of these duties.

Reimbursement Specialist, Arkansas Specialty Care

2016 to 2017

- Managed all insurance and self-pay collections for Durable Medical Equipment (DME) Department.
- Collected for hand, knee and hip orthopedic doctors.
- Collection duties included posting payments, calling on insurance companies for claim status and payment, billing patient insurance and filing appeals to insurance companies.

Claims/Operations Manager, Hewlett Packard (HP)/Electronic Data Systems (EDS)

1994 to 2016

- Led the department in reducing receipt to adjudication time, reducing claim entry error rate, while adding efficiency to the client by providing online access to claims.
- Managed the second largest P&L on the Account, leading a supervisory staff of 2 direct reports and over 35 indirect reports across 6 functional areas.
- Oversaw all operations within the department including administration, mailroom operations and scanning, claims resolutions, financial operations, Third Party Liability, print operations and human resources.

Education

Business Certification, 1986

Red River Vocational Technical School, Hope, AR

General Studies, 1984-1985

Ouachita Baptist University, Arkadelphia, AR

Professional Experience

- 300+ hours HP/EDS Leadership Training
- 200 hours Training in Security/Audits/Governance
- 250 Administration/Professional Training

Don Schultz

PO Box 242930, Little Rock, AR 72223 501.604.9936 don@palcofirst.com

Work Experience

Billing Manager, Palco, Inc.

2016 to Present

- Develop, monitor and adjust billing procedures and processes.
- Generate monthly and bi-monthly invoices for various state agencies.
- Compile, analyze and evaluate billing data.

Senior Staff Accountant, New Talco Enterprises, LLC.

2006 to 2015

- Generated, validated and reconciled weekly / monthly union benefit reports used to determine union contributions, union dues, and 401K liabilities, as well as check request generation.
- Respond to and resolve client / union / employee questions regarding liabilities and payment.
- Created procedure manuals for daily work duties to ensure best practices, and train peer/junior team members within the union contribution department.

Accountant, CNA Insurance

2003 to 2005

- Performed accounts receivable maintenance / reconciliation, cash applications/dispersals and research/resolutions of unapplied/ unidentified cash.
- Compiled productivity reports for management use.
- Completed account documentation maintenance, filing, and retrieval.

Education

Bachelor of Science in Accounting, 2001
Bradley University, Peoria, IL

Associate's Degree in Accounting, 1995
Sauk Valley Community College, Dixon, IL

Professional Experience

- F-16 Crew Chief, US Air Force, 1989 to 1993

Bernardino Aguilar

PO Box 242930, Little Rock, AR 72223 501.604.9936 nino@palcofirst.com

Work Experience

Payroll and Payment Manager, Palco, Inc.

2013 to Present

- Processing of payroll and payment of checks for client, which includes budgets (proper taxation and employee paid benefits), and daily payroll.
- Manage workflow to ensure all payroll transactions are processed accurately and timely.
- Process correct garnishment calculations and compliance.
- Perform compliance, research, analyze and resolve payroll-related problems or questions.

Bible Teacher/Counselor, Colegio Evangelico Metodista Utatlan, Santa Cruz del Quiche, Guatemala

2011 to 2012

- Taught Bible classes to students of various ages.
- Supervised dorm students.
- Assisted with Christian Education program, chapel and other worship services.

Computer Teacher/Counselor, Colegio Evangelico Metodista Utatlan, Santa Cruz del Quiche, Guatemala

2000 to 2007

- Taught computer science and programming.
- Supervised dorm students.
- Assisted with Christian Education program, chapel and other worship services.

Education

Bachelor's Degree in Theology with Emphasis in Intercultural Missions, 2010
Central American Theological Seminary, Guatemala City, Guatemala

Associate's Degree in Biblical Studies, 2005
Central American Theological Seminary, Guatemala City, Guatemala

Professional Experience

- Bilingual: Spanish and English

Carlos Young

PO Box 242930, Little Rock, AR 72223 501.604.9936 carlos@palcofirst.com

Work Experience

Director of Customer Support, Palco, Inc.

2015 to Present

- Responsible for call center operations including call center performance and account manager effectiveness.
- Tracked ongoing call volume and work levels within the call center.
- Created detailed improvement plans, policies, and protocols.
- Ensured PHI/HIPAA guidelines are followed.

Operations Manager, Crothall Healthcare

2015

- Planned and coordinated project work.
- Participated in facility Quality Assurance Program and Patient Satisfaction Program as required.
- Assigned established work areas and or project duties.

Customer Service Supervisor, Cardinal Health

2006 to 2014

- Effectively managed the day-to-day operations within a call center environment.
- Oversight in the supervision of personnel, which included work allocation, training and problem resolution.
- Point of contact for vendors, sales staff and distribution center teammates for urgent and high priority issues.

Customer Service Manager, Cingular Wireless

2000 to 2006

- Developed and implemented individual/team improvement programs.
- Conducted Financial Account Audits.
- Coordinated team continuation training.

Education

Bachelor of Arts in Business Management, 2007
Philander Smith College, Little Rock, AR

Jon Sweeney

PO Box 242930, Little Rock, AR 72223 501.604.9936 jon@palcofirst.com

Work Experience

Product Manager, Palco, Inc.

2005 to Present

- Responsible for overseeing day-to-day operations of consumer-directed programs.
- Coordinates electronic funds transfer with financial institutions.
- Process \$65 million in payroll for workers on HCBS programs annually.

Accounting Clerk, Pyramid Data Midsouth, Inc.

2001 to 2005

- Processed payroll for corporate clients.
- Performed bank reconciliations for financial statements.
- Prepared quarterly tax reports for corporate clients.

Education

1998 to 2002

University of Arkansas, Little Rock AR

Professional Experience

- Proficient in VBA Programming Language, Microsoft Excel, Microsoft Word, Peachtree Accounting Software, and ATX.
- Fluent in regulations pertaining to electronic banking and related UCC regulations.
- Proficient in computer skills and network administration.

Jingru Huang

PO Box 242930, Little Rock, AR 72223 501.604.9936 jingru.huang@palcofirst.com

Work Experience

Financial Services Product Manager, Palco, Inc.

2017 to Present

- Prepare and complete detailed project plans while coordinating internal and external resources for projects
- Ensure projects delivered timely within scope and budget.
- Implement production, productivity and quality, and customer-service standards for the Financial Management Services and other operations departments.
- Research accounting, tax, financial, law, and client requirements of new opportunities.

Senior Financial Accountant, Dillard's Department Stores

2014 to 2017

- Maintained Fixed Asset System, intangible assets, internal-use software and certain expense accounts in compliance with GAAP. Performed monthly closing activities and account reconciliations.
- Prepared quarterly cash flow statements and thoroughly reviewed the financial statements and annual reports (10Q/10K). Assisted with a response to the SEC comments letter.
- Identified and researched large or unusual transactions. Prepared impairment analysis.
- Assisted Tax Department in organizing corporate tax returns and performed use tax analysis.

Education

Bachelors of Science in Business Administration, Accounting, 2014
University of Arkansas, Fayetteville, AR

Professional Licensure

- Certified Public Accountant, 2014

Program Listing and Contacts	
Arkansas	
Independent Offices Alternatives for Adults with Physical Disabilities (APD) Elder Offices Offices	Craig Flood, Director, Department of Human Services, Division of Adult Services Little Rock, AR, 501-320-5524 craig.flood@ds.ar.gov
Botheast Arkansas D-Program	Carolyn Ferguson Area Agency on Aging of Botheast Arkansas Pine Bluff, AR, 501-543-3030 cferguson@aaasea.or
Select Care	
Developmental Disabilities Home Modification Project	
Texas	
Central Texas D-Program	Thomas Wilson, Veterans Options Counselor Area Agency on Aging of Central Texas Belton, TX, 254-233-2330, ext 2350 thomas.wilson@ctco.or
Carroll County D-Program	San Levins, Care Coordination Specialist Lamo Area Council of Governments San Antonio, TX, 210-325-0404 sblevins@aaco.com
Harris County D-Program	Janice Sparks, Senior Staff Analyst Harris County Area Agency on Aging Houston, TX, 323-34415 janicemsparks@houston.gov
Child Protective Services Claims Processing	Dell Ray, Program Director Texas Department of Family and Protective Services Austin, TX, 512-343-3533 ardell.ray@dfps.state.tx
Arkansas / Texas/ Louisiana	
Caddo Council D-Program	Monica Britt, Fiscal Officer Caddo Council on Aging 100 Center Street Suite 240 Greenville, TX 75101, 318-888-0000 cco@caddocoa.or
Nevada	
Self-Directed Program (Desert, Rural, Sierra Regions)	Robin Williams, Director Community Services for Nevada Department of Human Services Rural Region of Aging and Disabilities Services Division Carson City, NV, 775-335-5122 robin@rrc.nv.gov
D-Program	Cheyenne Pascale, D Coordinator Nevada Care Connection Resource Centers Las Vegas, NV, 702-433-3131 cpascale@adsd.nv.gov

