

**ITEM 6. TENDER - QUALITY SECURITY ASSESSMENT AND
VULNERABILITY SCANNING FOR PAYMENT CARD INDUSTRY
DATA SECURITY STANDARDS**

FILE NO: S112450

TENDER NO: 1632

SUMMARY

This report provides details of the tenders received for Quarterly Security Assessment and Vulnerability Scanning services for the Payment Card Industry Data Security Standards.

The Payment Card Industry Data Security Standards are a set of guidelines developed by MasterCard, Visa, American Express, Discover and JCB International to assist merchants in preventing payment card fraud and to improve security around processing and storing payment card details. All companies that process, store or transmit the above branded payment card numbers are required to be Payment Card Industry Data Security Standards compliant and satisfy the merchant terms of agreement set by the City's bank.

The City is therefore required to undertake an annual on-site assessment by a qualified security assessor, as well as a quarterly vulnerability scan by an approved scanning vendor for submission to the City's bank (Westpac) and American Express.

Over the last three years, the City has been undertaking annual qualified security assessor assessments and, on 28 June 2016, achieved its first Attestation of Compliance and Compliant approved scanning vendor. The contract with the existing qualified security assessor expired on 30 June 2016 and, since compliance is an ongoing requirement, the City invited tenders to provide the service for the next three years, with two one-year options.

This report recommends that Council accept the tender offer of Tenderer 'A' for Quarterly Security Assessment and Vulnerability Scanning services for the Payment Card Industry Data Security Standards.

RECOMMENDATION

It is resolved that:

- (A) Council accept the tender offer of Tenderer 'A' for Quarterly Security Assessment and Vulnerability Scanning services for a period of three years, with the option of two, one-year extensions, if appropriate;
- (B) authority be delegated to the Chief Executive Officer to negotiate, execute and administer the contracts relating to the tender; and
- (C) authority be delegated to the Chief Executive Officer to exercise the option referred to in clause (A), if appropriate, and negotiate the price to extend the contract accordingly;

ATTACHMENTS

Attachment A: Tender Evaluation Summary (Confidential)

(As Attachment A is confidential, it will be circulated separately from the agenda paper and to Councillors and relevant senior staff only.)

BACKGROUND

1. The Payment Card Industry Data Security Standards are a set of guidelines developed by MasterCard, Visa, American Express, Discover and JCB International to assist merchants in preventing payment card fraud and to improve security around processing and storing payment card details. Any company processing, storing or transmitting the above branded payment card numbers must be Payment Card Industry Data Security Standards compliant or they risk losing the ability to process these payments.
2. As a credit card merchant, the City must comply with the regulations set by the Payment Card Industry Data Security Standards and the merchant terms of agreement set by the City's bank. Non-compliance can result in fines of at least \$10,000 per month and \$500,000 per card brand (eg, Visa, MasterCard) if there is a data breach.
3. The City is classified as a Grade 2 Merchant and is required to undertake an annual on-site assessment by a qualified security assessor, as well as a quarterly vulnerability scan by an approved scanning vendor for submission to the City's bank (Westpac) and American Express.
4. Over the last three years, the City has been undertaking annual qualified security assessor assessments and, on 28 June 2016, achieved its first Attestation of Compliance and Compliant approved scanning vendor. The contract with the existing qualified security assessor expired on 30 June 2016 and, since compliance is an ongoing requirement, the City invited tenders to provide the service for the next three years with two options to extend for an extra year each.

INVITATION TO TENDER

5. The Tender was advertised 26 May 2016 and closed on 28 June 2016.

TENDER SUBMISSIONS

6. Six submissions were received from the following organisations (listed alphabetically):
 - BAE Systems Applied Intelligence Pty Ltd
 - Dell Australia limited t/a Secure Works Australia Pty Ltd
 - Sense of Security Pty Ltd
 - Shearwater Solutions Pty Ltd
 - Sing Tel Optus Pty Ltd
 - Stickman Consulting Pty Ltd
7. No late submissions were received.

TENDER EVALUATION

8. All members of the Tender Evaluation Panel have signed Pecuniary Interest Declarations. No pecuniary interests were noted.

9. The relative ranking of tenders as determined from the total weighted score is provided in the confidential Tender Evaluation Summary – Attachment A.
10. All submissions were assessed in accordance with the approved evaluation criteria being:
 - (a) lump sum price and schedule of prices;
 - (b) demonstrated capacity and technical ability to carry out work under the contract;
 - (c) demonstrated managerial capability, qualifications, experience and number of personnel;
 - (d) capacity to achieve required program;
 - (e) proposed methodology; and
 - (f) WH&S and Financial and trading integrity and Insurances.

FINANCIAL IMPLICATIONS

11. There are sufficient funds allocated for this project within the current year's operating budget and future years' forward estimates.

RELEVANT LEGISLATION

12. The tender has been conducted in accordance with the Local Government Act 1993, the Local Government (General) Regulation 2005 and the City's Contracts Policy.
13. Attachment A contains confidential commercial information of the tenderers and details of Council's tender evaluation and contingencies which, if disclosed, would:
 - (a) confer a commercial advantage on a person with whom Council is conducting (or proposes to conduct) business; and,
 - (b) prejudice the commercial position of the person who supplied it.
14. Discussion of the matter in an open meeting would, on balance, be contrary to the public interest because it would compromise Council's ability to negotiate fairly and commercially to achieve the best outcome for its ratepayers.

CRITICAL DATES / TIME FRAMES

15. The next quarterly assessment is required to be undertaken in October 2016.
16. In order to maintain compliance against Payment Card Industry Data Security Standards and the merchant terms of agreement set by the City's bank, the City must continue to undertake quarterly scans. Non-compliance can result in fines of at least \$10,000 per month and \$500,000 per card brand (eg, Visa, MasterCard) if there is a data breach.

BILL CARTER

Chief Financial Officer

Bob Wallace, Financial Planning and Reporting Manager