



Ministry of Finance, Planning and Economic Development

Department of State Accounts

PROCUREMENT DOCUMENT

(Two Envelope System: Single-Stage Two Envelope Bidding Procedure)

Annexure II

Service Level Agreement (SLA)

**Procurement of Design, Development and Implementation
of a Payroll System for Government Organizations**

IFB No: DSA/PROC/NCB/2026/01

Employer:

Director General
Department of State Accounts
Room Number 101, 1st Floor,
The Secretariat, Colombo 01.

29 March 2026

1. Parties to the Agreement

This Service Level Agreement (SLA) is entered into between:

- **Client:** Department of State Accounts (DSA)
- **Service Provider:** [Name of Vendor]

Effective Date: [DD/MM/YYYY]

Contract Reference: DSA/PROC/NCB/2026/01

2. Purpose of the SLA

The purpose of this SLA is to define the service standards, responsibilities, performance metrics, availability levels, security requirements, and support obligations for the provision of a web-based, cloud-hosted **Payroll System** of the DSA, Ministry of Finance, Planning and Economic Development (MoFPED).

This SLA shall be read in conjunction with:

- Procurement Documents - DSA/PROC/NCB/2026/01
- Approved Software Requirement Specifications (SRS)
- Government ICT Policies and Cyber Security Guidelines
- Personal Data Protection Act, No. 9 of 2022 (PDPA)
- Approved Standard Operating Procedures (SOPs)
- Any subsequent approved change requests

3. Scope of Services

The Service Provider shall provide, operate, and support a cloud-hosted **Payroll System**, including but not limited to:

- Payroll processing
- Salary generation and reporting
- Role-based access for users
- Integration interfaces (as specified in bid documents)
- Secure web access
- Hosting, monitoring, backup, and disaster recovery
- User support and incident management
- Warranty, operations and maintenance services

4. Definitions

Term	Description
Peak Business Hours (PBH)	From 8.00 am to 5.00 pm
Non-Peak Business Hours (NPBH)	From 5.00 pm to 8.00 am (next day)
Critical Payroll Period	From 05 th to 25 th each calendar month
Incident	Any event causing or potentially causing service disruption
Equated Quarterly Instalment (EQI)	The operations and maintenance fees to be paid by MoFPED for respective quarter/period of the year.

5. Service Availability (Uptime)

5.1 Availability Commitment

The Service Provider shall ensure system availability as follows:

Table 01: Payroll Performance Indicators during critical Payroll Period

S/N	SLA Parameter	PBH		NPBH	
		Performance Achieved (%)	% of Penalty on EQI	Performance Achieved (%)	% of Penalty on EQI
1.	Availability of the Systems (Availability of systems will not only refer to the uptime of hardware and related operating system, but also includes the uptime of the web, application and database systems and services of PAYROLL to users from MoF, spending units and other related stakeholders. Mere uptime of the server OS without the availability of PAYROLL services will be treated as system downtime.)				
1.1	Availability of PAYROLL web, application and database servers	<99.52	2.00%	<98.33	2.00%
1.2	Availability of PAYROLL web, application and database servers	<99.05	4.00%	<96.67	4.00%
1.3	Availability of PAYROLL web, application and database servers	<98.10	6.00%	<95.00	6.00%
1.4	Availability of PAYROLL web, application and database servers	<97.14	7.50%	<91.67	7.50%
2.	Payroll Processing Period: In payroll process in the critical period				
2.1	Payroll Processing time 200,000 employees	> 1 Hr	2.00%		
2.2	Payroll Processing time 400,000 employees	>2 Hr	2.50%		
2.3	Payroll Processing time 600,000 employees	>3 Hr	4.50%		

S/N	SLA Parameter	PBH		NPBH	
		Performance Achieved (%)	% of Penalty on EQI	Performance Achieved (%)	% of Penalty on EQI
3.	System Concurrency (to be achieved for each of web, application and database servers). Systems shall be sized to support 2,500 concurrency, which shall be tested during the acceptance testing, failing which systems shall be rejected. Measured as the number of concurrent connections at the time of dropping a new connection request. Therefore, this parameter comes into play only if a connection is dropped during the period under consideration.				
	Minimum System concurrency (Web server or application server/database server)				
3.1	Number of users (Operational)	<1000	6%	<1000 users	3%
	Number of Employees (Employee Self Service Portal)	<10000	6%	<10000 users	3%
3.2	Number of users (Operational)	<3000	4%	<3000 users	2%
	Number of Employees (Employee Self Service Portal)	<30000	4%	<30000 users	2%
3.3	Number of users (Operational)	<4000	2%	<4000 users	1%
	Number of Employees (Employee Self Service Portal)	<50000	2%	<50000 users	1%
3.4	Number of users (Operational)	<5000	1%	<5000 users	0.5%
	Number of Employees (Employee Self Service Portal)	<70000	1%	<70000 users	0.5%
4.	Response time for Application Services for External Users - During acceptance testing, system shall provide for a performance of <or = 15 sec for this parameter with 70000 for Number of Employees (Employee Self Service Portal) concurrence, failing which systems shall be rejected.				
4.1	Response time	> 15 Sec	5%	> 15 Sec	5%
5.	Response time for Application Services for internal users. During acceptance testing, system shall provide for a performance of <or = 15 sec for this parameter with a 5000 for Number of users (Operational) concurrence, failing which systems shall be rejected.				
5.1	Response time	> 15 Sec	5%	> 15 Sec	5%
5.2	Response time for opening of reports.	> 20 Sec	2.5%	> 20 Sec	2.5%
6.	Software Change Control Management				
6.1	Delays in submission of Change Control Note to Change Request of MoFPED	For every week of delay	1%	NA	NA
6.2	Implementation of change request within signed-off timelines in Change Control Note.	For every week of delay	1%	NA	NA