<p>Disism Treatment Assistance Program</p>	<p>Sam Payne, Developmental Specialist Nevada Department of Health and Human Services Division Las Vegas, NV, 702400020 spayne@adsvv.gov</p>
<p>Disism Treatment Assistance Program Board Certified Behavioral Analyst Program</p>	<p>Sam Payne, Developmental Specialist Nevada Department of Health and Human Services Division Las Vegas, NV, 702400020 spayne@adsvv.gov</p>
<p>Alabama</p>	
<p>Personal Services</p>	<p>Sean Stone, Division Chief, Senior Programs Alabama Department of Senior Services Montgomery, AL, 334353000 Sean.Stone@adss@alabama.gov</p>
<p>State of Alabama Independent Living</p>	<p>Matryn Coontain, Alabama Department of Rehabilitation Services Montgomery, AL, 334230011 Matryn@coontain@rehab.alabama.gov</p>
<p>530 Aiver</p>	<p>☐ ☐ ☐</p>
<p>Elderly and Disabled Aiver</p>	<p>☐ ☐ ☐</p>
<p>Alabama Community Transition</p>	<p>☐ ☐ ☐</p>
<p>Technology Assisted Aiver Program</p>	<p>☐ ☐ ☐</p>
<p>Minnesota</p>	
<p>Consumer Directed Community Supports Program Consumer Support Grant Program Community First Services and Supports Independent Living Training Program Main Street and Challenges of Paid Care Living Training Program</p>	<p>☐ ☐ ☐</p>

Remediation, Training, and Termination Process

Purpose This protocol identifies steps for the Department of Health Care Finance (DCHCF) to remediate issues of non-compliance with the *Participant/Representative-Employer Agreement*.

Non-compliance with the *Participant/Representative-Employer Agreement* can be flagged by the Vendor Fiscal Employer, the Financial Management Services (MSE) Support Provider entity, the Participant's Support Provider, the Participant's PD Provider, Manager, or DCHCF staff.

Participant/representative-employers will be allowed three episodes of non-compliance in the first 12-month period of enrollment in the *Services My Way Program* and every 12-month period thereafter. The third episode of non-compliance will necessitate the Participant's termination from the *Services My Way Program* and a transition to traditional Personal Care Aide (PCA) services. Traditional PCA services refer to those PCA services provided by a Home Health Agency.

1. **First episode of non-compliance** When a Participant/representative-employer is first found to be out of compliance with the *Participant/Representative-Employer Agreement*, the following steps will occur:

- 1. The *Services My Way Program* coordinator will issue a notification of non-compliance to the Participant/representative-employer and the assigned Support Provider regarding the issue of non-compliance, which will:
 - i. Identify the issue of non-compliance and request that the issue be corrected, if possible, and not repeated.
 - ii. Detail requirements of the Participant-directed Corrective Action Plan (PCAP).
 - iii. Offer training and/or technical assistance.
 - iv. Encourage the Participant/representative-employer to direct questions to the Support Provider, including the following:
 - a. To request training or technical assistance, as needed.
 - b. To request a copy of the *Participant/Representative-Employer Agreement*.
 - c. To ask questions about the notification of non-compliance.
 - d. To ask questions regarding how to correct the issue of non-compliance.
 - e. To obtain assistance in preparing and submitting the PCAP.
 - f. To designate a representative to perform as the Participant/representative-employer or designate a new representative.
 - v. Identify consequences of further non-compliance with the *Participant/Representative-Employer Agreement*.
 - vi. Provide details on the Participant's fair hearing and appeal rights.

regarding termination from the *Services My Way* Program, should three episodes of non-compliance occur in the first 12-month period of enrollment in the *Services My Way* Program and every 12-month period thereafter.

The Support Provider will provide copies of the notification to the Participant's SPD Carrier Care Manager, the appropriate MCO Support Provider entity and other individuals, as necessary and appropriate.

Within five (5) business days of issuance of the notification of non-compliance, the assigned Support Provider will contact the Participant's representative-employer regarding the occurrence of non-compliance, and cover the following topics:

- i. Introduction, reason for the call and reference to the notification of non-compliance.
- ii. Identification and review of the issues of non-compliance and a request to have the Participant's representative-employer describe the problem(s) experienced related to the issues of non-compliance.
- iii. Request that the issue be corrected if possible and not repeated.
- iv. Development of the PPOP.
- v. Review of the *Participant/Representative-Employer Agreement* to answer questions regarding compliance.
- vi. Provide an explanation of mandated training and/or technical support assistance, may include:
 - a. Training and/or technical assistance conducted by the assigned Provider,
 - b. Training and/or technical assistance conducted by the appropriate MCO Division of the appropriate MCO Support Provider entity in collaboration with the assigned Support Provider.
- vii. Identify the consequences should three episodes of non-compliance occur in the first 12-month period of enrollment in the *Services My Way* Program and every 12-month period thereafter, wherein DCCC may terminate the *Participant/Representative-Employer Agreement* with the Participant, terminating the Participant from the *Services My Way* Program and transition member to traditional POP services.

Within five (5) business days of the above-mentioned contact, the assigned Support Provider, with the Participant and his representative, as applicable, will draft a written PPOP based on the conversation and decisions made regarding mandatory training and/or technical assistance, timelines for completion of mandatory training and/or technical assistance, and consequences of not receiving the mandated training and/or technical assistance. The Participant and his representative, as applicable, must sign the PPOP upon completion. The Support Provider will provide copies of the signed PPOP to the Participant's SPD Carrier Care Manager, appropriate MCO Support Provider entity and other individuals, as necessary and appropriate.

The Support Provider will be responsible for monitoring the PPOP if the Participant or his representative, as applicable, fails to implement the PPOP as agreed upon, this will be considered an episode of non-compliance which will be reported by the Support Provider to the *Services My Way* Program Coordinator.

2. Second episode of non-compliance When a Participant/representative-employer is found to be out of compliance with the *Participant/Representative-Employer Agreement* for a second time, the following steps will occur:

- DD Will issue a second notification of non-compliance to the Participant/representative-employer and the assigned support provider regarding the second occurrence of non-compliance, which will
 - i. Identify the issue of non-compliance and request that the issue be corrected (if possible) and not repeated
 - ii. Detail requirements of the PDP
 - iii. Offer training and/or technical assistance
 - iv. Instruct the Participant/representative-employer to direct questions to the assigned support provider, including the following
 - i. To request training or technical assistance, as needed
 - ii. To request a copy of the *Participant/Representative-Employer Agreement*
 - iii. To ask questions about the notification of non-compliance
 - iv. To ask questions regarding how to correct the issue of non-compliance
 - v. To designate a representative to perform as the Participant/representative-employer or designate a new representative
 - vi. To obtain assistance in preparing and submitting the PDP
 - v. Identify consequences of further non-compliance with the *Participant/Representative-Employer Agreement*
 - vi. Provide details on the Participant's fair hearing and appeal rights regarding termination from the *Services My Way* Program, should there be episodes of non-compliance occur in the first 12-month period of enrollment in the *Services My Way* Program and every 12-month period thereafter
- DD Will share a copy of the notification of non-compliance with the assigned support provider, who will provide copies of the notification to the Participant's PDA Manager, MHP support provider entity, and other individuals, as necessary and appropriate
- DD Within five (5) business days of issuing the notification of non-compliance, the assigned support provider will contact the Participant/representative-employer regarding the occurrence of non-compliance, and cover the following topics
 - i. Introduction, reason for the call and reference to the notification of non-compliance
 - ii. Identification and review of the issues of non-compliance and a request to have the Participant/representative-employer describe the problems experienced related to the issues of non-compliance
 - iii. Request that the issue be corrected (if possible) and not repeated
 - iv. Development of the PDP
 - v. Review of the *Participant/Representative-Employer Agreement* to answer questions regarding compliance
 - vi. Provide an explanation of mandated training and/or technical assistance, may include

- a. Trainin and/or technical assistance conducted by the assigned support provider,
 - b. Trainin and/or technical assistance conducted by the [redacted] M Division of the [redacted] M support provider entity in collaboration with the assigned support provider.
- vii. Identify the consequences should a third episode of non-compliance occur in the first 12-month period of enrollment in the *Services My Way* Program, wherein D may terminate the *Participant/Representative-Employer Agreement* with the Participant, terminating the Participant from the *Services My Way* Program and transition to traditional P services.

Within five (5) business days of the above-mentioned contact, the assigned support provider, with the Participant and his representative, as applicable, will draft a written P based on the conversation and decisions made regarding mandatory trainin and/or technical assistance, timelines for completion of mandatory trainin and/or technical assistance, and consequences of not receiving the mandated trainin and/or technical assistance. The Participant and his representative, as applicable, must sign the P upon completion. The support provider will provide copies of the signed P to the Participant's PD Manager, [redacted] M support provider entity, and other individuals, as necessary and appropriate.

- i. The support provider will be responsible for monitoring the P if the Participant or his representative, as applicable, fails to implement the P as agreed upon, this will be considered an episode of non-compliance. This will be reported by the support provider to the *Services My Way* Program coordinator.

