

**FIRST MODIFICATION TO
THIRD PARTY ADMINISTRATIVE SERVICES FOR FLEXIBLE SPENDING ACCOUNTS
– HEALTHCARE AND DEPENDENT DAYCARE CONTRACT
CONTRACT NO. F10B6400004**

THIS FIRST MODIFICATION AGREEMENT (the "Modification") is made this 16th day of December, 2016, by and between **P&A Administrative Services, Inc. ("P&A")** and the STATE OF MARYLAND, acting through the **Department of Budget and Management, Division of Procurement Policy and Administration, Employee Benefits Division ("DBM")**.

NOW THEREFORE, IN CONSIDERATION of the promises and the covenants herein contained, the parties agree to modify the Contract as follows:

1. **Revise RFP Section 3.9 (SOC 2 Type II Audit Report), specifically, Clauses #1 and 2 and rescind Clause #8 in its entirety, to take effect immediately upon execution, as follows:**

Clause #1	<p>The type of audit to be performed in accordance with the Guidance is a SOC 2 Type 2 Audit (referred to as the "SOC 2 Audit" or "SOC 2 Report"). The SOC 2 Report shall be completed annually and submitted to the Department's Contract Manager by <u>May 1</u> March 1 for the preceding calendar year. <u>The initial Contract year's SOC 2 Report shall include the four (4) trust principles, as outlined in Clause #2 below, and shall be completed for the term beginning January 1, 2017 – December 31, 2017. Each subsequent year's SOC 2 Report shall also include the four (4) trust principles and shall be completed on an annual basis for the term beginning January 1 through December 31 for each Option Year exercised by the State, plus the six month run-out period.</u> The initial Contract year's SOC 2 Report shall be scheduled and completed within a timeframe to be specified by the Department's Contract Manager.</p>
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Clause #2	<p>The SOC 2 Report shall report on a description of the Contractor and/or Subcontractor's system and the suitability of the design and operating effectiveness of controls of the Information Functions and/or Processes relevant to the following trust principles: <u>Security, Availability, and Confidentiality, and Processing Integrity</u> as defined in the aforementioned Guidance. The SOC 2 Report should report on the suitability of the design and operating effectiveness of controls of the Information Functions and/or Processes to meet the requirements of the Contract, specifically the security requirements identified in Section 3.3.3.</p>
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Rescind Clause #8	<p>If the Contractor currently has an annual information security assessment performed that includes the operations, systems, and repositories of the Information Functions and/or Processes for the services being provided by the Contractor to the Department under the Contract, and if that assessment generally conforms to the content and objective of the Guidance, the Department will determine in consultation with appropriate State government technology and audit authorities whether the Contractor's current information security assessment is acceptable in lieu of the SOC 2 Report(s).</p>
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2. Scope of Modification.

This Modification amends the RFP and the Contract specifically as described herein. Except as specifically revised by the terms of this Modification, all of the terms of the RFP and the Contract shall remain in full force and effect and shall apply to this Modification.

IN WITNESS THEREOF, the parties have executed this First Modification as of the date hereinabove set forth.

CONTRACTOR:

P&A ADMINISTRATIVE SERVICES, INC.

[Redacted signature area] (SEAL)

By: *[Signature]*

11/14/16

Date

[Redacted witness area]

Witness/Attest

STATE OF MARYLAND:

DEPARTMENT OF BUDGET AND MANAGEMENT

[Redacted signature area]

By: David R. Brinkley, Secretary

12/16/16

Date

[Redacted witness area]

Witness

APPROVED FOR FORM AND LEGAL SUFFICIENCY THIS *22* DAY OF *November*, 2016.

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ASSISTANT ATTORNEY GENERAL