

What's Changing in Your Supplier Agreement

Frequently Asked Questions for Suppliers

Commonwealth of Virginia IT Contingent Labor Program | Contract No. VA-210625-CAI
Effective with Lead Contract Renewal — June 26, 2026 | Updated April 17, 2026 (V2)

ABOUT THIS DOCUMENT

As part of the Lead Contract renewal effective June 26, 2026, CAI has updated the Supplier Agreement for the Commonwealth of Virginia IT Contingent Labor program. This FAQ addresses the key differences between the current agreement (v.2023-03-01) and the new agreement package you are being asked to sign.

The most significant structural change is that the current single Subcontractor Agreement is being replaced by three documents: a Core Supplier Agreement plus separate Pricing Addenda for Staff Augmentation and Statement of Work services. Many of the questions below address how specific provisions have changed within this new structure.

This FAQ is provided for informational purposes to help you understand the changes. In the event of any conflict between this document and the contract language, the contract language controls. If you have questions not addressed here, please contact your CAI Contract Manager or email the Virginia help desk.

Q1: Why am I being asked to sign three documents instead of one?

The old agreement was a single Subcontractor Agreement covering both Staff Augmentation and SOW services. The new structure splits this into a Core Supplier Agreement (which contains the general terms that apply to all work) plus separate Pricing Addenda for Staff Augmentation and SOW services. You will sign the Core Agreement and whichever addenda apply to the services you provide. If you provide both Staff Augmentation and SOW services, you will sign all three. The Core Agreement cannot stand alone — it works in conjunction with one or both addenda. You should not sign the SOW Addenda unless you have already been approved to provide SOW services via an open enrollment period.

Q2: Why has my company's designation changed from "Subcontractor" to "Supplier"?

The terminology has been updated to reflect industry-standard Managed Service Provider (MSP) conventions. CAI is now referred to as "Contractor" (previously "Supplier") and your company is now "Supplier" (previously "Subcontractor"). The change is cosmetic — your role in the program and your obligations are substantively the same, but the new terms more accurately describe the relationship.

Q3: The old agreement was governed by Virginia law. The new agreement says Pennsylvania law. Why does this matter to me?

The new Core Supplier Agreement is generally governed by Pennsylvania law, with disputes heard in Lehigh County, Pennsylvania courts. However, the new agreement includes a Virginia-specific carve-out: matters involving data privacy, data breach notification, employment law, and procurement integrity arising from Virginia engagements are governed by the laws of the Commonwealth of Virginia. This means the most operationally relevant legal issues — how a data breach is handled, how employment disputes are resolved, and how procurement integrity is enforced — will still be governed by Virginia law. The broader contractual framework (interpretation of payment terms, indemnification mechanics, etc.) falls under Pennsylvania law. If you are a Virginia-based supplier and have concerns about the practical implications of this structure, you should consult with your legal counsel before signing.

Q4: I used to have three payment options for Staff Augmentation work. What changed?

The new agreement offers four payment options instead of three: 1%/15-day, 2%/7-day (new), 3%/2-day, and Paid When Paid. The lock-in period for your selection has also changed from six months to one year — you cannot change your payment term selection for 12 months after signing, with one exception: vendors may request to move to a more discounted option within that 12-month period, subject to CAI approval. The 2%/7-day option fills the gap between the 1%/15-day and 3%/2-day options and gives you an additional choice in balancing payment speed against the discount CAI retains. Important: these payment options apply to Staff Augmentation work only. All SOW work is now exclusively Pay When Paid regardless of your Exhibit A selection.

Q5: The old agreement had a published rate card with not-to-exceed rates. Where is it in the new agreement?

The new agreement does not include a standalone rate card document. Rates are now managed on a per-engagement basis via the rate card maintained within the VMS or as otherwise communicated by CAI. You will see the applicable rate information when you respond to requisitions. This means rates may vary by engagement rather than being fixed across all engagements for a given job category and skill level.

Q6: What happens now if the Customer mandates a rate reduction on my engagement?

Under the old agreement, you had two clear options: accept the revised rate or withdraw your resource from the assignment. The new agreement requires you to negotiate in good faith with CAI to reduce the rate. If you and CAI cannot reach agreement, CAI may terminate the engagement. You no longer have the unilateral option to simply withdraw your resource — the expectation is that you will engage in negotiation before any action is taken.

Q7: I see new insurance requirements for Cyber Liability that differ based on SWAM status. How does this affect me?

If you hold a current Virginia SWAM certification, the minimum Cyber Liability requirement is \$1,000,000 per occurrence. If you are not SWAM-certified, the requirement is \$5,000,000 per occurrence. This is a change from the old agreement, which required a flat \$1,000,000 for all suppliers regardless of size or certification status. Also be aware that the new agreement includes a “broader coverage” clause: if you maintain coverage above the contractual minimums, CAI is contractually entitled to access that higher coverage. You may wish to discuss these requirements with your insurance broker.

Q8: The old agreement had specific liability caps. What are the liability limits under the new agreement?

The old agreement capped liability at twice the value of the applicable SOW for breach-specific claims and twice the annual contract value for willful misconduct or fraud. The new agreement replaces these specific caps with a single provision stating that the Lead Contract’s liability amounts flow down to you. The specific limits are set in the Lead Contract between CAI and VITA, which you can review at the URL provided in the agreement. Note that if the Lead Contract’s liability terms are amended, those changes flow down to you automatically. The new agreement includes a mutual waiver of consequential damages (lost profits, business disruption, etc.), meaning neither party may pursue consequential damages in a dispute. This waiver is subject to three carve-outs: (i) breaches of confidentiality or data privacy obligations; (ii) indemnification obligations; and (iii) damages arising from willful misconduct or fraud. In those three circumstances, consequential damages remain available to both parties. If you have questions about how these limits may affect your business, you should consult with your legal counsel.