3. Third episode of non-compliance When a Participant representative-employer is found to be out of compliance with the *Participant/Representative-Employer Agreement* for a third time, following the participation and completion of mandatory trainin and/or technical assistance to remediate the issue via successful implementation of the P, the following steps will occur:

D will issue a notification of non-compliance to the Participant representative-employer and the assigned support provider regarding the third and final episode of non-compliance, which will note that:

- i. The Participant representative-employer has had a third episode of non-compliance.
- ii. D is terminating the *Participant/Representative-Employer Agreement* with the Participant, per earlier notification.
- iii. The Participant will transition to traditional P services.
 - a. The Participant may ask for a fair hearing from the office of Administrative Hearings or the office of Health Care ombudsman if a request for a fair hearing is filed before termination from the *Services My Way* Program. If, within thirty (30) days of the date on the notice, the Participant will continue to receive current services while the appeal is pending.

- □□e □□pport □ro□er □ill provide copies of t□e notification to t□e Participant□ □PD □ aiver □are Mana□er, t□e □□□□ □M□-□□pport □ro□er entity and ot□er individ□als, as necessary and appropriate□
- □ it□in five (5) b□siness days of iss□in□t□e notification of non-compliance, t□e assi□ned □□pport □ro□er □ill contact t□e Participant re□ardin□t□e t□ird and final occ□rrence of non-compliance, and □ill cover t□e follo□in□topics□
 - i□ □ntrod□ctions, reason for t□e call and reference to t□e first, second, and t□ird notifications of non-compliance□
 - ii□ □evie□ of conse□ences of non-compliance □□□t□ree episodes in one 12-month□period□
 - iii□ Process for transitionin□t□e Participant to traditional P□□ services □it□ from t□e assi□ned □PD □ aiver □are Mana□er□
 - iv□ s□pport Details on t□e Participant□ fair □earin□and appeal ri□ts re□ardin□termination from t□e *Services My Way* Pro□ram□
- D. □ it□in five (5) b□siness days of t□e above-mentioned contact, t□e □□pport □ro□er □ill initiate completion of t□e *Participant Termination Notice*, in accordance □it□t□e *Participant Termination Notice Instructions*.



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
HOLTSVILLE NY 00501-0023

DATE OF THIS NOTICE: 07-28-2003
NUMBER OF THIS NOTICE: CP 575 A
EMPLOYER IDENTIFICATION NUMBER: 05-0578399
FORM: SS-4 NOBOD 0000003484
0133049684 B

FOR ASSISTANCE CALL US AT:
1-800-829-0115

OR WRITE TO THE ADDRESS
SHOWN AT THE TOP LEFT.

IF YOU WRITE, ATTACH THE
STUB OF THIS NOTICE.

PALCO INC
INDEPENDENT CHOICES PALCO
2504 MCCAIN BLVD STE 225
NORTH LITTLE ROCK AR 72116

WE ASSIGNED YOU AN EMPLOYER IDENTIFICATION NUMBER (EIN)

Thank you for your Form SS-4, Application for Employer Identification Number (EIN). We assigned you EIN 05-0578399. This EIN will identify your business account, tax returns, and documents even if you have no employees. Please keep this notice in your permanent records.

Use your complete name and EIN shown above on all federal tax forms, payments and related correspondence. If you use any variation of your name or EIN, it may cause a delay in processing and may result in incorrect information in your account. It also could cause you to be assigned more than one EIN.

Based on the information shown on your Form SS-4, you must file the following form(s) by the date we show.

Form 941	10/31/2003
Form 1120	03/15/2004
Form 940	01/31/2004

Your assigned tax classification is based on information obtained from your Form SS-4. It is not a legal determination of your tax classification, and is not binding on the IRS. If you want a determination of your tax classification, you may seek a private letter ruling from the IRS under the procedures set forth in Revenue Procedure 98-01, 1998-1 I.R.B.7 (or the superceding revenue procedure for the year at issue).

If you need help in determining what your tax year is, you can get Publication 538, Accounting Periods and Methods, at your local IRS office.

If you have questions about the form(s) or the due date(s) shown, you can call us at 1-800-829-0115 or write to us at the address shown above.

Appendix 5



P.O. Box 242930
Little Rock, AR 72223

FIRST SECURITY BANK
17810 CANTRELL RD
LITTLE ROCK AR 72223

474488

DATE 05/15/2017
AMOUNT \$330.01

PAY * THREE HUNDRED THIRTY AND 01 / 100 *

TO THE ORDER OF **EE JANE DOE**
STREET1
STREET2
CITY, AR 12345

AUTHORIZED SIGNATURE

⑈ 4 7 4 4 8 8 ⑈ 0000000000 ⑈ 00000000 ⑈

Employer ID	Employer Name	Employee ID	Employee Name	SSN	Payroll Date	Direct Deposit #	Amount
000000	ER JOHN DOE	00000-00-xxxx	EE JANE DOE	1234	05/15/2017	474488	\$ 330.01

Description	Service Dates	Participant Name	Hours	Rate	This Payroll	Year to Date
EARNINGS						
Attendant care	01/16/17 - 01/31/17	Participant name A	15.00	\$12.50	\$187.50	\$187.50
Homemaker services	01/01/17 - 01/15/17	Participant name B	12.00	\$10.00	\$120.00	\$202.50
Homemaker services	01/16/17 - 01/31/17	Participant name B	8.25	\$10.00	\$82.50	\$0.00
					\$390.00	\$390.00
TAX DEDUCTIONS						
Social Security					(\$24.18)	(\$24.18)
Medicare					(\$5.66)	(\$5.66)
Federal Income Tax					(\$30.15)	(\$30.15)
					(\$59.99)	(\$59.99)
				Net Total:	\$330.01	\$330.01

*PLEASE USE THIS PAY STUB FOR INCOME AND EMPLOYMENT VERIFICATION PURPOSES.

Disaster Recovery and Business Continuity Plan

1. Purpose and Objective

Palco developed this disaster recovery plan (DRP) to be used in the event of a significant disruption to business workflow. The goal of this plan is to outline the key recovery steps to be performed during and after a disruption to return to normal operations as soon as possible.

Scope

The scope of this DRP document addresses technical recovery only in the event of a significant disruption.

This disaster recovery plan provides:

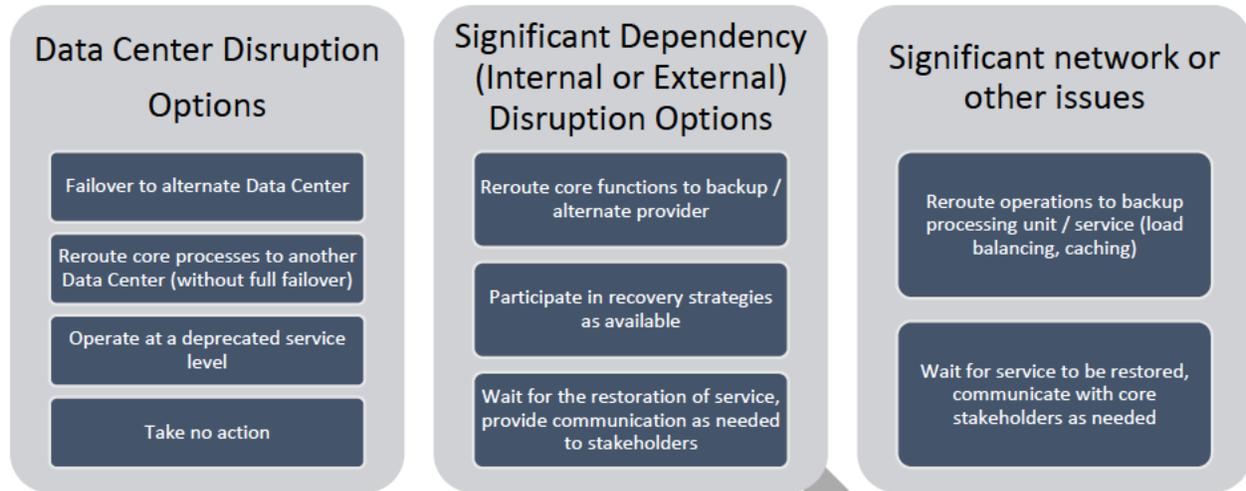
- Guidelines for **determining plan activation**;
- Technical **response flow** and recovery strategy;
- Guidelines for **recovery procedures**;
- References to key **Business Continuity Plans** and technical dependencies (see Appendix A for more information);
- **Rollback procedures** that will be implemented to return to standard operating state;
- **Checklists** outlining considerations for escalation, incident management, and plan activation.

The specific objectives of this disaster recovery plan are to:

- Immediately mobilize a core group of leaders to assess the technical ramifications of a situation;
- Set technical priorities for the recovery team during the recovery period;
- Minimize the impact of the disruption to the impacted features and business groups;
- Stage the restoration of operations to full processing capabilities;
- Enable rollback operations once the disruption has been resolved if determined appropriate by the recovery team.

