

Question 24

We would like to request that CMHC modify its requirements with respect to some of the insurance limits:

- Professional Insurance: Can it be reduced at \$1M like most other crown corporations?
- Fidelity Bond: This is an unusual requirement, can it be removed.
- Network Security and Privacy Liability: This is an unusual requirement, can it be removed.

Answer 24

CMHC has evaluated the risks involved with the statement of work and has determined that the insurance requirements included in section 4.21 reflect the risks association with the Services provided by the Standing Offer Holder.

Question 25

What level of detail is expected from the proponent to demonstrate knowledge for Section 3.3.2 (Technology Risk Oversight including Cyber-Security Risk)? Are case studies of similar work delivered by proponent enough? ORMF and cyber security frameworks can be considered fairly industry standard with exception of the regulatory requirements. Implementation can be specific to the organization.

Answer 25

The proponent should provide enough details to demonstrate the firm's knowledge and experience with the Technology Risk Oversight. To do so the offeror may refer to previous experiences with consulting projects for which the requirements were similar. These may include case studies if appropriate.

Question 26

Does the case studies from past projects need to demonstrate all capabilities per case study or can multiple case studies be included for separate areas (e.g. separate for each of categories like IT asset management, technology operations, cyber security etc.) to prove overall experience and knowledge?

Answer 26

Multiple case studies can be included for separate areas to demonstrate overall experience and knowledge of the offerer with the area.

Question 27

Does development of ORMF framework require complete end-to-end analysis, development and deployment or it will be limited to maintaining and fixing the gaps in the current framework?

Answer 27

CMHC recently adopted an Operational Risk Management Framework as well as an Operational Risk Taxonomy for CMHC. The ORM Framework provides a structured approach to the identification, assessment, mitigation, measurement, monitoring and reporting of operational risk and is aligned with guidance for regulated institutions and industry practice. The plan is to implement the ORMF over the next 3 years. As described under Section 3.3.1 this will involve

developing some of the tools included in the ORMF (some are already developed or under development) as well as providing research, advice, deployment of applications/systems for supporting the ORMF.

Question 28

Are there already any pre-approved frameworks/tools that CMHC technology/risk team recommends that proponent needs to be aware of? Would CMHC consider proponent provided solutions/frameworks as accelerators for implementing the solutions?

Answer 28

As it regards risk management in general, CMHC is implementing the three lines of defence risk governance model. The operational risk tools should generally be aligned, where appropriate, to Basel and OSFI guidance. Internal technology frameworks are under development in alignment with UCF (Universal Control Framework), ISO 27000 series for IT Security controls and risk frameworks, and COBIT version 5.

Question 29

Is there any existing documentation that can be shared to understand the scope of existing CMHC processes, governance and internal/external controls in place to accurately estimate and gauge the overall scope of work for RFP?

Answer 29

It is not necessary for the interested parties to have such documentation at this point. CMHC recently adopted an Operational Risk Management Framework as well as an Operational Risk Taxonomy. The CMHC ORM Framework provides a structured approach to the identification, assessment, mitigation, measurement, monitoring and reporting of operational risk and is aligned with guidance for regulated institutions and industry practice. The road map over the next three years is to implement the ORMF. There will be a clear statement of work for each call up.

Question 30

Would proponent also be responsible for coordinating and transitioning the existing CMHC processes to the newly deployed framework?

Answer 30

CMHC will be responsible for coordinating and transitioning existing processes to the newly adopted framework.

Question 31

For Stream 1, could you please give us some examples of the training topics and typical format of training material. Who will be the target audience for these trainings.

Answer 31

As everyone within CMHC has a role vis-à-vis risk, the training needs are wide and vary. Consultants could be asked to provide training to CMHC professionals within the CRO sector for implementing the ORMF tools (RCSAs, KRIs, etc). Training might be required too to raise the awareness and capacity of specific operational teams with regards to their own responsibilities.

An example would be to provide training on the risk assessment tools as it regards outsourcing. At a more general level, there might be a need to provide training to CMHC employees in general to increase levels of awareness of risk approaches and responsibilities.

Question 32

Section 4.4 Stream 3 - Demonstrated experience in financial analysis combined with the capability to develop system oriented solutions

Does Financial Analysis in this case refer to specifically analysis in terms of viability and stability for CMHC counterparty using financial statements and ratios?

Answer 32

The demonstrated experience in financial analysis is not specific to CMHC counterparties but to counterparties in general. In addition to financial statements and ratios, financial analysis may incorporate market information (i.e. bond spreads, CDS spreads, equity prices, etc.) and where necessary it may lead to derivation of ratings.

Question 33

Section 4.4 Stream 3 - Demonstrated experience in Financial Analysis systems

How is this question different from previous question on Financial Analysis – is this referring to experience in implementation of products?

Answer 33

This question is in reference to financial analysis systems/solutions, whereas the previous question concerned with financial analysis experience separate from system applications.

Question 34

Section 4.4 Stream 3 - Experience with credit rating scorecard

Is this specifically geared towards counterparty risk?