Q9: What new compliance obligations do I need to be aware of?

The new agreement adds several requirements that were not in the old agreement. These include: E-Verify compliance and employment authorization documentation for each resource; English language proficiency requirements for all assigned personnel; a requirement to report any criminal matters involving your resources to CAI within three business days; formal NDA requirements for all resources performing Staff Augmentation services; specific VMS usage mandates with breach consequences for non-compliance; a requirement to keep all contact, payment, and billing information current and verify it annually; and conflict of interest obligations under the new Section 29 (see Q10 below). Failure to comply with several of these new requirements is explicitly defined as a material breach of the agreement.

Q10: The old agreement had a section on Conflict of Interest. What does the new agreement say?

The new Core Supplier Agreement includes a Conflict of Interest provision in Section 29. This section prohibits any contracting entity from providing services at agencies where the entity has a financial relationship with a state employee, prohibits state employees with interests in supplier firms from providing services at their employing agency, includes anti-collusion warranties, prohibits kickbacks, and imposes a duty to disclose potential conflicts. These provisions are substantively consistent with the old agreement's Section 27, updated for the new terminology. Violation of Section 29 is grounds for termination. If you have questions about whether a specific business relationship may trigger these provisions, you should consult with your legal counsel.

Q11: Can the Customer still hire my resource as a direct employee? What are the terms?

Yes. The new Staff Augmentation Addendum includes a formal conversion fee schedule that was not in the old agreement. If the Customer wants to hire your resource after more than 180 calendar days of service, you must release the resource from any non-compete agreements at no cost. If the conversion occurs before 180 days, a fee applies on a sliding scale: 20% of first-year annual salary for 0–30 days, decreasing to 5% for 151–180 days, and 0% after 180 days. CAI pays you this fee less the MSP fee. The first-year annual salary is defined as the salary agreed between the resource and the Customer, excluding benefits.

Q12: I see new provisions about deliverable testing, cure periods, and warranties for SOW work. What should I know?

The new SOW Addendum adds a structured deliverable acceptance process. The Customer has 10 business days to accept, reject, or conditionally accept each deliverable. If a deliverable is rejected, you have 7 calendar days to correct and resubmit. If the deliverable fails testing a second time, it constitutes a breach. All deliverables carry a 90-day warranty from the date of acceptance. You are also responsible for ensuring each deliverable works properly with all other deliverables — if a previously accepted deliverable requires modification to work with a new one, that modification is at your cost. None of these specific provisions existed in the old agreement.

Q13: The old agreement let me terminate with 30 days' notice after the first year. Can I still terminate the agreement?

Your termination rights are more limited under the new agreement. The Core Agreement does not give you the right to terminate an SOW. The Pricing Addenda allow you to terminate an individual SOW or Engagement only if continued performance would violate applicable law or professional independence obligations — and you must specify the legal or regulatory conflict in your notice. You may still terminate the overall Supplier Agreement with written notice, but you must complete any SOWs that are in process. Be aware that the Core Agreement states that if you terminate in any unauthorized manner, you may be liable for CAI's damages and replacement costs — this language carried over from the old agreement.

Q14: The time reporting requirements seem more detailed. What exactly is expected?

The new Staff Augmentation Addendum is more prescriptive than the old agreement. Each resource must enter time into the VMS no later than noon Eastern Time on the Monday after the week the time was worked. Even in weeks where no billable work is performed, a zero-hour timesheet is required by the same deadline. You are responsible for training your resources on this requirement and ensuring compliance. The new agreement explicitly states that failure to permanently correct any lapse in promptness, accuracy, or honesty in time reporting will be considered a material breach — the old agreement stated only that failure “may result in termination of the engagement.” The consequences are now more severe and more clearly defined.

Q15: Do I need to disclose if my resource is working on other contracts at the same time?

Yes, and the new agreement is stricter on this point. You must disclose at the time of submission in the VMS if a resource is actively engaged through another contract for any customer and intends to work both engagements simultaneously. Both CAI’s Customer and all other involved customers must provide written permission. Under the old agreement, failure to disclose “could be deemed” a breach. Under the new agreement, failure to acknowledge such a working relationship “will be considered” a material breach — the language has shifted from discretionary to mandatory.

Q16: What do I need to do to re-enroll under the new agreement?

To continue participating in the Commonwealth of Virginia IT Contingent Labor program under the renewed Lead Contract, you must complete all of the following through the CAI Supplier Management Portal: (1) execute the new Supplier Agreement via DocuSign (you will enter your signatory’s name and email in the portal, and the agreement will be routed for electronic signature); (2) submit a new Certificate of Insurance (COI) reflecting the updated coverage requirements; (3) submit a new W-9; (4) submit an updated Contact Sheet; and (5) submit an updated State Corporation Commission (SCC) filing. You should expect to receive the new agreement package on or about May 4, 2026. Please verify that you can log into the Supplier Management Portal before that date. If you experience access issues, contact your CAI Contract Manager immediately. All re-enrollment items must be completed before the renewed Lead Contract takes effect on June 26, 2026.

QUESTIONS?

If you have questions about the new Supplier Agreement that are not addressed in this FAQ, please reach out to the Virginia program help desk at VAITCL.Help@cai.io.

For questions about insurance requirements, please consult your insurance broker. For questions about the legal implications of specific contract provisions, please consult your legal counsel.

DISCLAIMER

This FAQ is provided for informational purposes only and does not constitute legal advice. The responses are based on the final contract documents dated April 2026 and may not reflect subsequent amendments or revisions. In the event of any conflict between this document and the executed contract documents, the contract language shall control.