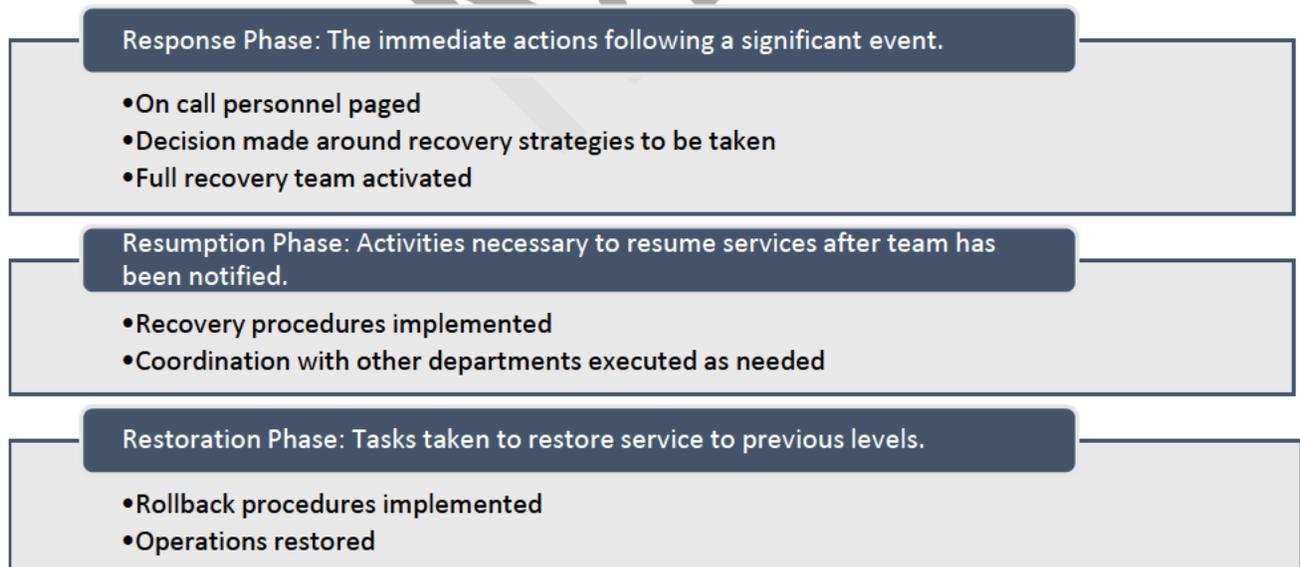
2. Disaster Recovery Strategies

The overall DR strategy of Palco is summarized in the tables below and documented in more detail in the supporting sections.



3. Current Disaster Recovery Procedures

A disaster recovery event can be broken out into three phases, the response, the resumption, and the restoration. These phases are also managed in parallel with any corresponding business continuity recovery procedures summarized in the business continuity plan.



Response Phase

The following are the activities, parties and items necessary for a DR response in this phase. Please note these procedures are the same regardless of the triggering event (e.g. whether caused by a Data Center disruption or other scenario).

Response Phase Recovery Procedures – All DR Event Scenarios

Step	Owner	Duration	Components
Identify issue, page on call / Designated Responsible Individual	DR TEAM	15 minutes	<ul style="list-style-type: none"> Issue communicated / escalated Priority set
Identify the team members needed for recovery	DR TEAM	15 minutes	Selection of core team members required for restoration phase from among the following groups: <ul style="list-style-type: none"> Operations Human Resources
Establish a communication path to coordinate next steps	DR TEAM or Ops	60 minutes	Alternate / backup communication tools: email, communicator
Communicate the specific recovery roles and determine which recovery strategy will be pursued.	DR TEAM	30 minutes	<ul style="list-style-type: none"> Documentation / tracking of timelines and next decisions Creation of disaster recovery event command center as needed

Resumption Phase

During the resumption phase, the steps taken to enable recovery will vary based on the type of issue. The procedures for each recovery scenario are summarized below.

Data Center Recovery

Step	Owner	Duration	Components
Initiate Failover	DR TEAM	10 minutes	<ul style="list-style-type: none"> Restoration procedures identified Risks assessed for each procedure Coordination points between groups defined Issue communication process and triage efforts established
Complete Failover	DR TEAM	1 hour max.	<ul style="list-style-type: none"> Recovery steps executed, including handoffs between key dependencies
Test Recovery	DR TEAM	30 minutes	<ul style="list-style-type: none"> Tests assigned and performed Results summarized and communicated to group
Failover deemed successful	DR TEAM	5 minutes	<ul style="list-style-type: none"> Final evaluation

Coordination of recovery actions is crucial. A timeline is necessary in order to manage recovery between different groups and layers to reroute critical processes to an alternate site and operate at the level required to sustain operations.

Restoration Phase

During the restoration phase, the steps taken to enable recovery will vary based on the type of issue. In preparation for such an event, the following tasks are completed on a daily basis:

- All server data and software programming files are backed up weekly to a tape drive. Backup tapes are stored off-site for a period of 13 days before they are overwritten with new data.
- Any computer files which have been modified at newer date than our weekly backup are backed up daily to tape which are then rotated off-site for a period of 13 days.
- All software program disks are stored off-site.

When current software is upgraded, or new software is installed, a backup of any pertinent data are stored at a secure external site. Thus, current and archived files are stored externally in a secure location. All software program disks are stored off-site. Off-site computers are loaded with utilized software. In the event of disaster, off-site computers are activated, data is restored, and business continues with little interruption. In this sense, Palco, Inc. maintains a cold site for immediate use should a disaster occur to ensure the following:

- Ability to return to operation without interruption of data (RPO is less than 24 hours).
- Ability to return to operation using appropriate software that is completely updated as of the previous day's work.
- Timely return to operation and production (RTO within 24 hours).
- Capability of the "cold site" to meet all the standards required by Palco, Inc. to ensure efficient production of key tasks.

All computers stored off-site are protected by password and other operational integrity mechanisms to ensure proper authorization has been granted for access to computer files. Each employee has a unique identification and password to enter computer workstations and software. Each employee's security level determines their access to computer files.

The procedures for each recovery scenario are summarized below.

Data Center Recovery
Full Data Center Restoration

Step	Owner	Duration	Components
Determine whether failover to original Data Center will be pursued	DR TEAM	15 min – 2 hours	<ul style="list-style-type: none"> Restoration procedures determined
Original data center restored	DR TEAM	2 hours	<ul style="list-style-type: none"> Recovery by operationalizing the cold site. Equipment is powered on. Any backups restored. Critical personnel is given credentials to begin operations.
Complete Failback	DR Team	2 hours	<ul style="list-style-type: none"> Failback steps executed, including handoffs between key dependencies
Test Failback	DR Team	30 minutes	<ul style="list-style-type: none"> Tests assigned and performed Results summarized and communicated to group Issues (if any) communicated to group
Determine whether failback was successful	DR TEAM	15 minutes	<ul style="list-style-type: none"> Declaration of successful failback and communication to stakeholder group. Disaster recovery procedures closed. Results summarized, post mortem performed, and DRP updated (as needed).

The following section contains steps for the restoration procedures.

Full Server Farm Recovery

This section describes the process for recovering from a farm-level failure, for a: three-tiered structure consisting of a *database server*, a network storage device, and a *Web server* that hosts the portal application and provides Web content.

1. Power on servers and load updated data

Servers at the cold site are powered on. Network hardware is connected. Data is loaded and network connections are confirmed. In particular, SQL Server connectivity is confirmed. IIS settings are confirmed.

A central administration site is operationalized and the database connectivity is confirmed to allow for workstation connectivity to the server. Workstations are connected and confirmed operable.

2. Restoration

Backup procedures are engaged for the cold site in order of highest priority starting with the SQL server. We conduct periodic testing and updating of the Disaster Recovery Plan for electronic and hard copy files to ensure plan effectiveness. Servers are connected to an uninterruptable power supply system (UPS), which conditions incoming power to the server and provide sufficient processing time for the server to be correctly shutdown in the event of a power failure. Finally, in the event of damage to the primary

operational site of sufficient magnitude, a second company location is able to be modified to accommodate the system.

The database we use for PalPro (SQL) and software for PalFax are backed up as part of our backup plan detailed above. Our database and all associated log files are backed up as a full backup weekly and kept offsite. In addition to the weekly backup, we perform an incremental backup daily (along with transaction logs) and keep this backup secured offsite. With this setup, we can effectively restore a database to any given day using the combination of offsite backups and daily incremental backups.

3. Redeploy operations and customizations

Call center and operations begin. (Our phone system is completely digital and relies on having sustainable power and internet functionality to work at its full operational status. However, in case of power outage or internet failure, we do have the ability to operate at a limited capacity using analog phone lines and equipment, or with use of offsite softphones.)

4. Cloud Services Disaster Recovery Procedures

Disaster recovery process for Palco's cloud and cloud hybrid services.

- Case Management
- Timesheet Entry Admin
- Financial Management (Cloud Hybrid)
- Timesheet Entry Mobile Client

For on-premises accounting service outage, follow steps under section 3.

Step	Owner	Duration	Components
Track communication and status with the core recovery team.	DR TEAM	As needed	<ul style="list-style-type: none"> • Operations
Send out frequent updates to core stakeholders with the status.	DR TEAM	As needed	
Inform other teams about technical dependencies	DR TEAM	As needed	<ul style="list-style-type: none"> • Customer Service Response • Internal Operations

The steps required for Palco to implement GCP cloud failover are as follows:

Full Zone Outage:

Contact GCP representative for zone status.