Answer 34

Yes

Question 35

Section 4.4 Stream 4 - Experience with borrower scorecard (experience with mortgage credit scorecard would be considered an asset)

Is this specifically geared towards a scorecard? Or is the focus more on experience relating to measuring borrower's credit worthiness?

Answer 35

CMHC requires that bidders have experience in assessing and measuring borrowers' credit risk; experience with borrower credit scorecards for retail lending business or mortgage lending would be examples.

Question 36

As is customary with agreements of this nature, and to reflect industry practice, does CMHC agree to include a limit to service provider's liability? Further, does CMHC agree to include

standard exclusions in regard to potential damages for which service provider could be liable (e.g., consequential or indirect damage, loss of profits, loss of revenues, etc.)?

Answer 36

Each offerer has the opportunity in its offer to propose specific amendments to the terms and conditions of the standing offer, which specific amendments will be negotiated during the finalization of the standing offers with qualified offerors.

Question 37

CMHC has stipulated that it exculpates itself of any and all liability for third party claims resulting from the Services. Does CMHC agree that this exculpation does not apply where the service provider is acting under the direction, supervision or instructions of CMHC or in the event of any breach by CMHC of its obligations toward third parties or of applicable law?

Answer 37

Each offerer has the opportunity in its offer to propose specific amendments to the terms and conditions of the standing offer, which specific amendments will be negotiated during the finalization of the standing offers with qualified offerors.

Question 38

CMHC has stipulated that service providers must indemnify CMHC directly for all damages, etc. arising from or as a consequence of any act or omission of the service provider. Does CMHC agree to delete this provision, as it effectively amounts to an insurance provision; it does not reflect any necessary fault on service provider's part, and is unlimited in nature?

Answer 38

Each offerer has the opportunity in its offer to propose specific amendments to the terms and conditions of the standing offer, which specific amendments will be negotiated during the finalization of the standing offers with qualified offerors.

Question 39

The service provider's employees and individual contract personnel are very important assets of service provider, and their solicitation by CMHC could have an adverse impact on service provider and its ability to perform services for CMHC and to otherwise conduct its business. Therefore, does CMHC agree to a non-solicitation agreement whereby CMHC agrees not to solicit service provider's employees and individual contract personnel? Does CMHC agree to do so for the duration of the term of the agreement and a stipulated period thereafter? Finally, does CMHC recognize that it would be appropriate to include with such non-solicitation clause a provision regarding liquidated damages for breach of such provision, for example damages in amount reflecting salary or payments made to such employee or individual contract personnel in the six months prior to solicitation/hire?

Answer 39

Each offerer has the opportunity in its offer to propose specific amendments to the terms and conditions of the standing offer, which specific amendments will be negotiated during the finalization of the standing offers with qualified offerors.

Question 40

Would CMHC please explain what other financial information that CMHC may subsequently request given that service provider will already have provided audited financial statements? Further, does CMHC agree that any request for such other information must be reasonable?

Answer 40

Under normal circumstances, audited financial statements are sufficient. However, there may be circumstances where CMHC may need additional financial information. The objective for requesting more would be to ensure that there is no risk for CMHC that contractors stop providing contracted services during the contract horizon.

Question 41

Regarding material breach, does CMHC agree to extend the remedy period to 30 days, and to delete the words “in its sole, absolute and non-reviewable discretion” in regard to the remediation attempt (such language is subjective, uncertain, and potentially abusive)?

Answer 41

Each offerer has the opportunity in its offer to propose specific amendments to the terms and conditions of the standing offer, which specific amendments will be negotiated during the finalization of the standing offers with qualified offerors.

Question 42

In the event of termination, the service provider must give “reasonable termination assistance”. Does CMHC agree to stipulate at this stage how long the assistance period will be? Does CMHC agree to stipulate that CMHC will pay for termination assistance?

Answer 42

Each offerer has the opportunity in its offer to propose specific amendments to the terms and conditions of the standing offer, which specific amendments will be negotiated during the finalization of the standing offers with qualified offerors.

Question 43

CMHC has requested for a wide audit right? Does CMHC agree to stipulate the frequency of the audit (no more than once per year and on thirty days’ notice), the obligation of CMHC to pay the service provider’s costs to participate in the audit, reasonable restrictions (e.g., no access to cost information, or information related to other customers)?

Answer 43

Each offerer has the opportunity in its offer to propose specific amendments to the terms and conditions of the standing offer, which specific amendments will be negotiated during the finalization of the standing offers with qualified offerors.

Question 44

The financial section requires pricing per 4 levels of professionals. Where Offeror staff levels are broader than 4 levels, is it possible to provide rates (and ranges of prices) along with a mapping

to CMHC levels shown in the RFSO. For example, CMHC Junior level may map to an Offeror's level A, B, C, CMHC Intermediate may map to an Offeror's level D,E, F.

Answer 44

Yes you may do that. Also note that the table in Section 4.8 leaves room for Other Positions. The offeror has the opportunity to provide rates associated with additional levels as they exist in the company.