S/N	SLA Parameter	PBH		NPBH	
		Performance Achieved (%)	% of Penalty on EQI	Performance Achieved (%)	% of Penalty on EQI
7.	Compliance with Critical Standard Operating Procedures (e.g. data backup, application of patches etc)	For every incidence of procedural lapses	1%	NA	NA
8.	Helpdesk Operations (any incidence of helpdesk staff closing the call/ticket without actually providing the resolution to the staff will attract maximum penalty based on the nature i.e. high/medium/low of the issue reported by the staff)				
8.1	Resolution of High-Critical issues reported/support sought by the internal users	> 2 hours	1.5%	NA	NA
8.2	Resolution of medium-Critical issues reported/support sought by the internal users	> 4 hours	1.5%	NA	NA
8.3	Resolution of low-Critical issues reported/support sought by the internal users	> 8 hours	1.5%	NA	NA

Table 02: Payroll Performance Indicators during non-critical Payroll Period

S/N	SLA Parameter	PBH		NPBH	
		Performance Achieved (%)	% of Penalty on EQI	Performance Achieved (%)	% of Penalty on EQI
1.	Availability of the systems (Availability of systems will not only refer to the uptime of hardware and related operating system, but also includes the uptime of the web, application and database systems and services of PAYROLL to users from MoF, spending units and other related stakeholders. Mere uptime of the server OS without the availability of PAYROLL services will be treated as system downtime.)				
1.1	Availability of PAYROLL web, application and database servers	<99.52	1.00%	<98.33	1.00%
1.2	Availability of PAYROLL web, application and database servers	<99.05	2.00%	<96.67	2.00%
1.3	Availability of PAYROLL web, application and database servers	<98.10	3.00%	<95.00	3.00%
1.4	Availability of PAYROLL web, application and database servers	<97.14	3.75%	<91.67	3.75%

S/N	SLA Parameter	PBH		NPBH	
		Performance Achieved (%)	% of Penalty on EQI	Performance Achieved (%)	% of Penalty on EQI
2.	System Concurrency (to be achieved for each of web, application and database servers). Systems shall be sized to support 2,500 concurrency, which shall be tested during the acceptance testing, failing which systems shall be rejected. Measured as the number of concurrent connections at the time of dropping a new connection request. Therefore, this parameter comes into play only if a connection is dropped during the period under consideration.				
2.1	Minimum System concurrency (Web server or application server/database server)	<500	3%	<1000 users	3%
2.2	Minimum System concurrency (Web server or application server/database server)	<1500	2%	<5000 users	2%
2.3	Minimum System concurrency (Web server or application server/database server)	<2000	1%	<10000 users	1%
2.4	Minimum System concurrency (Web server or application server/database server)	<2500	0.5%	<20000 users	0.5%
3.	Response time for Application Services - During acceptance testing, system shall provide for a performance of <or = 15 sec for this parameter with a 20,000 concurrence, failing which systems shall be rejected.				
3.1	Response time	> 15 Sec	2.5%	> 15 Sec	2.5%
4.	Response time for Application Services for internal users. During acceptance testing, system shall provide for a performance of <or = 15 sec for this parameter with a 20,000 concurrence, failing which systems shall be rejected.				
4.1	Response time	> 15 Sec	2.5%	> 15 Sec	2.5%
4.2	Response time for opening of reports.	> 20 Sec	1.25%	> 20 Sec	1.25%

Planned maintenance windows approved in advance shall be excluded from uptime calculations.

5.2 Maintenance Windows

- Planned maintenance shall be conducted **outside business hours**
- Minimum **48 hours prior notice** shall be provided
- Maintenance shall **not** be scheduled during critical payroll periods without written approval from the Department of State Accounts.