Update Terraform with nearest available zone.

Terraform UP

Ensure automatic restoration of service connectivity.

After zone becomes available perform zone regression outside normal work hours.

Platform Managed Services Outage:

Check console for system status.
 Contact GCP representative to report service outage.
 Work with GCP on resolution. (if zonal issue follow Full Zonal Outage steps to mitigate)
 Check Pub/Sub has reactivated and replayed queued messages.

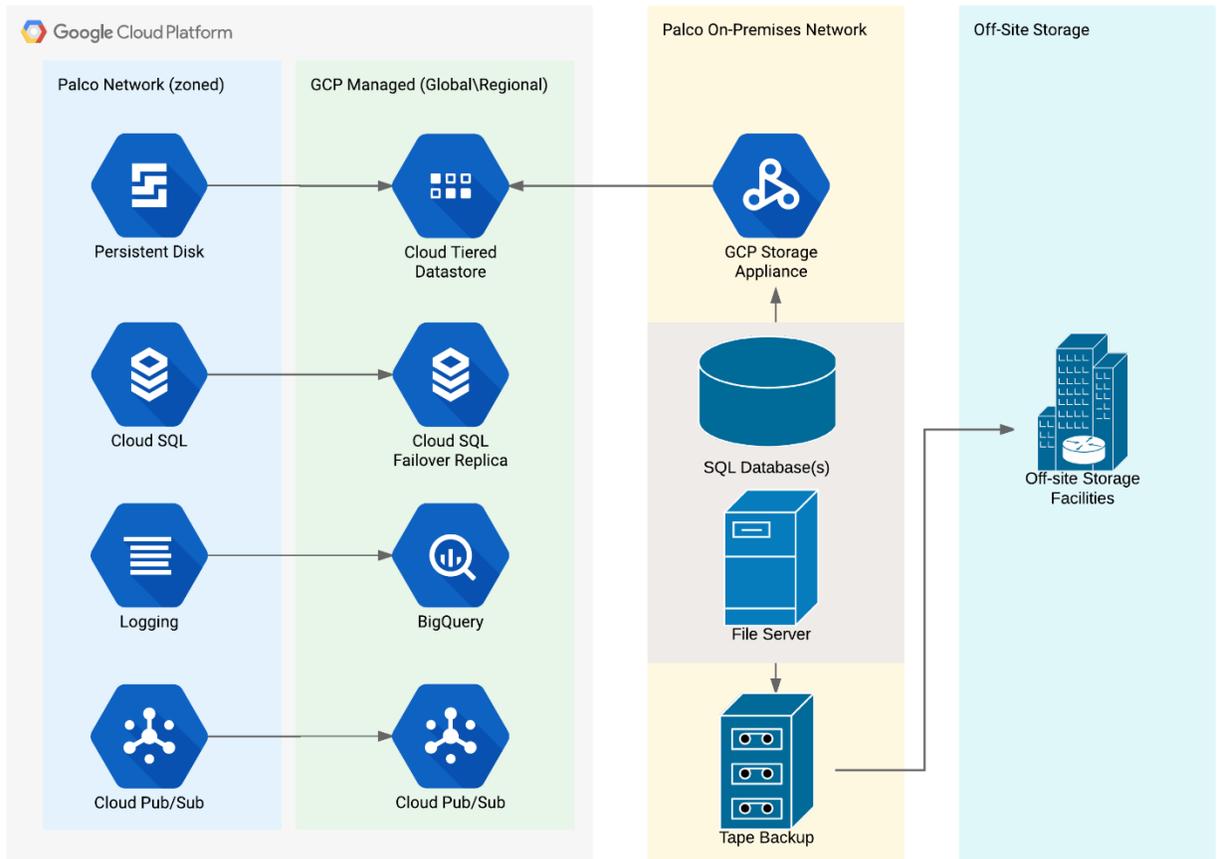
Compute Instance Outage:

Identify CE instance(s) effected.
 Determine type of failure.
 Restart or Re-deploy

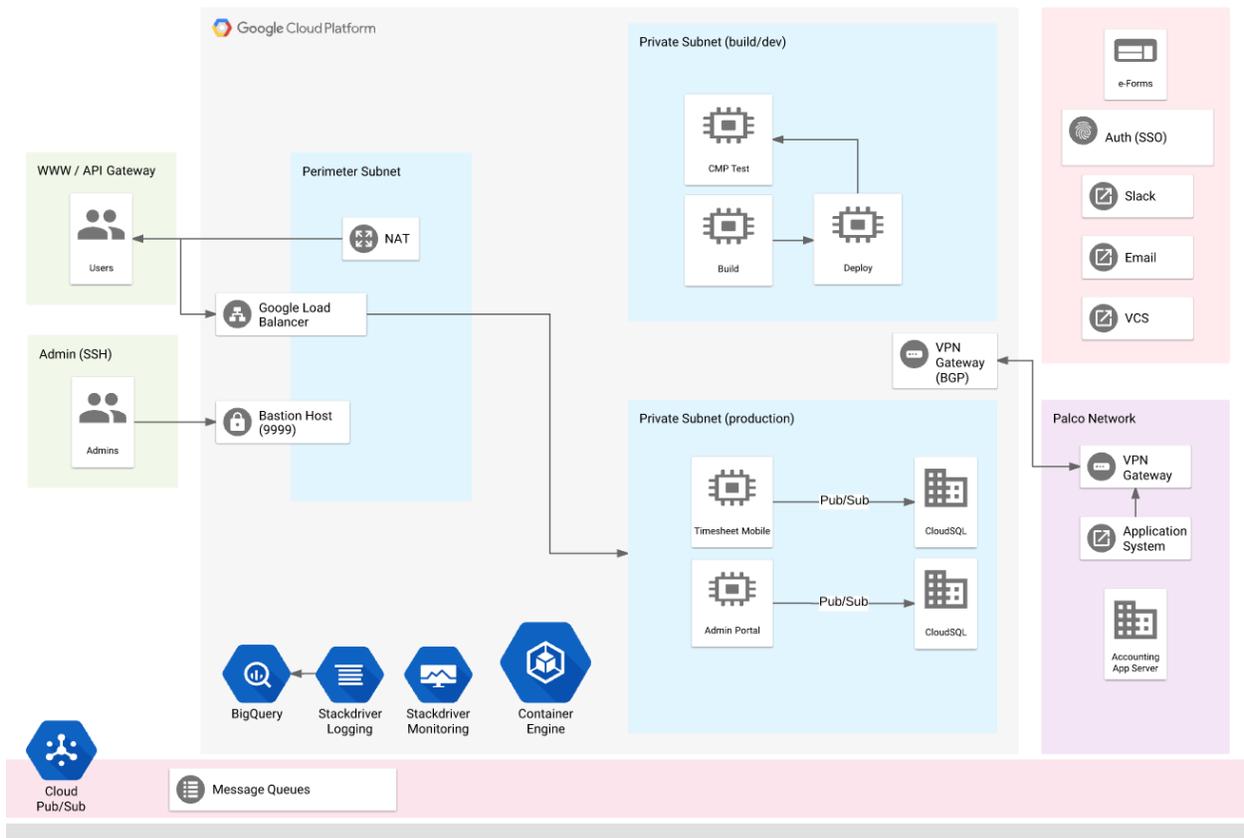
Cloud SQL Outage:

Check console for system status.
 Check for successful automatic failover.
 Contact GCP representative to report service outage.
 Work with GCP team on resolution.
 Perform manual failover if necessary.
 Point-in-time restore from backup – if all other options exhausted.

PALCO BACKUP DATA FLOW DIAGRAM



PALCO CMP



Appendix A: Business Continuity Plan

This plan describes Palco, Inc.'s ability to respond to, work through, and recover from any type of disaster. It includes definitions, as well as processes and procedures that must be followed to ensure successful, efficient, and timely disaster recovery. Each member of senior management and the DRP team will be issued a copy of this plan to be filed at home. The plan will also be posted on Palco servers for staff access.

Disasters take many forms and vary in severity. They can be the result of a natural or manmade occurrence. A disaster refers to anything that affects Palco's ability to carry out its normal functions and responsibilities; however, it is the severity of the occurrence that determines when and if Palco activates its business continuity plan (BCP). If a disaster occurs, members of Palco's team will assess the situation and determine if the plan should be activated. Some of the situations that would require DRP activation, include, but are not limited to:

- One or more vital systems are nonfunctional.
- The building is not available for an extended period of time, but all systems are functional within it.
- The building is damaged or destroyed.
- The building is available, but all systems are nonfunctional.
- The building and all systems are nonfunctional.
- The building has experienced a total loss of power.
- A catastrophic event that prevents the leadership team or staff from reaching the building.

In the event of a disaster, Palco's No.1 priority is preventing the loss of life. Before any secondary measures are taken, Palco will ensure that all employees and other affected individuals are safe and secure. After safety is ensured, Palco will activate the BCP to bring all functions back to normal functioning as quickly as possible. This includes, but may not be limited to:

- Preventing the loss of the organization's resources, such as hardware, data, and physical IT assets.
- Minimizing downtime related to IT.
- Minimizing downtime of the call center.
- Keeping the business running in the event of a disaster.

