



Notice of Encryption Requirement for Electronic Submission of Certified Payroll Records

Contract Number _____

Contractor Name _____

Title 8, California Code of Regulations, Section 16404 provides that certified payroll records required by Labor Code section 1776 may be maintained and submitted electronically. The Labor Code protections of private and confidential employee information apply to both paper and electronic payroll records. However, when transmitting certified payroll records electronically, contractors must take the extra step of encrypting the data to prevent its interception during transmission.

The California government has adopted federal requirements (the Federal Information Security Management Act of 2002, P.L. 107-347) regarding security of electronic documents sent during the course of state business. Documents that include personal and confidential information must be encrypted to prevent interception of the data by third parties. This requirement applies to every electronic transmission of certified payrolls for both the prime contractor and any subcontractor working on the project.

Contractor's Acknowledgment

I am a contractor doing business with the State of California, Department of Transportation. I understand the requirement to encrypt electronic documents that include personal and confidential information. Before electronically transmitting payroll documents to the Department of Transportation, I agree to encrypt all certified payroll records and other documents that include employee names, addresses, and social security numbers. In addition, as the prime contractor, I agree to require all subcontractors to adhere to the encryption requirement of said documents before electronic transmission to the Department of Transportation. I acknowledge that the indemnity clause contained in Section 7-1.12(A), "Indemnification," of the *Standard Specifications* included as part of the contract extends to injury resulting from any failure to adhere to the encryption requirement.

Contractor's Representative Title Date

I am a subcontractor performing work on the above contract. I agree to encrypt all electronic documents that include personal and confidential information before transmitting them to the Department of Transportation.

Subcontractor's Representative Title Date

Note: The subcontractor must provide a copy of this acknowledgment to the prime contractor.