5.3 Payroll Processing Accuracy

- **Zero tolerance for calculation errors**
- Automated validation checks before payroll finalization
- Version-controlled payroll rules and formula changes
- Mandatory test run before monthly payroll lock

6. Incident Management and Support

6.1 Incident Severity Classification

Severity	Description
Severity 1 – Critical	Payroll processing failure, system unavailable during peak time
Severity 2 – High	Major functionality degraded
Severity 3 – Medium	Partial or non-critical functionality issue
Severity 4 – Low	Minor issue or inquiry

6.2 Response and Resolution Targets

Severity	Response Time	Resolution Time
Critical	≤ 1 hour	≤ 4 hours
High	≤ 2 hours	≤ 8 hours
Medium	≤ 4 hours	≤ 2 business days
Low	≤ 1 business day	As agreed

Support shall be available:

- **24×7** during critical payroll periods
- **Business hours** support during off-peak periods

6.3 On-Site and Help Desk Support

The primary Help Desk for the Payroll System shall be operated by the Department of State Accounts. The SIP shall provide dedicated on-site support resources to supplement this function.

- A minimum of two (2) qualified application support engineers shall be stationed at the Ministry of Finance during agreed periods.
- These resources shall handle first-level support, issue logging, initial diagnosis, and escalation.
- Performance of on-site resources shall be measured under this SLA.

7. Data Security and Compliance

7.1 Data Protection

The Service Provider shall ensure:

- Compliance with applicable **government data protection regulations-PDPA**
- Compliance with **Government ICT policies / Cyber Security Guidelines**
- Data encryption **at rest and in transit**
- Logical data segregation for each public institution
- Secure authentication and role-based access control
- Role-based access control (RBAC)
- Two-factor authentication for privileged users
- Secure audit logs (non-modifiable)

7.2 Data Privacy & Confidentiality

- Protection of personal and financial employee data
- No data access without formal authorization
- Data usage strictly limited to payroll purposes
- Compliance with national data protection regulations

7.3 Hosting and Data Residency

- Data shall be hosted in **approved cloud infrastructure**
- Data residency requirements specified by the Government shall be strictly adhered to
- No data shall be transferred outside approved jurisdictions without written approval

8. Backup and Disaster Recovery

Item	Requirement
Backup Frequency	Daily
Backup Retention	Minimum 30 days
Disaster Recovery Site	Mandatory
Recovery Time Objective (RTO)	≤ 2 hours
Recovery Point Objective (RPO)	≤ 2 hours

Disaster recovery drills shall be conducted **at least thrice per year.**

9. Technology Currency and Platform Upgrade Clause

- The vendor must maintain the system platform (OS, DB, middleware, framework, runtime, security libraries, etc.) in a **supported and secure state**.
- No component shall run on **end-of-life (EOL)** or unsupported versions.
- Vendor must proactively upgrade when:
 - OEM/vendor announces EOL
 - Security vulnerabilities are identified
 - Performance limitations require version upgrades

The Service Provider shall upgrade any system component that reaches End-of-Support within **90 days** of official vendor notification.

Critical security patches shall be applied within **14 days** of release.

Upgrade Type	Timeline
Critical security patch	7–14 days
Major version upgrade	60–120 days
EOL replacement	Before support expiry

SLA Parameter: Platform Compliance

Definition:

Percentage of system components running on supported and secure versions.

Target: 100%

Measurement: Quarterly technical audit report.

10. Change Management

- All changes shall follow a **formal change request process**
- No system changes during payroll freeze period
- All changes must:
 - Be documented
 - Be approved by authorized government body
 - Be tested in UAT environment
- Rollback plan mandatory for every change

11. Reporting and Monitoring

The Service Provider shall provide:

- Monthly SLA compliance report
- System availability and incident reports
- Payroll processing success confirmation
- Non-compliance reporting with corrective actions

12. Roles and Responsibilities

12.1 Client Responsibilities

- Timely provision of payroll data
- User management and authorization
- Compliance with operational procedures

12.2 Service Provider Responsibilities

- System availability and support
- Data security and confidentiality
- Compliance with SLA metrics

13. Legal, Regulatory & Ownership

- Data ownership: **Government**
- Hosting location: **Government-approved hosting services**
- Source code escrow (if outsourced)
- Compliance with procurement and public finance regulations

14. Penalties & Remedies

- Service credits for SLA violations
- Financial penalties for payroll failure or data breach
- Escalation to contract review / termination for repeated breaches

15. SLA Review and Governance

- SLA shall be reviewed **annually** or upon major system changes
- Non-compliance may trigger penalties as per the contract
- Repeated SLA violations may lead to contract termination

16. Confidentiality

All payroll and employee data shall be treated as **strictly confidential** and used solely for contractual purposes.

17. Termination and Exit Management

Upon termination:

- All data shall be handed over in agreed formats
- Secure deletion certificates shall be provided
- Transition support shall be provided as per contract terms

18. Non-Disclosure Agreement (NDA)

The Contractor shall strictly adhere to the provisions of the Non-Disclosure Agreement (NDA) executed with the Procuring Entity and shall ensure that all Confidential Information obtained in the course of performing the Contract is protected in accordance with Government of Sri Lanka policies and Information and Communication Technology Agency (ICTA) guidelines.