Palco's plan takes the following areas into consideration:

- Network infrastructure
- Servers infrastructure
- Telephone systems
- Data storage and backup systems
- Data output devices
- Organizational software systems
- Database systems
- IT documentation

This policy and procedure has been established to ensure that, in the event of a disaster or crisis, personnel will have a clear understanding of who should be contacted.

Each BCP team member is assigned a specific task. The roles and responsibilities of each DRP team member are describe below and are subject to change, based on the type and severity of the disaster. Team members may be asked to perform additional tasks not described in this section.

The Primary Team Leader is responsible for making all decisions related to the disaster recovery efforts. The primary role is to guide the disaster recovery process and other members of the team in their specific roles. All team members will report to the team leader. The team leader’s responsibilities include, but are not limited to:

- Determining that a disaster has occurred, as well as assessing its magnitude.
- Setting the plan and related processes into motion.
- Contacting the disaster recovery team per the call tree.
- Determining what systems and processes have been affected by the disaster.
- Assessing any physical damage to the primary facility.
- Determining what first steps need to be taken by the disaster recovery teams.
- Being the single point of contact for and overseeing the disaster recovery team.
- Organizing and chairing regular meetings of the team throughout the disaster.
- Evaluating the state of the disaster continuously and the decisions that need to be made.
- Organizing, supervising, and managing all tests and author all updates.
- Organizing quarterly meetings of the disaster recovery team to review the plan.
- Keeping the disaster recovery team on track with pre-determined expectations and goals.
- Ensuring that all decisions made abide by the plan and policies set by Palco.
- Making decisions that will impact the company. This can include decisions concerning rebuilding of primary facilities and data centers, investing and upgrading in significant hardware and software infrastructure, and making other financial and business decisions.
- Assessing legal issues related to the disaster.
- Communicating with business partners throughout the disaster recovery process.
- Ensuring that the secondary site is fully functional and secure.
- Ensuring that measures are taken to prevent further damage to the primary facility.

The Backup Team Leader is charged with the following tasks:

- Assisting the Primary Team Leader with assessing the magnitude of the disaster and any physical damage to the primary facility.
- Being a secondary point of contact for the disaster recovery team should the Primary Team Leader be unavailable.
- Keeping a record of money spent during the disaster recovery process.
- Ensuring there is sufficient cash on hand or accessible to deal with small-scale expenses caused by the disaster.
- Ensuring sufficient resources are available or accessible to deal with large-scale expenses caused by the disaster.
- Reviewing and approving disaster team members’ spending.
- Communicating with banking partners to obtain any materials, such as checks, bank books, etc. that may need to be replaced as a result of the disaster.
- Working with an insurance company in the event of damage, destruction, or losses to any assets owned by Palco and initiating claims and working with carriers to resolve matters concerning the disaster.
- Ensuring that appropriate resources are provisioned to rebuild or repair the main facilities in the event that they are destroyed or damaged.

The Backup Team Leader will assume the role of the Primary Team Leader and all responsibilities thereunder in case the Primary Team Leader is unable to lead.

Because Palco's No. 1 priority is preventing loss of life and ensuring the safety of its employees, the Human Resources member of the disaster recovery team is crucial. The Human Resources member's responsibilities include, but are not limited to:

- Maintaining a list of all employees, their contact information and emergency contact information electronically and off-site.
- Contacting all Palco staff, including the management team, to notify them that the BCP has been activated.
- Communicating with the team leader throughout the activation stage.
- Maintaining communication with employees to constantly relay messages from the team leader.
- Notifying an employee's emergency contact in any case of an employee injury or other incapacitation of the employee.
- Conducting an employee headcount, ensuring that all staff is accounted for and uninjured, immediately after the disaster occurs and at various checkpoints throughout the disaster recovery plan activation and operational restoration processes.
- Ensuring that payroll occurs and that employees are paid as normal, where possible.
- Ensuring that transportation and/or lodging is secured for employees working out of the secondary facility, if applicable.
- Ensuring that sufficient supplies are provided for all employees working out of the standby facility.

The Communications team member will be responsible for all communication during a disaster. This includes communication with state agencies, other organizations, and even the media, if required. These responsibilities include, but are not limited to:

- Communicating the occurrence of a disaster and its impact to authorities, state agencies, company partners, internal parties, clients, and other interested parties.
- Communicating the occurrence of a disaster and the impact of that disaster to media contacts, if required.
- Coordinating with the Team Leader and other team members on appropriate messaging, as needed.
- Notifying the relevant parties once the disaster is over and normal business functionality has been restored.

The Director of Communications will coordinate with the media, working according to guidelines that have been previously approved and issued for dealing with post-disaster communications. Only the Director of Communications and her appointed media team is permitted direct contact with the media.

The operations role of the disaster recovery team will determine what steps need to be taken to get the organization back to business as usual. This includes ensuring all aspects of a standby facility meet Palco policy and are maintained appropriately; assessing the damage and overseeing the repairs to the primary location in the event of the primary location's destruction or damage; and, providing employees with the tools they need to perform their roles as quickly and efficiently as possible.

The operations team will be tasked with the following:

- Keeping the operational roles of disaster recovery team on track with pre-determined expectations and goals.
- Getting the secondary site ready to restore business operations.
- Ensuring that all departments are running seamlessly as soon as possible.

- Determining what resources are needed, including personnel resources, to achieve operational objectives.
- Creating a detailed report of all the steps undertaken in the disaster recovery process.
- Maintaining lists of all essential supplies that will be required in the event of a disaster and ensuring that these supplies are provisioned appropriately in the event of a disaster.
- Maintaining a log of where all of the supplies and equipment are used.
- Communicating with partners throughout the operational restoration process.
- Ensuring that all decisions made abide by the BCP and policies set by Palco.
- Working with the team leader and information technology and communications team members on understanding the magnitude of the disaster.
- Implementing Palco’s policies for setting up a temporary call center and other operational departments at a secondary location.
- Training employees on how to carry out essential functions in a secondary facility, as well as on what information to provide parties who are inquiring about the disaster recovery and Palco’s response.
- Executing Palco’s communication plan as developed by the communications team and the Primary Team Leader.

Each operational department director is required to maintain regular contact with the operations team leader during the recovering process. Each director will have expanded roles for ensuring that the operations are continued as required by our contracts and ongoing business operations. Directors must ensure that staff is able to carry out essential functions as efficiently as possible during recovery. They may delegate non-critical roles to key staff members on their team with the operational team leader’s approval.

Operational Departments Roles and Responsibilities

Financial Services	Care Coordination	Customer Support
<ul style="list-style-type: none"> • Communicate with financial institutions • Communicate with relevant taxing and other authorities • Securing requisite department-specific supplies, such as forms, checks, and deposit slips 	<ul style="list-style-type: none"> • Securing requisite department-specific supplies, such as program manuals, forms, and other training materials, from the primary facility 	<ul style="list-style-type: none"> • Publishing emergency phone numbers for the call center • Working with the communications staff to develop a script or outline of information to be released to callers

Technology is the backbone of Palco’s operations. During a disaster, the information technology disaster recovery team member is responsible for evaluating all IT-related systems, assessing damage and creating a plan for recovery. The role will be primarily responsible for providing baseline network and server functionality and may assist other team members as required. The information technology member’s responsibilities include, but are not limited to:

- Assessing damage specific to any network infrastructure.

- Communicating the findings with the team leader and working with the team leader to develop the most efficient course of action.
- Provisioning data and voice network connectivity, including any telephone connections internally and externally.
- Prioritizing the recovery of all IT services in the manner and order that has the least impact on the business, if multiple IT services are impacted.
- Communicating and coordinating with any third parties to ensure recovery of connectivity.
- Migrating IT operations to an alternate site, if required, and ensuring that services are operational in the secondary facility.
- Installing and implementing any tools, hardware, software, and systems required, and ensuring that secondary servers are kept up-to-date in the standby facility.
- Installing and implementing any tools, hardware, software, and systems required in the primary facility.
- Determining which servers or other IT tools are not working properly at the primary facility, if the disaster does not require migration to a secondary facility.
- Ensuring that secondary servers located in standby facilities are kept up-to-date with data copies.
- Ensuring that the secondary servers located in the standby facility are backed up appropriately.
- Ensuring that all servers, hardware, software, and other IT tools meet Palco's IT policies.
- Ensuring sufficient spare computers and laptops are on hand so that work is not significantly disrupted in a disaster.
- Ensuring that spare computers and laptops have the required software and patches.
- Ensuring sufficient computer and laptop related supplies such as cables, wireless cards, laptop locks, printers, and other hardware are on hand so that work is not significantly disrupted in a disaster.
- Ensuring that all employees that require access to a computer and other related supplies are provisioned in an appropriate timeframe. If insufficient computers or related supplies are not available, the team will prioritize distribution in the manner and order that has the least business impact.

Regardless of the category that the disaster falls into, dealing with a disaster can be broken down into the following steps:

1. Disaster identification/declaration and plan activation
2. Staff headcount
3. Communicating the disaster and BCP
4. Assessment of current damage and prevention of further damage
5. Standby facility activation
6. Establish IT operations
7. Establish primary operations
8. Repair and rebuilding of primary facility

When a disaster strikes, the BCP team leader evaluates the type, scope, and magnitude of the disaster, and communicates this information to other members of the disaster recovery team. The team leader has the explicit authority to activate the BCP and to what extent the plan is activated.

Once the Team Leader has determined that a disaster had occurred, he or she must officially declare that the company is in an official state of disaster. It is during this phase that the Disaster Recovery Lead must ensure that anyone that was in the primary facility at the time of the disaster has been accounted for and evacuated to safety according to the company's Evacuation Policy. While employees are being

brought to safety, the Team Leader will instruct the Communications Team and the Human Resource Team to begin contacting the authorities and all employees not at the impacted facility that a disaster has occurred.

If a disaster occurs, the first priority is to ensure that all employees are safe and accounted for.

In the event that the premises need to be evacuated, staff must assemble at one of two meeting points. The alternate meeting point is used in cases where the primary meeting point is not accessible. While evacuating the building, ensure not to use elevators and to use the stairwells located at both sides of the building.

Assembly Points



The Human Resources member of the disaster recovery team is responsible for notifying all staff when a disaster has occurred. This team member is required to maintain a list of all personnel, along with their contact information and an emergency contact off-site. Palco staff are required to provide an emergency contact to the Human Resources team member upon request.

If a staff member learns of a disaster impacting Palco or its facilities and has not been contacted by the Human Resources disaster recovery team member, he or she must contact their supervisor. Staff should avoid contacting the Human Resources team member, because he or she may be in the process of gathering information and communicating with the team leader.

Human Resources will keep staff abreast of general disaster recovery and business continuity plans and protocols. Specific operational protocols will come from supervisors.

It is very important during the disaster recovery and business recovery activities that all affected persons and organizations are kept properly informed. Information given to all parties must be accurate and timely. In particular, any estimate of the timing to return to normal working operations should be announced with care. All communication regarding the disaster and Palco’s BCP will be provided by the communications team. All such communications should be recorded.

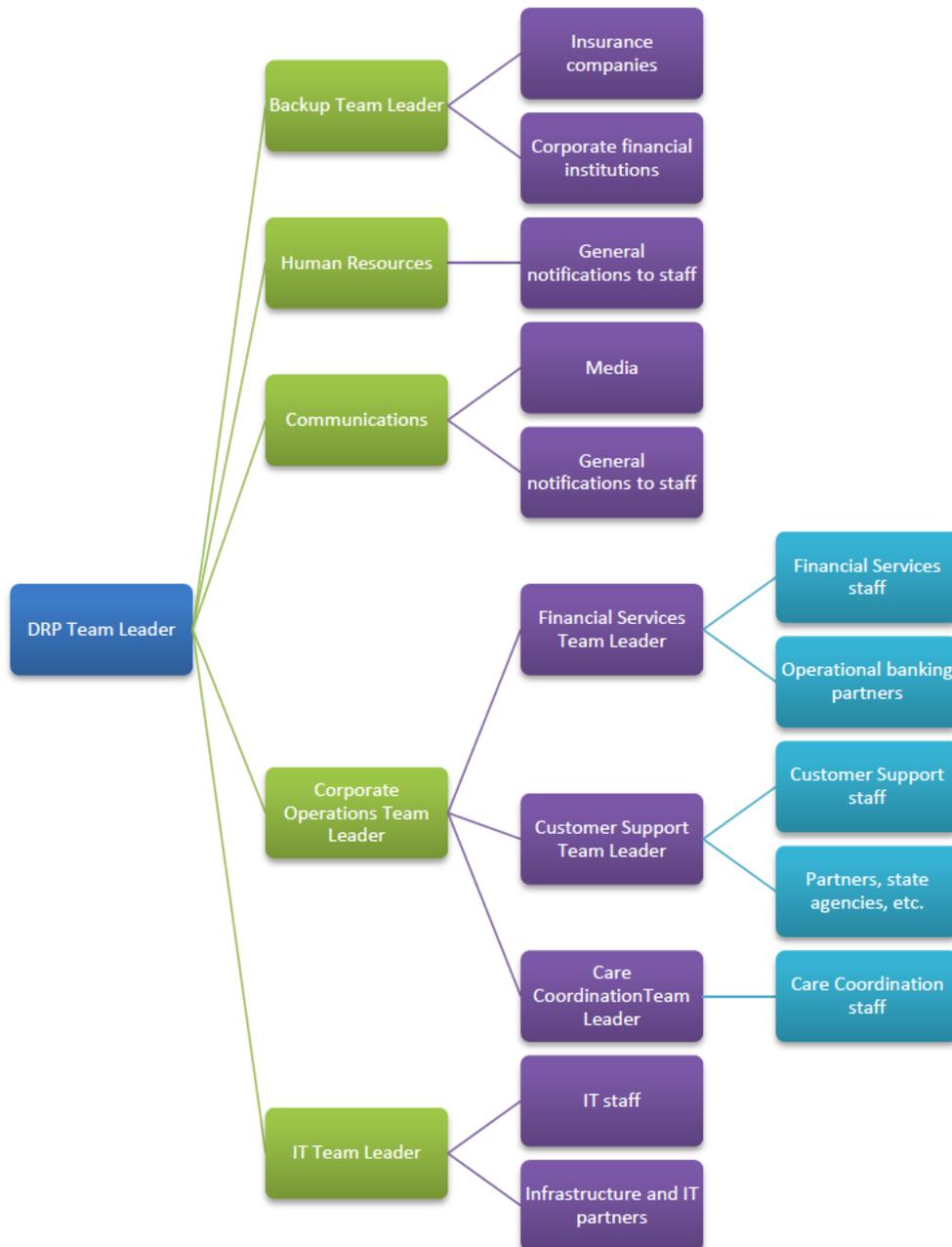
Initial communication during the activation process will follow the call tree illustrated below. At this phase, communications will flow in the first branch (green). Instructions will be given as to when communications should flow to subsequent branches (purple and teal).

Procedures have been addressed to ensure that communication can be quickly established while activating disaster recovery. However, during the recovery process, certain team members must work together to carry out their designated tasks. The plan relies on key members of management and staff to achieve a smooth technology and business recovery.

All teams will be required to create an initial report on the damage and provide this to the Disaster Recovery Lead within a timeframe set by the team lead of the initial disaster. During each team’s review of their relevant areas, they must assess any areas where further damage can be prevented and take the necessary means to protect company assets. Any necessary repairs or preventative measures must be taken to protect the facilities; these costs must first be approved by the Disaster Recovery Team Lead. The team will assemble to discuss the disaster and next steps to prevent further damage to systems. The assessment and prevention plan will take on the following course:

1. Assessment of impacted systems.
2. Determination of the extent of the damage to the system.
3. Ranking of importance by criticality to business practices.
4. Determine recovery measures to get the impacted systems back to operational status.
5. Assignment of team members to recovery of impacted systems.
6. Determine other resources needed for recovery of impacted systems.

7. Determine the scheduled time to ensure that the impacted system becomes operational at maximum capacity.
8. Assessment of impacted systems.
9. Determination of the extent of the damage to the system.
10. Ranking of importance by criticality to business practices.
11. Determine recovery measures to get the impacted systems back to operational status.
12. Assignment of team members to recovery of impacted systems.
13. Determine other resources needed for recovery of impacted systems.
14. Determine the scheduled time to ensure that the impacted system becomes operational at maximum capacity.



Resources will first be allocated to items identified as high priority, then to medium priority, and then to low priority. At the conclusion of the meeting, outstanding items for each team member will be addressed before allowing the staff to begin their BCP tasks. During the meeting, actions will be documented using the format in the grid below.

BCP Assessment Plan

Description of Disaster:				
Date of Disaster:		BCP Activation Date:		
Action Taken	DRP Member	Date & Time	Outcome	Follow-up Activities Requested (include parties responsible)
Completion of DRP:		Team Leader Signoff:		

To ensure that Palco, Inc. can withstand a significant disaster, the company has set up a separate, dedicated standby facility. The standby facility will be formally activated when the Team Leader determines that the nature of the disaster is such that the primary facility is no longer sufficiently functional or operational to sustain normal business operations.

Once this determination has been made, the IT and Operations Teams will be commissioned to bring the standby facility to functional status after which the Team Lead will convene a meeting of the various BCP members at the Standby Facility to assess next steps and ensure that everyone understands appropriate tasks.

Once the BCP is activated, the disaster recovery team leader will establish the scope and severity of the disaster, as well as timeframes for how long the recovery site will be used. The recovery facility will have the following resources available:

- Copies of this document.
- Fully redundant server room.
- Sufficient servers and storage infrastructure to support enterprise business operations.
- Sufficient computers, laptops, and other hardware.
- Sufficient telephone systems to set up a temporary call center.
- Office space for DRP teams, IT, and the call center to use in the event of a disaster.
- External data and voice connectivity.
- Sleeping quarters for employees that may need to work multiple shifts, if applicable.
- Kitchen facilities (including food, kitchen supplies, and appliances), if applicable.
- Bathroom facilities (including toilets, showers, sinks, and appropriate supplies).
- Parking spaces for employee vehicles.

During Standby Facility activation, the IT team will need to ensure that their responsibilities are carried out quickly and efficiently so as not to negatively impact the other teams. The disaster recovery team, along with the information technology department and all operational departments, will utilize the standby facility until Palco’s permanent facility can be re-established. It will function as a central location where all decisions during the disaster will be made. It will also function as a communications hub.

Because this site is already operational with equipment and key software already loaded onto computers, the location is only known to executives and will be published in the event of a disaster.

Palco, Inc. maintains a cold site for immediate use should a disaster occur to ensure the following:

- Ability to return to operation without interruption of data.
- Ability to return to operation using appropriate software that is completely updated as of the previous day's work.
- Timely return to operation and production.
- Capability of the cold site to meet all the standards required by Palco, Inc. to ensure efficient production of key tasks.

All computers stored off-site are protected by password and other operational-integrity mechanisms to ensure proper authorization has been granted for access to computer files. Each employee has a unique identification and password to enter computer workstations and software. Each employee's security level determines their access to computer files.

The database used for PalPro (SQL) and software for PalFax are backed up as part of our backup plan detailed above. Our database and all associated log files are backed up as a full backup weekly and kept off-site. In addition to the weekly backup, we perform an incremental backup daily (along with transaction logs) and keep this backup onsite locked and secured in a fireproof safe. With this setup, we can effectively restore a database to any given day using the combination of offsite backups and daily incremental backups.

Our phone system is completely digital and relies on having sustainable power and internet functionality to work at its full operational status. However, in case of power outage or internet failure, we have the ability to operate at a limited capacity using analog phone lines and equipment. With this setup, we can effectively restore a database to any given day using the combination of offsite backups and daily incremental backups.

Servers are connected to an uninterruptable power supply system (UPS), which conditions incoming power to the server and provides sufficient processing time for the server to be correctly shutdown in the event of a power failure. In the event of damage to the primary operational site of sufficient magnitude, a second company location is able to be modified to accommodate the system. The IT department restores equipment and software in terms of importance and criticality using a chart similar to that below.

Hardware & Software Criticality

Rank	IT System	System Components (In order of importance)
1		
2		
3		
4		
5		

In the event of a disaster, offsite tape backups are used to restore data to laptops located at the offsite location, which contains backup servers duplicated to the ones used for business operations. Data is restored in order of importance using a chart similar to the one below.

Data in order of importance

Rank	Data	Data Type	Back-up Frequency	Backup Location(s)
1				
2				
3				
4				
5				

Once IT operations have resumed, normal business operations may be restored effectively. However, the commencement of restoring business operations should not wait for restoration of IT operations. Instead, activities should occur simultaneously.

Before the company can return operations to Primary Facilities, those facilities must be returned to an operable condition. The tasks required to achieve that will be variable depending on the magnitude and severity of the damage. Specific tasks will be determined and assigned only after the damage to Primary Facilities has been assessed. Before any employees can enter the primary facility after a disaster, appropriate authorities must first ensure that the premises are safe to enter.

The team leaders shall prepare an initial assessment of the impact of the incident on the financial affairs of the company. The assessment should include loss of financial documents, revenue, check books, credit cards, cash, equipment, furniture, and fixtures. Banking partners are notified immediately should any critical items be missing. The immediate financial needs of the company must be also addressed. In particular, the following are reviewed:

- Cash flow position.
- Temporary borrowing capability.
- Upcoming payments for taxes, payroll, etc.
- Availability of company credit cards to pay for supplies and services required post-disaster.

This team will be responsible for ensuring that all finances are dealt with in an appropriate and timely manner. The team will ensure that there is money available for necessary expenses that may result from a disaster as well as expenses from normal day-to-day business functions. Finances shall be managed closely during the disaster. Any spending needed to continue business operations are documented.

As part of the company's disaster recovery and business continuity strategies a number of insurance policies have been put in place. These include general liability and business interruption insurance. When necessary, insurance carriers will be notified and the claims process will commence.

The company internal counsel and outside counsel will jointly will review the aftermath of the incident and decide whether there may be legal actions resulting from the event; in particular, the possibility of claims by or against the company.

During the course of the disaster, a regular cadence of meetings will be established. During these meetings, all parties will discuss actions taken thus far and the status of progress on the BCP, including time to full recovery. In addition, the communications team will provide the staff with relevant messaging.

All key events that occur during the disaster recovery phase must be recorded. An event log shall be maintained by the disaster recovery Team Leader. This event log should be started at the commencement of the emergency and a copy of the log passed on to other team members once the initial dangers have

been controlled. Relevant team members must log all key events until such time as responsibility is handed over to other parties. A log template is shown below.

Business Continuity and Recovery Plan Documentation

Recovery Tasks (Order of Priority)	Person(s) Responsible	Completion Date		Milestones Identified	Other Relevant Information
		Estimated	Actual		
1.					
2.					
3.					
4.					
5.					
6.					
7.					

**Note: A priority sequence must be identified although, where possible, activities will be carried out simultaneously.*

On completion of the disaster recovery response the Team Leader will prepare a report on the activities undertaken. The report should contain information on the emergency, who was notified and when, action taken by members of the BCP team together with outcomes arising from those actions. The report will also contain an assessment of the impact to normal business operations. A disaster recovery report will be prepared by the Team Leader on completion of the initial disaster recovery response. In addition to the business recovery team leader, the report will be distributed to senior management. It shall include the following items:

- A description of the emergency or incident
- Those people notified of the emergency (including dates)
- Action taken by members of the disaster recovery team
- Outcomes arising from actions taken
- An assessment of the impact to normal business operations
- Assessment of the effectiveness of the DRP and lessons learned
- Lessons learned

This section explains where all of the organization’s data resides as well as where it is backed up to. Use this information to locate and restore data in the event of a disaster. Palco’s BCP includes procedures for restoring software, master files, and hardware, in the event that management information systems are disabled. In preparation for such an event, the following tasks are completed daily:

- All server data and software programming files are backed up weekly to tape backup media which are rotated offsite for a period of 13 days.
- Any computer files which have been modified at newer date than our weekly backup are backed up daily to tape backup media which are rotated offsite for a period of 13 days.
- All software program disks are stored off-site.

When current software is upgraded, or new software is installed, a backup of any pertinent data is stored at a secure external site. Thus, current and archived files are stored externally in a secure location. All software program disks are stored off-site. Off-site computers are loaded with utilized software. In the

event of disaster, off-site computers are activated, data is restored, and business continues with little interruption.

Palco, Inc.'s management team reviews the Business Continuity Plan quarterly, at a minimum, and makes any necessary revisions. Similarly, members of the disaster recovery team meet quarterly to review and discuss the processes outlined in the BCP; the team also makes suggestions to Palco management for any needed modifications at this time.

Palco conducts periodic testing and updating of the Plan for electronic and hard copy files to ensure plan effectiveness. The plan is tested through the following activities:

1. **Walkthroughs.** Team members verbally go through the specific steps as documented in the plan to confirm effectiveness, identify gaps, bottlenecks or other weaknesses. This test provides the opportunity to review a plan with a larger subset of people, allowing the project manager to draw upon a correspondingly increased pool of knowledge and experiences. Staff should be familiar with procedures, equipment, and offsite facilities (if required).
2. **Simulations.** A disaster is simulated so normal operations will not be interrupted. Hardware, software, personnel, communications, procedures, supplies and forms, documentation, transportation, utilities, and alternate site processing should be thoroughly tested in a simulation test. However, validated checklists can provide a reasonable level of assurance for many of these scenarios. Analyze the output of the previous tests carefully before the proposed simulation to ensure the lessons learned during the previous phases of the cycle have been applied. At least quarterly, Palco staff participates in disaster recovery plan exercises, including an evacuation drill of the main facility.
3. **Parallel Testing.** A parallel test can be performed in conjunction with the checklist test or simulation test. Under this scenario, historical transactions, such as the prior business day's transactions are processed against preceding day's backup files at the contingency processing site or hot site. All reports produced at the alternate site for the current business date should agree with those reports produced at the alternate processing site.
4. **Full-Interruption Testing.** A full-interruption test activates the total BCP/DRP. The test is likely to be costly and could disrupt normal operations, and therefore should be approached with caution. The importance of due diligence with respect to previous BCP/DRP phases cannot be overstated.

In the exercises, no one passes or fails; everyone who participates learns from exercises — what needs to be improved and how the improvements can be implemented. The exercises ensure that emergency teams are familiar with their assignments and, more importantly, are confident in their capabilities.



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□□DD□□□□
□□□□, □□□□P

Account Statement			
Case ID:	Palco ID	Participant Name:	Participant
Period Covered by Statement:		7/1/16-7/31/16	
Funds for Personal Assistant Services Deleted Funds 1,000.00 Funds Retained 0.00 Total Funds Available 1,000.00			
Expenses Personal Assistant 00.00 Payroll Expense 00.00 Other 0.00 Total Expenses 00.00			
Balance Remaining			112.00

